

ARKANSAS RIVER POWER AUTHORITY
Board of Directors Meeting Minutes
October 28, 2021

The Board of Directors of the Arkansas River Power Authority (ARPA) met at the Golf Course Clubhouse, 1415 Franklin D Azar Drive, Trinidad, CO., on Thursday, October 28, 2021. Following appropriate notice, President Sutherland called the meeting to order at 10:00 AM.

ARPA Board Members present:

HOLLY: Calvin Melcher

LA JUNTA: Gary Cranson
P. Lorenz Sutherland

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

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

SPRINGFIELD: Darwin Hansen
Jay Suhler

TRINIDAD: Carlos Lopez¹
Mike Valentine

ARPA Staff present:

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

ARPA Legal Counsel present:

Peter Edwards, Director-Fairfield and Woods, PC

Others (guests) present:

Dustin Ramsey, Meter Technician, City of Las Animas
Ed Vela, City Council, City of La Junta
John Krajewski, JK Energy Consulting, Smithfield, NE²
Jeff Heit, Guzman Energy, LLC³
Andrew Heinle, Guzman Energy, LLC⁴

¹ Left the meeting at 11:25 AM

² Left the meeting at 11:36 AM

³ Attended the meeting from 11:08 AM – 11:36 AM

⁴ Attended the meeting from 11:08 AM – 11:36 AM

ROLL CALL: President Sutherland called the meeting to order at 10:00 AM. Roll call was circulated. Guests were those listed on page 1. Board Members Stagner and Tanner were absent.

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

APPROVAL OF AGENDA: Board Member Lopez moved, seconded by Board Member Hourieh, and approved unanimously, to amend the agenda by moving agenda item 8b to 11b.

APPROVAL OF THE MINUTES: a. SEPTEMBER 30, 2021 REGULAR MEETING. The minutes of the September 30 regular meeting were approved unanimously by motion from Board Member Melcher, second by Board Member Suhler.

PUBLIC COMMENT: None.

EXECUTIVE SESSION CRS § 24-6-402 (4)(b) and (e): a. Power Supply Contract Negotiations. The Authority's General Counsel stated that the matters to be discussed in Executive Session would include Power Supply Contract Negotiations. The specific subsections of CRS § 24-6-402(4) authorizing this matter to be conducted in Executive Session are as follows:

- Under subsection (b), conference with the General Counsel of the Authority for the purpose of receiving legal advice on specific legal questions; and
- Under subsection (e), determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators.

At 10:07 AM Board Member Melcher moved to go into Executive Session to discuss the topic as stated, seconded by Board Member Hourieh. The motion was approved unanimously. The Executive Session was concluded at 11:08 AM.

UNFINISHED BUSINESS: a. Consider Approval of Power Supply Contract. Following a presentation by John Krajewski from JK Energy Consulting in executive session, and a presentation by Andrew Heinle and Jeff Heit from Guzman Energy, LLC., Board Member Clodfelter moved to approve Resolution No. 07-21, seconded by Board Member Melcher. The motion was approved unanimously on a roll call vote.

RESOLUTION NO. 07-21: RESOLUTION OF THE BOARD OF DIRECTORS OF THE ARKANSAS RIVER POWER AUTHORITY APPROVING THE POWER SALES AGREEMENT DATED AS OF OCTOBER 28, 2021 BY AND AMONG ARKANSAS RIVER POWER AUTHORITY AND GUZMAN ENERGY, LLC.

Resolution No. 07-21 is attached to and made a permanent part of these official minutes.

FINANCIAL REPORT AND APPROVAL OF OUTSTANDING BILLS: a. September 2021 Financial Statement. Finance Manager Ritter presented the September 2021 financial statement. Board Member Suhler moved to accept the September financial statement and approve outstanding bills, seconded by Board Member Clodfelter. The motion was approved unanimously. **b. Projected Year-end Financials.** General Manager Rigel presented an update on the year-end financial

projections. The year-end projections are based on the actual financials through September and budgeted revenues and expenses for October through December.

2022 PROPOSED BUDGET. a. Review by General Manager. The General Manager presented a review of the 2022 Proposed Budget. The budget hearing is scheduled at the December 2 meeting of the Board.

OPERATING REPORT: Aarin Ritter presented the Operating Report for September 2021 to the Board. **a. Wind Report.** Arvenia Morris presented the Wind Report for September 2021 to the Board. LUB Electric Superintendent, Hourieh, reported that metal shavings were found in the gear box filter in ARPA's Prowers County turbine. Options to address the issue will be evaluated.

GENERAL MANAGER REPORT: a. Miscellaneous. WAPA-LAP (Western Area Power Administration-Loveland Area Projects). The WAPA-LAP rate will not include a drought adder for 2022. RTO (Regional Transmission Organization) Development. Some Colorado utilities including Xcel Energy, PRPA, and Black Hills have formed the Western Market Exploratory Group and are exploring formation of a 3rd RTO option to the SPP and CAISO RTOs. CEPP (Clean Energy Performance Program) is a federal program that would have required all utilities beginning in 2022 to increase their renewable purchases 4% annually. This has been removed from the Climate Action Plan funding. Clean Heat Plan. This is a Colorado requirement that natural gas distribution utilities reduce their Greenhouse Gas emissions by 4% by 2025 and by 22% by 2030.

NEW BUSINESS: a. CRSP Power Supply Deliveries to Lamar. As reported at the last meeting, WAPA is proposing a rate increase and a reduction in CRSP (Colorado River Storage Project) hydro-power allocations beginning December 1, 2021. WAPA is implementing a 2-year "Western Replacement Firming" program, which allows firm electric service customers (LUB) to purchase the shortfall from WAPA at market-based rates, or from others. Staff proposed ARPA provide the option for LUB to purchase the temporary CRSP allocation shortfall based on the most current PSCo rate (plus network transmission). **b. Wholesale Rate – Annual Review.** The Board received a proposed Schedule E to the Wholesale Rate. Schedule E would allow for a wholesale rate modification to address the WAPA Western Replacement Firming program, The Rate is designed to be for 2 years or less. As presented, the pricing for the CRSP energy shortfall would be ARPA's most current fixed rate from the PSCo contract. When the 2-year program expires, or reduction of CRSP allocation becomes permanent, the replacement energy would be at full Member rate. Board Member Suhler moved to adopt the following:

Resolution No. 08-21. Wholesale Rate - Volume VIII

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 December 1, 2021; and upon the effective date the existing wholesale rate tariff shall be cancelled in its entirety.

The motion to adopt Resolution No. 08-21 was seconded by Board Member Clodfelter, and it passed unanimously. Resolution No. 08-21 is attached to and made a permanent part of these official minutes.

PLANNING AND COMMUNICATION: None.

MEMBER CITIES' REPORTS: Board Member Hourieh reported on October 13 at 7:30 AM that Black Hills resumed serving the City of Las Animas and Phillips Petroleum. Lamar had been serving those communities, in whole, or in part, through its 69 kV line since mid-May.

NEXT MEETING DATE: The next regularly scheduled meeting of the Board of Directors is December 2, 2021 in La Junta at the Otero Junior College Student Center.

ADJOURN: The October 28, 2021 meeting of the Board of Directors was adjourned at 12:16 PM.

Respectfully submitted,



Arvenia L. Morris
Secretary