



Estes Park • Fort Collins • Longmont • Loveland

## Regular Meeting Minutes of the Board of Directors

2000 E. Horsetooth Road, Fort Collins, CO

Thursday, May 30, 2019

### ATTENDANCE

#### Board members

Representing Estes Park: Mayor Todd Jirsa and Reuben Bergsten

Representing Fort Collins: Ross Cunniff

Representing Longmont: Mayor Brian Bagley<sup>1</sup> and Susan Wisecup

Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

#### Absent

Mayor Wade Troxell

#### Platte River staff

Jason Frisbie (General Manager/CEO)

Craig Johnson (Senior Deputy 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)

Wade Hancock (Financial Planning and Rates Manager)

Pat Connors (Vice President of Power Supply)

Paul Davis (Energy Solutions Manager)

Shelley Nywall (Director of Finance)

Caroline Schmiedt (Deputy General Counsel)

Paul Crosby (Manager of Operations Technology and CIP)

Trista Fugate (Director of Community & Government Affairs)

Jeff Menard (HQ Campus Project Manager)

Jenny Garside (Executive Admin Assistant)

#### Guests

Sandra Solin (Capital Solutions)

Joe Wilson (Windsor resident)

Kevin Gertig (City of Fort Collins)

Kevin Jones (Fort Collins Chamber of Commerce)

Marsha Marten (City of Longmont)

Cyril Vidergar (City of Fort Collins)

Alan Braslau (Fort Collins Energy Board)

Jeff Thompson (Longmont resident)

Delany McNally (guest of Jacki Marsh)

Ken Reggelson (Boulder resident)

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<sup>1</sup> Arrived at 9:19 a.m.

## 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, proceeded with the business on the agenda. Alyssa Clemens Roberts, chief strategy officer, introduced a new staff member to Platte River, Trista Fugate, director of community & government affairs. Director Jacki Marsh introduced her intern for the summer, Delany McNally. Jason Frisbie, general manager and CEO, thanked Joe Wilson for attending the meeting as a guest following his retirement.

## ACTION ITEMS

### (1) Consent agenda

- a. Approval of the special meeting minutes of April 19, 2019
- b. Approval of the regular meeting minutes of April 25, 2019
- c. Updated fiber optic accounting policy **Resolution 03-19**

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

## PUBLIC COMMENT

Jeff Thompson, City of Longmont, commented on the appointment of Susan Wisecup and the 2018 Annual Report.

## BOARD ACTION ITEMS

### (2) Retirement committee member appointment **(presenter: Dave Smalley)**

Chair Jirsa opened the floor for nominations for the retirement committee member appointment, noting that Director Cunniff expressed interest in being appointed. No other nominations were made.

Director Bergsten moved to approve Resolution 04-19: Retirement committee member appointment of Ross Cunniff as presented. Director Bernosky seconded, and the motion carried 6-0.

### (3) Revision to tariff—schedule 4: wholesale transmission service **(presenter: Wade Hancock)**

Wade Hancock, financial planning and rates manager, clarified this agenda item was separate from the 2020 proposed rates agenda item that would be presented later in the meeting. Mr. Hancock mentioned that it has been a routine practice to revisit tariff—schedule 4: wholesale transmission service on an annual basis following the completion of the financial audit. Tariff—schedule 4 is the rate charged to other utilities such as Xcel or Tri-State that use Platte River's transmission system, not the four owner communities. Mr. Hancock reviewed the recommended changes highlighted within the memo provided in the board packet that were proposed to take effect on June 1, 2019.

Director Bergsten moved to approve Resolution 05-19: Tariff—Schedule 4: wholesale transmission service as presented. Director Wisecup seconded, and the motion carried 6-0.

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Craig Johnson, senior deputy general counsel, added that there are a number of technical changes to the tariff connected with the joint dispatch agreements which will also take effect on June 1, 2019.

**(4) Acceptance of 2018 Annual Report (presenter: Alyssa Clemesen Roberts)**

Ms. Clemesen Roberts provided a copy of the printed 2018 Annual Report reflecting the work the four owner communities did with Platte River and thanked the board for their participation in a transformational year.

Mr. Frisbie thanked the communications and marketing staff for their work on the 2018 Annual Report.

Director Bernosky moved to accept the 2018 Annual Report as presented. Director Cunniff seconded, and the motion carried 7-0.

Directors were asked to provide staff with a count of how many copies they would like delivered to their offices.

**(5) Transmission right-of-way (presenter: Craig Johnson)**

Mr. Johnson noted that a report had previously been provided to the board regarding the unused portion of the Rex Branch right-of-way and proposed disposition of a portion of right-of-way.

Director Bagley moved to approve Resolution 06-19: Transmission right-of-way disposal as presented. Director Wisecup seconded, and the motion carried 7-0.

**(6) Organic Contract signing ceremony**

Chair Jirsa introduced the signing ceremony for the Organic Contract and Power Supply Agreements with each Mayor signing the individual documents on behalf of the owner communities. Signing the Organic Contract extended the life of Platte River through 2060.

**Break: 10:49-11:00**

**MANAGEMENT PRESENTATIONS**

**(7) Synopsis of state legislation of interest (presenter: Sandra Hagen Solin)**

Sandra Hagen Solin with Capitol Solutions, Platte River's retained lobbyist, presented a summary of state legislation passed during the recent 2019 session and discussed how each bill could affect Platte River for future planning purposes.

Mr. Johnson inquired about SB 19-236, which included many different subjects under one title, and asked if she had heard of anyone coming forward to challenge the bill. Ms. Solin noted that the Republicans have mentioned bringing a legal challenge as well as Xcel Energy, however, none have been brought forward at this time. There is still time to do so. Ms. Solin also noted another bill that is vulnerable for legal challenge is bill 19-1261 although the portions of that bill subject to challenge reflect primarily to businesses in Pueblo.

**(8) 2020 proposed rates**

**(presenter: Wade Hancock)**

Mr. Hancock presented the 2020 proposed rates structure and rates, highlighting the changes to the rates previously presented at the April board meeting reflecting a net impact of a 0.4 percent decrease. The decrease is a result of moving the meters from the low side to the high side of the transformer increasing the number of kilowatts being billed and a reduction in price to account for the transformer losses resulting in neutral revenue to Platte River. Mr. Hancock noted that the rates presented at this meeting will be the rates staff will request approval for at the October board meeting.

Mr. Hancock mentioned that the rate setting materials and rates overview will be posted to the Platte River website. Mr. Hancock offered further support for community staffs and city council meetings.

**(9) HQ campus update**

**(presenter: Jeff Menard)**

Jeff Menard, HQ campus project manager, provided a status update regarding the HQ campus project highlighting the completed outbuildings and proposed renderings for the new Energy Engagement Center. Mr. Frisbie mentioned the collaborative work between the City of Fort Collins and Platte River to provide redundant feeds to the communications building that houses essential fiber optic network systems.

Mr. Menard previewed the timeline for the Energy Engagement Center (EEC) and staff will return with a presentation at the August board meeting showing more schematic design work. Mr. Frisbie noted that staff is working behind the scenes planning for the required parking spaces for the EEC that are not behind CIP secured areas.

**(10) 60 MW wind option update**

**(presenter: Pat Connors)**

Pat Connors, vice president of power supply, provided an update on test results for Rawhide Unit 1 for a 100 MW operating minimum, and outlined energy sales opportunities that have been solidified or are currently in negotiations. Mr. Frisbie mentioned that Platte River will never sign a contract that will put serving loads at risk. Director Bergsten asked if there are any concerns running Rawhide Unit 1 at a lower operating minimum. Mr. Frisbie responded that the concern isn't about running the plant at 100 MW it's more of a concern on how fast the plant could ramp up to meet a higher load when wind and solar energy decreases while staying in compliance with emissions requirements. Mr. Butcher added that the challenge isn't with backing the unit down to utilize and accommodate the wind, the question is how fast we can bring the unit back up if the wind dies down quickly. Chair Jirsa asked how long it takes to ramp up the unit. Mr. Frisbie responded 3 MW per minute. Mr. Butcher added that the testing currently underway is how fast we can ramp down the unit and then back up while staying in compliance. Mr. Butcher stated the work by Platte River staff to do the testing and planning for covering load has been successful thus far.

Mr. Bernosky asked if there will be efficiency changes to the physical hardware of Rawhide Unit 1 and what those associated costs will be. Mr. Connors responded that a consultant is running models to see what those costs would be. Mr. Butcher responded that there would be higher costs associated to running the unit at a lower rate, in addition to reliability issues. Discussion ensued among directors and staff regarding ramping Rawhide Unit 1 up and down, other resources and how quickly they can come online or offline, and how a market could help with regulating the energy.

Director Cunniff asked about the recent article published online regarding Guzman Energy and Tri-State. Mr. Frisbie mentioned that the CEOs of utilities in Colorado will be meeting in June to discuss what is in the best interest of the state in the long run, and he hopes that the organizations can work together on joint projects to make a bigger impact. Various staffs are working on all levels to work together. Director Bagley verified his understanding of the Guzman article. Discussion ensued among directors and staff about Tri-State and Platte River's ownership in the Craig units and ability to sell those units.

Mr. Connors discussed various additional wind purchase amounts and what amount of energy would need to be sold to accommodate the additional wind purchases as well as the additional benefits and risks associated with additional wind purchases. Mr. Connors presented the staff recommendation of pursuing the sale of an additional 60 MW of wind energy for 10 years until we can better accommodate the additional energy, and the next renewable project to potentially pursue is more solar energy. Mr. Butcher noted that solar and wind complement each other as solar energy production is highest during the day and wind is usually highest at night.

Mr. Frisbie commented that staff will keep the board updated on potential wind purchase and energy sales.

Director Cunniff asked if the next solar project would be wholly owned by Platte River or if it would be through a purchase power agreement (PPA). Mr. Butcher responded that we would likely go through a third party PPA to qualify for the tax credits which would lower the cost. Discussion ensued among directors and staff on other solar project PPA's and options to consider.

Director Bernosky asked if staff was requesting direction from the board on the recommendations to attempt to sell the additional 60 MW of wind for 10 years. Mr. Frisbie responded that staff is taking a "no regrets" strategy and the presentation today was for the board's understanding on why we would need to sell power to accommodate the extra wind. Discussion followed among directors and staff regarding the risks and benefits of adding more resources than currently needed to serve load. Ms. Clemens Roberts added that staff will provide speaking points to the owner communities on the wind options as we move forward.

## **MONTHLY INFORMATIONAL REPORTS**

### **(11) Legal & governmental affairs report**

**(presenter: Craig Johnson)**

Mr. Johnson provided an update on the environmental and compliance staff integration within the legal department and previewed how the monthly legal report will change to incorporate reliability and environmental updates. Mr. Johnson highlighted a recent update on the Windy Gap Firing Project since the report was sent out to the board.

Director Marsh inquired about receiving more details related to the drilling company that approached Platte River and if we have oil and gas regulations that Platte River exercises. Mr. Johnson clarified that the company has not provided any proposal other than initial communications and other considerations haven't been discussed by staff. There have been multiple inquiries in the past from drilling companies, none of which went further than initial contact.

**(12) April operating report**

**(presenter: Andy Butcher)**

Mr. Butcher highlighted the operating results for the month of April including the low energy and demand due to mild weather, joint dispatch prices caused Rawhide to be backed down, higher coal supply at the Craig Station, the large amount of hydrogeneration depressing prices, and the overall lower dispatch costs.

**(13) April financial report**

**(presenter: Dave Smalley)**

Mr. Smalley noted that the first quarter showed strong results, however, the second quarter will not show the same results based on lower surplus sales and operating expenses catching up.

**(14) General management report**

**(presenter: Jason Frisbie)**

Mr. Frisbie highlighted a few updates mentioned within the general management report including the HR department seeking a new healthcare benefits broker adding that there will be an executive session at the July meeting to discuss the details of the change. He also noted the CIS billing system change and support for Fort Collins and Longmont, the Cloud Peak Energy press release regarding chapter 11 bankruptcy filing, and the upcoming APPA National Conference.

**(15) Board discussion: board member appointments by city councils**

Chair Jirsa opened up for discussion the subject of board member appointments addressed during the executive session on March 28, 2019 and asked if there was any concern still present. Director Bergsten asked to have staff put together information and language to incorporate into a policy or outline for city councils. Mr. Frisbie asked for clarification on what information would be provided to the board. Director Bagley shared his concerns on having two people from the same community having differing opinions from a political perspective rather than a utility director perspective, adding that these board meetings are the last place to be making a political point for the utility.

Director Cunniff supported providing a guiding principles resolution, adding that he would love to have the ability to authorize the utility director to step in when needed. Director Cunniff noted that the industry is moving into a more policy driven environment and should have people with policy setting experiences on the board and does not support changing the Organic Contract to reflect not allowing city elected officials on the board.

Chair Jirsa asked for Mr. Johnson's opinion and how to move forward. Mr. Johnson reiterated the language the Organic Contract concerning board appointments and offered to put together a policy draft that describes the intent of representation and desirable qualifications that would be beneficial for representation for membership on the board. Discussions ensued among directors and staff regarding the benefits of different qualifications that might complement the policy members and maintaining the history knowledge within each utility provided by the utility directors.

**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 11:42 a.m. The next regular board meeting is scheduled for Thursday, July 25, 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 25 day of July, 2019.

  
Secretary

