



BUSINESS OPERATIONS – JUNE 10, 2014

2013 AUDIT – The ARPA Board of Directors adopted Resolution No. 06-14 to approve the 2013 audited financial statements presented by rfarmer, llc., a certified public accounting and consulting firm. A copy of the audit, as well as all of ARPA's financial information can be accessed on ARPA's web-site at www.arpapower.org.

Summary of April 2014 financial and operating statements – Total revenues for April were less than budget projections by 2.6% and the total Cost of Goods Sold which includes purchased power, transmission, and wind turbine costs are 11% over budget. Purchased power costs continue to remain higher than market forecast. The wind generation continues to exceed projections. In April, wind generation provided 12% of ARPA's power supply.

Notes from the General Manager: The ARPA Board has been forced to re-evaluate its long-term options for the Lamar Repowering Project to determine how to best meet our members' future energy needs. The boiler for the coal-fired power plant has not been able to comply with its air emissions guarantees, and the plant has been maintained off-line since late 2011. The Board commissioned studies with third-party experts, JK Energy Consulting, HDR Engineering, and Stuart B. Millner and Associates, regarding the economics of the facility. These studies have shown that the cost of making the proposed modifications to the plant to bring it into full compliance, with no guarantee that the modifications would be successful, would result in higher rates for the ARPA members over the next several years. Furthermore, the proposed modifications would increase the operating costs for the plant, making the power produced from it more expensive and less competitive should the plant be placed back on-line in the future.

ARPA has scheduled several meetings in our members' communities to review the studies and get public input on the plant. Additional meetings will be scheduled as requested. To date the schedule is:

- June 19 - Prowers County Commissioners
- June 19 - Holly Board of Trustees beginning at 7:00 p.m.
- June 24 - Prowers County Development, Inc.
- June 25 - Public Meeting in Lamar beginning at 7:00 p.m.
- June 26 - Public Meeting in Springfield beginning at 6:00 p.m.
- June 30 - Public Meeting in Lamar beginning at 7:00 p.m.

The studies by HDR Engineering, Inc. and JK Energy Consulting can be viewed in their entirety at the following website locations:

Decommissioning Study - Conceptual Opinion of Probable Decommissioning Cost - FINAL REPORT by HDR Engineering, Inc. and SBMA (May 2, 2014)
http://www.arpapower.org/docs/HDR_Summary_FINAL_May_2-2014.pdf

Economic Analysis Related to the Lamar Repowering Project - FINAL REPORT by JK Energy Consulting LLC (May 21, 2014)
http://www.arpapower.org/docs/LRP_Economic_Analysis_Final_Report_5_21_14.pdf