

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

### **1. Safety**

- a. There was one Lost Workday Case and one Non-Lost Workday case in September 2022.
  - i. One at Transmission West and the other at Craig Station

### **2. Environmental and Regulatory Activities**

- a. For September 2022, 14 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 Limon Station and Burlington Station.

### **3. Government Relations**

- a. The Government Relations report can be found at the following link  
<https://drive.google.com/file/d/1aluUdAmHAeLTKBQI6NBXvE-HaSdIjGCs/view?usp=sharing>

### **4. Member Relations**

- a. TS Member Relations activities report was provided.

### **5. Corporate Communications and Public Affairs**

- a. TS Corporate Communications and Public Affairs activities report was provided.

### **6. Affiliated Organizations Reports**

- a. Reports were given for the Statewides that had meetings since TS's last Board Meeting.

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

Please see the “**October 2022 Meeting Highlights**” and “**October 2022 Board Report**” in the PowerPoint board documents.

Additional Tri State documents may be found in the Board Drive, please remember that these documents are confidential and may not be shared.

# Tri-State Board of Directors

## October 2022 Meeting Highlights



### 2023 Draft Budget Review

**Sarah Scherm, Senior Manager Financial Planning and Analysis, presented Tri-State's draft 2023 capital and operating budgets. The draft budgets include known Project Ascend savings for 2023, though additional savings are anticipated and are expected to be captured in future forecasts for 2023. The board will further review the draft budget at the November board meeting and be asked to approve the final budget at the December board meeting.**

- Scherm summarized the 2023 draft budgets, including the 2023 capital and operating expenses, the use of deferred revenue, attainment of financial goals, and the assumption that the FERC stated rate is in place for the full year.
- The draft capital construction budget reports increases in the 2023 budget from the 2023 estimate in the 2022 10-yr capital plan across Generation and Mining, Transmission, and Administrative Services, with major projects across all three categories contributing in part to the increase.
- Scherm reviewed the draft operating budget revenues and expenses.
  - The draft operating budget reports overall increases in both operating revenues and expenses as compared to the most recent three year average for those items.

### Energy Services Update

**Matt Fitzgibbon, Beneficial Electrification Manager, presented an update on the Energy Services program. Fitzgibbon outlined how the program is being designed to leverage collaboration between Tri-State and the members to capture the value of the cooperative energy ecosystem.**

- Fitzgibbon reviewed Tri-State's obligations under its 2020 Electric Resource Plan settlement agreement regarding energy efficiency (EE) savings targets, which increase from 0.35% in 2023 to 1% by 2030, and demand response offerings, which will be designed by 2025 to control at least 4% of Colorado peak load.
- He emphasized that these ambitious but attainable goals are an opportunity for Tri-State and the members to work together to lower costs and create value through the market.
- Fitzgibbon outlined how Tri-State is optimizing its EE program by focusing on offerings that create a positive return on investment, building awareness of efficiency products through consumer incentives, working to reduce up-front capital requirements through on-bill financing, and expanding installation access with trade resources.
- He also shared progress in evaluating a distributed energy resource management system to support implementation of the demand response program Tri-State is developing for implementation in 2023.

### Copper Theft Mitigation Update

**Barbara Walz, CCO/SVP Policy and Compliance, David Sayles, Senior Manager ERM and Chief Security Officer, and Kevin Smith, Physical Security Manager, presented on Tri-State's copper theft mitigation strategy and the recent apprehension of two suspects.**

- Sayles summarized that in Northwest Colorado, 11 Tri-State substations have been impacted by copper theft this year, resulting in over \$90,000 in damage (including lost copper, cut fencing, etc.).
- To reduce the risk of copper theft, Tri-State engages with members, state and local officials including law enforcement, and other stakeholders to coordinate and share information.
- Through this ongoing coordination, Tri-State was able to share information with law enforcement resulting in the recent arrest of two individuals suspected of copper theft activity in Tri-State's service area.
- As the investigation into the case continues, Tri-State and members are taking additional steps to increase deterrence for would-be thieves in the future.

### General Counsel Transition

**Having announced his retirement in July, Ken Reif, SVP General Counsel, retired this month after serving the Tri-State family since 2004. Duane Highley, CEO, announced that Tri-State has selected its new General Counsel, Jay Sturhahn.**

- Sturhahn brings more than 20 years of legal experience, most recently with Sherman & Howard L.L.C. in Denver, where he worked with Tri-State as a client, including representing the association on litigation and regulatory matters.
- Sturhahn's first day is October 17, and he will attend his first virtual Board Meeting in November.

**This month's highlights**

- 2023 Draft Budgets review
- Energy Services update
- Copper theft mitigation update
- General Counsel transition
- Operations and Financial performance
- Recent media releases
- Government Relations Report
- Meetings and Events

**From the Chairman**

I want to express my appreciation to Vice-Chair Don Keairns for chairing last month's virtual board meeting while I was away. I also appreciate the board's thorough discussion of the 2023 Board Calendar and the directors' perspectives on virtual meetings. Virtual meetings significantly reduce costs, and while I acknowledge the value of the board convening in person, we can use technology and best practices to efficiently conduct some of our meetings virtually, and staff will continue to explore options to make those meetings as productive as is possible, including video options.

Please note the last page of this report for a new schedule for our committee meetings. To make the best use of the directors' and staff's time, our committee meetings will begin at 8 a.m., with a 30-minute break between committee meetings. A lunch break will be taken sometime around noon.

In late September, Don, Duane and I attended the NRECA Regions 7&9 in Portland, Ore. Congratulations to Darick Eisenbraun, CEO for High Plains Power, who was elected Region 7 CFC Director. Charlie Abel, who is in his first year as Region 7 CFC member director, facilitated much of the meeting. Later this month at the Region 8 & 10 meeting in Little Rock, Ark., Wayne Connell is running for the Region 10 CFC director, member director position. We wish Wayne our best in his election during that meeting.

Wednesday morning, I attended the NRECA nominating committee with Don Keairns. Don represented Colorado on this committee at the request of Joe Martin, our NRECA representative from Colorado. Don and I attended the Region 7 resolutions committee meeting chaired by Shawn Taylor. One of the key items the committee approved was the "Premature Retirement of Generation Assets." Duane spoke in favor of this proposal and the committee adopted it as written.

Earlier this week, I was also able to attend the Governance Committee. I want to thank Thaine, the committee members and all of staff that has worked so very hard to make the governance review a success.

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 am pleased to announce that Jay Sturhahn will join Tri-State as General Counsel on October 17. Jay brings a wealth of experience to Tri-State, having worked in numerous industries, gaining important perspectives that help align business and legal strategies, as well as working with Tri-State as a client. He will lead our strong and talented legal team to represent the best interests of Tri-State and our members in all legal matters. Jay's first day is October 17, and he will attend our virtual board meeting in November. Ken Reif retired this month, and I wish him the very best.

I also want to recognize the coordinated work of our security and transmission teams, Highline Electric and Y-W Electric, along with law enforcement officials in northeastern Colorado, that resulted in an arrest for copper theft from Tri-State facilities. These thefts create safety risks to our employees, and the financial costs are significant.

We reached a milestone with the administrative law judge offering an initial decision on the contract termination payment docket, and I continue to have discussions with United Power. You can review our statement on the judge's decision [here](#).

In September, I travelled to Washington, D.C., to meet with our elected representatives, FERC commissioners and some of the agencies we hope to work with on Inflation Reduction Act funding. It was a very productive week, and I want to thank Evan Jurkovich, Manager of Energy Policy and Federal Affairs, for his work in developing the relationships that mean so much for Tri-State and our members. Of note, the USDA Rural Development and Rural Utilities Service staff are grateful for the increased funding opportunities we advocated for that help to support their important mission. I'm also grateful for the support of Mary Ann Zehr, VP Transmission Business Strategy, for her support on the trip.

I enjoyed attending Northern Rio Arriba's annual meeting in their beautiful service territory. I was able to meet with our Colowyo Mine staff, where I was able to answer questions and reiterate our support for the mine's coal production and Craig Station retirement by the end of 2029. We continue to be cognizant of what is happening in our energy dependent communities and work to secure the support our employees and their communities need in their transition.

In October I, along with other western utility CEOs, have an important meeting with administration officials from the Bureau of Land Management and the United States Forest Service to discuss wildfire issues and permitting for vegetation management. We are working to increase the efficiency of the permitting process in our rights-of-way to ensure we can do our important work as effectively as possible.

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

### August 2022 operations performance

- Coal fleet generation was at 94% availability and 46% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 6% of total power supply.
- Renewable generation accounted for 27% of total power supply and 32% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity with an average capacity factor of 34%, with 484 MW (64% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 21% of total power supply.
- Member energy sales volumes were 8.7% over budget and non-member energy sales volumes were 5.8% over budget.

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

### August 2022 financial performance

- Member electric sales were 7.0%, 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 August.
- Non-member electric sales were 33.2%, 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 16.6%, higher than budget, primarily due to both quantity and price being higher than budgeted.
- Fuel and Production was 40.5%, 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

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View the [Budget presentation](#) on the directors' BoardBooks app and the Member Information Center. The budget books are in the Resource Center of the directors' BoardBooks app and in the [Budget section](#) of the Member Information Center.

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**September press releases**

- [Judge issues initial decision in Tri-State Contract Termination Payment Tariff filing](#) – Sept. 29
- [Study on possible Southwest Power Pool RTO expansion shows promise, informs next steps](#) – Sept. 21
- [D.C. Circuit Court of Appeals affirms FERC's exclusive jurisdiction over Tri-State exit charges](#) – Sept. 16

**Government Relations report**

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

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

- Oct. 13, beginning at 8 a.m.

**Quarterly Member CEO Meeting**

- Oct. 19-20, Tri-State headquarters

**Communications and Member Services Conference**

- October 25-26, Tri-State headquarters

**November Board and Committee Meetings**

- All November Board and Committee meetings are virtual.
- Please note new committee schedule: To better utilize the directors' time, the committee meetings will begin at 8 a.m., with a 30-minute break between committee meetings. A lunch break will be from noon to 1 p.m.
- Committee start time notifications: 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.
- Monday, Oct. 31
  - Executive Committee, 3 p.m.
- Tuesday, Nov. 1
  - Engineering and Operations Committee, *beginning at 8 a.m.*
  - External Affairs/Member Relations Committee, *beginning 30 minutes following adjournment of E&O Committee.*
  - Finance and Audit Committee, *beginning 30 minutes following adjournment of EA/MR Committee.*
  - Lunch, noon to 1 p.m.
- Wednesday, Nov. 2
  - Tri-State Board of Directors Meeting, 8 a.m.