



BUSINESS OPERATIONS - September 2025

ARPA Board Reviews Preliminary 2026 Budget: A preliminary budget was presented to the Board of Directors at the August 28 meeting. The budget does not include any adjustments to ARPA's wholesale rate. The proposed budget projects total revenues of \$28.5 million and a 2% decrease in the Total Operating Costs of \$17.7 million. The budget hearing and final approval of the 2026 budget is scheduled for December 4 at the Board of Directors meeting to be held in La Junta. The preliminary budget includes the following:

- Revenues \$28.5 million
- Power Supply \$11.8 million
- Transmission \$4.5 million
- A&G \$1.4 million
- Non-Operating \$5.9 million

ARPA Optimistic on Rate Stability: Despite the impact inflation and higher overall operational costs are having on the electric industry, ARPA remains optimistic that it will be able to maintain stable rates for the next few years. Stable rates meaning no wholesale rate increases to its members for the foreseeable future. ARPA's rates began trending down in 2019 and 2021 when ARPA was able to implement rate decreases of 2% and 3.6% respectively. These rate decreases were attributed to a reduction in the debt service cost ARPA realized by a combination of debt refinancing and retirement of outstanding bonds. Then, beginning on January 1 of 2025, ARPA was able to further reduce its wholesale rate by 8%. This rate reduction was triggered by a decrease in power supply costs to the Authority. The savings in power supply was passed directly onto the ARPA Members.

There are a few cloudy skies upon the horizon when looking at future costs. Next spring, the Southwest Power Pool (SPP) will begin operations of an electric market in the West called a Regional Transmission Organization (RTO). It remains to be seen what the financial impact on ARPA will be, but ARPA's power supply should remain stable due to long-term, fixed power supply contracts. The same cannot be said about our transmission budget- what it cost to deliver power and energy to our six members, as we continue to experience year-over-year increases. Overall, the ARPA Board and staff believes it has taken the steps necessary to continue a fiscally sound operation and continued rate stability.

FitchRatings Upgraded ARPA's Investment Grade Credit Rating to BBB with Stable Outlook: Fitch Ratings recently upgraded ARPA's long-term credit rating on its power revenue bonds from BBB- to BBB with a stable outlook. The upgrade reflects ARPA's consistent midrange financial profile in the context of strong revenue defensibility and operating risk profiles. ARPA's strong operating risk profile reflects consistently low operating costs.

Summary of July 2025 Financial and Operating Statements: During the month of July, revenue from power sales were 4.4% better than budget and total cost of goods sold were under budget (0.3%). Year to Date revenues from power sales are better than budget by 1.7% and cost of goods sold are 0.5% under budget. Net revenues Year to Date are \$2.58 million. Member Energy sales, Year to Date, were 1.6% better than budget.

Next ARPA Meeting: The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, October 30, 2025. 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.