



## BUSINESS OPERATIONS – SEPTEMBER 2019

**ARPA Board Reviews Preliminary 2020 Budget:** A preliminary budget was presented to the ARPA Board of Directors at its August 29 meeting that anticipates no rate increase for 2020. The budget includes total revenues of \$30.9 million, power supply costs of \$14.4 million, transmission costs of \$3.25 million, and A&G costs of \$1.96 million. Debt service will continue at an annual cost of \$9.5 million. The budget also includes achieving a 1.35x debt service coverage and full funding for bond reserve accounts as required by ARPA’s bond covenants.

**Budget Hearing:** The proposed 2020 budget will be available for inspection beginning November 4 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 5, 2019, beginning at 11:00 AM.

**Financial Projection for YE 2019:** Following a cooler May and June, sales in July rebounded, and are about 2% above budgeted sales through July. ARPA is conservatively projecting a year-end cash increase of \$1.9 million. ARPA’s bond reserve accounts are fully funded and debt service coverage at the end of July is 1.40x.

**Summary of July 2019 Financial and Operating Statements:** During the month of July, revenue from power sales were better than budget by 11.2% and total cost of goods sold were over budget by 6.8%. Net revenue for the month was \$817,499 which was 46% better than budget. Year to Date revenues are 2.7% better than budget and cost of goods sold are right on budget. Net revenues YTD are well above budget at \$2,495,606. Member Energy sales for July were 1% more than 2018 and 11.2% better than budget. Member Sales YTD are about 2% better than budget.

**City of Lamar Appoints Roger Stagner to ARPA Board Of Directors:** Roger Stagner, Mayor for the City of Lamar, has been appointed to the ARPA Board of Directors by the Lamar City Council. Roger is a lifelong resident of Lamar and was appointed to finish out the term of John Sutherland who recently retired. Welcome Roger!

**Bond Counsel to Provide Analysis on Integration of Project Based Contracting:** The Board authorized the General Manager to engage Bond Counsel to provide an analysis as to whether an alternative business model would be a feasible approach for future power supply options for ARPA members. ARPA’s current contracts and resulting rate structure is an “all requirements” which obligates ARPA to obtain, sell and deliver the wholesale electric power and energy requirements that each municipality requires for the operation of their respective municipal electric systems. It also obligates the municipal members to receive and purchase from ARPA all power and energy it requires for operation of their respective municipal electric systems.

**Next ARPA Meeting:** The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, September 26, 2019. The meeting will be held in Trinidad, Colorado at the Holiday Inn, 3130 Santa Fe Trail Drive, beginning at 10:00 AM. ARPA Board of Director meetings are open to the public.