



BUSINESS OPERATIONS – NOVEMBER 10, 2014

Court Denies Temporary Restraining Order Regarding the Decommissioning of the Lamar Repowering Project: On October 22, a hearing was held in Prowers County District Court regarding a Temporary Restraining Order filed by the City of Lamar and Lamar Utilities Board (LUB) that sought to prohibit ARPA from taking any steps toward decommissioning and scrapping the coal fired boiler at the Lamar Repowering Project (LRP) and Syncora Guarantee from withdrawing its \$640,078.00 settlement payment to Lamar, until a preliminary injunction hearing can be held. The Order also sought to prohibit ARPA from withholding any funds and appropriations requested by the LUB under the LRP operating budget until a budget dispute regarding the 2014 budget can be resolved.

In denying the TRO, the Judge strongly urged the two sides to consider settling the matter rather than litigating it and ordered that a mediation between the parties take place within the next ninety days. The Court also ordered that the lawsuit filed in July by the City of Lamar and a citizen's rate group be mediated as well.

2015 Proposed Budget: At the October meeting of the Board of Directors, the ARPA General Manager presented a proposed budget for 2015 of approximately \$31.1 million in revenues and \$30.9 million in expenditures. The proposed budget includes **no rate increase for 2015. This will be the fourth consecutive year that ARPA has maintained its wholesale power rate without an increase.** Budget highlights include:

- Power Supply expenses of \$13.7 million including \$955,000 for the LRP
- Transmission expenses of \$2.7 million
- Admin and General expenses of \$1.3 million including \$800,000 for legal expenses
- Debt Service expenses of \$10.2 million

One of the pivotal expenses for the budget is that of the Lamar Repowering Project. ARPA staff is proposing a budget slightly under \$1.0 million for the 2015 LRP budget. That level of funding will maintain minimal staffing and maintenance activities at the plant as the ARPA Board continues to evaluate its options for the future of the LRP.

The 2015 budget is currently available for public inspection at the office of the City Clerk in each member city. The budget hearing will be held on November 20, 2014 at the Otero Junior College Student Center in La Junta beginning at 11:00 a.m.

Summary of September 2014 Financial and Operating Statements: During the month of September Total Revenues were better than budget by 6.3% or \$149,287. Total costs of goods sold are 1.2% over budget. Gross profits are better than budget by 13.7%. Net revenues for the month were \$171,648.

Year to Date (YTD) Net Revenues are \$1,113,765, Power Purchases are approximately 14.5% over budget and the LRP is approximately 31% over budget. Member sales continue to lag as September sales were 1.6% lower than 2013. YTD member sales are about 1.2% less than 2013.

Next ARPA meeting: The next ARPA board meeting will be held on Thursday, November 20 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.