

EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS

1. Safety

- a. There were two recordable injuries or illnesses with lost workdays in July 2023.
- b. There was one recordable injury or illness with restricted workdays in July 2023.
- c. There was one recordable injury or illness without lost time in July 2023.

1. Environmental and Regulatory Activities

- a. For July 2023, 43 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 air quality inspection was conducted by CDPHE at Knutson Station.

2. Government Relations

- a. The Government Relations report was provided. The link for the August 2023 Government Relations on LPEA's Board Drive is – https://drive.google.com/file/d/1-zUzMk4cgdySkZR9W_I7zAZEetn0wImt/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 our meetings were in-person. My flight was delayed by 9 hours and all other flights that day were oversold. I ended up cancelling my flight and attended all meetings virtually. Tuesday and Wednesday's meetings went over 8 hours each due to the many complex issues that were covered. We will have a special educational meeting on August 24 covering the New ERA and another special meeting on September 22 to review the mitigation results between TS and United Power. The Tri State board documents for August can be found in our drive. These are considered confidential.

Kohler McInnis

This month's highlights

- Chairman and CEO messages
- Operations and financial performance
- Affiliated organizations presentations
- Government Relations report
- Meetings and events

From the Chairman

The strength of our cooperative business model is built on a foundation of democratic governance, with each director contributing to our board their individual wisdom and sensibilities, along with the important perspectives of those in their community that elected them to serve. As Tri-State advances its transition, I am reminded monthly of the thoughtful, and often long and complex, work of our board, especially with the critical issues the board considered this month on resource planning and federal funding.

In recent weeks, we've lost two cooperative leaders. Don Wolberg, a Socorro Electric Trustee and former Tri-State director, passed away July 20, and Charlie Monk, our former director from Big Horn, passed away August 4. We also offer our condolences to Gary Shaw as he grieves for the loss of his brother. Please keep Gary and his family, and Don's and Charlie's families and co-ops, in your thoughts and prayers.

Our board has several transitions this month as this was Jemez Mountain's Bruce Duran's and Morgan County REA's Randy Graff's last meeting. Bruce and Randy, on behalf of our board, thank you for your dedicated service. Morgan County REA director Larry Hoozee will join the board in September and serve on the External Affairs/Member Relation Committee. Larry attended this month's meeting, and comes to Tri-State with 20 years of experience serving as a MCREA director, as farmer and rancher on the family farm started by his grandfather in 1928, as a leader in the Colorado Association of Conservation Districts, and as a retired ag teacher and ag loan officer. We have an open seat on the Engineering and Operations Committee. Directors should contact me if you have an interest in serving on the committee.

This past month, I was pleased to join Duane and staff at the NMRECA barbecue, which was well attended, and I appreciate the work of Tri-State to support our New Mexico statewide organization. I also attended our Tri-State Member CEO meeting, and appreciated the depth of discussions with the managers of our member systems. I attended the Jemez Mountains board meeting and was able to see their beautiful new building, as well as participate in my own system's annual meeting last weekend, where Duane Highley's comments were well received. I look forward to attending Basin's annual meeting next week.

It's important to keep our board informed and answer questions on the progress of our resource planning and our pursuit of federal funding. We will have a board informational session on the New ERA program on Aug. 24 at 8 am, and I encourage directors to attend in person, but we will also have a virtual option. Our Sept. 7 board meeting will be virtual, and we will return with an in-person board meeting in October.

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

I appreciate the board's engagement this week, as we had meaningful issues to cover on our agenda, all of which are transformative to Tri-State's future and reliably, affordably and responsibly serving the membership for years to come. Among the issues we considered, including resource planning and opportunities for New ERA program funding, can have a truly generational benefit to all of the members, and we look forward to furthering that discussion at an informational meeting on Sept. 24.

As we discussed, we continue to talk with United Power, with a goal to resolve issues, and I look forward to our focused discussions next month. We continue to do all that is required on Tri-State's part to ensure we are prepared to execute United's and NRPPD's withdrawals by May 1, 2024.

Across Tri-State, we strive to manage costs and keep member wholesale rates stable. The most recent utility in the region to announce a large rate increase is Rocky Mountain Power, which has announced a combined 29% rate increase between energy cost adjustments and a general rate case. Part of the driver for this increase is significant increases in fuel and power purchase costs. We experience similar cost pressures, but have worked to restrain our rate increase, and after seven years with flat rates and then 4% lower wholesale rates, we will have an average Class A rate increase of 6.36% in 2024. Any rate increase presents challenges for the membership, but Tri-State's ability to stabilize wholesale rates for members places us in an increasingly competitive position as others in the region dramatically increase their rates.

I want to express my gratitude to our member system CEOs for their participation in our meeting in July. We had in-depth discussions on issues important to the CEOs, including how we can best approach partial requirements memberships and energy services, and I find our roundtable discussion incredibly valuable. Each member takes a few minutes to share what is going on at their system, including their priorities and challenges, and our staff and I learn so much from the discussion.

Visiting our member system boards remains a priority. In the past weeks, I have met with the High West, Jemez Mountains, San Luis Valley and KC Electric boards, and we spend hours discussing issues important to their directors. With the change at Tri-State, it's so very important that we stay aligned and that Tri-State is in tune with the issues facing our members. I also enjoyed the opportunity to participate in Otero County Electric's Annual Meeting, and I am grateful that their board will continue to send Tim Rabon to Tri-State to represent their cooperative. In the coming weeks, I will be meeting with the boards of Chimney Rock and Empire Electric.

At the board meeting, I provided a brief update on organized markets, and reported to the board that this fall we expect the conclusion of Western Area Power Administration's required process to determine their participation in the western expansion of the SPP regional transmission organization. We expect Basin's decision in a similar timeframe. The long-term cost benefits of the SPP RTO are compelling for G&Ts, and important for a reliable clean energy transition. With the progress of SPP to advance a western RTO and their Markets+ program, the California ISO has become more vocal as the prospect for competition increases in the West.

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 2023 operations performance

- Coal fleet generation was at 61% availability and 28% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 9% of total power supply.
- Renewable generation accounted for 39% of total power supply and 42% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity with an average capacity factor of 34%, with 377 MW (50% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 24% of total power supply.
- Member sales revenue was 7.8% under budget and non-member energy sales revenues were 19.2% under budget.

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

June 2023 financial performance

- Total operating revenues were 8.1% lower than budget, primarily due to lower member electric sales and lower non-member electric sales.
- Purchased Power was 5.9% lower than budget. While the quantity of power purchased was higher, the average cost per MWh was lower than what was budgeted.
- Fuel Costs were 25.3% lower than budget due to an extended scheduled outage at Springerville Generation Station and outages at Craig Generation Station.

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

Board Update

Affiliated organizations presentations

As part of the board's review of affiliated organizations, the External Affairs/Member Relations Committee invited the Colorado River Energy Distributors Association (CREDA) and the Mid-West Electric Consumers Association to present on their organizations and their work that supports Tri-State's interest in federal hydropower resources. Executive Director Leslie James presented for CREDA, and Executive Director Jim Horan presented for Mid-West.

CREDA's mission is "to preserve and enhance the availability, affordability and value of Colorado River Storage Project (CRSP) facilities while promoting responsible stewardship of the Colorado River System." James discussed CREDA's strategic plan, drought conditions, and power availability and affordability drivers.

Mid-West "promotes and protects the interest of federal power customers and their consumers within the Missouri River Basin." Horan discussed Midwest's priorities, potential WAPA rate increases, drought adders, transmission and other issues.

View the [CREDA](#) and [Midwest](#) presentations on the directors' BoardBooks app and in the Member Information Center.

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**Member Communications Advisory Council**

- Council calls, Tues., Aug. 15, 2 p.m. and Wed., Aug. 16, 9 a.m.

New ERA Program Board Informational Meeting

- Thurs., Aug. 24, 8 a.m., Board of Directors only (in-person with virtual option)

September Board Meeting

- Thurs., Sept. 7, 8 a.m., Board of Directors meeting (virtual)