

Regular meeting minutes of the board of directors

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

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig
Representing Fort Collins: Mayor Jeni Arndt and Julie Pignataro¹
Representing Longmont: David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Absent

Mayor Brian Bagley
Reuben Bergsten

Platte River staff

Jason Frisbie (general manager/CEO)
Sarah Leonard (general counsel)
Dave Smalley (chief financial officer and deputy general manager)
Alyssa Clemens Roberts (chief strategy officer)
Melie Vincent (chief operating officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance and IT)
Trista Fugate (director of community and government affairs)
Paul Davis (energy solutions manager)
Jason Harris (controller)
Libby Clark (director of human resources and safety)

Guests via Zoom Webinar

Tim McCollough (deputy director of light and power, Fort Collins)
Jared Leader (SEPA)

Call to order

Chair Hornbacher called the meeting to order at 9:00 a.m. A quorum of board members was present via roll call. The meeting, having been duly convened, proceeded with the business on the agenda. Chair Hornbacher announced that the Platte River staff decided to hold a hybrid meeting having support staff and the public attend via Zoom Webinar. Jason Frisbie, general manager and chief executive officer, introduced Melie Vincent, chief operating officer, and thanked Alyssa Clemens Roberts, chief strategy officer, for her time at Platte River Power

¹ Arrived at 9:07 a.m.

Authority. Sarah Leonard, general counsel, introduced Jennifer Hammitt, senior counsel.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of May 27, 2021

Director Bernosky moved to approve the consent agenda as presented. Director Koenig 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. One member of the public addressed the board regarding the dashboard provided in the packet.

Committee reports

2. Retirement committee report (presenter: committee chair Joe Bernosky)

Committee chair Joe Bernosky provided a summary of the May 27 committee meeting, noting that Towers Watson provided a review of the plan's actuarial valuation report providing the required funding contribution for 2022. Northern Trust reported on the plan's performance for the March 2021 quarter and presented an update on the firm's asset and liability study. No board action was required, and the next committee meeting is scheduled for August 26.

Mr. Frisbie reminded Directors Marsh and Arndt of the retirement committee orientation scheduled for August 4. Director Marsh asked to attend in person.

Board action items

3. Executive session

Director Koenig moved that the board go into executive session for the purpose of receiving legal advice about the proposed Black Hollow solar project.

The general counsel advised that an executive session is authorized in this instance by Colorado Revised Statutes, Section 24-6-402(4)(b); provided that no formal action will be taken during the executive session.

Director Bernosky seconded, and the motion carried 6-0 via roll call vote.

4. Reconvene regular session

The chair reconvened the regular session and asked if there was further discussion or action as a result of the executive session. No further discussion or action was taken by the board.

Management presentations

5. WEIM update (presenter: Melie Vincent)

Melie Vincent, chief operating officer, presented the historical timeline leading Platte River to consider moving into the Western Energy Imbalance Market (WEIM), regional changes causing Platte River to reconsider, the options and risks associated with each and next steps to selecting a market by the end of 2021.

Mr. Frisbie added background history to the Mountain West Transmission Group and explained how changing balancing authorities would affect the system and Platte River.

6. DER strategy (presenter: Tim McCollough)

Tim McCollough, committee co-chair and deputy director of light and power with the City of Fort Collins, presented the overview of efforts by city staff, Platte River staff and community members formulating goals, guiding principles and framework to develop the Distributed Energy Resources (DER) strategy as the five utilities move into the next phase.

Director Bernosky thanked staff for their work, especially the City of Loveland staff, adding that October will be his last board meeting and staffs' commitment towards the DER strategy will continue. He asked the board to consider all costs that the individual utilities will need to invest throughout the process, ultimately passing onto their customers.

Director Koenig added that staff in Estes Park is excited to continue the DER conversation.

Director Marsh asked if there are any roadblocks prohibiting the committee from moving forward and how each city is doing working towards the DER strategy. Chair Hornbacher commented on the strong demonstration of commitment by the four owner communities' staff and Platte River over the course of the last year working together and learning the process to move the strategy forward. Mr. McCollough responded that the committee's work thus far was outlining how to evaluate programs, not to evaluate actual resources, and focused on creating a strategy to engage the next phase of evaluation. Mr. Frisbie reminded the board that the four owner communities formed Platte River to take advantage of economies of scale, noting that it will be relevant in deploying DER strategies moving forward and how it benefits the entire system. Mr. McCollough added that the committee learned a lot about how the current structures, technologies and rates will need to adapt, and working together is imperative.

Discussion ensued among directors and staff about how the DER strategy will affect the owner communities' current system structure while balancing the addition of new technologies and how implementing DER resources will require investments in the future.

Director Arndt thanked the staff for working through the challenges new programs bring forward.

Management reports

7. Craig decommissioning accounting policy (presenter: Dave Smalley)

Dave Smalley, chief financial officer and deputy general manager, discussed the GASB 62 accounting policy associated with decommissioning the Craig units 1 and 2 and amortizing costs. He outlined the draft policy, the whitepaper explaining when Platte River adopted certain accounting practices for rate setting purposes and decommissioning costs and a draft resolution included in the board packet for the board to approve. Staff recommends the board adopt the accounting policy during the August board meeting.

Director Marsh asked if similar decommissioning studies have been completed on Rawhide Unit 1. Mr. Smalley responded that there is a requirement through the county to provide a refurbishing plan for when the site is abandoned and Platte River has started accruing those expenses, currently estimated at about \$15 million. He noted that the difference is the legally enforceable requirement does not occur until there is no generation at the site and the costs are being amortized through 2055, which is the current estimated life of the gas peaking units at the site.

8. Clean energy plan (presenter: Trista Fugate)

Trista Fugate, director of community and government affairs, provided an update on the clean energy plan (CEP) and timeline for submission. Staff will present the draft CEP workbook at the August board meeting and will seek approval at the September board meeting to submit the plan to the Air Pollution Control Division by Dec. 31, 2021.

Director Arndt complimented staff for being proactive in taking voluntary actions.

Ms. Clemens Roberts thanked the board for their commitment and support throughout the CEP process. Mr. Frisbie noted the CEP report is complex and staff will present the summary of the report at the August board meeting.

9. Legislative session recap (presenter: Trista Fugate)

Ms. Fugate summarized the first regular legislative session that adjourned *sine die* on June 8, focusing on bills that directly affect Platte River.

Director Arndt mentioned the executive order from Governor Polis in reference to HB21-1266 and asked Ms. Fugate to address how that impacts the content of HB21-1266. Ms. Fugate referred to the cap and trade element within the bill and noted Governor Polis speaking against establishing a cap and trade program, also prohibiting state staff from working on this program. Director Marsh asked Platte River staff to attend a city council meeting to provide a recap. Ms. Clemens Roberts recommended that Ms. Fugate provide a memorandum with information on the bills passed for board members to share with councils instead of presenting. Director

Bernosky added that members of Colorado Association of Municipal Utilities can look to that association to provide greater detail to the councils.

10. GM/GC annual review policy (presenter: Libby Clark)

Libby Clark, director of human resources and safety, outlined the proposed policy changes to the GM/GC annual review policy and results from the executive compensation survey. Ms. Clark recommended the addition of a third market salary survey to the compensation considerations. Staff will return to the August board meeting for approval of the proposed policy changes outlined on the memorandum within the July board packet.

Chair Hornbacher asked if the general counsel had reported directly to the general manager in the past and how other companies within the Large Public Power Council (LPPC) handle the general counsel performance reviews. Ms. Clark responded that the general counsel as well as outside counsel has reported directly to the general manager in the past and said that many members within LPPC have the same reporting relationship that staff is recommending. Most of the LPPC members continue to have board involvement in the recruiting process, same as when Sarah Leonard was hired.

Director Koenig supported the staff recommendations and commented on it being the standard way of evaluations in the industry. Director Marsh did not support the general manager being responsible for the general counsel annual performance review and salary adjustments. The board supported adding the Mercer compensation survey to the market-based compensation practices and methodology resources.

Monthly informational reports

11. Q2 performance dashboard (presenter: Jason Frisbie)

Mr. Frisbie provided an overview of the information represented within the Q2 performance dashboard, noting the communications issue and the CT unit startup reliability metric, and explained the difference between the noncarbon percentages. He thanked staff for their work creating the performance dashboard.

Director Pignataro asked how surplus sales energy changes the percentages provided to the owner communities. Mr. Frisbie explained that almost all renewable energy is delivered to the owner communities and the majority of surplus sales comes from Platte River's dispatchable resources.

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

Sarah Leonard, general counsel, highlighted the Western Area Power Administration's (WAPA) update on page 81 of the board packet. The board thanked staff for the report and had no questions.

13. May and June operating report (presenter: Melie Vincent)

Ms. Vincent provided the May and June performance results noting that May experienced very mild weather and June was hot. She said year-to-date results continue to remain strong for municipal demand and energy, however, the renewable resources continue to perform below budget. The board had no questions.

Mr. Frisbie pointed to the dispatch cost charts within the operating reports and how Ms. Leonard's update on WAPA's hydro allocations and cost increases will affect the blended actual price per megawatt hour.

Chair Hornbacher asked about the new peak set recently. Mr. Frisbie stated that the new owner community peak of 715 MW was set at 6:00 p.m. on July 28. Discussion ensued among directors and staff of regional sales, significant weather events and reliability. Mr. Frisbie complimented staffs' dedication and work in the control rooms and Rawhide staff for keeping the system running smoothly.

14. May and June financial report (presenter: Dave Smalley)

Mr. Smalley highlighted May and June financial results, focusing on favorable results with operating expenses below budget and revenues at budget for May. June showed results above budget in revenues, driven by municipal demand and energy and surplus sales. The board had no questions.

15. General management report (presenter: Jason Frisbie)

Mr. Frisbie reported on the return to work phase 1 for headquarters, the Chimney Hollow Reservoir pooled financing and groundbreaking event and Platte River being able to pump 15,000-acre feet of Windy Gap water to help with current water supply needs.

Roundtable and strategic discussion topics

Adjournment

With no further business, the meeting adjourned at 12:01 p.m. The next regular board meeting is scheduled for Thursday, August 26, 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 26 day of August


Secretary

