



BUSINESS OPERATIONS – AUGUST 10, 2014

Trinidad - ARPA Finalize Settlement of its Lawsuit

At a July 28 special meeting called by the President of the ARPA Board of Directors, the Board adopted a Resolution to approve a Settlement Agreement that was the catalyst for dismissal of all respective lawsuits between ARPA, the City of Trinidad and ARPA's bond insurer, Syncora Guarantee. In addition to the Settlement Agreement, the Board also approved a "Side Agreement" that accompanies the Trinidad Settlement Agreement. The Side Agreement outlines "reasonable best efforts" to meet time frames established for the decommissioning or sale of the Lamar Repowering Project.

As part of the terms of settlement, Trinidad and Syncora have dismissed their respective lawsuits; Syncora will pay Trinidad \$600,000 as a partial reimbursement of their legal expenses. Furthermore, once at least five of the six ARPA members have reaffirmed their contract obligations to ARPA, Syncora has agreed to pay a pro rata share of \$2.035 million directly to the ARPA member communities who approve the reaffirmation. These funds may be used by the member cities to provide, among other things, rate relief for their retail electric customers. The Settlement requires that within 60 days of finalizing the studies regarding the future operations of the plant, the ARPA Board of Directors will determine what the best economical option for the plant is, and act accordingly.

Five of Six ARPA Members Reaffirm: We are happy to report the cities/towns of Trinidad, Las Animas, La Junta, Holly and Springfield have all adopted resolutions reaffirming their contract obligations to the Organic Contract and Power Supply Agreement which were initially executed over 30 years ago.

ARPA Files Motion to Dismiss City of Lamar/Lamar Ratepayers Lawsuit: Stating that the retail customers identified as plaintiffs in a lawsuit filed against ARPA in July are not parties to the ARPA contracts; and therefore, have no standing to assert claims against ARPA, attorney Craig Johnson of the law firm of Fairfield and Woods filed a motion on behalf of ARPA to dismiss the ratepayer plaintiffs from the lawsuit. The motion to dismiss also went on to state that the claims should be dismissed as a matter of law due to the statute of limitations, "because the facts and circumstances were well known to the plaintiffs more than three years before this action was filed, the claims are barred by the three-year statute of limitations". The plaintiffs have 21 days to respond to the motion.

Summary of May and June 2014 financial and operating statements: Total power sales revenues for May were less than budget by about 3%. Supplemental Purchases (includes purchased power, energy imbalance and scheduling service) in June were about 15% higher than the same time last year. Sales to the member cities showed a slight increase over June of 2013. June accounting showed a net income of \$414,639 for the month.

ARPA Welcomes New Board Member: The Lamar City Council appointed John Sutherland, City Administrator for the City of Lamar, to the ARPA Board effective July 9. John replaces Garth Nieschburg who served on the ARPA Board from March 2012 until July 9, 2014.

Next ARPA meeting: The next ARPA board meeting will be held in Lamar on Thursday, August 28 at the Cultural Events Center beginning at 10:00 a.m. ARPA board meetings are open to the public.