

EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS

1. Safety

- a. There was one Non-Lost Workday Case in September 2023.

1. Environmental and Regulatory Activities

- a. For September 2023, 17 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. On-site air quality inspections were conducted by CDPHE at J.M. Shafer Station and Burlington Station

2. Government Relations

- a. The Government Relations report was provided. The link for the September 2023 Government Relations on LPEA's Board Drive is –
https://drive.google.com/file/d/1QE3mRKluCwi2xOnVEFO3_jh_1CpyQ3or/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 Tri State had all the standing committee meetings along with the Board Meeting. Please see the October Board Report in OnBoard and additional TS reports/presentations in the LPEA Board Drive. Documents in the Board Drive may not be shared with the public.

This month's highlights

- Chairman and CEO messages
- Operations and financial performance
- Affiliated organization presentations
- Recent Media
- Government Relations report
- Meetings and events

From the Chairman

At the beginning of our board meeting, we took time for a *Safety Moment*. Safety is Tri-State's core value, much like our distribution systems. We'll be acknowledging that value in our boardroom as a reminder of how critical it is to attend to safety in our work.

We will host an event for the members and local officials at the Escalante Solar project the morning of Thurs., Nov. 9, followed by a meal and town hall meeting in the early afternoon. The solar event will provide an opportunity to view the project as it is being built and participate in a panel placement ceremony for each member. Our town hall meeting will provide an opportunity for discussion with Duane and I and the membership, including member boards and staff.

I want to thank those from the membership who participated in our Member Local Board Orientation held at Tri-State headquarters on Sept. 13. These orientations help new directors understand the value and scope of our G&T, tour facilities and most importantly, bolster understanding between the membership and Tri-State's management. I highly encourage member system directors, CEOs and staff who haven't attended an orientation to reach out to me or Shannon Bradley so we can schedule you for one of the two sessions we host each year.

The NRECA Region 7/9 meeting was last week in Omaha, with Don Keairns, Julie Kilty, Willie Bridges and I attending from the board, along with Duane and several Tri-State staff members. The meeting included valuable education courses and presentations, including a director's role in supporting resiliency and the preparation of competitive applications for federal funding. NRECA CEO Jim Matheson spoke on reliability, and the North American Electric Reliability Corporation (NERC) presented its concerns on the rapid transition to intermittent renewables and the effect it could have on the resilience of our grid. Don and I will attend the NRECA Region 8/10 Meeting in New Orleans on Oct. 18-20.

We also reviewed the Board Calendar for 2024, with the decision to have two virtual meetings. With the CREA Energy Innovations Summit on Mon., Oct. 30, we will move the November Executive Committee Meeting to Tues., Oct. 31, at 8 a.m., followed by the three standing committees. Our board meeting will be on Wed., Nov. 1, at 8 a.m.

Following our executive session, I reported that the board approved resolutions on one or more long-term debt financings, a distributed energy resource management system (DERMS) platform to optimize supply and demand of energy, as well as several software agreements. We approved two land sales, and received a solar projects and legal update. Following a review of the consolidated financial audit RFP results, the board took action to retain a new independent external auditor, Deloitte & Touche, in 2024, following completion of the 2023 audit. Companies typically rotate external auditors on a periodic basis to promote the auditor's independence and avoid over-familiarity between the auditor and company. Our relationship with our current auditor was due for evaluation given its extended length of time. This competitive RFP process results in cost savings, and can create opportunities for fresh and objective looks at our financial reporting and practices. Finally, we continued our monthly discussion with the CEO, which we greatly value.

Directors need to complete your Business Relationship Disclosure forms, please reach out to Shannon if you have not completed this important item.

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

When we announced details of our Responsible Energy Plan in January 2020, we set ambitious clean energy and emissions reductions goals, and detailed the many steps needed to assure we could continue to serve the members' needs reliably and affordably. These steps included the addition of more renewable resources, the advancement of a western regional transmission organization, and pursuit of federal funding. For those that were unsure of our commitment, we said watch our feet, and we continue to step forward.

- **Renewable additions** - In September, we announced with Origis Energy the start of construction of the 200-megawatt Escalante Solar project, which is located at the site of our retired Escalante Station coal unit. While the solar project cannot replace the jobs lost at the plant, the investment does help support the tax base in the region. We also discussed progress on the other solar projects that will be available to the membership in 2024 and 2025.
- **RTO advancement** - As we add more solar and wind, participation in a regional transmission organization, with day-ahead markets and coordinated transmission development, is a critical step to support reliability and affordability not just for our transition, but for other utilities across the West. In September, we reached an important milestone with the Southwest Power Pool announcing that Basin Electric, Colorado Springs Utilities, Deseret Power, Municipal Energy Agency of Nebraska, Platte River Power Authority, Tri-State and three regions of Western Area Power Administration are moving forward together to participate in a western expansion of the SPP RTO. SPP is now working with the participants on tariff modifications that will be filed with FERC, as well as the technical systems that need to be in place for the launch in early 2026. We are also excited to see other utilities in the West looking at what SPP has to offer with an RTO or Markets+, knowing that more participants makes for more effective markets.
- **Federal funding** - Our Responsible Energy Plan also identified the need for federal support for cooperatives in transition to ensure rural consumers are protected from cost pressures in both the addition of new resources and the retirement of power plants. After working hard to ensure cooperative provisions were included in the Inflation Reduction Act, and the resulting programs served the needs of Tri-State and our membership, in September we submitted our Letter of Interest to the USDA on the New ERA program. The program has \$9.7 billion in budget authority to support cooperatives that are reducing emissions, and while the program is already oversubscribed, we hope to move forward with an application that is highly competitive, given our significant greenhouse gas emissions reductions.

I want to thank the board for its support as we address all of these opportunities, and I want to recognize our talented staff at Tri-State that is working hard across many fronts in our transition. As we work toward an important resource plan filing on Dec. 1, we have spent more time than usual with our board in executive session to work through our options, including the competitive federal funding opportunities. I do recognize that when we are in executive session, any void of information could lead some to a state of concern, but rest assured we are focused on the tremendous opportunities ahead and we look forward to sharing our plans in December.

As we have been working on our resource plans, we're focused on resiliency, and what we call Level 2 reliability metrics that take a sophisticated approach to help ensure the lights stay on, even when weather is extreme and renewable production is low. I greatly appreciate the strong voice of our Wyoming members and the acknowledgement of stakeholders of the importance of reliability in our resource planning process. While at the NRECA Region 7/9 meeting, we were able to share our work on these reliability metrics with NERC.

While we are disappointed that our mediation with United Power did not result in settlement, we remain hopeful that we may be able to find some progress. Our large, cross-functional internal team

continues to do all it can to facilitate United Power's orderly contract termination and withdrawal from membership on May 1, 2024, and we continue to push United Power to ensure it is prepared. We are also gravely concerned with United Power's most recent filing with FERC, which incredulously, seeks to change the terms of the contract termination payment. To protect the remaining members and Tri-State, the payment of the contract termination payment must be made to Tri-State before a member withdraws, subject to final resolution upon exhaustion of all administrative and judicial remedies.

I also want to thank the Secretary of Energy for her engagement with the Electricity Subsector Coordinating Council and its Wildfire Working group, and a productive meeting we had in September to discuss our concerns. The Secretary listened and offered meaningful support. Utilities are doing what we can to manage the risks, and need understanding and support across many federal agencies. I also want to thank Senator Bennet for his continued support for Tri-State and the communities in northwest Colorado, and for his visit to Craig Station last month.

Thank you to Northern Rio Arriba for inviting me to their Annual Meeting in beautiful Chama, and I look forward to upcoming meetings with the boards of Roosevelt and Carbon, as well as a meeting with Socorro Electric and the City of Socorro.

Finally, I look forward to our Member CEO Meeting at Tri-State Headquarters on Thursday, Oct. 12.

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 2023 operations performance

- Coal fleet generation was at 94% availability and 39% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 8% of total power supply.
- Renewable generation accounted for 31% of total power supply and 35% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity with an average capacity factor of 35% with 568 MW (75% of potential output) available at Tri-State's peak.
- Other purchased power was 23% of total power supply.
- Member sales revenue was over budget and non-member energy sales revenues were under budget.

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

August 2023 financial performance

- Total operating revenues were higher than budget in August primarily due to higher member electric sales, offset by lower non-member energy sales.
- Operating expenses were higher than budget.
- Purchased power, fuel, production, transmission, and general and administrative costs were higher than budget. Purchased power was higher than budgeted for the month driven by higher open market purchases.

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

Board Update

Western States Power Corporation update

Mike Ferguson, general manager, Western States Power Corporation (WSPC), presented on his organization to the External Affairs/Member Relations Committee. WSPC was created in 1995 and is a voluntary, not-for-profit corporation. It was formed to work with federal power marketing administrations to maintain and upgrade facilities used by federal preference power customers including Tri-State.

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

Western United Electric Supply update

Greg Mordini, CEO of Western United, presented on his organization to the External Affairs/Member Relations Committee. Western United's mission is to be the distributor of choice for all electric utilities in the Rocky Mountain Region. It is a material supply organization owned by 78 electric cooperatives across nine states and has \$58M of material in inventory.

View the [Western United](#) presentation on the Member Information Center and the directors' BoardBooks app.

Recent Media

- [SPP RTO will expand with commitments from western utilities](#)
- [Tri-State submits Letter of Interest to pursue USDA New ERA Program for electric cooperatives](#)
- [Tri-State issues request for offers from third parties to purchase power](#)
- [Origis Energy announces construction on 200 MW Escalante Solar Project.](#)

Government Relations report

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

Meetings and events**Tri-State Communications and Energy Services Conference**

- Tues., Oct. 10 – Wed., Oct 11

Member CEO Meeting

- Dinner, Wed., Oct. 11, 5 p.m.
- Meeting, Thurs., Oct. 12, 8:30 a.m. (breakfast at 8 a.m.)

November Board Meeting (note amended schedule)

- Executive Committee, Tues., Oct. 31, 8 a.m.
- Committee Meetings, Tues., Oct. 31, running consecutively beginning after Executive Committee
 - Engineering and Operations Committee
 - External Affairs/Member Relations Committee
 - Finance and Audit Committee
- Board Meeting, Wed., Nov. 1, 8 a.m.