

EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS

1. Safety

- a. There were two Non-Lost Workday Cases in August 2022.
 - i. One at Transmission East and the other in Administration.

2. Environmental and Regulatory Activities

- a. For August 2022, 18 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. Arizona Department of Environmental Quality conducted an on-site air quality inspection at Springerville Generating Station. No inspection findings were documented.

3. Government Relations

- a. The Government Relations report can be found at the following link –
https://drive.google.com/file/d/1zXWdzYhszn58E2f1RjntBEOLvH5e_9j4/view?usp=sharing

4. Member Relations, Corporate Communications and Public Affairs, and Affiliated Organizations Reports

- a. Due to not having Committee Meetings in September, reports were included in the TS Board Documents. There was no discussion during the Board Meeting on these items.

REGULAR BOARD MEETING

Please see the “**September 2022 Board Report**” in the PowerPoint board documents.

This month the TS Board, under the suggestion of the Governance Committee, tested having only the regular Board Meeting and not having Committee Meetings. If successful, the plan would be to have this format a few times each year. In my opinion, this test was not a workable experiment.

This month’s Board Meeting was just under 4 hours with very little dialog. Not much value this month, especially considering the state of affairs for TS.

This month's highlights

- Operations and Financial performance
- Government Relations Report
- Recent media releases
- Upcoming Events

From the Vice Chairman

Our September board meeting was virtual, with no executive committee or standing committee meetings. With Chairman Tim Rabon on a long planned and well-deserved vacation, I had the honor to chair the meeting.

The one-day, virtual meeting is a trial run, done at the suggestion of the Governance Committee. The committee is contemplating a recommendation to hold a few meetings a year like this to see how they work. If we had similar meetings in the future, the board would not forgo any responsibilities and we would complete all our work.

During our meeting, we recognized General Counsel Ken Reif, as this was his last board meeting before retirement. Ken has had a long and distinguished career and his experience and leadership will be greatly missed. I have gotten to know Ken over the last few years and will miss his steady hand and calming demeanor in any situation.

Our next Rate Design Committee begins Tuesday, Sept. 13 and continues Wednesday. Last month's meeting went well, and I believe it was our most productive session to date. The committee has a strong grasp of the rate design process, and with robust engagement and a high level of knowledge, we are at the point where we are starting to make key decisions. I want to thank staff for their work to recap the issues we have covered, and the information our consultants provided was helpful in outlining options for the committee to consider. Our polling exercise was valuable as it provided direction on issues like the postage stamp rate, season rates, generation demand, unbundling, and the East/West split. The committee's direction was less clear on other issues like where to include member services charges, how to unbundle, and the level of tilt, so we will continue to discuss these issues.

Finally, I want to remind everyone that this month we need to complete the business relationship disclosure form, pursuant to Policy #403. Shannon Bradley will be sending a virtual copy, which you can sign with Adobe Sign, or you have the option to print the form and return it at the October meeting.

Thank you to the board for your support — *Don*

From the CEO

Despite the severe heat that affected the West over the past week, staff continued to operate our facilities well to serve the membership's loads. We hit a new peak load on July 17 at 5:30 p.m., when our system reached 3,071 megawatts.

We continue to engage with policymakers and federal agencies on the next steps to implement the cooperative provisions included in the Inflation Reduction Act. This week, I am with staff in Washington, D.C., to meet with those who play a key role in advancing rulemakings so that the benefits of the provisions can assist co-ops as quickly and efficiently as is possible.

I am pleased to share that on Sept. 9, an administrative law judge at the Colorado Public Utilities Commission issued a recommended decision approving the Rifle Station settlement. If no further action is taken by any party or the commission, this decision will become final in 20 days, and Tri-State will be able to retire the station in October 2022. We continue our work to support our employees and get the most value possible from the disposition of these assets.

I appreciate the continued discussion with United Power as we look at potential paths to resolve issues in a way that is fair to all and that could be accepted by FERC. Around Sept. 29, we do expect an initial decision from the administrative law judge on the contract termination payment case, and it's important to note that an initial decision is one step in the process, with significant process remaining. Exceptions will likely be filed in the case following the initial decision, and then the full commission will take the case. Only the FERC's decision is determinative, and even that decision can also be appealed.

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

July 2022 operations performance

- Coal fleet generation was at 94% availability and 41% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 7% of total power supply.
- Renewable generation accounted for 28% of total power supply and 33% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity with an average capacity factor of 34%, with 128 MW (17% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 24% of total power supply.
- Member energy sales volumes were 4.3% over budget and non-member energy sales volumes were 4.6% under budget.

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

July 2022 financial performance

- Member electric sales were 3.6%, higher than budget, primarily because Class A Energy was higher than budget, energy needs for oil and gas operations are ramping up operations to pre-pandemic levels, and irrigation load increased due to the hotter and drier weather in July.
- Non-member electric sales were 41.9%, lower than budget primarily due to an optimistic budget which assumed all generation would be running, and Tri-State could capitalize on the hotter weather and summer load by selling excess power.
- Purchased Power was 17.5%, higher than budget primarily due to both quantity and price being higher than budgeted.
- Fuel and Production was 25.6%, higher than budget primarily due to higher natural gas prices.

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

Board Update

August media activities and press releases

- [Co-op provisions](#) in Inflation Reduction Act of 2022 advance Tri-State Responsible Energy Plan, August 16.
- [Highline Electric Association](#) adds potential game changer to the EV charging world, Aug 30.

Government relations report

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

Meetings and events**Rate Design Committee**

- September 13-14, beginning at 1 p.m. on September 13

Member CEO Town Hall

- August 20, 1 p.m.

October Board and Committee Meetings

- Monday, Oct. 3
 - Executive Committee, 3 p.m.
- Tuesday, Oct. 4
 - Engineering and Operations Committee, 8 a.m.
 - External Affairs/Member Relations Committee, 10:30 a.m.
 - Finance and Audit Committee, 1:30 p.m.
- Wednesday, Oct. 5
 - Tri-State Board of Directors Meeting, 8 a.m.

Quarterly Member CEO Meeting

- Wednesday-Thursday, Oct. 19-20