



BUSINESS OPERATIONS – NOVEMBER 15, 2016

ARPA's Operating Committee Recommends Allocation of Funds for Safety Training and Workforce Development:

The ARPA Operating Committee met recently to discuss workforce recruitment and training. The ARPA members have recognized that retaining experienced electric crews is critical to the operations and maintenance of their electric systems. And they have also recognized, and experienced the challenges of recruiting and retaining the expertise needed for their operations. To that end, the Operating Committee recommended to the ARPA Board of Directors that they commit \$15,000 for safety training and workforce development in the 2017 budget. Specifically, the Operating Committee recommended the funds be allocated as follows:

- \$6,000 (\$1,000 to each member) to defray the cost of attendance at hot line schools;
- \$1,500 for membership in the Center for Energy Workforce Development;
- \$7,500 for third-party training and nominal costs associated with membership hands on training (includes annual pole-top and bucket truck rescue and mobile substation training).

The Center for Energy Workforce Development: Today's Youth are Tomorrow's Pipeline for Careers in Energy:

ARPA staff recently attended a **Center for Energy Workforce Development (CEWD)** conference that focused on partnering with educators and workforce centers to create pathways for energy jobs. CEWD provides ready-to-use resources that enable energy companies to attract, train, and hire a workforce that includes youth, military, women, and transitioning adults. CEWD believes building the next generation of energy workers is critical to the future of the industry. ARPA anticipates becoming a member of the Workforce Development group and actively participating with its members to help tailor and implement proven solutions and strategies for developing a long term program to recruit and retain the expertise needed to safely and effectively operate and maintain our electric systems.

ARPA Board Authorizes Extension of Contract with IPP for Marketing and Sale of the Lamar Repowering Project:

At its meeting on October 27, the ARPA Board of Directors authorized the General Manager to extend the contract with International Process Plants (IPP) to assist it with the marketing and sale of the Lamar Repowering Project (LRP). IPP will continue its attempt to sell the Plant as a complete unit including the boiler and its ancillary equipment and coal handling facilities, and the 18 mW turbine generator and ancillary equipment, including the air cooled condenser. The extension will allow IPP's efforts to continue until November 2017.

Proposed 2017 Budget: The final proposed 2017 budget was presented to the ARPA Board of Directors at its October 27 meeting. As presented, the budget includes no base rate increase for 2017. This will be the 6th consecutive year of no power supply cost increase. The budget projects total revenues of \$32.6 million, power supply costs of \$13.2 million, transmission costs of \$2.4 million, and A&G costs of \$2.9 million. Debt Service, reflecting retirement of the 2003 bonds, would be reduced to \$9.9 million and it anticipates a 1.38x debt service coverage which exceeds its requirement per ARPA's bond covenants.

Summary of September 2016 Financial and Operating Statements: During the month of September, total revenues were better than budget by \$147,666. Total cost of goods sold was under budget 6.9%, and total A&G expenses, not including LRP Engineer and Contractor expenses for the month, were over budget by \$120,896. There were net revenues of \$283,175 for the month of September. YTD net revenues are \$3,620,478. Member sales were about 4.8% better than budget for September and 4.6% better than budget YTD. YTD sales for 2016 are 1.1% higher than 2015 sales.

Next ARPA Meeting: The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, December 8, 2016 at the Otero Junior College Student Center in La Junta. In addition to the regular meeting the Board will consider adoption of the 2017 Budget at a hearing set to begin at 10:30 a.m. ARPA board meetings are open to the public.