

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, May 25, 2023

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig¹ and Reuben Bergsten
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)
Kaitlyn McCarty (executive assistant – finance and IT)
Josh Pinsky (IT service desk technician II)
Libby Clark (director of human resources and safety)
Shelley Nywall (director of finance)
Wade Hancock (financial planning and rates manager)
Javier Camacho (director of public and external affairs, strategic communications and social marketing)
Libby Clark (director of human resources and safety)
Staci Sears (human resource manager)
Carol Ballantine (director of power markets)
Heather Banks (fuels and water manager)
Kari Lynch (senior communications and marketing specialist)
Kendal Perez (communications and marketing specialist)
Leigh Gibson (senior external affairs specialist)

¹ Attended via Zoom; joined at 11:10 a.m.

Chelsea Friel (graphics specialist)

Guests

Carrie Hackenberger (Husch Blackwell Strategies)

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. Jason Frisbie, general manager and chief executive officer, congratulated Dave Hornbacher on his recent appointment of assistant city manager for the City of Longmont.

Action items

1. Consent Agenda

- a. Approval of the regular meeting minutes of April 27, 2023
- b. Employee total compensation policy: Resolution 07-23
- c. Revision to wholesale transmission service tariff (Tariff WT-24): Resolution 08-23

Director Hornbacher moved to approve the consent agenda as presented. Director Peck seconded. The motion carried 6-0.

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. Strategic plan (presenter: Eddie Gutiérrez)

Eddie Gutiérrez, chief strategy officer, previewed the final draft strategic plan, highlighting the four strategic initiatives providing focus and direction for Platte River. Mr. Gutiérrez thanked his staff for the work on the strategic plan and for coordinating a cross-functional review process. Staff will return during the July board meeting to ask for approval of the 2023 strategic plan.

Director Hornbacher complimented staff on the document. Chair Bergsten emphasized the board's greater cultural support responsibility toward regional collaboration and asked how to help Platte River's engagement efforts within the communities. Mr. Frisbie reflected on the expansion of the communications and marketing department from a few staff members seven years ago to a full

department of talented people who produce quality reporting, communications and engagement within the owner communities at a deeper level. He also requested direction on how to provide support for the city councils and municipal staffs. Director Marsh commented on Loveland's practices for public comment and offered to have consistently scheduled updates from Platte River staff to keep councilmembers informed. Mr. Frisbie reiterated his wish for all four councils to know and understand Platte River's path to reach the 2030 goal. Mr. Gutiérrez offered educational work sessions or customized council coordination throughout the communities and requested staff support within the communities to help schedule those. Discussion ensued among directors and staff on how Platte River can keep the owner communities and town and city council members informed and engaged.

3. State legislation recap (presenter: Javier Camacho)

Javier Camacho, director of public and external affairs, strategic communications and social marketing, provided an overview of the First Regular Session of the Seventy-fourth General Assembly that convened on Jan. 11, 2023, and adjourned on May 8, 2023, and Platte River's efforts throughout the session. He introduced Carrie Hackenberger with Husch Blackwell Strategies (HBS), Platte River's state lobbyist. Ms. Hackenberger discussed the legislature's areas of focus during this year's session, including environmental issues, employment issues, affordable housing and property taxes.

Platte River tracked 27 bills. Mr. Camacho highlighted three bills Platte River focused on: Senate Bill 23-198, House Bill (HB) 23-1039 and HB23-1294. He explained how Platte River staff worked in conjunction with HBS, Colorado Association of Municipal Utilities and bill supporters and sponsors to incorporate a series of amendments to the three bills. Chair Bergsten asked what value HB23-1039 adds for Platte River when an integrated resource plan (IRP) has already been submitted in the past. Sarah Leonard, general counsel, explained how HB23-1039 addressed gaps in the reporting structure and it will establish a baseline for all entities on reporting responsibility. Raj Singam Setti, chief transition and integration officer, commented that the bill requires organizations to prove they can provide adequate capacity into the market with real assets. Discussion ensued among directors and staff on how the bill was structured and how it affects Platte River and the owner communities.

Mr. Camacho introduced Leigh Gibson, senior external affairs specialist, who will focus on the 2023 Legislative session recap analysis to prepare for 2024, coordinate with state agencies on follow-up action items and update the legislative resource manual. Director Peck expressed concerns about lack of clear oversight to keep entities accountable to the bills that are passed. Ms. Hackenberger described reporting requirements and state agencies with authority to regulate the entities. Discussion ensued among directors and staff on reporting, accountability structures and unique concerns for low-income ratepayers affected by the unintended consequences of bills with competing objectives.

4. Hydro allocation update (presenter: Carol Ballantine)

Carol Ballantine, director of power markets, provided an overview of the Loveland Area Project and Colorado River Storage Project resources and allocations, Western Area Power Administration's distribution of the power, current and future hydropower conditions and rates.

5-minute break (10:30-10:35)

5. Integrated Resource Plan overview (presenter: Raj Singam Setti)

Mr. Singam Setti highlighted the focus areas for the 2024 IRP, summarizing the lessons learned from the 2020 IRP process, outlining the development process for the current IRP, including the pre-IRP studies, the modeling process and the timeline to meet a July 2024 submittal deadline.

Chair Bergsten pointed out the competing objectives associated with financial demand on owner communities to modernize the distribution utilities to support Platte River's board-approved Resource Diversification Policy and its 2030 decarbonization goal. Director Gertig discussed the prerequisites to achieve the goal. He noted working together as five utilities is more imperative than ever, to manage different timelines and the need to transition together. Mr. Frisbie highlighted Platte River's historical resource addition decisions while working with regional power providers to share financial burdens. This helped lower costs and will be essential as market participation evolves. He said staff members have been evaluating emerging technologies that may give the five utilities a competitive advantage in the market. Discussion ensued among directors and staff about the Organic Contract, supplying electricity in a whole new way, enabling all board members to talk about Platte River's path and the progress toward the next IRP filing.

Chair Bergsten thanked staff for the trip to California to visit facilities that are testing emerging technologies Platte River might consider.

6. Wholesale rate projections (presenter: Shelley Nywall, Wade Hancock)

Shelley Nywall, director of finance, discussed how rate projections have become more complex and uncertain as Platte River continues its resource diversification journey, which requires enhanced communication and collaboration efforts between Platte River and owner community staffs. She reminded the board that the rate projections are based on current resource planning model assumptions and cautioned that model inputs can and will change. Ms. Nywall discussed tools the financial planning division can use to support financial sustainability and keep rates as low as possible.

Ms. Nywall recapped the May work session hosted at Platte River headquarters for utility directors and their staff to have an in-depth look at details behind Platte River's resource and financial planning processes.

Wade Hancock, financial planning and rates manager, provided an overview of Platte River's strategic financial plan, rate-setting framework and historical average wholesale rates. He also summarized the financial plan updates and projections, the rate schedule tariffs for 2024 Firm Power Service and other services. Chair Bergsten asked if the average wholesale dollar per megawatt hour is only the energy charge or if it is all costs combined. Mr. Hancock responded that the average wholesale rate is all revenues divided by the kilowatt hours converting it to energy-only rate. Director Peck asked if Platte River seeks out grants or completes capital investment planning. Mr. Smalley confirmed that Platte River does conduct capital planning that is incorporated into the rates charged to the owner

communities and staff continues to investigate various grants that are available. Director Peck observed that ratepayers may perceive near-term rate increases as obligations to pay for resources upfront. Chair Bergsten noted that pursuing grants is very work-intensive and we must be confident the effort matches the rewards. Director Hornbacher commented on investing in building the renewable energy future, how Platte River's wholesale rates are currently the lowest in the state and how Platte River has managed past transitions. Discussion ensued among directors and staff on grants, public power economic benefits and rate setting.

During the financial projections portion of the presentation, Director Minor asked if revenue generated from the communities is paid toward debt service capacity. Mr. Hancock confirmed that a portion of the revenues received from the owner communities pays debt service on Platte River's power revenue bonds.

Director Gertig emphasized the importance for public power entities to focus on the distribution because of the challenges the distribution systems experience with asset management and advancements. Mr. Frisbie explained that Platte River is in a position of relative strength with low debt service on retiring resources. This should help Platte River manage rate pressure and deliver value to the owner communities through carbon reduction, reliable power and lower costs to borrow money. He also discussed replacing equipment now to minimize future costs as inflation continues to rise. Director Peck urged support for public education on power generation costs, rate impacts and the value Platte River provides to the owner communities. Discussion ensued among directors and staff regarding modernizing distribution system equipment, rate impacts and low-cost efficiencies for the owner communities.

Management reports

7. Water Resources Reference Document (presenter: Heather Banks)

Heather Banks, fuels and water manager, provided an overview of the seventh edition of the Water Resources Reference Document and outlined the updates made from the sixth edition. She noted staff will develop a condensed version of the document to present in 2024 and moving to a three-year update cycle.

Monthly informational reports for March

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

Ms. Leonard highlighted that the Western Area Power Administration is formally evaluating whether to enter into final negotiations in joining the Southwest Power Pool's western regional transmission organization and initiated a public comment process on the recommendation to move forward.

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

Mr. Singam Setti highlighted the request for proposals for wind energy and storage with the expectation the projects will be commercially operative in 2027. He also summarized a daylong workshop titled "Distributed Energy Resource Functions and Capabilities" in collaboration with the project consultant, Utilicast, and staff from the owner communities.

10. Operating report (presenter: Melie Vincent)

Melie Vincent, chief operating officer, highlighted operating results for April. Wind and solar generation were close to budget. Thermal energy generation decreased, while purchased power was above budget, so fuel costs were below budget. Chair Bergsten asked how the market is performing. Ms. Vincent explained the chart on page 10 of the operating report shows the first full month of results, which are not unusual in a market. She noted a full year of results will tell a better story of how Platte River will benefit from being in a market.

11. Financial report (presenter: Dave Smalley)

Mr. Smalley discussed the financial results for April. He highlighted how year-to-date sales reflect volatility in the organized market, mostly being driven by volume. He explained the projections for the year shown in the financial report will change throughout the year. There were no questions from the board.

12. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the positive rating agency outlook recently received, the market analysis report, and summarized the trip to California to explore innovative technologies, thanking Mr. Singam Setti for setting up the trip for the utility directors. There were no questions from the board.

Chair Bergsten thanked Mr. Frisbie and Mr. Singam Setti for setting up the trip to California and establishing relationships with the companies.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities.

Adjournment

With no further business, the meeting adjourned at 12:24 p.m. The next regular board meeting is scheduled for Thursday, July 27, 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 27 day of July, 2023.


Secretary

Adopted: July 27, 2023
Vote: 7-0

