



BUSINESS OPERATIONS – JUNE 2019

Standard & Poor's Ratings Services ("S&P") Affirms ARPA's Credit Rating: S&P's Ratings Services affirmed its 'BBB' long-term rating and underlying rating on the Arkansas River Power Authority's power revenue bonds. The outlook is stable. S&P's view is that during the next two years, member rates and energy demand will remain relatively stable based on ARPA's long-term power supply contracts. The rating also reflects ARPA's strengths and weaknesses. Strengths identified a recent resolution of member litigation, a purchase power agreement that will provide power at a competitive rate through at least 2024; and cost certainty given that most expenses are known and fixed for the next several years. Weaknesses included member rates that are above state averages (although rate increases are projected to be minimal over the next few years); high debt ratios, and participating member municipalities' limited service area economies. To view the full Standard & Poor's Rating Report go to: http://www.arpapower.org/docs/Standard_&_Poors_ARPA_14-May_2019.pdf

ARPA Holds its Election of Officers: At its meeting on May 30, the ARPA Board of Directors, by resolution, elected the following individuals into office for the next 12 months. Those officers include: David Willhite (Holly), President; Rick Stwalley (Las Animas), Vice President; Gary Cranson (La Junta), Treasurer; and Arvenia Morris, (Staff), Secretary.

ARPA Scholarship Program: In 2000 ARPA established a College Scholarship Program that awards a \$1,000 scholarship to one high school senior in each of the high schools served by ARPA members. The Program is administered through the member municipalities of Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad. The scholarships are funded equally between ARPA and its members. Congratulations to the following individuals on receiving the scholarship for the 2019-2020 school year: Holly: **Amy Bitar**; Lamar: **Giselle Sanchez**; McClave (Lamar): **Jordan Parker**; La Junta: **Caitlyn Dieckmann**; Trinidad: **Jasmine Abeyta**; Las Animas: **Alyssa Melendez**; Wiley (Lamar): **Blake Wilson**. **Good luck in your future endeavors!**

ARPA Board Adopts Resolution to Continue Negotiations with Tri-State: The Board adopted a resolution that commits the membership to ongoing efforts in completing negotiations with Tri-State for power supply services including transmission service, and defeasement of ARPA's debt. The resolution directs the general manager and attorney to continue negotiating with Tri-State, with a view to reaching agreement on a Purchase Power Agreement and Defeasance Agreement. It also directs management to confer with bond counsel to ensure any action taken complies with ARPA's bond covenants.

ARPA Board Reviews 2018 Audit: ARPA auditor, Ronny Farmer, rfarmer, llc, presented and briefed the Board on the 2018 Audit. Operating revenue from sales for its fiscal year ended December 31, 2018, was approximately \$29.7 million which was almost 4% better than revenues for the Authority's fiscal year 2017. Operating income for 2018 was \$13,426,852. There were total revenues of \$42,556,614 and total expenditures of \$29,129,762 in 2018. To view the full audit, go to: http://www.arpapower.org/docs/ARPA_-_2018_Final.pdf

Summary of April 2019 Financial and Operating Statements: During the month of April, revenue from power sales was less than budget by 1.4% and total cost of goods sold were just under budget by 0.2%. Net revenue for the month was \$210,917 which was significantly better than budget. Year to Date revenues are approximately 1.3% better than budget and cost of goods sold 2% over budget. Net revenues YTD are well above budget at \$907,308.

Next ARPA Meeting: The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, July 25, 2019. The meeting will be held in La Junta, Colorado at the Otero Junior College Student Center, 2001 San Juan, beginning at 10:00 AM. ARPA Board of Director meetings are open to the public.