



BUSINESS OPERATIONS – NOVEMBER 2019

ARPA- 40 Years and Counting: In the early 1970's managers of southeastern Colorado municipal electric generating systems came together and began discussing the most immediate problems facing their electric utilities, price and availability of fuels. The managers eventually formed a combined utility organization called the Arkansas River Municipal Systems (ARMS), to work collectively on solving their common problems. In April 1975 ARMS evolved into a non-profit corporation and this organization was named the Arkansas River Power Authority. About that time the Colorado General Assembly enacted a power authority bill that enabled non-profit entities to become power authorities and political subdivisions of the state once they adopted an organizing intergovernmental contract (RE: ARPA's Organic Contract). 40 years ago, in November 1979, ARPA, the non-profit organization, was dissolved and became a separate governmental entity and political subdivision of the state of Colorado, as it is known today.

The initial members of the power authority were the Colorado communities of La Junta, Lamar, Las Animas, Trinidad, Walsenburg, and Raton, New Mexico. Two Colorado municipalities joined later, Springfield in 1982 and Holly in 1985. Today ARPA provides wholesale power and energy requirements to much of the same members- Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad. The reasons for maintaining this strong, cohesive group of public power utilities remains as important today as it did 40 years ago.

ARPA Board Reviews 2020 Budget: The ARPA Board of Directors reviewed its proposed 2020 budget at its October meeting. The 2020 budget is not only designed to accrue adequate funding for operations, but also to accumulate cash to retire 2010 bonds when they become "callable" in 2020. Retiring the bonds will reduce ARPA's annual debt service by \$1.2 million and is anticipated to result in a rate decrease in the 2021-2022 time frame. The proposed budget includes:

- Power Sales and Revenues \$31.0 million
- Power Supply costs \$14.4 million
- Transmission costs \$3.35 million
- A&G costs \$1.86 million
- Debt Service costs \$ 9.5 million

ARPA's 2020 Budget Hearing is scheduled for December 5, in La Junta at the Otero Junior College Student Center at 11:00 AM. If any member of the public wishes to review ARPA's 2020 budget it is currently available for inspection in the city clerk's office in Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad.

Summary of September 2019 Financial and Operating Statements: During the month of September, revenue from power sales were better than budget by 16.6% and total cost of goods sold were over budget by 5.1%. Net revenue for the month was \$564,509. Year to Date revenues are 4.6% better than budget and cost of goods sold are 1.9% over budget. Net revenues YTD are well above budget at \$3,786,270. Member Energy sales for September were 11.5% more than 2018 and 15.3% better than budget. Member Sales YTD are about 4.7% better than budget. Wind generation was 10% of the power supply resources for September.

Next ARPA Meeting: The next regularly scheduled ARPA board meeting is Thursday, December 5, 2019. The meeting will be held in La Junta, Colorado. ARPA board meetings are open to the public.