

ARKANSAS RIVER POWER AUTHORITY
Board of Directors Meeting Minutes
October 29, 2020

The Board of Directors of the Arkansas River Power Authority (ARPA) met in person from the ARPA offices at 3409 South Main Street in Lamar, and by Webcast and conference call on Thursday, October 29, 2020. Following appropriate notice, President Stwalley called the meeting to order at 9:00 AM.

ARPA Board Members present:

HOLLY: Calvin Melcher
Mike Tanner¹

LA JUNTA: Gary Cranson
P. Lorenz Sutherland

LAMAR: Houssin Hourieh (also a member of the Operating Committee)
Roger Stagner

LAS ANIMAS: Ron Clodfelter (also a member of the Operating Committee)
Rick Stwalley

SPRINGFIELD: Darwin Hansen
Jay Suhler

TRINIDAD: Carlos Lopez²
Mike Valentine (also a member of the Operating Committee)

ARPA Staff present:

Rick Rigel, General Manager
Arvenia Morris, Office Manager
Aarin Ritter, Manager of Finance and Accounting

ARPA Legal Counsel present:

Peter Edwards, Director-Fairfield and Woods, PC

Others (guests) present:

Dustin Ramsey, Meter Technician, Las Animas Municipal Light & Power
Russ Baldwin, Reporter, Prowers Journal³
Bill Jackson, Assistant City Manager, City of La Junta, Operating Committee member
Rick Klein, City Manager, City of La Junta
Clifford Boxley, Member, Lamar Utilities Board
Frank McKenzie, Commissioner, La Junta Board of Utilities
Ed Vela, City Council, City of La Junta

¹ Left the meeting at 11:47 AM

² Joined the meeting at 9:42 AM

³ Attended the meeting from 9:46 AM – 10:46 AM

QUORUM: A quorum of the Board was present and voting at the meeting.

ROLL CALL: President Stwalley called the meeting to order at 9:00 AM. Secretary Morris took roll call. Guests were those listed on page 1. Board Members Melcher, Hourieh, Stagner, Clodfelter and Stwalley attended the meeting from the ARPA office. Also attending from the ARPA office were guests Clifford Boxley and Dustin Ramsey. Board Members Tanner, Cranson, Sutherland, Hansen, Suhler, Valentine and Lopez attended the meeting by GoToMeeting.

APPROVAL OF AGENDA: Board Member Hourieh moved, seconded by Board Member Stagner, to approve the agenda as revised. Motion passed unanimously.

APPROVAL OF THE MINUTES OF THE SEPTEMBER 24 MEETING: The minutes of the September 24, 2020 regular meeting was unanimously approved by motion from Board Member Stagner, second by Board Member Sutherland.

PUBLIC COMMENT: None.

EXECUTIVE SESSION CRS § 24-6-402 (4)(a)(b)(e) and (f): a. Engineering Contract Negotiations. b. FERC Settlement Update. The Authority's General Counsel stated that the matters to be discussed in Executive Session would include Engineering Contract Negotiations, FERC Settlement Update, General Manager Contract Negotiations and LRP/City of Lamar Proposed Transaction. The specific subsections of CRS § 24-6-402(4) authorizing these matters to be conducted in Executive Session are as follows:

- subsection (a), the purchase, acquisition, lease, transfer, or sale of real, personal, or other property interest; and
- subsection (b), conferences with the General Counsel of the Authority for the purpose of receiving legal advice on specific legal questions; and
- subsection (e), determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators; and
- under subsection (f), to discuss personnel matters.

At 9:07 AM Board Member Sutherland moved, seconded by Board Member Hourieh, to go into Executive Session to discuss the topics as stated. The General Counsel of the Authority stated that the discussion in Executive Session pertaining to Engineering Contract Negotiations and FERC Counsel activities would include privileged attorney-client communications. He recommended that no record be kept of those portions of the discussions constituting privileged attorney-client communications. Accordingly, based on the foregoing advice of counsel, the electronic recording device was turned off at 9:10 AM. The first Executive Session was concluded at 9:46 AM.

FINANCIAL REPORT AND APPROVAL OF OUTSTANDING BILLS: a. September 2020 Financial Statement. Aarin Ritter, Manager of Finance and Accounting, presented the September 2020 financial statement. Board Member Sutherland moved, seconded by Board Member Hourieh, and approved unanimously to accept the September financial statement and pay outstanding bills.

2021 PROPOSED BUDGET: a. Review by General Manager. The General Manager presented a review of the 2021 Proposed Budget. The budget anticipates retiring the 2010 bonds which will reduce the annual debt service cost by approximately \$1.25 million. Projections indicate this will allow the Authority to implement a rate decrease in the energy rate of 3.57 percent beginning in 2021. The budget hearing is scheduled at the December 3 meeting of the Board. **b. Wholesale Rate – Annual Review:** A new proposed wholesale rate tariff was presented to the Board. The new rate as proposed includes an energy rate reduction of 3.57 percent. Schedule C, (a list of ARPA and Member owned generating units), may be revised pending notification from the members. Board Member Clodfelter moved to adopt the following resolution:

Resolution No. 04-20. Wholesale Rate - Volume VII

A Resolution of the Board of Directors of the Arkansas River Power Authority Adopting a New Wholesale Rate Tariff

RESOLVED, that the Board of Directors hereby adopts the Authority’s new Wholesale Rate Tariff as attached hereto, and presented to the Board; and

BE IT FURTHER RESOLVED, that the new Wholesale Rate Tariff shall become effective as of January 1, 2021; and upon the effective date the existing wholesale rate tariff shall be cancelled in its entirety. The motion to adopt Resolution No. 04-20 was seconded by Board Member Melcher and passed unanimously. Resolution No. 04-20 is attached to and incorporated in these minutes. The ARPA staff will formally notify the member systems of the new rate tariff pursuant to the requirements in Section 12.3 of the 1983 Power Sales Agreement.

OPERATING REPORT: The Board received the Operating Report for September 2020. **a. Wind Report.** The Board received the wind generation report for September 2020.

GENERAL MANAGER REPORT: A written and verbal report was provided to the Board. **a. Update on the Sale/dismantling of the LRP.** The General Manager updated the Board on the progress of the sale and dismantling of the LRP. Contractor evaluation has been completed. Negotiations continue for both the EPC Contract and the contract between Burns and McDonnell and the demolition company. The demolition schedule has been pushed back by a couple weeks. **i. Consider Burns and McDonnell EPC Contract.** Negotiations are ongoing. Once the EPC contract is in final form and has been reviewed by the Demolition Committee, a special meeting by conference call will be scheduled to consider approval of an EPC Contract with Burns and McDonnell. **b. Miscellaneous. i. Request for Power Supply Proposal.** Based on discussion with JK Energy Consulting at the September 24 Board of Directors meeting regarding various options for power supply proposals, the Board was presented options ranging from full service, similar to the current purchase power agreement with Public Service Company of Colorado, to a discrete resource portfolio that would include a variety of resources. Current schedule anticipates the RFP will be issued the week of November 2 with the

Board of Directors review of responses at the January 28, 2021 meeting. **ii. Strategic Plan – Succession Planning.** The Board briefly discussed ARPA's strategic plan in terms of securing power supply post 2025 and succession planning for both ARPA as an organization, and ARPA staff. Staff will develop an outline of options to begin the dialogue on these topics for the next meeting.

NEW BUSINESS: None.

PLANNING AND COMMUNICATION: None.

MEMBER CITIES' REPORTS: None.

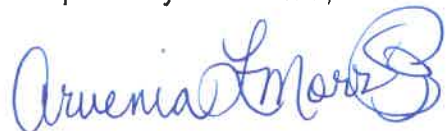
UNFINISHED BUSINESS: None.

RECONVENE EXECUTIVE SESSION CRS § 24-6-402 (4)(a)(b)(e) and (f): The General Counsel of the Authority stated that the discussion in the second Executive Session on the General Manager Contract Negotiations and the LRP/City of Lamar Proposed Transaction would likely include a discussion of specific contract terms, or proposed terms, and related strategies and would likely contain explicit or implicit legal advice and requests for legal advice and in his opinion, would constitute privileged attorney-client communications and should not be recorded. He recommended that no record be kept of those portions of the discussions constituting privileged attorney-client communications. Accordingly, based on the foregoing advice of counsel, the electronic recording device was turned off at 11:29 AM. The Lamar Board representatives were excused from the Executive Session at the conclusion of the discussion on the General Manager Contract Negotiations. The second Executive Session was concluded at 12:35 PM.

NEXT MEETING DATE – DECEMBER 3, 2020: The next regular meeting of the Board of Directors will be December 3, 2020. Details of the location and starting time of this meeting is yet to be determined but will be posted well in advance of the meeting. If face to face, there will be an option to attend the meeting by GoToMeeting webcast and conference call. The banquet room at Otero Junior College has been reserved if the meeting is held face to face.

ADJOURN: The October 29, 2020 meeting of the Board of Directors was adjourned at 12:37 PM.

Respectfully submitted,



Arvenia L. Morris
Secretary



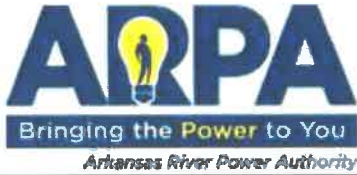
Wholesale Rate Tariff

Schedule A-Wholesale Rates - Volume VII

Adopted on 10-29-2020

Resolution No. 04-20

Effective Date: 01-01-2021



SCHEDULE A
WHOLESALE RATES

1. Applicability

This Wholesale Rate is applicable to all Members of the Arkansas River Power Authority ("Authority" or "ARPA").

2. Energy Supplied By The Authority

The Authority shall supply the total power and energy requirements of each Member except for power and energy (a) supplied by other parties under purchased power agreements entered into prior to December 13, 1983, including renewals or extensions of such agreements (b) that are permitted to reduce a Member's purchases from the Authority under the terms of the Authority's Renewable Distributed Generation Policy (as in effect on the date hereof and as may be amended from time to time hereafter, the "DG Policy"), (c) generated by a Member from Member-owned units shown on Schedule C that is not purchased by the Authority, and (d) purchased or generated under other arrangements specifically approved by the Authority's Board of Directors.

3. Energy Purchased By The Authority From Members

Except as provided for in this paragraph, each Member shall sell to the Authority all energy generated by the Member. Such energy shall be sold to the Authority as described in Section 4.

3.1 The Authority shall purchase the Cap-Limited Renewable Energy (as defined in the DG Policy) of each Member under the terms of the DG Policy and this Wholesale Rate Tariff, subject to all their respective conditions and limitations. The Authority will have no obligation to purchase energy from a Member except purchases expressly required under the DG Policy, purchases from a Member under purchased power agreements, and purchases of energy generated by resources listed on Schedule C.

3.2 The Authority shall have the right to decline to purchase all or a portion of the energy generated by a Member even when the source is listed on Schedule C if the Authority's Board of Directors determines such purchase would not be advantageous on a cost or operational basis to the collective interests of the Members of the Authority. Generation by a Member in circumstances where the Authority declines to purchase for the reasons set forth herein shall not modify that Member's Monthly Billing Demand as defined hereafter for billing purposes. The General Manager shall have the authority to make such purchase determinations in emergency situations.

4. Member-Owned Generation: Reimbursements and Purchases

4.1. Member Generation: Fuel Costs: The Authority shall reimburse the Member for actual fuel costs associated with energy purchased from the Member-owned units shown on Schedule C. Fuel expense may also include, at the discretion of, and upon the sole determination of the Authority's Board of Directors, any investment and operating costs incurred by a Member with respect to fuel transportation and gathering facilities, including equipment and interconnections related thereto ("transportation facilities"), whether such transportation

facilities are owned in whole or in part by a Member or a Member has contract rights and obligations with respect to such transportation facilities.

- 4.2. Member Generation: Units that do not Consume Fuel shown on Schedule C: With regard to non-fuel consuming generating sources shown on Schedule C, the Authority shall reimburse the Member solely for the monthly capitalized payment related to the purchase and installation and Operating and Maintenance cost of the source, less any renewable energy credits or similar rebates attributable to the source.
- 4.3. Member Generation: Renewable Generation Resources: As stated in more detail in the DG Policy, the Authority shall provide a credit on the Member's monthly invoice for all Cap-Limited Renewable Energy produced by the Member's Member-Owned RGR (as defined in the DG Policy) during the period covered by the invoice, at the Avoided Cost Rate shown in Section 6.5 below, except that purchases of energy generated by Member-owned units shown on Schedule C will be made under Sections 4.1 and 4.2 above.
- 4.4. ARPA Owned Generation in Holly and Trinidad: The Authority shall reimburse the Member for the actual fuel costs and operation and maintenance expenses (excluding Member labor costs) incurred by the Member, when such are associated with ARPA-owned generation.
- 4.5. Other expenses: The Authority may reimburse the Member for other expenses associated with energy purchased from the Member as determined from time to time by the Authority's Board of Directors; provided, however, that such expenses shall be related to production of energy, operation of a generating unit(s), environmental permitting or emission fees or licensing fees.

5. Calculation of the Total Monthly Charges

- 5.1. Hourly Metered Demand: The Hourly Metered Demand for a Member shall be the hourly energy sold to the Member, which shall be calculated as the sum of energy delivered to the City, plus local generation from ARPA- or Member-owned generating resources listed on Schedule C and from Member-Owned RGR's, less Colorado River Storage Project (CRSP) Deliveries (Lamar Only), less Station Service Attributed Solely to ARPA-Owned Generation, plus delivery losses related to deliveries over Sub-Transmission Facilities.
- 5.2. Monthly Billing Demand: The Monthly Billing Demand shall be the highest Hourly Metered Demand occurring during the Billing Month.
- 5.3. Monthly Billing Energy: The Monthly Billing Energy for a Member shall be the energy sold to the Member, which shall be calculated as the sum of energy delivered to the City, plus local generation purchased by ARPA including Member- and Customer-Owned RGR's (as defined in the DG Policy), less CRSP Deliveries (Lamar Only), less Station Service attributed solely to ARPA-owned generation, plus delivery losses related to deliveries over Sub-Transmission Facilities.

5.4. Monthly Demand Charge: The Monthly Demand Charge shall be the Monthly Billing Demand multiplied by the Demand Rate shown in the Rate Schedule, Section 6.1 below.

5.5. Monthly Energy Charge: The Monthly Energy Charge shall be the Monthly Billing Energy multiplied by the Energy Rate shown in the Rate Schedule, Section 6.2, plus Energy Cost Adjustment, if any, shown in Section 6.3, plus Debt Service Coverage (DSC) Adder shown in Section 6.4 below.

5.6. Sub-Transmission Charge: The Monthly Demand Charge and Monthly Energy Charge includes costs for Network Integration Transmission Service deliveries, including losses related to facilities greater than 100 kV.

5.6.1. Certain Members require service over Sub-Transmission Facilities. For purposes of this Rate Schedule, Sub-Transmission Facilities are defined as those facilities that are operated at a voltage of less than 100 kV.

5.6.2. A Sub-Transmission Charge will be assessed to those Members that require the use of Sub-Transmission Facilities, equal to the charges incurred by ARPA to use those Sub-Transmission Facilities.

5.6.3. In the event the costs for Sub-Transmission Facilities are included in a Transmission Provider's Network Integration Transmission System rate to a Member and are not charged a separate rate by the Transmission Provider, there will be no additional Sub-Transmission Charge to that Member.

5.7. Total Monthly Charges: The Total Monthly Charges will be the sum of the Monthly Demand Charge, Monthly Energy Charge, and, if applicable to a specific member(s), the Sub-Transmission Charge.

6. Rate Schedule

6.1. Demand Rate: \$5.49 per kW of Monthly Billing Demand

6.2. Energy Rate: \$0.08836 per kWh of Monthly Billing Energy

6.3. Energy Cost Adjustment: The Authority may assess an Energy Cost Adjustment to Members if the actual Monthly Energy Cost exceeds the budgeted energy cost per kWh in any month. The average Monthly Energy Cost is calculated as the sum of the production and purchased energy costs, less revenues from sale of energy to non-members and WAPA CRSP capacity and energy to Lamar, divided by the energy sold to Members. The monthly Energy Cost Adjustment will equal the positive difference between actual energy costs and the budgeted average Energy Cost per kWh. In no event shall the Energy Cost Adjustment be less than zero. The Charge shall be equal to the Member's Monthly Billing Energy, multiplied by the monthly Energy Cost Adjustment, and shall be billed in the billing period following the month in which such adjustment occurs.

6.4. Debt Service Coverage Adder: The Authority may assess a Debt Service Coverage (“DSC”) Adder to the wholesale electric rate charged to Members. The DSC Adder shall be for the sole purpose of collecting revenues required to meet the Authority’s DSC obligations under certain outstanding bonds, which require that the Authority collect revenues equal to 1.25 times the annual amount of debt service paid on any outstanding bonds. Each member may be assessed a DSC Adder equal to the energy sold to that member by the Authority during the month in which the billing represents, multiplied by the monthly DSC Adder, as calculated below, where necessary for the Authority to meet its DSC obligation under the bonds.

6.4.1. The DSC Adder shall be the difference between the monthly debt service payment and the monthly DSC requirement of 1.25 times the monthly debt service payment, divided by the total number of kilo-watt hour monthly sales.

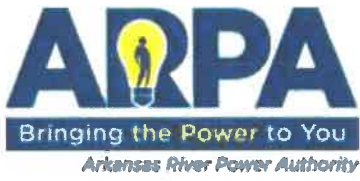
6.5. Avoided Cost Rate: The Authority shall determine annually its Avoided Cost Rate (as defined in the DG Policy), consistent with applicable legal and regulatory standards. The Avoided Cost Rate as so determined will apply throughout the calendar year following the determination.

6.5.1. For the most current Calendar Year the Avoided Cost Rate shall be the simple average of the base energy rate used by Public Service Company of Colorado to calculate ARPA’s energy imbalance charges pursuant to its Open Access Transmission Tariff, calculated on a monthly basis.

7. Other Provisions

7.1. The Authority will promptly prepare the Members’ monthly bill following receipt of necessary data pertaining to the previous month. At the discretion of the Authority, and in order to timely issue the Member bills, the Authority may estimate certain data and account for the difference between the estimated and actual data on the next monthly billing after the actual data becomes available.

7.2. The requirements and procedures for the payment of bills by the Members to the Authority shall be as set forth in Section 15 of the “Agreement for the Supply of Electric Power and Energy to Municipal Members of the Arkansas River Power Authority”.



SCHEDULE B
NOT USED

Resolution
Number 04-20


Richard Rigel, Issuing Officer

Issue Date 12-01-2020
Effective Date 01-01-2021

SCHEDULE C
LIST OF ARPA AND MEMBER OWNED GENERATING UNITS

Location	Year Installed	Unit #	Individual Unit Operational Capacity ¹	Status ²
Holly	1991	# 4	750 kW	Emergency Only Standby
	1997	# 5	400 kW	Emergency Only Standby
	2008	#1 N Sub	1,825 kW	ARPA Unit – Standby
Lamar	2004	T1, T2, T3, T4	1,500 kW each	Wind Turbines; T4 is ARPA Unit
Las Animas	1941	# 1	300 kW	Emergency Only Standby
	1941	# 2	250 kW	Emergency Only Standby
	1951	# 4 & # 5	1,225 kW each / 900 kW ea	Dual-fuel – Emergency Only Standby
	1967	# 6	3,000 kW / 2,600 kW	Dual-fuel – Emergency Only Standby
Springfield	1967	# 1	1,250 kW	Dual-fuel – Emergency Only Standby
	1950	# 2	200 kW	Dual-fuel – Emergency Only Standby
	1954	# 4	592 kW	Dual-fuel – Emergency Only Standby
	1962	# 5	800 kW	Dual-fuel – Emergency Only Standby
	2004	T1-S	1,500 kW	ARPA Unit- Wind Turbine
Trinidad	1965	# 3	1,750 kW	Dual-fuel - Emergency Only Standby
	1965	# 4	1,750 kW	Dual-fuel - Emergency Only Standby
	1999	# 5, # 6, # 7	1,880 kW each	ARPA Units – Standby

¹ The values designated in this column are based on unit operational capacity determined on a stand-alone basis and do not take into account capacity loss that may result from cooling, permitting, or other restrictions, such as when two or more units are operated simultaneously. Units with a noted “approximate” capacity are temperature-dependent. If there are two capacity values listed for a unit, the first value is nameplate and the second value is the preferred maximum operating level.


² All units operate on diesel or dual fuel unless otherwise noted.



SCHEDULE D
ECONOMIC DEVELOPMENT RATE

The Authority believes that its Wholesale Rate Tariff provides each Member with the tools necessary to implement their own individualized economic development rates. Notwithstanding, future circumstances may exist whereby a Member has an opportunity to attract a new customer with a high load factor and/or high off-peak usage, where such usage could significantly reduce energy costs to all ARPA Members. In those instances, upon the specific request of a Member, the Authority will evaluate the development of an individual economic development rate specific to that potential new customer.

Resolution
Number 04-20


Richard Rigel, Issuing Officer

Issue Date 12-01-2020
Effective Date 01-01-2021