



2010 ELECTRIC RESOURCE PLANNING PUBLIC PARTICIPATION PROCESS

SUMMARY OF JULY 15, 2010 PUBLIC PARTICIPATION MEETING

Tri-State Generation and Transmission Association's (Tri-State) sixth public participation meeting was held on July 15, 2010 at the association's headquarters building in Westminster, Colo. The meeting was noticed, and the agenda for the meeting was posted via the Web. In addition, persons on the formal participants' list were individually noticed by e-mail.

The purpose the sixth meeting was for Tri-State to receive responses and comments from the public regarding the results of the modeling of the 17 scenarios presented at the previous two public meetings. In addition, at the sixth meeting, Tri-State presented the results of the final five scenarios that were modeled as a result of suggestions received during the public participation process.

At the beginning of the sixth meeting, there were questions regarding the distinction between the information developed through these planning and modeling activities and Tri-State's business decision-making process. There were also questions regarding the process for preparation of Tri-State's final report that will produced at the culmination of this planning activity, as well as regarding how the materials developed through this process will be presented to Tri-State's Board of Directors.

Tri-State views the development of the various planning scenarios that it has modeled, and the results of that modeling, as providing important information for future planning decisions. These models can illustrate important information regarding future rates, capital expenditure patterns, and operational costs that would exist under specified sets of assumptions. While the system and financial modeling captures many important considerations for future decisions, the modeling results can provide indications of future direction, but are not dispositive. Tri-State's business strategy is informed by modeling results, but also considers factors such as the association's mission, cooperative principles, assessment of business risk, financial impact, rate impact and overall affordability of electricity to the cooperative's members. As time passes from the completion of the scenario analyses that have been developed for this process, changes will occur continuously in the many modeling variables including the capital cost of new resources, interest expense, fuel cost projections, load forecasts, and in the regulatory environment. As a result Tri-State will be faced with a view of the future that varies from the view that was developed for this process.

Business opportunities may occur that are not reflected in the modeling such as the unanticipated availability of generation assets at prices lower than those indicated in the development of the candidate resource list. Opportunities for strategic load acquisitions may also occur that are not specifically reflected in the standard modeling efforts. If and when these opportunities arise, the Tri-

State Board of Directors may choose to implement decisions regarding loads and resources that have not been specifically detailed in this process.

As was reported in this meeting, Tri-State's Board of Directors was updated regarding the public participation process and scenario results at its July meeting. It is anticipated that a draft of the final report and associated action plan will be reviewed with the Board in early September. After that review, the draft final report will be circulated for public comment. The public comment period will last one month. Written comments regarding the draft report can be submitted to Tri-State as indicated in each of the public participation meetings. Tri-State plans to hold a public meeting at the conclusion of the public comment period to receive oral feedback regarding the draft final report. After receipt of public comments, Tri-State will finalize the report and review it with its Board of Directors. The final report will be filed with the Colorado Public Utilities Commission by November 30, 2010 and filed with the Western Area Power Administration by February 15, 2011.

Tri-State also indicated that it will use the formal public participants list to provide notification regarding the schedule for future meetings or of information updates that may occur during the summer.

Western Resource Advocates raised specific questions regarding technical aspects of the scenario modeling. Specifically, there was a question as to why the model was building combined cycle plants when they were running at such low load factors. The response was that the units were essentially being built to meet system capacity needs, and would effectively replace combined cycle capacity that would be lost in 2019 due to the expiration of the Fort Lupton and Brush power purchase agreements. In addition, in some of the high carbon cost scenarios, coal units were being shut down, and additional capacity was needed to meet load.

Clean Energy Action had questions regarding future coal prices; specifically related to Tri-State's future supply costs, which were allegedly too low. This was accompanied by a repeated request that Tri-State specifically model additional high coal cost scenarios. In addition, Clean Energy Action requested that Tri-State make available its coal contracts. Tri-State responded that it would consider modeling a high coal cost scenario. Tri-State declined to make its coal contracts available to the public, however its 2000 to 2028 coal pricing has been made available.

Western Resource Advocates asked how the prospective Holcomb coal-fired unit was being incorporated in this planning process. Tri-State repeated its response that the scenario modeling uses generic resource types and costs for all of its expansion plans and that Holcomb was not specifically modeled. While Tri-State continues to treat Holcomb as an option, its status is uncertain because of the pending permitting and anticipated litigation issues.

One member of the public asked whether Tri-State's scenario modeling considered modular nuclear units that are under development. Tri-State responded that it did not consider modular nuclear units as viable options at this time, so they were not included in the modeling.

Several public participants stated their appreciation for the public process conducted by Tri-State.