



BUSINESS OPERATIONS

March 10, 2014

ARPA Files Suit Against B&W - 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. 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

Summary of January 2014 financial and operating statements:

Total revenues for January are about 1% under budget. The total Cost of Goods Sold (COGS) which includes purchased power, transmission, and wind turbine costs are over budget by 3%. Sixty-three percent of the energy supplied to the ARPA members was market power from Tri-State, hydro-power from ARPA's Western Area Power Administration (WAPA) federal allocation was 29% of the power mix.

The five wind turbine generators owned by the Lamar Utilities Board (3) and ARPA (2), rounded out the January power portfolio. January 2014 generation for all 5 turbines combined was 15% more than the generation in January 2013

Market prices for power increased by 27.7% this year compared to 2013. The blended rate (includes all power supply costs) for January was 14% higher than the blended rate in 2013. Member sales for January was about 1.7% lower than in 2013. Net income for the month was \$82,254.

Notes from the General Manager:

- SEP – Work on the Supplemental Environmental Project (SEP) that ARPA is performing for the settlement with the environmental group WildEarth Guardians (WEG) has begun. The project is to convert lighting in community facilities to more efficient LED lighting. The Prowers County Development, Inc., (PCDI) is the administrator for the project. The cost of the Project is \$125,000.
- *National Purchasing Cooperative (BuyBoard®)* – The ARPA Board passed a resolution authorizing participation in BuyBoard. BuyBoard is a National Purchasing Cooperative established in New England in 2009. The overall objective of BuyBoard is to provide a mechanism for eligible local governments and school districts to pool their collective purchasing power. Items or catalogs are posted to a secure web site, called the BuyBoard, which enables cooperative members to search for items, pricing, and vendors.
- *Sale of Excess Equipment* – The ARPA Board passed a resolution declaring that a reverse osmosis unit no longer being used at the Lamar Repowering Project is excess equipment and can be offered for sale to the ARPA members via sealed bids. For more information, please call the ARPA office at **719-336-3496**.