

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

### **1. Safety**

- a. There was one Lost Workday Case and one Non-Lost Workday Case in December 2022.
  - i. A Craig Station employee developed a severe skin irritation after contact with lime slurry
  - ii. A JM Shafer employee sustained a recordable hearing loss

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

- a. For December 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. No inspections in December 2022

### **3. Government Relations**

- a. The Government Relations report can be found at the following link  
[https://drive.google.com/file/d/1Xb\\_rkaJNVrbKh5IIN0Ws40XHqAxy1e8y/view?usp=share\\_link](https://drive.google.com/file/d/1Xb_rkaJNVrbKh5IIN0Ws40XHqAxy1e8y/view?usp=share_link)

### **4. Member Relations and Communications**

- a. TS Member Relations/Marketing/Communications reports were provided.

### **5. External Affairs Committee Report**

- a. Reg Rudolph provided a written report.

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

January 2023 was a virtual meeting. When TS has virtual meetings there are no Committee Meetings except for the Executive Committee. I attended the Executive Committee meeting and it consisted of a brief preview of our Strategic Planning to be held in February, 2023. The Executive Committee meeting was less than one hour and the TS Board Meeting was just under four hours. There will be 3 virtual meetings in 2023.

The “**January 2023 Board Report**” may not be included in the board documents due to not being received before the LPEA Board Docs deadline. It will be emailed out as soon as possible. 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**

- Recent media
- Government Relations Report
- Meetings and Events

**From the Chairman**

This month, the board met virtually, with no committee meetings other than the Executive Committee. I appreciate the board's engagement and participation in virtual meetings, which help reduce costs while maintaining good governance. Our board will have a strategic planning session in February, with no committee meetings.

We have a robust agenda for strategic planning, including discussions with the SPP on resource adequacy in the western grid and CoBank on service innovation. Duane will lead a discussion on Tri-State's mission, vision and strategic goals, and staff will do deep dives into the Long-Term Financial Forecast, the forthcoming recommendation of the Rate Design Committee, resource planning and the process and timeline for member exits.

I appreciate the work of the Rate Design Committee, which made great progress at its last meeting. The committee will have three more meetings, concluding with consideration of a recommendation to the board. RDC Chair Don Keairns has added a half-day, hybrid meeting the morning of Feb. 3.

This month, the board approved changes to Board Policy 303, which improves our board's review of board policies. The changes create a Board Policy Review Committee consisting of four Tri-State directors, with a 36-month review cycle, with more frequent review if needed. I appreciate Mark Daily's willingness to chair the committee. This policy review committee will remain in place only until it has completed a comprehensive review of the existing 73 board policies, after which time the policy review could revert back to the normal process. This consists of assigning policies to the standing committees for initial review and recommendation to the board, followed by a three-year review schedule to continue to allow enough time for policy review.

Finally, I'd like to remind the directors to complete your FERC interlocking directorate form for this quarter. You can find the link to the form on the very last page of the board book. I'd also like to remind you about the Board Bylaw Review Memo your systems received as an email from Shannon Bradley on January 4. Please ensure your system reviews the memo, and send any proposed changes to Tri-State by January 18. On January 4, directors received an email from Shannon with additional information about the new hotel policy, which will help manage costs and reimbursements. We know that this will be a challenging transition related to the vouchers, and we ask for your patience and understanding as we tweak the electronic voucher system. If you have any questions, please call or email Shannon. Finally, directors should provide their RSVP to Shannon for the board dinner following strategic planning on Feb. 1.

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 we look at last year, the effect of inflation has had a pronounced impact on our economy and the electric sector, with year-over-year increases in the consumer price index of 14%. Tri-State has been able to maintain stable rates, with a focus on cost management and the use of deferred revenue to stabilize rates. In our region, Xcel Energy has seen substantial cumulative rate increases that reinforce the value of Tri-State's stable wholesale rate. While we will need to increase our wholesale rate, we are managing toward an increase in 2024 that will be as low as is possible.

Our work to support northwest Colorado with the energy transition continues, as we work with local and state partners to secure resources and engage the community. In December, we met with the Moffat County commissioners to discuss the timeframe of Craig Station's closure and the Yampa Project's water rights.

Staff continues to provide direct assignment information to the membership. As of January 12, 29 member analyses have been completed to determine directly assignable asset costs, and 15 members have received their direct assign assessments. Nine member assessments are currently being reviewed. Data for the remaining 18 members is currently being analyzed. I appreciate staff's efforts to complete this complex work for each member's review.

There will be several roundtables on USDA RUS funding from the Inflation Reduction Act. The link to the session schedule is [here](#). Tri-State will be participating in the G&T session for Region 3 on January 23. We strongly encourage the membership to participate in the Region 3 distribution system session on January 26, and suggest that you carry forward the position that funding for cooperatives should be prioritized for those utilities that are transitioning resources, with emphasis on the importance of addressing stranded asset costs.

We look forward to hosting the member system CEOs on January 18-19 here in Westminster. We continue to work with Chair Dennis Herman to ensure the agenda meets the needs of the CEOs, with discussions from the Technical Advisory Committee on BP 115 reporting and member state-level issues, as well as discussions on the LDR process, cost drivers, demand response, electric resource planning, direct assignment, the Rate Design Committee and substation security/copper theft.

We have an upcoming meeting with the Bureau of Land Management in Washington, D.C., to continue discussions on special use permits for better access to federal lands for right-of-way maintenance. I appreciate the Secretary of Energy's engagement to drive further discussions with BLM, which has frustrated efforts compared to our progress with the U.S. Forest Service. This is part of our work with the Electricity Subsector Coordinating Council, where I co-chair its Wildfire Working Group.

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**

### **November 2022 operations performance**

- Coal fleet generation was at 75% availability and 45% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 10% of total power supply.
- Renewable generation accounted for 28% 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 40%, with 101 MW (13% of potential output) available at Tri-State's peak.
- Other purchased power (non-renewable) was 17% of total power supply.
- Member sales revenue was 6.1% over budget and non-member energy sales revenues were 52.2% over budget.

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

### **November 2022 financial performance**

- Member electric sales were 6.1% higher than budget primarily due to Class A Energy being higher than budget resulting in higher revenue.
- Non-member electric sales and other sales were 53.0% higher than budget primarily due to selling excess power on the open market.

- Purchased Power was 7.2% higher than budget despite a one-time Basin Electric bill credit, which reduced overall purchased power costs.
- Fuel and Production was 22.5% higher than budget primarily due to fuel costs at the Combined Cycle and Combustion Turbine generation units along with higher fuel costs at the Springerville Generation Station.

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

### Recent media

- [Decision Point: Electric Cooperatives Call for a More Resilient Future \(by Duane Highley, Jessica Matlock\)](#) – Public Utilities Fortnightly – January 2023
- [Two Public Power CEOs on ESG](#) – Public Utilities Fortnightly – December 2022
- [Tri-State, members will continue to pursue flexible memberships options in FERC hearing process \(Press release\)](#) – Tri-State website – December 23.
- [Tri-State returning \\$10 million in patronage capital to members for 2022 \(Press release\)](#) – Tri-State website – December 16.

### Board Update

#### Government Relations report

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

### Meetings and events

#### Member Communications Advisory Council

- Tuesday, Jan. 17, 2 p.m.
- Wednesday, Jan. 18, 9 a.m.

#### Member CEO Meeting

- Jan. 18-19

#### February Board Strategic Planning and Board Meeting

- Strategic Planning, beginning Wednesday, Feb. 1 at 8 a.m., and continuing Thursday morning, Feb. 2.
- Board Dinner on Wednesday, Feb. 1 at 6 p.m.
- There will be no committee meetings in February.
- The board meeting is Thursday, Feb. 2, at 10:30 a.m.

#### Rate Design Committee

- Friday, Feb. 3, beginning at 8 am to 12 noon on (hybrid)
- Thursday, Feb. 9, beginning at 8 a.m.
- Thursday., March 2, beginning at 8 a.m.