

This month's highlights

- Chairman and CEO messages
- Operations and financial performance
- Recent media statements
- The Current newsletter
- Government Relations Report
- Meetings and events

From the Chairman

Following the New Year's Day holiday, our January board meeting was held virtually, and the committees did not meet. We discussed several important issues during the board meeting, including:

- A review of FERC Contract Termination Payment order and the options to respond to the order and prepare a compliance filing.
- A discussion of the formulary wholesale rate filing Deficiency Letter, which seeks additional information on non-networked transmission facilities.
- Preparations for February strategic planning and the March Contract Committee meeting.

I look forward to the important work of our Contract Committee and appreciate recent discussions with Highline Electric Association General Manager Dennis Herman and Wyrulec Board President Julie Kilty, who are serving as committee chair and vice-chair, respectively, and staff as we plan for the first committee meeting in March.

Staff is preparing topics for the board, including business planning and contract options, to discuss at our February strategic planning meeting and for the Contract Committee to consider in March. Discussions with staff and the Member CEO Technical Advisory Committee (TAC) have greatly informed this process. By the end of January, please provide me with topics or priorities for the Contract Committee to consider. Member systems participating in the Contract Committee should designate their representative by January 15.

At our December meeting, the board discussed how we reimburse expenses for non-board members who participate in affiliated organizations. Our Affiliated Organization Review Committee, led by Thaine Michie, will bring recommendations to the board later this spring.

During my report to the board this month, I noted our accomplishments for 2023. It was a busy and productive year for Tri-State, driven by the dedication of our board of directors, membership, executive team and staff to ensure the success of this organization. With our collective commitment, we are leading the way to a reliable, affordable, and responsible energy future. Highlights of the year included:

- Formulary rate – The membership's Rate Design Committee concluded its work with a wholesale rate design recommendation to the board, which we accepted, and staff filed with FERC. We anticipate rate approval in 2024.
- Resource planning – We filed our 2023 Electric Resource Plan, identifying an Inflation Reduction Act Scenario as the preferred plan. The plan strengthens reliability metrics and includes components that were submitted in our Letter of Interest to the USDA for the New ERA Program, with funding accelerating emissions reductions at a lower cost than the alternative scenarios.
- Federal funding – Separate from New ERA Program, which we're waiting to hear back on, Tri-State has been awarded \$26.8 million from the U.S. DOE for the Cooperative Energy Ecosystem distributed energy resource management system, \$200,000 from the USDA Rural Energy for America Program (REAP) and a \$100 million loan from USDA Rural Energy Savings Program (RESP), which supports the member on-bill repayment program to reduce the cost to consumers to adopt energy efficiency and electrification technologies and practices.
- Contract flexibility – We received an order from FERC on the contract termination proceeding, which included a method for calculating the cost for members to terminate their contracts early and withdraw from membership. Separate from the CTP proceeding, we reached a settlement

with United Power resulting in the dismissal of litigation before Adams County. We continued work with the membership on options that would lead to flexible partial requirements contracts.

- Organized markets – Tri-State committed to participate in the Southwest Power Pool RTO West expansion in 2026.
- Cost management – Implementation of Project Ascend cost saving and revenue opportunities has resulted in over \$14 million in ongoing savings, with more still in progress.
- Board best practices – We’ve improved the efficiency of the board, including implementing the electronic voucher and director education processes, and are leveraging committees to address specific needs.

While this is an impressive list, I think our biggest accomplishment is the job of delivering reliable and affordable power to our members. This is the daily work by staff that can go unnoticed, but it should always be considered our greatest accomplishment year over year. I want to sincerely acknowledge the commitment it takes day in and day out to get all of this done – thank you to our staff.

Finally, I have a number of important housekeeping items for the board:

- The Policy Review Committee is circulating proposed changes for approval in March, after the assigned standing committees have a chance to discuss. The draft policies will be available to the board for review in the Boardbooks app.
- Please note that the full financial report is now available in your Boardbooks app.
- Directors must complete the FERC Interlocking Directorate Form for this quarter and the DOE Foreign Ownership, Control or Influence Form; the links to these forms are on the last page of the board book.
- Directors should review the Board Bylaw Review Memo sent by email and send any proposed changes to Jay Sturhahn.

Our board will meet for strategic planning on Feb. 6-7, and our board meeting will start on Feb. 7 at 10:30 a.m.

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 Chairman’s review of all we’ve achieved together in 2023 to advance our clean energy transition, reach greater certainty and deliver real results for those we serve across the rural West. We knew it was going to be a hard year, and it was, but it was also a great year.

As I shared with the board this month and in our monthly newsletter, I have great optimism in our cooperative’s mission in 2024 and in the years ahead. We’re advancing across all the fronts necessary for a reliable and affordable clean energy transition. With continued 4% lower wholesale rates in 2023, we still exceeded budget expectations, and we’re on track for approval of our formulary wholesale rate in 2024. FERC issued a long-awaited order on contract termination payments that helps protect our members, and we continue to work with our members on flexible partial requirements memberships.

Importantly, we continue to insulate our members from energy price volatility and risks, even as we take full advantage of expanding energy markets. For our members, we shepherd the assets that provide stability, reduce emissions and help set a new standard for demonstrating resiliency.

At Tri-State, we do what we say, we believe in ourselves, we’re grateful for the support of others, and we know our not-for-profit cooperative business model is delivering on its promises.

In 2023, I was able to meet with 28 member system boards, including Empire, Y-W and Wheat Belt boards in December. In early 2024, I have meetings with the boards of Columbus, High Plains, LPEA and

Otero County that I very much look forward to. Also in December, I attended a Mid-West Electric Consumers Association meeting, Basin Managers meeting, and our meeting with bankers here at headquarters, where our planning was very well received. In January, I'll attend the Eastern Colorado Managers meeting, the CREA Annual Meeting and a meeting with other Western utility leaders on regional energy markets.

I greatly appreciate our continued work with the members that are pursuing partial requirements membership, and the member system CEO's Technical Advisory Committee, as we continue to advance our partial requirements goals.

We have the Member CEO Meeting at Tri-State Headquarters on Thursday, Jan. 18. The agenda includes a TAC update, including partial requirements; discussions on the wholesale rate filing, CTP order, DERMS platform, Board Policy 115 and strategic planning; and a review of credit rating and rates of other IOUs and G&Ts in the region. These discussions are very important as we prepare for board strategic planning.

On the RTO front, the Colorado Public Utilities Commission continues to review organized markets, and we expect proposed rules from the commission in the coming weeks. As we have discussed, the commission is most interested in greenhouse gas accounting, seams between markets and the generation interconnection queue.

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 — Duane

Operations and Financial Performance

November 2023 operations performance

- Coal fleet generation was at 87% availability and 42% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 7% of total power supply.
- Renewable generation accounted for 27% of total power supply and 31% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity with an average capacity factor of 33% with 17 MW (2% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 24% of total power supply.
- Member and non-member sales revenue was over budget.

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

November 2023 financial performance

- Total operating revenue was higher than budget in November primarily due to higher member and non-member electric sales.
- Production and fuel costs were higher than budget - production costs increased primarily due to increased maintenance costs. Fuel costs were higher primarily driven by increased natural gas costs and usage.
- Other income was higher than budget due primarily to a land easement sale to SunZia.

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

Recent media statements

- [Federal regulators request additional information on non-networked transmission cost allocation](#)
- [Tri-State returning \\$10.37 million in patronage capital to members for 2023](#)
- [Tri-State reviewing FERC order on Contract Termination Payment tariff](#)

January issue of The Current newsletter

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

- Tri-State's energy transition advances through 2023
- Tri-State returns \$10 million in patronage capital to members
- FERC issues Contract Termination Payment (CTP) methodology order
- Employee Spotlight: Recognizing Colowyo Mine employees on National Miners Day
- Member Spotlight: SMPA is pioneering fire mitigation efforts on Colorado's Western Slope

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

Legislative Preview and Government Relations Report

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

Meetings and events**Member CEO Meeting**

- Thurs., Jan. 18, 8 a.m., Westminster

Member Communications Advisory Council

- Tuesday, Jan. 16, 2 p.m. (Virtual)
- Wednesday, Jan. 17, 9 a.m. (Virtual)

Board Strategic Planning

- Tuesday, Feb. 6, 8 a.m., continuing Wednesday, Feb. 7 at 8 a.m.

February Board Meeting

- Wednesday, Feb. 7, 10:30 a.m.
- Standing committees will not meet in February.

March Committee and Board Meetings

- Executive Committee, Monday, Mar. 11 at 3 p.m.
- Committee Meetings, Tuesday, Mar. 12, 8 a.m. and running consecutively
 - Engineering and Operations Committee
 - External Affairs/Member Relations Committee
 - Finance and Audit Committee
- Board Meeting, Wednesday, Mar. 13, 8 a.m.