

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

### **1. Safety**

- a. There was one Restricted Workday Case at Transmission West Maintenance (Sustained strained foot) and one Non-Lost Workday Case in Administration (concussion).

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

- a. For April 2023, 29 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 was provided.

### **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.

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

Tri State's Annual Meeting was held in April and the Executive Committee was the only standing committee meeting held. In addition to the Annual Meeting, Tri State had the Member's Meeting. The April 2023 Board Meeting was held on Wednesday, April 5, in the afternoon. The April 2023 Board Meeting Report might not make it in On-Board by the deadline, but will be shared by email and in the Board Google Drive. Tri State reports are in the Board's Drive, and they include presentations from the Annual Meeting and Member's Meeting. Below is the link for April's Google Drive file - [https://drive.google.com/drive/folders/1vak4RRAmv4Kjijjo90Kk9rOCuDZE6w3A?usp=share\\_link](https://drive.google.com/drive/folders/1vak4RRAmv4Kjijjo90Kk9rOCuDZE6w3A?usp=share_link)

### This month's highlights

- Chairman and CEO Messages
- 2023 Annual Meeting
- Operations and Financial Performance
- Government Relations Report
- Recent Media
- Meetings and Events

### From the Chairman

Our annual meetings are the most important events in our cooperative business model, and Tri-State's Annual Meeting is no different. Those who gave your time to attend our meeting this week have my most sincere appreciation and gratitude. With the severe weather in Nebraska and Wyoming, as well as in western Colorado, we had some members who were not able to travel, but still we had approximately 425 members and guests over the two days.

With a theme of resilience, our membership meeting featured staff presentations from Chief Operating Officer Barry Ingold on keeping the lights on, Chief Financial Officer Pat Bridges on Tri-State's financial strength, and Chief Executive Officer Duane Highley on Tri-State's updated Strategic Plan. I thought these were all very well done and valuable for the membership to hear, as there are many initiatives going on at Tri-State, and I think it was important for everyone to see how all of this work fits together, what it's all heading toward, and how it's all driven by the member needs.

We also had two great guest speakers at the membership meeting. Neva Espinoza, vice president, Energy Supply and Low-Carbon Resources at the Electric Power Research Institute, who discussed the future of energy, and Lanny Nickell, executive vice president and chief operating officer at the Southwest Power Pool (SPP), who discussed resource adequacy.

Our annual meeting included informative reports from Treasurer Stuart Morgan, General Counsel Jay Sturhahn and Duane, and we had two great discussions with RUS Administrator Andy Berke and Jerry Schemmel, the voice of the Colorado Rockies baseball team. It was also a time for us to recognize directors for their milestone years of service, and I am grateful for their commitment and leadership.

We also recognized Ralph Hilyard, director from Roosevelt Public Power, who's retiring after 21 years of service. Ralph, we are so grateful for your contributions to Tri-State.

Our last activity following the board meeting is the reorganization of our executive committee. I want to thank the board for their confidence in my role as chairman, and I welcome Charlie Abel to the executive committee. I also want to thank Matt Brown for his service to the committee.

Please reach out to me if you have suggestions for our 2024 meetings. Several directors have already provided good feedback that we will incorporate into our planning sessions.

On March 22, I attended the local board member orientation held at Tri-State headquarters. Tri-State hosts these orientations a few times a year for new local board directors to speak with the Tri-State leadership team and tour the transmission Operations Center and the Energy Markets department. Staff does a great job of highlighting key aspects of their work. I encourage anyone who hasn't attended an orientation to come to Tri-State headquarters to participate in the tour.

As a reminder, I'd like to remind everyone to complete your FERC interlocking directorate form for this quarter. You can find the link to the form on the very last page of the board book or [here](#).

Finally, there are two meeting changes to note. We have added a Rate Design Committee on April 12, and we will switch the June 5 board meeting from virtual to in-person. At our board meeting, we'll be considering the rate design, and I think it's important for us to be together to talk through any questions. We'll have a virtual option for those unable to make it to the meeting.

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**

I want to recognize the staff from across Tri-State for making our annual meeting a success. I am so very proud to work with them on this important event. This was my fifth annual meeting, and the fourth as CEO, and all aspects ran very well with great feedback from the membership.

I particularly want to thank our guest speakers:

At the membership meeting, EPRI's Neva Espinoza gave us a great look forward on opportunities and realities for electric utilities as we work to reduce emissions in our resource portfolios. SPP's Lanny Nickell focused on resource adequacy and the West's evolving organized power markets, from the energy imbalance markets (EIM) we operate in today to the regional transmission organization (RTO) expansion that the board could consider in the coming months. Lanny also shared the significant effort around Markets+ and the interest from utilities across the West that may not yet be ready to participate in a full RTO.

On the subject of organized markets, on April 1, Tri-State reached a milestone of having 100% of its loads and resources in either an RTO or EIM when Public Service Company of Colorado/Xcel Energy placed its load in the SPP's EIM.

RUS Administrator Andy Berke delivered a great talk with the membership at our annual meeting, and took the time to answer sometimes-tough questions. I greatly appreciate him meeting with members individually to discuss RUS issues and how to best support cooperatives.

I would be remiss if I didn't recognize Jerry Schemmel for sharing his powerful story of resilience, and how one can turn the most traumatic of events into a positive force in one's life. His message was to just "keep moving" and stay focused on solutions. That's what we're doing here at Tri-State to serve the members.

Just before our annual meeting, I was invited to attend Poudre Valley REA's Annual Meeting, with a couple thousand members in attendance. I appreciate Jeff Wadsworth acknowledging how our wholesale rate increase is helping his co-op keep costs down.

I appreciate the invitation from White River Electric Association to meet with its board later this month. While I enjoy attending annual meetings, attending board meetings gives us the time to have the depth of discussion about what is happening at Tri-State, and I get feedback I don't get otherwise.

As I've mentioned here before, I am participating in the Wildfire Working Group of the Electric Sub-Sector Coordinating Council. We will be meeting with the U.S. Bureau of Land Management to push back on its approach to have a strict liability standard with electric utilities, which would threaten the viability of electric cooperatives when wildfire issues arise.

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

### February 2023 operations performance

- Coal fleet generation was 70% availability and 39% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 12% of total power supply.
- Renewable generation accounted for 29% of total power supply and 34% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity with an average capacity factor of 45%, with 381 MW (50% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 20% of total power supply.
- Member sales revenue was 5.3% over budget and non-member energy sales revenues were 3% over budget.

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

### February 2023 financial performance

- Member electric sales were 5.6% higher than budget primarily due to Class A energy being higher than budget, resulting in higher revenue.
- Generation and transmission demand were greater than budget resulting in higher revenue.
- Purchased power was 27.9%, higher than budget primarily due to tracking higher than budgeted for the month, with the quantity of power purchased being higher than budget.
- Fuel costs were 52.0% higher than budget primarily due to higher-than-budgeted natural gas prices combined with the budget only planning to lightly run the combined cycle and combustion turbine units.

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

## Board Update

### Executive Committee of the Board of Directors elected

Following the annual meeting, the executive committee of Tri-State's Board of Directors was elected, including six officers and three at-large positions, from the 42-member board representing each utility member.

Tim Rabon, who has served on Tri-State's board since 2014, was re-elected as chairman. Don Keairns, representing San Isabel Electric Association (Pueblo West, Colo.) on the board since 2012, was re-elected vice chairman. Julie Kilty, who has represented Wyrulec Company (Torrington, Wyo.) on the Tri-State board since 2012, was re-elected secretary. Stuart Morgan, who has represented Wheat Belt Public Power District on the Tri-State board since 2007, was re-elected treasurer.

Scott Wolfe, representing San Luis Valley REC (Monte Vista, Colo.) was re-elected assistant secretary; Wolfe joined Tri-State's board of directors in 2008. Thaine Michie, who has represented Poudre Valley Rural Electric Association (Fort Collins, Colo.) on Tri-State's board since 2009, was elected assistant secretary.

The Executive Committee's three at-large positions were seated with incumbents Wayne Connell representing Central New Mexico Electric Cooperative (Mountainair, N.M.) and Shawn Turner, representing The Midwest Electric Cooperative (Grant, Neb.). Charlie Abel, representing Sangre de Cristo Electric Cooperative (Buena Vista, Colo.) was elected to the third at-large position.

## **Resiliency of Tri-State highlighted at 71st Annual Meeting of its membership**

With a strong focus on resiliency, Tri-State marked its 71<sup>st</sup> year with a forward look at how the not-for-profit cooperative wholesale power supplier and its member electric distribution cooperatives and public power districts, will together power rural communities for many years to come. More than 425 members and guests attended the meeting on April 4-5.

### Membership Meeting

During Tri-State's Membership Meeting on Tuesday, April 4, Chief Operating Officer Barry Ingold reinforced Tri-State's resilience in his presentation – looking to 2030 and beyond. Barry referenced our electric resource planning, transitioning technologies and the evolving resource mix.

Guest speaker Neva Espinoza, vice president Energy Supply and Low-Carbon Resources with Electric Power Research Institute (EPRI), took the stage to speak to enabling a reliable, affordable and resilient energy transition. She spoke to the aggressive goals being set in the U.S. and the path to success. Neva spoke to how our industry must maintain resiliency while we move in the direction of decarbonization.

Lanny Nickel, executive vice president and chief operating officer, Southwest Power Pool (SPP), discussed the changes going on in the electric industry in his presentation focused on resource adequacy. He also presented SPP's strategic plan and future expansion vision.

Chief Financial Officer Pat Bridges presented about Tri-State's financial resilience, and CEO Duane Highley wrapped up the meeting by discussing Tri-State's Strategic Plan, pointing to the goals and objectives set by the board, and aligned to staff action.

### Annual Meeting

At the annual meeting on April 5, Tim Rabon provided the Chairman's Report, with a focus on cooperative resilience, including how Tri-State and members work together in the face of challenges and how this cooperative spirit is a real piece of the value of membership. Stuart Morgan delivered the Treasurer's Report, which highlighted the strength and resilience of Tri-State's financial health.

Duane Highley's CEO Report demonstrated how Tri-State's diversity and scale, bolstered by its membership and vast generation and transmission system, create unrivaled strength and stability among power providers. He spoke to how Tri-State is a hedge against volatility, including higher costs of fuel and power, rising inflation, dynamic financial markets and supply chain challenges.

Andy Berke, administrator for the Rural Utility Services (RUS) at the U.S. Department of Agriculture, detailed how the RUS will help cooperatives take advantage of the opportunity for investments, including with funding provided through the Inflation Reduction Act.

Jerry Schemmel, a veteran sportscaster and the voice of the Colorado Rockies, discussed resiliency in his life following his survival of the crash of United Airlines Flight 232 on July 19, 1989, in Sioux City, Iowa. Jerry spoke to being resilient through challenges.

View the [press release](#) on the meeting. Tri-State's 2022 Annual Report is available on its [website](#).

Presentations from the meetings are available in the Member Information Center and the directors' BoardBooks app.

### Membership Meeting presentations

- [Keeping the Lights On](#) – Barry Ingold
- [The Energy Transition](#) – Neva Espinoza, EPRI
- [Resource Adequacy](#) – Lanny Nickell, SPP
- [Financial Resilience](#) – Pat Bridges
- [Strategic Plan](#) – Duane Highley

**Annual Meeting presentations**

- [Chairman's Report](#) – Tim Rabon
- [Treasurer's Report](#) – Stuart Morgan
- [CEO's Report](#) – Duane Highley

**Government Relations report**

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

**March media and features**

- [The next big thing for electricity – the virtual power plant \(Duane Highley\)](#) – Energy Central/White House Chronicle – March 18.
- [Rocky Mountain utilities closing in on RTO West decision](#) – Clearing Up/Energy NewsData – March 17.
- [PowerXchange panel: G&T leaders temper net-zero aspirations with reliability risks \(Duane Highley\)](#) – Cooperative.com – March 13.
- [Charging up Colorado's electric byways \(Highline Electric Association/Tri-State\)](#) – 303 Magazine (Denver) – March 2.

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

- Wed., April 12, 1 p.m., In-person and virtual

**Member Communications Advisory Council**

- Tues., April 18, 2 p.m.
- Wed., April 19, 9 a.m.

**May Board Meeting**

- Please note committee schedule: To better utilize the directors' time, the committee meetings will begin at 8 a.m., with a 15-minute break between committee meetings. A lunch break will be between noon to 1 p.m. Staff will notify the board directors and member system CEOs through the text and email system when a committee adjourns and when the next one will start.
- Mon., May 1
  - Executive Committee, 3 p.m.
- Tues., May 2
  - Engineering and Operations Committee, *beginning at 8 a.m.*
  - External Affairs/Member Relations Committee, *beginning 15 minutes following adjournment of E&O Committee.*
  - Finance and Audit Committee, *beginning 15 minutes following adjournment of EA/MR Committee.*
  - Lunch, between noon to 1 p.m.
- Wed., March 3
  - Tri-State Board of Directors Meeting, 8 a.m.

**June Board Meeting**

- The June board meeting will be in person on Monday, June 5, with a hybrid option.