



BUSINESS OPERATIONS – FEBRUARY 10, 2016

ARPA Board Welcomes Two New Members: Robert Fabec was appointed by the City of Trinidad to serve on the ARPA Board for a 4-year term beginning January 1, 2016. Robert attended his first meeting via webcast on January 21st. The Town of Holly appointed Johnnie Lyons to the ARPA Board effective February 3, 2016. Mr. Lyon's term is also a 4-year term expiring December 31, 2019.

We'd like to welcome our new Board members and hope they find their time on the ARPA Board educational and rewarding.

ARPA Holds Board Meeting via WebCast: The ARPA Board of Directors held its first board meeting of the year on January 21 by WebCast. The Board has scheduled 5 meetings by WebCast and 5 meetings face-to-face in 2016. The WebCast meetings will not only help save on travel expenses for Board and staff members alike, but also enable more participation in the ARPA meetings. ARPA board meetings are open to the public and we strongly encourage the general public and members of the governing boards from our member communities to attend the meetings. The meetings will begin at 9:00 a.m. and typically conclude by 1:00 p.m. The next ARPA board meeting is scheduled for Thursday, February 25 and will be by WebCast. If anyone wishes to attend, please contact the ARPA office (719) 336-3496 for additional details.

Standard & Poor's Ratings Services ("S&P") Affirms ARPA's Credit Rating: S&P's Ratings Services affirmed its 'BBB-' long-term rating and underlying rating on the Arkansas River Power Authority's power revenue bonds. The outlook is stable. S&P's view is that during the next two years, member rates and energy demand will remain relatively stable given ARPA's long-term power supply contracts in place. The rating further reflected ARPA's strengths and weaknesses. Weaknesses included the continued inability to operate the LRP; member rates that are above state averages, although management projects that rate increases over the next few years will be minimal; the loss of load represented by the City of Raton; high debt ratios, and participating member municipalities' limited service area economies. Strengths identified included a debt service coverage (DSC) that has been restored to covenanted levels in fiscal years 2011 to 2014, including 1.28x DSC in fiscal 2014; improved liquidity and unrestricted cash that is bolstered by a \$1.5 million line of credit, currently untapped; a recently signed purchased power agreement that will provide replacement power for the LRP at a competitive rate through at least 2024; and cost certainty given that most expenses are known and fixed for the next several years. A full copy of the credit report is available on our website at <http://www.arpapower.org/financials/sps-credit-rating-report/>.

ARPA Accepting Nominations for its Annual Awards for 2015: ARPA implemented the ARPA Awards Program in 1994. The Awards are the Honor Roll of Merit, the Tom Pryor Award and the Gordon Robertson Award. The Tom Pryor award was named in memory of Tom Pryor, a former electrician for the City of La Junta who served on the La Junta Power Board and the ARPA Board of Directors. The Gordon Robertson award is named in memory of Gordon Robertson who was a prominent attorney in Raton, NM who served on the initial organizing committee for the creation of ARPA. He also served on the ARPA Board of Directors. Nominations are due March 1, 2016. For information on the awards program, please contact Arvenia at the office of the Arkansas River Power Authority (336-3496).

Summary of November 2015 Financial and Operating Statements: During the month of November total revenues were just under budget by \$1,474. Total costs of goods sold were under budget 1.8%, and total A&G expenses for the month were just over budget by \$1,761. There were net revenues of \$89,962 for the month of November; year to date (YTD) net income is \$2,138,186. Member sales for November were 0.5% less than November of 2014, and YTD sales are better than 2014 by approximately 1.7%.