

*Subject to approval at the
July 2, 2018
City Council Meeting*

STATE OF COLORADO)
COUNTY OF OTERO) SS
CITY OF LA JUNTA)

CALL TO ORDER: A special meeting of the City Council and the Board of Utilities Commissioners of the City of La Junta, Colorado, was called to order by Mayor Jeffri Pruyn on Monday, June 11, 2018, at 6:30 p.m. in the Council Chambers of the Municipal Building.

ROLL CALL: The following Council Members were present:

- Eugene Mestas, Ward 1
- Jim Goodwin, Ward 1
- Elaine McIntyre, Ward 2
- Jeffri Pruyn, Mayor
- Shannon Lovato, Ward 2
- Edward Vela, Ward 3
- Scott Eckhart, Ward 3

Absent: None

- Also present:
- Rick Klein, City Manager
 - Bill Jackson, Asst. City Manager
 - Phil Malouff, Jr., City Attorney
 - Debra Fraker, Admin. Asst.
 - Paula Mahoney, Administration
 - Aliza Libby-Tucker, Director of Finance
 - Reuben DeLeon, Electric Superintendent
 - Gary Cranson, ARPA Representative
 - Marlene Vasquez, La Junta
 - Rick Lovato (arrived at 7:46 p.m.)
 - Mike Bourget, Utilities Commissioner
 - Frank McKenzie, Utilities Vice-Chairman
 - P. Lorenz Sutherland, Utilities Chairman
 - Rick Rigel, ARPA General Manager

NEW BUSINESS

A. PURCHASE POWER AGREEMENT – ARPA/SOUTHEAST (Rick Rigel). We are continuing to make progress with this purchase power agreement. Your contract will be directly with Southeast Colorado Power. Then Southeast would have a contract with Tri-State. This is a typical set-up as far as co-op's are concerned. All the negotiations are being done with Tri-State. They are still the power supplier. We believe the primary terms of the agreement are agreed upon by all parties. See attached power point presentation for detailed information.


There being no further business, the meeting adjourned at 8:17 p.m.

CITY OF LA JUNTA

ATTEST:

Jeffri Pruyn, Madam Mayor

Melanie R. Scofield, City Clerk




Purchase Power Agreement

ARPA Board Meeting May 31, 2018




May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 1




Transaction Schedule

- Review final PPA early-mid June
- Ordinances approved on Second Reading mid-late June
- Ordinances become effective mid-late July
- Transaction closes end of July
- Deliveries from Tri-State/Southeast begin August 1




May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 2




Transaction Schedule- Closing

- Member's PPA approved and contracts executed
 - ARPA Power Supply Agreement terminated
 - Amendment to ARPA Organic Contract completed
- Ownership of wind turbines to Springfield/LUB
 - Wind Turbine PPA executed
- Ownership of Willow Creek transmission to LUB
- Defeasance Funding and Assignment Agreement executed




May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 3




Transaction Schedule- Closing

- Assign power supply contracts to Tri-State
 - Twin Eagle
 - WAPA-LAP and WAPA- CRSP
 - Could potentially begin deliveries without assignment
- Assign transmission related contracts to Tri-State
 - NITS network transmission
 - Ancillary Services contract
 - Sub-transmission contracts




May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 4



May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 5

PPA Term- Rates


- Termination date of December 31, 2050
- Rate includes transmission cost except for sub-transmission losses
 - Losses from Delivery Point to Metering Point
- Energy only rate through 2021
 - \$.093/kWh (Trinidad \$.094/kWh)
- Demand-energy rate beginning in 2022
 - Rate true-up to the targeted energy rate
 - Tri-State Class A member rate plus Price Adder



May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 6

PPA Terms- Renewables


- **MORGF- Member Owned Renewable Generation Facility**
 - Can install up to 5% renewables based on load
 - Member or third-party owned/controlled generation and Member purchases output
 - Include solar gardens by others
 - Contract modification with Price Adder adjustment
 - No impact on “Minimum Annual Sales”



PPA Terms- Renewables

- Net Metering in accordance with existing statute
- Provides for a "Net Metering Program"
 - Excess credited against future consumption or payment/bill credit
 - Provides that either Seller consents to no power price impact *OR* amendment drafted that modifies power price

ARPA May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 7




PPA Terms- Minimum Annual Sales


- Annual kWh calculated for minimum sales based on average annual sales from 2015-2017 time period
 - Lamar, La Junta, Trinidad approximately 91% of average
 - Lamar 7,750,000 kWh loss of load
 - La Junta 7,500,000 kWh loss of load
 - Trinidad 4,750,000 kWh loss of load
 - Holly, Las Animas, Springfield approximately 85% of average
 - Holly 1,300,000 kWh loss of load
 - Las Animas 4,000,000 kWh loss of load
 - Springfield 1,750,000 kWh loss of load


ARPA May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 8

PPA Terms- Minimum Annual Sales		
	2015-2017 avg	Annual Min Sales
• Holly	8,653,350	7,353,350
• La Junta	84,235,302	76,735,302
• Lamar	84,598,044	76,948,044
• Las Animas	26,206,330	22,206,330
• Springfield	11,713,892	9,963,892
• Trinidad	51,894,184	47,144,184


 May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 9


Defeasance/Refunding ARPA Debt	
• \$143.6 million in outstanding bonds	
– Bonds Series 2003, 2006, 2007, 2008, 2010	
– Bond reserve accounts totaling \$12.2 million	
– Bond Account 4/30/2018 totals \$2.05 million	
• Increases by approximately \$850,000/month	
• Last payment June 29 (if closing July 3)	
– LRP sales proceeds and B&W retainage (\$540,000)	
• These funds returned to ARPA in Defeasance Agreement	


 May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 10




Defeasance Agreement

- Agreement providing funds from Tri-State to ARPA to repay or defease ARPA's debt
- Requires transaction contracts to be executed, assigned, or terminated prior to closing
 - Includes ARPA's interest in La Junta/Tri-State 115 kV transformer
 - Includes resolution regarding PURPA waiver




May 31, 2018TRI-STATE/SOUTHEAST TRANSACTION11




Defeasance Agreement

- Requires establishment of escrow/trust accounts
 - Deposit of bond reserve accounts and bond account
 - Deposit of LRP Money if applicable
 - Tri-State will pay back the LRP Money once amount verified





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Defeasance Agreement


- **Excluded Assets**
 - ARPA cash
 - Transmission or sub-transmission assets
 - Generation assets
 - **B&W settlement payment**
 - Includes retainage
 - Syncora payment
 - LRP sales proceeds


 May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 13



ARPA WAPA-LAP Contract

- **Assign contract to Tri-State on a “revocable” basis**
- **Negotiate Firm Electric Service (FES) WAPA contracts w/members based on existing allocation**
- **Assign FES contracts to Tri-State**
 - Revoke ARPA contract assignment
 - FES Contract assignment terminates with Tri-State PPA
 - Upon termination, FES contracts/allocations revert back to members


 May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 14



ARPA WAPA-LAP Contract

	Capacity Wint/Summ	Energy
• Holly	729/929 kW	2,436,293 kWh
• La Junta	6,998/8,917	23,376,814
• Lamar	7,068/9,007	23,612,673
• Las Animas	2,156/2,747	7,202,235
• Springfield	961/1,224	3,210,006
• Trinidad	4,383/5,585	14,641,969


ARPA May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 15



Distribution of Assets


- Fulfill contract requirements
 - WTG- Springfield- Lamar no contract f/dissolution
 - Holly diesel unit- contract addresses dissolution
 - Trinidad diesel units- contract addresses dissolution
 - Willow Creek Transmission line- contract addresses dissolution

ARPA May 31, 2018 TRI-STATE/SOUTHEAST TRANSACTION 16



Arkansas River Power Authority

- Questions??..
- Comments...
- Next steps



May 31, 2018

TRI-STATE/SOUTHEAST TRANSACTION

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