



Estes Park • Fort Collins • Longmont • Loveland

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO

Thursday, Feb. 27, 2020

ATTENDANCE

Board members

Representing Estes Park: Mayor Todd Jirsa and Reuben Bergsten¹

Representing Fort Collins: Mayor Wade Troxell² and Ross Cunniff

Representing Longmont: Mayor Brian Bagley and David Hornbacher

Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Platte River staff

Jason Frisbie (General Manager/CEO)

Sarah Leonard (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)

Pat Connors (Vice President of Power Supply)

Shelley Nywall (Director of Finance)

Libby Clark (Director of Human Resources and Safety)

Trista Fugate (Director of Community & Government Affairs)

Steve Roalstad (Communications and Marketing Manager)

Masood Ahmad (Resource Planning Manager)

Caroline Schmiedt (Deputy General Counsel)

Andy Cofas (Plant Manager)

Jason Harris (Controller)

Paul Davis (Energy Solutions Manager)

Guests

Tim McCollough (City of Fort Collins)

Kevin Gertig (City of Fort Collins)

Kevin Jones (Fort Collins Chamber of Commerce)

Karen Dyke (Longmont resident)

Jane Clevenger (Loveland resident)

Dick Mallot (Loveland resident)

Ken Regelson (Boulder resident)

Jacy Marmaduke (Fort Collins Coloradoan)

Abby Driscoll (Longmont resident)

Dave Mills

Karen Artell

CALL TO ORDER

Chairman Jirsa called the meeting to order at 9:01 a.m. A quorum of board members was

¹ Attended via Skype

² Attended via phone at 9:10am

present and the meeting, having been duly convened, proceeded with the business on the agenda. Dave Smalley, chief financial officer and deputy GM, introduced a new staff member, Jason Harris, controller, to the board.

ACTION ITEMS

(1) Consent agenda

- a. Approval of the regular meeting minutes of Dec. 5, 2019**
- b. Incorporation into record of resolution 10-19: 2020 board of directors regular meeting schedule**
- c. Transfer of 2019 capital budget carryover to 2020 strategic budget**
- d. Proposed survey question changes for 2019 GM/GC annual review**

Director Bagley moved to approve the consent agenda as presented. Director Bernosky seconded. The motion carried 7-0.

PUBLIC COMMENT

Dick Mallot commented on interim noncarbon goals. Karen Dyke commented on climate change. Jane Clevenger commented on carbon emissions. Ken Regelson commented on the IRP modeling.

ANNUAL MEETING

(2) Platte River Power Authority Annual Meeting

a. Election of officers

Chair Jirsa noted the present elected officers are:

- Todd Jirsa, Chair
- Wade Troxell, Vice Chair
- Angela Walsh, Secretary
- David Smalley, Treasurer
- Jason Frisbie, General Manager/CEO

Chairman Jirsa reminded the directors that officers serve for one year and are elected by resolution. If the board receives multiple nominations for any office a roll call vote will be called for each office separately. The Chair also noted as set forth in the annual meeting memo, the Organic Contract requires that the Chair and Vice Chair be members of the board. These are the two positions for which nominations will be received. The officer positions filled by management staff are traditionally retained and reaffirmed for purposes of meeting the requirements of the Organic Contract. The floor was opened for nominations.

Nominations: Director Bergsten nominated the existing slate. Director Hornbacher seconded. Director Cunniff asked what the process is for electing a new chairman once the position becomes open. Jason Frisbie, general manager and chief executive officer, responded that there is time allocated at the end of this meeting to discuss and elections will be held during the March board meeting. No other nominations were received.

Chair Jirsa restated the elected officers for clarity; Todd Jirsa for Chair, Wade Troxell for Vice Chair, and the staff members Angela Walsh for Secretary, Sarah Leonard for Assistant Secretary, David Smalley for Treasurer and Jason Frisbie for General Manager/CEO. Director Bagley moved to approve Resolution No. 01-20, Annual Election of Officers as presented. Director Bernosky seconded. Mr. Frisbie noted that upon Joe Wilson's retirement, no assistant secretary was previously appointed. Motion carried 8-0.

b. Annual retirement committee appointments

Chair Jirsa stated the present retirement committee consists of the following members:

- Directors: Todd Jirsa, Brian Bagley, Joe Bernosky and Ross Cunniff
- Management: Jason Frisbie and David Smalley

For 2020, no changes are proposed for management members.

Chair Jirsa explained that the board needs to appoint four directors and two management members to the committee and opened the floor for nominations. If there are more than four nominations a roll call vote will be called for each of the individuals nominated.

Nominations: Director Cunniff nominated the existing slate of officers to the retirement committee. Director Bagley seconded and asked about the timing of appointing a new member upon committee member Todd Jirsa's retirement. Staff responded that an appointment will occur at the April board meeting. No further nominations were received.

Chair Jirsa restated the nominated Retirement Committee members will consist of the four directors: Todd Jirsa, Brian Bagley, Joe Bernosky, and Ross Cunniff, the two management members: Jason Frisbie and David Smalley. Director Cunniff moved to approve Resolution No. 02-20, Annual Retirement Committee Appointments as presented. Director Bagley seconded, and the motion carried 8-0.

c. 2019 Platte River year in review

Jason Frisbie opened up the year in review outlining the order of presentations.

- Andy Butcher, chief operating officer, discussed the events of significance for operations including the surplus sales market, impact of joint dispatch, power supply, fuels and water, power production, power delivery, system maintenance and facilities. Mr. Frisbie pointed out that since 2005 base load generation has declined due to the impact of purchasing power at a lower price. Director Bagley asked about the status of the 22 MW of solar project. Mr. Butcher responded that construction is ongoing and will be online this year. Director Bagley asked about the Windy Gap unit sales and what was purchased from Longmont. Mr. Butcher clarified that storage was purchased from Longmont, not water. Director Cunniff asked if the upgrades to the service transformer for the solar project at Rawhide will have an impact on the expected service lifetime. Mr. Butcher responded that it won't because adding more MWs to the transformer will decrease life expectancy, however, Platte River hired consultants to evaluate the transformer and staff has added remedial action steps to protecting the transformer. Director Cunniff asked about keeping infrared scans of the transmission system. Mr. Butcher confirmed those are maintained in records and infrared scans are completed regularly. Mr. Frisbie complemented staff's work on the operation system while online, never losing load and the cost savings reflected in the work on the new HQ system.

- Mr. Smalley discussed the events of significance for finance, IT and the HQ campus. Mr. Frisbie added that the shaft sharing agreement with Tri-State has resulted in about \$7.2 million dollars in total over the years. Director Cunniff asked if Platte River has a cybersecurity ransomware policy. Mr. Smalley responded that the IT group has developed runbooks, it's more of a standard process and anything that would come up would be elevated to the senior leadership team. Director Bagley asked how much in revenues Platte River receives from surplus sales and if Platte River stopped selling in the surplus energy market what impact on rates it would have. Mr. Smalley responded that revenues are about \$36 million and the percentage is about 14%, however, staff would need to run the models to know how it would impact rates. Director Bergsten asked if there would be any operational hurdles in discontinuing surplus sales. Mr. Frisbie responded there would be situations where more energy is produced, and Platte River would need to dispose of that energy.
- Alyssa Clemens Roberts, chief strategy officer, provided highlights for the events of significance in the business strategies department including community and governance affairs, communications and marketing, energy solutions, human resources and safety. Director Marsh asked if all four communities were being represented at the solar battery car competitions. Ms. Clemens Roberts responded that yes, all four are represented and thanked the Mayors for their support in promoting the event this year.
- Sarah Leonard, general counsel, provided highlights for the events of significance in the legal, environmental and reliability departments.
- Mr. Frisbie recapped the accomplishments for 2019 and outlined the goals for 2020. Director Cunniff requested design requirements and expectations for the enterprise resource management (ERM) project. Mr. Frisbie responded that staff is working on that and will supply that to the board. Director Troxell and Director Hornbacher complemented staff on the accomplishments and results from 2019 and filing a new integrated resource plan (IRP) before the due date. Chair Jirsa also complemented staff for 2019 accomplishments.

Break (10:20-10:33)

MANAGEMENT PRESENTATIONS

(3) Western Energy Imbalance Market update (presenter: Andy Butcher)

Mr. Butcher presented a summary regarding the decision for Platte River to move into the Western Energy Imbalance Market until the region moves into a full energy market.

Director Bagley asked if the four utilities currently in the joint dispatch agreement share the same roadblock of transmission connection in the WEIM within the PSCo balancing authority territory. Mr. Butcher responded that the four utilities operate within the PSCo balancing authority and all need to find a solution to connection issues with the California ISO.

Director Cunniff asked about the correlation between north and south region wind production. Mr. Butcher responded that there are limitations of wind and solar production and resulting in the need to spread out projects to gain geographic diversity, and markets will help with diversity when the transmission issue is solved.

(4) IRP preliminary results

(presenter: Masood Ahmad)

Mr. Frisbie reminded the board that this is strictly preliminary modeling results and no recommendations or decisions will be made until the April board meeting.

Masood Ahmad, resource planning manager, provided an overview of what an integrated resource plan (IRP) is, reviewed the assumptions used in modeling and presented the preliminary results from the modeling with four portfolio options.

Director Troxell discussed public policy such as incentive programs to meet goals and if it's being modeled as off-takers and not as active management/storage options. Ms. Clemesen Roberts responded to the first part of the question regarding public policy and engagement with legislators and the Colorado Energy Office. Mr. Frisbie responded to the second part and the responsibility of the DER strategy committee is to address the active management piece and for assumptions purposes the electric vehicle usage was to acknowledge them as energy requirements.

Director Marsh asked about the CSU geothermal project. Director Troxell confirmed that it was a CSU project.

Director Bagley stated his understandings of the presented options for backup resources to complement wind and solar are including batteries and natural gas. Staff confirmed.

Director Cunniff asked when the coal supply starts to decline and how it affects the price assumptions as presented. Mr. Frisbie responded the market doesn't affect prices for coal and staff can help control the price through existing agreements and mine ownership at the Craig Station. Mr. Butcher discussed how assumptions will change and that is why IRPs are updated more frequently.

Mr. Ahmad passed out an enlarged version of the portfolio comparison chart slide within the presentation. Director Bagley asked if the numbers on the portfolio comparison chart could show totals after incorporating additional resources. Staff will update the chart to reflect totals that carry through the future lines on all portfolio options for future presentations.

Mr. Frisbie added that all portfolios show when resources would be added but realistically, the resources would be added in a timelier manner, not all at once like the numbers show. Director Cunniff suggested changing storage options to MW hours. Ms. Clemesen Roberts added that the last IRP Platte River submitted showed no new resources were required to add and clearly the staff has chosen to add non-carbon resources so the plans will evolve from what is being presented.

Mr. Butcher added that the big difference between P2 and P4 is that P2 forces the retirement of Rawhide where P4 will be driven by economics. Director Cunniff asked for an added footnote for carbon footprint changes to the presentations.

Director Bagley asked how often the combustion turbines (CT) units are currently used. Mr. Frisbie responded they are used about 2% of the time. Mr. Butcher added that the CTs currently at Rawhide are different than the RICE units suggested/used in the portfolio because the CTs have limitations of following the wind and solar production fluctuations. Discussion ensued among directors and staff regarding the differences between the CT units and the advantages RICE units have with wind and solar resources.

Mr. Ahmad provided the cost comparisons to the four portfolio options. Director Cunniff asked if future water needs will affect Platte River's participation in the Windy Gap project. Mr. Frisbie noted that there will be future discussions related to water depending on the recommendations staff brings forward for the board's consideration.

Director Cunniff asked about the decrease in change of carbon in 2021 compared 2022. Mr. Ahmad commented on the major outage planned for Rawhide in 2021 changes the numbers because of the actual numbers compared to the assumptions. Director Cunniff further requested to see the gap between P2 and P4 on carbon emissions.

Director Hornbacher asked if the information provided was nameplate ratings of all resources back to the portfolio table. Mr. Butcher responded that the information is energy generated and is a net view of overproducing energy and selling renewables to the market to get to the 100%. Director Hornbacher reiterated that there will be offloading of energy from all resources within the P3 option. Staff confirmed.

Director Bagley asked if the rates will increase if the excess energy of P3 is not sold in the market. Mr. Butcher said that the assumptions are assuming that Platte River staff will be able to sell but if they are not able to sell into the market, the rates will increase more than the current model shows. Mr. Butcher also added that there's two things that resources need to do; serve load and charge the batteries.

Director Troxell complemented the portfolios and suggested setting a goal by 2030 as a board to have a more reliable system at a normal annual rate increase. He continued to comment on leveraging an active management system from the city utilities and as a board how we can achieve an active system within their own communities and creating advantages to the future planning for integrating distributed energy resources. Chair Jirsa cautioned the board that no decisions will be made and listening sessions are still yet to be held.

Director Marsh asked if we know how aggressively other utilities are moving forward with renewables and how that will affect our planning as we move into the market. Mr. Butcher discussed the recent announcements by Tri-State with their goals and expects all utilities to be aggressive which is why changing to a full energy market is so important. Mr. Frisbie also responded that coordinating activities via APPA and LPPC are important to broader communications and planning with the other utilities.

Director Bagley clarified his understanding of the four portfolios presented and how they will change as technology evolves. Discussion ensued among directors and staff regarding assumptions, understanding the portfolio options presented and possible interim goals.

Director Bernosky asked the board to also consider the investments the owner communities will have to make within each portfolio on the distribution side.

Director Marsh asked about carbon tax and how will they be charged. Mr. Ahmad responded that staff worked with Siemens who provided the carbon tax assumptions expecting them to begin in 2025 and the utility provider would pay for them. Ms. Clemens Roberts discussed recent legislative discussions on carbon taxes and options they are looking at, proposing to start in 2022 and accounting would start in 2025 pending the legislative bill passing.

Director Bergsten reminded the board they all agreed to an adaptive strategy that maximizes the three pillars, and reiterated that there will be major community investment to the distribution

system and asked that everyone have faith in Platte River staff before asking them to model something different from other sources. Director Bergsten continued by asking what info was assumed in battery durability and cost to replacing batteries. Mr. Ahmad responded that the price curve reflects a 15-year life cycle and a fixed cost on a monthly basis added for annual costs. Mr. Butcher commented that costs would be through a purchase power agreement (PPA).

Chair Jirsa commented on an email sent to the board regarding the IRP process.

MANAGEMENT REPORTS

(5) Gainshare program update (presenter: Jason Frisbie)

Mr. Frisbie provided an overview to the gainsharing program in response to board request during the December board meeting.

MONTHLY INFORMATIONAL REPORTS

(6) Legal, environmental and compliance report (presenter: Sarah Leonard)

Ms. Leonard referred to an update on page 80 describing an order by FERC noting that it does not apply to Platte River and discussed a future executive session topic regarding Platte River's legal authority.

(7) January operating report (presenter: Andy Butcher)

Mr. Butcher highlighted the operating results for the month of January noting an addition of purchases to the results chart. Director Cunniff asked if a derived matrix would be helpful to show purchases. Mr. Frisbie commented that it's a variance on the expected budget for purchase volume.

(8) January financial report (presenter: Dave Smalley)

Mr. Smalley noted that January was the first month under the new billing structure and while demand showed to be 12% below budget it did not impact the financials. Mr. Smalley noted that one component was the ratchet built into the rates and the other component was less renewable energy on the system saving renewable costs indicating that the signal is improving from a rates perspective.

(9) General management report (presenter: Jason Frisbie)

Mr. Frisbie provided a few highlights from the general management report including the listening session schedule, APPA CEO Roundtable event and the upcoming YAMPA project CEO meeting to discuss the closure of Craig Unit 2.

Director Cunniff asked if Platte River has a pandemic policy or procedure in place to handle employees working from home. Mr. Frisbie responded that staff is currently working on updating the procedures to reflect technology changes enabling people to work from home. Ms. Clemens Roberts commented on following the Centers for Disease Control's recommendation of having people work from home to make sure everyone is prepared in doing so if that is required.

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Roundtable and strategic discussion topics

Chair Jirsa discussed that the board will conduct elections of a board chair and potentially a vice chair during the March meeting.

Board members shared the latest news from the owner communities.

ADJOURNMENT

With no further business, the meeting adjourned at 12:27 p.m. The next regular board meeting is scheduled for Thursday, March 26, 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 26 day of March, 2020.

Angela [Signature]
Secretary

