



BUSINESS OPERATIONS – DECEMBER 22, 2017



Photo courtesy of Bette McFarren, La Junta Tribune Democrat

Allen Hill, Recipient of ARPA’s 2016 Gordon Robertson Award: Allen Hill, former ARPA Board member from the City of La Junta, was officially presented the 2016 Gordon Robertson award at the ARPA board meeting on December 8 in La Junta. The Gordon Robertson award, is presented to a current or former member of the Board of Directors of the Arkansas River Power Authority who displays exceptional leadership on the ARPA Board and in the local ARPA member community.

Allen was recognized for his loyal support to defend the goals and mission of the Arkansas River Power Authority; For his outstanding leadership in the La Junta community; For his immersion into Public Power through his service on the La Junta Utilities Board; For his common sense and vision to think outside the box; For his ability to remain focused on the fiscal sustainability of ARPA and the betterment of all the member communities; and his “it’s a privilege to serve” attitude. Allen served on the ARPA Board of Directors from 2008-2016. **Congratulations Allen!**

Financial Bond Covenants: The ARPA Board heard a presentation on the status of its bond compliance requirements at its December meeting. Aarin Ritter, Finance/Accounting Manager for ARPA reported that ARPA is in full compliance with all its bond covenants including meeting the debt service coverage ratio, timely payment of the interest and principal payments for 2017, continuing disclosures, maintaining full funding of all bond reserve accounts and ensuring those accounts are held in permitted investments. ARPA is in the process of analyzing its ability to refund the vast majority of its debt, and remaining in compliance with its bond covenants will improve its position when going to the bond market.

2018 Budget – Power Costs Remain Stable for the Seventh Consecutive Year. At its December meeting, the ARPA Board approved a budget for 2018 that results in no power supply cost increase for the seventh consecutive year.

The budget includes total Revenues of approximately \$32.6 million with sales budgeted at 258.4 million kWh. The power supply budget is approximately \$13.3 million and projects that approximately 63% of the 2018 ARPA power supply will be provided by Twin Eagle Resource Management. Twenty-nine 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 and approximately 8% will be provided by the 5 wind turbine generators owned by Lamar (3) and ARPA (2). Total Transmission cost is budgeted at \$2.9 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 at \$9.9 million, with \$7.5 million in bond interest and \$2.4 million in bond principal.

Summary of October 2017 Financial and Operating Statements: During the month of October, total operating revenues were better than budget by 8.3%. Total cost of goods sold were just under budget and A & G expenses for the month were right on budget. There were net revenues of \$263,508 for the month. Total Revenues YTD are better than budget by 4.1%. Member sales for October were a bit less than October of 2016, but better than budget by 2%. Member Sales YTD are about 3.4% better than budget and total net revenues of \$2.96 million YTD, are well above budget.

Next ARPA Meeting: The next regularly scheduled ARPA board meeting is Thursday, January 25, 2018 beginning at 10:00 AM. The meeting will be held at the Otero Junior College Student Center, 2001 San Juan in La Junta. ARPA board meetings are open to the public.