



Regular Meeting Minutes of the Board of Directors
2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, July 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: Tom Roiniotis
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Absent: Mayor Brian Bagley

Platte River Staff

Jason Frisbie (General Manager/CEO)
Joe Wilson (General Counsel)
Dave Smalley (Chief Financial Officer and Deputy GM)
Karin Hollohan (Chief Administrative Services Officer)
Andy Butcher (Chief Operating Officer)
Alyssa Clemens Roberts (Chief Strategy Officer)
Angela Walsh (Executive Assistant/Board Secretary)
Steve Roalstad (Communications and Marketing Manager)
Craig Johnson (Deputy General Counsel)
Julie Depperman (Treasury Manager)
Wade Hancock (Financial Planning Manager)
Joel Danforth (Customer Services Program Manager)
Carol Ballantine (Manager of Power Generation Dispatch and Power Markets)
Paul Davis (Customer Services Manager)
Pat Connors (Vice President of Power Supply)
Paul Crosby (Manager of Operations Technology & CIP)
Caroline Schmiedt (Deputy General Counsel)
Rob Morse (IT & Cyber Security Manager)
Jeff Menard (Headquarters Campus Project Manager)
Heather Banks (Fuels and Water Manager)
Mark Sherwin (I & E Technician)

Guests

Joe Mancinelli (NewGen Strategies & Solutions)
Scott Burnham (NewGen Strategies & Solutions)
Tim McCollough (City of Fort Collins Electric Director)
Kevin Jones (Fort Collins Chamber of Commerce)
Will Welch (Wm T. Welch Company LLC)
Alan Braslau (Fort Collins Energy Board)
Karen Dyke (Longmont Resident)

¹ Attended via Skype.

² Attended via Skype.

³ Arrived at 9:17 a.m.

Abby Driscoll (Longmont Resident)
Gordon MacAlpine (Estes Park Resident)
Dick Mallot (Loveland Resident)
Pat O'Brien (Loveland Resident)
Nick Francis (Fort Collins Resident)
Sarah Snead (Fort Collins Resident)
Janice Lynne (Resident)
Tom Hoen (Resident)
Jacy Marmaduke (Coloradoan)

CALL TO ORDER

Chairman Roiniotis called the meeting to order at 9:02 a.m. A quorum of board members was present and the meeting, having been duly convened, was ready to proceed with business.

ACTION ITEMS

(1) Consent Agenda

a. Approval of the Regular Meeting Minutes of May 31, 2018

Director Troxell moved to approve the Consent Agenda as presented. Director Bernosky seconded, and the motion carried 6-0.

PUBLIC COMMENT

Six members of the public addressed the board regarding adding "100 percent renewable by 2030" language to the resource diversification policy and strategic plan documents.

COMMITTEE REPORTS

(2) Retirement Committee Report

(presenter: Gerry Horak)

Committee Chairman Gerry Horak provided a summary for the retirement committee meeting that was held on Thursday, May 31. The retirement committee report was for informational purposes and no board action was necessary. The next committee meeting is scheduled for August 30.

MANAGEMENT PRESENTATIONS

(3) Rate Setting Policy DRAFT

(presenter: Wade Hancock/NewGen)

Prior to the presentation, Jason Frisbie, general manager and ceo, introduced Mark Sherwin, I & E technician with Platte River, who will be retiring after 35 years of service and who wanted to attend a board meeting prior to retirement. The board and staff thanked him for his service.

Wade Hancock, financial planning manager, introduced the documents provided within the board packet and outlined the timeline of the two process phases and discussed how the documents support the processes throughout phase one. Mr. Hancock reminded the board that staff will return at the August board meeting for approval of the rates setting policy and the presentation today will be for informational purposes only, however, board feedback is welcomed.

Mr. Hancock introduced two consultants from NewGen Strategy and Solutions; Joe Mancinelli, general manager, and Scott Burnham, executive consultant.

Mr. Mancinelli discussed the study objectives, market forces, Platte River's rate policy goals and guiding principles for service offerings and how these relate to rate setting philosophies and goals. Director Horak asked about looking into future improvements and if battery technology should be changed to storage technologies to include other storage options along with batteries. Mr. Mancinelli agreed. Director Troxell commented on utilization of heat as a storage mechanism and adding an emphasis on integration at the distribution system level. Mr. Mancinelli responded that when reviewing economics on topics such as storage options at the end user level integration is attractive because the storage would still be connected to the grid providing a reliable backup option while the investment required for the storage to not be connected would be significantly greater. Mr. Mancinelli continued to mention that the services the utilities are providing to the retail utilities are shifting from an all requirements demand/ energy product to a reliability product as risk management as the industry develops. Director Troxell clarified his comment on integration didn't mean leaning on a central station but meant for integration across the distribution system for active management. Director Marsh commented on community solar builds within neighborhoods if the distribution utility is perceived to be "dragging their feet" within a monopoly structure. Mr. Mancinelli responded that people do have choices because of the changes in technology and as Platte River continues to aggressively add renewables to the portfolio those needs to add solar to homes will change and transfer the risks back to the utility.

Mr. Mancinelli reviewed the environmental regulatory costs and resources while remaining reliable noting that reliability as a cornerstone to customer service, and technology differences within customers' values especially younger generations within the housing industry. Director Troxell commented on using the term "energy" instead of "electricity". Mr. Mancinelli responded that as society continues to evolve the dependency on electricity is more in demand than other energy services, so the role of Platte River and the distribution utilities become more viable.

Mr. Mancinelli discussed Platte River's rate setting policy goals and objectives for reference while redesigning the rates structure. Director Troxell asked how rate design factors into and relates to demand charges moving into more of a distributed system with active management on the utility side and asked how that is captured within the rate structure to recover costs. Mr. Mancinelli responded that if the rates reflect the economic soundness of Platte River the demand/ energy relationship will encourage the proper type and amount of demand response and the rates structure should properly recover fixed costs. Discussion ensued among Mr. Mancinelli and directors regarding demand side management and recovery of fixed costs. Director Marsh asked if Mr. Mancinelli is proposing the utilities charge more to customers during high periods of demand. Mr. Mancinelli clarified that the presentation was for informational purposes on rate setting philosophy and time of use cost differences vary from system to system and that it is part of the current evaluation of how to structure the rates going forward. Mr. Frisbie reiterated that the direction is to send a price signal that reflects the actual cost to serve the load at the time, so customers have a choice as to how to respond – to conserve or not to conserve and understand what the goal is – not to charge them more but to charge the appropriate costs to serve the load. Director Marsh commented on citizens believing they are subject to a monopoly with cheap electricity produced by coal and not being able to put their own solar panels on the homes because it costs more. Director Bergsten commented on having similar conversations with Estes Park citizens because Estes Park has a size limitation on self-generation, but they are welcome to disconnect from the grid, however, the issue is storage. Chairman Roiniotis commented that the conversation among staff and Directors are trying to solve that issue, technology has and continues to change, and fortunately Platte River is a community owned not-for-profit monopoly

that the communities can have input on. The Chairman continued by noting that the communities have enjoyed low rates for a long time and as we've heard today the cost of renewables are dropping, more storage technology options are continuing to grow and as Platte River moves forward how they change the rate structure to continue to integrate the system to allow people to make choices for what they really want - economically and environmentally - and getting charged what it really costs. Mr. Frisbie added that in a fully integrated system Platte River would have the ability to pay customers via the utilities more for the power they provide back into the system when the prices are higher. Directors Marsh and Bernosky discussed Loveland's city codes and how the energy is charged. Director Troxell added that self-generation plays into the time of use rates and how customers will get paid more for their generation to sell back to the utilities during high demand. Dave Smalley, chief financial officer and deputy general manager, noted the off-peak prices would be less expensive and will help customers offset costs.

Mr. Mancinelli highlighted Platte River's rate setting guiding principles for service offerings and rate structures.

Director Bernosky congratulated Platte River staff on the recent Fitch Ratings report which reflects the financial stability the organization continues to pursue and reiterated his understanding of the presentation. Mr. Mancinelli provided a simple summary – a balance, not an a la cart, pick and choose structure, but a balancing fairness with optionality and stability with an eye towards the future. Director Bergsten requested that future discussions include identifying how the proposed rate structure will impact more integration and distributed storage along with distributed resources to make sure we are not dis-incentivizing customers who choose to self-generate and have storage. Director Troxell complimented the staff on the overall presentation and direction the rate structure is going and addressed Director Bergsten's comments regarding distributed resources including storage and active resource management to enable end users to actively participate in the system.

Mr. Hancock summarized including board action to be requested at the August board meeting and welcomed questions and feedback from the board for the August discussion.

**(4) 2018 Strategic Plan DRAFT & Resource Diversification Policy DRAFT
(presenter: Alyssa Clemens Roberts)**

Alyssa Clemens Roberts, chief strategy officer, recapped discussion and suggestions from the July board meeting and reviewed the current draft of the strategic plan. Director Horak referenced a sentence on page 49 of the packet and suggested breaking it up into more than one sentence to clarify direction.

Ms. Clemens Roberts reviewed the resource diversification policy draft and opened the floor to the board for more discussion and direction. Director Bernosky complimented the staff for responding to the board's request for a policy and supports Platte River's three pillars within the policy, however, stated concerns with using language of moving towards non-carbon resources with technology uncertainties and without knowing impacts of non-carbon resources to the distribution grid. Director Bernosky suggested using language such as "to continue to aggressively diversify the resource mix while maintaining the three pillars". Director Bergsten requested adding a focus on finding solutions for storage to the policy. Director Horak commented on the wording use along with the three pillars to strengthen Director Bernosky's point and suggested moving the storage language within the policy content up to address Director Bergsten's request. Director Horak mentioned Fort Collins' resolution that includes assumptions and key targets that need to be met in order to reach 100 percent non-carbon and suggested

using some of the same language within the policy. Tim McCollough, deputy director for the city of Fort Collins, provided a status report on the proposed resolution and the strategies addressed within the resolution. Director Horak commented that stating a goal date of 2030 will depend on meeting technical necessities. Director Bernosky commented on not including a hard date because of the technology uncertainties. Discussion ensued among Directors with having a date as a driver to show that effort is being taken and the addition of provisos including needing transmission lines when adding renewables because many of the same people who want renewables don't want transmission lines. Directors Bergsten and Jirsa concurred with adding technical necessities and adding transmission line language. Director Troxell requested adding system integration to broadening the system will also be important to achieving the objectives and meeting the 2030 goal. Mr. Frisbie discussed that Platte River does not have complete control of systems integrations and will require investments by the city utilities in order to achieve a complete system integration and should be included as one of the provisos that must occur. Director Horak suggested making the technical necessities very clear within the policy and working together with the four owner municipalities to outline the same technical necessities. Director Bernosky added to Director Troxell's comments on the changes to the transmission and distribution grids over the next 30 years will look significantly different than they do today no matter what the resource mix is. Director Horak commented on Platte River's rate history and requested a simple explanation to help business owners and the public understand the drivers underlying rate pressure. His concern is that the public assumes pressure on rates is from renewables, but the complete explanation is more nuanced. Director Marsh suggested a statement within the strategic plan committing to renewables as an incentive for the location of RE100 companies committed to 100 percent renewable energy. Director Horak responded to Director Marsh that those companies will still require reliable, environmentally safe, and financially sustainable energy and some of the companies and municipalities already claiming to be 100 percent renewable are not actually receiving renewable electrons all the time.

Chairman Roiniotis asked if Ms. Clemens Roberts received a clear direction based on the conversations. Director Horak suggested Ms. Clemens Roberts reach out to the four municipalities to work on language. Mr. Frisbie asked the board if everyone wants a date added within the policy or not. Director Horak suggested a date might be appropriate, however, establishing and reviewing the provisos and adding language of transmission, systems integration and storage solutions first before evaluating if a date is to be added.

10:33 – 10:46: Break

(5) WAPA Hydro Contracts

(presenter: Carol Ballantine)

Carol Ballantine, manager of power generation dispatch and power markets, reviewed the two hydro contracts that serve Platte River's municipal loads: the Loveland Area Project (LAP) and the Colorado River Storage Project (CRSP).

Director Marsh asked if there is a pumped storage opportunity with these projects. Ms. Ballantine responded that there is an opportunity within LAP to pick up additional megawatts of energy that need to be "repaid back" with a daily limit but not with the CRSP contract. Mr. Frisbie pointed out the graph provided in all operations reports that show the peak hour and the resources covering the peak reflects how the hydro fluctuates to follow the load.

(6) Update on Platte River's Role Supporting Municipal Broadband

(presenter: Joe Wilson)

Joe Wilson, general counsel, provided a brief history of Platte River's fiber optic infrastructure and municipal use of the excess capacity. Mr. Frisbie added the board's decision to invest in additional fiber optic inventory made economic sense at the time with foresight into future needs. Mr. Wilson noted that the City of Longmont previously took ownership of their local loop fiber and board action will be requested at the September board meeting to allocate the remaining local loops to Estes Park, Fort Collins and Loveland.

Mr. Wilson summarized the fiber work session hosted at Platte River on June 7 with the four owner municipalities and previewed policies to transfer local loop fiber to the municipalities for broadband usage. Mr. Wilson also noted a number of leases currently on the local loops and long haul that will be expiring soon, noting that discussion occurred at the work session addressing renewal of the leases and who would be the lessor. An intergovernmental agreement will be drafted with the owner municipalities to correspond with the resolutions. Mr. Wilson recognized Paul Crosby, manager of operations technology and CIP, and Caroline Schmiedt, deputy general counsel, who is also working on the project.

Director Troxell asked what the strategy is surrounding fiber/broad band within the strategic plan and if Platte River is trying to be an active provider of broadband infrastructure and services to the owner municipalities in their individual quests for broadband services. Mr. Frisbie noted that Platte River's vision is to be the capital infrastructure and services provider to the municipalities. Director Troxell commented that fiber is becoming a bigger issue and to have more of an explicit reference within the strategic plan to fulfill the vision of Platte River. Chairman Roiniotis noted the potential for Platte River to take the same role with fiber as with transmission tying the four cities together, to act as a carrier network, and noted the concern with Colorado state law restrictions and the organization's structure. Mr. Wilson confirmed and commented on Platte River being subject to restrictions from Senate Bill 152 concerning telecommunications and broadband offerings. Mr. Frisbie directed the board to refer to page 161 within the strategic plan with a section on fiber. Ms. Clemens Roberts noted that the strategic plan doesn't specifically address broadband, however, it does address how to support and help facilitate our owner communities' utilization of fiber assets to meet their individual needs. Director Troxell commented on addressing what Platte River may want to do to be part of the broader infrastructure. Discussion ensued regarding Senate Bill 152. Director Bernosky thanked Platte River staff for presenting this topic at the city utility meeting.

(7) HQ Campus Update

(presenter: Will Welch/Joel Danforth)

Jeff Menard, headquarters campus project manager, presented current construction activities associated with building the new HQ campus showing photos and time lapse videos. Will Welch, owner's representative, provided an update on schedule, site development and building activities.

Director Troxell asked about the waste diversion and reuse/recycling actions. Mr. Welch responded that the trees were reutilized for fish habitats and other materials, and the demolition work has followed the LEED certification process to divert and recycle as much as possible noting that some materials will be reused in the new building. Director Troxell asked about the old solar array that was taken down to start the HQ campus project. Mr. Menard responded that the solar array was decommissioned and most of the solar panels were donated to NREL and Colorado State University.

Joel Danforth, customer services program manager, presented on the new HQ campus rooftop solar and storage project. Director Marsh asked if the panels being placed will be tilt-able to prevent damage. Mr. Danforth responded that the panels on the main HQ building will be on a fixed tilt mounting rack facing south and the panels on the warehouse will be flat against the roof. Mr. Frisbie confirmed that all the panels will be at a fixed tilt. Director Troxell asked what technology will be used for the solar panels. Mr. Danforth responded stating the contract hasn't finalized the technology that will be used, however, they are proposing REC modules.

Mr. Danforth added that the funds received from the City of Fort Collins rebate will likely be used for a small commercial battery to gain experience with storage. Director Troxell asked how the critical loads will be handled and how they will be backed up. Mr. Danforth responded the critical loads will be on the first floor of the new HQ building. Mr. Menard added the backup generation will include dual-substation feeds for primary backup, dual UPS's, and both a natural gas generator as well as a diesel generator will be available. Director Troxell asked what the backup requirements are. Mr. Menard responded that the UPS will provide 30 minutes of backup electricity before moving onto the two generators and noted that two substation feeds have never been down at the same time in Platte River's history.

(8) Community Solar/Storage Update

(presenter: Pat Connors)

Pat Connors, vice president of power supply, provided an overview of the 20 MW solar project and elaborated on the storage component to the project.

Director Troxell asked what load would be shifting with the storage component. Mr. Connors responded the energy stored during the day will be shifted to be used later in day or another time when needed. Discussion ensued among Directors and staff regarding solar capacity, load shifting and spinning reserves. Director Bernosky asked if the battery has environmental control requirements. Mr. Connors responded that they require air conditioning to prolong the life of the battery which encompasses about a third of the battery container. Director Troxell asked if Platte River would be purchasing the battery with an upfront one-time payment. Mr. Connors responded that we do not plan to purchase the battery at this time, but we may consider purchasing the battery after five years of operation. Mr. Connors also stated that the initial storage capacity of the battery will be 2 MW hours and is estimated to degrade approximately 2.5 percent per year. Platte River will make annual payments that will decrease as the actual battery storage capacity decreases.

Mr. Connors explained that the investment tax credit requires the battery to be charged from the solar project for the first five years. However, after the initial five years Platte River will be able to charge the battery from the grid. Director Troxell asked what technology the battery will be. Mr. Connors answered lithium ion batteries will be used in this project, which is typical for utility scale storage projects currently being installed. Mr. Connors also stated that the battery manufacturer has not yet been selected by the developer at this time, but the final battery installation will be from a Tier 1 battery manufacturer. Mr. Connors also stated several reasons why Platte River may seek to purchase the battery after the initial five years of operation.

Mr. Connors shared that the PPA will be signed by the end of summer or early Fall.

MANAGEMENT REPORTS

(9) Cyber Security Review

(presenter: Rob Morse)

Rob Morse, IT and cyber security manager, previewed the cyber security review whitepaper provided within the board packet. Staff will return at the August board meeting to provide a presentation.

(10) Energy Efficiency Programs Update (presenter: Paul Davis)

Paul Davis, customer services manager, previewed the Energy Efficiency programs update whitepaper provided within the board packet. Staff will return at the August board meeting to provide a presentation. Director Bernosky complimented the program and staffs' efforts with the energy efficiency programs.

MONTHLY INFORMATIONAL REPORTS

(11) Legal & Governmental Affairs Report (presenter: Joe Wilson)

Chairman Roiniotis asked the board if there were any questions or comments regarding the July Legal and Governmental Affairs report contained within the board materials. No questions or comments were raised.

(12) May and June Operating Report (presenter: Andy Butcher)

Mr. Butcher mentioned the operating results for the month of July will differ significantly from the May and June reports. Directors asked if the system had experienced its summer peak load. Mr. Butcher responded that August may set a new peak, however, in July Platte River set a new historic peak. Discussion regarding when the high peak was set in the four communities. Director Troxell asked about the July energy markets being active and demands in other areas. Mr. Butcher commented on a high demand in California due to a gas shortage but no regional outages. Director Troxell asked to overlay an RTO with California and how that would change for Platte River. Mr. Butcher responded that the bi-lateral agreement helped Platte River provide power slowly while an RTO would be an immediate response, still with high prices, and relieve the situation quicker. Mr. Frisbie commented that the transportation and infrastructure constrains is what caused the shortages.

(13) May and June Financial Report (presenter: Dave Smalley)

Mr. Smalley highlighted three items within the June report: pension liability decreases, Windy Gap unit sales, and the final payment on the series GG bonds associated with the peaking units. Director Horak asked why the projected net income is \$24 to \$25 million which is higher than the strategic financial plan target. Mr. Smalley responded that the SFP target is a minimum and the higher level of earnings is due to the preferred longer term rate smoothing path.

(14) General Management Report (presenter: Jason Frisbie)

Mr. Frisbie highlighted a few items from the general management report. The September board meeting is planned to be held at Rawhide during the outage. Concerning the Mountain West Transmission Group (MWTG), Xcel is hosting a meeting for the group to discuss plans. With Peak Reliability announcing its closure a separate group is discussing SPP as an option to take over as the reliability coordinator. Mr. Frisbie continued to highlight the sale of 26 Windy Gap Units with five more units under contract totaling 31 units sold for about \$55 million to date. Mr. Frisbie discussed internal evaluations on Platte River's renewable resources and how to lower the cost of the older resources and complimented Mr. Butcher and Mr. Connors for their work and referred

to Mr. Butcher on a solution currently in the works. Mr. Butcher commented on two events occurring at the same time: the change within the MWTG and PSCo removing themselves put into jeopardy Platte River's ability to move forward with the additional 75 MW of wind that's part of the Enyo wind project, and at the same time the transmission agreement for the Silver Sage project came due for renewal noting that the transmission and ancillary services alone are about three quarters of a million dollars per year in additional costs for the next five years. After internal discussions it was decided to move out of the Silver Sage agreement and replace it with more of the 75 MW option of wind from Enyo than previously anticipated. The 75 MWs of wind from Enyo is a cheaper option with more load factor, includes the abilities to curtail and connects directly to Platte River's system and sell the Silver Sage wind to an entity that wouldn't incur those additional charges. Staff is currently reviewing the option with the purchasing entity. Mr. Frisbie added that when looking at the region Platte River is still adding more renewable energy to the region and is providing someone else more renewable energy. Director Troxell asked if Platte River would be able to keep the renewable attributes with selling the power to another entity. Mr. Butcher responded that the attributes would transfer to the new entity.

Mr. Frisbie mentioned the continued mitigation efforts associated with the transmission line from the Enyo project. Director Horak discussed the City of Fort Collins mitigation requests for the Enyo wind project and the state of Wyoming for natural habitats and various species acts. Directors Troxell and Horak indicated that the bottom line is that Fort Collins will take care of and work through the process with the various boards. Director Horak requested support from the board and the community while Fort Collins works through the process. Director Horak also took the opportunity to address the guests in the room that the transmission lines are the opportunity to receive many more "green electrons" and asked for their support in transmission line discussions. Director Troxell commented that the bottom line is Fort Collins is committed to the Enyo wind project.

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 12:19 p.m. The next regular board meeting is scheduled for Thursday, August 30, 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 30 day of August, 2018.


Secretary

