



BUSINESS OPERATIONS – SEPTEMBER 10, 2016

ARPA Board Recognizes Lawrence Sena for Exceptional Contribution to Public Power. The ARPA Board presented its Tom Pryor award to the former mayor of Las Animas, Lawrence Sena, for his loyal support of ARPA's mission and his "we are ARPA" attitude. Lawrence was recognized for his 25-year career that included serving as Bent County Commissioner, and Councilman and Mayor of Las Animas. Mayor Sena firmly believed in Public Power and that the "customers" of Las Animas Municipal Light and Power were its owners and all decisions should be based on the benefit of the majority of those served.

Congratulations Lawrence and good luck in your future endeavors.

ARPA Board Reviews Refinancing Alternatives: Representatives from Goldman Sachs, attended the August 25th board meeting in Las Animas to present potential refinancing options to the ARPA Board for discussion purposes. With interest rates at a historic low ARPA could realize significant savings over the life of the bonds by refinancing their current bonds that have a retirement date of 2043. The Board looked at a variety of options for refinancing that included a traditional refinancing, refinancing that would provide a higher savings in early years and lower savings in later years, and options that would extend the debt service thereby spreading the total costs over a longer period of time.

The savings could well exceed a million dollars annually depending on interest rates at the time of the refinancing. This amount of savings would provide ARPA the opportunity to continue its rate stabilization efforts. ARPA has not increased power supply costs to its members since 2011 and does not anticipate a rate increase in 2017.

ARPA Board Reviews Preliminary 2017 Budget: A preliminary budget was presented to the ARPA Board of Directors at its August 25 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 \$30.9 million, power supply costs of \$13.4 million, transmission costs of \$2.4 million, and A&G costs of \$1.7 million. Debt service, absent a refinancing, will continue at an annual cost of \$10.2 million. The budget also includes achieving the 1.25x debt service coverage and full funding for bond reserve accounts as required by ARPA's bond covenants.

The proposed 2017 budget for the Arkansas River Power Authority will be available for inspection beginning November 8th at the City Clerk's office in each member city. Any interested elector in an ARPA member community or electricity consumer of an ARPA member (Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad, Colorado) may register objections to the proposed Budget prior to its final adoption. The ARPA Board of Directors will hold a public hearing on the proposed Budget at the Otero Junior College Student Center, 2001 San Juan, La Junta, CO., on Thursday, December 8, 2016.

Summary of July 2016 Financial and Operating Statements: During the month of July, total revenues were better than budget by \$381,046. Total cost of goods sold was over budget 3.1%, and total A&G expenses not including LRP Engineer and Contractor for the month were over budget by \$156,285. There were net revenues of \$788,756 for the month of July. YTD net revenues are \$2,758,061. Member sales were about 13.5% better than budget for July and 4.5% better than budget YTD. YTD sales for 2016 are 3.2% higher than 2015 sales.

Next ARPA Meeting: The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, September 29, 2016, in Springfield. ARPA Board meetings are open to the public.