



BUSINESS OPERATIONS – FEBRUARY 10, 2015

ARPA Board Advised that the Lamar Repowering Project an “Impaired Asset”. ARPA has been notified by its auditor that the Lamar Repowering Project (LRP) meets the description of an “Impaired Asset” for accounting purposes because the plant cannot meet the emission requirements of its air permit and, therefore, has been unable to operate since 2011. ARPA is currently involved in a lawsuit with its boiler manufacturer because the boiler cannot meet its air emissions performance guarantees. If the plant is declared an “impaired asset” for accounting purposes, there will be no practical impact on ARPA’s financial well-being, its cash flow, or its ability to meet its financial obligations, including debt service payments and bond reserve account requirements. The Board is continuing its evaluation of the issue.

ARPA Secures Firm Electric Service for Hydro-Power through 2054. At their January 22nd meeting the ARPA Board of Directors adopted Resolution No. 01-15 to approve a contract for firm electric service between ARPA and the Western Area Power Administration. This new contract with Western will extend ARPA’s allocation of hydro-power through the year 2054. Currently, ARPA has a contract with Western for firm electric service that began in late 1989 and runs through September 30, 2024. Hydro-power provided through Western makes up approximately 28% of ARPA’s power supply portfolio. There is no change to ARPA’s allocation of capacity and/or energy from Western for the summer and winter seasons under the new contract expiring in 2054; however, Western has the right to adjust the allocation by up to 1% in years 2024, 2034, and 2044.

Strategic Plan - The ARPA Board adopted a Strategic Plan early in 2013 which primarily addressed financial targets and compliance, regulatory compliance, and meeting member’s services needs. The Board is working to expand that Plan to include, among other things, a risk management strategy and a communications plan. The Board received an initial outline of developing a strategic plan that included suggestions for development of a “Context”. Elements of the context include such questions as: What is our vision? Where are we going? What is our mission? Why do we exist? What must we accomplish? What are our core values? What do our customers, employees, and other stakeholders expect? Developing the Strategic Plan will be a collaborative effort among the ARPA Board, Staff and Operating Committee and is expected to take several months to complete.

Economic Development Rate - The ARPA Board is discussing the merits of establishing an Economic Development Rate (EDR), which is allowed under the ARPA Tariff. The EDR would be a wholesale rate, to the members, for the sole purpose of attracting new loads to ARPA member cities, and increasing sales. There is a variety of criteria to consider when discussing economic development rates. Issues such as load size, capacity factor, time of use, to name a few. The goal would be to develop new load and ultimately reduce energy cost to all ARPA members. This will be reviewed further in the coming months.

Next ARPA meeting: The next ARPA board meeting is scheduled for Thursday, February 26, 2015 beginning at 10:00 a.m. at the Otero Junior College Student Center, 2001 San Juan in La Junta. ARPA board meetings are open to the public.