



BUSINESS OPERATIONS – MARCH 15, 2016

ARPA Board, Lamar Utilities Board, and City of Lamar Approve Settlement Agreement: At the February 25 meeting of the ARPA Board of Directors, the Board adopted a Resolution to approve a Settlement Agreement that will result in the Lamar Utilities Board (LUB) and the City dismissing its lawsuit against ARPA. The lawsuit was primarily centered on the funding and operational issues related to the Lamar Repowering Project (LRP). The Settlement Agreement provides for the termination of the Joint Operating Agreement as well, and will result in a significant reduction in costs related to the LRP.

Additionally, the Agreement also provides that:

- LUB staff will perform the plant disconnects to separate the LRP assets from the LUB assets;
- ARPA is responsible for the installation of temporary power once the disconnects are completed;
- LUB will continue to provide limited support for the sale of the LRP;
- ARPA will not seek recovery of the 2015 budget exceedances and will pay the full amount of the 2014 disputed LRP invoices.

Further, the Settlement requires ARPA to be responsible for the operations and maintenance of the LRP and that LUB will be solely responsible for its own facilities, stipulates that the City Lease for the land where the coal storage and unloading facilities are located will remain in full force until such time the assets are sold for reuse or until three years after the effective date of the Agreement, and provides time lines for the final demolition of the LRP facilities once the plant is sold or disposed of.

ARPA Board Approves Contract for Temporary Power Installation at LRP: In a related item, the ARPA Board entered into an agreement with Pro Energy Services for the installation of temporary power at the LRP. Once the LRP facilities are disconnected from LUB it will be necessary to install temporary power for equipment preservation and O&M until the plant facilities are sold. The disconnect work and installation of temporary power is expected to begin in late March and take approximately a month to complete.

Summary of December 2015 Financial and Operating Statements: During the month of December total revenues were 3.8% less than budget. Total costs of goods sold were under budget 1.4%, and total A&G expenses for the month were just over budget by \$1,792. There were net revenues of \$144,129 for the month of December; year to date (YTD) net income is \$2,267,396. Member sales were 1.7% less than budget for December, but YTD sales are better than 2014 by approximately 1.5%.

ARPA Scholarship Program: In 2000 the Arkansas River Power Authority Board of Directors established a College Scholarship Program. The Program is administered through our 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. Application forms, scholarship requirements, and eligibility criteria are available either through the counseling offices of the member high schools or at the local office of the electric utility. To be eligible, a student must reside with a family that receives electric service from one of the ARPA member municipalities.

Next ARPA Meeting: The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, March 31, 2016, beginning at 10:00 a.m. in Holly at the Holly Senior and Community Center. ARPA board meetings are open to the public.