

## **EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS**

### **1. Safety**

- a. There was one Non-Lost Workday Case in May 2022.
- b. TS received the “Decades of Excellence” award, the “Zeroes Heroes” award, the “Excellence in Mine Health and Safety – Outstanding Safety Performance” award, the “Excellence in Mine Health and Safety – Individual Safety, Marvin Reynolds” (30 years in mining without injury), the “National Business Aircraft Association Corporate Flight Operations” award (60 years and 40,000 hours of flight operations without accident), the National Safety Council “Superior Safety Performance” and “Perfect Record” awards.

### **2. Environmental and Regulatory Activities**

- a. For May 2022, 20 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. None to report for May

### **3. Government Relations**

- a. The Government Relations report can be found at the following link - <https://drive.google.com/file/d/15utlqoq71WjGus6vOzSz5OzTBytDNLJm/view?usp=sharing>

### **4. Member Relations**

- a. TS Member Relations activities report was provided.

### **5. Corporate Communications and Public Affairs**

- a. TS Corporate Communications and Public Affairs activities report was provided.

### **6. Energy as a Service Presentation was given**

- a. **the presentation can be found at the following link -** [https://drive.google.com/file/d/10f3MIPppBfGMI3N\\_Ln\\_-yg3ysObXe0-y/view?usp=sharing](https://drive.google.com/file/d/10f3MIPppBfGMI3N_Ln_-yg3ysObXe0-y/view?usp=sharing)

### **7. Affiliated Organizations Reports**

- a. Reports were given for CREA and NMRECA.

## **REGULAR BOARD MEETING AND COMMITTEE MEETINGS**

This month, extra time was spent on an overview of the company re-organization, which was put in place the first week of June.

Due to the TS meetings being a week before our LPEA Regular Board Meeting, the TS Board Report might not make it into DirectorPoint. It will be placed in our Google Drive.

# Tri-State Board of Directors

## June 2022 Meeting Highlights



### Safety Awards

Tri-State was recognized across its operations with numerous safety awards in 2021-2022. Kent Mahanna, Senior Manager of Corporate Safety, presented highlights awarded by OSHA Region VIII, Colorado Mining Association, National Business Aircraft Association, and National Safety Council (NSC).

- Corporate Flight Operations earned OSHA Region VIII Decades of Excellence and Zeroes Heroes awards and the NBAA Safety Award from the National Business Aircraft Association.
- The Colorado Mining Association awarded Colowyo with Excellence in Mine Health and Safety – Outstanding Safety Performance, and Excellence in Mine Health and Safety – Individual Safety to Marvin Reynolds (30 years without injury).
- NSC awarded Superior Safety Performance to Rifle Generating Station, Burlington Generating Station and Pyramid Generating Station, and Perfect Record Award to Transmission West.

### Energy as a Service Business Plan Update

Reg Rudolph, Chief Energy Innovation Officer, Chris Johnson, VP Finance, and Matt Fitzgibbon, Beneficial Electrification Manager, presented an update on the Energy as a Service (EaaS) business plan. The objective of the EaaS program is to maximize the value of the Cooperative Energy Ecosystem by focusing on optimizing the distribution network to create a vertically coordinated system.

- Rudolph started with an overview of what the EaaS business will initiate and the strategic priorities it will meet.
- Fitzgibbon highlighted the integral role that Energy Efficiency (EE) plays in the Cooperative Energy Ecosystem as demand-side management (DSM), which, alongside demand response and distributed energy resources, is crucial for grid optimization. He also discussed Tri-State's existing EE results compared to the 2023 target, underscoring how closing the ~55.6% gap (~22.2GWh) will require a change in mindset about electrification, including how to increase availability through financing and leverage DSM as an asset. A combination of on-bill financing and rebates was shown to remove barriers and substantially lower the costs to achieve electrification.
- Johnson provided an overview of renewable energy financing and how changes in the financing landscape may provide opportunities as the EaaS program develops toward a Tri-State subsidiary structure.
- Rudolph concluded the presentation by discussing structure and partnerships for the EaaS business.

### Solar Project Update

Susan Hunter, VP Energy Resources, provided an update on the solar industry market, which is experiencing several disruptions that are negatively impacting costs, financing and timing of projects. Hunter also noted how these challenges are affecting Tri-State's planned solar projects. Evan Jurkovich, Manager of Energy Policy and Federal Affairs, discussed efforts at the federal level to alleviate the disruptions.

- The solar industry is facing three key pressures: import tariffs (specifically an investigation into alleged tariff avoidance), solar module and material price increases and supply chain delays, and legislative uncertainty.
- An ongoing US Department of Commerce investigation into alleged avoidance of import tariffs on solar cells has sent significant shocks across the industry, resulting in job losses, project delays/cancellations, increased prices, and other impacts as the industry awaits a final decision in 2023.
- Tri-State has six solar projects currently under development which were originally scheduled for completion in 2023. As is the case across the industry, these projects are subject to the ripple effects of the industry turmoil, and Tri-State is actively working with project developers to mitigate impacts to timing and cost when possible.
- Jurkovich discussed the letters Tri-State sent from CEO Duane Highley to Tri-State's Congressional Delegation and the Department of Commerce sharing concerns and urging an expeditious conclusion to the investigation.

### Strategic Reorganization Overview

Duane Highley, CEO, reviewed Tri-State's strategic reorganization, which appropriately-positions the association to deliver on its long-term strategic plan while aligning with industry best practices. The new structure creates a more nimble organization with a leadership team responsive to the membership's priorities and transition goals.

- The reorganization reduces Tri-State's workforce by nearly 3%, including a 30% decrease in the size of the executive team.
- The new executive reporting structure rebalances leadership responsibilities through three new positions:
  - Barry Ingold has assumed the role of Chief Operating Officer (COO) and will oversee Tri-State's Generation, Transmission and Energy Management operations functions.
  - Elda de la Peña now leads the association's service functions, including Human Resources, People and Culture, Information Technology, Cyber Security, and Support Services, as Chief Administrative Officer (CAO).
  - Bob Frankmore is now Chief of Staff, working with Highley to coordinate his activities and oversee Government Relations and External Affairs, Communications and Strategy.
- Barbara Walz, SVP Policy & Compliance/Chief Compliance Officer, assumes additional responsibilities for Enterprise Risk Management and physical security.
- Reg Rudolph, Chief Energy Innovations Officer, now oversees Member Relations.
- Pat Bridges continues to serve as SVP/Chief Financial Officer, and Ken Reif continues to serve as SVP/General Counsel.

**This month's highlights**

- Board reviews safety awards
- Energy as a Service business plan update
- Solar project update on supply chain issues
- Strategic reorganization overview
- Member opinion column supporting settlement filing
- Board electronic expense voucher and travel processes
- Operations and Financial Results
- Recent Tri-State press releases
- Government Relations Report
- Upcoming Events

**From the Chairman**

This month, Tri-State announced a strategic reorganization that will help align the organization to serve the membership for years to come. I know that Duane went through a deliberate and thoughtful process to make and implement the necessary decisions, and I have great confidence in the leadership and talents of his senior team.

The Rate Design Committee continues to advance its work, and I want to thank Don, Mario and the members of the committee, and our staff and consultants supporting the process. We have much work to do prior to the 2023 “come back” rate filing with the Federal Energy Regulatory Commission (FERC), and working together, we are making progress.

I was able to attend the New Mexico Rural Electric Cooperative Association (NMRECA) Annual Meeting in Santa Ana Pueblo, New Mexico. There were many valuable sessions and discussions, and I appreciate Duane's participation. This was Keven Groenewold's last meeting as NMRECA's CEO, so it was great to get the New Mexico cooperative community together to send him off to retirement and thank him for his years of service at the statewide. At our board meeting this month, Wayne Connell of Central New Mexico Electric was reelected as Tri-State's representative to NMRECA, and Robert Baca of Mora-San Miguel Electric was reelected the alternate representative.

This month, we welcomed Kevin Thomas to the board, representing High West Energy. On behalf of all our directors, I want to thank High West's Jerry Burnett for nearly 10 years of service to the Tri-State board. With Kevin joining the External Affairs Member Relations Committee, Mark Daily has joined the Engineering and Operations Committee.

I do want to remind the Tri-State directors that we will be filing expenses beginning in July with our electronic expense vouchers. Please see page 4 of this report for more information.

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](mailto:tim.rabon@tristategt.org) — *Tim*

**From the CEO**

On June 3, we announced a strategic reorganization that I believe best positions Tri-State to continue to deliver on our Responsible Energy Plan and meet our goals, with an organizational and leadership structure focused on the board's priorities. As part of Project Ascend, we benchmarked Tri-State's staffing with other similar utilities, and we took both a bottom-up and top-down evaluation of our organization structure. With that information, informed by our strategy map, I made the decision to reorient and combine roles on my leadership team. In total, 30 staff have or will leave Tri-State, including three executives on my leadership team, who I wish well and am grateful for their service to the members and their teams. I'm encouraged to know we're moving forward with a team that's refocused and dedicated to the future success of Tri-State.

As we discussed with the board, we are actively engaged on solar panel tariff and supply chain issues. While there was action from the administration this week to pause solar panel tariffs, we remain concerned with potential impacts to costs, financing and timing of Tri-State solar projects, and we will work closely with our project developers to address any potential impacts.

On a special note, I wanted to recognize Jim Herron as he retires as CEO of Mountain View Electric Association. Ruth Marks, who has served Tri-State as Vice President, Transmission Maintenance, will join Mountain View as CEO on July 6, and I look forward to working with her in her new role, where I know she will find great success.

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](mailto:dhighley@tristategt.org) — *Duane*

## Operations and Financial Performance

### April 2022 operations performance

- Coal fleet generation was at 90% availability and 45% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 2% of total power supply.
- Renewable generation accounted for 37% of total power supply and 46% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity. The average capacity factor for these resources was 53%, with 321 MW (42% of potential output) available at Tri-State's peak.
- Other purchased power (unspecified) was 16% of total power supply.
- Member energy sales volumes were 1.0% over budget and non-member energy sales volumes were 16.8% over budget.

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

### April 2022 financial performance

- Member electric sales were 1.9% higher than budget.
- Purchased Power was 9.4% higher than budget primarily due to the quantity of purchased power.

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

## Board Update

### Board reviews safety awards

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**External Affairs Committee receives Energy as a Service business plan update**

Reg Rudolph, Chief Energy Innovation Officer, Chris Johnson, VP Finance, and Matt Fitzgibbon, Beneficial Electrification Manager, presented an update on the Energy as a Service (EaaS) business plan. The objective of the EaaS program is to maximize the value of the Cooperative Energy Ecosystem by focusing on optimizing the distribution network to create a vertically coordinated system.

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View Tri-State’s [press release](#) on the reorganization.

### **Member opinion column supporting settlement filing published in Utility Dive**

La Plata Electric Association, Poudre Valley REA and San Miguel Power Association had an opinion column in support of the partial requirements membership settlement agreement titled [One cooperative should not be allowed to derail our collective clean energy efforts](#) published in Utility Dive on June 8.

### **Board electronic expense voucher and travel processes**

Following the trial period with the Executive Committee, a new electronic expense voucher process is being deployed in July for all board directors. This will make submitting board expenses more efficient, reduce staff time and expedite reimbursement. Chairman Rabon discussed the process with the board. Directors can contact Shannon Bradley (303-254-3009, [sbradley@tristategt.org](mailto:sbradley@tristategt.org)) or Lee Boughey (720-670-6696, [lboughey@tristategt.org](mailto:lboughey@tristategt.org)) with any questions.

The board received a presentation from Lee Boughey, VP Communications, on making travel arrangements through CTM Travel. Benefits of using corporate travel include, ease of use, convenient scheduling, manages costs, provides 24-hour service and mitigates risks when travel is affected by weather or system issues.

All director air and car rentals should be through CTM Travel. Contact Rhezy Davis at CTM travel to prepare or update your travel profile or plan travel:

- 303-302-2542
- [rhezy\\_davis@travelctm.com](mailto:rhezy_davis@travelctm.com)

If a director must purchase travel directly, the director will need all receipts, and car rental insurance should not be purchased. Pre-approval is required from the Chairman to attend conferences, and Shannon Bradley can complete registrations and hotels for conferences. For general travel issues, including expense filings, directors should contact Shannon Bradley.

Both the travel expense voucher and travel process are in Resource Center of the director’s BoardBooks app. The electronic expense voucher document is the first item in the Resource Center, and the travel information is in the folder titled “Board Resource and Information.”

**Recent press releases**

Tri-State released several statements including:

- Tri-State [announces strategic reorganization](#) (June 3).
- Tri-State announces Ames-Burro Bridge [vegetation management effort](#) near Ophir, Colo. (May 26).
- Three additional Tri-State members to [pursue partial requirements membership option](#) (May 23).
- Tri-State issues [request for proposals for new resources](#), focused on renewable energy, storage and hybrid technologies (May 19).
- Tri-State, La Plata Electric Association, Poudre Valley Rural Electric Association and San Miguel Power Association [reach settlement on flexible power supply options](#) (April 28).

**Government relations report**

The June [Government Relations Report](#) can be found on the directors' BoardBooks app and in the Member Information Center.

**Meetings and events****Rate Design Committee**

- Wednesday, June 29 at 8 a.m.

**CEO Town Hall Meeting**

- Monday, June 13 at 10 a.m. (virtual)

**July Executive Committee, Standing Committees and Board Meeting**

With the Independence Day holiday, the executive committee, standing committees and board meeting will be virtual only, and held later in the week.

- Wednesday, July 6:
  - Executive Committee Meeting, 3 p.m.
- Thursday, July 7
  - Engineering & Operations Committee, 8 a.m.
  - External Affairs/Member Relations Committee, 10:30 a.m.
  - Finance & Audit Committee, 1:30 p.m.
- Friday, July 8
  - Tri-State Board of Directors Meeting, 8 a.m.

**Quarterly Member CEO Meeting**

- Wednesday and Thursday, July 20-21, in Santa Fe, N.M.