

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

### **1. Safety**

- a. The Craig Station injury (injured shoulder and laceration) reported as a restricted workday case in January became a lost workday case.
- b. Extra time was spent on a Safety Presentation and discussion on a Safety Standdown held last month at TS.

### **1. Environmental and Regulatory Activities**

- a. For March 2023, 35 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 this month

### **2. Government Relations**

- a. The Government Relations report can be found at the following link  
[https://drive.google.com/file/d/13rEtcRjfNrlPj0dGDdVFEEau3uXAv8u7/view?usp=share\\_link](https://drive.google.com/file/d/13rEtcRjfNrlPj0dGDdVFEEau3uXAv8u7/view?usp=share_link)

### **3. Member Relations and Communications**

- a. TS Member Relations/Marketing/Communications reports were provided.

### **4. External Affairs Committee Report**

- a. Reg Rudolph provided a written report. Presentation is included in our Board Drive  
[https://drive.google.com/file/d/1vuooi-SBK4R\\_TCI-yzLThpSlg-yeD5Dc/view?usp=share\\_link](https://drive.google.com/file/d/1vuooi-SBK4R_TCI-yzLThpSlg-yeD5Dc/view?usp=share_link)

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

The March TS meetings were full meetings. In both the Committee Meetings and the Board Meeting, there was a deep dive on the 10-k and 2022 Audit with emphasis on a major mistake made in the 2022 third quarter financials. Please see the **TS March 2023 Board Report** for more details. Additional TS Board Documents (that can't be shared) can be found in the LPEA Board Drive at [https://drive.google.com/drive/folders/1868MTvKqWHQ470Vy1am26Rksp3npSUB8?usp=share\\_link](https://drive.google.com/drive/folders/1868MTvKqWHQ470Vy1am26Rksp3npSUB8?usp=share_link)

### **This month's highlights**

- Chairman and CEO Messages
- Operations and Financial Performance
- Strategic Plan approval
- Wind penetration record
- Government Relations Report
- Recent Media
- Meetings and Events, including Annual Meeting

### **From the Chairman**

In February, our membership's Rate Design Committee held two meetings and completed its work. I want to thank all the members of the committee for their engagement and collaboration in reaching a recommendation to the board.

The committee dedicated meaningful time to prepare for and attend the meetings, and I think their recommendation reflects a thorough vetting and discussion of the issues. As I shared with the board, rate design is both a science and an art, and the committee worked through both technical issues and differences in preferences. There were some difficult decisions, and the committee members didn't reach 100% alignment on some design elements, but the majority voted in support of the rate design.

Sincere thanks are also due to staff and the consultants for their support and responsiveness throughout the committee's work. Their facilitation was critical to cover significant ground and to stay on schedule.

This was really a team effort, advanced by two cooperative leaders. I want to recognize Don Keairns, our board director from San Isabel Electric, and Mario Romero, general manager from Otero County Electric, for serving as the Chair and Vice-Chair of the committee, respectively. Don and Mario dedicated themselves to this committee to ensure it ran smoothly, that each session was productive, that committee members had information they needed and requested, and shepherded the committee toward a decision while making sure all had an opportunity for their voice to be heard.

Our next steps are for the board to receive reports from the members on the recommended rate design, and the board will consider the committee's recommendation at our June meeting.

Following feedback from board directors on our February strategic planning session, in March, the board signed off on our strategic plan, which ensures staff is aligned with the board's direction.

I just returned from the NRECA PowerXchange Annual Meeting, which was held in Nashville. In addition to the various events and NRECA business meeting, I had the opportunity to meet with CoBank President and CEO Tom Halverson, and I greatly appreciate Tom's graciousness in taking the time to meet during a very busy week. I joined a well-attended session on *G&T Power Supply Perspectives Amidst the "Net Zero" Carbon Emissions Push*. This session included Duane Highley and Eric Baker, CEO of Wolverine Power Cooperative, who discussed the practical realities G&Ts face in their resource planning decisions to ensure reliable and affordable power against the backdrop of public policy. I appreciate how Duane championed the prudent path Tri-State is on to protect our membership.

I attended the E&Y Audit and the 10-K review, and a follow-on meeting with E&Y, which we will discuss at the April board meeting.

Tri-State's Annual Meeting, which is my favorite event of the year, will be held Tuesday and Wednesday, April 4-5, at the Westminster Westin. Our theme is Resilience, and our Annual Meeting speaker will be Jerry Schemmel, who you may know as the longtime Voice of the Colorado Rockies and Denver Nuggets. Jerry has his own powerful story of resilience and will lend his unique perspective to our meeting. You can review the schedule at the end of the board report. Please make sure to register individuals from your organization, including spouses, for the meeting and dinner at [tristate.coop/annualmeeting](https://tristate.coop/annualmeeting). I hope to see our Tri-State directors, member system directors and staff there.

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**

In my report to the board in March, I began with a discussion of errors in accounting for an asset retirement obligation at Colowyo. We consistently seek to identify and improve our controls over financial reporting to prevent misstatements, and in this case, we are thankful that the issue was identified by our auditor, prior to our filing of our 10-K. While the error resulted in recognizing additional deferred revenue with no bottom line impact, know that we take this issue very seriously. As we would with any controls issue, we immediately implemented remediation steps and will continue to inform the board and the Finance and Audit Committee regarding progress, with full transparency as these steps are implemented.

In February, we received letters from the Western Area Power Administration regarding United Power's and Kit Carson Electric Cooperative's requests to WAPA for a portion of Tri-State's federal hydropower allocations. WAPA responded that United and KCEC have no contractual right to demand that WAPA divert the preference power allocated to Tri-State, and we will respond to policymakers' inquiries spurred by these two cooperatives.

Tri-State filed an amendment to its contract termination payment tariff with the Federal Energy Regulatory Commission in February. The amendment is intended to keep remaining members whole and unharmed in the event a member that provides an unconditional contract termination notice does not fulfill their commitment to exit Tri-State. Please review Tri-State's [statement](#) on the filing.

As part of our organized market update to the board, I noted the good news that Western Area Power Administration is initiating the public process required for its participation in the western expansion of the Southwest Power Pool Regional Transmission Organization. This places the parties, including Western, Basin, Tri-State and others, on a path for key decisions in June to move forward with SPP. A critical mass of participation in the SPP RTO supports the integration of renewables, increased resource adequacy and reliability, and transmission planning. In February, I also met with western utility executives to discuss energy issues, including how we can implement RTOs.

We held a planned safety standdown for our entire workforce on the morning of February 20. We held our standdown proactively to talk with staff about our Safety Vision, supporting behaviors and the causes for potentially serious injuries and fatalities. I am so very proud of Barbara Walz and her team, who were strongly supported by staff across our organization, for leading this proactive approach.

In February, I was grateful to meet with the boards of Mountain View Electric and Morgan County REA, taking the needed time to discuss what is on the members' minds. I welcome the invitation to visit with each of our members at a board meeting, so that we can have focused time together. I also continued discussions with the U.S. Forest Service and Bureau of Land Management, where we are making progress on master special use permits for critical right-of-way work that can reduce fuel loads and help mitigate wildfire risks.

It was good to see many CEOs and directors at the NRECA meeting in Nashville, and I am grateful to NRECA for the opportunity to talk about policy directions toward net-zero carbon emissions, and to share how we are managing the energy transition. Our panel spoke to the dangers and pitfalls of these policies in a frank discussion, recognizing that we can move fast, but not so fast that we risk reliability and affordability.

I want to reiterate Tim's thanks to the Rate Design Committee, as the committee's passing a recommendation forward to the board gives staff direction to put together the elements for a rate filing, pending the board's consideration of the recommendation in June. I also appreciate the board's continued input on the strategic plan, which I will share with the membership at our April meeting. I look forward to seeing the membership at our Annual and Membership Meetings April 4-5 in Westminster.

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

### January 2023 operations performance

- Coal fleet generation was 88% availability and 50% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 13% of total power supply.
- Renewable generation accounted for 24% of total power supply and 28% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity with an average capacity factor of 33%, with 311 MW (41% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 13% of total power supply.
- Member sales revenue was 8% over budget and non-member energy sales revenues were 99% over budget.

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

### January 2023 financial performance

- Member electric sales were 7.7% higher than budget primarily due to Class A Energy being higher than budget, resulting in higher revenue.
- Non-member electric sales and other sales were 99% higher than budget, primarily due to positive impacts of market conditions, particularly in the organized markets.
- Purchased Power was 13.9% higher than budget primarily due to higher market energy prices. Purchased power is tracking higher than budgeted for the month with the quantity of power purchased being lower than budget.

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

## Board Update

### Strategic Plan adopted

At its March meeting, the board adopted updates to its Strategic Plan. The plan ensures alignment between the board and staff, identifying our vision and mission, members' priorities and how staff works to meet them. The plan includes governance level items that set Tri-State's direction and execution level items that define our implementation plan.

The [Strategic Planning presentation](#) can be found on the directors' BoardBooks app and in the Member Information Center.

### Colorado Mining Association Awards

Last week the Colorado Mining Association held its annual awards presentation. Tri-State's Colowyo Mine was recognized in several areas:

- Colowyo Mine was recognized for both its Total Incident Rate and for Excellence in Mining Reclamation.
- Dave Stoffle and Marty Jackson, Jr. from Colowyo Mine were each recognized for 30+ years of continuous safety performance.
- Chantell Johnson received the President's Award – which is given to someone who enhances the CMA membership, provides value to the members and supports the CMA president from a technical basis.

**Tri-State hits new wind penetration record**

It was reported at the board meeting that Tri-State reached a new wind penetration record on Feb. 13, reaching 659 MW. Tri-State has six wind projects in its portfolio, including the Crossing Trails and Niyol wind projects that came on-line in 2021.

**Government Relations report**

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

**February media and features**

- [Colorado ranch restores their land through regenerative ranching](#) (with video) – Tri-State Website – Feb. 21
- [Tri-State files revisions to its Contact Termination Payment methodology tariff](#) – Tri-State Website – Feb. 14
- [Tri-State submits Phase II Electric Resource Plan Implementation Report to CoPUC](#) – Tri-State Website – Feb. 13
- [GCEA and Tri-State team up to restore power in Lake City](#) – GCEA Website – Feb. 8
- [The clear and present danger in the electric transition](#) – Forbes.com – Feb. 8
- [LPEA expands equitable access to electrification programs](#) – Tri-State Website – Feb. 7
- [The benefits of heat pumps in cold climates](#) – Tri-State Website – Feb. 7
- [Vegetation Management: What It Is and Why It Works](#) (with video) – Tri-State Website

**Meetings and events****Annual Meeting, Membership Meeting and Board Meeting**

- The Tri-State Annual meeting events will be held April 4-5.
- Register at [tristate.coop/annualmeeting](http://tristate.coop/annualmeeting)
- Important dates
  - Please register by March 24.
  - Tri-State's room block at the Westin Westminster expires March 20.
- For questions about the Annual Meeting:
  - Tri-State board directors should contact [Shannon Bradley](#)
  - All other attendees should contact the [Tri-State Communications team](#)
- All meetings will be at the Westin Westminster in Westminster, Colo.
- Tuesday, April 4
  - Executive Committee Meeting, 8:30 a.m.
  - Membership Meeting, 1:30 p.m.
  - Reception, 6 p.m.
  - Banquet, 7 p.m.
- Wed., April 5
  - Annual Meeting, 8:30 a.m.
  - Board Meeting, 1:30 p.m.

