

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Sept. 26, 2024

Attendance

Board members

Representing Estes Park: Mayor Gary Hall and Reuben Bergsten
Representing Fort Collins: Mayor Jeni Arndt
Representing Longmont: Mayor Joan Peck and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

Absent

Tyler Marr

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, generation, transmission and markets)
Eddie Gutiérrez (chief strategy officer)
Angela Walsh (executive director of board and administration, board secretary)
Esther Velasquez (senior executive assistant)
Josh Pinsky (IT service desk technician II)
Shelley Nywall (director, finance)
Jason Harris (senior manager, financial reporting and budget)
Libby Clark (director, human resources and safety)
Paul Davis (manager, distributed energy resources)
Kendal Perez (manager, strategic communications and community relations)
Javier Camacho (director, public/external affairs, strategic communications/social marketing)
Maia Jackson (senior communications and marketing specialist)
Leigh Gibson (senior external affairs specialist)
Wade Hancock (senior manager, financial planning and rates)
Erik Martin (financial analyst III)
Palmer Giro (accounting analyst III)

Guests

None

Call to order

Chair Gertig 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 Aug. 29, 2024

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

Public comment

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 in-person members of the public and callers wishing to speak at the start of public comment. No members of the public addressed the board.

Committee report

2. Defined Benefit Plan retirement committee report

(presenter: Committee Chair Dave Hornbacher)

Committee chair Dave Hornbacher provided a summary of the Defined Benefit Plan retirement committee report from the Aug. 29, 2024, meeting.

The plan's investment consultant, Northern Trust, reported on the plan's performance for the June 2024 quarter, stating that the assets increased \$900,000 as positive market returns and contributions exceeded benefit payments. For the quarter, the portfolio returned 1.4%, while the plan's benchmark increased 1.2%. Year to date, the portfolio returned 5.4%; the long-term return target is 7.5%. Committee Chair Hornbacher stated that Northern Trust provided an education session on equity markets concentration.

Committee Chair Hornbacher noted that based on the direction from the retirement committee, staff issued a request for proposals for investment consulting services. Staff is currently interviewing the top-rated firms. The finalist will present to the retirement committee during the October retirement committee meeting.

The next committee meeting is scheduled for October 31.

Committee Chair Hornbacher mentioned that the retirement committee report is for informational purposes only, and no board action was necessary at this time.

Management presentations

3. 2025 proposed Strategic Budget work session

(presenters: Shelley Nywall and Jason Harris)

Shelley Nywall, director of finance, introduced the 2025 proposed Strategic Budget for the board work session, providing a high-level overview of how the energy transition affects the budget, with significant investments in noncarbon resources from the long-term perspective. She noted that there are slides at the end of the presentation that provide more details for reference that will not be presented during the meeting.

Jason Frisbie, general manager and chief executive officer, commented on coal unit retirements for Craig Unit 1 and 2 as well as Rawhide Unit 1. Director Bergsten highlighted the footnote on the system nameplate capacity slide that explains how 72 megawatts (MW) of wind was sold until 2030 when Platte River's system will be able to take the capacity. He complimented staff for thinking strategically with the purchase of additional wind capacity at a lower price. Mr. Frisbie added the wind sale allowed Platte River to increase the size of the Roundhouse Wind project from 150 to 225 MW of wind energy, currently the cheapest resource in the portfolio. Ms. Nywall reiterated the significant renewable generation increases to replace coal generation in the next five years through the energy transition.

Mr. Frisbie clarified comments made recently at a council meeting about significant rate increases. He noted the increases shown in resource portfolio costs does not directly translate into rate increase equivalence. Director Peck asked if the gas capacity is available only when Platte River needs it, or will it be sold into the market regardless of Platte River's load needs. Mr. Frisbie explained the amount of gas capacity is to cover the load during dark calms and other extreme weather events, and, to be in the market, Platte River must prove its ability to serve Platte River's load plus reserves to support the entire system. He continued to reiterate the need for gas is to maintain reliability after the current dispatchable capacity retires by 2030 and is replaced by intermittent renewable resources with lower capacity factors. Melie Vincent, chief operating officer, generation, transmission and markets, expanded on how the market uses resources offered at cost with three costs considered; how much it costs to start up the unit, how much it costs to run at minimum and how much it costs in the energy market curve from minimum to maximum operation (known as the integrated heat rate curve). She further explained that if Platte River lowers the costs in the market to sell more, it will sell at a loss, which would increase the cost of power to the owner communities. If Platte River increases the cost, the market will not dispatch the unit and Platte River will sell less power. This is referred to as the opportunity cost. Ms. Vincent stated that Platte River operates units when the market needs them, and the cost of the power is sufficient to justify bringing the units online. Unless the units are needed for reliability to support the system, the market will always dispatch the lowest-cost resources. Discussion continued among directors and staff regarding unit dispatch into the market to cover the system footprint, use of surplus sales and advancing technologies. Director Bergsten emphasized to board members the need to promote the virtual power plant and customer participation to those who want to support our energy transition and resources.

Ms. Nywall discussed the increases in budget expenditures for 2025. Chair Gertig asked about

budgeting for capital expenditure projects that span multiple years before their operation dates. Ms. Nywall pointed out that capital expenditures reflect the downpayments made for securing the assets that can be paid for with cash reserves or debt financing. Staff plans to use debt financing in 2026 to cover the aeroderivative units.

Jason Harris, senior manager, financial reporting and budget, previewed the budget approval schedule, the internal budget process and the primary areas within the budget document. He thanked staff organization-wide for contributing to the budget document.

Mr. Harris summarized the budgeting trends in revenues and expenses, and gave an overview of the financial results. Director Bergsten asked why the deferred revenue is referred to as deferred regulatory revenue. Mr. Harris responded that it is related to the Governmental Accounting Standards Board 62 policy; it reflects that Platte River is a rate making entity. Sarah Leonard, general counsel pointed out the effective load carrying capability (ELCC) MW allocations to the wind and solar numbers as part of the 2025 system capacity. Mr. Harris explained the numbers associated with the wind and solar are the ELCC modeling output because these resources are less available at the time of greatest system need. Mr. Frisbie expanded on how the ELCC modeling results support the need for the aeroderivative units to meet peak load. Mr. Harris further explained that the ELCC of renewable generation resources declines as more are added to the system. Mr. Frisbie commented on the challenges staff faces to have enough capacity to maintain reliability on the system when dispatching into a market. Director Bergsten asked about the ELCC for storage once Platte River has storage on the system. Mr. Frisbie confirmed that storage will have an ELCC credit as well and will be different depending on the size of the storage. Chair Gertig asked staff to add footnotes to the slide explaining ELCC for future presentations.

Director Marsh asked how much Rawhide Unit 1 generation will be offset by wind and solar generation in 2025. Mr. Harris responded that it is a modeling question and market purchases also affect Rawhide Unit 1 generation. Ms. Vincent referred to the current energy production page on the Platte River website to get an idea of which resources are dispatched and when market purchases cover load. Mr. Frisbie discussed the importance of thermal generation during critical timeframes where renewables are not serving the load and the challenges that remain to maintain reliability during those critical times.

Director Marsh asked expected lifespan for the aeroderivative units and how it compares to the maintenance schedule for the coal units. Ms. Vincent responded that the units should last at least 30-50 years and are designed to frequently start up to help stabilize the system. Mr. Frisbie explained the complexity of a coal-fired generation unit compared to simpler gas unit. Discussion ensued among directors and staff regarding maintenance schedules for the aeroderivative units.

Director Bergsten asked if capital expenditures are recognized for storage in the five-year capital plan. Mr. Harris responded that if Platte River purchase storage is through a storage services agreement, which will not be a capital expense, but the infrastructure to connect the storage project to the system would be a capital expense.

Director Bergsten complimented staff on tying the budgeted dollars to the actual projects. Chair Gertig congratulated staff on the budget document winning the award again for 2024 and the professional layout of the 2025 document.

Break (10:50 a.m. - 11:00 a.m.)

4. 2025 Rate tariff schedules (presenter: Wade Hancock)

Wade Hancock, senior manager, financial planning and rates, provided a recap of the 2025 rate tariff schedules, reflecting an average wholesale electric rate increase of 6.3%.

Director Bergsten asked if there are any interruptible large customers within the Large Customer Service Tariff (Tariff LC-25). Dave Smalley, chief financial officer and deputy general manager, responded that the one large customer under Tariff LC-25 is an interruptible customer.

5. Building the Efficiency Works virtual power plant (presenter: Paul Davis)

Paul Davis, manager, distributed energy resources, explained the process to build the virtual power plant (VPP) within the owner communities and how it will interact with customers in the owner communities and the energy market.

Director Marsh asked if staff has analyzed the best system for VPP and how it will interact with current rate structures. Mr. Frisbie responded that the rate structures will have to be evaluated to best integrate the VPP onto the system and how it will communicate with customers. Mr. Smalley added that structuring rates will be a challenge in the future. It may make sense to migrate toward real-time rate structures, but the risk will fluctuate with market prices. Discussion ensued among directors and staff regarding rate calculations, wholesale and owner community rate structures and future risks associated with current rate structures.

Chair Gertig asked if the four owner communities are on track for their parts of the VPP. Mr. Davis responded that the collaboration is currently on track; we look forward to working with vendors on realistic timeframes to build out the VPP systems and programs.

Director Bergsten asked for an update on the Department of Energy grant work to support the VPP. Mr. Davis responded that Platte River will hear in October and will update the board at a future meeting.

6. Community support policy updates (presenter: Kendal Perez)

Kendal Perez, manager, strategic communications and community relations, provided an overview of the community support policy and the updates staff recommends the board approve at the October board meeting.

Director Peck commented on the economic development payments and how it should be separated from the community partnerships. Mr. Frisbie suggested a language change to the economic development program and will work with staff on what changes to make.

Management reports

7. Staffing update (presenter: Libby Clark)

Libby Clark, director, human resources and safety, explained the memorandum provided on page 203 of the board packet.

Monthly informational reports for August

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

Ms. Leonard highlighted the Southwest Power Pool's petition for a declaratory order on tariff provisions and conflict with state law.

9. Resource diversification report (presenter: Paul Davis)

Mr. Davis highlighted the 20 MW distributed storage project update, the 75-100 MW four-hour battery storage project and the 150-250 MW of additional nameplate wind capacity request for proposals update.

10. Operating report (presenter: Melie Vincent)

Ms. Vincent highlighted operating results for August, reflecting owner community demand above budget and energy below budget for the month. Year to date, both owner community demand and energy continue to be below budget. The overall net variable cost to serve owner community load was below budget for August, due to lower natural gas costs offset by lower market sales volume and pricing. Year to date, the net variable cost to serve owner community load is below budget.

11. Financial report (presenter: Dave Smalley)

Mr. Smalley summarized financial results for August and favorable results year to date. For August, the change in net position was favorable by \$0.9 million. He highlighted the footnote at the bottom of the slide, noting that unrealized gains on investments accounted for most of the \$0.8 million variance. Revenues and expenses were unfavorable for the month due to surplus sales below budget, partially offset by above-budget transmission revenues. Capital additions were over budget due to the downpayment for the aeroderivative units. Year to date, change in net position of \$25.7 million was favorable by \$8.3 million compared to budget, primarily due to below-budget operating expenses and above-budget unrealized gains on investments and interest income, partially offset by below-budget revenues.

Director Bergsten asked if the \$8.3 million reflects the rate increase for 2024. Mr. Smalley stated the \$8.3 million is above budget projections and helps the rate smoothing process.

12. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the links provided in the communications, marketing and external affairs section, and provided an update on recruitment efforts to fill the vacancy on the senior leadership team. He said he would present the reorganization summary at 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 12:06 p.m. The next regular board meeting is scheduled for Thursday, Oct. 31, 2024, 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 31 day of October, 2024.


Secretary

Adopted: Oct. 31, 2024
Vote: 8-0

