



BUSINESS OPERATIONS – August 6, 2018

Bond Refinancing: On July 3, ARPA closed its bond refinancing transaction of approximately \$121 million. The refunding of the bonds resulted in an annual savings of approximately \$848,000 over the term of the bonds (2019-2043). ARPA will also save approximately \$196,000 in 2018. ARPA realized a Net Present Value savings of approximately \$13 million from the transaction.

The ARPA Board views this as the next step in maintaining stable rates moving forward. ARPA has not had a rate increase since 2011 and this bond refunding will allow that course of action to continue well into the future. At this point in time, the ARPA Board does not foresee the need for a rate increase for the next few years. In fact, the current financial model for the Authority demonstrates the potential for a *rate decrease* beginning in 2021.

Update on Tri-State Power Purchase Agreement: During the past several months, ARPA has been engaged in negotiations regarding the possibility of assigning its Power Supply obligations to Tri-State Generation and Transmission Association (Tri-State) and Southeast Colorado Power Association (SECPA), a cooperative member of Tri-State. The proposal would reduce the power supply costs for the six ARPA members and use Tri-State funds to retire ARPA's debt of approximately \$143 million.

The transaction would require the ARPA members to enter into new long-term Power Purchase Agreements with Tri-State/SECPA and terminate the existing Power Supply Agreements with ARPA. Current negotiations have targeted the August-September time frame for implementing the new power supply arrangements. The ARPA members have begun the approval process but will not have a final approval until all the terms of the individual member PPAs are finalized.

Summary of June 2018 Financial and Operating Statements: During the month of June, total operating revenues were better than budget by \$376,818. Total cost of goods sold were over budget 1.4%, and A & G expenses for the month were just under budget by \$2,040. There were net revenues of \$795,894 for the month.

Sales at Ten-Year High, YTD: Member sales for the first six-months of the year are 5% better than in 2017 and 4.5% better than the ten-year average for sales through June. Revenues from sales are also well above average, 5% better than 2017 and almost 8% better than budget.

ARPA Scholarship Program: In 2000 the Arkansas River Power Authority Board of Directors established a College Scholarship Program. The Program is administered through the member municipalities of Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad, Colorado. The scholarship is awarded to one high school senior in each member municipality. The total scholarship award is \$1,000 funded equally between ARPA and the member municipality. Congratulations to the following individuals on receiving the scholarship for the 2018-2019 school year: Holly: **Victoria Avalos**; Lamar: **Alexa Comstock**; McClave (Lamar): **Allie Nidey**; La Junta: **Cassidy Jones**; Springfield: **Jayci Westphal**; Trinidad: **Jaylynn Tortorelli**; Las Animas: **Richard Gallegos**; Wiley (Lamar): **Jonathan Hickman**. Good luck in your future endeavors!

Next ARPA Meeting: The next regularly scheduled ARPA board meeting will be held at the Holly Senior and Community Center, 129 South Main Street in Holly on Thursday, August 30, 2018 beginning at 10:00 AM. ARPA board meetings are open to the public.