



## BUSINESS OPERATIONS – DECEMBER 15, 2015

**2016 Budget – Power Costs Remain Stable for the Fifth Consecutive Year.** At the December ARPA Board of Directors meeting, the Board approved a budget for 2016 that will provide, for the fifth consecutive year, no power supply cost increase for the ARPA members.

The budget includes total Revenues of approximately \$34.3 million with sales budgeted at 266.3 million kWh. The power supply budget is approximately \$13.6 million and projects that approximately 63% of the 2016 ARPA power supply will be provided by Twin Eagle Resource Management. Twenty-nine percent of the ARPA member's power supply requirement is anticipated to be provided by federal hydro-power contracts with the Western Area Power Administration and approximately 8% will be provided by the 5 wind turbine generators owned by Lamar (3) and ARPA (2).

Total Transmission cost is budgeted at \$2.5 million and includes the cost for Network Transmission Service from both Tri-State and Black Hills and point-to-point agreements with a variety of third-party transmission providers.

Debt Service payments are budgeted at \$10.2 million, with \$8.0 million in bond interest and \$2.2 million in bond principal.

**2016 Wholesale Rate Review:** Also at its December meeting, the Board of Directors adopted Resolution No. 08-15, which resolves that no changes be made to the existing ARPA Rate Tariff, Volume V which was effective January 1, 2014. The wholesale rate remains consistent with the budget revenues that were approved. The rate is comprised of a demand rate, an energy rate, an electric cost adjustment in the event the actual monthly energy cost exceeds the budgeted energy cost, and a debt service coverage (DSC) adder for the sole purpose of collecting revenues required to meet the DSC obligations under certain outstanding bonds.

This will be the fifth consecutive year that the base rate has remained unchanged and that there has been no increase in power supply costs to the ARPA members.

**Summary of October 2015 Financial and Operating Statements:** During the month of October total revenues were just a bit better than budget by \$10,442. Total costs of goods sold were under budget 2.4%, and total A & G expenses for the month were just over budget by \$6,138. There were net revenues of \$96,931 for the month of October; year to date (YTD) net income is \$2,066,509. Member sales for October were 1% better than October of 2014, and YTD sales are better than 2014 by approximately 1.9%.

**Resolution Nos. 09-15 & 10-15.** The Board adopted resolutions designating posting locations for meeting notices (No. 09-15) and dates and locations (No. 10-15) for ARPA Board meetings in 2016. The Board also voted to hold five of the 2016 scheduled meetings by webcast. This will alleviate the cost of travel and provide opportunities for additional participation from the member's governing boards and general public to join the meetings. If any member of the public wishes to receive a copy of the information regarding the resolutions described, please call the ARPA office at 719-336-3496.

**Next ARPA meeting:** The next ARPA board meeting is scheduled for Thursday, January 21, 2016 and will be held by webcast. ARPA board meetings are open to the public.