

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Sept. 30, 2021

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten¹
Representing Fort Collins: Julie Pignataro²
Representing Longmont: Mayor Brian Bagley³ and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Absent

Mayor Jeni Arndt

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)
Shelley Nywall (director of finance)
Wade Hancock (financial planning and rates manager)
Jason Harris (controller)
Travis Hunter (director of power generation)

Guests

Kevin Gertig (Loveland Water and Power)

Call to order

Chair Hornbacher called the meeting to order at 9:02 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. Director Bernosky

¹ Attended via Zoom Webinar

² Attended via Zoom Webinar; Arrived at 9:40 a.m.

³ Arrived at 9:06 a.m.

introduced Kevin Gertig who will replace Director Bernosky as Utilities Director at Loveland Water and Power.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of Aug. 26, 2021

Director Bernosky moved to approve the consent agenda as presented. Director Marsh 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 would 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.

Committee reports

2. Retirement committee report

Committee chair Joe Bernosky provided the committee report for the Aug. 26, 2021 meeting. The actuary from Towers Watson reviewed the experience and assumption study, which is conducted every five years. During the August meeting, the actuary compared the actuarial assumptions to actual plan experience and provided recommendations for changes to the assumptions. The actuary presented plan amendment number four to correct an unintended consequence to the beneficiary death benefit resulting from current plan language. The changes modify the result when a participant who is eligible for an early retirement benefit dies while employed and incorporate the early retirement subsidy into the death benefit. The committee recommends approval of plan amendment number four.

The plan's investment consultant, Northern Trust, reported on the plan's performance for the June quarter, highlighting that assets increased \$3.3 million as contributions and market returns exceeded benefit payments. The portfolio return for the second quarter was 5%, which equaled the benchmark, year-to-date, the return was 7.4%, which was 1.4% below the plan's target return of 7.5%. Northern Trust also provided an educational session on the benefits of natural resources as an inflation hedge and explained why the flexshares global upstream natural resources fund is used in lieu of direct commodity exposure.

The next retirement committee meeting is scheduled for Nov. 12, 2021.

Board action items

3. Defined Benefit Plan amendment

Dave Smalley, chief financial officer and deputy general manager, referred to the death benefit amendment mentioned during the retirement committee report and presented the resolution to amend the Defined Benefit Plan. Both staff and the committee recommended approval of the resolution.

Jason Frisbie, general manager and chief executive officer, clarified the special unreduced provision added into the plan for an employee who achieved 20 years of service and those that also qualify for special unreduced retirement could have been affected in the unforeseen occurrence of death while still employed at Platte River. Mr. Smalley further clarified that the special early provision is the ability to retire at age 62 versus 65 with an unreduced benefit if other qualifications are met.

Director Bagley moved to approve Resolution 09-21: Defined Benefit Plan Amendment number 4, as presented. Director Koenig seconded, and the motion carried 6-0 via roll call vote.

4. Clean Energy Plan

Trista Fugate, director of governmental affairs, summarized the Clean Energy Plan (CEP) discussions with the board and the legislative background for Platte River to submit a CEP to the Air Pollution Control Division (APCD). Ms. Fugate noted the enlarged printout of the workbook for the board even though the workbook is in the packet.

Pat Connors, vice president of power supply, outlined the data in the workbook calculating net emissions for 2005 to 2030. He pointed out that the workbook and formulas were not designed by Platte River but were provided by the Colorado Department of Public Health and Environment. He reiterated that the formulas within the workbook are unchangeable and Platte River's data input is in red text.

Director Koenig asked Mr. Connors to define short tons as mentioned in the workbook results. Mr. Connors explained that a short ton is 2,000 U.S. pounds versus the commonly used metric tons, which is 1,000 kilograms. He also explained how short tons and metric tons are used in the details of the safe harbor calculations.

Ms. Fugate reviewed the next steps in the CEP submission process, including evaluation and verification by the APCD, making any modifications requested by the APCD and final verification for filing with the Colorado Public Utilities Commission. Staff recommends approval of the resolution to approve the CEP.

Director Marsh asked which utility claims the CO₂ emissions for purchased power and surplus sales transactions and talked about emissions remaining local. Mr. Frisbie responded that whoever purchases the power will be responsible for the emissions. Chair Hornbacher asked how often Platte River will need to report on the CEP progress. Ms. Fugate responded that an

annual reporting process will begin in 2023 with the APCD. If results show a lack of progress for a couple of years in a row, they will have a rule making by Air Quality Control Commission that will call for us to update the plan. Chair Hornbacher questioned how the next integrated resource plan and possible early closures of Craig Units 1 and 2 would affect the CEP as submitted. Ms. Fugate responded that Platte River will be required to update the CEP only if we are not meeting the goals year over year. Discussion ensued among directors and staff regarding the results of the CEP report.

Director Bagley moved to approve Resolution 10-21: the Clean Energy Plan, as presented. Director Koenig seconded, and the motion carried 7-0 via roll call vote.

Management presentations

5. Reorganization and 2022 staffing requests (presenter: Jason Frisbie and Libby Clark)

Mr. Frisbie provided an overview of the current organizational structure and presented an outline of the internal reorganization to align the structure with strategic initiatives and the board's 2030 resource diversity goals.

Director Koenig thanked staff for following the strategic plan, accomplishing the goals within the strategic plan and supported the additional positions requested because of the successful results Platte River has achieved. Mr. Frisbie explained the past boards' decisions early on with choosing technologies and resources were just as challenging as today's board's decisions about choosing the next era of technologies and resources to meet future needs.

Director Bagley commented on key personnel that move around in the industry and asked how long it took to develop the proposed reorganization. Mr. Frisbie responded that conversations have been going on since the beginning of the year.

Director Koenig commented on terminology used within the industry and asked about the title name changes. Mr. Frisbie responded that the titles reflect their focus within the company.

Director Bergsten commented on the new positions reflecting the advancement direction mentioned in the Resource Diversification Policy and the opportunities for the four owner communities. Mr. Frisbie noted discussions with the board about integration of DERs. Chair Hornbacher commented on the history of Platte River achieving positive results and continuing to achieve goals.

Libby Clark, director of human resources and safety, outlined the position additions for consideration in the proposed 2022 Strategic Budget.

6. 2022 rate tariff schedules (presenters: Shelley Nywall)

Shelley Nywall, director of finance, provided an overview of the 2022 rate tariff schedules that the board will be asked to approve at the October board meeting. She reminded the board that rates will go into effect on Jan. 1, 2022 following approval.

7. Proposed 2022 Strategic Budget work session

(presenters: Shelley Nywall and Jason Harris)

Ms. Nywall introduced the proposed 2022 Strategic Budget, highlighting the major changes to the budget over the past few years.

Jason Harris, controller, presented the proposed 2022 Strategic Budget, outlining the schedule, the process, the document, trends, 2022 overview and the five-year capital forecast.

Director Bernosky expressed concerns with the operation and maintenance (O&M) costs related to cycling Rawhide Unit 1. Mr. Frisbie described the increased wear on equipment Rawhide staff have seen during the current outage inspections related to cycling the unit and how this information will help planning for future O&M costs.

Director Marsh and Chair Hornbacher thanked staff for the enthusiasm towards the budget process and the organized information presented.

Director Bergsten asked about integrating an enterprise resource planning (ERP) system with a customer information system (CIS). Mr. Smalley responded that a CIS option was not included in the current ERP vendor selection process. Director Bergsten referred to the five-year trends slide and asked if we paid someone to take our energy. Mr. Harris responded that Platte River did pay someone to take the energy and it is common to see negative pricing in an organized energy market. Discussion ensued among directors and staff about pricing in the Joint Dispatch Agreement and the Southwest Power Pool.

8. Rawhide Unit 1 planned major outage overview (presenter: Travis Hunter)

Travis Hunter, director of power generation, provided an overview of safety, the schedule and budget for the Rawhide Unit 1 outage, major O&M projects and progress on the major capital projects.

Directors thanked staff at Rawhide for their work and dedication during the planned outage.

Melie Vincent, chief operating officer, introduced Mr. Hunter as Platte River's first Director of Power Generation and thanked his staff for their commitment during the planned major outage.

Monthly informational reports

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

Sarah Leonard, general counsel, offered to answer any questions on the information provided in the board packet. There were no questions from the board.

10. August operating report (presenter: Melie Vincent)

Ms. Vincent provided the August operating report, highlighting that sales and owner community demand remain above budget for the year. In addition

- Baseload generation was below budget for the month,
- Wind and solar generation were above budget,
- CT generation was above budget,
- Surplus sales were above budget and purchased power was below budget,
- Dispatch costs were above budget due to the CTs' operation and elevated gas prices, and
- Year-to-date results are consistent with August results.

11. August financial report (presenter: Dave Smalley)

Mr. Smalley highlighted the August financial report showing strong results with net income \$18 million above budget, primarily due to revenues from surplus sales and owner community demand. There were no questions from the board.

12. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the Chimney Hollow Reservoir construction progress, the Large Public Power Committee CEO discussion themes during the recent quarterly meeting, and the Western Area Power Administration transmission line to Estes Park. He thanked the Rawhide staff for their dedication to working hard and staying safe throughout the planned major outage.

Roundtable and strategic discussion topics

Adjournment

With no further business, the meeting adjourned at 12:03 p.m. The next regular board meeting is scheduled for Thursday, Oct. 28, 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 28 day of October, 2021.


Secretary

