



Estes Park • Fort Collins • Longmont • Loveland

Regular Meeting Minutes of the Board of Directors  
2000 E. Horsetooth Road, Fort Collins, CO  
Thursday, December 6, 2018

## **ATTENDANCE**

### **Board Members**

Representing Estes Park: Mayor Todd Jirsa and Reuben Bergsten  
Representing Fort Collins: Mayor Wade Troxell and Mayor Pro Tem Gerry Horak  
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)  
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)  
Pat Connors (Vice President of Power Supply)  
Heather Banks (Fuels and Water Manager)  
Shelley Nywall (Director of Finance)  
Caroline Schmiedt (Deputy General Counsel)  
Paul Crosby (Manager of Operations Technology & CIP)  
Brad Decker (Resource Planning Manager)  
Jeff Menard (HQ Campus Project Manager)  
Kaleb Brimhall (Assistant General Counsel)

### **Guests**

Joe Mancinelli (NewGen)  
Tim McCollough (City of Fort Collins)  
Kevin Jones (Fort Collins Chamber of Commerce)  
Matt Scheppers (Longmont Power and Communications)  
Ken Reggelson (Boulder resident)  
Gordan MacAlphine (Estes Park resident)  
Alan Braslau (Fort Collins resident)  
Karen Dike (Longmont resident)  
Marcia Martin (Longmont resident)  
Jane Clevenger (Loveland resident)  
Dick Mallot (Loveland resident)  
Kevin Cross (Fort Collins resident)  
Larry Roos  
Julia Rentsch  
Carrie Bellamy

## **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 Wisecup introduced Matt Scheppers, Longmont Power and Communications' Director of Operations. Joe Wilson, general counsel, introduced Caroline Schmiedt, deputy general counsel, and Kaleb Brimhall, assistant general counsel. Alyssa Clemens Roberts, chief strategy officer, previewed the year-end gift that Platte River personnel and board members received this year. Jason Frisbie, general manager, discussed the handout showing corrected information on the last page of the operating report, and noted a correction to the October board meeting minutes.

## **ACTION ITEMS**

### **(1) Consent Agenda**

- a. Approval of the Regular Meeting Minutes of October 26, 2018**
- b. 2019 Proposed Board of Directors Regular Meeting Schedule: Resolution 22-18**

Mr. Frisbie noted a change to the October board meeting minutes to a guest's residency and Director Wisecup added a member to the guest list. Director Troxell moved to approve the Consent Agenda as presented. Director Bagley seconded, and the motion carried 8-0.

## **PUBLIC COMMENT**

Four members of the public addressed the board regarding renewable energy and support for the resource diversification policy.

## **COMMITTEE REPORTS**

### **(2) Retirement Committee Report (presenter: Gerry Horak)**

Committee Chair Horak provided a summary from the November 16 retirement committee meeting noting that the Plan's investment consultant, Innovest, reported on the Plan's performance through September and the review of external benchmarking on advisor fees. The committee reviewed and approved changes to the investment policy statement, which included asset allocation adjustments and other minor changes. The next retirement committee meeting is scheduled for February.

## **BOARD ACTION ITEMS**

### **(3) 2018 Board Contingency Appropriation Transfer – Capital Additions (presenter: Shelley Nywall)**

Shelley Nywall, controller, reviewed the board contingency fund that can be used for unforeseen expenses at the end of the year and the history of usage on page 29 of the board packet. Ms. Nywall described the internal process for managing projects and noted the major projects from 2018 that require contingency transfer allocations. The amount of the proposed transfer is in a "not to exceed" amount of \$1.9 million. Staff recommended approval for the contingency transfer.

Director Troxell asked if Platte River has a policy written to accommodate the transfer process and implementation. Ms. Nywall noted that budget law allows the organization to conduct contingency transfers and noted that Platte River doesn't have a specific policy, but there is an established procedure staff follows. Dave Smalley, chief financial officer and deputy general manager, noted the budget document mentions the contingency transfer process and review. Director Horak appreciated the history provided within the memo and asked what processes are implemented to review capital projects to avoid contingency transfers. Ms. Nywall responded that staff has tracked the capital projects and expected expenses through project management tools in the last couple of years.

Director Bagley moved to approve Resolution 23-18: 2018 Board Contingency Appropriation Transfer – Capital Additions as presented. Director Bergsten seconded, and the motion carried 8-0.

**(4) 2019 Annual Budget Review and Adoption (presenter: Shelley Nywall)**

Ms. Nywall provided a brief overview of the 2019 Proposed Annual Budget results and noted that there were no changes made since the October meeting. Director Horak suggested changing the letter at the front of the document to be a message to the public, not to the board of directors. He suggested the public is the more appropriate audience after approval of the budget.

Chair Jirsa announced that 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 had been made available to the public for inspection and a public hearing was held on October 25.

Director Bagley moved to approve Resolution 24-18; 2019 Annual Budget Review and Adoption as presented. Director Bernosky seconded. Director Horak requested the inclusion of a reference to the Resource Diversification Policy within the Budget at a Glance document. Discussion ensued among Directors and staff on how to include verbiage from the Resource Diversification Policy on the two-page document. The motion carried 8-0.

**(5) Retirement Plan Update (presenter: Caroline Schmiedt)**

Ms. Schmiedt provided the background on the two pension plans and reviewed the modifications recommended to the plans and documents. These changes were suggested by legal counsel Davis Grahams and Stubbs. Ms. Schmiedt thanked staff for the work on the review, specifically Julie Depperman, director of treasury services. Staff recommended approval of both plan modifications.

**a. Defined Benefit Approval Resolution 25-18**

Director Bagley moved to approve Resolution 25-18; DB Plan Approval as presented. Director Troxell seconded, and the motion carried 8-0.

**b. Defined Contribution Approval Resolution 26-18**

Director Bagley moved to approve Resolution 26-18; DC Plan Approval as presented. Director Bergsten seconded, and the motion carried 8-0.

**(6) Fiber Management IGA**

**(presenter: Joe Wilson)**

Mr. Wilson reminded the board of the four resolutions adopted in September that addressed transferring the local loops to the individual owner communities. The resolution before the board approves the Fiber Management IGA resulted from negotiations among Platte River staff and city staffs concerning the operations and maintenance of the fiber. Once adopted by the Platte River board, the IGA will be adopted by city councils and assets will be transferred. Staff recommends approval of the IGA. Director Bernosky added that the City of Loveland will be taking the IGA to the Loveland Utilities Commission and then to the Loveland City Council meeting in February.

Director Wisecup moved to approve Resolution 27-18; Fiber Management IGA as presented. Director Bagley seconded, and the motion carried 8-0.

**(7) Resource Diversification Policy**

**(presenter: Alyssa Clemens Roberts)**

Ms. Clemens Roberts provided a brief summary of the process utilized in creating the policy and discussions that have taken place between Platte River staff and the board.

Director Bagley moved to approve Resolution 28-18; Resource Diversification Policy as presented. Director Wisecup seconded. Director Bergsten complimented staff on their work to bring this to the board and to clearly define the three pillars for Platte River within the policy. Director Horak mentioned suggested changes he will be providing to the staff following the meeting. Director Troxell requested innovation to be a part of the policy, not just technology. Director Bergsten clarified if Director Troxell wanted a change made to the verbiage. Director Troxell said no changes are recommended, just to note it, and mentioned that he will bring up a similar topic later into the agenda. Discussion ensued among the directors on innovation integration into the communities, social costs of changing to renewable energy and Platte River's three pillars.

The motion carried 8-0.

**MANAGEMENT PRESENTATIONS**

**(8) Rates Framework Update**

**(presenter: Wade Hancock)**

Wade Hancock, financial planning manager, provided an update on the rate strategies and rate design studies during the initial phases of this project and reminded the board that no decision will be requested from the board at the December board meeting. Mr. Hancock introduced Joe Mancinelli with NewGen Strategies and Solutions to review the rate structure study results to date.

Mr. Mancinelli reviewed the rate setting philosophies that were incorporated when evaluating the restructuring process. Director Troxell commented on the validity of assumptions focusing on actions within the distribution system regarding consumers being possible contributors to the system. Discussion ensued among directors and Mr. Mancinelli on assumptions and future uses within the system, philosophy used for rating alternatives and values for capacity. Mr. Frisbie commented that the presentation is the first look at what the rates could be after the restructure and the presentation will show how it affects the owner communities at a wholesale level. Director Horak asked if the city staff reviewed the strategies. Director Bergsten responded that there have been several rate personnel meetings where they have been discussed. Discussion

ensued among directors, staff and Mr. Mancinelli regarding the attributes and their ratings.

Director Bagley asked if changing the rates allocation method will change the rates charged to the owner communities and if rates are changing how that will come across politically after the resource diversification policy approval. Mr. Smalley clarified that Platte River's revenues collected will not change, it's how the rates distributed amongst the four owner communities might change. Mr. Hancock added that the color yellow on the attribute "ratings" reflect a neutral standing.

Mr. Mancinelli previewed the possible rate changes for the owner communities. Director Bagley asked about the rationale for determining reallocations for costs. Mr. Smalley added that the genesis wasn't to determine how to split up the costs, it is to restructure rates to include 100 percent renewable energy and provide adaptable rate signals for including more renewables. Discussion ensued among directors and staff regarding rates and the availability to provide options for the cities to pass onto their customers. Director Wisecup added that the current wholesale rates provide incorrect signals and it's not benefiting the system, and she fully supports the rate restructure.

Mr. Hancock presented the first look at how the rate structure could affect each owner community and previewed the timeline for the project schedule and next steps with the board. Director Bagley commented that many people don't know where their energy comes from and all customers will hear is that there's an increase in rates. Ms. Clemens Roberts discussed options in messaging through the cities to their customers on the rate restructure as an attempt at making the system better thus benefiting Platte River and the owner communities. After much discussion, Mr. Frisbie acknowledged that Platte River will structure their new rates towards a future that better facilitates integrated system assumptions.

Director Bernosky complimented Platte River staffs' involvement with city rate making staffs and supports underlying principles to the initial rate structure results, however, has concerns on the delta of costs between the four communities. Director Wisecup also thanked Platte River's rate staff and believes the list of assumptions behind the rate restructure will be very helpful to understanding what's behind the costs. Director Horak supports the objective to have a methodology the board agrees on. Mr. Frisbie stated that no one owner community will see more than a two percent rate impact during the initial transition to the new structure and proper price signals will allow the communities to respond in a manner that limits future impacts.

**10:48 – 11:02: Break**

**(9) 75 MW Wind Option Status**

**(presenter: Pat Connors)**

Pat Connors, vice president of power supply, provided an overview of the 75 MW wind and purchasing transmission line options Platte River staff has been working on with NextEra. Mr. Connors noted the main topics of negotiations are on transmission line standards and exercising a portion of the 75 MW option while extending the expiration date for Platte River to continue evaluating adding additional wind. Director Horak commented being in favor of owning the transmission line and noted the value of the City of Fort Collins granting an easement for the line through their property.

Mr. Connors concluded by assuring the board that staff is working to get the negotiations finalized soon. Mr. Frisbie noted that buying a portion of the wind now in order to extend the deadline will be valuable in determining how much more megawatts of wind could be added to

the system. Director Bagley asked about considering an option to sell Craig capacity to someone else or to test Rawhide for minimal output. Mr. Frisbie and Andy Butcher, chief operating officer, clarified that the ownership to the Craig Units wouldn't be sold, but a portion of energy around the clock would be sold for a period of time. Director Troxell asked if the transmission lines were being designed for double circuits for additional capacity in the future. Mr. Connors responded that it would add additional costs to the transmission line to add more capacity however, a double circuit could be added from Rawhide. Mr. Butcher continued by adding that if the transmission lines are built to Platte River's standard it could be added later in the future.

Director Horak commented on the city's work session regarding the transmission line easement and the city council will consider the approval at the January 15 session. Mr. Frisbie thanked Director Horak's for his work in supporting the transmission line easement approval process through various city staff and the city council.

All board members were in agreement for staff pursuing negotiations to extending the 75 MW deadline via the methods presented to the board.

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

Mr. Wilson reviewed the proposed changes to the organic contract and the power supply agreements among the four owner communities and Platte River.

Director Bagley commented on not changing the organic contract regarding whom is appointed to serve on the Platte River Power Authority Board of Directors. Mr. Wilson clarified language currently in the organic contract for board representatives. Director Wisecup asked about adding verbiage into the power supply agreements regarding routine meetings with various city staff groups to discuss changing landscapes in the industry. Mr. Wilson and Mr. Frisbie responded that adding it creates a mechanism for regular meetings to touch base on next extensions and changing technologies in the industry. Mr. Frisbie added that it's a way to be more proactive than waiting every ten years for the contact extensions. Director Bagley asked when these extensions will come back to the board for a formal vote. Mr. Wilson responded that it won't come back to the board because the Organic Contract is an agreement among the four owner communities and the Power Supply Agreements will not need board approval for execution, but the board will be kept informed as the process moves forward. Director Troxell expressed two concerns; adding verbiage within the agreement on conducting meetings and maintaining the minimum self-generation limit of one percent. Mr. Wilson responded by clarifying the one percent is directed towards generation owned and operated by the municipality and noted that the one percent hasn't been taken advantage of to date by Fort Collins. Discussion ensued among directors and staff regarding the one percent self-generation limitation, and the possible issues with bond counsel and future bonds.

**(11) IRP Update** **(presenter: Brad Decker/Alyssa Clemesen Roberts)**

Brad Decker, resource planning manager, provided an update on the current integrated resource plan (IRP) efforts to date and reviewed the timeline for the remainder of the planning process and the supporting studies.

Ms. Clemesen Roberts summarized the attendance and results from the community listening sessions conducted in the four owner communities and the third-party survey results from Estes

Park and Longmont (Loveland and Fort Collins was not complete at the time of the board meeting). Ms. Clemens Roberts noted that when the surveys are complete, summaries will be distributed to the owner communities for their review. Director Troxell asked if the survey inquired about capacity out in the communities, using waste as a resource and how consumers would feel if resources were spread out within our communities and if distributed technologies are being evaluated in the studies. Mr. Decker responded that there is a lot of evaluating in all the areas the director mentioned and some of the resources currently being evaluated includes biomass and waste technologies. Discussion ensued among directors and staff regarding distributed generation resources being addressed within the studies.

**(12) HQ Campus Update**

**(presenter: Jeff Menard/Will Welch)**

Mr. Smalley introduced Will Welch, Platte River's owner representative for the HQ campus, to give an overview of the construction progress and budget status for the new headquarters project to date. Director Bagley asked about the percentage costs and contingency funds spent. Mr. Welch responded that 31 percent of the budget has been spent to date and there is no need for a contingency expansion. Director Troxell asked about the transition from the old building to the new building and if there will be a lapse of meeting locations for the board meetings. Mr. Frisbie responded that one month the meeting will be in the old building and the next month will be in the new building; proposed for a December 2019 move in date.

Mr. Welch complimented Jeff Menard, HQ campus project manager, for doing a great job balancing project management, the senior leadership team, various stakeholders and the public.

**EXECUTIVE SESSION**

**(13) Executive Session**

Director Bergsten moved that the Board of Directors go into executive session for the purposes of discussing a personnel matter related to the retirement of the general counsel, the timing of such retirement, and any interim/internal replacement. The general counsel advised that an executive session is authorized in this instance pursuant to Colorado Revised Statutes, Section 24-6-402, subsection (4)(e); provided that no formal action is taken during the executive session.

Director Wisecup seconded, and the motion carried 8-0.

**(14) Reconvene Regular Session**

No action was taken by the board.

**MONTHLY INFORMATIONAL REPORTS**

**(15) Legal & Governmental Affairs Report**

**(presenter: Joe Wilson)**

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

**(16) October Operating Report**

**(presenter: Andy Butcher)**

Mr. Butcher highlighted a few operational results for the month of October and noted that the surplus sales number looks large only because there were no sales planned during the major

outage. Mr. Butcher noted that surplus sales due to expectations of higher prices have already been negotiated for January. Director Bagley asked why the prices are increasing. Mr. Butcher responded that there are a few issues including delivery of natural gas in certain areas, colder weather in the region and unexplainable market conditions. Discussion ensued among directors and staff regarding use of the CT units. Director Horak asked about budgeted solar generation and how staff plans for that generation. Mr. Butcher responded that the owner of the solar facility provides forecasts that are used to compare to internal forecasts and as more data is collected, the lower the variance of solar generation shows on the reports. Director Troxell asked about an outage that occurred in west Fort Collins. Mr. Butcher explained the IGA between Platte River and the owner communities provides emergency assistance and this incident was related to testing to meet a deadline, and Platte River will continue to help the city's staff in evaluating the occurrence. Discussion ensued among directors and staff regarding purchase power during the Rawhide planned outage and intermittent resources.

**(17) October Financial Report (presenter: Dave Smalley)**

Chair 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.

**(18) General Management Report (presenter: Jason Frisbie)**

Mr. Frisbie highlighted board follow up items from the past board meetings written within the general management report noting that staff will clean up the language within the vision, mission and value statements to reflect the three pillars of Platte River and the board will see revisions early in 2019. Mr. Frisbie thanked the board for their support and engagement throughout the year.

Director Horak suggested adding a historical table for the Energy Efficiency savings and funding in the management report and supports another look at the vision, mission and values statements.

Mr. Frisbie noted an internal reorganization and the general management report will reflect the changes in 2019.

**Roundtable and Strategic Discussion Topics**

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

**ADJOURNMENT**

With no further business, the meeting adjourned at 12:51 p.m. The next regular board meeting is scheduled for Thursday, February 28, 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 28 day of February, 2019.

Angela  
Secretary

