

LETTER OF BUDGET TRANSMITTAL

(THIS FORM IS TO BE COMPLETED AND SUBMITTED WITH THE ADOPTED BUDGET AND
TAX LEVY CERTIFICATION)

Date 12/20/2023

TO: Division of Local Government
1313 Sherman Street, Room 520
Denver, Colorado 80203

Attached is the 2024 budget for Arkansas River Power Authority
(name of government entity)
Prowers County, submitted pursuant to Section 29-1-116, CRS 1973. This budget
was adopted on December 7, 2023. If there are any questions on the budget,
please contact Richard Rigel, General Manager at (719) 336-3496
(name of person) (daytime telephone number)
and P. O. Box 70, Lamar, Colorado 81052. The mill levy certified to the county
(mailing address)
commissioners is -0- mills for all purposes except bond and interest and
Fire Pension (Districts only), and contractual obligations approved at elections. Based
on an assessed valuation of \$ -0-, the property tax revenue subject to
statutory limitation is \$ -0-.

Please enclose a copy of certification of mill levies sent to the county commissioners.

AN INCREASE LEVY BEYOND THE PROPERTY TAX REVENUE LIMIT IS NOT BEING
REQUESTED.

I hereby certify that the enclosed are true and accurate copies of the budget and certification
of tax levies to the Board of County Commissioners.

Signature of Officer 

Title: Manager Finance and Accounting



Arkansas River Power Authority
2024 Proposed Budget
December 7, 2023

P O Box 70
3409 South Main
Lamar, CO 81052

The governing body of the Arkansas River Power Authority (ARPA) is a Board of Directors in which all legislative power of the Authority is vested. Each Municipality appoints 2 representatives to the ARPA Board of Directors.

The ARPA Board of Directors is as follows:

Holly:

Randy Holland

Blaine Ice

La Junta:

Gary Cranson

P. Lorenz Sutherland

Lamar:

Houssin Hourieh

Roger Stagner

Las Animas:

Ron Clodfelter

Rick Stwalley

Springfield:

Heath Piper

Jay Suhler

Trinidad:

Frank Shew

Linda Vigil

ARPA Staff:

Rick Rigel, General Manager

Arvenia Morris, Office Manager

Aarin Ritter, Manager of Finance and Accounting



Rick Rigel, General Manager
P O Box 70
Lamar, Colorado 81052
Phone: (719) 336-3496
Fax: (719) 336-5966
E-mail rrigel@arppower.org

Budget Message for 2024

The Arkansas River Power Authority ("ARPA" or the "Authority") is a political subdivision of the State of Colorado established by its municipal members in 1979 under provisions of an intergovernmental cooperation statute, CRS section 29-1-204. The Authority's primary purpose is to supply the wholesale electric power and energy requirements of its Member Municipalities - Holly, La Junta, Lamar, Las Animas, Trinidad and Springfield, Colorado.

The Authority carries out its mission by obtaining wholesale power supply from a variety of sources and delivering it to the ARPA Member Municipalities who in turn provide retail electric service to their consumers. The Authority's wholesale power sources include purchases of federal hydropower from the Western Area Power Administration ("WAPA"), energy generated from 5 wind turbines owned by ARPA and the Lamar Utilities Board, and purchases via a long-term purchase power agreement with the Public Service Company of Colorado ("PSCo"). ARPA and its members also own a small amount of natural gas and diesel generation. This generation is operated for emergency backup only.

The Authority obtains operating revenue through a wholesale rate that is applied to its sale of electric power to the ARPA members. The wholesale power rate recovers the Authority's cost of obtaining and delivering wholesale power while maintaining the debt service coverage ratio as defined in its bond covenants, and payment of its principal and interest on outstanding bonds. ARPA uses the accrual basis in its financial accounting.

The Authority has implemented a straight-line method of depreciation for its assets.

The Authority's primary source for power supply in 2024 will be purchased from PSCo. It is projected that PSCo will provide approximately 64% of the power required by the ARPA members. The PSCo contract goes through January of 2025.

WAPA provides approximately 28% of the power needs for the Authority through an allocation of federal hydro-power via two long-term contracts. ARPA's contract, through the Loveland Area Projects (LAP), extends through 2054 and the second contract, between WAPA-CRSP (Colorado River Storage Project) and the Lamar Utilities Board, extends through 2057.

The balance of ARPA's power supply needs are provided by wind generation from the Lamar and Springfield wind turbines.

The Authority has two Network Integration Transmission Service agreements for transmission service to its members, one with the Tri-State Generation and Transmission Association and one

with the Black Hills Colorado Electric Utility Company. In addition, it has a handful of sub-transmission agreements with a variety of providers for service to its members.

The 2024 Budget will include the continuation of a 3.57% energy rate decrease which was taken in 2021. The rate decrease in 2021 followed a rate decrease of 2% in 2019 which followed several years of no rate adjustments for the Authority. The 2024 budget is consistent with the Authority's strategy of maintaining its current rate through 2024. ARPA anticipates, with a new power supply contract beginning early in 2025, that there is a potential to decrease rates for the years 2025-2026.

ARPA's 2024 budget includes a small increase in operating expenses of less than 0.5% due largely to an increase in A & G engineering expenses. ARPA executed an engineering agreement with CLP Engineering to provide distribution system planning services to the ARPA members. This project will identify infrastructure upgrades for each of ARPA's individual members that will result in improved grid reliance and reduced outages. A & G expenses amount to about 8% of ARPA's operating expenses. The budget also includes a small decrease in transmission costs due to a decrease in the Black Hills Network Transmission rate and in Power Supply Costs (1.3%). The Authority is also budgeting for a major repair on its T-4 wind turbine. The anticipated cost of over \$500,000 will be funded by a combination of ARPA reserves and insurance coverage.

The Authority's improved financial position and long-term planning has earned it a rating of BBB with a stable outlook from S&P Global Ratings, which was reaffirmed in 2023 and an investment grade credit rating from Fitch, which was also reaffirmed in 2023.

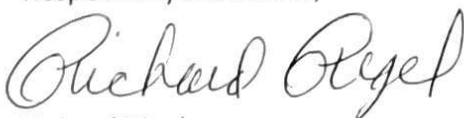
The Authority believes it has positioned itself well going forward and has reason to be optimistic about its ability to bring its long-term planning to fruition. The future rate trajectory for the Authority is stable to declining rates over the next few years.

The Authority's Board of Directors and staff continually strive to fulfill the Authority's Mission.

Mission Statement

We are committed to work together to promote the long-term economic well-being of our municipal members and their consumers by providing a dependable and competitively priced supply of wholesale electric power in an environmentally sound manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Richard Rigel".

Richard Rigel

General Manager

Arkansas River Power Authority				
Condensed Operating Budget For 2024				
		2022	2023	2023
		Actual	Budget	Projected YE
		Budget		2024
		(\$)	(\$)	(\$)
	Total Revenues	32,215,469	30,666,659	30,240,003
				30,791,794
	Operating Expenses			
	Power Supply	13,918,305	14,990,139	14,259,514
	Transmission	3,095,155	3,584,364	3,161,637
	Administrative & General	983,698	1,214,668	1,153,170
				1,494,864
	Total Operating Expenses	17,997,158	19,789,171	18,574,320
				19,851,679
	Net Operating Income	14,218,311	10,877,488	11,665,683
				10,940,115
	Interest Expenses	5,413,632	5,291,106	5,291,106
				5,159,631
	Depreciation/Amortization	257,986	267,576	267,577
				267,576
	Total	5,671,618	5,558,682	5,558,683
				5,427,207
	Net Income	8,546,693	5,318,806	6,107,001
				5,512,908
	Non Operating Expenses			
	Return of Reserves	(2,066,495)	(2,065,277)	(2,069,727)
				(2,063,345)
	Depreciation/Amortization	257,986	267,576	267,576
				267,576
	Amortization Income	(428,976)	(428,976)	(428,976)
				(428,976)
	City of Lamar Settlement	(141,341)	(147,466)	(147,466)
				(153,857)
	Principal Payments	(2,835,000)	(2,970,000)	(2,970,000)
				(3,093,750)
	Cash from sale of assets	18,167	-	-
				-
	Capital Purchases/ Contingency	(156,999)	(140,000)	(140,000)
				(150,000)
	Total Non Operating Expenses	(5,352,658)	(5,484,143)	(5,488,593)
				(5,622,352)
	Net Cash	3,194,035	(165,337)	618,408
				(109,444)

Arkansas River Power Authority						
Expenses for 2024 Budget						
	2022	2023	2023	2024	Difference	% of
	Actual	Budget	Projected YE	Budget	From Projected	Difference
	(\$)	(\$)	(\$)	(\$)	(\$)	(%)
Power Supply Costs						
O & M Expenses	26,055	13,500	14,327	13,500	(827)	-5.8%
Fuel (Non-LRP)	3,688	14,400	9,860	14,400	4,540	46.0%
WAPA LAP	2,408,156	2,824,004	2,814,507	2,818,168	3,661	0.1%
WAPA CRSP	206,623	212,132	219,717	205,685	(14,033)	-6.4%
ARPA Wind	120,040	128,400	159,067	242,940	83,872	52.7%
Lamar Wind	682,088	667,889	676,289	404,480	(271,809)	-40.2%
Purchased Power	10,471,655	11,129,814	10,365,746	11,095,207	729,461	7.0%
Total Power Supply Costs	13,918,305	14,990,139	14,259,514	14,794,379	534,866	3.8%
Transmission Costs						
Tri-State G & T	2,287,768	2,453,608	2,229,296	2,472,626	243,330	10.9%
SECPA	26,544	35,194	29,082	35,195	6,113	21.0%
San Isabel	200,736	214,881	193,878	195,706	1,827	0.9%
Lamar Light & Power	37,672	41,014	34,794	40,144	5,350	15.4%
Black Hills	238,226	454,755	386,306	433,853	47,547	12.3%
OATT Transmission	59,426	82,650	61,183	82,650	21,468	35.1%
Ancillary Services- Xcel	244,784	302,261	227,098	302,261	75,163	33.1%
Total Transmission Costs	3,095,155	3,584,364	3,161,637	3,562,435	400,799	12.7%
Administrative & General Expenses						
Dues & Subscription	37,037	37,479	31,511	37,479	5,968	18.9%
Employee Expenses	410,098	431,795	426,458	445,776	19,319	4.5%
Insurance Expenses	57,175	66,429	53,263	66,429	13,166	24.7%
City of Lamar Settlement	208,659	202,534	202,534	196,143	(6,391)	-3.2%
Lease Exp - LRP City Land	-	-	-	-	-	0.0%
Lease Exp - Willow Creek	2,723	2,804	4,500	4,635	135	3.0%
Members Services	5,659	10,400	11,384	10,400	(984)	-8.6%
Office Expenses	20,219	21,687	21,917	21,687	(230)	-1.0%
Professional & Outside Svcs	214,985	401,300	363,873	672,075	308,202	84.7%
Safety Program	10,109	15,240	15,240	15,240	-	0.0%
Travel, Meals & lodging	17,033	25,000	22,491	25,000	2,509	11.2%
Total A & G Expenses	983,698	1,214,668	1,153,170	1,494,864	341,694	29.6%
Total Operating Expenses	17,997,158	19,789,171	18,574,320	19,851,679	1,277,359	6.9%
Interest Expenses	5,413,632	5,291,106	5,291,106	5,159,631	(131,475)	-2.5%
Depreciation/Amortization	257,986	267,576	267,577	267,576	(1)	0.0%
Total Expenses	23,668,776	25,347,853	24,133,003	25,278,886	1,145,883	4.7%
Capital Outlays						
Wind Farm Metering	-	85,000	85,000		(85,000)	0.0%
Wind Turbine Upgrades	88,811	-	-		-	0.0%
Wind Turbine T-4 Gearbox Replacement				100,000		
Trinidad Project	50,160					
LRP Demolition Costs	-					
Contingency	18,028	55,000	55,000	50,000	(5,000)	100.0%
Total Capital/ Contingency	156,999	140,000	140,000	150,000	10,000	7.1%
Total Expenses (Incl. Capital)	23,825,775	25,487,853	24,273,003	25,428,886	1,155,883	4.8%

Arkansas River Power Authority															
2024 Proposed Budget Recap															
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	2024	2023	2023
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	Budget	Projected	Budget
													(\$)	(\$)	(\$)
Power Supply Costs															
O & M Expenses	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	13,500	14,327	13,500
Fuel (Non-LRP)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400	9,860	14,400
WAPA LAP	210,628	188,754	196,237	251,427	256,944	275,070	309,747	275,070	238,029	202,379	202,379	211,504	2,818,168	2,814,507	2,824,004
WAPA CRSP	17,364	17,066	17,058	14,821	17,338	17,039	17,827	17,456	15,647	18,088	17,644	18,336	205,685	219,717	212,132
ARPA Wind	20,245	20,245	20,245	20,245	20,245	20,245	20,245	20,245	20,245	20,245	20,245	20,245	242,940	159,067	128,400
Lamar Wind	33,312	33,986	33,769	33,610	33,839	33,922	33,681	33,757	33,651	33,651	33,651	33,651	404,480	676,289	667,889
Purchased Power	953,303	940,609	877,637	700,108	766,569	999,606	1,209,675	1,260,801	1,024,991	760,812	755,568	845,528	11,095,207	10,365,746	11,129,814
Total Power Supply Costs	1,237,177	1,202,985	1,147,271	1,022,536	1,097,260	1,348,207	1,593,500	1,609,654	1,334,888	1,037,500	1,031,812	1,131,589	14,794,379	14,259,514	14,990,139
Transmission Costs															
Tri-State G & T	202,079	201,420	202,386	202,828	221,659	218,486	215,715	215,904	199,194	195,694	197,111	200,151	2,472,626	2,229,296	2,453,608
SECPA	2,695	2,738	2,516	2,215	2,480	3,274	4,291	4,107	3,131	2,430	2,465	2,853	35,195	29,082	35,194
San Isabel	18,216	16,720	16,505	14,487	14,346	15,448	17,740	17,635	15,484	15,130	15,976	18,020	195,706	193,878	214,881
Lamar Light & Power	2,318	2,516	2,515	2,862	3,232	4,790	5,309	5,358	4,147	2,516	2,095	2,486	40,144	34,794	41,014
Black Hills	29,284	29,558	27,114	26,906	37,688	48,117	51,921	50,745	45,566	29,666	26,941	30,348	433,853	386,306	454,755
OATT	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	82,650	61,183	82,650
Ancillary Services- Xcel	21,949	21,297	17,906	20,205	27,920	33,201	33,969	29,671	30,679	20,604	21,919	22,944	302,261	227,098	302,261
Total Transmission Costs	283,428	281,135	275,829	276,390	314,212	330,203	335,833	330,306	305,088	272,927	273,394	283,689	3,562,435	3,161,637	3,584,364
Administrative & General Expenses													2024	2023	2023
Dues & Subscription	9,371	341	284	13,956	831	435	3,629	265	1,765	1,963	4,274	365	37,479	31,511	37,479
Employee Expenses	37,148	37,148	37,148	37,148	37,148	37,148	37,148	37,148	37,148	37,148	37,148	37,148	445,776	426,458	431,795
Insurance Expenses	12,228	4,516	4,516	4,516	4,516	4,516	4,516	9,046	4,516	4,516	4,516	4,516	66,429	53,263	66,429
City of Lamar Settlement	16,593	16,549	16,504	16,459	16,414	16,369	16,324	16,278	16,232	16,187	16,141	16,094	196,143	202,534	202,534
Lease Exp - LRP City Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Exp - Willow Creek	4,635	-	-	-	-	-	-	-	-	-	-	-	4,635	4,500	2,804
Members Services	1,800	1,800	400	400	400	400	400	400	1,800	1,800	400	400	10,400	11,384	10,400
Office Expenses	1,807	1,807	1,807	1,808	1,807	1,807	1,807	1,808	1,807	1,807	1,807	1,808	21,687	21,917	21,687
Professional & Outside Svcs	89,500	95,500	71,000	71,000	82,575	88,500	33,500	26,000	31,500	31,000	26,000	26,000	672,075	363,873	401,300
Safety Program	-	-	-	-	-	-	-	-	-	15,240	-	-	15,240	15,240	15,240
Travel, Meals & Lodging	2,083	2,083	2,084	2,083	2,083	2,084	2,083	2,083	2,084	2,083	2,083	2,084	25,000	22,491	25,000
Total A & G Expenses	175,165	159,743	133,742	147,370	145,774	151,258	99,406	93,028	96,852	111,743	92,368	88,415	1,494,864	1,153,170	1,214,668
Total Operating Expenses	1,695,770	1,643,863	1,556,843	1,446,295	1,557,245	1,829,668	2,028,739	2,032,988	1,736,828	1,422,169	1,397,575	1,503,694	19,851,679	18,574,320	19,789,171
Interest Expenses	432,776	432,776	432,776	432,776	432,776	432,776	432,776	432,776	432,776	421,549	421,549	421,549	5,159,631	5,291,106	5,291,106
Depreciation/Amortization	22,298	22,298	22,298	22,298	22,298	22,298	22,298	22,298	22,298	22,298	22,298	22,298	267,576	267,577	267,576
Total Expenses	2,150,844	2,098,937	2,011,917	1,901,369	2,012,319	2,284,742	2,483,813	2,488,062	2,191,902	1,866,016	1,841,422	1,947,541	25,278,886	24,133,003	25,347,853

			kWh	Rate	Amount (\$)										
Avg Composite Rate	\$ 0.10123		270,949,079	0.08836	\$23,941,061	Energy Rate									
			572,578	5.49	\$3,143,452	Demand Rate									
			270,949,079	0.00000	\$0	DSC Adder									
			344,325	1	\$344,325	Reimb Transmission									
					\$27,428,837										
Arkansas River Power Authority															
Revenues for 2024 Proposed Budget															
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	2024 Total	2023 Budget	
Members	22,034,601	20,408,683	20,389,184	19,108,808	20,693,480	25,154,177	30,001,868	28,999,257	23,531,435	19,511,848	19,509,624	21,606,114	270,949,079	272,641,160	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
Sales to Members	2,230,563	2,065,971	2,063,997	1,934,385	2,094,801	2,546,357	3,037,089	2,935,595	2,382,087	1,975,184	1,974,959	2,187,187	27,428,175	27,588,559	
Lamar CRSP	47,870	42,892	45,594	30,067	22,437	29,653	33,530	31,185	30,672	40,815	44,755	46,964	446,434	446,387	
Debt Service Adder	171,944	171,944	171,944	171,944	171,944	171,944	171,944	171,944	171,944	171,950	171,950	171,950	2,063,345	2,065,277	
Interest Income	21,910	23,279	21,570	28,903	23,768	26,502	24,322	24,322	24,322	24,322	24,322	24,322	291,863	42,460	
Amortization	35,748	35,748	35,748	35,748	35,748	35,748	35,748	35,748	35,748	35,748	35,748	35,748	428,976	428,976	
Capacity Sales	15,750	12,250	12,250	10,500	7,000	10,500	10,500	10,500	7,000	8,750	12,250	15,750	133,000	95,000	
Total Revenues	2,523,784	2,352,084	2,351,103	2,211,547	2,355,698	2,820,705	3,313,133	3,209,294	2,651,773	2,256,769	2,263,984	2,481,921	30,791,794	30,666,659	
	8.2%	7.6%	7.6%	7.2%	7.7%	9.2%	10.8%	10.4%	8.6%	7.3%	7.4%	8.1%	100.0%	100.0%	

ARPA BUDGET AND APPROPRIATION RESOLUTION OF 2024
RESOLUTION No. 03 -23

WHEREAS, the Arkansas River Power Authority (ARPA) was created and organized as a political subdivision of the State of Colorado; and

WHEREAS, it is necessary that the Board of Directors adopt a budget for the year 2024; and

WHEREAS, following advance published notice in accordance with Colorado law, a hearing was held on the proposed 2024 budget at a regular meeting of the Board of Directors on December 7, 2023, at which meeting a quorum of the Board was present; and

WHEREAS, the Board is now appropriately advised and desires to take action on the proposed budget dated December 7, 2023

BE IT RESOLVED By the Board of Directors of the Arkansas River Power Authority (ARPA) that:

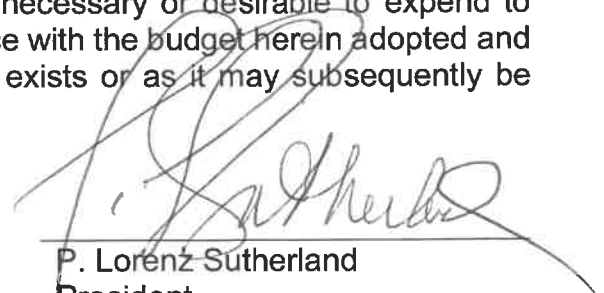
(1) Title

This Resolution shall govern the expenditure of funds by general purpose and amount for the calendar year 2024 commencing January 1 and ending December 31 and may be cited as "ARPA Budget and Appropriation Resolution of 2024".

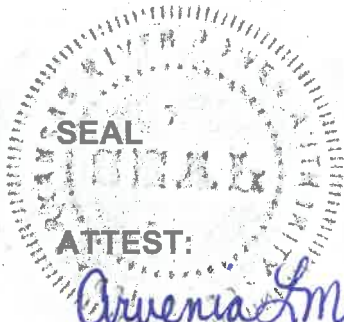
(2)

The 2024 Budget presented to the Board on December 7, 2023, is hereby approved and there is budgeted and appropriated from revenues, assessments and other funds available to ARPA, the sum of Twenty-five million, Four hundred twenty-eight thousand, eight hundred eighty-six (\$25,428,886) dollars or so much thereof as the General Manager shall find necessary or desirable to expend to conduct the activities of ARPA, in accordance with the budget herein adopted and the ARPA Fiscal Resolution as it currently exists or as it may subsequently be amended.

Dated this 7th day of December, 2023.



P. Lorenz Sutherland
President
Board of Directors
Arkansas River Power Authority



Arvenia L. Morris
Secretary