



BUSINESS OPERATIONS – OCTOBER 10, 2014

ARPA Board Adopts A Resolution Declaring It Would Be Economically Beneficial To Dispose Of And/Or Decommission The Lamar Repowering Project, Rather Than Continue To Maintain It In “Cold Standby”. At its September 25 meeting the ARPA Board made this finding, based on reports prepared by a variety of consultants engaged by ARPA and by Syncora Guarantee, the bond insurer for ARPA’s bonds. The studies projected that ARPA’s electric rates will be approximately 9% higher if the plant remains in cold standby as opposed to decommissioning or disposing of the plant. The resolution paves the way for the next step in the process of determining the long-term future of the Power Plant.

ARPA will prepare a Request for Proposals (RFP) that will further detail the options available for the plant and the costs associated with those options. Options include the decommissioning of the plant or certain segments of the plant, and/or the sale of the plant in order to facilitate the development of a power generating facility on-site.

The ARPA Board also believes that by approving this action, it provides the opportunity to reduce costs associated with the maintenance of the plant. Currently, ARPA is spending approximately \$135,000 a month on the plant which has not operated for almost three years. The ARPA Board directed its staff to work closely with the Lamar Utilities Board to identify cost cutting measures that can be implemented as soon as practicably possible.

ARPA Board of Directors Elects New President: The Board of Directors, at their board meeting on September 25, held a special election for President to fill the unexpired term of Bob Freidenberger, who submitted his resignation effective August 25. David Willhite, who was appointed to the ARPA Board by the Holly Board of Trustees in August 2001, was elected. David will serve as President for the remainder of the unexpired term which goes until the annual election of officers in April 2015. Congratulations David!

2015 Proposed Budget Submitted to the Board of Directors: The General Manager presented a proposed budget for 2015. The budget included no rate increase for 2015, an increase in legal fees, a Debt Service Adder to capture the necessary revenue for Debt Service Coverage, and a significant reduction in funding for the Lamar Repowering Project. The Board set a budget hearing date of November 20, 2014 at the Otero Junior College Student Center in La Junta beginning at 11:00 a.m. The 2015 budget will be available for public inspection at the office of the City Clerk in each member city beginning November 5. Community members and electric consumers in ARPA member communities (Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad) may register objections and comments to the proposed Budget prior to its final adoption.

Summary Of August 2014 Financial And Operating Statements: During the month of August the unrestricted cash increased by \$252,646. Total cost of goods sold are 2.4% under budget. Purchased power costs are under budget by 3.9%; however, Lamar Repowering Project costs are 21.8% over budget for August. Gross profits are better than budget by 1.4%. Net revenues for the month were \$331,779. Year to Date (YTD) Net Revenues are \$936,951, Power Sales Revenues are 0.8% less than budget, A&G expenses are 3.1% less than budget, and Debt Service Coverage is 1.25x. Member KWH sales for August were 1.6% lower than 2013. YTD member sales are about 0.8% less than 2013.

Next ARPA meeting: The next ARPA board meeting will be held in Holly on Thursday, October 30 beginning at 10:00 a.m. (Location to be determined). ARPA board meetings are open to the public.