

# **Bond Case Briefs**

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## **United Power, Inc. (CO): Fitch New Issue Report**

The 'A' rating on United Power, Inc. (CO)'s series 2024 A & B First Mortgage Notes and the Issuer Default Rating reflect Fitch Ratings' expectation that United Power will maintain its historically strong and stable financial performance despite sizable payments related to the cooperative's May 1, 2024 withdrawal from Tri-State Generation & Transmission Association, Inc. (Tri-State, securities rated BBB+/Negative/F1) and the termination of its power supply agreement. The payments have been calculated pursuant to an exit fee methodology approved by the Federal Energy Regulatory Commission (FERC) and are expected to total \$702 million, including a contract termination payment of roughly \$627 million and asset purchases (primarily transmission assets) of \$75 million. While United Power's plan to debt finance the payments will initially result in higher leverage, the cooperative's plan for retail rate increases over the next several years should buffer the effect and produce financial metrics that are consistent with the 'A' rating.

### **ACCESS REPORT**

Thu 11 Apr, 2024