

LETTER OF BUDGET TRANSMITTAL

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

Date 12/18/2025

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

Attached is the 2026 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 4, 2025. 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
2026 Proposed Budget
December 4, 2025

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

Jay Brooke

Las Animas:

Ron Clodfelter

Rick Stwalley

Springfield:

Heath Piper

Jay Suhler

Trinidad:

Frank Shew

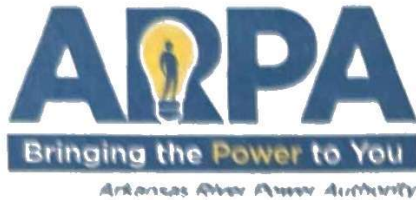
Linda Vigil

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

E mail rrigel@arpapower.org

Budget Message for 2026

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 4 wind turbines owned by ARPA and the Lamar Utilities Board, and as of February 1, 2025, purchases via a long-term purchase power agreement with Guzman Energy. ARPA and its members also own a small amount of diesel generation.

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 2026 will be purchased from Guzman Energy. It is projected that Guzman Energy will provide approximately 64% of the power required by the ARPA members. The Guzman Energy contract goes through October of 2043.

WAPA provides approximately 28% of the power needs for the Authority through an allocation of federal hydropower 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 is 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 2026 Budget does not include any adjustment in the Authority's base rate. The Authority reduced rates approximately 8.6% in 2025, which followed on the heels of two previous rate decreases, 3.57% in 2021 and 2% in 2019. The reduction in rates was a result of the Authority's effort to reduce its debt service cost by a combination of refinancing existing debt and retiring bonds and reducing both its Power Supply costs and A&G Expenses.

ARPA's 2026 budget includes a slight decrease in both purchased power cost and, in the Administration, and General budget. However, the Authority is budgeting a significant increase in its Transmission cost.

The budget includes an 11.4% increase in transmission costs due to an increase in both the Black Hills Network Transmission rate and the Tri-State Generation and Transmission Network Transmission rate. This follows the 12% increase in Transmission expense for the 2025 budget.

The Authority's Power Supply budget is \$11.9 million, and the A & G budget is \$1.4 million. The A&G budget includes funding for grant writing and management services as well as funds for engineering that may be necessary for the development of four solar fields that are scheduled to be in-service by the end of 2026. Both the grant funding and solar developments are part of the Authority's ongoing effort to continue to work with its members to acquire funding for upgrades to modernize its Member's distribution systems, improve grid resilience, and maintain the rate stability it's enjoyed for the past few years.

The Authority's improved financial position and long-term planning earned it an upgrade from the Fitch bond rating service. The Authority now enjoys a rating of BBB with a stable outlook from both S&P Global and Fitch Ratings services.

The Authority believes it has positioned itself well going forward and has reason to be optimistic about its ability to maintain stable rates through the next several 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,


Richard Rigel
General Manager

Arkansas River Power Authority					
Condensed Operating Budget For 2026					
		2024	2025	2025	2026
		<u>Actual</u>	<u>Budget</u>	<u>Projected YE</u>	<u>Budget</u>
		(\$)	(\$)	(\$)	(\$)
	Total Revenues	31,575,686	28,464,813	29,169,357	28,554,462
	Operating Expenses				
	Power Supply	14,973,473	11,987,081	11,852,869	11,926,306
	Transmission	3,444,867	3,986,319	3,913,324	4,441,230
	Administrative & General	1,365,273	1,429,215	1,223,181	1,408,514
	Total Operating Expenses	19,783,612	17,402,616	16,989,374	17,776,049
	Net Operating Income	11,792,074	11,062,197	12,179,983	10,778,413
	Interest Expenses	5,159,631	5,022,756	5,022,756	4,877,529
	Depreciation/Amortization	320,984	272,592	272,591	272,592
	Total	5,480,615	5,295,348	5,295,347	5,150,121
	Net Income	6,311,459	5,766,849	6,884,635	5,628,292
	Non Operating Expenses				
	Return of Reserves	(2,059,178)	(2,063,501)	(2,063,753)	(2,063,756)
	Depreciation/Amortization	267,580	272,592	272,590	272,592
	Amortization Income	(428,976)	(428,976)	(428,976)	(428,976)
	City of Lamar Settlement	(147,466)	(160,525)	(160,525)	(167,482)
	Principal Payments	(2,940,000)	(3,231,249)	(3,231,249)	(3,377,496)
	Capital Purchases/ Contingency	(139,335)	(100,000)	-	(100,000)
	Total Non Operating Expenses	(5,447,375)	(5,711,659)	(5,611,913)	(5,865,118)
	Net Cash	864,084	55,190	1,272,723	(236,826)

Arkansas River Power Authority						
Expenses for 2026 Budget						
	2024	2025	2025	2026	Difference	% of
	Actual	Budget	Projected YE	Budget	From Projected	Difference
	(\$)	(\$)	(\$)	(\$)	(\$)	(%)
Power Supply Costs						
O & M Expenses	18,016	13,500	30,831	13,500	(17,331)	-56.2%
Fuel (Non-LRP)	1,724	14,400	3,145	14,400	11,255	357.9%
WAPA LAP	2,882,451	3,042,330	3,031,134	3,292,139	261,005	8.6%
WAPA CRSP	212,951	205,685	212,860	205,685	(7,176)	-3.4%
ARPA Wind	292,258	242,940	261,452	243,378	(18,074)	-6.9%
Lamar Wind	393,013	402,610	387,658	402,610	14,952	3.9%
Purchased Power	11,173,059	8,065,617	7,925,790	7,754,594	(171,196)	-2.2%
Total Power Supply Costs	14,973,473	11,987,081	11,852,869	11,926,306	73,436	0.6%
Transmission Costs						
Tri-State G & T	2,440,667	2,859,174	2,897,937	3,291,853	393,917	13.6%
SECPA	28,828	35,367	28,985	36,004	7,019	24.2%
San Isabel	194,967	218,342	200,158	211,248	11,089	5.5%
Lamar Light & Power	35,746	38,833	38,471	37,870	(601)	-1.6%
Black Hills	422,929	449,692	417,079	455,853	38,775	9.3%
OATT Transmission	63,946	82,650	18,745	82,650	63,906	340.9%
Ancillary Services- Xcel	257,784	302,261	311,950	325,752	13,802	4.4%
Total Transmission Costs	3,444,867	3,986,319	3,913,324	4,441,230	527,906	13.5%
Administrative & General Expenses						
Dues & Subscription	24,068	30,341	25,128	30,341	5,213	20.7%
Employee Expenses	441,338	463,231	467,576	449,246	(18,330)	-3.9%
Insurance Expenses	60,125	71,579	61,541	71,677	10,136	16.5%
City of Lamar Settlement	196,143	189,475	189,475	182,518	(6,957)	-3.7%
Lease Exp - LRP City Land	-	-	-	-	-	0.0%
Lease Exp - Willow Creek	4,635	4,774	4,774	4,917	143	3.0%
Members Services	40,063	48,488	29,429	48,488	19,059	64.8%
Office Expenses	37,056	28,287	27,857	28,287	430	1.5%
Professional & Outside Svcs	535,825	552,800	378,153	552,800	174,647	46.2%
Safety Program	10,896	15,240	15,240	15,240	(0)	0.0%
Travel, Meals & lodging	15,123	25,000	24,007	25,000	993	4.1%
Total A & G Expenses	1,365,273	1,429,215	1,223,181	1,408,514	185,333	15.2%
Total Operating Expenses	19,783,612	17,402,616	16,989,374	17,776,049	786,675	4.6%
Interest Expenses	5,159,631	5,022,756	5,022,756	4,877,529	(145,227)	-2.9%
Depreciation/Amortization	320,984	272,592	272,591	272,592	1	0.0%
Total Expenses	25,264,227	22,697,964	22,284,722	22,926,170	641,449	2.9%
Capital Outlays						
Wind Turbine Upgrades	-	-	-	-	-	0.0%
Wind Turbine T-4 Gearbox Replacement	134,037	-	-	-	-	-
Contingency	5,298	100,000	-	100,000	100,000	100.0%
Total Capital/ Contingency	139,335	100,000	-	100,000	100,000	#DIV/0!
Total Expenses (Incl. Capital)	25,403,562	22,797,964	22,284,722	23,026,170	741,449	3.3%

Arkansas River Power Authority															
2026 Proposed Budget Recap															
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	2026 Budget	2025 Projected	2025 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	30,831	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	3,145	14,400
WAPA LAP	245,587	220,080	228,806	293,068	299,498	320,626	361,043	320,626	277,453	238,204	238,204	248,944	3,292,139	3,031,134	3,042,330
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	212,860	205,685
ARPA Wind	20,282	20,282	20,282	20,282	20,282	20,282	20,282	20,282	20,282	20,282	20,282	20,282	243,378	261,452	242,940
Lamar Wind	31,678	33,313	34,207	35,472	34,885	35,259	30,972	31,098	34,270	34,148	32,493	34,813	402,610	387,658	402,610
Purchased Power	689,475	632,698	611,070	479,961	535,845	683,337	801,014	875,860	704,542	549,690	571,793	619,309	7,754,594	7,925,790	8,065,617
Total Power Supply Costs	1,006,711	925,764	913,748	845,928	910,173	1,078,867	1,233,463	1,267,647	1,054,519	862,736	882,740	944,009	11,926,306	11,852,869	11,987,081
Transmission Costs															
Tri-State G & T	266,174	267,744	272,290	276,883	279,164	273,452	287,002	290,630	275,667	271,367	263,970	267,510	3,291,853	2,897,937	2,859,174
SECPA	3,065	2,620	2,592	2,304	2,535	3,346	4,254	4,191	3,171	2,427	2,582	2,917	36,004	28,985	35,367
San Isabel	19,514	17,327	17,461	15,129	14,935	16,760	20,037	19,840	17,016	16,153	17,653	19,422	211,248	200,158	218,342
Lamar Light & Power	2,466	2,392	2,540	2,565	3,034	4,320	4,666	4,839	3,999	2,640	2,071	2,338	37,870	38,471	38,833
Black Hills	32,871	30,770	27,885	28,505	38,060	50,396	54,174	53,667	46,927	33,184	28,600	30,815	455,853	417,079	449,692
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	18,745	82,650
Ancillary Services- Xcel	24,473	25,048	34,545	17,863	25,933	33,055	35,523	30,576	29,940	27,375	18,316	23,105	325,752	311,950	302,261
Total Transmission Costs	355,451	352,789	364,201	350,137	370,548	388,216	412,544	410,630	383,608	360,033	340,080	352,994	4,441,230	3,913,324	3,986,319
Administrative & General Expenses													2026	2025	2025
Dues & Subscription	9,394	2,364	307	2,979	1,749	458	3,652	288	288	8,186	288	388	30,341	25,128	30,341
Employee Expenses	37,437	37,437	37,437	37,437	37,437	37,437	37,437	37,437	37,437	37,437	37,437	37,437	449,246	467,576	463,231
Insurance Expenses	7,501	5,398	5,398	5,398	5,398	5,398	5,398	10,198	5,398	5,398	5,398	5,398	71,677	61,541	71,579
City of Lamar Settlement	15,480	15,431	15,383	15,334	15,285	15,236	15,186	15,137	15,087	15,037	14,987	14,937	182,518	189,475	189,475
Lease Exp - LRP City Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Exp - Willow Creek	4,917	-	-	-	-	-	-	-	-	-	-	-	4,917	4,774	4,774
Members Services	4,974	4,974	3,574	3,574	3,574	3,574	3,574	3,574	4,974	4,974	3,574	3,574	48,488	29,429	48,488
Office Expenses	3,457	1,807	1,807	3,458	1,807	1,807	3,457	1,808	1,807	3,457	1,807	1,808	28,287	27,857	28,287
Professional & Outside Svcs	25,500	60,000	35,500	35,500	47,300	53,000	43,000	35,500	41,000	55,500	70,000	51,000	552,800	378,153	552,800
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	24,007	25,000
Total A & G Expenses	110,742	129,494	101,490	105,763	114,633	118,994	113,787	106,025	108,075	147,312	135,574	116,626	63,728	44,669	63,728
													1,408,514	1,223,181	1,429,215
Total Operating Expenses	1,472,904	1,408,047	1,379,438	1,301,828	1,395,353	1,586,077	1,759,794	1,784,301	1,546,202	1,370,081	1,358,395	1,413,629	17,776,049	16,989,374	17,402,616
Interest Expenses	409,605	409,605	409,605	409,605	409,605	409,605	409,605	409,605	409,605	397,028	397,028	397,028	4,877,529	5,022,756	5,022,756
Depreciation/Amortization	22,716	22,716	22,716	22,716	22,716	22,716	22,716	22,716	22,716	22,716	22,716	22,716	272,592	272,591	272,592
Total Expenses	1,905,225	1,840,368	1,811,759	1,734,149	1,827,674	2,018,398	2,192,115	2,216,622	1,978,523	1,789,825	1,778,139	1,833,373	22,926,170	22,284,722	22,697,964

			kWh	Rate	Amount (\$)										
Avg Composite Rate	\$ 0.09366		269,028,444	0.0769	\$20,688,287	Energy Rate									
			582,023	7.13	\$4,149,824	Demand Rate									
			269,028,444	0.00000	\$0	DSC Adder									
			358,851	1	\$358,851	Reimb Transmission									
					\$25,196,962										
Arkansas River Power Authority															
Revenues for 2026 Proposed Budget															
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	2026 Total		2025 Budget
Members	22,462,066	20,024,366	20,443,910	18,971,351	20,663,003	24,752,167	29,073,559	29,064,341	23,224,104	19,356,667	19,628,693	21,364,219	269,028,444		268,810,008
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		(\$)
Sales to Members	2,103,797	1,875,482	1,914,777	1,776,857	1,935,297	2,318,288	2,723,029	2,722,166	2,175,170	1,812,945	1,838,423	2,000,973	25,197,204		25,128,360
Lamar CRSP	40,225	36,172	38,095	26,394	22,106	27,114	30,239	28,397	27,203	35,159	37,765	39,657	388,526		396,226
Debt Service Adder	171,985	171,985	171,985	171,985	171,985	171,985	171,985	171,985	171,985	171,965	171,965	171,965	2,063,756		2,063,501
Interest Income	40,000	60,000	30,000	36,000	25,000	25,000	25,000	36,000	36,000	91,000	36,000	36,000	476,000		432,000
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
Total Revenues	2,391,754	2,179,386	2,190,604	2,046,983	2,190,135	2,578,135	2,986,001	2,994,296	2,446,105	2,146,818	2,119,902	2,284,343	28,554,462		28,464,813
	8.4%	7.6%	7.7%	7.2%	7.7%	9.0%	10.5%	10.5%	8.6%	7.5%	7.4%	8.0%	100.0%		100.0%
	75,748	95,748	65,748	71,748	60,748	60,748	60,748	71,748	71,748	126,748	71,748	71,748			

ARPA BUDGET AND APPROPRIATION RESOLUTION OF 2026
RESOLUTION No. 04-25

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 2026; and

WHEREAS, following advance published notice in accordance with Colorado law, a hearing was held on the proposed 2026 budget at a regular meeting of the Board of Directors on December 4, 2025, 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 4, 2025

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

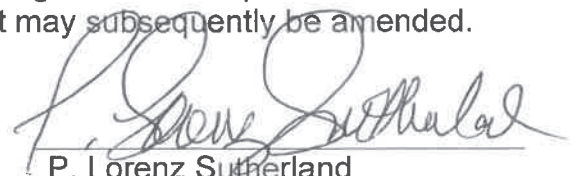
(1) Title

This Resolution shall govern the expenditure of funds by general purpose and amount for the calendar year 2026 commencing January 1 and ending December 31 and may be cited as "ARPA Budget and Appropriation Resolution of 2026".

(2)

The 2026 Budget presented to the Board on December 4, 2025, is hereby approved and there is budgeted and appropriated from revenues, assessments and other funds available to ARPA, the sum of Twenty-three million, Twenty-six thousand, one hundred seventy (\$23,026,170) 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 4th day of December 2025.



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

ATTEST:



Arvenia L. Morris
Secretary

SEAL