

EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS

1. Safety

- a. No reportable injuries or illnesses in July 2021.

2. Environmental and Regulatory Activities

- a. For July, 2021, 123 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. This is a big month for required reports.
- b. Agency inspections.
 - i. A remote water inspection was conducted by the EPA at JM Shafer Generating Station and a hazardous waste inspection was conducted by the CDPHE at Nucla Generation Station.

3. Government Relations

- a. Please see August 2021 Government Relations Report under our Shared Drive, <https://drive.google.com/file/d/14-ICe-gJ2NC2gMrPzJlwFvtw0onleT5X/view?usp=sharing>

4. Member Relations

- a. TS Member Relations activities report was provided.

5. Corporate Communications

- a. TS Corporate Communications activities report was provided.

REGULAR BOARD MEETING, COMMITTEE MEETINGS AND 2020 ANNUAL MEETING

The TS 2020 Annual Meeting, TS August 2021 Regular Board Meeting, and Committee Meetings were in-person meetings held at Westin Westminster. Due to scheduling, the committee meetings were held concurrently and I was only able to attend the External Affairs/Member Relations Committee Meeting. Files pertaining to the regular board meeting and committee meetings can be found in the LPEA Board Drive, https://drive.google.com/drive/folders/1_ru08KluEGfZMUcxGHShabFZDkZUT6-6?usp=sharing

Please see the attached ***BOARD REPORT August 2021*** and ***Tri-State highlights accomplishments at 69th Annual Meeting 20210806***.

This month's highlights

- Tri-State holds 69th Annual Meeting of the membership
- Board of Directors elects Tim Rabon Chair, Don Keairns Vice-Chair
- Membership delegates approve bylaw revision
- Board meeting open to member-consumers, media under new Colorado law
- Government relations report
- Operations and financial performance
- Meetings and events

From the Chairman

Together with our membership, we had a successful 69th Annual Meeting. Despite the change in schedule driven by the pandemic, nearly 300 members and guests attended the meetings to review and discuss the rapid progress Tri-State is making to meet our members' goals.

As a cooperative, we are focused on our member goals. The actions we are taking, both at the board and through staff, serve our mission and advance the goals that the membership has set. All we do is leading us to more reliable, affordable and responsible power, within the real benefits of our cooperative business model.

It is clear to me that our not-for-profit cooperative model, from the consumer-member to your systems to the G&T, remains the best possible way to serve our communities. My distribution co-op, Mountain View Electric Association (MVEA), has a voice in how our power is supplied through Tri-State, and we can leverage the combined strength of the other members to do what a single distribution co-op could never do alone. We all have a voice at Tri-State, and Tri-State delivers real value to our systems and to those at the end of the line. I remain confident that we will continue to make progress in our transition, resolve the issues within our membership and move forward to best serve our communities.

I offer my heartfelt congratulations to Tim Rabon, who was elected Chairman by his fellow directors. Tim is a true leader, and with his understanding of cooperatives, utilities and business, I know he will serve our board and membership well.

The list of those I want to thank is long, but suffice to say that I am humbled by the many individuals who have helped me to do the best I could to support Tri-State and our cooperative model, and to advance the membership's goals. While I did not seek reelection as chair, I will remain on the board so long as my fellow MVEA directors will have me represent them at Tri-State.

Thank you for allowing me the privilege to serve. — *Rick*

From the CEO

The week of our Annual Meeting offers the opportunity to highlight the hard work of staff in service to our members. We could not do what we do without the efforts of each one of our employees, who have safely and thoughtfully worked through an unprecedented pandemic to keep power reliable and affordable, while advancing our clean energy transition. We highlighted several key areas of our work at the Membership Meeting.

- Joel Bladow, SVP Transmission, discussed our progress toward participation in a western regional transmission organization, and Barbara Sugg, CEO of the Southwest Power Pool,

discussed the reliability, cost and clean energy benefits of their organized market. Our work with SPP advanced significantly when late last month, the SPP Board of Directors approved the terms and conditions for a western expansion of their market.

- Ruth Marks, VP Transmission Maintenance and Chris Pink, VP Transmission Engineering, shared with the membership the herculean work done by our transmission staff to design and construct ten miles of downed 230 kV transmission in just more than 30 days.
- Barry Ingold, SVP Generation, and Barbara Walz, SVP Policy and Compliance and CCO, discussed with the membership the work being done to transition our resources, care for our employees and communities, and advance legislation that could provide needed assistance for rural communities and co-ops in transition. I want to thank the many members that have already signed on to give a stronger voice in the Senate for passage of rural community assistance in the infrastructure bill.
- Pat Bridges, CVP Finance and CFO, and I discussed Tri-State’s wholesale rate reduction efforts, including the significant cost cutting that our staff is taking across our organization to support our 4% wholesale rate reduction. While we have reduced headcount and spending, Tri-State has operated efficiently, and our staff has responded well to find further opportunities to reduce spending and increase revenues.

At our Annual Meeting, my comments focused on the very real progress Tri-State is making to advance our member-driven Responsible Energy Plan. Reliability, affordability, clean energy and flexibility are central to our work, and staff has a strategy to accomplish these goals. Critics that won’t acknowledge this progress do so for their own self-interests; Tri-State is most certainly and steadily advancing forward.

Tri-State is truly “leading the charge” in the clean energy transition. We are led by our members though our board, and our employees are responding with the energy, creativity and competence to make real change happen today, and for decades to come.

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

June 2021 operations performance

- Coal fleet generation was 75% availability and 40% of total power supply.
- Gas and oil fleet generation was below budget and accounted for 8% of total power supply.
- Renewable generation accounted for 29% of total power supply and 34% of member sales.
 - Tri-State has 559 MW of utility-scale wind and solar. In June, the average capacity factor for these resources was 36%, with 151 MW (27% of potential output) available at Tri-State’s peak.
- Other purchased power (unspecified) was 23% of total power supply.
- Member energy sales volumes were 2.3% under budget and non-member energy sales volumes were 40% over budget.

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

June 2021 financial performance

- Member electric sales were 4.2% lower than budget, as less energy was required as pandemic issues continued to affect commercial operations.
- Purchased power was 12.7% greater than budget, primarily as a result of lower thermal generation increasing the need to purchase power on the open market.
- Fuel costs were 46.9% lower than budget, primarily due to mining of coal but not shipping of coal; costs of production are held in inventory and will be expensed as coal is sold and shipped.

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

Board update**Tri-State holds 69th Annual Meeting of the membership**

With a theme of *Leading the Charge*, Tri-State highlighted the significant and accelerating accomplishments of its Responsible Energy Plan to nearly 300 members and guests in attendance at its 69th Annual Meeting last week in Westminster, Colo. Events included the Membership Meeting, Annual Meeting and Board Meeting through August 4-6.

A [press release](#) detailing the meeting, including the election of officers, is located on Tri-State's web site.

The Annual Meeting included reports from Tri-State Chairman Rick Gordon, Treasurer Stuart Morgan and CEO Duane Highley, which are summarized below:

Chairman's Report, Rick Gordon

- In his last report as Chairman, Gordon focused on his experience as Chair and how Tri-State and the cooperative model have addressed challenges in the past and are well-suited to meet the challenges of the future.
- Gordon reflected on his goal of ensuring an atmosphere in the boardroom where everyone had a voice and making sure members could express an opinion in both a formal and an informal manner.
- Gordon thanked a long list of individuals and groups that entrusted him with the responsibility of leading the board for more than a decade, more recently during the rapid transition underway in the utility industry.
- He closed by saying Tri-State is in a good place to take advantage of opportunities and meet the challenges of the next decade.

Treasurer's Report, Stuart Morgan

- Morgan presented the 2020 financial information, which showed another financially-sound year for Tri-State. He also reported on the first half financial results for 2021, which have been more challenging.
- The financial results reflect Tri-State's progress through its transition and how our strategic priorities of reliability, affordability, flexibility, and responsibility will help us continue to be financially stable.
- Over the last five years, Tri-State has experienced steady member sales growth of approximately 5%, which is better than most G&Ts in the nation. The association continues to achieve its financial goals, while focusing on cost management and reducing rates.

- He reported that rates did not increase in 2020, the fifth year in a row of stable rates, and reported on the 2% rate decrease in 2021.
- He noted that operating expenses decreased 2% in 2020 from the prior year.
- Although 2020 was a year of challenges and rapid change, Tri-State is quickly adapting to the new environment and leading the charge for our members. Tri-State continues to focus on reducing operating expenses, increasing revenues and maintaining reasonable rates to ensure our ability to meet members' expectations.

CEO'S Report, Duane Highley

- Building on the theme of the value of the G&T model, Highley discussed the role of Tri-State and its members in the evolution of the electric industry and highlighted the unwavering goal of providing reliable, affordable and responsible power.
- Highley discussed Tri-State's current integrated strategy, based on the Responsible Energy Plan, to increase clean energy and provide greater contract flexibility for members, while maintaining high reliability and keeping rates affordable.
- In response to critics of the G&T model, Highley vigorously defended the need for cooperatives now and into the future by highlighting the progress Tri-State has made to meet the members' changing needs and to lead the clean energy transition.
- He discussed the opportunities and challenges facing the association and announced plans to join an organized market, pursue new clean energy technology and support communities that are impacted by the transition.
- Highley closed with a challenge to the membership to embrace the changes in the industry, work together to lead the nation in the clean energy transition, and show the critics that the cooperative model is the best option for our members today, tomorrow and for decades to come.

Board of Directors elects Tim Rabon Chair, Don Keairns Vice Chair

Tim Rabon, who represents Otero County Electric Cooperative (Cloudcroft, N.M.), was elected to serve as Chair of the Board of Directors. As the association continues to transition, Rabon indicated he believes Tri-State is headed in the right direction and is honored by the board's trust in him to lead the organization.

Rabon has served on the Tri-State board since April 2014 and as Vice Chairman, and as Chairman of the Engineering and Operations Committee and the Land and Water Committee. Rabon serves as a trustee of Otero County Electric, and owns or is a partner in several construction, land development and ranching businesses in Alamogordo, N.M.

Don Keairns, representing San Isabel Electric Association (Pueblo West, Colo.), was elected to the position of Vice Chair.

In addition to electing a new chairman, the Tri-State board elected the following board members to serve on the Executive Committee:

- Julie Kilty, representing Wyrulec Company (Torrington, Wyo.), was re-elected to the position of Secretary.
- Stuart Morgan, representing Wheat Belt Public Power District (Sidney, Neb.), was re-elected Treasurer.

- Matt Brown, representing High Plains Power (Riverton, Wyo.) and Scott Wolfe, representing San Luis Valley REC (Monte Vista, Colo.), were re-elected Assistant Secretaries.
- 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.)
- Thaine Michie was elected to the remaining at-large position on the board; he represents Poudre Valley Rural Electric Association (Fort Collins, Colo.).

Rick Gordon did not seek re-election after serving for 11 years as Chair and President, but he will continue to serve as the board representative for Mountain View Electric Association (MVEA). Gordon has served on Tri-State's board since November 1994. Gordon looks forward to spending more time with his family as he continues to serve as MVEA's representative.

Membership delegates approve bylaw revision

At the Annual Meeting, delegates representing Tri-State's membership revised the bylaws to address the number of non-utility members. The revision to Section 2: Additional Membership Classes, reads:

- (b) If the Board of Directors establishes a class of membership wherein the member does not purchase demand or energy from this Corporation (non-utility membership), the number of such non-utility members shall not be greater than 10.

Board meeting open to member-consumers, media under new Colorado law

As required by House Bill 21-1131, passed earlier this year by the Colorado General Assembly and signed by the state's Governor, Colorado cooperatives have new requirements related to governance. Tri-State is required to publicly post board meeting agendas and approved meeting minutes, and allow consumer-members and the media to attend the board meeting. Under the law, consumer-members may register complaints with and address the board.

The schedule for committee and board meetings includes:

- Day 1: Executive Committee, with member systems participating.
- Day 2: Committees, with member systems and invited guests participating.
- Day 3: Board Meeting, with member systems and invited guests participating, and with consumer-members and media able to attend.

Tri-State will manage the new requirements as follows:

- Board meeting agendas will be posted at least 10 days in advance, and minutes will be posted following board approval. Minutes will remain posted for seven months.
- Consumer-members will be asked to preregister on Tri-State's website at least three days in advance if they wish to attend the board meeting and/or address the board during a new standing agenda item.
- Media will be asked to preregister on Tri-State's website at least three days in advance, and cannot address the board.

- Both consumer-members and media will be subject to airport-style screenings, have visitor badges and be restricted to specific areas of the headquarters building and board room.
- The board can continue to consider confidential matters in executive session, and actions will be recorded in the minutes.
- Consumer-member complaints can be registered through Tri-State's website.
- New board policies 318 and 319 address open meetings and consumer complaints, respectively.

Government Relations Report

The [Government Relations Report addendum](#) is located on the Member Information Center.

Meetings and events

- September Committee and Board Meetings, Tri-State headquarters. With the Labor Day Holiday, the September meetings are pushed back by one day from the normal schedule.
 - Executive Committee – Tues, Sept. 7 at 1 p.m.
 - Engineering & Operations Committee – Wed., Sept 8 at 8 a.m.
 - External Affairs & Member Relations Committee – Wed., Sept 8 at 10:30 a.m.
 - Finance & Audit Committee – Wed., Sept 8 at 1:30 p.m.
 - Board of Directors Meeting – Thur., Sept. 9 at 8:30 a.m.
- Colorado Rural Electric Association [Innovation Summit](#) and Fall Conference – Oct. 9-12, Denver
- Member CEO Meeting – Oct. 12-13, Tri-State headquarters
- Tri-State Communications and Member Relations Conference – Oct. 18-20, Tri-State headquarters



TRI-STATE

A Touchstone Energy® Cooperative 

Tri-State highlights Responsible Energy Plan accomplishments at 69th Annual Meeting

- Clean energy transition rapidly advancing since January 2020 transition announcement
- Tim Rabon named as new chairman of the board of directors, succeeding Rick Gordon
- Financial and operational highlights noted at annual meeting

(August 6, 2021 – Westminster, Colo.) – With a theme of *Leading the Charge*, not-for-profit wholesale power supply cooperative Tri-State Generation and Transmission Association highlighted the significant and accelerating accomplishments of its Responsible Energy Plan to nearly 300 members and guests in attendance at its 69th Annual Meeting this week in Westminster, Colo.

Tim Rabon, who represents Otero County Electric Cooperative (Cloudcroft, N.M.), was elected chair of the cooperative’s board of directors, succeeding Rick Gordon, of Mountain View Electric Association (Limon, Colo.). Gordon, who served as chair since 2010, did not seek reelection but will remain on the board.

“I want to recognize Rick Gordon, whose leadership and dedication to Tri-State and our cooperative business model places Tri-State in the strong position we are in today,” said Rabon. “With the combined strength of Tri-State’s members and the talents of its employees, Tri-State is well positioned to meet the changing needs of our members, resolve the differences between our members, and continue serving reliable, affordable and responsible power to communities across the West.”

With the guidance of its board of directors, representing each of Tri-State’s utility members, Chief Executive Officer Duane Highley discussed the quickening pace of Tri-State’s transformation through its Responsible Energy Plan, highlighted by lowering wholesale electric rates to members and achieving 70% clean energy by 2030.

“Tri-State is leading the charge across the nation’s generation and transmission cooperatives to advance clean energy, lower emissions and increase contract flexibility, all while reducing wholesale rates,” said Highley. “Our cooperative business model, which remains a ‘movement’ that empowers rural communities, enables our successful transition and remains strong and relevant today.”

In his last report to the Tri-State membership as chair, Gordon discussed the value of Tri-State to its members.

“The cooperative model makes it possible for our members to accomplish much more together than they could accomplish on their own, while still being autonomous and responsive to their consumers,” said Gordon. “It allows 42 individual utility members, often with different ideas, needs and opinions, to work together to create solutions to the toughest of challenges. This is the value that Tri-State has delivered from day one and continues to provide today.”

Responsible Energy Plan delivering members clean energy, reduced emissions to the membership

With the completion earlier this year of the first of eight new wind and solar projects to be constructed for Tri-State by 2024 under its [Responsible Energy Plan](#), the clean energy consumed by Tri-State’s members rose to 36% in June 2021, with 50% clean energy forecast by 2024.

“Members of Tri-State benefit today from an increasingly clean and reliable energy supply that is more than a third renewable today and rising to 50% clean energy in just over two years,” said Highley. “By 2030, 70% of the energy our members use will come from clean, zero-emission resources.”

Within the electric resource plan filed by Tri-State with the Colorado Public Utilities Commission in December 2020, system-wide clean energy consumed in Tri-State’s preferred scenario will reach 70% by 2030.

Generation of electricity from coal is significantly reduced with the retirement of Escalante Station, Tri-State’s remaining New Mexico coal-fired power plant, in August 2020. Craig Station in northwest Colorado will fully retire by 2030. Tri-State is focused on supporting its employees and rural communities affected by the rapid transition from coal resources.

“As a co-op, we care deeply for the employees and communities that have long provided reliable power for our members,” said Highley. “Our work to support coal-reliant communities includes direct financial support for employees, meaningful grants for community investment and economic development, and creating new tax base through renewable energy projects near retiring coal facilities. Additionally, we’re working with stakeholders to secure federal rural community assistance for cooperatives and the communities they serve.”

Wholesale electricity rates reduced for Tri-State’s members

At a time when other electric utilities are increasing rates, Highley reported Tri-State is reducing its wholesale rates to its members 4% over the next year.

“Tri-State not only reduced wholesale rates to our members, but our diverse resource mix protected our members during the severe February 2021 weather event that pushed other electric utilities’ rates even higher,” said Highley.

Tri-State reduced its wholesale power rates 2% in March 2021, to be followed by another 2% wholesale rate reduction in 2022, as part of a [settlement](#) of its first major rate case since becoming subject to rate regulation under the Federal Energy Regulatory Commission in September 2019. Following Tri-State’s wholesale rate reduction, several of Tri-State’s utility members have either reduced their retail rates or increased patronage capital refunds to consumer-members. Unlike other utilities in the region, the February 2021 winter storm had an [immaterial financial impact](#) on Tri-State.

Contract flexibility advancing self-supply options for Tri-State members

Led by its members, Tri-State is advancing flexible contract options that provide for increasing the local member self-supply of power. An [open season](#) for member self-supply was completed in May 2021, with three members submitting nominations for an aggregate of 209 megawatts of self supply.

“Our members and board of directors have worked diligently to develop a fair and equitable process to increase contract flexibility to meet some members’ desire to self-supply more of their own power,” said Highley. “The conclusion of the open season is another significant step forward in that process, and we continue to work through the FERC process to implement partial requirements.”

Tri-State filed the partial requirements option with the FERC for approval. Members that participated in the open season can self-supply up to 50% of their requirements.

Tri-State joins energy imbalance markets, advances western regional transmission organization

With the recognition that organized markets are necessary to reliably, affordably and responsibly meet its members’ goals, Tri-State entered two energy imbalance markets in early 2021. Tri-State is a leading proponent of organized markets in the west, and along with other regional power suppliers is evaluating the benefits of participation in a western regional transmission organization.

“Tri-State is transforming the way we operate, including leading the charge toward participating in an expansion of the Southwest Power Pool regional transmission organization,” said Highley.

Southwest Power Pool (SPP) CEO Barbara Sugg addressed Tri-State’s membership, discussing the benefits of organized markets and the regional transmission organization’s strong performance on low electric rates and high renewable energy penetration. Currently, 80% of Tri-State’s load is within an organized market, either the SPP regional transmission organization or SPP and CAISO energy imbalance markets.

Strong financial performance in 2020 despite worldwide pandemic

At the annual meeting, Treasurer Stuart Morgan of the Wheat Belt Public Power District in Sidney, Neb., reported on the association’s financial performance in 2020. Tri-State reported revenues of \$1.4 billion, a net margin of \$25 million and a reduction in long-term debt. Despite widespread impacts to energy sales from

the pandemic, Tri-State continued to return capital to its membership, which is a hallmark of the not-for-profit cooperative business model.

“In 2020, Tri-State returned \$30 million to the membership in a retirement of patronage capital,” said Morgan. “Since our inception in 1952, Tri-State has allocated approximately \$1.5 billion of patronage capital to our members and has returned \$445 million.

“Tri-State’s continued focus toward reducing operating expenses, increasing revenues, and maintaining reasonable rates will ensure our ability to meet members’ expectations,” said Morgan.

Executive Committee officers elected

Following the annual meeting, the executive committee of the association's board of directors was seated, including the six officers and three at-large positions.

In addition to the election of Rabon as chairman of the board, Don Keairns representing San Isabel Electric Association (Pueblo West, Colo.) was elected to the position of vice chairman.

Julie Kilty, who has represented Wyrulec Company (Torrington, Wyo.) on the Tri-State board since 2012, was re-elected to the position of secretary.

Stuart Morgan, who has represented Wheat Belt Public Power District (Sidney, Neb.) on the Tri-State board since 2007, was re-elected treasurer - a position he first assumed in 2012.

Matt Brown, who has represented High Plains Power (Riverton, Wyo.) on the Tri-State board since 2010, was re-elected assistant secretary. 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.

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.) Thaine Michie was elected to the remaining at-large position on the board; he represents Poudre Valley Rural Electric Association (Fort Collins, Colo.).

About Tri-State

Tri-State is power supply cooperative of 45 members, operating on a not-for-profit basis, including 42 utility electric distribution cooperative and public power district members in four states that together deliver reliable, affordable and responsible power to more than a million electricity consumers across nearly 200,000 square miles of the West. For more information about Tri-State, visit www.tristate.coop.

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Certain information contained in this press statement are forward-looking statements including statements concerning Tri-State's plans, future events, and other information that is not historical information. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described from time to time in Tri-State's filings with the Securities and Exchange Commission. Tri-State's expectations and beliefs are expressed in good faith, and Tri-State believes there is a reasonable basis for them. However, Tri-State cannot assure you that management's expectations and beliefs will be achieved. There are a number of risks, uncertainties and other important factors that could cause actual results to differ materially from the forward-looking statements contained herein.