

EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS

1. Safety

- a. There was 1 Non-Lost Workday injury in September.

2. Environmental and Regulatory Activities

- a. For October, 2021, 24 air, water, and waste areas environmental compliance reports were submitted to the Colorado Department of Public Health and Environment (CDPHE), New Mexico Environment Department (NMED) and the Environmental Protection Agency.
- b. Agency inspections.
 - i. A remote air quality file inspection was conducted by CDPHE for J.M. Shafer Station

3. Government Relations

- a. Please see October 2021 Government Relations Report under our Shared Drive, https://drive.google.com/file/d/13W9nFkr37TLL3RhNWse9WKNpPRQ_ZpjP/view?usp=sharing

4. Member Relations

- a. TS Member Relations activities report was provided.

5. Corporate Communications

- a. TS Corporate Communications activities report was provided.

REGULAR BOARD MEETING, COMMITTEE MEETINGS

The October 2021 Regular Board and Committee Meetings were held in person at TS headquarters. As mentioned previously, the TS Regular Board Meeting is now public in that approved press individuals, Member Staff, and Member Consumer can attend. There was no press, a handful of Member Staff and one Member Consumer. Do to COVID restrictions, guests can attend by phone at this time. No one addressed the Board during the “Member/Consumer Comments” item.

Please see the attached **October 2021 Meeting Highlights and the October 2021 Board Report**. Other documents can be found in the Board Shared Drive, <https://drive.google.com/drive/folders/1pjfM0hYJC2Y2vOFZk521XgoiOK2J9r3g?usp=sharing>

Tri-State Board of Directors

October 2021 Meeting Highlights



Tri-State Beneficial Electrification & Efficiency Program (BE&E)

The Tri-State Board reviewed the proposed 2022 BE&E program, which is done on an annual basis to determine the success of existing offerings, integrate new technologies, and ensure that our programs continue to drive value for our members. Through engagement with the Products & Services Advisory Council, Tri-State staff developed and discussed proposed recommendations with members and polled the council to determine what changes the membership would like to see implemented, as well as collect feedback on other offerings they would like to include as a part of the program. The board approved the 2022 program, which includes several new options and modifications to existing offerings, including:

- Continuing to advance Tri-State's efforts in beneficial electrification and electric vehicles (EV). The EV supply equipment rebate has been restructured to include more incentives for managed chargers and high-speed DC Fast Chargers. Additionally, incentives for electric forklifts are being increased and staff will be evaluating working with vendors to host demo days in member areas or other engagement events.
- Additional changes to current offerings include modifying the air source heat pump program to recognize the differences in standard and cold climate systems, adding riding mowers and additional batteries for equipment to the rebate program.
- New offerings are also being implemented in 2022 including smart thermostats and whole house fans.
- Additional offerings currently being evaluated for implementation in 2022 include: controlled heat tape, commercial heat pump (roof top) units, variable speed evaporative coolers, all-electric home pilot program, home energy auditing partnerships, and indoor agriculture engagement/strategic energy management audit pilots.
- After working with members and the Products and Services Advisory Council, it was determined rebates for several products should end, including rebates for electric resistance water heaters, air conditioners, terminal heat pumps, some appliances, and the truck stop electrification program.
- Additionally, staff will be working towards the replacement of the rebate management software in 2022.

Transmission Engineering, Construction and Maintenance Update

During the last two board meetings, Tri-State's Transmission department, led by Joel Bladow, SVP Transmission, provided in-depth updates on their activities over the last year. In September, Chris Pink, VP Transmission Engineering, provided an update on engineering and construction activities and this month, Ruth Marks, VP Transmission Maintenance, discussed the work being completed in her department. Both Pink and Marks also provided some insight into their teams regarding their employees and how they work daily to ensure reliability, affordability and responsibility for our members.

- Pink reported on the projects completed in 2020 and provided an update on projects being constructed in 2021.
- Over three hundred (312) projects were energized in 2020 with a total investment of \$76.2 million, including:
 - 9 new substations
 - 10 new transformers
 - 27 new/replaced circuit breaker/switches
 - 103 new/replaced disconnect switches
 - 76 new/modified relay panels
 - 53 miles new/replaced transmission line
- Pink also reported on 13 major projects planned to be completed in 2021. The projects are spread across the system and include a mix of substations and new transmission lines.
- Marks reported on efforts to enhance productivity while maintaining a high level of service and reliability. Transmission assets maintained by Tri-State have increased by 20% over the past 5 years while staffing has been reduced. Some of the efforts to increase productivity include: utilizing human performance tools, extending maintenance intervals, implementing asset management, applying new technology, improving work scheduling, and rethinking crew utilization.
- Marks also discussed some of the challenges the Maintenance team faces, including traveling across the four states, increased regulatory compliance obligations and natural disasters.

Update on Federal Legislation

Barbara Walz, SVP Policy & Compliance/Chief Compliance Officer, reported negotiations over the \$1.5 trillion bipartisan infrastructure bill and the Democrats' \$3.5 trillion reconciliation bill continue. The reconciliation bill is not yet complete, but Walz indicated that it will almost certainly be less than \$3.5 trillion.

- Tri-State staff continues to advocate for rural community assistance language to be included in the reconciliation bill. Tri-State is also watching the negotiations on direct-pay clean energy tax credits and the clean electricity payment program (CEPP).

This month's highlights

- Tri-State Beneficial Electrification & Efficiency program (BE&E)
- Transmission engineering, construction and maintenance update
- Update on federal legislation
- Operational and financial results
- Government relations report
- Upcoming events

From the Chairman

Thank you for your continued patience with me as I continue to grow into my new role as chairman. I appreciate the continued engagement with the board, as we seek to be more efficient with our meetings, materials and the directors' valuable time. Please reach out to me with your thoughts on how we conduct our meetings as we continue to refine our practices.

We had a robust discussion on the 2022 board calendar and scheduling virtual meetings, and the directors have my commitment that we will work to ensure virtual meetings allow us to continue to do our important work as effectively as possible.

Member contract flexibility continues to advance as we make progress on issues related to the partial requirements buy-down payment that is currently before FERC. I appreciate the work of the members to resolve outstanding issues.

At our October meeting, the board reviewed and approved the 2022 Beneficial Electricity and Efficiency program. Each year, staff reviews the success of existing offerings, proposes how we can integrate new technologies, and ensures that our programs continue to drive value for our members.

The board also reviewed the Tri-State Directory app that is available for iPads and other mobile devices. It is a valuable tool that I hope you all can utilize. Instructions on the app are included in the Resource Center of the Diligent Board app on the directors' iPads.

I was able to attend NRECA's Region 7 & 9 meetings, where it was great to see our members and other cooperative leaders talking with one another and working together to make our cooperatives stronger. It was good to hear from NRECA CEO Jim Matheson and Mountain View Electric's Joe Martin, who serves as NRECA Secretary-Treasurer.

As I work to serve you as best I can, please do not hesitate to reach out to me at 575-430-2995 or tim.rabon@tristategt.org — *Tim*

From the CEO

We continue to make progress on the goals of our Responsible Energy Plan, including increasing clean energy. With NextEra, the developer of the 200-MW Niyol wind project located in Highline Electric's service territory, we are planning for a Nov. 4 ribbon cutting to commemorate the commercial operations of the new project. With the commercial operations of the Crossing Trails wind farm, located in K.C. Electric's service territory, Tri-State reached a record for wind penetration of 32.8% on Sept. 25. Our record for total renewable penetration was set back on May 20, when renewables reached 64.3%.

In support of our affordability goals, the board approved Tri-State bringing on a partner to help us meet the members' rate reduction expectations and leverage those changes into long-term cost reductions that support of our transition beyond 2023. This partner will work with a broad range of employees to help us establish a clear path between our practices today and where we need to be at the end of our

transition, identify where we can manage costs to achieve our rate reduction, improve our financial procedures to align with and support our transition, and internalize necessary changes so that we continue to see success for years to come.

Tri-State made important filings on the Contract Termination Payment (CTP) dockets with FERC on Oct. 5. In Colorado, we filed an update to our Electric Resource Plan (ERP) with the Colorado PUC on Sept. 28. The ERP filing included modeling of additional resource plan scenarios based on the requests from stakeholders, as well as Tri-State's revised preferred plan to meet the goals outlined in our Responsible Energy Plan. I appreciate staff's work on all these efforts.

August margins were over budget, driven in part by higher non-member sales revenue in the energy imbalance markets in which we participate.

Tri-State's Transmission department, led by Joel Bladow, SVP Transmission, has provided in-depth updates on its activities over the last year. This month, Ruth Marks, VP Transmission Maintenance, discussed the good work of her department. Notably, we are managing more transmission assets with fewer staff, and transmission maintenance staff's work continues to be exemplary.

Following the board meeting, I had the opportunity to attend Poudre Valley REA's ribbon cutting for its microgrid project in Red Feather Lakes. We greatly appreciate the opportunity to work with Jeff and his team on this project, which supports greater resiliency in this remote mountain community. I look forward to the CREA Innovation Summit next Monday, where I will share the stage with Xcel Energy's CEO Alice Jackson to discuss utility issues important to our cooperatives and industry.

We are here to serve you, and if we can be of assistance, please contact me any time at 303-254-3535 or dhighley@tristategt.org — *Duane*

Operations and Financial Performance

August 2021 operations performance

- Coal fleet generation was 92% availability and 44% of total power supply.
- Gas and oil fleet generation was above budget and accounted for 7% of total power supply.
- Renewable generation accounted for 28% of total power supply and 32% of member load.
 - Tri-State had 559 MW of utility-scale wind and solar capacity. In August, the average capacity factor for these resources was 38%, with 27 MW (5% of potential output) available at Tri-State's peak.
- Other purchased power (unspecified) was 21% of total power supply.
- Member energy sales volumes and non-member energy sales volumes were over budget.

View the [Operations Report](#) on the directors' BoardBooks app and the Member Information Center.

August 2021 financial performance

- Member electric sales were 2.2%, lower than budget. Reductions are primarily due to the 2% rate reduction, slightly offset by 0.4% energy in excess of budget sold to members. The 2% rate reduction, implemented in March 2021, continues to reduce sales compared to budget.
- Non-member sales were 55.3%, above budget as Tri-State realized positive impacts of the CAISO and the SPP imbalance markets.

- Purchased power was 8.0% higher than budget, primarily due to higher than budgeted purchases from Basin and renewables as lower generation at the Craig Generation Station and Laramie River Station necessitated purchases.
- Fuel costs were 5.9% lower than budget, primarily resulting from coal mining operating costs, which were expensed this month; natural gas fuel costs were higher than budget, and fuel costs at the coal-fired power plants were higher than budget.
- Production costs were 14.6% lower than budget, primarily due to lower maintenance costs and timing on receipts of invoices for maintenance work performed.

View the [Financial Results](#) on the directors' BoardBooks app and the Member Information Center.

Board Update

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 - 103 new/replaced disconnect switches;
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Government relations report

The September government relations report can be found on the Directors Boardbooks app and in the [Member Information Center](#).

Meetings and events

- November Committee and Board Meetings, (Virtual):
 - Executive Committee – Mon, Nov. 1 at 1 p.m.
 - Engineering & Operations Committee – Tues., Nov. 2 at 8 a.m.
 - External Affairs & Member Relations Committee – Tues., Nov. 2 at 10:30 a.m.
 - Finance & Audit Committee – Tues., Nov. 2 at 1:30 p.m.
 - Board of Directors Meeting – Wed., Nov. 3 at 8:30 a.m.

- Colorado Rural Electric Association Innovation Summit and Fall Conference – Oct. 9-12, Denver
- Member CEO Meeting – Oct. 12-13, Tri-State headquarters
- Tri-State Communications and Member Relations Conference – Oct.18-20, Tri-State headquarters