

EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS

1. Safety

- a. There were no OSHA Recordable Injuries/Illnesses in June 2023.

1. Environmental and Regulatory Activities

- a. For June 2023, 23 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. The link for the July 2023 Government Relations on LPEA's Board Drive is –
https://drive.google.com/file/d/1dbnWGCBx6bHIMPY4imL4qgWDeul8qt9k/view?usp=drive_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.

REGULAR BOARD MEETING AND COMMITTEE MEETINGS

This month all the standing committee meetings and the regular board meeting were held. These were busy days as TS has many projects/obligations ongoing and requiring further decisions/updates with the board. Available TS July 2023 presentations/reports can be found on our Board Drive. Please remember the TS documents in the drive cannot be shared with the public.

This month's highlights

- Chairman and CEO messages
- Operations and financial performance
- Affiliated organizations presentations
- Legislative wrap-up
- Government Relations report
- Meetings and events

From the Chairman

As you all know, Tri-State filed the Rate Design Committee-recommended and Board-approved formula rate design with the Federal Energy Regulatory Commission last month. I want to thank the members that have expressed support for the rate design with FERC. Comments and filings on the rate were due this Friday, July 14, and we expect some protests of the filing, likely focused on the issues that we discussed extensively through the RDC and the board. While we did not reach full consensus on all elements of the rate design, I believe our process was thorough and that all voices were heard, and I thank the membership again for its hard work to develop the rate.

I want to express my thanks to Panhandle Rural Electric Membership Association board, and specifically Tri-State PREMA director Phil Zochol, Board President RD Sutphen, and General Manager Zac Bryant, for hosting Duane and me at their board meeting to discuss many important issues.

I want to thank the Tri-State staff for indulging me as I delivered my annual meeting talk and took questions as part of their Leaders as Teachers Program. The opportunity was another reminder of the talents and enthusiasm of the employees that work so hard and smart to serve the membership.

As a reminder, each board director must 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. Also, please reach out to Shannon if you have any questions on the electronic Board Policy 301 information submittal form, which is in the Diligent Boardbooks Resource Center.

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

Tri-State has a large team actively working to ensure the orderly withdrawals of United Power and NRPPD, which are less than a year away. United announced its first power supply option in early July, which is welcome news as we remain concerned about the timeframe remaining for United to provide Tri-State critical information on how it will serve its load, so that we can make the required transmission arrangements. Our teams are continuing to talk in efforts to work through several important exit issues.

A cross-functional team at Tri-State continues work on our approach to secure funding under the New ERA program, which will bring significant benefits to the membership as we continue our energy transition. Recent guidance published by the Internal Revenue Service on renewable energy direct pay tax credits doesn't account for a taxable co-op like Tri-State. We believe the law intends for us to be included, but the guidance jeopardizes our ability to use the direct pay mechanism, and we will do all we can to ensure the direct pay provisions will fully benefit co-ops like Tri-State.

We are pleased to be part of an effort with the Energy Threat Analysis Center at the National Renewable Energy Laboratory to pilot how federal security officials can interact with utility experts to ensure utilities can help analyze threat information and get actionable unclassified information into the hands of utilities as quickly as possible, as we must remain vigilant to keep the grid safe from growing threats.

Tri-State and other utilities will be meeting again with the BLM to raise concerns about the agency's slow pace to advance master use permits that allow us to mitigate or respond to wildfires and the BLM's position on strict liability. I appreciate NRECA's support on this important issue. I greatly appreciated the opportunity to talk with NRECA CEO Jim Matheson recently about how we can bolster our work together

to advance the many goals we share, especially around reliability and resilience, and the issues that are important to Tri-State and our nation's G&Ts.

I look forward to next week's Member System CEO meeting, and the discussions we will have on partial requirements, energy services and other important issues. I will also be meeting with several member boards and attending member annual meetings in the coming weeks.

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

May 2023 operations performance

- Coal fleet generation was at 32% availability and 16% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 13% of total power supply.
- Renewable generation accounted for 38% of total power supply and 41% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity with an average capacity factor of 38%, with 451 MW (64% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 34% of total power supply.
- Member sales revenue was 1.2% over budget and non-member energy sales revenues were 3.2% under budget.

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

May 2023 financial performance

- Member Electric Sales were 1.2% higher than budget primarily due to Class A Energy being greater than budget, resulting in higher revenue.
- Generation and Transmission demand were greater than budget, resulting in higher revenue.
- Purchased Power was 6.4% higher than budget, primarily due to the replenishing of power on the short-term energy market as the Springerville Generation Station was offline for a scheduled outage.
- Fuel Costs were 16.8% lower than budget. Coal fuel costs were lower than budget primarily because Springerville Generation Station was offline for a scheduled outage. Also, Craig Generation Station generated 84.3% below budget due to outages.
- Production costs were 50.1% higher than budget, primarily due to higher overall generation maintenance expenses.

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

Board Update

Affiliated organizations presentations

As part of the board's review of affiliated organizations, the External Affairs/Member Relations Committee invited the Electric Power Research Institute (EPRI) and Touchstone Energy Cooperatives to present on their organizations and their work that supports Tri-State and the membership's goals. SVP Energy Delivery & Customer Solutions Rob Chapman presented for EPRI, and Executive Director Jana Adams presented for Touchstone Energy Cooperatives.

View the [EPRI](#) and [Touchstone Energy Cooperatives](#) presentations on the directors' BoardBooks app and in the Member Information Center.

Legislative wrap-up

The Tri-State Government Relations team provided the annual state legislative wrap-up to the External Affairs/Member Relations Committee. The presentations included a session overview and key legislative activity in Colorado, Nebraska, New Mexico and Wyoming.

View the [Legislative Wrap-up](#) presentation on the directors' BoardBooks app and in the Member Information Center.

Government Relations report

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

Meetings and events**Member CEO Meeting**

- Sun, July 16 through Tues., July 18, Colorado Springs

Member Communications Advisory Council

- Council calls, Tues., July 18, 2 p.m. and Wed., July 19, 9 a.m.

August Board and Committee Meetings

- Mon., Aug. 7, 3 p.m., Executive Committee
- Tues., Aug. 8, 8 a.m., Standing committee meetings held consecutively
 - Engineering and Operations Committee
 - External Affairs/Member Relations Committee
 - Finance and Audit Committee
- Wed., Aug. 9, 8 a.m., Board of Directors meeting