

ARPA/LUB File Motion for Reconsideration of Court Ruling

The Arkansas River Power Authority and Lamar Utilities Board (LUB) filed a motion asking the U.S. District Court in Denver to reconsider its September 28, 2012 order, finding that the Lamar Repowering Project had been constructed in violation of the federal Clean Air Act.

The order was entered in connection with a lawsuit by an environmental group calling itself the "WildEarth Guardians," which claims that the Lamar Plant failed to implement the maximum achievable control technology (MACT) required by the Clean Air Act.

"There is no evidence that the Lamar Plant ever had the capacity to operate at levels that would have triggered the claimed violation of the Clean Air Act," said ARPA General Manager Rick Rigel. "We believe the court did not thoroughly consider critical evidence, especially the findings by the Colorado

Air Pollution Control Division, which concluded that the maximum achievable control technology requirement did not apply to the Lamar plant."

In the September 28 ruling, the Court found that ARPA and LUB violated the Clean Air Act by operating the Lamar Repowering Project without a determination that it met the MACT standard.

ARPA General Manager Rick Rigel expressed surprise and disappointment at the ruling, stating "We have been working with the state on our permitting for the Lamar Repowering Project, and the state has determined that the MACT standard does not apply to the plant because it is too small of a facility."

WildEarth Guardians had argued in its lawsuit that the Lamar plant was a "major source" of hazardous air pollutants (HAPS) as part of

its overall campaign to stop the use of coal for the generation of electricity. The state has determined the Lamar plant is not a "major source," stating "LUB provided the required data and the Division has determined, through analysis of the LRP's actual and potential emissions, that the facility has never emitted HAPS at levels triggering the MACT requirements of Section 112 (g)."

The Air Pollution Control Division went on to say, "The Division agrees with LUB that the Lamar Repowering Project has never exceeded MACT thresholds and so a MACT determination is not required."

A trial to determine if penalties should be assessed has been scheduled in early 2013.

ARPA Board of Directors Officers:

President: *Robert Freidenberger - La Junta*

Vice President: *Richard Stwalley - Las Animas*

Treasurer: *Marsha Willhite - Holly*

ARPA Staff:

General Manager: *Rick Rigel*

Manager of Finance and Accounting: *Aarin Ritter*

Office Manager and Board Secretary: *Arvenia Morris*

Reuben DeLeon named Electric Superintendent for the City of La Junta

Reuben DeLeon was recently named electric superintendent for the City of La Junta. As electric superintendent he oversees both the line crew and power plant operations.

DeLeon, began as a cemetery worker for the City of La Junta in 1975. He has held various ranks within the La Junta Municipal Utilities from apprentice lineman, to first class lineman and a line crew chief. Reuben has held the position of line superintendent for the last five years.

DeLeon is a member of the ARPA Operating Committee, and we, along with the City of La Junta, are fortunate to have Reuben as a member of our team. Reuben goes above and beyond to assist any way he can in any situation.

Congratulations Reuben!

2013 Preliminary Budget Reflects Efforts to Stabilize Rates

The preliminary budget proposed to the ARPA Board of Directors at their August meeting reflected a continued effort to stabilize wholesale power rates for the ARPA members. The 2013 budget as presented indicates *no rate increase*; the current rates will remain through 2013.

The 2013 budget anticipates:

- Revenue requirements of just over \$30 million
- Power Supply and Transmission costs of \$16 million
- A&G costs, including debt service, of just over \$10 million
- Capital Expenditures of \$3.8 million

ARPA Board Member Elected Mayor for the City of Trinidad

Bernadette Baca-Gonzalez, a representative on the ARPA Board of Directors, was elected Mayor for the City of Trinidad in a special election on September 18.

“I am humbled by the realization that so many voters have placed their trust in me to serve this city as Mayor, and I pledge that I will do everything possible to be worthy of that trust. “

... Mayor Bernadette Baca-Gonzalez

Congratulations! We wish you success in your new position.

ARPA—2nd Quarter Financial Summary

2nd Quarter Income Statement for 2012	
Ordinary Income/Expense	Jan-Jun 2012
Income	\$16,639,233
Cost of Goods Sold	\$ 7,882,831
Gross Profit	\$ 8,756,403
A & G Expenses	\$ 7,043,830
Net Income	\$ 1,712,573

ARPA’s financial performance for 2012 remained strong through the second quarter.

Revenues were 3% above budget; at the same time rates for 2012 are 4% lower than in 2011.

The Cost of Goods Sold, which is primarily purchased power, was 14% less than budget, gross profit was 26% better than budget, and net income was a bit over \$1.7 million through the second quarter.

New EPA Rules Affect ARPA Members' Generating Plants

Beginning in mid-2013 the new EPA Reciprocating Internal Combustion Engine (RICE) rule takes affect which will require the ARPA members diesel generating plants to change from Standby/Peak Shaving to "Emergency Only" operation.

The change will not have a practical affect on the plants as over the past few years the units have only run during outages affecting local service and for regulatory testing. The RICE rule will require generating units like those

owned and operated by ARPA members to meet more stringent regulations for emissions such as Nitrous and Sulfur Oxides.

The cost to upgrade the units to comply with the new RICE rules will require expenditures in the high six-figure range. As a result, the ARPA members have decided to change the generating units' operating status to emergency only.

The *emergency only* designation stipulates that

the units cannot be used for peak shaving, to supply power to the electric grid, or to supply power as part of a financial arrangement with another entity. However, it does allow the units to operate during local outages and for compliance testing.

The ARPA generating units in Trinidad and Holly are RICE compliant and remain unaffected by the new rules.

Public Power is Good for Business



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.

Spot Light on the Colorado Association of Municipal Utilities

The Colorado Association of Municipal Utilities (CAMU) is a non-profit organization that provides legislative representation, training and information to the 29 cities and towns throughout Colorado that own and operate their own electric system. The utilities represented by CAMU are very diverse in size with Colorado Springs Utilities being the largest with 208,000 meters and Fleming being the smallest with 200 meters. In Colorado, municipal utilities provide service to 17% of

electric customers, Rural Electric Cooperatives represent about 24% and Investor Owned Utilities serve 59% of customer base.



CAMU's key mission is to protect local control. CAMU holds fast to the belief that the issues and needs of Colorado's municipal electric systems are best met at the local level. CAMU works diligently to urge state and

federal elected officials to respect the sanctity of local control in Colorado. They continually monitor laws and legislature at the state level to evaluate their impact to the municipalities' ability to serve its customers. CAMU also works with the American Public Power Association to represent public power before congress, to advocate the rights of local control and the virtues of ownership of electrical distribution and generation systems.

CAMU's Executive Direc-

Municipal power systems in Colorado provide service to 17% of the State's electric customers

tor, Dan Hodges recently attended an ARPA Operating Committee meeting telling members that CAMU is a great source for networking between Municipal Electric Utilities in Colorado.

Southwest Chief Amtrak Service Through Kansas, Colorado & New Mexico



Southwest Chief route from Chicago to Los Angeles



Southwest Chief route through Kansas, Colorado, and New Mexico

For over a century passenger railroad service has transported the citizens of Kansas, Colorado and New Mexico to locations around the country. Currently those three states are linked by Amtrak service along the Southwest Chief line, which operates two trains daily between Chicago and Los Angeles. The segment running between Newton, Kansas and Lamy, New Mexico operates on a BNSF Railway Company route. However, citing maintenance costs and budget priorities Amtrak is contemplating abandoning passenger service through western Kansas, eastern Colorado and northern New Mexico even though ridership and revenue have increased.

In late 2011, word began to spread that due to the deteriorating condition of the rail lines, Amtrak could not maintain its trains at speeds sufficient for passenger service. Freight trains travel at approximately 30-40 mph along the line; however, passenger trains must operate at speeds of 60-80 mph to be cost effective. It appeared a strong possibility Amtrak may cease passenger rail ser-

vice along this Colorado, Kansas, New Mexico section of the Southwest Chief by 2016.

Officials in the Cities located along this section of the route, including the ARPA communities of Trinidad, La Junta, Las Animas, Lamar and Holly, formed an "All Aboard" effort to work with Amtrak, BNSF, state officials, and federal representatives to maintain this service through their communities.

BNSF has a very clear agreement with Amtrak that allows them to pass the costs associated with passenger rail, or cost associated with the interruption of freight, onto Amtrak. The stretch of track between Newton and Lamy is bolted rail and has recently been downgraded by BNSF for passenger trains from 79 mph to 60 mph traffic. In addition to continued maintenance of the route, upgrading to welded rail is needed to return the route to at least 79 mph passenger traffic.

BNSF estimates the costs of improvements necessary to preserve the entire 636 miles of track and

keep passenger rail on the La Junta subdivision line at \$3 million over a 10-year period.

On April 10, 2012 members of the Southwest Chief coalition met with representatives from BNSF and Amtrak in Garden City, KS to discuss potential solutions. Several ideas for funding and public action were discussed.

At this time, the exact price tag for maintenance and upgrades has not been determined and those repairs and upgrades have not been prioritized to determine the exact annual funding needed to maintain passenger rail service. This will be the first step in the coalition's initiative.

Second, the coalition will be exploring grants and other federal funding sources to represent their commitment to the effort.

And finally, the coalition will work with Amtrak to ensure this project receives a higher priority for Amtrak capital improvements than in the past.