

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, August 26, 2021

Attendance

Board members

Representing Estes Park: Reuben Bergsten¹
Representing Fort Collins: Mayor Jeni Arndt² and Julie Pignataro
Representing Longmont: Mayor Brian Bagley³ and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Absent

Mayor Wendy Koenig

Platte River staff

Jason Frisbie (general manager/CEO)
Sarah Leonard (general counsel)
Dave Smalley (chief financial officer and deputy general manager)
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)
Pat Connors (vice president of power supply)
Libby Clark (director of human resources and safety)
Julie Depperman (director of treasury services)
Wade Hancock (financial planning and rates manager)

Guests via Zoom Webinar

none

Call to order

Chair Hornbacher called the meeting to order at 9:03 p.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.

¹ Joined remotely at 9:15 a.m.

² Attended remotely; dismissed self at 10:58 a.m.

³ Arrived at 9:25 a.m.

Action items

1. Consent agenda

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

Director Marsh moved to approve the consent agenda as presented. Director Bernosky seconded. The motion carried 5-0 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.

Board action items

2. Craig accounting policy

Dave Smalley, chief financial officer and deputy general manager, summarized the Craig decommissioning accounting policy for Craig units 1 and 2 at the Craig Generating Station, which applies alternative accounting treatment using GASB 62. Staff recommended approval of the policy provided in the board packet.

Director Bernosky moved to approve Resolution 07-21: Craig accounting policy as presented. Director Pignataro seconded, and the motion carried 5-0 via roll call vote.

3. General manager/general counsel annual review policy

Jason Frisbie, chief executive officer, summarized the changes included in the general manager annual review process policy. The changes modify the reporting structure for the general counsel and rescind previous responsibilities to oversee governmental affairs, which have shifted from the general counsel to the chief strategy officer.

Director Bernosky asked if the general counsel would continue reporting to the board from an organizational perspective. Sarah Leonard, general counsel, explained the ethical rules that govern lawyers who represent organizations. Corporate lawyers are accountable to the board of directors with the duty to report to the board if any issues at the management level require board attention. Director Pignataro asked if board participation will be included in the annual review of the general counsel. Mr. Frisbie stated that he will continue to request feedback from the board during the annual review process. Director Marsh said she preferred that the general counsel continue to report directly to the board for performance reviews. Discussion ensued among directors and staff regarding the history of the general counsel reporting to the board versus reporting to the general manager.

Director Bergsten moved to approve Resolution 08-21: general manager annual performance review policy as presented. Director Bernosky seconded, and the motion carried 5-1 via roll call vote.

Management presentations

4. Wholesale rate projections update/2022 rate tariff charges (presenter: Wade Hancock)

Wade Hancock, financial planning and rates manager, highlighted the significant changes in the rate tariff schedules from 2021 to 2022, the firm power service tariff, standard offer energy purchase tariff, tariffs without rate changes and when rate changes would take effect. He noted that the municipal rate staffs received the information earlier in the week.

Director Marsh asked if the City of Fort Collins' rate is lower due to the time of use rates. Mr. Hancock responded that the time of use rates went into effect in late 2018 but the load factor has been steadily growing since 2015. Mr. Frisbie referred to the operating report section of the board packets, which shows the various peaks and the percentage of electricity consumed by commercial versus residential customers. The better the load factor the lower the rate. Director Bergsten noted the economic anomalies that impact rates like the Rawhide Unit 1 debt payoff and how it was reflected in the firm rates. Discussion ensued among directors and staff about the firm power service charges, the peak demand used for calculating rates and their ability to lower the peak.

Director Bernosky thanked Platte River staff for their work with rate staffs in the owner communities and requested that rate numbers be provided earlier in the year to help with budgeting. Chair Hornbacher commented on the work put into setting rates and noted the importance of syncing loads with energy supply as more renewables are added to the system. Director Bergsten commented on the rate structure helping to facilitate the infrastructure needs for system integration.

5. Surplus sales impacts (presenters: Melie Vincent and Dave Smalley)

Before Mr. Smalley began, Mr. Frisbie explained that the purpose of presenting surplus sales impacts is to address past comments and questions Platte River staff have received from board members, owner community staff and the public. Mr. Smalley provided background to surplus sales, analysis of CO₂ emissions, financial impacts and operational impacts to eliminating thermal resource surplus sales.

Director Pignataro asked why emissions dip down in 2024 and then go back up in 2026. Mr. Smalley responded that for modeling purposes the joint dispatch agreement is still in place in 2024 but not in place in 2026. Mr. Frisbie added that Rawhide Unit 1 is the main driver for emissions and there is a planned maintenance outage for Unit 1 in 2024 for a few months and the timing of planned outages on the three coal units affects emissions for the year. Mr. Smalley noted that the 150 MW solar facility is also planned to come online in 2024. Director Bagley asked about adding noncarbon resources by 2030 and how that will change emissions. Mr. Frisbie responded that noncarbon resources will need to be added sooner to ensure

reliability before shutting down Rawhide Unit 1. Discussion continued among directors and staff about how the emissions would change by adding more non carbon resources to meet the 2030 goal as outlined in the integrated resource plan, the regional effects and the impacts on rates.

Director Bagley asked if the board needed to vote on ending surplus sales. Mr. Frisbie responded that the presentation is for informational purposes only. Director Marsh requested the effects on the environment be included in future conversations and asked about hydrogen storage options. Mr. Frisbie responded that topics like that will be included in the board work session to be scheduled later in the year. Director Bagley commented on accomplishing the 2030 goal for the environment while keeping in mind the economic impacts on the citizens in the owner communities. Mr. Smalley referred to the net regional CO₂ emissions slide, noting that the 3.1 million tons increase in regional emissions is analysis only, not an absolute number, and there is no way of knowing what will happen in a market. Discussion continued among directors and staff regarding social cost of carbon and regional emissions.

Melie Vincent, chief operating officer, outlined the operational impacts of eliminating surplus sales in system operations and Regional Transmission Organization market participation regulations. She reiterated that eliminating surplus sales would have a net regional impact in carbon emissions but increased costs would impact Platte River's optionality in taking advantage of future resources and technology. Staff does not recommend eliminating surplus sales.

Chair Hornbacher commented on Platte River supplying power to the region during the significant weather events in 2021 while maintaining reliability for the owner communities. Ms. Vincent commented on how base load resources were used in the Southwest Power Pool market during the February cold snap. Discussion ensued among directors and staff on reliability requirements, regional partnerships, community growth, aligning supply with demand and costs.

Director Pignataro thanked staff for the information and asked Platte River to keep environmental concerns in mind through the planning process. Director Arndt thanked staff for keeping the ratepayer in mind.

6. Clean Energy Plan (presenters: Pat Connors and Trista Fugate)

Trista Fugate, director of community and government affairs, presented information on the Clean Energy Plan (CEP), providing legislative background and explaining Platte River's plan to file a CEP by Dec. 31, 2021.

Pat Connors, vice president of power supply, presented a summary of the 2020 Integrated Resource Plan and portfolio 2, projections of annual CO₂ emissions for 2022-2030, annual emissions ranges and next steps to filing the CEP.

Ms. Leonard referred to the draft resolution in the board packet, noting that staff will request board approval at the September board meeting. Mr. Frisbie added that the governing body will need to approve the CEP report prior to filing and the board chair and board secretary will need to sign the documents.

7. Chimney Hollow Reservoir pooled financing results (presenter: Julie Depperman)

Julie Depperman, director of treasury services, presented the results from the Chimney Hollow Reservoir pooled financing, noting that Platte River will participate in the pooled financing for its entire share of the project.

Monthly informational reports

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

Sarah Leonard, general counsel, highlighted the Federal Energy Regulatory Commission (FERC) recent issuance of an advanced notice of proposed rulemaking related to FERC policies governing regional transmission planning and cost recovery. There were no questions from the board.

9. July operating report (presenter: Melie Vincent)

Ms. Vincent provided the July operating report, highlighting the increase in owner communities' demand and energy. In addition

- baseload generation was slightly above budget,
- wind energy was lower than budget,
- solar energy and surplus sales volume were above budget,
- surplus sales price was below budget,
- purchased power was below budget, and
- dispatch costs were above budget due to the CTs running to cover increased demand.

Chair Hornbacher asked about the year-to-date variance on wind generation. Ms. Vincent responded that wind speed was less than predicted for the month. Mr. Frisbie added that the wind generation in September will be low due to a planned outage to install air flow spoilers on the Roundhouse generator outlet line.

Ms. Vincent provided an update to the 174 Power Global solar project.

10. July financial report (presenter: Dave Smalley)

Mr. Smalley highlighted the July financial report showing owner community demand and surplus sales were above budget while operating expenses were above budget primarily in fuel expenses to serve both load and surplus sales. Mr. Smalley noted that year-to-date financial results are strong, with total revenues well above budget and total expenditures slightly below budget. There were no questions from the board.

11. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the strategic planning process, the community survey and an update on returning employees to work.

Mr. Frisbie added that Andy Cofas, plant manager, resigned and his last day would be Sept. 2, 2021, and Travis Hunter, the current technical services manager, was selected as the interim plant manager to cover the planned major outage starting in September. Mr. Frisbie also previewed a presentation for the September board meeting on replacing the chief strategy officer, reorganizing the existing management structure and evaluating other positions to accomplish the 2030 goals.

Director Bergsten thanked staff for considering additional staff to focus on the technical advancements and distributed energy resources to meet the 2030 goals. Director Bagley thanked staff for the information presented today. Chair Hornbacher thanked Mr. Frisbie for evaluating the internal management structure.

Roundtable and strategic discussion topics

Adjournment

With no further business, the meeting adjourned at 11:52 a.m. The next regular board meeting is scheduled for Thursday, Sept. 30, 2021 at 9:00 a.m. either virtually or at 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 30 day of September, 2021.



Secretary

