

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Oct. 28, 2021

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Jeni Arndt¹ and Julie Pignataro
Representing Longmont: Mayor Brian Bagley and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

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)
Mitch Tomaier (IT service desk technician II)
Trista Fugate (director of community and government affairs)
Shelley Nywall (director of finance)
Jason Harris (controller)
Travis Hunter (director of power generation)
Matt Scheppers (system engineering manager)
Carol Ballantine (sr. manager of power markets)
Jennifer Hammitt (director of legal affairs)

Guests

Anna Thigpen (BKD)
Chris Telli (BKD)
Kevin Gertig (City of Loveland)

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.

Staff recommended a revision to the agenda to include an executive session for the purpose of

¹ Arrived at 9:04 a.m.

receiving attorney-client privileged information about a pending legal matter. Director Bergsten moved to approve the agenda change. Director Bagley seconded. The motion carried 7-0 via roll call vote.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of Sept. 30, 2021

Director Bagley moved to approve the consent agenda as presented. Director Bernosky seconded. The motion carried 8-0 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. 2021 BKD audit plan

Dave Smalley, chief financial officer and deputy general manager, introduced Anna Thigpen and Chris Telli with BKD to review the two items included in the board packet.

Mr. Telli, incoming managing partner with BKD, provided a summary of his background and scope of responsibilities in his role with BKD.

Ms. Thigpen reviewed the pre-audit letter for the 2021 BKD financial audit plan in accordance to generally accepted accounting standards.

Mr. Telli discussed the audit engagement letter and outlined the auditing process and staff responsibilities during the audit.

The board had no questions or comments.

a. Approval of engagement letter

Director Bernosky moved to authorize the execution of the 2021 BKD audit plan and engagement letter as presented. Director Koenig seconded, and the motion carried 8-0 via roll call vote.

3. 2022 rate tariff schedules

Shelley Nywall, director of finance, provided an overview of the information in the board packet on resources and key speaking points for the rate tariff schedules. Staff recommended approval of the 2022 rate tariff schedules, to go into effect Jan. 1, 2022. After approval, official notices will be sent to owner communities' mayors and utility directors.

Director Bernosky moved to approve Resolution 11-21: the 2022 rate tariff schedules, as presented. Director Pignataro seconded, and the motion carried 8-0 via roll call vote.

Management presentations

4. Proposed 2022 Strategic Budget – public hearing (presenter: Jason Harris)

Jason Harris, controller, provided a summary of the financial changes since the September board meeting and highlights to the proposed 2022 Strategic Budget. An updated budget document will be provided to the board and public prior to the December board meeting. During the December board meeting, staff will request final approval of the proposed 2022 Strategic Budget.

Director Bernosky asked about natural gas projections for 2022. Jason Frisbie, general manager and chief executive officer, stated that the last model run showed gas prices in the \$5.50 range but reminded the board that natural gas prices will not affect the budget as much as projected coal prices. The board had no further questions.

Chair Hornbacher stated the proposed 2022 Strategic Budget for Platte River had been delivered to the board of directors in accordance with applicable law. Legal notices have been published announcing that the proposed 2022 Strategic Budget was made available to the public for inspection and that the public hearing will be held today, Oct. 28, for the board to receive public comment on the proposed Strategic Budget before final adoption by the end of the year.

Chair Hornbacher declared the public hearing on the proposed 2022 Strategic Budget for Platte River Power Authority open.

No members of the public provided comments to the board.

Chair Hornbacher asked if there were any additional comments or questions from the board regarding the proposed budget. There were none.

Chair Hornbacher closed the public hearing.

5. Rawhide Unit 1 planned major outage update (presenters: Travis Hunter)

Travis Hunter, director of power generation, provided an overview of safety, the schedule and budget, major O&M projects, and progress on the major capital projects during the planned major maintenance outage.

Director Bernosky asked how many personnel, both contractors and staff, are on site during the outage. Mr. Hunter responded that 80-85 staff members are on site, and 200-250 contractors are on site at any given time depending on the projects they are focusing on. Director Pignataro asked how often Platte River conducts outages. Mr. Hunter responded that Platte River conducts major maintenance outages every three years and minor outages in between the major outages. Director Pignataro asked if Siemens fixed the threading issue mentioned during the presentation, so it does not happen again. Mr. Hunter responded that staff should not have to take apart that piece of equipment again before the scheduled closure of Rawhide Unit 1 by 2030. Director Bergsten wished staff the best of luck throughout the remainder of the outage.

Mr. Frisbie added further details to the inspection of equipment during major outages and technology used to inspect boiler tubes.

Director Arndt thanked staff for completing challenging work and their dedication during the outage. Director Koenig reiterated the importance of equipment running correctly to help with efficiency to provide cleaner energy. Chair Hornbacher added further comments and compliments.

6. Drake transmission line replacement project (presenters: Matt Scheppers)

Matt Scheppers, systems engineering manager, provided an overview of the major capital project replacing a section of the Drake transmission line between College and Timberline in Fort Collins.

Director Koenig asked if the removed poles are reusable or recyclable. Mr. Scheppers responded that the poles cannot be used again as powerline poles, but the material will be recycled. Director Pignataro noted that this area is the northern most section of her district and asked if the trees near the power lines will be removed or damaged. Mr. Scheppers responded that there is no damage to the trees anticipated at this time and avoiding damage will be taken into consideration during the design phase. Director Arndt asked if Mr. Scheppers could engage with city staff to explore undergrounding the line instead of replacing the overhead line and poles. Mr. Frisbie explained working with the engineering firm and working with the city on other projects to underground powerlines. Director Marsh supported undergrounding the powerlines and asked if there would be an opportunity to combine with fiber lines. Discussion ensued among directors and staff regarding undergrounding powerlines.

10-minute break at 10:20 a.m.

7. CRSP hydropower allocation reduction and rate increase impacts (presenter: Carol Ballantine)

Carol Ballantine, sr. manager of power markets, provided an overview of the Colorado River Storage Project (CRSP) hydropower allocation reduction and the impacts to Platte River.

Director Arndt asked what the other hydropower resource is called. Ms. Ballantine responded the Loveland Area Projects (LAP) on the eastern side of the continental divide. Director Bergsten asked how many dams are associated with the LAP. Mr. Frisbie referred to a detailed presentation about LAP and CRSP about four years ago but will need to get back to the board.

Discussion ensued among directors and staff regarding the future of hydropower allocations, dispatchability and climate change.

8. Strategic Planning process (presenter: Trista Fugate)

Trista Fugate, director of community and government affairs, provided background information on the 2018 Strategic Plan, outlined the strategic discussions planned for senior leadership and the board and the process for developing the 2022 Strategic Plan.

Mr. Frisbie discussed the objectives of the board work session to integrate the two new board members that will replace Directors Bagley and Bernosky, as well as cover the integrated resource planning process the board went through in 2020, which will provide direction for the 2022 Strategic Plan. Discussion ensued among directors and staff about the importance of strategic planning with the board and staff that incorporates previous work and approvals.

Board action items

Executive session

Chair Hornbacher stated that staff has requested the board go into executive session for the purpose of discussing a legal matter subject to attorney-client privilege.

Director Koenig made a motion to go into executive session for the purpose of discussing a legal matter subject to attorney-client privilege. The general counsel has advised that an executive session is authorized in this instance under Colorado Revised Statutes, Section 24-6-402(4)(b), provided that no formal action is taken during the executive session. Chair Hornbacher asked for a motion and second to go into executive session.

Director Arndt seconded, and the motion carried 8-0 via roll call vote.

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 requested.

Monthly informational reports

9. Q3 performance dashboard (presenter: Jason Frisbie)

Mr. Frisbie covered the highlights in the third quarter performance dashboard.

Chair Hornbacher and Director Koenig commented on successful results due to strategic actions taken by staff throughout the quarter.

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

Sarah Leonard, general counsel, highlighted the WAPA rate case, regional haze proceedings and a proposed resolution on integration of distributed energy resources that will be presented to the board in December. She offered to answer any questions on the information provided in the board packet. There were no questions from the board.

11. September operating report (presenter: Melie Vincent)

Ms. Vincent provided the September operating report, noting warm weather and high fuel prices affecting results. In addition

- owner community demand was above budget
- Rawhide went into outage on Sept. 19
- Craig performed above capacity budget
- Wind was below budget due to installing air flow spoilers, which required the Roundhouse generation outlet line to be taken out of service
- solar generation was above budget
- surplus sales were below budget due to increased Platte River demand and lower wind generation
- purchase prices were above budget
- dispatch costs were above budget due to high natural gas costs
- year-to-date results have been consistent throughout the year with owner community demand above budget, wind generation below budget and solar generation below budget.

There were no questions from the board.

12. September financial report (presenter: Dave Smalley)

Mr. Smalley reviewed the September financial report highlighting strong financial results for the month, including above-budget revenues from municipal and surplus sales, offset slightly by operating expenses being over budget due to fuel expenses. Year-to-date results are favorable but staff anticipates higher expenses through the remainder of the year specifically related to the Rawhide major outage. Mr. Smalley noted that staff anticipates presenting a budget contingency transfer at the December board meeting. There were no questions from the board.

13. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the Chief Strategy Officer and Chief Transition and Integration Officer position hiring process, budget contingency transfer and the fuels and water report regarding coal pricing for 2022.

Mr. Frisbie thanked Directors Bagley and Bernosky for their service to the Platte River Board of Directors and presented them with parting gifts.

Roundtable and strategic discussion topics

Adjournment

With no further business, the meeting adjourned at 11:53 a.m. The next regular board meeting is scheduled for Thursday, Dec. 9, 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 9 day of December, 2021.


Secretary

