



BUSINESS OPERATIONS – APRIL 12, 2017

Integrated Resource Plan (IRP). The Arkansas River Power Authority is in the process of preparing an Integrated Resource Plan (IRP), as required by the Western Area Power Administration (WAPA) under its Energy Planning and Management Program. ARPA will be accepting written and verbal comments from affected retail customers of the six ARPA communities at the April 27, 2017 meeting and for a ten working day period following the April meeting. At the end of the comment period, all comments received from the public will be reviewed and, if necessary, changes will be incorporated into the IRP. The final IRP will be approved at a public meeting of the ARPA Board of Directors on May 25, 2017. Interested parties may provide written comments directly to ARPA outside of the April 27 public meeting by sending them electronically or via US Mail to the following address: Rick Rigel, General Manager, Arkansas River Power Authority, P O Box 70, Lamar, CO 81052, rrigel@arpapower.org

ARPA Board Discusses Distributed Generation (DG) Policy. With utilities facing an increased interest from its customers and developers to install distributed generation such as wind and solar, it's only natural that ARPA and its members would experience continued marketing efforts by solar companies. There are many facets to solar developments that must be considered, especially when considering large solar gardens. For instance, what impact would a mid to large solar installation have on power supply contracts, rate structures, and reliability?

The ARPA Board directed staff to continue its efforts on developing a policy for the development of renewable power generating installations including solar developments, and to ensure the policy addresses the following issues:

- Review of rate modifications that will not increase rates, but would alter how fixed costs are recovered. ARPA's fixed costs include debt service, administration expenses, and capacity related costs. These fixed costs differ from variable costs such as purchased power and transmission costs associated with energy sales and usage.
- Evaluate the potential for ARPA to enter into power purchase agreements (PPA) with solar developers above a certain sized installation. For example, ARPA could consider the possibility of contracting with its member community directly for the generated output of solar installation, or contract with the solar developer directly.
- The Board also discussed whether to place a cap or upper limit on the amount of solar installations it could support in each member community, and as a whole. There are contractual implications related to the sizing of renewable resource developments that will need to be addressed in a policy.
- Ensure member utility operations are aware of the metering requirements for renewable installations. It is imperative that the utilities be able to capture all renewable generated energy for cost recovery and transmission capacity and scheduling purposes.

Southeastern Colorado Water Conservancy District's (SECWCD) Pueblo Hydro Project. After an extensive review of the pricing, contract terms and compatibility with existing power purchase agreements, the ARPA Board decided to not pursue a long-term contract for hydro power with the SECWCD. The Board liked many of the attributes the project provided, but ultimately determined that the time and circumstances were not right for the long-term commitment.

Contract Power Rate. ARPA has been working with certain of its members on an economic development effort. After evaluating the potential for an economic development opportunity, and ARPA's existing tariff structure, the Board directed staff to continue its efforts to evaluate the development of an economic development rate.

Summary of February 2017 Financial and Operating Statements. During the month of February, total operating revenues were less than budget by \$44,520. Total cost of goods sold were just over budget 0.9%, and A & G expenses for the month were over budget by \$51,585. There were net losses of \$220,690 for the month. Total Revenues YTD are better than budget by \$55,602. Member sales for February were 3.2% lower than February of 2016 and lower than budget by 2.2%. Member Sales YTD are about 1.8% better than budget.

Next ARPA Meeting. The next regularly scheduled ARPA board meeting is Thursday, April 27, 2017 by WebCast beginning at 9:00 a.m. ARPA board meetings are open to the public. If anyone wishes to attend, please contact the ARPA office (719) 336-3496 for additional details.