



Regular Meeting Minutes of the Board of Directors
2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, April 26, 2018

ATTENDANCE

Board Members

Representing Estes Park: Mayor Todd Jirsa¹ and Reuben Bergsten²
Representing Fort Collins: Mayor Wade Troxell and Mayor Pro Tem Gerry Horak³
Representing Longmont: Mayor Brian Bagley and Tom Roiniotis
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Platte River Staff

Jason Frisbie (General Manager/CEO)
Joe Wilson (General Counsel)
Dave Smalley (Deputy GM and Chief Financial Officer)
Karin Hollohan (Chief Administrative Services Officer)
Andy Butcher (Chief Operating Officer)
Alyssa Clemsen Roberts (Chief Strategy Officer)
Angela Walsh (Executive Assistant)
Shelley Nywall (Controller)
Jason Maldonado (Safety, Emergency Management and Security Manager)
Steve Roalstad (Communications and Marketing Manager)
Justin Allar (Security Program Supervisor)
Heather Banks (Fuels and Water Manager)
Craig Johnson (Deputy General Counsel)
Julie Depperman (Treasury Manager)
Rob Morse (IT & Cyber Security Manager)
Pat Connors (Vice President of Power Supply)
Wade Hancock (Financial Planning Manager)
Amy Meger (Record and Information Governance Manager)

Guests

Alan Braslau (Fort Collins resident)
Tim McCollough (City of Fort Collins Electric Director)

CALL TO ORDER

Chairman Roiniotis called the meeting to order at 9:00 a.m. A quorum of board members was present and the meeting, having been duly convened, was ready to proceed with business. Karin Hollohan, chief administrative services officer, introduced Amy Meger, records and information governance manager. The Chairman noted that Director Jirsa and Bergsten were joining via Skype.

Due to the recent withdrawal of PSCo from the Mountain West Transmission Group (MWTG),

¹ Attended via Skype.

² Attended via Skype.

³ Arrived at 9:04 am

staff requested the agenda discussion regarding the topic of 'MWTG – Regulatory Approval Process', be changed to 'MWTG – Ramifications of the PSCo Withdrawal' and moved to agenda item number 4.

Director Bagley moved to accept the revised agenda as presented. Director Troxell seconded, and the motion carried 7-0.

ACTION ITEMS

(1) Consent Agenda

a. Approval of the Regular Meeting Minutes of March 29, 2018

Director Bernosky moved to approve the Consent Agenda as presented. Director Bagley seconded, and the motion carried 7-0.

PUBLIC COMMENT

None.

BOARD ACTION ITEMS

(2) Acceptance of the 2017 Annual Report (presenter: Alyssa Clemesen Roberts)

Alyssa Clemesen Roberts, chief strategy officer, presented the 2017 Annual Report to the board and noted the theme of the report reflects the successful collaboration among Platte River and the four owner communities throughout 2017. Ms. Clemesen Roberts noted that there is one comma edit to make prior to final printing, however, if the board recommended any changes, staff would make those as well. The board suggested no edits and complimented staff on the report. Staff will make 150 copies and send the final copies to the board and municipalities as requested.

Director Bagley moved to accept the 2017 Annual Report as presented incorporating suggested edits. Director Bernosky seconded. The motion carried 8-0.

(3) Revisions to TARIFF—SCHEDULE 4: Wholesale Transmission Service (presenter: Wade Hancock)

Wade Hancock, financial planning manager, presented the proposed TARIFF—SCHEDULE 4: Wholesale Transmission Service revisions and explained how the tariff is applied. Staff recommended adoption of the proposed tariff.

Director Bagley asked if the board can set tariffs to a rate they want, or if there are guidelines or regulations governing the rates. Mr. Hancock responded that the board has sole authority to establish rates, however, as to Tariff 4 Platte River follows the Federal Energy Regulatory Commission Pro Forma (FERC Pro Forma) Tariff that prescribes this particular tariff for transmission usage. Director Bagley asked if this is the access rate someone else would pay for using transmission lines and asked if the rates need to be the same regardless of who is using the transmission lines, or can the board make different rates. Mr. Hancock responded that the rate charged must be offered to all users, but that Platte River can lower the rate to offer an incentive for a user as long as that rate is posted for all potential users to consider. Jason Frisbie, general manager and ceo, added that Platte River follows the prescribed pro-forma and that

entities pay the same for similar cost-based services. Director Bagley also asked if this tariff will be affected by the changes in the Mountain West Transmission Group (MWTG) and as to PSCo he asked if the rate we charge them will change based on the approval of Tariff 4. Andy Butcher, chief operating officer, responded that PSCo serves load in Platte River's area, and utilizes our transmission system to deliver to this load resulting in charges under our transmission tariff. Mr. Butcher continued stating that if the MWTG moved forward as previously planned, it still wouldn't affect the revenue requirements presently recovered by Tariff 4. Director Bagley asked if PSCo withdrawing from MWTG immediately affects the relationship between PSCo and Platte River. Mr. Butcher responded that PSCo is Platte River's balancing authority and a business relationship between the two entities is necessary. Discussion continued among Directors and staff on being in PSCo's balancing authority.

Director Troxell moved to approve Resolution 06-18: Revisions to TARIFF—SCHEDULE 4: Wholesale Transmission Service as presented. Director Bernosky seconded. The motion carried 8-0.

MANAGEMENT PRESENTATIONS

(4) MWTG – Ramifications of the PSCo Withdrawal (presenter: Craig Johnson)

Craig Johnson, deputy general counsel, provided a brief summary of the actions taken by the Mountain West Transmission Group (MWTG) to join the Southwest Power Pool (SPP) and explained the ramifications of the PSCo withdrawal on the six other entities. Mr. Johnson clarified that PSCo withdrawing from the MWTG effectively terminated present efforts with SPP. Director Bagley expressed his understanding that the MWTG intended to integrate into SPP as a group. Joe Wilson, general counsel, added that the MWTG is an unincorporated group of transmission-owning utilities with a common goal in joining a market, and the members were not obligated to move in unison. Mr. Johnson added that PSCo was the largest member in the group and moved into the reasons PSCo provided in the media release effectively removing themselves from the MWTG. Mr. Johnson briefly explained options the remaining MWTG participants could potentially explore.

Mr. Johnson explained the costs that MWTG participants would be allocating in connection with the move into the SPP market included direct current (DC) ties and associated assets. Chairman Roiniotis asked who pays the costs of the DC ties currently. Mr. Johnson responded the current owners take on any costs related to the DC ties and cost recovery comes from entities that utilize those ties to move power and because that recovery would be given up in a market those costs would need to be socialized among the participants in the market. Discussion among Directors and staff ensued regarding what DC ties mean and the role they play in the system, what pancake rates are and the role the Western Area Power Administration (WAPA) plays within the overall system.

Director Troxell asked for recommendations. Mr. Johnson responded that the group isn't prepared for recommendations at the time of this meeting, but staff will be working with the other entities on next steps.

Mr. Butcher discussed the next steps for the MWTG and discussions that will need to take place.

Director Bernosky asked if PSCo's withdrawal was a means for negotiating a lower package within the group or if it was a complete withdrawal. Mr. Butcher stated he believed it is a complete withdrawal based on past discussions and the long-term relationship Platte River has had with

PSCo. Director Bagley commented on recently taking a tour with other Mayors and the understanding on getting to 100 percent renewable energy (zero net carbon) by 2030 requires two key features - having transmission and joining a market - and assumes Xcel would have the same requirements. Mr. Butcher responded that Xcel was one of the first to recognize the need for a market due to the amount of wind they have on the system, and they have an extensive transmission system. Discussion among Directors and staff ensued regarding how Platte River could help resolve PSCo's concerns. Director Troxell asked if the change in leadership had any impact on the decision. Mr. Butcher clarified the difference between PSCo and the larger Xcel Corporate decision. Director Bergsten asked if the Colorado Public Utilities Commission (PUC) denied their request to recover costs was a risk too large to take. Mr. Johnson responded that it wasn't any one factor that moved PSCo to make the decision. Director Bagley offered lobbying efforts to affect the PUC or PSCo's withdrawal. Mr. Butcher and Mr. Johnson responded that efforts like that probably wouldn't foster any changes. Director Troxell suggested that Platte River to move forward and review all options available for moving into a market.

Mr. Butcher assured the board that Platte River is doing business as usual, still moving forward, and all existing contracts are in affect noting 1) the current Joint Dispatch Agreements – a market in its own, 2) the 150 MW wind PPA, and 3) continuing the solar and storage RFP process. Mr. Butcher mentioned some short-term considerations, for example reliability coordination in the west, a NERC requirement. Mr. Butcher noted that options are narrow for reliability coordination and Platte River is tied to the balancing authority, which is PSCo and is essential for the integration of new renewables. Director Bagley complimented staff on their work and noted that it's been a perfect blend of preparing for the future and keeping the system safe and reliable.

Mr. Butcher discussed long term considerations such as Joint Dispatch (currently a 10 percent value of a market), however, it doesn't help integrate renewables, or the potential to join with other markets. Platte River cannot make that decision alone – PSCo and Western Area Power Administration (WAPA) would need to join with us. Discussion ensued among Directors and staff regarding PSCo and WAPA needing to join together and the challenges in considering other options for markets.

Mr. Butcher concluded that staff will continue evaluating all options and will provide the board with recommendations with a full analysis by early Fall. Director Troxell commented that now is a great time for Platte River to double down and lead efforts. Director Bernosky commented that he appreciated the email notification from staff sent out on Friday and that it was obvious the news release caught staff off guard, and complimented staff on their quick turn-around for the meeting's discussion. Mr. Frisbie added that he spoke to David Eves with PSCo directly on Friday and expects a meeting with all MWTG's CEOs to discuss next steps in moving forward. Director Troxell commented on Platte River zooming out to see other opportunities to changing the game creating other dynamics with other partners and asked if there was any impact regarding the 75 MW of wind or on the solar project. Mr. Butcher responded that Platte River is moving forward with the 150 MW wind and the solar RFP. Mr. Butcher noted that staff is evaluating the 75 MW of additional wind and it is not off the table, but more analysis is needed to see if the additional wind could be added to the system. Discussion ensued regarding distributed generation options to consider and exploring options to bring PSCo back into the MWTG.

(5) Draft Strategic Plan

(presenter: Alyssa Clemens Roberts)

Ms. Clemens Roberts provided a presentation on the continued development of the 2018-2021 Strategic Plan, noting that staff is stepping back and taking a higher-level view in producing this plan by tying it to elements relating to Platte River's mission, vision and values statements. The

draft focuses on four main areas: customer experience, communications, resource diversification and alignment, and infrastructure advancement. Ms. Clemesen noted that the MWTG/SPP sections will be edited reflecting a more general view of moving into a market and resource integration and diversification.

Director Troxell commented that he would like to see mention of leadership within Platte River's communities on charting new territories and taking an active leadership role in the energy industry. Mr. Frisbie mentioned the narrative within the general manager and chairman letter at the beginning of the document talks about leadership in the industry, however, staff will expand that within the content. Discussion ensued among Directors and staff about leadership and collaboration within the four communities. Director Horak commented on messaging regarding change and growth and why messaging of that type is needed within the document. Ms. Clemesen Roberts clarified that while there is growth in our communities the bigger concentration is related to growth in relationships within the communities. Discussion ensued regarding word usage geared toward positive changes and avoiding trigger words.

(6) Safety Program Review

(presenter: Jason Maldonado)

Jason Maldonado, safety, emergency management and security manager, provided an overview of Platte River's safety initiatives, injury prevention programs and statistics. Director Troxell commented on the safety program and asked about the measurement of success. Mr. Maldonado responded that will be addressed later in the presentation. Director Horak asked how safety actions within staff are monitored. Ms. Hollohan responded safety actions are reflected within employee feedback during supervisory meetings, through normal course of safety discussions and reporting.

Mr. Maldonado discussed the procedures and programs implemented within the last few years incorporating employee engagement and focus using an example of staff collaboration addressing and solving a hazard on a fan brake at the plant. Director Bagley asked who made the fan brake safety device. Mr. Maldonado responded that the device was made internally.

Director Troxell complimented Mr. Maldonado on the presentation and mentioned opportunities for tying safety programs to the strategic plan and to the budget, including comprehensive integration on outcomes and how it relates throughout the whole organization. Director Troxell suggested creating best practices within the programs and to have staff present metrics to the board similar to the operating and financial reports. Director Troxell then referred back to solving the fan brake issue asking if engineering solutions were deployed to design the new mechanism. Ms. Hollohan responded that staff incorporates engineering solutions where appropriate, providing an example of the fall protection installed onto the conveyor belts. Ms. Hollohan addressed the reporting metrics request by Director Troxell noting that the safety department created a new safety report card initiative currently being vetted by the senior leadership team prior to its deployment. Ms. Hollohan also presented the American Public Power Association award (2017 Electric Utility Safety Award of Excellence – first place) Platte River received for “meritorious achievement in attaining a low incident rate during the year 2017” for system with 250,000-999,999 working hours of exposure. Discussion ensued among Directors and staff on how to show the metrics that are complementary to the financial and operational reports using the green, gray and red indicators. Director Horak asked if staff would compare industry safety data with Platte River's data within the monthly General Management report. Ms. Hollohan responded staff regularly participate in industry surveys to compare data mentioning the challenges of smaller utilities and incident rates. Discussion ensued regarding benchmarking data, incident investigation processes and emergency shut offs on equipment at the plant.

Director Bergsten complimented Mr. Maldonado and the safety programs.

11:00 – 11:13: Break

(7) Debt Financing Update

(presenter: Julie Depperman)

Julie Depperman, treasury manager, provided a brief overview of the debt financing plan for the next debt issuance and Platte River's capital plan highlighting two large capital projects - the Windy Gap Firing Project and the headquarter campus. Director Bagley asked about the financing options for the Windy Gap Firing Project and if Platte River will be participating in a pooled financing option. Ms. Depperman responded that participants are still evaluating options.

Ms. Depperman mentioned staff will request the board to approve a reimbursement resolution at the May board meeting and noted that the board approval of the reimbursement resolution is not authorization to acquire new debt. When staff is ready to issue new debt, staff will return to the board for authorization.

Mr. Frisbie added that the sale of the Windy Gap units is why Platte River would be pursuing only \$100 million in bond issuance and mentioned that Platte River will be making the best decision for Platte River regarding the Windy Gap Firing Project financing options. Discussion ensued regarding municipalities' decisions on the pooled financing.

(8) Policy Repository and Resolution Rescissions

(presenter: Joe Wilson)

Mr. Wilson presented the Platte River internal project - "policy quality management" - which required 1) staff to review over 30 years of resolutions and policies set forth by the board, 2) the classification of guidance documents, 3) the creation of a policy repository, and 4) identifying outdated resolutions for rescission. Mr. Wilson acknowledged the coordination and work completed to date by Ms. Meger, the manager of the project. At the May board meeting, staff will return asking for the board to rescind a number of resolutions and adopt updated resolutions. Chairman Roinotis complimented staffs' efforts on the project.

MANAGEMENT REPORTS

(9) Updated Water Resources Reference Document

(presenter: Heather Banks)

Heather Banks, fuels and water manager, introduced the second edition of the water resources reference document as a compilation of "all things water related at Platte River" including agreements and operational activities. Ms. Banks noted that the reference document was to be a yearly updated document, however, a version was not released in 2017 due to the nature of various 2017 water transactions.

Director Bernosky complimented and thanked Ms. Banks for the work in compiling all the water related information into one document. Mr. Frisbie added that there will be signification changes and additions reflected in the future versions once the Windy Gap Firing Project is completed and operational. Ms. Banks also noted the changes reflected within the second edition include removing the rescinded or superseded resolutions replaced by the water policy the board approved in 2016. Director Horak suggested adding a page that summarized the new edits or what has changed from version to version.

MONTHLY INFORMATIONAL REPORTS

(10) Legal & Governmental Affairs Report

(presenter: Joe Wilson)

Mr. Wilson highlighted a potential litigation item out of Pennsylvania regarding sodium chlorite use by Platte River in the 2001 – 2003 timeframe. Mr. Wilson noted that Platte River provided documentation voluntarily. Director Bagley asked if Platte River was at fault for the barrels. Mr. Wilson responded that the litigation is between the vendor supplying the material and the storage facility housing used barrels. Platte River was identified on a shipping label of some barrels, which were clean. Mr. Wilson added that he will keep the board informed if any further action is requested from Platte River.

Mr. Wilson also highlighted efforts to turn the local loop leases over to the municipalities, noting that the Utility Directors are working on an agenda for a work session currently scheduled for June 7, 2018.

Mr. Wilson concluded that only two weeks are left in the legislative calendar mentioning both bills involving energy storage have moved through the process and it is likely both will be adopted. Mr. Wilson referred to an email previously sent out to the board regarding a right of first refusal transmission bill, which has since been delayed due to litigation in Minnesota and noted this topic is less urgent now that MWTG is on hold.

(11) March Operating Report

(presenter: Andy Butcher)

Mr. Butcher highlighted the renewable energy output (wind and solar) performed well in the month of March and joint dispatch (JDA) also performed well by reducing costs for purchase power and adding to Platte River's power sales volume. Mr. Frisbie added that the average price month-to-date for purchased power was \$5.81 per megawatt hour.

(12) March Financial Report

(presenter: Dave Smalley)

Chairman Roiniotis asked the board if there were any questions or comments regarding the February financial report contained within the board materials. No questions were raised.

Director Bagley complimented Ms. Depperman on her earlier presentation.

(13) General Management Report

(presenter: Jason Frisbie)

Mr. Frisbie highlighted the rates restructuring process, the community solar RFP bid evaluation, and the Trapper Mine Royalty Rate Reduction equaling \$5/ton on all coal for the next 10 years meaning a \$2 million annual fuel cost savings for Craig.

Director Horak requested an update on the litigation on the Windy Gap Firming Project and the current financial implications. Mr. Wilson responded that the project hasn't been delayed to date and thus no financial implications have occurred at this early point. A memo will follow.

Director Horak commented on Enyo appearing before the energy board and asked if any Platte River staff attended. Ms. Clemens Roberts confirmed her attendance and commented on the presentation Enyo provided to the energy board regarding transmission line routes. Director Horak commented to the board that they might hear some pushback on transmission routes from the energy board and warned of articles that might come out. City of Fort Collins staff member,

Tim McCollough, added that the Fort Collins board members will receive a memo with information and recommendations.

Roundtable and Strategic Discussion Topics

Board members shared the latest news from the municipalities and discussion topics for future meetings.

ADJOURNMENT

With no further business, the meeting adjourned at 12:06 p.m. The next regular board meeting is scheduled for Thursday, May 31, at 9:00 a.m. in the Platte River Power Authority Board Room, 2000 East Horsetooth Road, Fort Collins, Colorado.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 31 day of May, 2018.



Secretary

