



BUSINESS OPERATIONS – OCTOBER 2020

ARPA to Issue a Request for Proposal (RFP) for Power Supply: The ARPA Board of Directors, at its September meeting, authorized the General Manager to engage JK Energy Consulting to develop a RFP for power supply that would begin February 1, 2025, to replace an existing power supply contract that expires January 31, 2025. That power supply contract is with the Public Service Company of Colorado (Xcel Energy) and provides approximately 60-65% of ARPA's power supply needs. ARPA also has a long-term contract with the Western Area Power Administration for federal hydro-power that provides approximately 35% of its power supply, and member wind generated power rounds out the remaining power supply needs. Results of the RFP could be expected as early as March-April 2021.

ARPA Board Reviews 2021 Budget: The ARPA Board of Directors reviewed its proposed 2021 budget at its September meeting. The proposed 2021 budget includes:

- Power Sales Revenues of \$30.4 million that includes a rate reduction of approximately 3.5%
- Power Supply costs of \$14.0 million
- Transmission costs of \$3.56 million
- A&G costs of \$1.6 million
- Debt Service costs of \$8.3 million

ARPA's 2021 Budget Hearing is scheduled for December 3, in La Junta at the Otero Junior College Student Center.

ARPA Board Continues to Evaluate its Options to Retire its 2010 Bonds: The ARPA Board received cost projections for Year-End 2020 that indicates ARPA's ability to retire its 2010 Bonds of \$14.8 million. Retiring the bonds will reduce annual debt service cost by approximately \$1.25 million. Projections indicate this will allow ARPA to take a decrease in its energy rate of 3.57% beginning in 2021.

Demolition of the Lamar Power Plant Remains On-Schedule: The ARPA Board received an update on the demolition process for its Lamar Repowering Project. The demolition of the power plant, located at Lamar, is scheduled to begin in late October-early November and be complete by summer of 2021. The Engineering firm of Burns and McDonnell is managing the demolition for the Authority.

Summary of August 2020 Financial and Operating Statements: During the month of August, revenue from power sales were better than budget by 10.8% and total cost of goods sold were over budget by 4.4%. Net revenue for the month was 63% better than budget. YTD Net Revenues are 49% better than budget and cost of goods sold were right on budget. Net revenues YTD are \$3,405,491. Member Energy sales for August were 0.5% less than 2019 and 11.2% better than budget. Member Sales YTD are about 6.7% better than budget.

Next ARPA Meeting: The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, October 29, 2020. The meeting notice and agenda will be posted on the ARPA website (arpapower.org) at least 24-hours in advance of the meeting.