

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Sept. 29, 2022

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig¹ and Reuben Bergsten²
Representing Fort Collins: Kendall Minor
Representing Longmont: Mayor Joan Peck and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

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)
Raj Singam Setti (chief transition and integration officer)
Eddie Gutiérrez (chief strategy officer)
Angela Walsh (executive assistant/board secretary)
Josh Pinsky (IT service desk technician II)
Shelley Nywall (director of finance)
Jason Harris (controller)
Wade Hancock (financial planning and rates manager)
Libby Clark (director of human services and safety)
Staci Sears (human resources manager)

Guests

None

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. Chair Bergsten announced that due to a time constraint,

¹ Left meeting at 10:59 a.m.

² Left meeting at 11:32 a.m.

he and Director Koenig will be leaving the meeting early to attend a commitment in Estes Park.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of Aug. 25, 2022

Director Marsh moved to approve the consent agenda as presented. Director Hornbacher seconded. The motion carried 7-0.

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.

Committee reports

2. Retirement committee report

Committee treasurer Dave Smalley provided the retirement committee report from Aug. 25, 2022. A plan amendment to clarify indexing IRS benefits limits for retired participants was included on the agenda, but a voting quorum was not present at the meeting and the amendment was postponed to the November meeting.

Mr. Smalley summarized discussions about the process to implement a qualified governmental excess benefit or QEB plan designed to partially resolve IRS benefit limitations. Due to the cost and complexity of setting up and administering this plan for a limited number of participants, staff recommended, and the committee agreed not to move forward with a QEB plan.

The investment consultant, Northern Trust reported on the plan's performance for the second quarter noting decreased assets of \$12.7 million and portfolio return down 11% for the quarter. The portfolio's exposure to high quality, low volatility equities provided downside protection during the turbulent markets. Northern Trust provided an asset liability study designed to assist the retirement committee in reviewing the investment strategy and explore opportunities for improvement. Northern Trust also provided an educational session on the benefits of investing in high yield.

Mr. Smalley noted that no board action was required, and the next committee meeting is scheduled for Nov. 18, 2022.

Chair Bergsten asked when the defined benefit plan was closed to new employees. Mr. Smalley stated that it closed in 2009 or 2010 and Platte River now has a defined contribution plan for

employees hired after the defined benefit plan closed. Director Marsh asked why a retirement committee meeting is scheduled in November when no board meeting is scheduled in November. Jason Frisbie, general manager and CEO, responded that because board action is needed before the end of the year, the committee will meet ahead of the last board meeting to discuss the needed actions. That meeting will include any actions that require a full quorum to vote, and those items will be presented to the full board for approval in December.

Management presentations

3. Proposed Family and Medical Leave Insurance program (presenter: Libby Clark)

Libby Clark, director of human resources and safety, summarized the information for the state-provided paid Family and Medical Leave Insurance (FAMLI) program set to begin in 2024. She outlined Platte River's recommendation for the board to approve Platte River opting out of the program to implement a paid family leave program with benefits that will exceed those provided through the FMLA and FAMLI programs. Ms. Clark stated the board will be asked to approve a resolution at the October board meeting.

Director Peck asked if an employee survey was provided to see what they prefer. Ms. Clark responded that a full compensation and benefits package survey was provided and the survey reflected a resounding request for a paid leave program. Director Peck asked if the employer is participating, or the individual employee can participate. Ms. Clark confirmed it would be a Platte River funded program. Mr. Frisbie asked if the board approves Platte River opting out of the state-provided plan, could individual employees still elect to opt into the state plan. Ms. Clark clarified that an employee could choose to participate in the state-provided program but could not do both (resulting in 'double dipping') and would be obligated to participate with the state program for three full years. Director Marsh asked whether, if Platte River is paying for the premium, the benefits would be taxed (compared to employees contributing their own money to the state program). Ms. Clark noted the proposed Platte River plan would pay employees their wages and they would be subject to normal taxation. Chair Bergsten asked if the state-provided program capped at a certain dollar per week. Ms. Clark confirmed the state-provided benefits are capped but there would be no cap in the Platte River plan and Platte River would continue to pay employees' regular straight time wages.

4. Deferred revenue and expense accounting policy (presenter: Shelley Nywall)

Shelley Nywall, director of finance, provided an overview of the proposed deferred revenue and expense accounting policy to strategically manage the resource transition plan and to smooth rate impacts to the owner communities. Staff will recommend approval of the policy at the October board meeting.

Mr. Frisbie commented on staff's continued work to evaluate how this policy will affect the Strategic Financial Plan and how the flexibility will work. Ms. Nywall noted the policy gives staff flexibility to use this mechanism when needed, not tying it to a project or a certain timeframe. Mr. Frisbie confirmed staff would provide future updates on how the deferred revenues are used and why they were deferred. Mr. Smalley added the policy allows for a course correction if

needed. Chair Bergsten commented on the communities wanting to reach the goal of 100% noncarbon generation and the benefits the policy will provide to the communities to stabilize rates and thanked staff for the policy and the work involved. Director Hornbacher complimented the use of tools to manage year-to-year rate changes and looking at different options to provide benefits to the owner communities. Director Koenig supported the approval of the policy in October. Mr. Frisbie reflected on discussions in April with the board and utility directors and thanked the utility directors for the robust discussions on what the policy will accomplish.

5. 2022 and 2023 rate tariff schedules and policy Governing Purchases from PURPA Qualified Facilities (presenter: Shelley Nywall)

Ms. Nywall provided a recap for the proposed revision to the 2022 firm power tariff schedule, the 2023 rate tariff schedule review and the Standard Offer Energy Purchase Tariff (which is subject to the policy Governing Purchases for Public Utilities PURPA Qualified Facilities). Mr. Frisbie clarified that all intermittent energy is provided to the owner communities. The balance to serve load comes from the dispatchable units and the PURPA policy does not change that.

Director Peck asked why energy is charged at a higher rate when wind is over producing. Mr. Frisbie explained forecasting capacity factors and what each owner community is going to use within the budget year. When there is more wind than budgeted Platte River bills more dollars per megawatt hour because there is more volume at the higher intermittent rate. He also explained that, going forward, Platte River will manage the risk in renewable production volatility.

Ms. Nywall discussed the 2023 Firm Power Service rate tariff schedule and the Standard Offer Energy Purchase Tariff and stated that staff will ask for approval of all three tariffs during the October board meeting. Sarah Leonard, general counsel, pointed out that Platte River currently has no qualifying facilities selling energy to Platte River at the PURPA policy rate.

15-minute break at 9:51 a.m.

6. 2023 proposed Strategic Budget work session (presenter: Jason Harris)

Ms. Nywall introduced the 2023 proposed Strategic Budget, highlighting how the budget supports other Platte River documents such as the Resource Diversification Policy, the Strategic Plan and strategic initiatives, and providing an overview of the major components in the 2023 proposed Strategic Budget. She thanked the board members for their support going into 2023.

Jason Harris, controller, presented the 2023 proposed Strategic Budget, including the budget schedule, process, the overall document content, trends, a 2023 overview and the five-year capital forecast.

Mr. Frisbie discussed costs to build generation resources and how it compares to power purchase agreements. Chair Bergsten asked if long-term contracts and the joint dispatch agreement (JDA) will remain once Platte River moves into the market. Melie Vincent, chief operating officer, responded that the market will replace the JDA, but existing long-term power

purchase agreements (and the option to enter future long-term agreements) will remain intact.

Chair Bergsten asked how net income will change with the proposed deferred revenue and expense accounting policy. Mr. Harris responded that there is no impact to the 2022 and 2023 budgets. In the future, the accounting policy will provide flexibility to recognize revenues when needed to help offset expenses (and defer expenses against future revenues). Mr. Frisbie reiterated there will be further work on the reconciliation process to compare future years.

Director Peck asked why there is no increase in solar production in 2023. Mr. Harris explained that there is no new renewable generation facility coming online or commercially operational in 2023. Mr. Frisbie elaborated that the Black Hollow solar project was delayed about 16 months due to permitting and COVID-related issues, but staff continues to forecast the project coming online in 2024. Raj Singam Setti, chief transition and integration officer, emphasized staff's continued work on four potential solar projects; they will be shown in the budgets starting in 2024. Discussion ensued among directors and staff on supply chain issues, solar projects, storage, efforts related to distributed energy resources within the owner communities and how Platte River supports surrounding utilities during challenging weather events.

Director Bergsten commented on rate pressures felt in the owner communities that are beyond the wholesale and retail electric rates. Mr. Frisbie committed to a comprehensive approach in communicating the benefits to the owner communities with the rate increase on the electric side. Director Marsh commented on environmental changes that also impact end user bills. Director Minor commented on costs associated with the transition to reach the 2030 goals and transparency of the reliability factors in a zero-carbon portfolio. Mr. Frisbie discussed other ways to conserve energy consumption including using the Efficiency Works program to help people use less electricity. Discussion ensued among directors and staff on energy efficiency and carbon reduction.

Management Reports

7. Staffing plan update (presenter: Libby Clark)

Ms. Clark outlined the 12 net new employee positions that are included in the proposed 2023 Strategic Budget. Mr. Frisbie commented on why the board reviews staffing based on a 2017 board request. Chair Bergsten thanked staff for bringing on more staff to help Platte River and the owner communities reach the 2030 goal.

August 2022 informational reports

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

Ms. Leonard highlighted the Environmental Protection Agency's approval of Platte River's petition to demonstrate compliance with the formaldehyde emissions limits for the combustion turbine units D and F. There were no questions from the board.

9. Transition and integration report (presenter: Raj Singam Setti)

Mr. Singam Setti highlighted the evaluation process for the request for proposals (RFP) for additional solar and storage, evaluating how the Inflation Reduction Act may affect any RFP pricing and the status of the DER gap assessment process. Director Gertig asked about advanced metering infrastructure integration data and alignment within the four owner communities and Platte River. Mr. Singam Setti responded that the ongoing data discussions are heading in the right direction and the confidence level is much higher than it was three months ago.

10. Operating report (presenter: Melie Vincent)

Ms. Vincent highlighted the warm weather for August resulting in higher energy and demand for the month. Wind generation was below budget, solar generation was above budget and surplus sales were above budget. She also noted that Platte River hosted the first Joint Technical Advisory Committee meeting since 2019. Owner community staff and Platte River attended and discussed initiatives and infrastructure needs, the Western Energy Imbalance Service activity implementing new software, moving toward a commitment agreement for next spring and preparing for winter. There were no questions from the board.

11. Financial report (presenter: Dave Smalley)

Mr. Smalley commented on favorable financial results for August due to above-budget revenues from municipal sales and surplus sales. He also pointed out expenses were above budget due to fuel expenses. He anticipated requesting a contingency transfer by the end of the year. There were no questions from the board.

12. General management report (presenter: Jason Frisbie)

Mr. Frisbie provided an update on the impact of Hurricane Ian for the utilities in Florida and discussed the handout of key terms and acronyms previously requested by directors. He also noted that Chair Bergsten will be absent during the October board meeting.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities.

Adjournment

With no further business, the meeting adjourned at 11:45 a.m. The next regular board meeting is scheduled for Thursday, Oct. 27, 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 27 day of October, 2022.


Secretary

