



ARKANSAS RIVER POWER AUTHORITY | eNews
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ARPA Board Continues to Evaluate Power Plant Options

At its meeting on September 25, the Arkansas River Power Authority (ARPA) Board of Directors approved a resolution finding that it would be economically beneficial to dispose of and/or decommission the Lamar Repowering Project, rather than continue to maintain it in “cold standby”. This finding was based on reports prepared by a variety of consultants engaged by ARPA and by Syncora Guarantee, the bond insurer for ARPA’s bonds, which projected that ARPA’s electric rates will be approximately 9% higher if the plant remains in cold standby as opposed to decommissioning or disposing of the plant. The resolution paves the way for the next step in the process of determining the long-term future of the Power Plant.

This action comes on the heels of a lawsuit filed last February by ARPA, against the boiler manufacturer Babcock & Wilcox (B&W), because the boiler for the coal-fired power plant has not been able to comply with its air emissions guarantees. The plant has been maintained off-line since late 2011 when testing revealed that boiler modifications engineered by B&W were not successful and the plant was not able to achieve compliance. B&W has proposed additional modifications; however, it will not guarantee the modifications will be successful nor will it pay for the cost to install the modifications.

ARPA will prepare a Request for Proposals (RFP) that will further detail the options available for the plant and the costs associated with those options. Among those options are the decommissioning of the plant or certain segments of the plant, and/or the sale of the plant in order to facilitate the development of a power generating facility on-site.

The ARPA Board also believes that by approving this action, it provides the opportunity to reduce costs associated with the maintenance of the plant. Currently ARPA is spending approximately \$135,000 a month on the plant which has not operated for almost three-years. The ARPA Board directed its staff to work closely with the Lamar Utilities Board to identify cost cutting measures that can be implemented as soon as practicably possible.

ARPA’s goal is to continue to stabilize its rates over the long term and reducing costs at the Lamar Repowering Project is a critical factor in that effort.

ARPA provides wholesale electricity to its member communities of Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad. ARPA owns the Lamar Repowering Project and contracts with Lamar Utilities Board/Lamar Light and Power to operate the plant.

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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