



Estes Park • Fort Collins • Longmont • Loveland

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO

Thursday, December 10, 2020

ATTENDANCE

Board members via Zoom Webinar

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten

Representing Fort Collins: Mayor Wade Troxell¹ and Ross Cunniff

Representing Longmont: Mayor Brian Bagley² and David Hornbacher

Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Platte River staff via Zoom Webinar

Jason Frisbie (General Manager/CEO)

Sarah Leonard (General Counsel)

Dave Smalley (Chief Financial Officer and Deputy GM)

Andy Butcher (Chief Operating Officer)

Alyssa Clemsen Roberts (Chief Strategy Officer)

Angela Walsh (Executive Assistant/Board Secretary)

Kaitlyn McCarty (Executive Assistant – Finance and IT)

Shelley Nywall (Director of Finance)

Jason Harris (Controller)

Pat Connors (Vice President of Power Supply)

Carol Ballantine (Director of Power Supply)

Andy Cofas (Plant Manager)

Libby Clark (Director of Human Resources and Safety)

Guests via Zoom Webinar

none

CALL TO ORDER

Chair Troxell called the meeting to order at 9:02 a.m. A quorum of board members was present via roll call, with Chair Troxell present in person while all others attending virtually. 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 virtual meeting following CDC guidelines.

ACTION ITEMS

(1) Consent agenda

a. Approval of the regular meeting minutes of Oct. 29, 2020

b. 2021 proposed board of directors regular meeting schedule: Resolution 13-20

Director Bergsten moved to approve the consent agenda as presented. Director Koenig

¹ Attended in person.

² Arrived at 9:05 a.m.

seconded. The motion carried 7-0 via roll call vote.

PUBLIC COMMENT

Chair Troxell opened the public comment section by reading instructions noting that time to accommodate each speaker will be divided up equitably by the number of callers wishing to speak at the start of public comment, with no speaker exceeding three minutes. Four members of the public addressed the board.

COMMITTEE REPORT

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

Committee Chair Joe Bernosky provided the retirement committee report from the Nov. 13 meeting, including Northern Trust's report on the plan's performance through September. In summary, the plan's assets declined \$1.4 million, which included investment losses of \$680,000 and net distributions of \$671,000. Investment losses were partially reversed in the second and third quarters as the broader market improved from early pandemic lows. The portfolio return was down 0.4%, which was below the custom index return of 2.3%. The plan's underperformance is the result of the portfolio's exposure to low volatility equities. Chair Bernosky noted that the low volatility strategies give the portfolio downside protection during the turbulent markets but will lag market returns when the riskier equity strategies are in favor as was experienced during the third quarter. The plan's target return is 7.5%. Northern Trust also provided a summary of the firm's five-year market outlook.

The committee approved the 2021 meeting schedule and the next meeting is scheduled for Feb. 25, 2021. The report was for informational purposes only and no board action was needed.

BOARD ACTION ITEMS

(3) 2020 Budget contingency appropriation transfer – capital additions (presenter: Shelley Nywall)

Shelley Nywall, director of finance, reviewed the contingency transfer request and the purpose for using a budget contingency for unplanned events that cannot be absorbed or for any beneficial business opportunities that may arise throughout the year. Ms. Nywall referred to the historical contingency data provided within the memorandum. The 2020 contingency transfer request includes funding for completing the bottom ash pond decommissioning project. As a reminder for the board, Ms. Nywall discussed the capital carryover projects and process. Projects delayed because of the COVID-19 pandemic or for other reasons are listed in the capital additions section of the financial report. These projects will be included on the consent agenda for carryover into the 2021 strategic budget at the February board meeting. Staff requested approval of the 2020 budget contingency appropriation transfer, not to exceed \$3.3 million, into the 2021 Strategic Budget.

Director Bergsten moved to approve Resolution 14-20: 2020 budget contingency appropriation transfer as presented. Director Bernosky seconded, and the motion carried 8-0 via roll call vote.

(4) Pandemic support – owner communities distribution
(presenter: Sarah Leonard/Jason Frisbie)

Sarah Leonard, general counsel, outlined the proposed resolution to help alleviate the owner communities' financial impacts during the COVID-19 pandemic. Platte River has been able to generate additional surplus sales revenues to help offset the loss of revenues from lower municipal load. Platte River staff requested approval for a one-time cash distribution totaling an aggregate amount of \$1 million distributed back to the owner communities.

Jason Frisbie, general manager and CEO, added that staff has worked during the pandemic to reduce expenses and find ways to help the owner communities, illustrating one of the beneficial attributes of public power. Checks will be hand delivered to the mayors of all four owner communities by year end.

Director Bagley moved to approve Resolution 15-20: pandemic support for the one-time cash distribution to the owner communities as presented. Director Koenig seconded, and the motion carried 8-0 via roll call vote.

(5) 2021 Strategic budget review and adoption **(presenter: Shelley Nywall)**

Ms. Nywall summarized the changes made to the 2021 Strategic Budget since the October 2020 board meeting and provided the highlights within the budget geared towards supporting Platte River's three core pillars and strategic initiatives. Staff requested approval of the 2021 Strategic Budget for final submission to the state.

Director Cunniff complimented staff on the budget document and asked if the air quality control study requested during public comment could be authorized by staff without having it added into the 2021 budget. Mr. Frisbie commented that if staff decided to take part in the study it would be absorbed into the budget. Director Cunniff noted that he supported staff moving forward with the testing and asked if interim goal development will be a topic of discussion at a future board meeting and if funds are within the budget to support that effort. Mr. Frisbie responded that discussions are planned in 2021 for the board and staff for goal development.

Director Bagley asked about the air quality study and commented that Longmont already pays for its own testing. He questioned, if Platte River moves forward with the study, what would it be for and how it would be made equitable to all four owner communities.

Director Bagley moved to approve Resolution 16-20: the 2021 strategic budget as presented. Director Bergsten seconded.

Mr. Frisbie mentioned for the record that Craig 2, not Craig 1 was announced for closure this year (as mentioned during the presentation).

Director Bergsten reminded the board that the next few years will call for heavy financial investments within the owner communities and cautioned the board to reconsider before Platte River is asked to use funds outside the current focus. Director Cunniff confirmed the importance of equity for anything that is asked of staff and his goal that the study would support operational excellence.

The motion carried 8-0 via roll call vote.

MANAGEMENT PRESENTATIONS

(6) Rawhide scheduled minor outage (presenter: Andy Cofas)

Andy Cofas, plant manager, provided an overview of the work completed during the Rawhide scheduled minor outage that started on Oct. 31, 2020. The outage process incorporated added safety precautions and protocols during COVID-19 for all employees and contractors.

Director Bernosky complimented staff for their quick response to the train derailment and staffs' priority to keep Rawhide Unit 1 proactively maintained for reliability and efficiency. Director Bergsten thanked staff for the work completed during 2020 at Rawhide and expressed his pride for Rawhide and the staff. Chair Troxell thanked staff for the presentation and work completed.

(7) CAISO Western Energy Imbalance Market update (presenter: Carol Ballantine)

Carol Ballantine, director of power supply, provided an overview of the California Independent System Operator (CAISO) Western Energy Imbalance Market (WEIM), staff resource requirements, progress made thus far and the timeline for full implementation.

Chair Troxell inquired about the recent increase in rates for ancillary services from Public Service Company of Colorado (PSCo). He asked whether, as Platte River moves forward into the market if municipal participation with distributed energy resources (DER), bringing services in house and providing DER services to avoid costs enables Platte River to mitigate risks for our owner communities. Andy Butcher, chief operating officer, commented on finding ways to provide our own ancillary services. Platte River currently cannot self-provide the schedule 16 services, but he thought that it might change in a full market. Pat Connors, vice president of power supply, noted that Platte River will still work towards self-providing and will continue working with PSCo to do so.

10-minute break at 10:15

(8) New solar project update (presenter: Pat Connors)

Mr. Connors summarized Platte River's current renewable energy portfolio and the request for proposal process to acquire an additional 150MW of solar energy.

Director Bergsten asked if requesting partners in the 150MW solar project would give them access to the energy produced by the project. Mr. Connors responded that depending on how the permitting goes, expanding the project to bring partners in would be ideal.

Director Hornbacher complimented staff on working to use the tax credit to obtain additional renewable energy projects and asked what the life expectancy of the project would be. Mr. Connors responded that the project is planned to have a 35- to 40-year life span. Mr. Hornbacher asked how the pricing of this project compares to the last smaller project installed at the Rawhide Energy Station. Mr. Connors explained that larger projects will be significantly lower in cost than smaller projects. Mr. Frisbie added that staff is still in negotiations with the developer and details could change depending on the permitting process.

Director Bagley discussed Longmont City Council requests for adding solar to rooftops and community solar fields and asked if there are benefits/risks to communities adding generation resources by investing in solar projects. Mr. Butcher responded that adding small solar projects

would not be detrimental and the IRP included 100MW of solar spread out within the owner communities, but they are more costly than a utility-scale solar project. Mr. Frisbie added that there are always advantages to have generation distributed closer to the load and the DER strategy committee will work through questions just like that. Discussion continued among directors and staff regarding the DER strategy committee and managing the system as a whole.

Chair Troxell commented that large investments within the owner communities by integrating community solar projects, electric vehicles and storage projects will require a whole team effort to actively integrate into the system. Chair Troxell mentioned that he had recently attended the GridWise Alliance gridConnex conference.

Mr. Frisbie added there will be a lot of work ahead for staff to get Platte River's new solar project off the ground and working collaboratively with other utilities to bring more renewables to Colorado.

(9) Integrated Resource Plan video (presenter: Alyssa Clemesen Roberts)

Alyssa Clemesen Roberts, chief strategy officer, introduced the video titled "our energy future," produced following the board's approval of the 2020 Integrated Resource Plan (IRP) to communicate the IRP results. Ms. Clemesen Roberts thanked Chair Troxell, Mr. Frisbie and the marketing and communications staff for their work on the video.

The directors complimented staff for producing a great video and shared their appreciation for having another resource for sharing the message with the public.

Ms. Clemesen Roberts said the video will be added to the IRP micro-site, social media channels and sent to the owner municipality communications staff.

MANAGEMENT REPORTS

(10) Financing update – issuance of Series KK bonds (presenter: Dave Smalley)

Dave Smalley, chief financial officer and deputy general manager, presented an overview of the current status of the debt financing issuance of the Series KK bonds. The closing is currently scheduled for Dec. 30, 2020 and noted that the Chair will need to sign closing documents.

(11) Benefits updates (presenter: Libby Clark)

Libby Clark, director of human services and safety, highlighted the renewal process for obtaining 2021 employee benefits, resulting in a 17% reduction in costs compared to the 2020 budget. Mr. Frisbie added that the senior leadership team treats benefits just like resource acquisitions by conducting an RFP process and thanked the human resources staff for their continued work to save costs for Platte River and our employees.

MONTHLY INFORMATIONAL REPORTS

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

Sarah Leonard, general counsel, highlighted three items within the legal report: the PSCo filing to FERC increasing rates for schedule 16 wind integration service; the Air Quality Control Commission (AQCC) filing; and a new update not in the report of the court's decision rejecting

challenges to the Windy Gap Firming Project.

Mr. Frisbie added that staff has been actively engaged with the state legislatures and other utilities regarding the AQCC filing.

Director Cunniff asked if staff were asked to close Rawhide Unit 1 early if that would accelerate the need for adding a gas unit. Mr. Frisbie responded yes, and that a decision to add a reciprocating internal combustion engine (RICE) unit would not come immediately but would happen a couple of years sooner than outlined in the IRP. Director Bergsten commented on the AQCC ruling affecting Platte River's ability to avoid adding RICE units. Director Bagley commented on political battles to carry out goals and made a motion to fight this as much as possible. Director Bergsten seconded. Discussion ensued among directors and staff about not needing a motion because staff is focused on a strategy to work with other utilities and the state.

Director Cunniff commented on the board's responsibility to address policy goals while finding ways to meet the three core pillars. Director Koenig commented on making a statement to ensure the understanding of what the ruling means.

(13) October operating report (presenter: Andy Butcher)

Mr. Butcher commented on dispatched costs below budget, the Rawhide Prairie Solar project and generation and lower surplus sales for the month. No questions received from the board.

(14) October financial report (presenter: Dave Smalley)

Mr. Smalley commented on net income being below budget for the month but continued favorable results for the year. Mr. Smalley noted the net income will be reduced in the fourth quarter due to the accelerated amortizations and depreciation due to the planned closure announcement of Rawhide Unit 1 by 2030 and the approved change in depreciation method accounting principle. No questions received from the board.

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

Mr. Frisbie highlighted the following items: notification of moderate wildfire risk that could impact insurance costs in the 2022 budget, compliments to the IT staff for the network project completion at Rawhide, planning for a working discussion regarding interim goals with the board during the February board meeting and year-in-review highlights. Mr. Frisbie thanked the board for being engaged and supportive through a challenging year. Mr. Frisbie also announced Andy Butcher has accepted a new position of general manager for Piedmont Municipal Power Agency and thanked him for his contributions here at Platte River.

Directors expressed appreciation to Mr. Butcher for his time at Platte River.

Roundtable and strategic discussion topics

Board members shared current events and activities within their communities.

ADJOURNMENT

With no further business, the meeting adjourned at 11:46 a.m. The next regular board meeting is scheduled for Thursday, Feb. 25, 2021 at 9:00 a.m. either virtually or at the Platte River

Regular board meeting minutes: Dec. 10, 2020

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 February, 2021.

Angolalablr
Secretary

