



BUSINESS OPERATIONS – SEPTEMBER 10, 2014

Board President Robert (Bob) Freidenberger was recognized for his contributions to ARPA:



At its meeting on August 28 the ARPA Board of Directors adopted a resolution recognizing the contributions of Bob Freidenberger to the Arkansas River Power Authority. Bob was a dedicated and loyal supporter of the Arkansas River Power Authority. Bob, who coined the phrase, "It Makes As Much Sense For The ARPA Communities To Work Together Now As It Did In 1979," has consistently advanced the spirit of cooperation among the ARPA member municipalities. Bob began serving as President of the ARPA Board in November 2007 and was instrumental in helping guide ARPA through challenging times. Bob has committed many years of public service to the people of La Junta and the other ARPA communities and was a very effective ambassador for ARPA in his community. We wish him good health and best wishes and extend our sincere appreciation for his countless hours and dedication to ARPA and the ARPA communities.

General Manager Rigel presents preliminary 2015 budget: A preliminary budget was presented to the Board of Directors at its August 28 meeting. As presented, the budget includes no base rate increase for 2015. The budget projects a significant reduction in costs for the LRP and includes a recent rate increase for transmission service from Black Hills Energy. A Debt Service Adder has been included in the budget to address the 1.25x debt service coverage requirement. The adder is offset by a Return of Reserves that will result in no increase to the member's total power supply cost. Increased cost for litigation and consultant fees recognizing the existing lawsuits, and potential for consulting services for the LRP has also been included. This will be the fourth consecutive year that the base rate for ARPA has remained unchanged. In fact, ARPA's total power cost to its members for 2014 and proposed for 2015 are about 4% less than in 2011.

ARPA enters into a 3 year extension to Twin Eagle Partial Requirements Agreement: The ARPA Board of Directors finalized a three-year extension to the Twin Eagle Resource Management (TERM) Partial Requirements Agreement. The TERM Agreement for the purchase and sale of electricity and related support functions begins on February 1, 2015. The First Amendment to the Partial Requirements Agreement will extend the current agreement through January 31, 2025. The TERM power supply agreement, and 3-year extension, will support ARPA's efforts to stabilize rates over the next 10 years.

Summary of July 2014 financial and operating statements: Total revenues for July were better than budget by 2.4%. Net revenues for the month were \$420,372 and net revenues year to date are \$670,893. Purchased power costs in July were right at budget while the total cost of goods sold came in under budget. Member sales were about 2% higher than July 2013 but are less than the YTD budget projection by about 0.7%. Purchased power costs YTD are over budget by 8.5% and the Lamar Repowering Project costs are over budget by 34% YTD.

Next ARPA meeting: The next ARPA board meeting will be held in Trinidad on Thursday, September 25 at the La Quinta Inn & Suites (2833 Toupal Drive), beginning at 10:00 a.m. ARPA board meetings are open to the public.