



BUSINESS OPERATIONS – DECEMBER 2020

ARPA Board Adopts 2021 Budget: At its December meeting the ARPA Board of Directors approved its operating budget for 2021 in the amount of \$24,790,124. The 2021 Budget supports the Board's goal to retire its 2010 bonds and to reduce its energy rate by approximately 3.6%. The budget as adopted, will ensure funding for operations, rate stability, and disposition of the Lamar Repowering Project. The budget includes:

- Revenues of approximately \$30.41 million
- Power supply expense of approximately \$14 million
- Transmission expense of approximately \$3.6 million
- A&G expense of approximately \$1.4 million
- Debt Service expense of \$8.3 million

ARPA Board Authorizes the Retirement of ARPA's 2010 Bonds- Reduces Annual Debt Service by \$1.23 Million. The ARPA Board of Directors adopted a Resolution authorizing the redemption of the Authority's Power Revenue Improvement Bonds, Series 2010. The retirement of the Bonds, with an outstanding principal amount of \$14.8 million, is anticipated to be complete by mid-January and will reduce the Authority's annual debt service by \$1.23 million. This is a critical element in the Authority's long-term financial plan to reduce rates while keeping ARPA on strong financial footing.

Update on the Sale/Dismantling of the LRP: ARPA's Board of Director's received an update on the demolition process for its Lamar Repowering Project. The demolition of the power plant is expected to begin on the south side of Maple Street in early January 2021. The south side phase of the demolition is expected to be complete by spring of 2021. A proposal from the City of Lamar for repurposing and re-using the North Plant equipment and domes is still under consideration.

Operating Committee: The managers of the electric departments from the ARPA members (Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad) met in early December. The committee discussed the COVID-19 Protocols that would be implemented in the event a mutual aid situation would arise. The ARPA members have a long history of providing mutual aid to each other for major storm outages and large construction projects. The pandemic could trigger a mutual aid incident of a different nature, as it could impact the health and availability of line crews to perform even day-to-day operations. The committee discussed an approach that will allow mutual aid to be implemented, while ensuring the safety of the crews. The plan will implement COVID-19 protocols, including separation of crews, use of proper personal protective equipment, and enhanced communications between crews. The ARPA members are confident that regardless of the circumstance, mutual aid between utilities will be conducted in a safe and professional manner.

Summary of October 2020 Financial and Operating Statements: During the month of October, revenue from power sales were slightly above budget and total cost of goods sold were under budget by 4.7%. Net revenue for October was \$245,599. YTD Total Revenues are 4.7% better than budget and cost of goods sold were 1.1% under budget. Net revenues YTD are \$3,837,069 and member energy sales YTD are 5.4% better than budget.

Next ARPA Meeting: The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, January 28, 2021. The meeting notice and agenda will be posted on the ARPA website www.arpapower.org at least 24-hours in advance of the meeting.