



Estes Park • Fort Collins • Longmont • Loveland

## Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO

Thursday, September 24, 2020

### ATTENDANCE

#### Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten

Representing Fort Collins: Mayor Wade Troxell and Ross Cunniff

Representing Longmont: David Hornbacher and Mayor Brian Bagley

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)

Masood Ahmad (Resource Planning Manager)

Shelley Nywall (Director of Finance)

Jason Harris (Controller)

Wade Hancock (Financial Planning and Rates Manager)

Trista Fugate (Director of Community and Government Affairs)

Julie Depperman (Director of Treasury Services)

Libby Clark (Director of Human Resources and Safety)

Pat Connors (Vice President of Power Supply)

Paul Davis (Energy Solutions Manager)

Heather Banks (Fuels and Water Manager)

Kaitlyn McCarty (Executive Assistant – Finance and IT)

Justin Fields (Data Analyst)

Dylan Jirsa (Resource Planner I)

Mike Jones (Senior Resource Planner)

#### Guests

None

### CALL TO ORDER

Chair Troxell called the meeting to order at 9:03 a.m. A quorum of board members was present in person. The meeting, having been duly convened, proceeded with the business on the agenda. Chair Troxell announced that the Platte River staff continues to keep the board, staff and public safe by hosting a hybrid meeting with the board and senior staff in person while also providing the virtual meeting option for other Platte River staff and the public to participate.

## **ACTION ITEMS**

### **(1) Consent agenda**

#### **a. Approval of the regular meeting minutes of August 27, 2020**

Director Bagley moved to approve the consent agenda as presented. Director Bernosky seconded. The motion carried 8-0 via roll call vote.

Due to technical difficulties, the public comment section was moved in the agenda after the Retirement committee report. Director Cunniff moved to rearrange the agenda to accommodate the technology issue for the board to receive the retirement committee report and then on to the public comment section. Director Bergsten seconded. The motion carried 8-0 via roll call vote.

## **PUBLIC COMMENT**

Numerous comments were provided to the board online and by email regarding the integrated resource plan (IRP).

## **COMMITTEE REPORTS**

### **(2) Retirement committee report (presenter: Committee Chair Joe Bernosky)**

Committee Chair Joe Bernosky provided a summary of the August 27, 2020 committee meeting.

The plan's investment consultant, Northern Trust reported on the plan's performance through June. For the year, assets declined \$5.9 million, which included investment losses of \$5.1 million, and net distributions of \$800,000. During the June quarter, the portfolio was able to reverse some of the losses incurred during the first quarter of 2020. For the year, the portfolio return was down 4.6%, which was below the custom index return of negative 3.1%; the plan's target return is 7.5%.

Northern Trust provided education on investing in infrastructure discussing the advantages of including the asset class in the portfolio focusing on infrastructure. This helps protect against unexpected inflation having a low correlation to equity markets, which provides portfolio diversification.

Committee chair Bernosky noted that the retirement committee report is for informational purposes only, requesting no board action and the next committee meeting is scheduled for Nov. 13, 2020.

Director Bergsten asked if any money was needed to be allocated in 2021 to cover shortfalls from 2020. Dave Smalley, chief financial officer and deputy general manager, noted that the results from this year will be reflected in 2022 and no change will be required for 2021.

### **(3) DER strategy committee update (presenter: Committee Co-Chair David Hornbacher)**

Committee Co-Chair David Hornbacher provided an overview and purpose of the distributed energy resources (DER) committee, which was formed to take a systems approach to developing a strategy for integrating DERs into the combined distribution, transmission and

generation systems of Platte River and the owner communities. This requires input and expertise from each area of the utility and from each owner community. Director Hornbacher noted that the committee has been meeting regularly since Sept. 2019, except for a two-month pause due to COVID-19. The committee hired the Smart Electric Power Alliance (SEPA) as the project consultant to begin laying out the groundwork for the strategy. Director Hornbacher noted that the first public stakeholder engagement opportunity is scheduled to start on Monday, Sept. 28, 2020, noting it will be an online engagement process lasting two weeks. The board will receive a presentation at the October board meeting.

Chair Troxell thanked the committee and asked if the committee will include strategies to integrate assets owned by Platte River and the owner communities as a system component and if private sector participants could be compensated. Director Hornbacher responded that electric vehicles will be part of the strategies using a holistic approach to integrating various resources onto the system. Chair Troxell asked if this encourages engagement with participating in a market and how DERs will be incorporated into a market. Director Hornbacher mentioned Platte River's work in joining the Western Energy Imbalance Market (WEIM) and discussed the goal that the strategy committee will be an integral part to joining the market.

## **MANAGEMENT PRESENTATIONS**

### **(4) 2021 Rate tariff schedules (presenter: Shelley Nywall)**

Shelley Nywall, director of finance, recapped the August presentation to the board and the documents provided in the September board packet. Ms. Nywall summarized the changes incorporated within the tariff schedules. Staff will return during the October board meeting requesting formal adoption of the 2021 rate tariff schedules as presented.

No questions were asked by the board.

### **(5) Accounting polices – GASB 62 (presenter: Shelley Nywall)**

Ms. Nywall presented the accounting policy changes related to GASB 62. The first policy is a recommended change in depreciation method and the second policy is for the accounting treatment for the Windy Gap Firming Project. Staff will return during the October board meeting requesting formal approval of the policies to apply the alternative accounting treatments using GASB 62 as presented.

Director Bergsten commented on the financial staff work towards asset retirement.

### **(6) 2021 Proposed strategic budget – work session (presenter: Shelley Nywall/Jason Harris)**

Ms. Nywall introduced the 2021 proposed strategic budget work session by reviewing the process and the work completed by staff to minimize expenses, recognizing the effects COVID-19 had on the owner communities. Ms. Nywall introduced Jason Harris, controller, to present the 2021 proposed strategic budget.

Mr. Harris presented the budget schedule, process, financial trends, response to the COVID-19 pandemic, an overview of the 2021 proposed strategic budget and previewed the five-year capital forecast.

Director Koenig asked why the Loveland substation transmission project listed in long term capital projects showed a dip in cost in 2024. Mr. Harris responded that the bulk of the project is scheduled for 2029. Director Bernosky added the substation will support projected growth in the south east area of Loveland near I-25 and HWY 402.

Director Hornbacher asked about planned maintenance for Rawhide Unit 1 within the five-year capital plan. Mr. Harris responded that the projects within the five-year capital plan related to Rawhide Unit 1 are to ensure reliability and environmental sustainability and have been adjusted in response to the announced closure date. Jason Frisbie, general manager and CEO, added the maintenance on Rawhide Unit 1 is from a safety perspective and, while some of the projects may seem counter-intuitive to the announced closure date, they provide payback with reliability, efficiencies and the ability to cycle the unit.

Chair Troxell asked if any capital additions are planned for NOx emission control. Mr. Frisbie responded that none were scheduled and noted that past capital investments geared towards NOx reduction have enabled Rawhide to be one of the lowest emitting plants in the country without installing post-combustion technology. Director Cunniff asked how much it would cost to install post-combustion technology to Unit 1. Mr. Frisbie responded that staff has done analysis on installing post-combustion technology, the cost to be \$125-175 million. Director Cunniff further asked how much the addition of post-combustion technology would reduce NOx emissions. Mr. Frisbie responded that it would cut the emissions to half of current levels and noted that emissions are included within the operating report every month.

Director Marsh discussed an article she found regarding connecting the eastern and western electric grid, asking if Platte River had reviewed the study. Andy Butcher, chief operating officer, responded that staff has seen it and stated that there are three interconnections within the United States and the connections are not robust as they sit today and significant investment would be needed to upgrade the system. Director Marsh requested a copy of the "seams" study/report.

Director Troxell asked about the allocation of carbon resources to sales vs. operations. Mr. Frisbie said he will follow up with the answer.

## **MANAGEMENT REPORTS**

### **(7) Series KK debt issuance update (presenter: Dave Smalley)**

Dave Smalley, chief financial officer, referred to the previous August board communication from Julie Depperman, director of treasury services, regarding refunding a portion of the Series II bonds and planned to return to the board in September for bond document approval. Mr. Smalley stated that the memorandum outlines the staffs' decision following Platte River's financial advisor, PFM Financial Advisors LLC (PFM) advice to delay the process pending further IRP discussions. Pending board work session outcomes, staff will return to the October board meeting to request formal approval of the bond documents.

No questions were raised by the board.

### **(8) Water Resources Reference document (presenter: Heather Banks)**

Heather Banks, fuels and water manager, provided an overview of the Water Resources Reference document and the changes made to the document since the 2019 edition.

Chair Troxell asked how the recent fires in Northern Colorado will affect the water supply. Ms. Banks responded that any fire in a water shed area is always of concern but at the time of the meeting there is no immediate concern for water quality. She noted that future water quality will be of concern. Ms. Banks mentioned that her team is working closely with the Fort Collins water utility staff to monitor the situation. Director Bernosky complemented Ms. Banks and staff on a thorough report.

Director Bagley asked if staff plans to bring back the board policy for acquiring and maintaining storage related to the Windy Gap Firing Project. Mr. Frisbie responded that the board had discussions in executive sessions as well as follow-up discussions at board meetings, resulting in no change to the participation amount. He noted that the board passed the water policy in 2016 to participate in the project up to 16,000 acre feet with no less than 100 units of water. Mr. Frisbie further noted that the board would only need to take action if the board deviated from the previously passed policy. Because there is no change, no action is required.

**(9) Staffing update (presenter: Libby Clark)**

Libby Clark, director of human resources and safety, referred to the memorandum within the board packet outlining the three positions mentioned in the 2021 proposed strategic budget. She noted that all three positions will directly support Platte River's entrance into the WEIM.

No questions were raised by the board.

**MONTHLY INFORMATIONAL REPORTS**

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

Sarah Leonard, general counsel, noted there were no significant updates to mention within the August report. No questions were received from the board.

**(11) August operating report (presenter: Andy Butcher)**

Mr. Butcher commented on lower wind generation for the month of August and reminded the board that the 22 MW solar facility is delayed. This caused the reporting variance for solar generated, however we expect to start receiving test energy next month, which will help relieve the budget variance for the year. Chair Troxell asked what the peak was and when for 2020. Mr. Butcher responded that the peak was in July and was just over 660 MW. Director Troxell asked if the smoke from the fires have affected the solar resources and if load was affected. Mr. Butcher responded that the solar facility capacity factors were lower than expected in August due to the smoke and the load was different than expected.

**(12) August financial report (presenter: Dave Smalley)**

Mr. Smalley commented on the favorable results for August, driven by surplus sales revenues being above budget. No questions were received from the board.

Director Cunniff requested CO2 emissions from surplus sales to be tracked within the operating report.

**(13) General management report**

**(presenter: Jason Frisbie)**

Mr. Frisbie handed out a copy of community op-eds, jointly authored by each mayor and himself, intended to be published in local newspapers during the American Public Power Authority Public Power Week, Oct. 5-9, and requested the board's feedback to be provided to Alyssa Clemens Roberts, chief strategy officer, and her team. Mr. Frisbie also noted a new solar project agreement negotiations update and thanked the City of Fort Collins for their work helping Platte River secure an alternate water supply for Rawhide while work is being completed on the Soldier Canyon Outlet supply line. No questions were received from the board.

Director Troxell noted that the conclusion of the meeting was ahead of schedule and proposed the work session to start at 11:45 a.m.

**Roundtable and strategic discussion topics**

**ADJOURNMENT**

With no further business, the meeting adjourned at 11:11 a.m. The next regular board meeting is scheduled for Thursday, October 29, at 9:00 a.m. either virtually or 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 29 day of October, 2020.

  
Secretary

