

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, May 27, 2021

Attendance

Board members via Zoom Webinar

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Jeni Arndt and Julie Pignataro¹
Representing Longmont: David Hornbacher and Mayor Brian Bagley²
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 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)
Wade Hancock (financial planning and rates manager)
Julie Depperman (director of treasury services)
Carol Ballantine (director of power supply)
Trista Fugate (director of community and government affairs)
Pat Connors (vice president of power supply)

Guests via Zoom Webinar

Jodi Cates (BKD)
Anna Thigpen (BKD)
Chris Telli (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.

¹ Joined at 9:06 a.m.

² Joined at 9:24 a.m.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of April 29, 2021

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

Chair Hornbacher welcomed Fort Collins City Councilmember, Julie Pignataro, to the board for her first Platte River board meeting.

Board action items

2. Wholesale Transmission Service (Tariff WT-22) (presenter: Wade Hancock)

Wade Hancock, financial planning and rates manager, presented the proposed wholesale transmission service (Tariff WT-22) setting terms and conditions for unbundled transmission service for entities other than Platte River's owner communities. Mr. Hancock noted two errors were identified in the previous year's rate calculation for the currently effective Wholesale Transmission Service (Tariff WT-21) impacting the allocation of costs and revenues among Platte River's functions. This resulted in a 4.5% understatement of the reactive supply and voltage control from generation sources service charge and a 6.1% overstatement of point-to-point charges. Platte River staff will quantify the required adjustment for the period of June 2020 to May 2021 and reimburse the customers for their overpayment.

Staff recommends board adoption of the proposed wholesale transmission service (Tariff WT-22).

Director Arndt asked about the reimbursements to each customer. Mr. Hancock responded that there are only two customers that pay this tariff, Xcel and Tri-State, and Tri-State will receive a slight majority of the reimbursement for Tariff WT-21 overpayment.

Director Bergsten moved to approve Resolution 05-21: Wholesale Transmission Service (Tariff WT-22) as presented. Director Koenig seconded, and the motion carried 7-0 via roll call vote.

3. BKD contract proposal (presenter: Dave Smalley)

Dave Smalley, chief financial officer and deputy general manager, noted that during the April board meeting the board asked BKD to present a contract proposal during the May board

meeting for possible extension. Mr. Smalley introduced the rotating partner, Chris Telli with BKD, who would oversee auditing activities if the board elected to continue with BKD.

Jodi Cates, BKD, summarized the past five years working with Platte River and previewed the upcoming challenges facing utilities with accounting changes and requirements.

Mr. Telli introduced himself and provided an overview of his auditing background.

Ms. Cates highlighted the proposed contract renewal and offered to answer any questions the board may have. Director Bergsten thanked Ms. Cates for her time spent with Platte River and supported renewing the BKD contract with the five-year extension option. Directors Bernosky and Arndt also supported the five-year contract renewal.

Director Bergsten moved to accept the BKD contract proposal selecting the five-year contract extension as presented. Director Bernosky seconded, and the motion carried 8-0 via roll call vote.

4. DB retirement committee member appointment (presenter: Jason Frisbie)

Jason Frisbie, general manager and chief executive officer, noted that Ross Cunniff's term expiration from the board also left a vacancy for a Fort Collins representative on the DB retirement committee and indicated Director Arndt volunteered to fill the vacancy.

Director Bergsten moved to approve Resolution 06-21: DB retirement committee appointment of Jeni Arndt as presented. Director Koenig seconded, and the motion carried 8-0 via roll call vote.

Mr. Frisbie noted the retirement committee meeting was to follow the board meeting and an orientation will be scheduled with Northern Trust for both Directors Marsh and Arndt.

Management presentations

5. Wholesale rate projections (presenter: Wade Hancock)

Mr. Hancock presented the wholesale rate projections summarizing the rate setting framework, long-term rate projections for 2021-2031 and the projected rate increase of 3.2% for 2022. No board action was requested.

Director Bergsten asked about the rate pressure following the coal unit retirements.

Mr. Hancock referred to the slide outlining the revenue requirements between 2021-2030.

Mr. Smalley reminded the board of the IRP analysis showing the rate differential between Portfolio 1 (P1) and Portfolio 2 (P2) reflecting the coal unit retirements but noted that there are more costs within the wholesale rate projections than just the effects of the coal unit retirements. Director Bergsten requested information about surplus sale elimination and cycling Rawhide Unit 1. Mr. Frisbie responded that the impact on Rawhide Unit 1 after eliminating surplus sales would be reflected more in the cost impacts of greater cycling on the unit. Discussion ensued among directors and staff regarding the correlation between renewables and surplus energy

sales. Staff plans to present a surplus sales analysis during the July board meeting.

Director Bergsten asked about the \$8.8 million outlined for DER strategy and requested having subject matter experts involved in the system integration discussions. Alyssa Clemesen Roberts, chief strategy officer, noted an internal meeting at Platte River to discuss how DER is a “blurred line” of understanding if Platte River is leading the strategy or if the owner communities are leading effort and have Platte River supporting the strategy. She noted that Platte River staff plan to request the addition of two positions to work solely on DER but reminded the board the DER strategy is not solely a Platte River decision; the utilities need to decide how they want to behave as the distribution utility within DER and system integration. Discussion ensued among directors and staff about DER strategy, how to get a fully integrated system with all five utilities and working together to solve the challenges.

Director Arndt asked how Platte River purchases power, why the increase in those costs post coal unit retirements, where the purchased power comes from and what resources it would come from. Mr. Hancock responded that purchased power comes from the regional open market from utilities with extra energy to sell. Director Arndt asked if purchasing from the open market affects our ability to reach the 2030 goals given that we do not know where the energy is generated from. Mr. Hancock confirmed that we would not know what resources were generating the energy Platte River would purchase. Ms. Clemesen Roberts added that Platte River could be purchasing energy from noncarbon resources but the utilities that produce the energy from noncarbon resources keep the green credits. Mr. Smalley noted the purchased power number is mostly solar, wind and battery purchased power agreements (PPAs) that Platte River would contract for and not open market purchases. Mr. Frisbie noted the complexity of the subject and discussed the different markets that power providers can exchange power through. Sarah Leonard, general counsel, discussed the advantages of using the tax credits through PPAs on our renewable energy resources.

Mr. Frisbie confirmed that the board supports the rate projections moving forward for a final tariff recommendation and approval at the October board meeting.

6. Synopsis of state legislation of interest (presenter: Trista Fugate)

Trista Fugate, director of community and government affairs, provided an overview of current legislative activities, highlighting that Platte River is keeping an eye on SB21-072 and SB21-200 specifically, and other bills of interest. Ms. Fugate will provide a follow-up presentation at the July board meeting, after the legislative session has adjourned.

7. Joint Dispatch Agreement (presenter: Carol Ballantine)

Carol Ballantine, director of power supply, provided background to the Joint Dispatch Agreement (JDA), how JDA works, the benefits, limitations and costs, price correlations and net carbon impacts.

Director Bernosky pointed out the various organized markets in the region have information on their websites on geographic location, pricing and coverage. Director Bergsten thanked Ms. Ballantine for the easy to follow presentation. Chair Hornbacher thanked Ms. Ballantine for

the information presented to the board. Director Arndt commented on understanding that geographic diversity adds resiliency to the wind and solar resources.

Break at 10:36 am

**8. Chimney Hollow Reservoir and project financing update
(presenter: Heather Banks, Julie Depperman)**

Heather Banks, fuels and water manager, provided an overview of Platte River's current water needs and resources, focusing on the Windy Gap Firming Project (also known as the Chimney Hollow Reservoir).

Julie Depperman, director of treasury services, provided an overview of the financial plan Platte River and other project participants will use to pay for the Chimney Hollow Reservoir.

Director Arndt asked what Platte River's future water needs will be after the retirement of Rawhide Unit 1. Ms. Banks responded that future water needs will depend on what future resources Platte River chooses, each having different water-cooling requirements. Director Arndt asked how Platte River can hold onto its water rights without knowing what the future needs will be. Ms. Banks responded Platte River has water obligations through a reuse agreement with the City of Fort Collins as well as leasing abilities to other municipalities in the area. Director Bergsten commented on the board's policy to manage water as an asset.

Director Bagley noted the board directive is not to include combined cycle as a future resource but holding onto water assets for any resource is the contingency plan. Ms. Banks confirmed that the water retention is "just in case" the technology advancements require water for cooling. Mr. Frisbie commented on Platte River's efforts in managing the Windy Gap units and ensuring adequate water needs for the region.

Director Koenig thanked Ms. Banks for putting the information in non-technical terms and complimented Platte River staff in their proactive planning efforts. Chair Hornbacher commented on water being scarce and staff managing water as an asset for current and future use is a sound policy practice.

Management reports

9. Dashboard (presenter: Alyssa Clemesen Roberts)

Ms. Clemesen Roberts highlighted the dashboard as a new board packet addition to complement the financial and operational reporting highlighting results to the three core pillars for Platte River.

Monthly informational reports

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

Ms. Leonard noted no significant events to call to the board's attention. The board thanked staff for the report and had no questions.

11. April operating report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the April weather resulting in increased energy and demand from the owner communities, increase in base load generation due to the lack of wind and solar in the region, surplus sales volumes down and purchased power at favorable pricing to offset the lack of noncarbon resource generation. Year to date, base load generation is below budget even though wind and solar generation are below budget, offset by purchases above budget purchasing excess wind in the region allowing Platte River to back off the base load generation. The board had no questions.

12. April financial report (presenter: Dave Smalley)

Mr. Smalley noted unfavorable results for the month. Mr. Smalley referred to the wholesale rates presentation and noted an interesting trend reflected in municipal energy was 5% above budget but municipal revenues at budget due to lower wind energy in the region and new rates structure billing at higher intermittent rate. Year to date reflects favorable overall financial results. Mr. Smalley pointed out year-end projections on page 81 of the board packet. The board had no questions.

13. General management report (presenter: Jason Frisbie)

Mr. Frisbie reported hiring a new Chief Operating Officer, Melie Vincent from Oklahoma Municipal Power Authority, following a nationwide search. Ms. Vincent brings extensive market experience and will begin her employment on July 6. Mr. Frisbie noted a few temporary staff reporting changes until Ms. Vincent has time to settle into Platte River.

Ms. Clemens Roberts presented a new resource generation dashboard page available on the Platte River website under the What We Do tab, leading to the link for the current energy production page. Director Koenig commented that it is nice to see the energy generation mix in real time. Director Bergsten asked about spinning reserves. Mr. Frisbie explained that the spinning reserves are included within the data and too small to section out.

Chair Hornbacher complimented staff for their work to put the dashboard together on the website, suggested having an app for customers to use in the future and commented on the complexities of managing various resources, renewable intermittency and demand.

Mr. Frisbie highlighted the Efficiency Works update within the report and Ms. Clemens Roberts provided an update to restarting the in-home evaluations while working together with the owner communities and contractors. Mr. Frisbie also noted resuming in-person board meetings starting

at the July board meeting.

Roundtable and strategic discussion topics

Adjournment

With no further business, the meeting adjourned at 11:43 a.m. The next regular board meeting is scheduled for Thursday, July 29, 2021 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 29 day of July, 2021.


Secretary

