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Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, May 26, 2022

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Arndt and Kendall Minor
Representing Longmont: Mayor Joan Peck and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

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)
Raj Singam Setti (chief transition and integration officer)
Eddie Gutiérrez (chief strategy officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance and IT)
Mitch Tomaier (IT service desk technician II)
Shelley Nywall (director of finance)
Heather Banks (fuels and water manager)
Jennifer Hammitt (director of legal affairs)
Wade Hancock (financial planning and rates manager)
Libby Clark (director of human resources and safety)

Guests

Carrie Hackenberger (Husch Blackwell)

Call to order

Chair Bergsten 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 Bergsten announced that the Platte River board meetings are now open for the public to attend in person, but staff will continue to offer a hybrid meeting option for those who wish to attend via Zoom Webinar.



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Action items

1. Consent agenda

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| a. Approval of the regular meeting minutes of April 28, 2022 | |
| b. Wholesale transmission service (Tariff WT-23) | Resolution 05-22 |
| c. Standard offer energy purchase (Tariff SO-22) | Resolution 06-22 |

Director Koenig moved to approve the consent agenda as presented. Director Peck seconded. The motion carried 8-0.

Public comment

Chair Bergsten 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 asked to address the board.

Management presentations

2. Synopsis of state legislation (presenters: Eddie Gutierrez, Jennifer Hammitt)

Eddie Gutiérrez, chief strategy officer, thanked the board for the opportunity to work within the owner communities and introduced Jennifer Hammitt, director of legal affairs, who covered governmental affairs during the state legislative session this year.

Ms. Hammitt reviewed the key legislative bills that staff monitored during this past legislative session because they could affect Platte River.

Chair Bergsten commented on two items that may need board interaction in the future.

Director Arndt commented on two bills sponsored by our local delegation and suggested pursuing a closer relationship with them in the future to help the delegation understand who they are representing and how certain bills affect Platte River. Ms. Hammitt responded that Mr. Gutiérrez and his team will help make those connections for Platte River. Jason Frisbie, general manager and chief executive officer, commented on proactive planning on educational opportunities staff can provide for the representatives.

3. Proposed water rights exchange (presenter: Heather Banks)

Heather Banks, fuels and water manager, provided background on Platte River's water needs and current water rights and outlined the proposed water rights exchange opportunity.

Director Minor asked if the effluent water is treated before use and the demineralization of process water. Mr. Frisbie responded that the effluent water is treated to reduce algae blooms that could plug the water intake structures and explained demineralization of the process water



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that goes into the boiler system. Director Peck asked for an explanation of what demineralized water is. Mr. Frisbie explained demineralization is removing minerals and debris from the water to reduce the wear on surfaces when it moves through the system as steam.

Mr. Frisbie mentioned the need to discuss the future of Hamilton Reservoir with the board. Director Peck expressed a concern with selling water to communities that could use it for fracking operations. Ms. Banks noted the use of the water would be the new owner's prerogative but there had been no mention of using the water for fracking purposes.

Director Koenig asked how long the water within the rights are stored before needed and where it is stored. Ms. Banks noted the water is stored in Lake Granby and called upon only when needed. Director Gertig asked for staff to provide the value of the water rights. Ms. Banks responded that staff would be able to provide that information in executive session due to ongoing negotiations. Director Hornbacher asked if Poudre River water rights and Colorado-Big Thompson rental water exchange would still be transferred after the closure of Rawhide Unit 1. Ms. Banks clarified that after the closure of Rawhide Unit 1, these water rights will no longer be needed, and any future water needs will be covered by the Windy Gap Firming Project and the Chimney Hollow Reservoir. Discussion ensued among directors and staff regarding the water rights evaluation, the benefits of completing the exchange now, realizing the value of a diminishing asset and next steps. Mr. Frisbie also explained the history to the water intake structures in the Poudre River system.

Mr. Frisbie offered to provide additional information ahead of board approval at the July board meeting. Chair Bergsten asked about the process for approval through water court. Ms. Banks responded that the exchange would close with the water court process to follow.

4. System integration roadmap (presenter: Raj Singam Setti)

Raj Singam Setti, chief transition and integration officer, presented the action plan for distributed energy resources (DER) implementation.

Mr. Frisbie asked Mr. Singam Setti to explain what a virtual power plant is. Mr. Singam Setti explained that a virtual power plant is a collection of different programs with assets including physical and digital assets (demand response, beneficial electrification, electric vehicles, etc.) and using the combination of all assets to provide power to serve community load or sell into the markets. Melie Vincent, chief operating officer, discussed the term 'regulation down' (to balance the system when generation output exceeds demand) and communication between all the assets to maximize the value of the generation available.

Director Marsh asked if the back-and-forth communication is via text communication. Mr. Frisbie noted that it will be controlled by algorithms through an automatic demand response, not by human interaction. Mr. Singam Setti commented on the importance of data sciences to know how and when power will be needed. Mr. Frisbie and Ms. Vincent commented on monetization of a virtual power plant.

Director Minor asked if there are specific systems city staff should be reviewing to help coordinate with the platform Platte River will use. Mr. Singam Setti responded that Platte River's



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requirement is to pick a platform or an overall system that is technology agnostic and will work with any other program or system the cities currently have or will use. Director Marsh asked what community support is needed to assist Platte River, or the system as a whole, before entering into the market. Discussion ensued among directors and staff regarding distributing the programs and systems throughout the owner communities that will support the system.

Director Hornbacher asked about the dispatchable capacity resources to be added between 2024 and 2028. Mr. Singam Setti noted the dispatchable capacity listed will be used to support the system but not used often (less than a 20% capacity factor) through resources with better technology and lower emissions than current dispatchable resources. Discussion ensued among directors and staff on the resource plan decision points to meet the resource diversification policy and expand into the market.

Director Minor asked about lessons learned during the Valentine's Day weekend in 2021 also known as winter storm Uri. Mr. Frisbie summarized the events that occurred and discussed the additional generation to help Texas and other markets keep the power grid stable.

Chair Bergsten commented on owner communities taking advantage of federal grants.

10-minute break at 10:38 a.m.

5. Enhanced marketing strategies (presenter: Eddie Gutiérrez)

Mr. Gutiérrez presented examples to enhance the marketing and communications for Platte River and the four owner communities in speaking with one unified voice through partnership and collaboration. Mr. Gutiérrez showed examples of marketing strategies for Platte River and the four owner communities.

Director Peck thanked Mr. Gutiérrez for his approach to reaching out to the owner communities and providing communications in Spanish.

6. Average wholesale rate projections (presenter: Wade Hancock)

Wade Hancock, financial planning and rates manager, provided an overview of the rate setting framework and wholesale rate projections for 2023 through 2032.

Director Hornbacher asked about other financial levers Platte River could pull to help offset purchases of new assets, how rates are projected to compare to other utilities in Colorado and messaging towards achieving our 2030 goals. Chair Bergsten requested that staff come back with options and considerations staff could use to offset impacts. Mr. Frisbie commented on how various pressures from resource planning and transitioning the portfolio will impact rates sooner than 2030 and the challenges of bringing new projects online. Director Minor commented on messaging to the communities about dispatchable resource costs in the future and other variables relevant to the resource diversification policy.

Director Peck asked about bond authority and collaborating on funding grants available for Platte River and the owner communities. Mr. Frisbie added that Platte River cannot take



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advantage of production tax credits. Chair Bergsten suggested having further discussion and potentially a special board work session. Director Marsh commented on the board's ability to discuss rate increases associated with capital additions. Mr. Frisbie discussed ways to message rate increases to highlight the value of receiving a product 24 hours a day. Director Gertig commented on the challenges with operations and maintenance in each community and asked about simulated models on cost analysis for future rates. Discussion continued among directors and staff regarding the messaging for end use customers, impacts on retail rates, maintaining financial stability and reliability of the system.

Monthly informational reports

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

Ms. Leonard highlighted the formaldehyde rule for combustion turbines. Chair Bergsten asked which units at Rawhide Energy Station will be tested for formaldehyde. Ms. Leonard responded that only two of the five units are subject to these regulations. Ms. Hammitt added if the petition is granted, Platte River will still conduct annual emissions testing on units in addition to the continuous monitoring of other emissions.

8. April operating report (presenter: Melie Vincent)

Ms. Vincent highlighted the April operating results. Wind and solar generation performed above budget, with all coal units performing well throughout the month. She noted that coal resources are being reserved for the summer months to help with inventory levels in coal stockpiles. She also noted volatility in the joint dispatch agreement market pricing when wind generation fluctuates. There were no questions from the board.

9. April financial report (presenter: Dave Smalley)

Mr. Smalley highlighted the April financial report, noting surplus sales revenue above budget with prices higher than anticipated, partially offset by above-budget fuel expense. He also pointed out that budget projections for the remainder of the year were included in the board packet. There were no questions from the board.

10. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the Large Public Power Council (LPPC) CEO meeting topics on supply chain issues, summer capacity deficit concerns for members in organized markets, employee retention challenges and diversifying portfolios. He also noted touring a long-duration storage facility with Mr. Singam Setti before the LPPC meeting in California. There were no questions from the board.



Roundtable and strategic discussion topics

Adjournment

With no further business, the meeting adjourned at 12:10 p.m. The next regular board meeting is scheduled for Thursday, July 28, 2022 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 July, 2022.

Angela Hieb
Secretary