



BUSINESS OPERATIONS – August 2021

2020/2021 Operations: As the ARPA Board prepares to begin its budgeting process for 2022, it does so by looking back over a handful of significant events that occurred during the first half of 2021. The events ranged from the repurposing and demolition of the Authority’s coal fired Lamar Repowering Plant to new legislation impacting the operations of electric utilities statewide. The first two significant events began with the new year. The Authority reduced its basic energy rate by 3.6%. The rate decrease became effective as of January 1 and followed on the heels of a rate reduction that was implemented in 2019. The two rate reductions have lowered ARPA’s total all-in-rate to its members by approximately 4.5%.

In January, the Authority also retired approximately \$14.8 million in debt by paying off its 2010 bonds. The financial impact resulted in an annual cost savings of approximately \$1.2 million. This, in combination with refinancing ARPA’s entire debt (which occurred in 2018), was instrumental in ARPA’s ability to reduce its rates.

In late 2020, ARPA executed a contract for the partial repurposing and partial demolition of its Lamar power plant. The two endeavors were completed at a cost of approximately \$1.6 million. ARPA provided funds to the City of Lamar for the repurposing of the northside plant facilities from coal handling to agriculture processing. These facilities included two concrete storage domes, a rail car unloader, and conveyor system. The City, in turn, is working with a private enterprise to repurpose the equipment and property. The demolition occurred for the plant’s coal fired-boiler, steam turbine generator, and baghouse. The demolition work began shortly after the first of the year and was substantially complete by the end of June.

In 2019, the Colorado legislature set goals for the reduction of Green House Gases (GHG) that will require utilities to reduce their carbon emissions. During this past legislative session, additional reporting requirements were developed related to the GHG reduction effort, and the Air Quality Control Commission was assigned the task of developing programs to meet the GHG reduction goals and address Environmental Justice. The legislature also established a State Electric Transmission Authority with the intended purpose of developing badly needed transmission facilities in the state. The need for transmission is especially critical for the ARPA members and Southeast Colorado. Southeast Colorado has some of the best renewable attributes in the state for solar and wind, but additional transmission facilities are needed to develop these resources.

Summary of June 2021 Financial and Operating Statements: During the month of June, revenue from power sales were just better than budget and total cost of goods sold were under budget by 1.6%. Net Operating revenue for the month was \$679,058. Year to Date revenues from power sales are 1.4% less than budget and cost of goods sold are 2.7% under budget. Net Operating revenues YTD are \$2,403,036. Member Energy sales were 1.7% less than budget in June and 6.8% less when compared to June 2020. Member Sales YTD are 1.4% less than budget and 3.2% lower than 2020.

Next ARPA Meeting: The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, August 26, 2021. The meeting will be held at the Lion’s Den in Springfield, CO. The meeting notice and agenda will be posted on ARPA’s website (arpapower.org) under [Public Notices](#) and will also be posted in a designated location in each of the member cities at least 24 hours in advance of the meeting. ARPA board meetings are open to the public.