

## Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO  
Thursday, Dec. 8, 2022

### Attendance

#### Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten  
Representing Fort Collins: Mayor Jeni Arndt and Kendall Minor  
Representing Longmont: Mayor Joan Peck<sup>1</sup> and David Hornbacher  
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

#### Absent

#### 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)  
Caroline Schmiedt (senior counsel)  
Julie Depperman (director of treasury services)  
Jason Harris (controller)  
Wade Hancock (financial planning and rates manager)  
Libby Clark (director of human services and safety)  
Staci Sears (human resource manager)

#### Guests

none

### Call to order

Chair Bergsten 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.

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<sup>1</sup> Attended via Zoom Webinar; left meeting at 11:30 a.m.

## Action items

### 1. Consent agenda

- a. Approval of the regular meeting minutes of Oct. 27, 2022
- b. 2023 proposed board of directors regular meeting schedule – Resolution 11-22

Director Hornbacher moved to approve Resolution 11-22: the 2023 proposed board of directors regular meeting schedule as presented. Director Koenig seconded. The motion carried 8-0. Sarah Leonard, general counsel, reminded the chair that a motion to approve the consent agenda was needed, not just the resolution. Chair Bergsten finished the first vote and asked for a motion to approve the Oct. 27, 2022 regular meeting minutes. Director Marsh moved to approve regular meeting minutes of Oct. 27, 2022 as presented. Director Gertig 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.

## Committee reports

### 2. Defined Benefit Plan committee report

Director Hornbacher, committee chair, provided a summary from the Nov. 8 meeting. The plan's investment consultant, Northern Trust reported on the plan's performance through September, noting that assets decreased \$23 million as negative market returns and benefit payments exceeded contributions. The portfolio return was -18% due to the portfolio's exposure to high quality, low volatility equities, which provided downside protection during the turbulent markets. Northern Trust also provided a summary of its five-year market outlook anticipating low but positive returns for fixed income and moderate returns for equities and real assets.

The plan's actuary and staff presented a plan amendment related to post-retirement benefit adjustments based on increases in Internal Revenue Code section 415 limits, along with plan amendments related to the SECURE Act, which increased the age required for mandatory distributions from retirement plans from 70½ to 72, and minor revisions to clarify when participants may change their beneficiaries. The committee approved the plan amendments and submitted the amendments for adoption by the full board under board action items.

Committee Chair Hornbacher confirmed that the next committee meeting is scheduled for Feb. 23, 2023.

## Board action items

### 3. Defined Benefit Plan amendment

Dave Smalley, chief financial officer and deputy general manager, provided a brief overview of the two retirement plans available to Platte River employees; the Defined Benefit (DB) Plan for all employees hired before 2010 and the Defined Contribution (DC) Plan for employees hired after the DB plan closed. Mr. Smalley introduced Caroline Schmiedt, senior counsel, to explain the two proposed plan amendments.

Ms. Schmiedt explained how Platte River is required to periodically review its retirement benefit plans to ensure compliance to current law and Internal Revenue Service regulations. She confirmed the plan amendments presented for approval were recommended by Platte River's outside pension counsel Reinhart Boerner Van Deuren.

Ms. Schmiedt listed the proposed changes for the DB Plan in amendment number six, as provided in the board packet starting on page 35.

Director Arndt moved to approve Resolution 12-22: the Defined Benefit Plan amendment number six as presented. Director Minor seconded. The motion carried 8-0.

### 4. Defined Contribution Plan amendment

Ms. Schmiedt listed the proposed changes for the DC Plan in amendment number two, as provided in the board packet starting on page 45.

Director Koenig moved to approve Resolution 13-22: the Defined Contribution Plan amendment number two as presented. Chair Bergsten seconded. The motion carried 8-0.

### 5. 2022 budget contingency appropriation transfer

Shelley Nywall, director of finance, explained how the budget contingency appropriation transfer funds are used and described past uses. Ms. Nywall summarized the 2022 budget contingency appropriation transfer funds, referring to page 39 of the 2023 Strategic Budget document and discussed how the transfer funds will be allocated to cover 2022 expenses.

Jason Frisbie, general manager and chief executive officer, discussed an operational issue on Rawhide Unit 1 and how that will affect budgeted surplus sales and fuels expenses. Director Minor asked what the issue was at Rawhide. Melie Vincent, chief operating officer, explained a bearing issue and that the part that failed was sent to a vendor to repair. She further noted that gas prices were below expected pricing and December is forecasted to be a mild month. Discussion continued among directors and staff regarding stressors on equipment.

Ms. Nywall reminded the board that the contingency carryover approval process will be covered during the February meeting and details are provided on a monthly basis in the financial report.

Director Koenig asked if the contingency funds will be moved in 2022 or if the funds are being moved into the 2023 budget to help cover expenses. Ms. Nywall described the differences between the contingency transfer, which covers over budget 2022 expenses, and the separate process for the capital carryover to cover projects that continue into the next year. Mr. Frisbie explained the capital carryover process helps keep project managers accountable for their timing and budgets. Ms. Nywall noted the internal approval process for additional funds for projects that exceed budget or new projects that come up during a budgeted year.

Director Hornbacher moved to approve Resolution 14-22: the 2022 budget contingency appropriation transfer as presented. Director Gertig seconded. The motion carried 8-0.

## **6. 2023 Strategic Budget review and adoption**

Ms. Nywall thanked staff who contributed to the final budget document and recommended the board adopt the 2023 budget. Ms. Nywall provided an overview of the financial results and highlights for the 2023 Strategic Budget. Ms. Nywall said there were no changes since the public hearing held at the October board meeting.

Director Hornbacher complimented staff on a well-organized and easy to read budget document. Chair Bergsten asked how deferred revenues will affect days cash on hand. Deferred revenues affect Platte River's earnings and coverage metrics, but do not directly affect days cash on hand. When we defer revenues we expect days cash on hand to increase from our strong financial results, and this will facilitate future capital additions. Mr. Frisbie said staff will provide an additional report to show how the deferred revenues and expenses are being recognized. Mr. Smalley added the 2022 annual report will be the first time the deferred revenues will be reflected in the report.

Director Hornbacher moved to approve Resolution 15-22: the 2023 Strategic Budget as presented. Director Peck seconded. The motion carried 8-0.

## **Management presentations**

### **7. Strategic Plan update (presenter: Eddie Gutiérrez)**

Eddie Gutiérrez, chief strategy officer, outlined the implementation process for the strategic plan and provided a status report of action items to complete the document.

Director Arndt commented on the city works program and the NoCo leadership program and asked if Platte River would consider including members of the public in the education sessions. Mr. Frisbie noted that Platte River planned to host educational opportunities for city staff and the public in the Energy Engagement Center when designing the room. Director Peck suggested city councils for all four owner municipalities could benefit from education sessions. Mr. Frisbie asked if the strategic plan process reflects what the board had in mind during the board work session earlier in the year. Director Hornbacher complimented how the plan captures the board's feedback and said the strategic plan outline seems to cover everything the board had discussed. Director Bergsten observed how the strategic plan could be a great start to the

education strategy for our owner communities and how the plan will incorporate the entire vision of Platte River. Director Marsh commented on engaging the utility customers in the education process and helping them understand the path Platte River is on. Discussion continued among directors and staff on engaging customers of the four owner communities, how board members can help accomplish goals along the way and messaging.

**Break at 10:00 a.m.**

#### **8. Resource Diversification Policy review (presenter: Jason Frisbie)**

Mr. Frisbie started the board discussion to review the Resource Diversification Policy (RDP) and highlighted the key decision points and discussions planned for 2023.

Raj Singam Setti, chief transition and integration officer, reviewed the 2018 RDP and key considerations at the time of board approval. He summarized progress since board approval in 2018 and future planning considerations for Platte River staff and the board.

Chair Bergsten asked when the next required integrated resource plan (IRP) submission to the Western Area Power Administration (WAPA) was due. Mr. Singam Setti responded that IRPs for WAPA preference customers are required every five years. Because Platte River made its last formal submission in 2020, the next mandatory deadline would be 2025, but Platte River has elected to submit its next plan a year early, in 2024.

Director Hornbacher commented on putting together an IRP more frequently between the 2020 IRP and the 2030 goal and referred back to the software implemented during the 2020 IRP process. Sarah Leonard, general counsel, discussed obligations to meet WAPA's federal requirements. Director Koenig asked what dispatchable capacity is needed by 2030. Mr. Frisbie asked to wait until the end of the presentation because that is a question for the whole board to answer. He also noted the significant progress in the last four years to add renewable generation; more will be added in the near future. Chair Bergsten commended staff for locking in advantageous pricing for the Roundhouse wind project and the Rawhide Prairie solar project before those projects were needed. Mr. Frisbie discussed staff's system modeling work to identify favorable pricing and how to accommodate additional resources before they were needed.

Director Minor commented on the projected hydro allocation affecting the results of the next IRP. Mr. Singam Setti confirmed that the lower hydro allocation will impact the generation configuration in the next IRP study.

Mr. Frisbie pointed out the percentage of wind that will be on the system by 2030 and how different the portfolio is compared to past generation plans. He mentioned how moving into an organized market will affect Platte River's 2030 portfolio. He observed that storage does not show as a separate resource because, while storage allows Platte River to manage mismatches between when energy is produced and when we need it, storage does not actually produce any energy. Mr. Frisbie continued to discuss future planning considerations while remaining committed to the RDP and how dispatchable thermal capacity will be needed to integrate increased renewable generation while maintaining Platte River's three pillars.

Director Minor asked to review information for refining the RDP. Director Koenig noted that information will continue to change and suggested scheduling six-month status reviews to continue being transparent to the public and city councils. Mr. Frisbie offered to provide a range of renewable generation percentages to account for different intermittent production and mentioned staff is already working on the next IRP. He expressed concern that others will question why the goal is still 100% when staff knows it is not feasible with current technology and the decision on a dispatchable resource will need to be made by the end of 2023. Director Minor asked for updates more frequently than every six months. Mr. Frisbie noted that the board will receive presentations in 2023 that will dive deeper into the future considerations and the status of key decisions.

Discussions continued among directors and staff regarding status updates, information that will be provided and future resource considerations.

## Management reports

### 9. Distributed Energy Resources update (presenter: Raj Singam Setti)

Mr. Singam Setti provided an update on the Distributed Energy Resource (DER) teams' progress with outside vendors to evaluate a DER Management System to facilitate virtual power plant development. Chair Bergsten recognized the staffs' groundwork evaluating the DER options and the possible impacts of joining an organized market.

There were no questions from the board.

### 10. Benefits update (presenter: Libby Clark)

Libby Clark, director of human resources and safety, summarized the benefits that have been evaluated, modified and provided to Platte River employees with a focus on retaining and attracting staff.

There were no questions from the board.

## October 2022 informational reports

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

Ms. Leonard highlighted the Air Quality Control Commission rulemaking update on the proposed State Implementation Plan related to ozone. Chair Bergsten asked what precipitated the proposal to remove language from the Colorado's regulations on affirmative defense against penalties for air pollution exceedances that occur during startup, shutdown or malfunction beyond a source's control. Ms. Leonard responded that the Air Quality Control Commission seemed to be responding to federal case law evolving Environmental Protection Agency interpretations.

## **12. Transition and integration report (presenter: Raj Singam Setti)**

Mr. Singam Setti highlighted the Black Hollow solar project progress with ongoing negotiations on pricing. He said construction should begin in 2023, and also discussed the next request for proposals for additional solar.

There were no questions from the board.

## **13. Operating report (presenter: Melie Vincent)**

Ms. Vincent highlighted the operating results for the month, with lower energy and demand for the owner communities and higher than expected power pricing in the market. She noted the availability factor for Rawhide Unit 1 was lower for the month due to a bearing issue. The new part was in route to the plant, which will return to normal service by end of day.

Ms. Vincent commented on the ongoing situation with the railroad strike and substation security concerns at Duke Energy.

There were no questions on the operating report from the board.

## **14. Financial report (presenter: Dave Smalley)**

Mr. Smalley highlighted favorable results for the month of October, including below-budget operating expenses, municipal sales below budget and surplus sales above budget. He commented on the negative wind variance, which lowered purchased power costs. This affected the intermittent price true-up reimbursements to the cities. Staff projects reimbursement of about \$150,000, to be split among the owner communities by the end of the year.

There were no questions from the board.

## **15. General management report (presenter: Jason Frisbie)**

Mr. Frisbie commented on higher wind and solar production in 2022 compared to years past and how it relates to the resource portfolio planning. He reminded the board of the Holiday Employee Appreciation Party, commented on the economic development checks disbursement and Tri-State's payment to reconcile the shaft-sharing agreement.

Chair Bergsten thanked the board for approving the 2023 Strategic Budget, as it is always encouraging for our customers to have a stable financial outlook.

## **Roundtable and strategic discussion topics**

Directors provided updates from their individual communities.



# Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

## Adjournment

With no further business, the meeting adjourned at 11:58 a.m. The next regular board meeting is scheduled for Thursday, Feb. 23, 2023, 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 23 day of February, 2023.

  
Secretary

Approved: Feb. 23, 2023  
Vote: 8-0

