

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Oct. 27, 2022

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig
Representing Fort Collins: Mayor Jeni Arndt¹ and Kendall Minor
Representing Longmont: Mayor Joan Peck² and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

Absent

Reuben Bergsten

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)
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 resource manager)

Guests

Anna Thigpen (FORVIS)
Chris Telli (FORVIS)

Call to order

Vice Chair Gertig called the meeting to order at 9:01 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. Mr. Gertig announced that Chair Bergsten is traveling and unable to Chair the meeting.

¹ Arrived at 9:04 a.m.

² Arrived at 9:16 a.m.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of Sept. 29, 2022
- b. 2022 and 2023 rate tariff schedules – Resolution 08-22
- c. Deferred revenue and expense accounting policy – Resolution 09-22

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

Public comment

Vice Chair Gertig 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. As part of the proposed Family and Medical Leave Insurance program opting out process, employees were invited to comment during public comment. No members of the public or Platte River staff asked to address the board.

Board action items

2. 2022 FORVIS financial audit plan

Dave Smalley, chief financial officer and deputy general manager, introduced Chris Telli and Anna Thigpen with FORVIS, formally BKD, to discuss the 2022 annual financial audit engagement letter and audit process. Chris Telli, FORVIS partner, summarized logistics and the timeline for the financial audit beginning in February. Anna Thigpen, FORVIS director, provided an overview of the pre audit letter and engagement letter.

The board had no questions. Vice Chair Gertig thanked Mr. Telli and Ms. Thigpen for their overview of the materials provided.

Director Hornbacher moved to authorize the execution of the 2021 FORVIS audit plan and engagement letter as presented. Director Minor seconded. The motion carried 6-0.

3. Proposed Family and Medical Leave Insurance program

Libby Clark, director of human resources and safety, summarized the recommendation for the board to opt out of the state provided Family and Medical Leave Insurance (FAMLI) program as Platte River has created an enhanced internal paid family leave program for all staff.

Director Arndt asked if there will be financial impact to the organization with the new program. Ms. Clark responded that it depends on how many people take advantage of the leave program and mentioned the program includes requirements and criteria to qualify similar to the Family Medical Leave Assistance (FMLA) program. Director Arndt asked if the proposed program

differs from what is already in place for a paid leave program. Ms. Clark clarified that Platte River previously did not have a paid leave program other than FMLA and this program supplements the wage replacement during leave. Jason Frisbie, general manager and chief executive officer, added that the program will not increase costs, although Platte River may experience temporary productivity losses when employees use leave.

Director Marsh moved to approve Resolution 10-22 authorizing Platte River to decline all participation in the state-sponsored FAMLl program. Director Peck seconded. The motion carried 7-0.

4. Executive session – personnel matter and matters subject to negotiation

Vice Chair Gertig noted the next item on the agenda to discuss pending matters that may be subject to negotiations and a confidential personnel matter. Director Hornbacher moved that the board go into executive session for the purposes to discuss pending matters that may be subject to negotiations (specifically related to development of solar resources) and a confidential personnel matter.

The general counsel advised that an executive session was authorized in this instance by Colorado Revised Statutes, Section 24-6-402(4)(e)(I) and 2406-402(4)(f)(I); provided that no formal action would be taken during the executive session.

Director Arndt seconded, and the motion carried 7-0.

Reconvene regular session

The vice chair reconvened the regular session and asked if there was further discussion or action as a result of the executive session. There were no comments from the board.

Management presentations

5. 2023 proposed Strategic Budget work session (presenter: Shelley Nywall)

Shelley Nywall, director of finance, presented the changes to the 2023 Strategic Budget since the September board work session and also provided a year-to-date projection on the 2022 year-end reimbursement to the owner communities from the renewable rate tariff true-up. Ms. Nywall complimented Wade Hancock, financial planning and rates manager, for the amount of work he completed during this year's rate tariff changes.

Director Koenig asked if the unused contingency funds have to be reallocated the following year. Ms. Nywall confirmed that unused funds would need to be reallocated. Director Marsh asked if there is a cap to what amount can be used within the contingency fund. Ms. Nywall responded that any amount used would be board approved at the end of the year. Mr. Frisbie added that the contingency funds cannot be used until the board approves the use with a 'not to exceed' amount at year end. Discussion ensued among directors and staff on contingency fund usage.

Director Peck asked where the additional funds come from to cover the increase in contingency funds. Ms. Nywall responded that if the funds were needed to cover fuel expenses for surplus sales, the revenues from surplus sales would cover the needed funds, but if it were capital expenses the funds would come from reserves. Mr. Frisbie further explained reappropriating net income from the current year to cover the increase in contingency funds. Director Peck compared terminology used in municipal budgets versus Platte River's budget. Mr. Smalley explained the difference between governmental budget funds versus enterprise budget funds and how the accounting is different. Discussion ensued among directors and staff about budgeting, accounting for expenses and complying with Colorado's local government budget law.

Mr. Frisbie noted other large electric utilities across the country are having issues receiving fuel for generation and asking their boards to request additional funds to help cover the deficit.

Director Minor asked about the 2023 planned minor outage on Rawhide Unit 1. Mr. Frisbie responded that a major outage is conducted every three years with a minor outage conducted in between major outages. Minor outages last one to two weeks while staff inspect the boiler, clean auxiliary equipment and prepare for the next major outage.

Vice Chair Gertig congratulated Mr. Smalley, Ms. Nywall and the finance department on a well-presented budget.

Vice Chair Gertig stated the proposed 2023 Strategic Budget for Platte River had been delivered to the board of directors in accordance with applicable law. Legal notices were published announcing that the proposed 2023 Strategic Budget was made available to the public for inspection and that the public hearing will be held today, October 27, for the board to receive public comment on the proposed Strategic Budget before final adoption by the end of the year.

Vice Chair Gertig declared the public hearing on the proposed 2023 Strategic Budget for Platte River Power Authority open.

One member of the public asked about the distributed energy resource management system budget allocation.

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

Vice Chair Gertig closed the public hearing.

6. Strategic Plan update (presenter: Eddie Gutiérrez)

Eddie Gutiérrez, chief strategy officer, summarized the past board work session results, internal employee focus group themes, the evaluation of strategic goal areas to highlight and next steps for the Strategic Plan document.

Vice Chair Gertig stressed the importance for owner communities and stakeholders to go

through a similar strategic plan to address vulnerabilities and integration of systems. Mr. Gutiérrez commented on technical communication among the owner communities as another strategy to coordinate. Director Peck commented on the resource diversification policy, using available resources and the timeline of adding new resources. Mr. Frisbie said the board must decide by the end of 2023 on resources, estimated costs on what technology or resources will be selected and maintaining enough dispatchability on the system throughout the transition timeline. Director Marsh encouraged Platte River staff to provide speaking points and information to other city, county and state elected officials, so they are prepared to speak at a local and legislative level. Mr. Gutiérrez urged a more unified voice to increase awareness and create a stronger reputation as a strategy to support a small utility. Discussion ensued among directors and staff on Platte River messaging and presence within the owner communities.

7. Distributed solar and storage options (presenter: Raj Singam Setti)

Raj Singam Setti, chief transition and integration officer, discussed draft concepts for distributed solar and storage options within the owner communities and outlined Platte River's variables to solve for reliability, resiliency, cost efficiency and integration into the system.

There were no questions from the board.

September 2022 informational reports

8. Q3 performance dashboard (presenter: Jason Frisbie)

Mr. Frisbie presented the third quarter performance dashboard as it relates to the three core pillars of reliability, environmental responsibility and financial sustainability. Vice Chair Gertig thanked the staff for the outstanding performance and proactive maintenance planning. There were no questions from the board.

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

Ms. Leonard highlighted the El Paso Electric Company's appeal challenging a Federal Energy Regulatory Commission decision on cost allocation for regional transmission projects. There were no questions from the board.

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

Mr. Singam Setti highlighted the status of the Black Hollow solar project and the phase 2 solar request for proposals, which has been delayed enabling vendors to refresh their prices. He also stated one of two staff positions were filled in the distributed resource energy team. There were no questions from the board.

11. Operating report (presenter: Melie Vincent)

Ms. Vincent highlighted the operating results for the month with above budget owner community demand and energy for the month with wind and solar generation below budget and an increase

in surplus sales. She complimented the staffs' dedication at Rawhide, the trusting work between operations groups at Rawhide and headquarters and their commitment to the future of Platte River. Ms. Vincent highlighted the combined turbines completing 146 out of 146 starts as evidence of the staff dedication. Vice Chair Gertig commented on the variability of renewables continuing in the future and how resource planning incorporates that variability and asked if Platte River will hire a meteorologist to predict weather patterns. Mr. Singam Setti discussed evaluating different models and noted the data scientist group will focus on future forecasts. Ms. Vincent commented on the importance of recruitment and retention of staff who learn the patterns and build institutional knowledge about how the system can respond. Mr. Smalley noted the owner community demand difference from month to month will have an impact on planning as well.

12. Financial report (presenter: Dave Smalley)

Mr. Smalley noted the favorable financial results for the month and pointed out the contingency line-item discussion earlier in the meeting regarding how operating expenses for the year are offset by above-budget revenues. He also explained the footnote for \$7.0 million unrealized losses on investments. They affect net income results but have no cash impact. There were no questions from the board.

13. General management report (presenter: Jason Frisbie)

Mr. Frisbie announced that staff reached one million hours worked with no lost time accidents. He also highlighted the capital contingency reporting and a recent Large Public Power Council meeting where peer organizations shared information about 15% vacancy rates in employment, supply chain issues and permitting new resources. Director Arndt asked if permitting issues were due to environmental concerns. Mr. Frisbie elaborated on the permitting process and how it is affecting the transition to renewable energy and increasing costs. He reminded the board they are invited to the Platte River Holiday Employee Appreciation Party on December 10 and to reply to Angela Walsh. He previewed a potential real estate opportunity staff was evaluating. There were no questions from the board.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities.

Adjournment

With no further business, the meeting adjourned at 12:04 p.m. The next regular board meeting is scheduled for Thursday, Dec. 8, 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 8 day of December, 2022.


Secretary

