

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Oct. 26, 2023

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 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)
Josh Pinsky (IT service desk technician II)
Shelley Nywall (director of finance)
Jason Harris (senior manager, financial reporting and budget)
Masood Ahmad (resource planning manager)
Wade Hancock (senior manager, financial planning and rates)
Javier Camacho (director of public and external affairs, strategic communications and social marketing)
Kendal Perez (strategic communications and community relations manager)
Leigh Gibson (senior external affairs specialist)
Kathleen West (communications and marketing specialist)
Jennifer Hammitt (director of legal affairs)
Matt Tribby (senior air quality engineer)
Chris Wood (environmental compliance manager)
Pat Connors (director of portfolio strategy and integration)

Guests

Daniel Brooks (Electric Power Research Institute)

John Di Stasio (Large Public Power Council)
Anna Thigpen (FORVIS)
Chris Telli (FORVIS)

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.

Action items

1. Consent Agenda

- a. Approval of the regular meeting minutes of Sept. 28, 2023
- b. Resolution 10-23: 2024 rate tariff schedules

Director Hornbacher 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 in-person members of the public and callers wishing to speak at the start of public comment. Eleven members of the public addressed the board.

Board action items

2. 2023 FORVIS financial audit plan (presenter: Dave Smalley)

Dave Smalley, chief financial officer and deputy general manager, introduced Chris Telli and Anna Thigpen with FORVIS to discuss the 2023 annual financial pre audit letter and engagement letter to be signed by the board chair following authorization. Chris Telli, FORVIS partner, discussed the audit process and highlighted a new Governmental Accounting Standards Board (GASB) statement for Platte River to adopt, referred to as GASB 96, requiring auditing actions on subscription-based information technology arrangements. He also summarized logistics and the timeline for the financial audit beginning in February 2024. Anna Thigpen, FORVIS director, provided an overview of the pre audit letter and engagement letter.

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

Director Arndt moved to authorize the chair to sign the 2023 FORVIS audit plan and engagement letter as presented. Director Gertig seconded. The motion carried 8-0.

3. Dispatchable capacity (presenter: Raj Singam Setti)

Raj Singam Setti, chief transition and integration officer, summarized advancements in the clean energy transition since the board approved the Resource Diversification Policy (RDP) and key points in developing the 2024 Integrated Resource Plan (IRP). Mr. Singam Setti introduced Daniel Brooks, vice president of integrated grid and energy systems for the Electric Power Research Institute (EPRI).

Mr. Brooks presented analysis from a U.S. economy decarbonization modeling report detailing energy generation resources needed to achieve net-zero by 2050.

Mr. Singam Setti introduced John Di Stasio, president of the Large Public Power Council (LPPC). Mr. Di Stasio presented on planning activities and trends among the 28 largest public power utilities across the United States.

Mr. Singam Setti summarized the key takeaways from the two presenters and explained Platte River's continued efforts in the clean energy transition. He reiterated staffs' recommendation of dispatchable capacity to support renewable resource performance and increased renewable penetration, maintain reliability and enhance the ability to integrate technologies of the future.

Sarah Leonard, general counsel, explained the changes made to the draft resolution to reflect board member and public feedback following the September board meeting. Director Marsh asked when staff would purchase the aeroderivative units and if purchasing them would be staged to allow for testing the performance with the system. Jason Frisbie, general manager and chief executive officer, responded that Platte River must order the units by the second quarter of 2024, and it is more cost effective to do all the units at once. He suggested there is too much focus on the aeroderivative units and not enough on the other two elements of dispatchable capacity: long-duration storage and a virtual power plant. The proposed resolution includes all three to help protect the three pillars of the organization. Director Peck noted text in the resolution addressing long-duration storage development, asked about the storage pilot program and requested that long-duration storage be implemented first. Chair Bergsten reiterated the resolution expresses the need for all three categories of dispatchable capacity. Director Peck commented that the resolution did not address the environmental responsibility pillar. Mr. Frisbie observed the caveats in the RDP that address the three pillars of the organization, including environmental responsibility and the board can hold the general manager accountable for the actions made to reach the 2030 goal. Discussion ensued among directors and staff regarding executive sessions that covered renewable energy resource negotiations, other utilities' clean energy transitions and their portfolios and the ability to take advantage of opportunities to further clean energy penetration.

Director Hornbacher supported the resolution with the three components of dispatchable capacity and discussed how the distribution systems have different planning challenges, how renewable generation resources will perform and the importance of reliability to the overall electric system. Director Peck

stated her support for the resolution and asked about relative costs of aeroderivative units and long-duration storage and when hydrogen fuel capabilities could be implemented. Director Arndt expressed her support for the resolution based on the information and science behind the staff's recommendation and the trust City of Fort Collins has for Platte River Power Authority. She added that she is committed to the 100% clean energy transition and for social justice. Director Koenig emphasized the importance of reliability and supported the resolution as written, noting diversity of views in the Estes Park community but that modeling continues past the 2024 IRP. Director Marsh discussed the board's support for staff to continue transitioning to 100% clean energy and supported the resolution. Director Minor expressed his support for the resolution because it aligns with the City of Fort Collins Climate Action goals, appreciated the public comments and feedback, and appreciated the resolution addressing the three components of dispatchable capacity.

Director Peck moved to approve Resolution 11-23: Dispatchable capacity support as presented. Director Marsh seconded. The motion carried 8-0.

Mr. Frisbie and Chair Bergsten thanked the guest speakers for presenting at the meeting.

Break 10:47-11:05

Management presentations

4. 2024 proposed Strategic Budget public hearing (presenter: Jason Harris)

Jason Harris, senior manager, financial reporting and budget, presented the changes made since the September work session, and summarized the high-level financial results and overall highlights to the proposed 2024 Strategic Budget.

Chair Bergsten stated the proposed 2024 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 2024 Strategic Budget was available to the public for inspection and that the public hearing would be held October 26 for the board to receive public comment on the proposed Strategic Budget before final adoption by the end of the year.

Chair Bergsten declared the public hearing on the proposed 2024 Strategic Budget for Platte River Power Authority open.

One member of the public discussed changes reflected in the Rawhide Unit 1 fuel costs. Director Arndt asked why the unit was dispatched less. Melie Vincent, chief operating officer, explained that future cost estimates are based on modeling results and how the market has impacted dispatch of coal-fired generation. Mr. Smalley noted that a mild summer and increased hydropower this year decreased the capacity factor of Rawhide Unit 1, which affected dispatch of base-load generation resources and modeling results further.

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

Chair Bergsten closed the public hearing.

5. Strategic Financial Plan update (presenter: Shelley Nywall)

Shelley Nywall, director of finance, reviewed updates to the proposed Strategic Financial Plan (SFP) and summarized the goals and objectives along with the financial and rate requirements included in the document. She provided an overview of the financial governance framework, highlighting the financial metrics and rate stability strategies to preserve long-term financial sustainability and manage financial risk. Ms. Nywall also discussed the advantages the SFP gives Platte River, including long-term financial sustainability and financial flexibility in an uncertain environment.

Director Arndt asked about how Platte River pays for energy from the federal hydropower allocation and if it will change as generation decreases. Ms. Nywall explained the demand and energy components to the rate Platte River pays will decrease when the allocation is decreased. Discussion ensued among directors and staff on hydropower resource allocation.

Ms. Nywall thanked Mr. Smalley for his oversight of the financial departments and celebrating his 30-year service anniversary at Platte River.

6. Marketing and community engagement update (presenter: Eddie Gutiérrez)

Eddie Gutiérrez, chief strategy officer, presented key highlights from the community engagement during public meetings in the four owner communities the past few months and previewed the fall marketing campaign to include celebrating 50 years of Platte River.

Directors offered other community groups for staff to meet with that are actively engaged in the owner communities. Director Hornbacher discussed the educational value in communication efforts throughout the owner communities. Discussions ensued among directors and staff regarding radio ads and the evolution of the marketing campaign.

7. SPP RTO West update (presenter: Melie Vincent)

Due to the limited time, this presentation was postponed to December.

Monthly informational reports for September

8. Q3 performance dashboard (presenter: Jason Frisbie)

Mr. Frisbie summarized the third quarter performance results, highlighting the reliability, environmental responsibility and financial sustainability statistics. Discussion ensued among directors and staff about how deferred revenues and expenses will impact financial results.

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

Ms. Leonard highlighted the continued progress on Platte River entering the Southwest Power Pool's western regional transmission organization scheduled to begin operation in April 2026.

10. Resource diversification report (presenter: Raj Singam Setti)

Mr. Singam Setti provided an update on the request for proposals (RFP) for wind, solar and storage projects. Director Hornbacher asked if the RFPs designated certain geographical locations or if the location was left open. Mr. Singam Setti explained that the RFP left location open, but transmission and other costs are taken into consideration when choosing the proposals to move forward.

11. Operating report (presenter: Melie Vincent)

Ms. Vincent highlighted operating results for September, showcasing a new format. Owner community demand was slightly above budget while energy was slightly below budget due to mild temperatures throughout the month. Year to date, demand is near budget and energy is below budget. The overall net variable cost to serve owner community load was significantly below budget for the month due to higher bilateral sales pricing and below-budget coal generation. Year to date, the net variable cost to serve owner community load is below budget.

12. Financial report (presenter: Dave Smalley)

Mr. Smalley highlighted favorable results for September. Change in net position was favorable by \$4.8 million compared to budget due to below-budget operating expenses and above-budget unrealized gains and interest income on investments, partially offset by below-budget revenues. Year to date, change in net position is favorable by \$14.7 million. Revenues over budget included sales for resale, which were \$1.4 million above budget due to short-term sales. Owner community sales and energy came in slightly below budget. The purchased power expense was above budget but was offset by below-budget fuel costs. He noted the need for a budget contingency transfer at the end of 2023, expected to be about \$2.2 million, with more details listed in the general management report.

Chair Bergsten commented on the change in net position being part of the strategy in deferring revenues and expenses and asked if the change in net position is higher than expected. Mr. Smalley responded that the \$14.7 million is above budget and Platte River plans to defer revenues to stay within the Strategic Financial Plan matrix.

13. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the board invitation to the holiday employee appreciation party and addressed comments about Platte River's 10-year capital plan and how it relates to the budgeting process for adding renewable energy (which generally does not show as capital because payments under renewable power purchase agreements are treated as operation and maintenance expenses). He also notified the board that he would be out of the office on medical leave.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities.

Adjournment

With no further business, the meeting adjourned at 12:16 p.m. The next regular board meeting is scheduled for Thursday, Dec. 7, 2023, at 9:00 a.m. virtually and 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 7 day of December, 2023.


Secretary

Adopted: 12.07.2023
Vote: 8-0

