



BUSINESS OPERATIONS - September 2024

ARPA Board Reviews Preliminary 2025 Budget-Includes 8% Reduction in Rates: A preliminary budget was presented to the ARPA Board of Directors at its August 29 meeting. The budget includes total revenues of \$26.5 million and a decrease of 13% in Total Operating Costs of \$17.23 million. The decrease in Operating Costs is due to a significant reduction in power supply costs beginning with ARPA's new power supply contract with Guzman Energy in 2025. The budget anticipates a reduction in ARPA's wholesale rates to its Members by approximately 8%. This follows on rate decreases ARPA took in 2019 and in 2021 and is consistent with the ARPA Board's efforts to stabilize and reduce rates to its six member municipalities. The budget hearing and final approval of the 2025 budget is scheduled for December 5 at the Board of Directors meeting to be held in La Junta.

ARPA Extends CLP Engineering's Distribution Planning Services Agreement: City Light and Power Engineering (CLP Engineering) has been working with the ARPA member municipalities to perform a variety of distribution system and substation engineering tasks to identify various improvement projects within each of the Member's distribution systems. The ARPA Board of Directors authorized staff to extend the agreement with CLP Engineering to provide additional engineering services. The additional services include engineering related to applying for grant funding that will be used to update the Member's substations and distribution systems. The upgrades will "modernize" the utilities infrastructure and put them in a better position to manage the energy transition and "electrification" that is sweeping across Colorado and the nation.

ARPA Engages The Ferguson Group for Grant Writing Services: On a related note, the ARPA Board of Directors engaged the services of The Ferguson Group (TFG), a nationally renowned grant writing services company headquartered in Washington D.C. TFG will assist the Authority in a grant application process for federally funded grants through the Department of Energy (DOE). TFG has offered grant writing services for over 40 years and has worked with the DOE funding programs since their inception.

FitchRatings Affirmed ARPA's Investment Grade Credit Rating of BBB- with Positive Outlook: Fitch Ratings recently affirmed its investment grade BBB- long-term rating on the Arkansas River Power Authority's power revenue bonds. The Rating included an improvement in the Authority's outlook from stable to positive. The rating reflects ARPA's strong revenue defensibility and strong operating risk profile. The improvement on the outlook is due to improved leverage ratios (in part by reduced outstanding debt) and consistent operating income.

Summary of July 2024 Financial and Operating Statements: During the month of July, revenue from power sales were 1.3% under budget and total cost of goods sold were under budget (4.4%). Net Revenue for the month was \$705,599. Year to Date revenues from power sales are better than budget by 1.4% and cost of goods sold are 1% under budget. Net revenues Year to Date are \$2.62 million. Member Energy sales were 2% less than budget and 4.9% better than July 2023. Wind generation was 4% of the power supply resources in July.

Next ARPA Meeting: The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, October 31, 2024. The meeting will be held in La Junta at the Otero College Student Center, 2001 San Juan. The meeting notice and agenda will be posted on ARPA's website (arpapower.org) under [Board Meetings](#) and will also be posted in a designated location in each of the member cities at least 24 hours in advance of the meeting.

ARPA board meetings are open to the public.