

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, April 29, 2021

Attendance

Board members via Zoom Webinar

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Jeni Arndt¹ and Ross Cunniff
Representing Longmont: David Hornbacher and Mayor Brian Bagley²
Representing Loveland: Mayor Jacki Marsh³ 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 general manager)
Alyssa Clemsen Roberts (chief strategy officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance and IT)
Heather Banks (fuels and water manager)
Shelley Nywall (director of finance)
Pat Connors (vice president of power supply)

Guests via Zoom Webinar

Jodi Cates (BKD)
Anna Thigpen (BKD)
Tammy Rivera (BKD)

Call to order

Chair Hornbacher called the meeting to order at 9:01 a.m. A quorum of board members was present via roll call, with Chair Hornbacher present in person while all others attended virtually. The meeting, having been duly convened, proceeded with the business on the agenda. Chair Hornbacher 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 March 25, 2021

¹ Joined at 9:04 a.m.

² Left meeting at 11:49 a.m.

³ Experienced technology issues – dropped off at 9:23 a.m. Rejoined at 9:25 a.m.

Director Bergsten moved to approve the consent agenda as presented. Director Koenig seconded. The motion carried 7-0 via roll call vote.

Public comment

Chair Hornbacher opened the public comment section by reading instructions, noting that time to accommodate each speaker will be divided equitably by the number of callers wishing to speak at the start of public comment. No members of the public addressed the board.

Board action items

2. 2020 BKD audit report (presenter: Dave Smalley)

Dave Smalley, chief financial officer and deputy general manager, introduced the three representatives from BKD and notified the board that the audit agreement with BKD expires in 2021. Mr. Smalley introduced Jodie Cates with BKD to provide the details for the audit report.

Ms. Cates noted that the audit was completed 100% in a remote environment, and introduced Tammy Rivera, BKD's new Colorado managing partner.

Ms. Rivera, managing partner with BKD, introduced herself and outlined her focus areas when working with clients.

Anna Thigpen, BKD, reviewed the independent auditor's report and financial audits for 2020 and 2019 confirming Platte River's clean unmodified opinion and mentioned Platte River's financial highlights.

Chair Hornbacher thanked the BKD staff for their report and the Platte River staff for the clean, unmodified opinion. Director Cunniff echoed the chair's comments.

Director Bagley moved to approve the 2020 BKD audit report as presented. Director Bergsten seconded, and the motion carried 7-0 via roll call vote.

Jason Frisbie, general manager and chief executive officer, asked to introduce Fort Collins' newly elected mayor and Platte River board member, Jeni Arndt, and suggested introductions from the board and Platte River's senior leadership team. Director Arndt introduced herself and the board of directors and Platte River staff introduced themselves to Director Arndt.

3. Acceptance of 2020 annual report (presenter: Alyssa Clemesen Roberts)

Alyssa Clemesen Roberts, chief strategy officer, provided an overview of the 2020 annual report including the BKD auditor's report and Platte River financials and offered to answer any questions the board may have. Ms. Clemesen Roberts thanked staff for their time and energy put into creating the report.

Directors commented on the report and thanked Platte River staff for the positive results from a complex year. Mr. Frisbie mentioned actions taken by staff during events of 2020 and thanked the board for their support throughout the year.

Director Bergsten moved to accept the 2020 annual report as presented. Director Bagley seconded, and the motion carried 8-0 via roll call vote.

Management presentations

4. Strategic planning and potential goals (presenter: Alyssa Clemesen Roberts/Jason Frisbie)

Ms. Clemesen Roberts outlined the strategic planning process for the next strategic plan.

Director Cunniff commented on committing to strategic planning and working with outside consultants. Ms. Clemesen Roberts emphasized the importance of working with state legislators and sustained efforts to achieve our goal of 100% non-carbon electricity by 2030.

Mr. Frisbie discussed the current integrated resource plan (IRP) milestones and the areas of focus that will contribute to carbon reduction and potential goals.

Director Cunniff commented on the complexity of 100% carbon reduction by 2030 with the challenges and technology advancements the electric utilities will face. Director Bergsten reflected on past discussions among the board regarding carbon reduction since 2016 and asked if other utilities in the state are evaluating transmission connection upgrades to prepare for the full energy market. Mr. Frisbie noted the work among the state's utility companies' planning activities that could potentially strengthen connectivity with the California ISO and throughout the region, as well as evaluating possible joint storage projects. Discussion ensued among directors and staff regarding technology advancements, modeling software and the continued work ahead of all five utilities.

5. Resource planning software (presenter: Pat Connors)

Pat Connors, vice president of power supply, outlined the selection process for the modeling software replacement and the final selection of Plexos.

Director Koenig asked if the Plexos costs continue to rise if another software would be able to use the same information. Mr. Connors responded staff controls the data input and will evaluate the value of Plexos in three years but is confident that the software will remain a solid tool to continue to use. Director Cunniff commented on choosing software packages and consequences if a good one is not chosen and asked if the board could have staff run various models with a quick turnaround. Mr. Connors said that staff is capable of running more models but will limit the number of model runs from external requests due to expense and staff time. Mr. Frisbie noted the commitment in finding the right modeling software for Platte River and confirmed that staff feels Plexos was a prudent investment. Chair Hornbacher noted the actions and events from 2020 mentioning the Aurora model wasn't dynamic enough to handle the

changing technologies and thanked staff for their quick turnaround in finding a new modeling software to aid Platte River and the board in making decisions.

Management reports

6. Water Resources Reference Document (presenter: Heather Banks)

Heather Banks, fuels and water manager, introduced the fifth edition of the Water Resources Reference Document reflecting current water resources and provided an overview of the updates (as listed in the accompanying memorandum) made since the previous edition. She recognized Chris Fields, fuels and water resources engineer, for putting most of the work to update the document. She also noted an error on page 237 of the board packet regarding firming project participation levels and the transfer of storage capacity from Longmont to Loveland and Fort Lupton.

Director Bagley asked to confirm if the cities that sold shares in Windy Gap Firing Project were purchased by other cities and the changes had zero impact on the project. Ms. Banks confirmed that the sales in storage capacity being transferred had no effect to the storage size of the Chimney Hollow Reservoir.

Ms. Banks noted efforts in rebranding the Windy Gap Firing Project to be referred to as the Chimney Hollow Reservoir, which is the primary component of the project. Chair Hornbacher thanked staff for keeping the project moving forward.

Director Bernosky commented on Ms. Bank's work with Northern Colorado Water District and the Chimney Hollow Reservoir and thanked her for all her efforts.

7. Wholesale rate projections (presenter: Shelley Nywall)

Shelley Nywall, director of finance, outlined the whitepaper provided in the board packet to prepare the board to receive the presentation at the May board meeting on long-term rate planning. Ms. Nywall noted that the approval of the projected rates is completed on an annual basis and the 10-year projections are for planning purposes only. Formal approval for rates will occur during the October board meeting.

Ms. Nywall provided a recap of recent history of rates since the rate restructure in 2020 resulting in no rate increase for 2020 and due to the pandemic, only a 1.5% rate increase in 2021.

8. Board meeting governance document (presenter: Sarah Leonard)

Sarah Leonard, general counsel, provided an overview of the board meeting governance document and mentioned that it is an informational guidance document provided to new board members during their board member orientation when they join the Platte River board. She noted that the document was recently reorganized and cleaned up from the previous version. Ms. Leonard highlighted a few sections that were updated and asked if any board member had any input on the changes made.

Director Arndt asked why the owner community agreement creating Platte River is called the Organic Contract. Ms. Leonard responded that during Platte River's initial organization there was no joint action agencies and a law that was passed in the 1970's with power authority language provided greater flexibility for the organization and commented that it is similar to an organizing agreement.

Chair Hornbacher complimented Ms. Leonard for the revised document.

Monthly informational reports

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

Ms. Leonard noted no significant events to call to the board's attention. The board had no questions.

10. March operating report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the mild weather for the month creating a soft surplus sales market and low purchased power prices as well as good base load generation performance. Wind generation was significantly below budget due to a six-day outage on the generator outlet line. He noted there is a project scheduled for this fall to add wind flow spoilers on the line to avoid line galloping. Solar generation was at budget due to the solar project going commercial in March. Switching to year to date, he noted that surplus sales continue to be strong, driven predominately by the Valentine's Day weekend. Municipal sales continue to be strong and dispatch cost close to budget due to accounting and timing. The Craig station was above budget due to a coal inventory sale transaction delay.

Director Bagley noted Platte River's three pillars and asked if we should provide a 5-10-minute presentation on how the elimination of surplus sales of energy would affect rates. Director Bergsten asked for a historical trend on surplus sales for people to understand the balance of environmental stewardship and economic considerations. Mr. Smalley estimated the rate impact would be about 5 to 6% and referenced the rate materials provided in the packet providing rate scenario analysis on surplus sales pricing. Mr. Frisbie added the composition of surplus sales has changed and continues to change rapidly due to renewables coming online with sales into the system, not necessarily base load generation. Director Bagley clarified what surplus sales would cost and be reflected within rates to rate payers. Chair Hornbacher asked to include reliability impact for Platte River and the region. Discussion ensued among directors and staff regarding how surplus sales were helpful within the region during the Valentine's Day weekend.

11. March financial report (presenter: Dave Smalley)

Mr. Smalley noted favorable, overall financial results for the month and year to date. The board had no questions.



Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

12. General management report (presenter: Jason Frisbie)

Mr. Smalley noted the current five-year contract with BKD will expire this year. He reviewed Platte River’s history working with external auditors and requested guidance from the board on whether to have BKD provide a renewal proposal or for staff to move forward with a request for proposals process. Director Bagley asked for staff’s opinion on working with BKD and requested a recommendation. Director Bernosky noted that BKD has always done a nice job for Platte River and is in favor of BKD returning with a renewal proposal at the May board meeting. Directors Bergsten, Koenig and Marsh concurred. Director Cunniff expressed concerns with having the same audit firm for more than 15 years and suggested establishing a road map for planning options for potential future audit firm selection. Director Bagley confirmed supporting staff’s recommendation. Mr. Frisbie noted the uniqueness of Platte River’s structure and noted that staffs’ recommendation is for BKD to provide a renewal proposal at the May board meeting.

Chair Hornbacher confirmed general consensus for having BKD return to the May board meeting with an updated proposal.

Mr. Frisbie highlighted two items not included in the general management report regarding the settlement agreement for the Chimney Hollow Reservoir project. Discussion ensued among directors and staff regarding the settlement process and the impact on the overall project costs.

Ms. Clemesen Roberts provided an update on testifying remotely on behalf of Platte River opposing Senate bill 21-200, which addresses greenhouse gases and increasing environmental justice. Director Bernosky commented on bills going through the legislature and asked if the bill had traction to move forward. Ms. Clemesen Roberts responded that it has moved through a few committees; however, others have also stated their opposition.

Roundtable and strategic discussion topics

Adjournment

With no further business, the meeting adjourned at 11:55 a.m. The next regular board meeting is scheduled for Thursday, May 27, 2021 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 27 day of May 2021


Secretary

