



ARKANSAS RIVER POWER AUTHORITY | eNews
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ARPA Corrects Misinformation Reported in Trinidad Press

There have recently been news articles in the Trinidad press that included a number of erroneous statements and allegations about the Arkansas River Power Authority (ARPA). ARPA was not contacted to provide comments on these articles nor the assertions made by Trinidad city officials. On behalf of the ARPA member communities, the following is a response to those articles.

Contrary to what has been reported, the operating and financial condition of ARPA has been steadily improving over the last several months. ARPA is in final negotiations for a Power Supply and Services contract that will replace a similar agreement that expires in February. Furthermore, through September ARPA has a positive net income for the year, is current on all bond requirements including the funding for bond payments and debt service coverage, and has fully funded its overhaul reserve fund for 2011.

It has been reported that the 2012 ARPA budget includes a 3% rate increase. ARPA's budget for 2012 does identify increases in operating costs in particular a significant cost increase from Black Hills Power and Light for transmission service to Trinidad. Fortunately off-setting cost savings have been identified and the current revised budget actually **eliminated** the rate increase. Even though the ARPA budget does reflect some increased operating costs, the increases cannot be traced to the reported "poor creditworthiness" of ARPA.

However a budgeted expense for 2012 that we believe should be avoided is the monies budgeted for litigation with Trinidad. Make no mistake, ARPA is committed to vigorously defending its power supply contracts with Trinidad and believes it has a very strong position in the lawsuit. However, it would seem of a benefit to both ARPA and Trinidad's rate payers to curtail costly spending on legal proceedings and explore reasonable settlement options, and to refrain from making misleading public statements that have no value other than to inflame passions.

Litigation costs drive up the wholesale rate from ARPA to its members and they drive up the retail rate for Trinidad to their consumers. Our focus should be on eliminating these unnecessary costs and realizing the benefits of regional cooperation. ARPA serves a rural part of the state that would otherwise be challenged to obtain competitively priced long-term power from regional or out-of-state suppliers. The synergies and advantages of joint procurement are as beneficial now as they ever have been. We have more buying power as a group than as individual communities.

ARPA | eNews is an electronic newsletter designed to keep member communities and the public up to date on developments associated with the Arkansas River Power Authority. Please forward it to anyone you think would be interested. Contact Arvenia Morris at amorris@arpapower.org to subscribe or unsubscribe.

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