

ARKANSAS RIVER POWER AUTHORITY
Board of Directors Meeting Minutes
August 31, 2023

The Board of Directors of the Arkansas River Power Authority (ARPA) met at the Otero College Student Center, 2001 San Juan, La Junta, CO., on Thursday, August 31, 2023. Following appropriate notice, President Sutherland called the meeting to order at 10:00 AM.

ARPA Board Members present:

HOLLY: Randy Holland
Blaine Ice

LA JUNTA: Gary Cranson
P. Lorenz Sutherland

LAMAR: Houssin Hourieh
Roger Stagner

LAS ANIMAS: Ron Clodfelter

SPRINGFIELD: Heath Piper
Jay Suhler

TRINIDAD: Carlos Lopez
Frank Shew

ARPA Staff present:

Rick Rigel, General Manager
Aarin Ritter, Finance/Accounting Manager

ARPA Legal Counsel present:

Ryan Tharp, Fairfield and Woods, PC

Others (guests) present:

Lynn Wright, Electric Superintendent, Las Animas Municipal Light and Power
Bill Jackson, Utility Director, City of La Junta¹

¹ Left the meeting at 11:18 AM

ROLL CALL: President Sutherland called the meeting to order at 10:00 AM. Roll call was circulated. Board Member Stwalley was absent.

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

APPROVAL OF AGENDA: The agenda was approved as published.

APPROVAL OF THE MINUTES: a. MAY 25 REGULAR MEETING and JUNE 20 SPECIAL MEETING. Board Member Suhler moved to approve the minutes of the May 25 regular meeting and June 20 Special Meeting. Motion was seconded by Board Member Hourieh and approved unanimously.

PUBLIC COMMENT: None.

FINANCIAL REPORT AND APPROVAL OF OUTSTANDING BILLS: a. 2023 2nd Quarter Financial Review. Finance Manager Ritter presented the 2023 2nd Quarter Financial Review. **b. July 2023 Financial Statement.** Finance Manager Ritter presented the July 2023 financial statement. Board Member Lopez moved to accept the July financial statement and approve outstanding bills, seconded by Board Member Ice. The motion was approved unanimously. **c. Report on Investments. i. Consider Investing Unrestricted Reserves in Laddered CD's (Certificate of Deposits).** Staff issued a bid invitation to the member area banking institutions for rates for both 12- and 24-month CD's. The rates received were reported to the Board. Board Member Cranson moved to invest \$1.2 million of the unrestricted reserves into six (6) \$200,000 Certificates of Deposit. Board Member Lopez seconded the motion and it was approved unanimously. A twelve (12) month CD in the amount of \$200,000 will be purchased at each of First National Bank (Las Animas); Frontier Bank (Lamar); and GN Bank (Lamar); a Nineteen (19) month CD in the amount of \$200,000 will be purchased at US Bank (La Junta); a twenty-four (24) month CD in the amount of \$200,000 will be purchased at Community State Bank (Lamar) and at INBank (Trinidad). **ii. Consider Reinvesting Restricted Reserves in Laddered Treasuries.** In July 2021 ARPA established a four-year "ladder" of treasury investments for its restricted bond reserves. The first treasury, purchased in July 2021 has matured. Board Member Hourieh moved to reinvest \$1.2 million of the restricted bond reserves in a 2-year treasury. Board Member Lopez seconded the motion and it was approved unanimously. **d. Update on Year End Financial Projections.** General Manager Rigel provided the end-of-year financial projections using the actual amounts for January through July and the budgeted numbers for August through December. **e. 2024 Preliminary Budget Review and Schedule.** The General Manager reviewed the 2024 preliminary budget. The Board will receive the proposed budget no later than October 15. An in-depth review of the budget will be presented at the October 26 meeting. The Budget Hearing, and adoption, will be held at the December 7 meeting of the Board of Directors. **f. Consider Approval of Auditor's Engagement Letter for 2023-2025.** The Board received a copy of the engagement letter from ARPA's auditor for three years beginning in 2023. It was staff's recommendation to approve the engagement letter with Ronny Farmer of rfarmer, llc for the years 2023-2025. Board Member Lopez moved, seconded by Board Member Hourieh, to approve the Auditor's engagement letter for 2023-2025, passed unanimously.

OPERATING REPORT: Aarin Ritter presented the Operating Report for July 2023.

a. Wind Report. Aarin Ritter presented the Wind Report for July 2023. The Springfield turbine was down for a week in August due to blade repairs.

b. Report on T4 Gearbox Failure. The General Manager briefed the Board on the T4 gearbox failure and the claim filed through CIRSA and Chubb Insurance for Equipment Breakdown. ARPA has provided the information requested by Chubb for its investigation; however, a satisfactory response has not been received.

OPERATING COMMITTEE REPORT: The General Manager presented a review of the items discussed at the Operating Committee meeting that was held on August 24. Topics of discussion included sizing for net metering facilities and 5,000 customer threshold for required compliance, exception to the Distributed Generation (DG) Policy on sizing of residential and commercial net metering installations, federal and state Department Of Energy IJJA 40101(d) funding, and the potential for microgrids. The Committee passed a motion recommending that the Board of Directors not make any exceptions to ARPA's DG policy regarding sizing of installations for Net Metering. The Committee also voted to recommend to the Colorado Energy Office that the sizing and threshold for the Net Metering program remain the same. The Committee held a work session for strategic planning following the meeting.

GENERAL MANAGER REPORT: **a. Update on Power Supply Portfolio Options.** Sandhills Energy is still in discussion with Trinidad, Lamar, and La Junta on land availability to install a 5 MW solar facility in each of those locations. ARPA has signed a non-disclosure agreement with a solar developer interested in developing a solar facility in the La Junta area. Guzman Energy is interested in pairing solar with batteries if any ARPA solar installations come to fruition. **b. Update on Black Hill's Transmission Rate Filing.** General Manager Rigel provided an update on Black Hill's filing with the Federal Energy Regulatory Commission (FERC) requesting an increase in its OATT (Open Access Transmission Tariff). The settlement is in the final stages. It is anticipated a final agreement will be submitted to FERC for its review by mid-September. **c. Update on WAPA Activities.** **i. Modifications to Deliverable Sales Amount (DSA) Program.** Beginning in 2022, WAPA-CRSP implemented a program, the Deliverable Sales Amount (DSA) program, to address reduced deliveries of LUB's WAPA-CRSP allocations. The allocation deliveries were drastically reduced due to the ongoing drought in the Colorado River basin. The DSA program was intended to be a 2-year program whereby the CRSP customer(s) (LUB) could purchase the shortfall from WAPA at market-based rates, or from others. LUB chose to purchase the shortfall from ARPA. CRSP has determined that the program will remain in effect for the next 5 years. ARPA provided a reduced energy rate to LUB for the 2-year DSA program; however, it was to be reevaluated in the event the CRSP energy reduction became permanent. ARPA has referred the matter to JK Energy Consulting to be included in the Cost-of-Service study. **d. Miscellaneous.** ARPA is working with Guzman Energy to register its wind Environmental Attributes with Western Renewable Energy Generation Information System (WREGIS). It is continuing discussions with Western Area Power Administration (WAPA) on managing the WAPA-

LAP Mt. Elbert pump-back storage resource once the Western Electric Market is established. ARPA is tracking developments in HB23-1247 which requires the Colorado Energy Office to conduct studies on advanced energy solutions in rural Colorado, particularly SE and NW Colorado, and Montrose County.

NEW BUSINESS: a. Cost of Service Study. ARPA has engaged JK Energy Consulting to perform a Cost-of-Service study with emphasis beginning in rate year 2025. A draft of the Study will be presented at the October meeting (by zoom) with the final copy being presented by John Krajewski at the December 7 meeting of the Board of Directors.

b. Consider Exception to the ARPA Distributed Generation Policy. General Manager Rigel reported a commercial customer of the City of Trinidad has requested that Trinidad and ARPA allow a 50-kW solar array with Net Metering. ARPA's DG Policy restricts the size of commercial installations for net metering to 25-kW, or below. These restrictions are consistent with HB08-1160 concerning net metering for customer-generators of electric utilities. Board Member Ice moved that ARPA make no exceptions to its DG Policy and net metering program regarding the facility sizing, seconded by Board Member Stagner, passed unanimously. For any solar installation that exceeds 10-kW (residential), or 25-kW (commercial), the customer must enter into a purchase power agreement with either the member utility, or directly with ARPA.

UNFINISHED BUSINESS: a. Consider Providing City Light and Power Engineering (CLPE) Notice to Proceed. ARPA has an agreement with CLPE to perform distribution system planning for the member utilities. ARPA intends to apply for grid resiliency, grid hardening grant funding through the Colorado Energy Office to fund the engineering studies; however, the funding application is not yet open. Board Member Cranson moved to provide notice to CLPE to proceed with the engineering studies, seconded by Board Member Hourieh, passed unanimously.

PLANNING AND COMMUNICATION: None.

MEMBER CITIES' REPORTS: Jay Suhler (Springfield) reported the Baca County Commissioners are dealing with multiple wind farm developers that includes plans to build transmission lines in Baca County. This could be beneficial to ARPA in the future. Houssin Hourieh (Lamar) reported that LUB's 69 kV line at County Road 22 and JJ was down.

NEXT MEETING DATE: The next regularly scheduled meeting of the Board of Directors is October 26, 2023, in La Junta at the Otero College Student Center.

ADJOURN: The August 31, 2023 meeting of the Board of Directors was adjourned at 12:16 PM. A work session followed the meeting.

Respectfully submitted,



Aarin Ritter
Manager of Finance