



ARKANSAS RIVER POWER AUTHORITY | eNews
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ARPA files suit against Babcock and Wilcox

On February 28, 2014 the Arkansas River Power Authority filed a lawsuit against Babcock & Wilcox Power Generation Group, Inc. (B&W) which supplied the coal-fired steam boiler for the Lamar Repowering Project. The boiler was never able to meet its emissions guarantees.

As a result of B&W's failure to deliver a fully functioning boiler capable of meeting its emission guarantees ARPA has been unable to operate the plant and has incurred substantial losses. The losses include millions of dollars spent to resolve the operating deficiencies per B&W's modifications to the boiler, fines and penalties paid to regulators for emission exceedances, and legal fees spent for environmental litigation resulting from the boiler's failure to meet its emission guarantees.

Rick Rigel, ARPA's General Manager reported ARPA has provided B&W ample opportunity to remedy the issues with the boiler, but despite repeated attempts, B&W has not been successful. Several attempts at negotiating a settlement were also attempted but to no avail.

"ARPA has \$150 million of outstanding debt on a power plant that can't operate because of B&W's failure" said Robert Freidenberger, ARPA's board president. "The ARPA Board of Directors feel that B&W must be held accountable for its actions and the damage it has caused the ARPA members."

The inability to operate the plant and self-generate power, was a major reason that ARPA has entered a contract to purchase power for the next several years. Fortunately the power supply contract that extends through 2021 and into 2022 will allow ARPA to stabilize rates for its members.

The lawsuit was filed in the U.S. District Court in Denver, Colorado by Fairfield and Woods on behalf of ARPA and can be viewed in its entirety at:

http://www.arpapower.org/docs/Complaint-and-Jury-Demand_Mar.03_2014.pdf

ARPA | eNews is an electronic newsletter designed to keep member communities and the public up to date on developments associated with the Arkansas River Power Authority. Please forward it to anyone you think would be interested. Contact Arvenia Morris at amorris@arpapower.org to subscribe or unsubscribe.

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