

Regular Meeting Minutes of the Board of Directors
Rawhide Energy Station, Wellington, CO
Thursday, October 25, 2018

ATTENDANCE

Board Members

Representing Estes Park: Mayor Todd Jirsa and Reuben Bergsten
Representing Fort Collins: Mayor Wade Troxell¹ and Mayor Pro Tem Gerry Horak²
Representing Longmont: Mayor Brian Bagley and Susan Wisecup
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

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)
Wade Hancock (Financial Planning Manager)
Paul Davis (Customer Services Manager)
Pat Connors (Vice President of Power Supply)
Heather Banks (Fuels and Water Manager)
Shelley Nywall (Controller)
Andy Cofas (Plant Manager)
Courtney Stewart (Senior Environmental Engineer)
Libby Clark (HR Manager)
Matt Tribby (Senior Environmental Analyst)
Joel Danforth (Customer Services Program Manager)

Guests

Jodie Cates (BKD)
Anna Thigpen (BKD)
Tim McCollough (City of Fort Collins)
John Phalen (City of Fort Collins)
Kevin Jones (Fort Collins Chamber of Commerce)
Jess Aills (Longmont Power and Communications)
Ken Reggelson (Boulder resident)
Gordan MacAlphine (Estes Park resident)
Jeff Thompson (Longmont resident)
Alan Braslau (Fort Collins resident)

¹ Arrived at 9:17

² Called in at 11:00

CALL TO ORDER

Chairman Jirsa 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. Director Bagley introduced Susan Wisecup, interim general manager for Longmont Power and Communications, as the newly appointed board member representing Longmont. Director Wisecup introduced Jess Aills with Longmont Power and Communication. Platte River staff introduced Libby Clark, HR manager, Matt Tribby, senior environmental analyst, and Dave Smalley, chief financial officer and deputy general manager, introduced representatives from BKD, Jodie Cates and Anna Thigpen.

ACTION ITEMS

(1) Consent Agenda

a. Approval of the Regular Meeting Minutes of September 27, 2018

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

PUBLIC COMMENT

Three members of the public addressed the board regarding the resource diversification policy, renewable energy and the 75 MW wind option.

BOARD ACTION ITEMS

(2) 2018 BKD Audit Plan and Engagement Letter (presenter: Dave Smalley)

Mr. Smalley introduced BKD representatives Jodie Cates and Anna Thigpen who presented the audit plan and the engagement letter provided within the board packet starting on page 15. Ms. Cates indicated that the changes from GASB 84 enables the typical two engagement letters to be combined. Ms. Cates continued by noting lower fees for the 2018 audit as a result of combining the audits. Ms. Thigpen outlined the audit plan for 2018 and mentioned the incorporation of the pension audit will cause the timing of reporting to the board to be pushed to April instead of March. Jason Frisbie, general manager/ceo, mentioned another change in the schedule regarding Tariff 4 (transmission rate) which will come before the board in May of 2019 due to timing of when the audited financials are completed in order to calculate the tariff 4 transmission rate.

a. Approval of engagement letter

Director Bagley moved to authorize execution of the 2018 BKD audit plan and engagement letter as presented. Director Bergsten seconded, and the motion carried 7-0.

(3) 2019 Proposed Rate Tariffs (presenter: Wade Hancock)

Wade Hancock, financial planning manager, referred to the documents provided in the board packet starting on page 29 and highlighted four items related to the proposed tariffs for 2019. Mr. Hancock noted the memo covers the changes within the Tariffs. Staff recommends adoption of the resolution with the rates to become effective January 1, 2019.

Director Troxell asked for an update on the rate restructuring project Platte River has been pursuing. Mr. Hancock discussed the owner community engagement meetings and rates discussions that have occurred thus far, noting that the rate structure options that are being evaluated will come to the board for discussion in December. Director Troxell discussed capacity charges and recognizing contributions from distributed energy resources. Discussion ensued among directors and staff regarding the various tariffs and rate structure options being considered. Director Bernosky complimented Platte River staffs' ongoing engagement with city staffs.

Director Bagley moved to approve Resolution 21-18; 2019 proposed rate tariff(s) as presented. Director Bergsten seconded, and the motion carried 7-0.

MANAGEMENT PRESENTATIONS

(4) 2019 Proposed Annual Budget – Public Hearing (presenter: Shelley Nywall)

Shelley Nywall, controller, reviewed the changes to the budget since the work session, the financial results and the budget highlights.

Director Bergsten asked about the unrestricted cash on hand item increasing. Mr. Smalley responded that the unrestricted cash on hand increase is a combination of rate smoothing and the additional revenue from Windy Gap sales completed to date.

Mr. Frisbie complimented the staffs' hard work on the budget process change, the budget document and the budget at a glance document.

Chairman Jirsa asked if there were any additional comments or questions regarding the proposed budget from the board. Hearing none, he stated the 2019 Proposed Annual Budget for Platte River Power Authority had been delivered to the board of directors in accordance with applicable law. Legal notices have been published announcing that the proposed budget was made available to the public for inspection and that the public hearing will be held today, October 25, in order for the board to receive public comment on the proposed budget prior to final adoption of the budget by the end of the year.

Chairman Jirsa declared the public hearing on the 2019 Proposed Annual Budget for Platte River Power Authority open.

Two members of the public provided comments regarding the 2019 Proposed Annual Budget. Jeff Thompson, a Longmont resident, inquired about Platte River's involvement with selling Windy Gap water units and a water channel flows issue, and Ken Reggelson, a Boulder resident, discussed the costs of Rawhide.

The Chair closed the public hearing.

Director Troxell requested a memo from staff regarding the water channel flows topic brought up by one of the members of the public.

Director Bagley addressed the public comment regarding the Windy Gap sales, and asked about the change in the budget for the Windy Gap project. Joe Wilson, general counsel, noted that a lawsuit challenging the project is still in process. Heather Banks, fuels and water manager, responded that due to timing for the start of construction the budget reflects a reduction of those

construction costs in 2019. Mr. Wilson responded to the public comment regarding whether a separate enterprise would be necessary for Platte River's participation in the Windy Gap Firing project noting that a separate enterprise was unnecessary.

(5) Demand Response Pilot update

(presenter: Paul Davis)

Paul Davis, customer services manager, provided an overview of the demand response (DR) pilot's goals, benefits, and pilot structure. Director Troxell asked if reliability is considered as a distribution benefit. Mr. Davis responded that it would be if the distribution utility would acknowledge it that way.

Discussion ensued among directors and staff regarding the savings represented within the 1 percent voltage reduction, expenses and the benefits of the pilot to the four cities and Platte River, and the education gained from conducting the pilot. Director Troxell commented on the potential for active demand side management to help offset intermittent renewable resources and DR targets.

Director Troxell asked how electric vehicles (EVs) are being documented as off-takers of energy or storage options for energy. Mr. Davis responded that the pilot sees EVs as a new load that we have potential to control and future direction is to use them to store energy. Discussion ensued among directors and staff regarding the difference between DR, distributed energy resources (DER) and adding a management aspect to the programs. Director Bergsten asked how many EV charging devices are being produced in the industry that Platte River could control today. Joel Danforth, customer services program manager, responded that there are a few pilots with devices but nothing commercial yet. Platte River will continue to work with vendors to develop the ability to proactively send signals to EV charging stations to provide system benefits. Discussion ensued among directors and staff on using charging devices for potential management of load with DER/DR.

10:48 – 11:00: Break

(6) Resource Diversification Policy – Draft options

(presenter: Alyssa Clemens Roberts)

Alyssa Clemens Roberts, chief strategy officer, presented the two language options for the proposed board policy; option one includes 100 percent carbon free resources by 2030 and option two includes language to meet collective owner communities' goals. Both versions include identical language regarding the three pillars including definitions for each as well as the nine caveats. Ms. Clemens Roberts requested feedback on the following definitions:

- Definition for reliability

Director Wisecup asked how the 99.9 percent was derived or if it was industry standard. Mr. Butcher responded that it is a Platte River standard for transmission and is higher than the industry standard.

Director Troxell noted different perspectives on what constitutes reliability, between, for example, a customer outage or a substation outage. He asked what was meant by the Platte River definition. Mr. Butcher and Mr. Frisbie responded that it is looked at as an overall system perspective and currently it's looked at from the supply side and does not include distribution data. Discussion ensued among directors and staff regarding modifying the definition of reliability as

technology evolves.

- Definition for environmentally responsible

No comments.

- Definition for financially sustainable

No comments.

Ms. Clemesen Roberts requested feedback from the board regarding the two language options; option 1 states “*working toward a goal of reaching 100 percent non-carbon resource mix by 2030*” and option 2 states “*continue to diversify Platte River Power Authority’s resource mix to meet its owner communities’ energy goals*”. Ms. Clemesen Roberts requested direction for the purpose of the policy – is it carbon reduction, is it resource diversification, or both?

Director Bagley commented on the importance of setting goals and creating and executing a plan and supported option one. Director Marsh echoed achieving success in setting a goal with a date and supported option one. Director Bernosky supported option 2. Director Bergsten commented on a flexible strategy to accomplishing goals successfully and will support option one.

Director Bagley asked about the ZNC study results showing a path and being reflected in the policy. Ms. Clemesen Roberts responded that the ZNC study provided a zero-net carbon option and the policy being considered is a 100 percent non-carbon and does not correspond with the ZNC study model.

Director Wisecup commented on reviewing the policy in its entirety and supported option one knowing that all other aspects are recognized. Director Troxell commented on having bold goals and working together is how Platte River started, and supported option one. Director Horak supported option one and stated the board’s responsibility of working together, creating goals and supports working with the communities to build reliability at the granular level. Chair Jirsa commented that the board is here for the important reasons stated by others and supported option one also. Ms. Clemesen Roberts clarified that draft option one will return to the board for adoption at the December board meeting.

Director Bergsten complimented the staff at Rawhide Energy Station and wants everyone to know that it is a very valuable asset to Northern Colorado. Director Horak noted that Rawhide is not mentioned within the policy and that is a different discussion topic and echoed that it is a valuable unit for the region.

Director Bagley moved to have draft option one return to the December board meeting for adoption. Director Bergsten seconded. Motion passed 8-0.

(7) Rawhide Planned Major Outage Update (presenter: Andy Cofas)

Andy Cofas, plant manager, thanked the board for having the meeting up at Rawhide and provided an update to the current planned outage and major project status.

Director Bergsten asked about the use of cooling water and the importance of using water to its extinction. Ms. Banks commented that it is critical to use water to extinction. Director Troxell asked about the work outside by the lake and intake from the lake. Mr. Cofas responded that the intake

from the cooling water reservoir had one of the two circulating water pumps removed for repairs and noted that the lake water is separate from the process water.

MANAGEMENT REPORTS

(8) IRP Process (presenter: Andy Butcher)

Andy Butcher provided a quick introduction for the whitepaper discussing the overall process for the 2021 IRP. Director Wisecup added appreciation to the staff for including city staff in the IRP process.

(9) Organic Contract/Power Supply Agreement Renewal Process (presenter: Joe Wilson)

Mr. Wilson provided a preview to the whitepaper in preparation for greater discussion at the December board meeting and noted additional scheduling information.

Director Troxell asked about next steps meeting with staffs and how the organic contract reflects distributed generation and the changing landscapes within the industry. Mr. Wilson stated that the organic contract is the agreement between the four owner communities and Platte River. Details regarding providing power and resources are stated within the power supply agreements. Changes are being suggested to the power supply agreements to address future market initiatives and new solar business models.

Discussion ensued among directors and staff regarding inclusions within the organic contract, year extension and the purchase power agreements.

MONTHLY INFORMATIONAL REPORTS

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

Mr. Wilson offered to answer any questions the board may have. No questions were raised.

(11) September Operating Report (presenter: Andy Butcher)

Chairman Jirsa asked the board if there were any questions or comments regarding the September operating report contained within the board materials. No questions were raised.

(12) September Financial Report (presenter: Dave Smalley)

Chairman Jirsa asked the board if there were any questions or comments regarding the September financial report contained within the board materials. No questions were raised. Mr. Smalley mentioned having a conference call with Moody's Credit Rating and expected a report by the end of the month.

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

Mr. Frisbie referred to the operating report and the favorable results. Mr. Frisbie then highlighted the budget process with the contingency transfer recommendation and the economic development funding including inflation adjustments starting with 2019. Director Troxell commented on the increase and asked to tie it to investments towards development of DER in

the communities and tie it to an outcome that would be beneficial to the direction we are going. Director Troxell requested a report reflecting how funds have been utilized in each community. Mr. Frisbie continued with his highlights mentioning the status of the community solar project. Mr. Butcher added a few challenges on bidders' fluctuating terms, credit evaluations and currently looking at four bidders for the solar 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 12:12 p.m. The next regular board meeting is scheduled for Thursday, December 6, at 9:00 a.m. at the Platte River Power Authority, 2000 E. 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 6 day of December, 2018.

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Secretary

