



BUSINESS OPERATIONS – DECEMBER 10, 2014

2015 Budget – Power Costs Remain Stable for the Fourth Consecutive Year. At the November ARPA Board of Directors meeting, the Board approved a budget for 2015 that will provide, for the fourth consecutive year, no power supply cost increase for the ARPA members.

The budget includes total Revenues of approximately \$31.1 million with sales budgeted at 261 million kWh. The power supply budget is approximately \$13.7 million and projects that approximately 65% of the 2015 ARPA power supply will be provided by Twin Eagle Resource Management. Twenty-five percent of the ARPA member's power supply requirement is anticipated to be provided by federal hydro-power contracts with the Western Area Power Administration. The power supply costs include reduced costs for the Lamar Repowering Project (LRP) that is consistent with the non-operational status of the plant.

Total Transmission cost is budgeted at \$2.7 million and includes the cost for Network Transmission Service from both Tri-State and Black Hills and point-to-point agreements with a variety of third-party transmission providers.

Debt Service payments are budgeted for a total of \$10.2 million, \$8.15 million in bond interest and \$2.07 million bond principal.

2015 Wholesale Rate Review: Also at its November meeting, the Board of Directors adopted Resolution No. 12-14, which resolves that no changes be made to the existing ARPA Rate Tariff, Volume V which was effective January 1, 2014. The wholesale rate remains consistent with the budget revenues that were approved. The rate is comprised of a demand rate, an energy rate, an electric cost adjustment in the event the actual monthly energy cost exceeds the budgeted energy cost, and a debt service coverage (DSC) adder for the sole purpose of collecting revenues required to meet the DSC obligations under certain outstanding bonds.

This will be the fourth consecutive year that the base rate has remained unchanged and there has been no increase in power supply costs to the ARPA members.

Summary of October 2014 Financial and Operating Statements: During the month of October Total Revenues were just a bit better than budget by \$11,290. Total costs of goods sold were on budget, although total A & G Expenses for the month were \$90,515 over budget. This was primarily due to litigation expenses. There was a net loss of \$64,043 for the month of October; however, Year to Date (YTD) net income is \$1,048,616.

Member sales for October were a bit better than October of 2013, but YTD sales lag 2013 by approximately 1.1%.

Next ARPA meeting: The next ARPA board meeting is scheduled for Thursday, January 22, 2015 beginning at 10:00 a.m. at the Otero Junior College Student Center, 2001 San Juan in La Junta. ARPA board meetings are open to the public.