

EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS

1. Safety

- a. There were two Non-Lost Workday Cases in October 2022.
 - i. One at Transmission West and the other with Combustion Turbines

2. Environmental and Regulatory Activities

- a. For October 2022, 36 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. An on-site radiation inspection was conducted by CDPHE at Craig Station. No violations were noted. The inspector was favorably impressed with the preparedness and organization of Tri-State environmental professionals at Craig Station.

3. Government Relations

- a. The Government Relations report can be found at the following link
https://drive.google.com/file/d/1npr8_vW9Dy-KrOC-Y6icLoOuatQIU2cr/view?usp=share_link

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.
- b. CREDA reporting was moved from External Affairs to E&O

REGULAR BOARD MEETING AND COMMITTEE MEETINGS

This month the Committee and Board Meetings were virtual. In the past the virtual meetings have been phone audio only. This month Zoom video was added. The Zoom was video only and the audio remained phone only. The Zoom video was beneficial. We are trying a new Committee Meeting schedule. The E&O Committee will start at the normal 8am and then the EX&MR Meeting will begin 15 minutes after the E&O adjourns. The F&A will start 15 minutes after the EX&MR Meeting adjourns. Texts and emails will be sent out to participants at the end of each meeting announcing the beginning time of the next meeting. This worked well and was well received.

Please see the “**November 2022 Board Report**” in the PowerPoint board documents. This month there will not be a “**Board Highlights**”, this might be standard going forward. Additional Tri State documents may be found in the Board Drive, please remember that these documents are confidential and may not be shared.

This month's highlights

- Consolidated 2023 Capital and OM Budget updates
- October margin estimate
- Operations and Financial Results
- Recent media coverage
- Government Relations Report
- Meetings and Events

From the Chairman

Our November board meeting was held virtually, with Vice Chair Don Keairns and our standing committee chairs participating from Tri-State's headquarters to help ensure the efficient performance of the meetings. Virtual meetings help to reduce costs, and with the permanent addition of a video-only feed from the boardroom, can be convenient to our directors and member system staff.

This month we tried out the new committee meeting schedule, with a 15-minute break between meetings. This change helps to efficiently use directors' and staff's time, and I thought it went well. I would appreciate any feedback on the schedule or our notification process.

We welcomed Jay Sturhahn, Tri-State's new SVP/General Counsel, who joined us for his first board meeting. I've had a chance to meet Jay and know he's going to do well for Tri-State.

In October, I attended the Rate Design Committee meeting, which I thought went well and was productive. The committee is getting their arms around some of the decisions they have to make and is working hard. The committee will meet again on Nov. 14. I also attended the Member CEO meeting, which had a robust agenda of important issues to cover. It was good to see so many of the CEOs present for productive discussions with Tri-State's staff.

Last week, I attended the NRECA Region 8/10 meeting in Little Rock, Ark. There was a full agenda, covering topics including the board's role overseeing cybersecurity, director education on financial decision making, and a broadband information session.

Directors, please note that this month we need to complete the annual SEC directors' questionnaire, related to Tri-State's 2022 Annual Report on Form 10-K. Please see your Tri-State email for more information.

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

Barbara Walz and I have been working on the Electric Subsector Coordinating Council on the Wildfire Working Group. This will help advance and improve the process for federal vegetation management permits, so that Tri-State, our members and utilities across the West can do the important work needed in our rights-of-way. We have had strong support from the Secretary of Energy and the White House and had a successful meeting this month in Denver with other CEOs of western utilities with the leadership of the U.S. Forest Service, which was very responsive. I want to thank Mora-San Miguel CEO/GM Les Montoya who has been working with us on this effort to share his experience.

USFS is working on a master special use permit template that we expect to be able to replicate for utilities across the West. Our experience with the Bureau of Land Management has been frustrating, and we are raising our concerns to the Secretary of Interior.

At this month's board meeting, we had a good discussion about regional transmission organizations and markets. In October, I met with Xcel Energy's new Chairman, President, and CEO Bob Frenzel, and we had the opportunity to discuss organized market activity. I also participated in a discussion of the Western Energy Industry Leaders group that also focused on RTO issues, including discussions with SPP and CAISO. We are also engaged at the Colorado Public Utilities Commission on its organized market docket.

Staff will present an education session on organized markets in December, and we will report on organized market issues each month to the board as we draw closer to the board's consideration of joining a market next spring. I want to thank our staff for their diligence in advancing this important issue to ensure our transition is reliable and affordable and that we can meet emissions reductions goals.

We have been having conversations with stakeholders about the Inflation Reduction Act, and how its provisions can advance utility infrastructure and the clean energy transition. I caution that the supply chain is not likely to be able to support the infrastructure needs of the transition, here in the U.S. or globally, at the pace intended by policymakers.

I was able to participate in a keynote to the Experience Power 2022 conference in Denver, the western GridFWD conference panel on utility resilience with LPEA CEO Jessica Matlock, a U.S. Energy Association transmission briefing, and a discussion on ESG with Public Utilities Fortnightly. These have resulted in positive media coverage.

We also hosted the Beneficial Electrification League of Colorado's Electrification Leadership Summit at Tri-State's headquarters, with more than 120 attendees. Our staff also hosted the annual Communications and Member Services Conference, which focused on electrification. Thanks to our Electrification, Member Services and Communications teams for their efforts on these important events as we support the ongoing work around beneficial electrification.

I want to thank a few staff members for their contributions to this month's board meeting. Mark Weiss gave a concise presentation on the future of the Oracle Online project and how it's reducing the number of technology platforms we'll be using. Sarah Scherm presented the draft budget to the board. Thanks to Susan Hunter, the Energy Resources Team, and all teams that have been involved in the review of responses to our Request for Proposals for new resources. We've had strong responses to the RFP and the team has done thorough reviews to move projects to modeling.

On Monday, Tri-State filed its exceptions to the initial decision of the administrative law judge that heard the contract termination payment case at FERC. Our initial decision addressed several policy issues, including the need for a clear CTP methodology that doesn't put Tri-State in default, makes the remaining members whole and follows the wholesale electric service contract. Tri-State's exceptions filing defends our lost revenues approach argues that that the ALJ should not have adopted the balance sheet methodology, and that the proposed Trial Staff CTP methodology doesn't work. We address how Tri-State's lost revenues methodology is supported by FERC and judicial precedent. Responses to exceptions are due to FERC by Nov. 21.

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

September 2022 operations performance

- Coal fleet generation was at 95% availability and 51% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 7% of total power supply.
- Renewable generation accounted for 26% 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 37%, with 373 MW (49% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 16% of total power supply.
- Member energy sales volumes were 5.8% over budget and non-member energy sales volumes were 12.8% over budget.

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

September 2022 financial performance

- Member electric sales were 8.0%, higher than budget, primarily due to Class A Energy being 61,459 MWh higher than budget resulting in higher revenue.
- Non-member electric sales were 11.6% higher than budget primarily due to selling excess power on the open market. Both term and spot market sales were greater than budget.
- Purchased Power was 31.6%, higher than budget primarily due to both quantity and price being higher than budgeted.
- Fuel and Production was 12.2% higher than budget primarily due to higher natural gas prices on average.

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

Board Update

Consolidated 2023 Capital and OM Budget updates and October margin estimate

Sarah Scherm, senior manager, Financial Planning and Analysis, presented an update on Tri-State's draft 2023 capital and operating budget in executive session. The board will consider action on the 2023 Budget at its December meeting.

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.

The board also reviewed the October Forecast Margin Estimate. View the [presentation](#) on the directors' BoardBooks app and the Member Information Center.

November notable press coverage

- [DOE Awards Fellowships to Six Co-ops to Pursue Advanced Energy Solutions](#)– NRECA, Oct 7
- [Opinion: How an unlikely trio helped secure billions for rural electric cooperatives \(Tri-State\)](#) – Utility Dive, Oct. 10.

- [Tri-State beats Xcel Energy in a softball game, but United Way really won](#) – Craig (Colorado) Daily Press, Oct. 11.
- [Future Shock Is Here For The Electric Utility Industry](#) – Forbes, Oct. 18
- [ESSC To-do List: Labor Shortage, Forest Management](#), Transformers – Oct. 30, RTO Insider (subscription)
- [Idiot or Maniac: Where Does Your Power Company Fit in the Discussion?](#) – Power Magazine, Nov. 1

Government Relations report

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

Meetings and events

CREA Innovations Summit

- Nov. 7, Denver

Basin Annual Meeting

- Nov. 9, Bismarck, N.D.

Finance and Audit Committee

- Nov. 11, beginning at 9 am, Virtual meeting

Rate Design Committee

- Nov. 14, beginning at 8 a.m.

Member Communications Advisory Council

- Nov. 15, 2 p.m. Virtual meeting
- Nov. 16, 9 a.m. Virtual meeting

December Board and Committee Meetings

- Please note new committee schedule: To better utilize the directors' time, the committee meetings will begin at 8 a.m., with a 15-minute break between committee meetings. A lunch break will be between noon to 1 p.m. 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, Dec. 5
 - Executive Committee, 3 p.m.
- Tuesday, Dec. 6
 - Engineering and Operations Committee, *beginning at 8 a.m.*
 - External Affairs/Member Relations Committee, *beginning 15 minutes following adjournment of E&O Committee.*
 - Finance and Audit Committee, *beginning 15 minutes following adjournment of EA/MR Committee.*
 - Lunch, between noon to 1 p.m.
 - Board Christmas Dinner, 6 p.m.
- Wednesday, Dec. 7
 - Tri-State Board of Directors Meeting, 8 a.m.