

Generation Portfolio

GENERATION PORTFOLIO Where does your power come from?

LAMAR WIND ENERGY PROJECT

The Lamar Wind Energy Project is located about five miles east and five miles south of Lamar, and was commissioned in February, 2004. This small "wind farm" consists of four 1.5 mega-watt turbines; three owned by the Lamar Utilities Board, and the fourth owned by the Arkansas River Power Authority, a joint action agency comprised of seven members, Lamar being one.

Over its short history, production from the Lamar Wind Energy Project has produced enough electricity to serve about 14-15% of our total energy needs. It has had a respectable capacity factor range of 32-33%, and a reliability factor of over 95%.

The Lamar Wind Energy Project is proving to be an important component of our generation resources. We believe the benefits of owning our own renewable energy resource will only increase as time goes by.

LAMAR REPOWERING PROJECT

The Lamar Repowering Project, a joint venture between the Lamar Utilities Board (LUB) and the Arkansas River Power Authority (ARPA) was born in October 2004. It was in response to two primary factors: the termination of a long-standing power purchase agreement with Tri-State G & T, and the suspension of generation from LUB's 25 MW steam unit due to high natural gas prices.

The Repowering Project is designed to "repower" the LUB's existing 25 MW steam turbine, Unit 6 ("Dedicated Facilities" that also include water supply, land, transmission interconnect and auxiliary equipment) from gas fired to coal fired with the construction of a CFB ("Circulating Fluidized Bed Boiler"). In addition an 18 MW steam turbine, Unit 8 is being constructed as well as coal handling facilities such as conveyors, storage domes, and a rail unloading facility.

ARPA will finance and be the owners of the new facilities and LUB will remain the owner of the Dedicated Facilities. In addition, LUB will be the operating agent for the facility and will use approximately 26 employees to operate the plant.

Commissioning and start-up is expected to take place in first quarter 2009.

HYDRO POWER

Lamar Light and Power receives certain allocations of federal hydropower supplied by the Western Area Power Administration, a Federal agency operating under the Department of Energy that markets and transmits wholesale electrical power from 56 Federal hydropower plants. Our allocation comes from the Colorado River Storage Project and is effective through September 30, 2024. In 2006, approximately 8% of the electricity sold to you, our consumers, came from hydroelectric power. The Arkansas River Power Authority also has contracts effective through September 30, 2024

for purchasing certain allocations of federal hydropower.