



BUSINESS OPERATIONS – SEPTEMBER 2020

ARPA Board Reviews Preliminary 2021 Budget: A preliminary budget was presented to the ARPA Board of Directors at its August 27 meeting that anticipates a rate decrease for 2021. The proposed decrease in the energy rate for 2021 will reduce ARPA's rate by approximately 3%. The budget includes total revenues of \$30.4 million, power supply costs of \$14 million, transmission costs of \$3.5 million, and A&G costs of \$1.6 million. Debt service will be reduced by approximately \$1.2 million to an annual cost of \$8.3 million. The budget also includes achieving a 1.31x debt service coverage and full funding for bond reserve accounts as required by ARPA's bond covenants.

Financial Projection for YE 2020: Based on the current year-end projections and financial position, it is our goal to retire the 2010 bonds of \$14.8 million when they become callable in October. This will reduce the annual debt service expense by approximately \$1.2 million. Current projections indicate that with the retirement of the bonds, ARPA will be able to implement a reduction in its energy rate beginning in 2021.

Update on the Sale and Dismantling of ARPA's Lamar Power Plant: The ARPA Board of Directors authorized the General Manager to negotiate an Engineering, Procurement, and Construction (EPC) contract with Burns and McDonnell for engineering services for the demolition of ARPA's Lamar Power Plant. The demolition contractors, that are bidding on the demolition work, participated in an on-site project inspection in mid-August. Bid responses and contractor selection is currently scheduled for the week of September 21. The current schedule calls for work to begin in early to mid-October and be completed by the end of June 2021. For questions regarding the demolition process, please call or email ARPA General Manager, Rick Rigel, at (719) 336-3496, or at rrigel@arpapower.org.

Resolution No. 03-20: Due to uncertainties related to COVID-19, the Board of Directors adopted Resolution No. 03-20 that establishes that the remainder of the meetings in 2020 (and January 2021) shall be conducted by WebCast and Conference Call. The dates for the meetings are August 27, September 24, October 29, December 3 and January 28, 2021. The starting time for all the meetings is 9:00 AM. If any member of the public wishes to participate in the meetings you may contact the ARPA office at 719-336-3496 for information on where to attend.

Summary of July 2020 Financial and Operating Statements: During the month of July, revenue from power sales were better than budget by 11.1% and total cost of goods sold were over budget by 1.1%. Net revenue for the month was \$833,653. Year to Date revenues from power sales are 4.9% better than budget and cost of goods sold are 0.7% under budget. Net revenues YTD are \$2,629,522. Member Energy sales for July were 1.3% better when compared to July 2019 and 12.6% better than budget. Member Sales YTD are 3.9% better than 2019 and 5.9% better than budget.

Next ARPA Board of Directors Meeting: The next regularly scheduled meeting of the ARPA Board is Thursday, September 24. The meeting notice will be posted on ARPA's website under [Public Notices](#) and will also be posted in a designated location in each of the member cities at least 24 hours in advance of the meeting. ARPA board meetings are open to the public.