

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

### **1. Safety**

- a. There were no injuries in November 2023.

### **1. Environmental and Regulatory Activities**

- a. For November 2023, 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. None to report for November 2023. Still waiting for results for past agency inspections.

### **2. Government Relations**

- a. The Government Relations report was provided.  
[https://drive.google.com/file/d/1fjBlewMyjPnQz4-h-oalnSPSdC5krjJF/view?usp=drive\\_link](https://drive.google.com/file/d/1fjBlewMyjPnQz4-h-oalnSPSdC5krjJF/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**

Barbara Walz, (Senior Vice President, Policy and Compliance/ Chief Compliance Officer) is retiring this month. Barbara was instrumental in the affairs of the External Affairs Committee and will be missed. Her Senior Vice President position will not be refilled and there will be a re-organization of her duties amongst other departments. Barbara was a long-time asset for TS and her intelligence/connections/accomplishments were impressive. She was always there to help me when needed.

Organizations which TS has been associated with have been giving presentations to the EA&MR Committee. These presentations educate the TS Board on the purpose of being associated with the organizations and makes the case for continuing/discontinuing the relationship. This month we had the Executive Directors of the New Mexico, Wyoming, and Nebraska Statewides and Tim Coleman from CREA, (Kent Singer was unable to attend due to his role on the National Statewide group). They introduced their organizations and presenting their thoughts on legislation they feel will come to the forefront in 2024. This will be the last of the presentations from organizations associated with TS.

Every year each of the three standing TS Committees provides an education session to the TS Board. This month the EA&MR presented “Environmental Regulations and Electric Reliability” given by Andy Berger. The presentation is included in our drive  
[https://drive.google.com/file/d/1aVIIXlUVYckyO5FXdnzEicAVKCAHYHaj/view?usp=drive\\_link](https://drive.google.com/file/d/1aVIIXlUVYckyO5FXdnzEicAVKCAHYHaj/view?usp=drive_link).

Please see the December Board Report in OnBoard (due to the early LPEA Board Meeting this month the Board Report might not make the OnBoard deadline but will be included in our drive when received). Additional TS reports/presentations are in the LPEA Board Drive. Documents in the Board Drive may not be shared with the public.

### This month's highlights

- Chairman and CEO messages
- Operations and financial performance
- ERP accelerates energy transition
- \$10 million patronage capital retirement
- Education session on regulation and reliability
- Recent media statements and The Current newsletter
- Legislative preview and Government Relations Report
- Meetings and events

### From the Chairman

As we come to the close of 2023, I want to thank our board of directors, member system CEOs and Tri-State staff for your contributions to help Tri-State best serve our membership. We haven't let up all year, with important milestones in December:

- The board's approval of a \$10.37 million patronage capital retirement reinforces the unique value of our cooperative business model and Tri-State's financial strength.
- Our cooperative way of working together, including Tri-State staff, members and stakeholders, contributed to a transformative electric resource plan filing.
- I appreciate staff's work to execute agreements identified in the term sheet with United Power.

At our board meeting, we discussed the Contract Committee that will convene in March 2024. Dennis Herman, general manager of Highline Electric, has agreed to chair the committee, and Julie Kilty, our Tri-State board Secretary and Wyrulec board President, has agreed to serve as vice-chair. Our member system presidents, excluding systems that provided an unconditional withdrawal notice, have been asked to identify representatives to the committee by Jan. 15.

Over the last month, Tri-State's staff has met twice with the Member CEO Technical Advisory Committee (TAC) to review potential contract options and gather feedback. This committee presents a timely opportunity to consider updates to the contract and to synchronize with Tri-State's Electric Resource Plan filed Dec. 1, potential federal funding and our strategic plan. In addition, our staff has been working on a business plan, with support from BRG, which will be shared during the board strategic planning in February.

I want to thank the member systems that participated in our Nov. 9 panel placement ceremony for the Escalante Solar plant and our member town hall meeting. This project will generate the first 200 MW of a total of 595 MW of solar power to be added in 2024-2025. The project scale is impressive, even with 50% of the 500,000 panels installed. Our engaging town hall Q&A focused on issues important to the membership.

Tri-State directors, note registration is open for PowerXchange, NRECA's annual meeting, on March 3-6 in San Antonio, Tex. Directors who wish to attend the meeting under Policy 301 will need to complete the electronic form located in the Resource Center in Diligent.

It's also the time of the year to consider contributions to America's Electric Cooperatives PAC (formerly ACRE), the grassroots political action committee administered by NRECA. The non-partisan PAC supports candidates who speak for and protect the interests of electric co-ops and their consumer-members. Contact Bob Frankmore with questions and thank you for considering support for this important program.

Tri-State directors must complete a form related to Tri-State's continued participation in the Cybersecurity Risk Information Sharing Program (CRISP) from NERC's [Electricity Information Sharing Analysis Center](#), which monitors Tri-State internet traffic and provides threat analytics. Each director will need to respond to two questions annually on an electronic form located on the last page of the Board book.

On a somber note, Gary Merrifield passed on Nov. 17. Gary served as a director on the Sangre de Cristo Electric Association board for many years, and as a Tri-State director representing SDCEA during my first few years on the board. We also mourn the passing of Dan Daly, SDCEA director and Western United Electric Supply board chair. Please keep Gary's and Dan's families in your prayers.

To all in our cooperative family, I wish you and your families a Merry Christmas and prosperous New Year. 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**

As I shared this month in our newsletter, [The Current](#), an accelerated and more affordable clean energy transition is at the heart of the long-term strategy Tri-State announced when we filed our 2023 Electric Resource Plan on Dec. 1.

The potential for federal funding through the USDA's New ERA Program, new clean energy direct pay tax benefits for cooperatives, and Tri-State's strong financial position create a historic opportunity to dramatically reduce greenhouse gas emissions as we pursue our largest-ever investment in new generation.

With the retirement of Craig Station in 2028, we remain committed to working with local, state and federal leaders to support our employees and Northwest Colorado communities as we implement this transition. Prior to the resource plan filing, I met with the Craig Station and Colowyo teams, who demonstrated grace in the face of difficult news and as we seek certainty about facility retirements. Our staff also visited northwest Colorado stakeholders and media prior to the filing.

I want to thank our board of directors and staff, who have all worked tirelessly to develop a plan that keeps power reliable, affordable and responsible. I also want to recognize our members and a diverse group of environmental non-governmental organizations, state agencies and industry group stakeholders that contributed to the plan. As a cooperative, we know that working together is the best way to serve the power needs of the rural West.

Prior to filing the electric resource plan, our staff met with our member system CEOs to preview the resource plan and discuss its financial aspects. I greatly appreciate the feedback and perspectives of our member CEOs, and I look forward to our next meeting on Jan. 18. We have also met with the TAC on the Contract Committee and how we will handle partial requirements.

I want to thank Joseph Herrera, Socorro Electric's General Manager, for attending our first remotely held employee town hall meeting, which we broadcast to all employees from Rio Rancho, N.M. Joseph thanked our Transmission South staff and all the other involved employees for their work to install a mobile substation on their distribution system following a lightning strike. Joseph's message to our staff—that what you do matters—was very well received.

Our statewide organizations are important partners in educating policymakers on our cooperative model and the impacts of policy decisions. I want to thank the managers and staff from the five statewides for their discussions with our board on the upcoming legislative sessions.

With Barbara Walz' retirement, I've evaluated the organization of the executive team. We will realign functions among executive staff to meet future needs. As part of this realignment, SVP and General Counsel Jay Sturhahn will become Tri-State's Chief Compliance Officer. I appreciate and share the board's accolades for Barbara at our December meeting, and wish her well in retirement.

On Nov. 14, Tri-State participated in the national GridEx VII physical and cyber security exercise. As co-chair of the Electricity Subsector Coordinating Council (ESCC), which has a lead role in this exercise, I also participated in an executive tabletop exercise and national media briefing.

In November, I was invited to attend Sangre de Cristo's board meeting, with lengthy discussions about all that we do at Tri-State. I also met with Empire's board this past week, and I look forward to discussions with the Y-W and Wheat Belt boards later this month. I remain hopeful for a meeting with the High Plains board that was deferred. I also appreciate the invitation to attend the Nebraska Rural Electric Association annual meeting and the opportunity to visit with many from our Nebraska members systems.

As the Holidays and New Year approach quickly, I want to give my thanks for the engagement of our member system leaders, the guidance from our board, and the hard work of our team at Tri-State. Have a Merry Christmas and Happy New Year. We are here to serve you, and if we can be of assistance, please contact me any time at 303-254-3535 or [duane.highley@tristategt.org](mailto:duane.highley@tristategt.org) — Duane

## Operations and Financial Performance

### October 2023 operations performance

- Coal fleet generation was at 84% availability and 42% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 8% 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 33%, with 377 MW (50% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 23% of total power supply.
- Member sales revenue was 5.8% over budget, non-member energy sales revenues was 89% over budget.

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

### October 2023 financial performance

- Total operating revenues were higher than budget in October primarily due to higher member and non-member electric sales.
- Purchased power was higher than budgeted by primarily driven by higher Organized Markets Energy Imbalance sales.

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

## Board Update

### Tri-State accelerates clean energy transition and bolsters reliability

Rural electricity consumers across four western states will benefit from greater reliability and lower costs, with clean energy investment and greenhouse gas emissions reductions accelerated by federal funding, in a long-term strategy announced by Tri-State on Dec. 1.

Tri-State's 2023 Electric Resource Plan (ERP), filed with the Colorado Public Utilities Commission, includes its preferred plan, a Inflation Reduction Act scenario enabled by funding through the U.S. Department of Agriculture's (USDA's) Empowering Rural America (New ERA) program.

"Our ambitious plan, with federal funding, can accelerate clean energy investment and significant greenhouse gas emissions reductions at a lower cost than alternative scenarios, all while exceeding both industry-standard and heightened extreme weather reliability criteria," said Duane Highley, Tri-State CEO. "We are clearly demonstrating how Tri-State remains the most reliable, affordable and responsible power supplier for our members both now and well into the future."

Electric system resilience and reduced costs are at heart of the ambitious resource plan, which with federal funding and commission approval:

- Adds 1,250 megawatts of renewables and battery storage to be procured through 2031, increasing clean energy used by our members to 70%;
- Retires Craig Station in 2028 and Springerville Station Unit 3 in 2031;
- Reduces greenhouse gas emissions system-wide, including an 89% reduction in Colorado by 2030;
- Adds a combined-cycle natural gas unit in 2028, with carbon capture and sequestration added in 2031;
- Meets industry-standard Level 1 reliability metrics and Tri-State's heightened extreme weather Level 2 reliability metrics; and
- Reduces costs to our members by more than \$1.8 billion through 2043, compared to business as usual.

View the [2023 Electric Resource Plan press release](#), which includes member and stakeholder endorsements of planned New ERA award acquisitions that drive emissions reductions, clean energy.

**Board authorizes \$10 million patronage capital retirement**

At its December meeting, the Tri-State board authorized the retirement of \$10.37 million in patronage capital. Patronage capital represents each member's ownership and investment in Tri-State, and is an accumulation over the years of the net margins allocated to the members. Including 2023, Tri-State has returned approximately \$160 million to its members over the past eight years.

- Tri-State operates at cost – collecting enough revenue to operate and invest in capital projects – and when it has money left over, it's allocated back to members as patronage capital. When all financial goals are met, the board considers the return the patronage capital to members.
- Board Policy 503 provides that the return of retained patronage capital in excess of the Equity to Capitalization Ratio (ECR) goal may be refunded so long as Tri-State maintains sufficient liquidity to cover cash needs of the company as required. Board Policy for ECR is 24.5%, and ECR is projected to be 25.78% at year-end with the \$10.37 million patronage capital refund.
- The patronage capital refund comes from margins allocated to members in 2004.

Based on members current payment instructions, capital credit retirement payments will be processed on Dec. 14, 2023, and/or on Jan. 18, 2024, with the default date being Dec. 14, 2023.

- Members may specify either date or both, should a member wish to split its retirement.
- Contact Jeremy Koepf (ext. 3556), Chris Johnson (ext. 1338) or Andy Walls (ext. 7108) and follow up with an email to [CashGroup@tristategt.org](mailto:CashGroup@tristategt.org) on or before Dec. 12, 2023, at 5 p.m. MST to specify the date(s) to receive your retirement.
- Members participating in the Member Power Bill Prepayment program also may make a request for the retirement to be credited to the prepayment account on the same dates listed above. If prepayment is chosen, it will begin earning interest on the day the member's check would have been sent.

View the [Patronage Capital presentation](#) on the directors' BoardBooks app and the Member Information Center.

**Education session on electric regulations and reliability**

Vice President Environmental Compliance and Policy Andy Berger presented an educational session on environmental regulation and electric system reliability. Berger's key takeaway was that while regulatory challenges do exist, Tri-State has placed itself in an advantageous position to manage the challenges. Berger also recognized Barbara Walz' career and well-earned retirement.

- Berger discussed the cumulative effects of new environmental regulations, and provided an update on the range of environmental regulations that staff complies with.
- Berger detailed the U.S. Environmental Protection Agency's Greenhouse Gas Standards Proposal. The U.S. EPA proposes a "matrix" of requirements depending on a generating unit's fuel type, generating capability, capacity factor, and years of continued operation.
  - Under the proposed rule, existing units must implement a compliance path by January 1, 2030, depending on the unit's capacity factor and longevity, and new unit compliance depends on capacity factor.
  - The proposed rule should have no impact on Craig Station, which will retire in 2028, or Tri-State's gas-fired fleet, but decisions will be necessary regarding Laramie River Station and Springerville Unit 3. The proposed rule's limits for new gas units factor into resource

planning. Tri-State is engaged in state planning activities. In 2026, states would need to submit plans to the U.S. EPA.

- Industry reliability concerns include that the proposal would accelerate the disorderly retirement of dispatchable generation, limit the ability to bring on new gas-fired generation, curtail the use of fossil fuel-fired generation that is not retired, and that the proposal does not recognize technology availability and infrastructure needs. There are also concerns about the cumulative impacts of the proposed rule with other recently proposed or finalized EPA rules.
- The U.S. EPA recognizes there are issues with reliability and their proposal. In addition, U.S. EPA is planning a follow-up proposal to address smaller combustion turbines.

View the [Environmental Regulation and Reliability presentation](#) in the Member Information Center and the directors' BoardBooks app.

### **Recent media statements**

- [Tri-State accelerates clean energy transition and bolsters electric system reliability](#)
- [Tri-State member cooperatives celebrate halfway point of construction for Escalante Solar](#)

### **December issue of The Current newsletter**

Tri-State's newsletter, The Current, includes:

- Tri-State accelerates clean energy transition
- Tri-State members, local leaders celebrate construction of Escalante Solar
- Tri-State files to construct and own two solar projects
- Employee Spotlight: Lisa Tiffin receives industry award
- Member Spotlight: Socorro Electric and Tri-State keep the lights on

[View](#) and [subscribe](#) to The Current newsletter.

### **Legislative Preview and Government Relations Report**

The [Legislative Preview with Statewide Managers presentation](#) and the December [Government Relations Report](#) can be found in the Member Information Center and the directors' BoardBooks app.

### **Meetings and events**

#### **Member CEO Town Hall (Virtual)**

- Mon., Dec. 11, 11:00 a.m.

#### **Member Communications Advisory Council**

- Tues., Dec. 19, 2 p.m. (Virtual)

#### **January Board Meeting**

- Board Meeting, Wed., Jan. 3, 8 a.m. (Virtual)

#### **Member CEO Meeting**

- Thurs., Jan. 18, 8:00 a.m., Westminster HQ