



BUSINESS OPERATIONS – October 10, 2015

Changes in the Electric Industry: The electric industry is evolving. Thirty years ago hydro was the only renewable energy resource used for power generation. The Renewable Portfolio Standards implemented in 2004 led to a large influx of wind turbine generator installations. Five years ago solar joined the renewable energy pool, and most recently, the trend is energy storage. Chris Worley, Director of Policy and Research for the Colorado Energy Office (CEO) attended the ARPA Board meeting on September 24 and spoke to the group regarding the programs at the CEO. The CEO promotes effective use of all of Colorado's renewable energy resources. The ARPA members are seeing an increased interest from their customers for Distributed Generation (DG), primarily solar installations. The ARPA Board is in the process of evaluating the role DG has for ARPA and its members. There are several questions that must be addressed when discussing DG development. Questions regarding the impact of DG on long term power supply contracts, retail electric rates, and the economics of the generation. ARPA engaged The Energy Authority to perform a solar analysis to help address these issues, as well as others. If distributed generation makes economic sense for ARPA's member's customers, it could be considered as a resource in our energy portfolio.

Public Financial Management Shares Debt Refunding Opportunities: Michael Berwanger and Brian Thomas from Public Financial Management (PFM) attended the September 24 meeting in Trinidad. ARPA engaged PFM to be its financial advisor and PFM is in the process of evaluating ARPA's existing debt for opportunities to reduce the debt service costs. This includes analyzing refunding opportunities for potential savings.

2016 Budget: The ARPA Board continues to evaluate its budget for 2016. The proposed budget does not include a rate increase for 2016 which will mark the 5th consecutive year for no power supply increases for the ARPA members. The proposed budget includes:

- \$32.8 million in revenues
- \$14 million in power supply cost
- \$2.6 million in transmission related costs
- \$2.9 million in Administration and General costs
- \$10.2 million in debt service payments

Summary of August 2015 Financial and Operating Statements: Total revenues for August were better than budget by 10.3% with net operating revenues of \$614,551. Net revenues of \$1.58 million year to date are 6% better than budget, with sales running about 1.2% better than budget.

Three Trinidad Facilities Benefit from LED Lighting Project: ARPA held LED lighting dedication ceremonies at the Carnegie Public Library, the COG Early Learning Center and the Harry Sayre Senior Center. Lighting costs at each of those facilities is estimated to be reduced by 57% annually due to the lighting conversion.