



TRI-STATE

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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At Tri-State, we believe in meeting our mission to reliably, affordably and responsibly power our members in a way that works not only today, but well into the future. For nearly 70 years, we've done that by being good stewards of our natural resources, partners in our communities and through democratic member governance.

Whatever the future holds, we'll power it.



DUANE HIGHLEY, CEO

THIS YEAR, WE REALIZED SEVERAL PRIORITIES OF THE MEMBERSHIP AND ADVANCED TRANSPARENCY AROUND OUR COOPERATIVE MODEL:

- Held an open election for a new chair of the board upon the retirement of the previous chair after over a decade of service in that role.
- Implemented new member-driven policies to allocate 203 megawatts of self-generation capacity to members interested in taking a more active role in providing power.
- Implemented new policies around board meetings to make it easier for members, their consumers and others to attend and stay up-to-date on governance decisions.
- Reached member consensus to reduce wholesale rates by 2% in March 2021 and committed to reducing rates another 2% in 2022 as we strive to further lower association costs while we implement our clean energy transition.

A word from our CEO

Throughout 2021 Tri-State continued our commitment to our clean energy transition – one that is reliable, affordable and responsible, and that supports our mission to serve our members in accordance with the seven cooperative principles. At the foundation of our transition is a dedication to strong environmental, social and governance (ESG) practices. That dedication has been part of our business model since the beginning, and we believe it's important to share how those principles guide our work as an electricity provider.

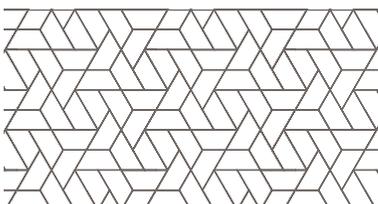
Our ESG Report outlines some of these fundamentals that have endured since our founding, like environmental stewardship and democratic member governance, along with newer priorities that guide where we're going, like reducing our emission profile and working to support our employees and communities affected by this transition.

As a not-for-profit cooperative, our governance is unique among types of power providers in that it relies on member engagement, and that guidance is shaping a unique energy transition for our association. Our board of directors, which gathers monthly to lead us, is composed of representatives of the 42 utility members we serve.

In a cooperative, governance means listening to all members, because every member has a view and a vote. With our directors representing diverse communities from the northern border of Wyoming to the southern border of New Mexico, our board has the depth and breadth to ensure different perspectives and priorities are brought to the table every month. Together, they work toward agreement on key issues and develop informed solutions.

The board launched us on our clean energy transition path in 2019, and continues to shape our transition today. Our association is leading the clean energy transition for cooperatives across the county, and it would not be possible without this member governance. Our model requires a transition that works for all of our members and their consumers, and together we are charting that path. We are learning as we lead, and with a board representing the same members we serve, there is no greater opportunity to hear straight from those who matter most – the membership and their consumers – about what matters most to them.

Duane Highley, Tri-State CEO



RELIABLE



AFFORDABLE



RESPONSIBLE



FLEXIBLE



DOLORES COUNTY, CO

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THE 7 COOPERATIVE PRINCIPLES

Cooperatives around the world operate according to the same set of core principles and values. These seven principles are a key reason that electric cooperatives like Tri-State operate differently from other electric utilities, putting the needs of our members first.

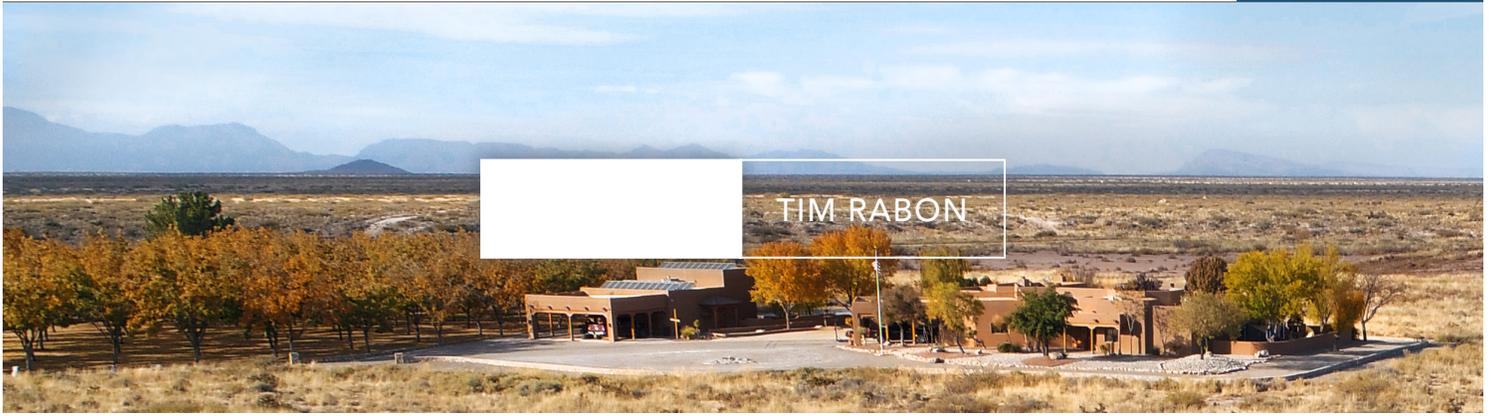
1. OPEN AND VOLUNTARY MEMBERSHIP
2. DEMOCRATIC MEMBER CONTROL
3. MEMBERS' ECONOMIC PARTICIPATION
4. AUTONOMY AND INDEPENDENCE
5. EDUCATION, TRAINING, AND INFORMATION
6. COOPERATION AMONG COOPERATIVES
7. CONCERN FOR COMMUNITY



5,771 MILES OF TRANSMISSION
We own 5,771 miles of high voltage transmission line, serving more than 1 million people.



45 MEMBERS
We are a power supply cooperative of 45 members, including 42 electric distribution cooperatives and public power districts across nearly 200,000 square miles of the West.



Chair profile

This year, the membership elected a new board chair upon the retirement of the previous chair from that role after over a decade of service. Tim Rabon, who represents Otero County Electric Cooperative, headquartered in Cloudcroft, New Mexico, was voted in to lead the board as it continues to guide Tri-State's transition. Chairman Rabon has already outlined three priorities for the beginning of his tenure, which capture the core of our cooperative association:

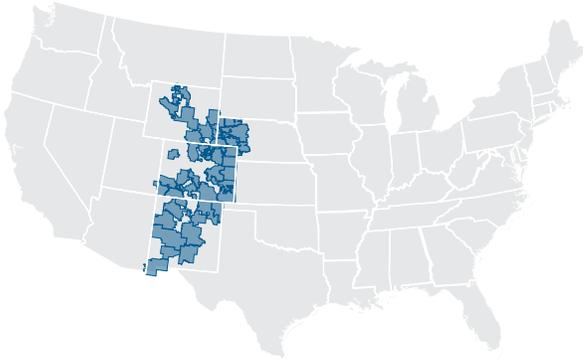
1. Keep the lights on. Reliability is the association's first job as we make big changes around electricity affordability, flexibility for members and our generation profile.
2. Benefit all members with our transition. As a member-owned association, our transition will benefit the entire membership, not just a few.
3. Continue our progress. The board supports Tri-State's transition and will ensure we continue forward even as we learn to navigate the challenges that arise.

Above all, Mr. Rabon will focus on listening to the membership and communicating the members' needs to the board and the association.

"With the combined strength of Tri-State's members and the talents of its employees, Tri-State is well positioned to meet the changing needs of our members and their communities, resolve any differences between our members, and continue serving reliable, affordable and responsible power to communities across the West." – TIM RABON, TRI-STATE BOARD CHAIRMAN



OUR STORY



Our cooperative history

Tri-State Generation and Transmission Association is a not-for-profit cooperative power supplier serving 45 members, including 42 electric distribution cooperatives and public power districts in Colorado, Nebraska, New Mexico and Wyoming. With our members, we power more than a million electricity consumers across nearly 200,000 square miles of the West. Our mission is to provide our members a reliable, affordable and responsible supply of electricity in accordance with cooperative principles.

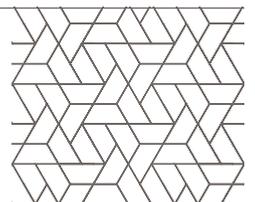
Tri-State was formed in 1952 to bring electricity to our members in the rural West when other power providers would not. Our original 27 members created Tri-State to capture economies of scale while distributing the costs and risks of generating and transmitting power over wide areas with few member-owners – the consumers at the end of the line. Even today, some of our members serve as few as one connection per mile of distribution line. But whether they're located in the desert, mountains, suburbs or plains, all of our members have the same need for reliable, affordable, responsible electric power. Tri-State is proud to work 24 hours a day, 365 days a year to meet that need.

Tri-State and other generation and transmission associations are unique among utilities in that, as cooperatives, we are member-owned and governed, and operate on a not-for-profit basis. Tri-State manages our resources for providing electricity at cost plus a modest margin which is returned over time to our members, rather than kept as profit. As a cooperative, our members own and govern Tri-State, and have a voice and a vote in where our association is going and how we're getting there. It's our job to meet their diverse needs as we work to deliver on our mission and, because we're a cooperative, our members have a say every day, every step of the way.



BETTER TOGETHER

Our members' service territories create the largest electric cooperative footprint in the United States. Our geographic footprint is larger than the state of California.





BY 2024, 50% OF THE ELECTRICITY OUR MEMBERS USE WILL COME FROM CLEAN ENERGY



ELIMINATING ALL EMISSIONS FROM OUR COAL PLANTS IN CO AND NM BY 2030



MORE LOCAL RENEWABLES FOR MEMBERS THROUGH CONTRACT FLEXIBILITY



EXPANDING ELECTRIC VEHICLE INFRASTRUCTURE AND BENEFICIAL ELECTRIFICATION



WORKING WITH COMMUNITIES AND EMPLOYEES AFFECTED BY ENERGY TRANSITIONS



WORKING TOGETHER TO ACCOMPLISH MORE



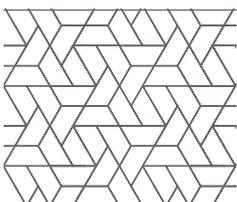
Our cooperative future

Tri-State and our members are leading the cooperative clean energy transition with our Responsible Energy Plan (REP), which outlines our path to deliver on our mission and work toward ambitious commitments and goals while continuing to be responsible to our employees, members, communities and environment. In 2019, our board set a goal for our transition: to meet environmental and renewable energy targets while striving to reduce members' rates, preserve electricity reliability, and maintain our financial strength. The REP responds to this goal based on a vision for the future in which the benefits of an economy-wide energy transition – from cleaner air to economic opportunity to a greener grid – are shared by everyone in our service territory.

With the REP, Tri-State is reducing emissions and increasing clean energy, creating flexibility for members and expanding the benefits of a clean grid through EVs and other products, and working to support our employees and communities in transition as we strive to create a brighter future, together. The REP is dynamic and will change as members' needs change, new technologies become available and market conditions evolve, creating both challenges and opportunities in this transition. Already, we have increased our goals for emission reductions and clean energy, and taken steps to advance priorities that support reliability, affordability and flexibility.

As we continue our transition, our environmental, social and governance practices, and the cooperative principles that underpin those practices, remain central to guiding our path. The REP begins from our strong foundation of progress and achievement in these areas, and that makes it possible for Tri-State to aspire to the ambitious transition goals we have set. Our continued investment in these practices ensures that our transition will adhere to the core values Tri-State and our members have nurtured since we first began our work of generating and transmitting electricity for our families, communities and businesses across the West.

By 2024, 50% of the electricity our members use will come from clean energy resources.

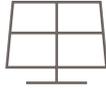


ADDED 304MW OF CLEAN ENERGY IN 2021

Tri-State celebrated the completion of the Niyol Wind and Crossing Trails Wind projects in 2021, which added 304MW of clean energy to our generation portfolio.



ENVIRONMENTAL



We now have solar generation capacity of over 180 MW. In 2020 alone we supplied over 200,000 megawatt-hours of solar-based power.



In the past year we have nearly doubled our wind generation capacity to over 700MW. In 2020 alone we supplied over 1.5 million megawatt-hours of wind-based power.

Protecting our resources today

Tri-State's long-standing environmental stewardship and resource management are rooted in the strong conservation ethic of our members and the rural communities they serve. This commitment begins with outstanding compliance, and goes beyond to voluntarily supporting conservation initiatives, and executing ambitious plans for a dramatic and rapid reduction of greenhouse gas emissions.

Tri-State is committed to complying with all applicable federal and state environmental requirements and has an exemplary compliance history. Our board has reviewed our Policy for Environmental Compliance, which commits us to comply with all environmental laws and regulations, each year since its development in 1971. We also maintain a separate Corporate Environmental Compliance Policy for all of our employees to adhere to, which complements the board policy.

Compliance with federal and state laws and regulations, as well as permit requirements, is based on implementation of our Environmental Management System (EMS), the core of which is a continuous improvement process involving planning, operations and maintenance, and performance monitoring and improvement. The EMS itself is periodically evaluated and updated to reflect best practices and the energy transition that Tri-State and the electric power industry are currently undergoing.

Air quality

↓49% NO_x EMISSIONS

49% decrease in annual emissions of nitrogen oxides (NO_x) between 2010 and 2020.

↓32% SO₂ EMISSIONS

32% decrease in annual emissions of sulfur dioxide (SO₂) between 2010 and 2020.

↓17% CO₂ EMISSIONS

From owned generation and purchased power, a 17% decrease in annual emissions of carbon dioxide (CO₂) between 2010 and 2020.

Responsible energy production is one of the central tenets of Tri-State's mission. Tri-State works with state and federal regulators to ensure our facilities meet the dynamic air quality requirements and standards that protect the communities we serve. Over the past year, Tri-State has expanded the use of our software to track air quality compliance requirements and emissions data to ensure we maintain our excellent compliance record. Emissions of nitrogen oxide (NO_x), sulfur dioxide (SO₂), particulate matter, mercury and greenhouse gases from our generation resources continue to decrease.

Tri-State has reduced our annual carbon emissions by more than one million tons over the past 10 years, with plans for continued reductions accompanying our retirement of coal facilities and our transition to more renewable resources. These reductions are the equivalent of removing approximately 200,000 cars from the road. By 2024, 50% of the electricity used by Tri-State members will come from clean energy, and by 2030 all emissions will be eliminated from our coal plants in Colorado. We have already eliminated those emissions in New Mexico.

While Tri-State previously announced retirement dates for Craig Station Units 1, 2, and 3, in 2021 these dates became legally enforceable requirements. Colorado's regional haze air quality regulation was revised to keep a 2025 retirement date for Craig Unit 1 and now includes retirement dates of 2028 for Craig Unit 2 and 2029 for Craig Unit 3. The formal regulatory requirements for Craig Station's retirement were adopted after many months of technical analysis and rulemaking hearing processes before the Colorado Air Quality Control Commission, then published in the Colorado Register in early 2021.

Transmission planning

Tri-State uses a transparent, rational and defensible methodology to analyze engineering, land use and environmental factors when siting transmission facilities. Effective and targeted public involvement with affected stakeholders is vital during the siting process, and includes: member systems; counties; towns; federal, state and local agencies; nongovernmental organizations; affected property owners; and the public.

WORKING WITH LANDOWNERS

Tri-State owns 5,771 miles of transmission lines that frequently cross private property. When Tri-State needs to construct a new transmission line, we must obtain the right to cross property frequently owned by consumers of Tri-State's member systems. Tri-State considers landowner impacts one of the most important factors in route selection, and engages landowners early in the process attempting to identify a route that minimizes impacts to them and their existing operations on the property. Landowner acceptance of the proposed route greatly reduces risk to Tri-State in the permitting process and facilitates easement negotiation.

ENVIRONMENTAL CONSIDERATIONS

Tri-State incorporates environmental considerations into our decision-making process for the planning, siting, design, construction, operation and maintenance of transmission facilities. Tri-State assesses the potential impacts of our actions on land use, as well as biological, physical, cultural, socio-economic, and aesthetic resources and modifies projects to the extent economically and technically feasible to minimize effects.

Tri-State coordinates with federal, state and local governments to minimize the impact of our facilities on land use and to optimize the compatibility of utility facilities with the environment. Tri-State ensures the environmental laws that apply to transmission facilities (e.g., National Environmental Policy Act, Endangered Species Act, Clean Water Act, National Historic Preservation Act,

Archaeological Resources Protection Act, etc.) are factored into supporting compliance processes, procedures, tools and training programs.

Land reclamation



TRANSMISSION PERSPECTIVES

A critical component of reducing Tri-State's impact on the environment, resulting from the construction and maintenance of our transmission and substation facilities, is to ensure successful reclamation of native and agricultural landscapes. Reclamation activities reduce soil erosion and loss and ensure the successful establishment of native vegetation. Areas disturbed during construction and maintenance activities are monitored and reseeded, if necessary, to ensure successful results.

MINING PERSPECTIVES

Additionally, Tri-State's mine reclamation activities focus on minimizing disturbances while enhancing reclamation implementation to ensure that post-mining land use is beneficial to local ecosystems and communities. Tri-State strictly adheres to required regulations and permits, and prior to commencement of mining, plans our mining operations to minimize ground disturbance and mitigate potential impacts. We view land reclamation as an essential part of the mining process, and place an extremely high value on returning mined lands to an ecological condition that exceeds required revegetation success standards.

An example of Tri-State's commitment to reclamation success is that our New Horizon Mine is the only Colorado mine to successfully reestablish prime farmland. A crop growing on the reclaimed land is providing a profitable livelihood for the surface landowner in a rural community of western Colorado. This type of high-value reclamation demonstrates Tri-State's commitment after the mining process is complete: re-establishing high-value lands where they are needed most.



YAMPA RIVER, NORTHWEST CO

Tri-State participates in the Upper Colorado River Endangered Fish Recovery Program and coordinates water use and reservoir releases to benefit communities and individual water users along the Yampa River.

PHOTO BY BEN BEALL



Water resource management

Water is an essential resource to Tri-State's asset mix over the western United States, and we adhere to all local, state and federal laws and regulations, in addition to using water-conserving strategies. As a result, Tri-State has responsibly operated thermal power plants in the water-constrained, semi-arid and arid West for more than a half century. For example, Craig Station in Colorado utilizes cooling towers to reuse and recycle diverted Yampa River water many times, reducing the volume of cooling water we use compared to once-through cooling systems. Tri-State also employs water reuse and recycling methods at our other generation stations. Tri-State's substantial allocation of federal hydropower relies on Colorado and Missouri River Basin water to generate affordable, renewable and reliable power.

Due to the various ways Tri-State utilizes this finite resource, we are steadfast in our effective and efficient stewardship, being sure to track and participate in local, state and regional planning processes individually and with our trade associations. Tri-State is also an important collaborator in the water communities where we manage our facilities' water rights. Our staff serve on a number of boards and committees, including the Colorado Water Conservation Board, the Colorado Water Congress and the Yampa-White-Green Basin Roundtable.

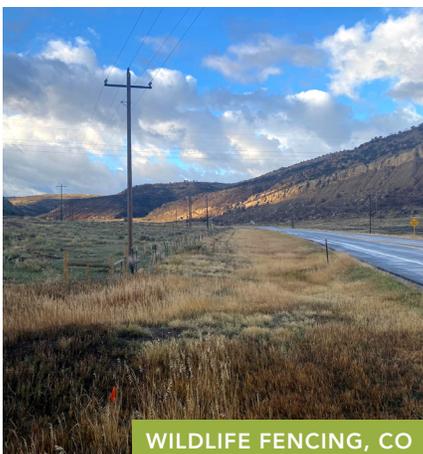
Tri-State further demonstrates our partnership in managing this scarce resource by actively working with other water users to minimize the effects of dry and drought conditions. For example, we coordinate water use and reservoir releases to benefit communities and individual water users along the Yampa River. Tri-State's reservoir releases increased river flows to communities downstream during the 2020 and 2021 drought years, enhancing recreational opportunities and agricultural uses, while also improving habitat for endangered fish and supporting river health. In 2021, Tri-State funded and participated in a study that analyzed multi-benefit reservoir management scenarios in the Yampa Valley as part of a longer-term water security discussion.

Since an initial commitment in 2019, Tri-State made financial contributions and staff commitments to The Yampa River Fund in 2020 and 2021. The Fund was created to enhance water security for communities, agriculture, the economy, and the natural environment in northwestern Colorado's Yampa Valley. The Fund has since exceeded its endowment goal of \$5 million and has issued grants exceeding \$400,000 for river enhancement and restoration projects.

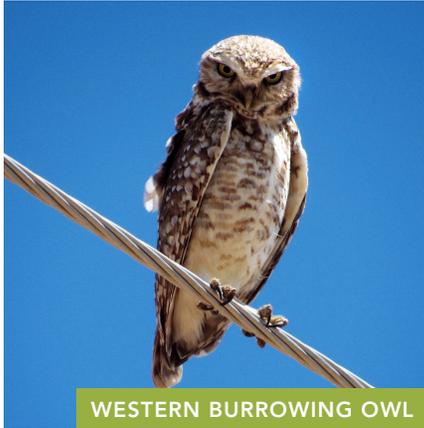
Biodiversity

WILDLIFE-FRIENDLY FENCES

In 2020, a wildfire on Tri-State's Colowyo Mine lands destroyed many miles of historical fences along State Highway 13 and surrounding properties in northwestern Colorado. Tri-State used the opportunity to upgrade the fence design to benefit local wildlife. Old sheep fences were replaced with Colorado Parks and Wildlife-approved wildlife-friendly fences to reduce movement barriers for pronghorn, deer and elk. The upgraded fence allows wildlife to move along their corridors unhindered, while also maintaining a secured boundary for livestock operations. These fences consist of smooth and barbed wires that are set at the appropriate spacing and height, which allow wildlife to traverse the fence and their young to crawl under or through the wires.



WILDLIFE FENCING, CO



WESTERN BURROWING OWL

AVIAN PROTECTION

Avian species nest, roost and perch on electrical infrastructure. These activities can put them at higher risk of collision, electrocution and entanglement with electrical facilities. Regulations associated with migratory birds have changed over the years, but Tri-State has continued to implement its Avian Protection Program (APP) to minimize impacts to migratory and non-migratory species that may result from operation and maintenance of our electrical infrastructure and generation facilities. The plan includes an approach to address potential impacts on existing infrastructure, and proactive measures to route, design and implement Best Management Practices (BMPs) to minimize impacts to birds from the creation of new infrastructure. The APP outlines the processes and procedures implemented to ensure compliance with the Migratory Bird Treaty Act, Bald and Golden Eagle Protection Act, and birds protected under the Endangered Species Act.



SAGE GROUSE

Tri-State is an active member of the Avian Power Line Interaction Committee (APLIC). The committee consists of primarily utility biologists who work collaboratively with wildlife resource agencies, conservation groups and manufacturers of avian protection products to understand the causes of bird/power line electrocutions and collisions, and to develop ways of preventing bird mortalities and associated power outages. APLIC leads the electric utility industry in protecting birds while enhancing reliable delivery of electricity.

Tri-State has also partnered with the Electric Power Research Institute to support a larger research study evaluating new technologies that could be implemented in the future to reduce avian collisions in areas with higher incidence of collision-related mortality. Tri-State is also pursuing additional safer and more cost-effective technologies and approaches for installing avian collision diverters; for example, using drones instead of helicopters.



SCARLET GLOBEMALLOW

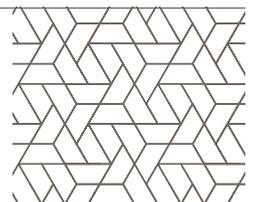
GRASSLAND AND POLLINATOR CONSERVATION

Tri-State is an active participant in the Central Grassland Roadmap, which is a collaborative guide to increase conservation of North American grasslands. Tri-State is an industry collaborator in this effort, and is committed to managing our transmission rights-of-way to minimize impacts to native grasslands to the greatest extent feasible for new construction, and to managing existing rights-of-way to maintain native vegetation and wildlife species.

Pollinator populations are facing unprecedented challenges globally from habitat loss and fragmentation, pesticides, disease and parasites, resulting in serious implications for ecosystem diversity and stability. Tri-State worked with Colorado State University's College of Agricultural Science to draft BMPs for incorporation into our reclamation, noxious weed and vegetation management programs to promote and sustain pollinators in our transmission rights-of-way. Example BMPs include using a variety of locally adapted plant species in seed mixes for revegetating disturbed areas, selecting a mix of species to result in flower availability throughout the growing season to provide food sources for multiple pollinator life stages, and being proactive rather than reactive with weed management.



Year after year Tri-State supplies to our members over 2 million megawatt-hours of carbon-free hydroelectric energy.





Morgan Creek Ranch: habitat, hunting and heritage

“Tri-State and Morgan Creek Ranch do a lot of work for wildlife in Northwest Colorado. The large undeveloped area that Morgan Creek Ranch and the coal mine manage provides year-round quality habitat for many wildlife species and is an important piece in the overall management of our wildlife resource.”

ROSS MCGEE, CPW MEEKER NORTH DISTRICT WILDLIFE MANAGER

Colorado Parks and Wildlife (CPW) started the Ranching for Wildlife program in 1986 to improve public hunting access to private land and define a long-term wildlife management collaboration with participating landowners. The Ranching for Wildlife program at Tri-State’s Colowyo Mine property, called Morgan Creek Ranch (MCR), provides Colorado residents with a unique opportunity to hunt on private ranch land while partnering with CPW to jointly manage wildlife populations at the ranch. As part of the cooperative agreement with CPW, Tri-State is committed to improving habitat on MCR for both game and non-game animals. These concerted efforts help preserve and enhance open spaces available for wildlife to live and thrive, as well as support the hunting heritage for both current and future generations.

OUR COMMITMENT TO MORGAN CREEK RANCH:

- Providing 50,000 acres of public access to Morgan Creek Ranch
- Annual habitat improvements including water management, weed control, removal or replacement of historical non-wildlife friendly fences and food plot installations
- Coordinating guided hunts for first-time youth and women with CPW while teaching them hunting, harvest management and tracking skills
- Improving game movement and hunter harvest on and off Colorado ranches through harvest seasons and license allocations

Using coal combustion materials responsibly

Waste minimization and beneficial ash use are a cornerstone of Tri-State’s ash management program. Tri-State has a long history of using environmentally optimized dry ash handling processes to support the sale of ash for use in construction materials, products and beneficial mine placement. Tri-State has historically handled all ash and coal products in a manner that minimizes long-term environmental impact through dry ash management, which differs from wet ash storage more common in other areas of the country. Dry ash handling optimizes the ability to sell ash products for reuse and minimize water consumption.

Coal ash use has many benefits including reduced use of natural resources, lower greenhouse gas emissions by reducing cement manufacturing demand, reducing the footprint of properly managed landfills and improving strength and durability of building materials.

The American Coal Ash Association estimates that 50% of coal ash has historically been reused. These products are mostly fly ash and gypsum products. Tri-State facilities recycled, on average, a much higher percentage, often approaching 100% product recycle for specific facilities.

As Tri-State reduces emissions through the Responsible Energy Plan (REP), we are also substantially reducing the amount of ash being generated from Tri-State-operated facilities. In fact, the two landfills that received ash prior to the REP are now in the process of closure.



BUILDING A RESILIENT FUTURE

Renewables

Renewable energy prices have fallen dramatically since our first projects were completed in 2010, making Tri-State's recent wind and solar projects among our most cost-competitive resources for meeting members' energy needs. The addition of renewable wind and solar resources also delivers economic benefits in the rural communities where these projects are located, while diversifying our generation portfolio and reducing emissions. The additional local tax revenue, increase in electricity load and employment opportunities associated with these projects are some of the reasons that Tri-State strives to site our utility-scale projects in members' service areas.

In the month of October 2021, Tri-State's members reached a new record with 40% of the energy they used in the month coming from clean resources. This includes nearly 130 MW of projects that members have developed through local generation programs Tri-State supports. Meanwhile, our renewable portfolio is significantly expanding with the addition of six utility-scale solar projects and two utility-scale wind projects, which will bring our system up to more than 2,000 MW of renewables by 2024. By that time, we project that 50% of the energy our members use will come from clean energy resources.

SOLAR, MOFFAT COUNTY, CO

Tri-State's REP calls for increasing clean energy generation from renewable resources. The 145 MW Axial Basin Solar Project (ABS) is one of six utility-scale solar projects being brought online by 2024. ABS will be built on approximately 1,300 acres on Tri-State's Colowyo Mine property. ABS will utilize more than 360,000 photovoltaic crystalline silicon panels that rotate and track the sun's movement.

Resource planning

ELECTRIC RESOURCE PLAN

Resource planning is an important part of ensuring that Tri-State can deliver on our mission to our members, not only today but in the coming decades. These plans maintain reliable and affordable power as we responsibly implement our clean energy transition. Tri-State engages in two similar planning processes, preparing an Electric Resource Plan (ERP) for the Colorado Public Utilities Commission (PUC) on, typically, four-year intervals, and



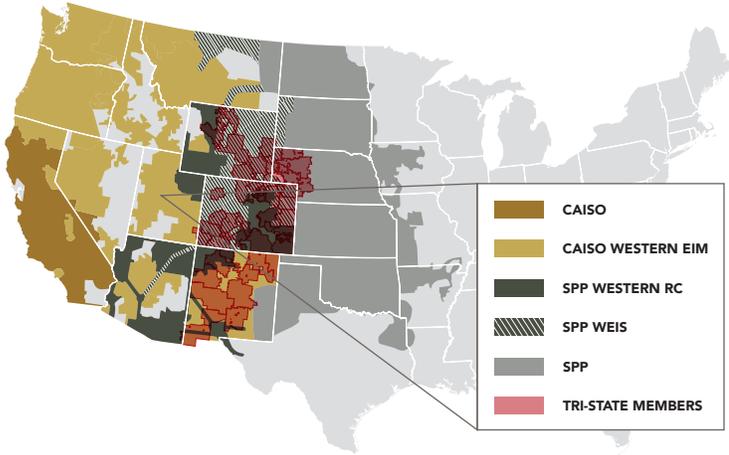
NIYOL WIND CONSTRUCTION

RENEWABLE PROJECTS COMMISSIONED IN 2021

Crossing Trails Wind (CO), 104 MW
Niyol Wind (CO), 200 MW

UPCOMING RENEWABLE PROJECTS BY 2024

Spanish Peaks Solar (CO), 100 MW
Spanish Peaks II Solar (CO), 40 MW
Dolores Canyon Solar (CO), 110 MW
Coyote Gulch Solar (CO), 140 MW
Axial Basin Solar (CO), 145 MW
Escalante Solar (NM), 200 MW

TRI-STATE AND WESTERN REGIONAL
TRANSMISSION ORGANIZATIONS

“In an RTO, renewable electricity resources could be more efficiently developed and integrated, with greater market penetration, than what individual utilities could achieve alone. In the classic co-op spirit, the extension of the SPP RTO to the West and development of Western RTOs in general will provide better coordination and efficiencies to help us meet our current and future clean energy goals.”

– DUANE HIGHLEY, TRI-STATE CEO
UTILITYDIVE.COM

an Integrated Resource Plan (IRP) for the Western Area Power Administration (WAPA) every five years.

While Tri-State has filed ERPs with the PUC in Colorado for years, rules adopted by the PUC in 2020 required, for the first time, that our ERP become subject to PUC review and approval. Tri-State filed our first such ERP in December 2020, which was supplemented in September 2021 to model additional scenarios requested by participating stakeholders. The supplemental filing included our revised preferred resource plan that reflects an 80% reduction in greenhouse gas emissions associated with wholesale electric sales in Colorado by 2030 as calculated from a 2005 baseline. We look forward to continuing to work with the PUC and participating stakeholders to develop a reliable, affordable and responsible path forward for our resource plan that meets our members’ needs and accomplishes other energy transition goals.

REGIONAL TRANSMISSION ORGANIZATION

As of April 2021, approximately 80% of Tri-State’s load is included in energy imbalance markets, which is a beneficial interim step toward maximizing the value of our generation fleet. Tri-State is actively working with other electric providers in the region toward entry into the Southwest Power Pool’s (SPP’s) regional transmission organization (RTO), which we believe is Tri-State’s best option for timely, cost-effective market participation. Entering an RTO in the West will facilitate integration of the significant level of renewables forecasted to come online to meet our Responsible Energy Plan goals, by ensuring access to a broader footprint of market demand and diverse resources. Market entry at a time of resource transition will support Tri-State in maintaining system reliability and expanding affordability for our members. Participation in an RTO will also increase the value of Tri-State’s existing and future resources by enabling their access to additional benefits that are not available to us in energy imbalance markets. Tri-State’s resource plans assume RTO participation in 2025, which we believe is achievable and critical for maintaining a reliable and affordable system during our clean energy transition. The cooperative model enables Tri-State to pass on the benefits of RTO participation directly to our members.

TRI-STATE PERFORMS WELL THROUGH FEBRUARY 2021 WINTER STORMS

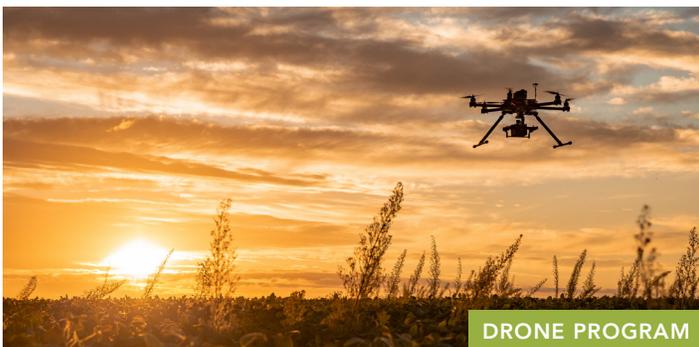
“When challenged with record cold weather affecting much of the U.S., our members’ investment in Tri-State ensured that power was delivered reliably and affordably. Our diverse portfolio of resources and power contracts, and our vast transmission network, mitigated risks and enabled us to avoid any significant operational and financial issues.” – DUANE HIGHLEY, TRI-STATE CEO



BLUE MESA-LAKE CITY VEGETATION MGMT PROJECT

The Blue Mesa to Lake City vegetation management project was completed during the fall of 2021, and it is one of Tri-State's most recent large scale, collaborative wildfire mitigation projects. The project helped lessen wildfire ignition risk and improve the wildfire survivability of a radial 115kV line that supplies power to Lake City in Colorado. The project began in 2018 by removing tall-growing trees from the right-of-way (ROW), brush and combustible material from the base of wooden structures and the removal of off-ROW trees that could fall onto our line.

Tri-State worked with the Bureau of Land Management and numerous private landowners to accomplish the task.



DRONE PROGRAM

As part of a research and development project, Tri-State is in the course of implementing drones into its pole inspection processes. Putting drones in the hands of our professionally trained and experienced field employees has the potential to yield numerous benefits such as: drastically reducing inspection time, saving labor costs and decreasing hazardous man-hours; all the while increasing the level of detailed information in a timely, cost-effective manner. The drone program has already helped Tri-State proactively identify defects, reduce field trips and collect data for multiple internal departments and purposes, including wildfire mitigation.

Wildfire mitigation

Our service territory is expansive, rugged and diverse. Wildfire is a challenge that is not going away, and Tri-State is committed to mitigating the risk to support the objectives of maintaining public safety, protecting critical electric infrastructure to ensure electric reliability and natural resource protection. Tri-State has made a concerted effort over the last few years to ramp up wildfire mitigation efforts by preparing a Wildfire Mitigation Plan, performing a thorough risk assessment of transmission assets and assigning prescriptive measures to help reduce wildfire threat.

Tri-State's Wildfire Mitigation Plan leverages industry and peer best practices to ensure our wildfire mitigation procedures and policies are consistent across Tri-State and help to harden our system. With strong insight into best practices and future management plans, Tri-State can limit the risk of wildfires and the disruption they cause to our system.

Our mitigation plan uses several strategies to reduce the risk of wildfires associated with our transmission system. This effort begins with the identification of high-risk areas and wildfire mitigation training for employees. Tri-State's long standing Vegetation Management Program is another integral priority under the plan. Tri-State also reviews engineering construction and maintenance standards and work practices for adaptation in high-risk areas to ensure we dedicate sufficient resources for implementation. Tri-State is constantly reviewing new wildfire mitigation tools and techniques and looking for ways to better mitigate the risk. Following the cooperative principle of concern for community, Tri-State utilizes a collaborative approach for its wildfire mitigation planning, by working with employees, members, local fire districts and other utilities. Tri-State strives to share experiences with members and industry cohorts to help identify and share best practices.



Tri-State recently joined the industry advisory board for the Carbon Utilization and Storage Partnership (CUSP) initiative, funded by the DOE and led by New Mexico Tech.

“The purpose of the new partnership is to promote carbon capture, utilization, and storage activities from the research and development phase to the deployment phase. The research group will address key technical challenges, facilitate data collection, sharing, and analysis; evaluate regional infrastructure; and promote regional technology transfer. This new regional initiative will advance efforts undertaken by the previous Regional Carbon Sequestration Partnerships.”

– NMT.EDU



In addition to CUSP, Tri-State has also participated in events facilitated by the Intermountain West Energy Sustainability & Transitions (I-WEST) initiative. Sponsored by the U.S. Department of Energy and led by Los Alamos National Laboratory, I-WEST is focused on developing a regional technology roadmap to transition six states in the U.S. Intermountain West to a carbon neutral and economically sustainable energy system within the next 15 years.

The I-WEST initiative takes a place-based approach, which emphasizes the importance of regional objectives, concerns, and goals regarding energy transition.

Research and development

Tri-State’s research and development (R&D) work regularly embodies facets of ESG. We are focused on the future, driving technology innovation through carbon capture, bulk energy storage and heat pump research. All three of these areas improve our environmental impact and benefit the communities in which we operate.

COLLABORATION ON CARBON CAPTURE

As a part of Tri-State’s ongoing commitment to our clean energy transition, Tri-State is participating in Colorado’s Carbon Capture Utilization and Storage (CCUS) Task Force. The intent of the Task Force is to identify issues and develop options to facilitate the future deployment of CCUS technology in Colorado to help achieve the State’s clean energy goals. The Task Force is comprised of business, industry, government and environmental nongovernmental organizations. The Task Force has worked collaboratively to develop a report for the Governor of Colorado and other elected officials that will be used to chart a course for implementation of CCUS to help make a clean energy transition with the future option to use fossil fuel-based generation with zero or near zero carbon emissions.

The report to the Governor, to be submitted during 2022, will make recommendations for how Colorado can facilitate CCUS development. The recommendations will focus on legislative, regulatory, planning, financial assistance, and other actions Colorado can take to overcome the identified barriers.

BULK ENERGY STORAGE

Tri-State is studying the feasibility of a bulk thermal energy storage system at Craig Station. Engineering analysis for a 300 MW and 10-hour storage system and the potential to retrofit the existing power plant will be evaluated. The study features an energy storage system designed to be charged by the grid when energy prices are low and discharged when energy prices are high. With our transition to lower carbon electricity, this technology could help us achieve a dispatchable power generation facility with low to no carbon footprint.

COLD CLIMATE HEAT PUMP RESEARCH

As part of our beneficial electrification efforts, Tri-State is funding the construction and operation of a novel cold climate heat pump at Purdue University. This heat pump will have dual compressors and use R-290 (propane) as the refrigerant, due to the lower global warming potential compared to existing refrigerants used in residential heat pumps today. This heat pump is being designed to operate at temperature ranges down to -22°F, and will be applicable for operation in colder portions of Tri-State’s service area.



We are Foundational Sponsors of the Beneficial Electrification League (BEL) and help drive beneficial electrification nationally through our role on BEL's Advisory Board.

"Beneficial Electrification includes the application of electricity to end-uses where doing so satisfies at least one of the following conditions, without adversely affecting the others: saves consumers money over time; benefits the environment and reduces greenhouse gas emissions; improves product quality or consumer quality of life; fosters a more robust and resilient grid."

– BE-LEAGUE.COM



Alongside our partners at the Beneficial Electrification League of Colorado, Tri-State helped develop LoveElectric.org. A site geared to help consumers get information on electrifying their home, LoveElectric.org is a growing wealth of knowledge on electrification that also connects consumers with certified heat pump installers, such as those participating in Tri-State's Quality Install program.

Beneficial electrification

One of the central elements of Tri-State's Responsible Energy Plan is to expand the benefits of a clean grid by powering more products with electricity. Our Beneficial Electrification program helps advance this goal.

Tri-State's electric vehicle (EV) infrastructure support programs consist of incentives for all members, ranging from residential charging to direct current (DC) fast charger installations, and a specialized fund set up to assist our member cooperatives and public power districts with larger public charging projects. Initiated in 2020 to help increase the availability of EV charging in our rural communities, the program has already supported the installations of more than 400 EV chargers, including over 375 public and private level 2 chargers and 15 DC fast chargers, with several more projects in the planning phase. Additionally, Tri-State is working on unique charging projects with some of our members, such as the installation of a DC fast charger with an integrated battery, which helps reduce the overall investment in grid infrastructure required to serve a DC fast charger.

In addition to electric vehicles, the electrification of home heating systems is playing a role in the reduction of greenhouse gas throughout our communities. In 2021, Tri-State launched its first ever Quality Install program for air-source heat pumps. This program engages with local contractors throughout our membership's service territories and gives them training to help understand the effectiveness of heat pumps, and how to properly size and commission heat pumps to ensure member-consumer comfort. After completing the training, contractors are able to receive incentives to help support their heat pump efforts. Tri-State also has rebates to support member-consumers' installation of heat pumps. Since last year, we saw a 30% increase in installs throughout the service area. Of the 600 air-source heat pumps installed in 2021, 56% were for newly constructed homes or switched existing homes from natural gas or propane to electricity.

In addition to helping our members electrify, Tri-State's programs also support the efficient and wise use of energy. As of October 1, these programs have helped our members conserve a projected 228,000 megawatt-hours of electricity over the lifetime of the equipment installed in 2021.

By empowering our members and their consumers with the knowledge and support to make an energy transition, Tri-State is helping to increase electrification and efficiency throughout our service territory. We'll continue to explore new and exciting ways and technologies that drive energy cost reductions, increased quality of life, reduced emissions, and grid flexibility.



400+ EV CHARGER INSTALLS

Tri-State supported the installations of over 400 public and private EV chargers for members.



TRI-STATE QUALITY INSTALL PROGRAM

Tri-State has partnered with experts to initiate a training program for heat pumps. To date, 31 contractors have enrolled in our Quality Install program, and Tri-State has hosted 7 consumer education webinars.



Tri-State continued our support of the Craig Indoor Ag facility in 2021. This facility grows produce in a converted shipping container. This two-year project started in 2020 and will ultimately transfer full responsibility and ownership of the equipment to the Moffat County School District. The container became operational in early 2021 and primarily produces kale for the school district, local food pantry and a restaurant in Steamboat Springs. Towards the end of this year, the facility can grow other fresh produce, such as lettuce, baby carrots, herbs and more.



In partnership with EPRI and following the successful model at Craig, Tri-State installed a similar Ag container at New Mexico State University's (NMSU) Grants campus. Ribbon cutting occurred in September 2021. This is also a two year R&D project. NMSU is the owner of the equipment and will run the operation of the Ag-Farm with guidance from EPRI and Tri-State.

Community

Tri-State's positive impact in our members' communities includes maintaining assets and facilities that not only support employment but direct property taxes toward programs in our service area. In addition, we collaborate with our members to support dozens of organizations and causes across the rural communities in the four states we serve, helping support locally-identified needs while helping build the capacity that sustains the fabric of rural life. Our efforts come in many forms, from supporting our communities' health resources through the Relay for Life and Children's Hospital, to mental health and women's health causes, all of which serve and support rural communities across our members' service areas. With a focus on youth, we promote the importance of electrical safety, provide scholarships and support youth programming, and sponsor and participate in the county and state fairs that keep rural communities strong.

SUPPORTING YOUTH IN CRAIG, CO

Tri-State sponsors Craig, Colorado's Ridgeview Elementary School in the VEX IQ Robotics Colorado state competition. The event is through the Robotics Education & Competition Foundation, which seeks to increase student interest and involvement in science, technology, engineering, and mathematics (STEM) by engaging students in hands-on sustainable and affordable curriculum-based robotics engineering programs across the U.S. and internationally.

Ridgeview's Triple Threat team earned the Amaze Award, an award for the most consistently high-scoring and competitive robot, as well as the Robot Skills Champion Award, which went to the team with the highest combined score for top programming and top driving skills challenge in terms of robot performance.

PROMOTING A JUST TRANSITION

Tri-State's energy transition directly impacts many of our employees and their communities. We are committed to supporting those affected by this transition and work closely with Center for the New Energy Economy (CNEE) staff to track and support the economic transition efforts occurring in northwest Colorado, particularly the city of Craig and Moffat County. Tri-State and CNEE have convened an informal working group with entities such as the City of Craig and Craig Chamber of Commerce that meets periodically to discuss local economic diversification and revitalization initiatives and to share information regarding funding and technical assistance opportunities and best practices.



COMMITTED TO SAFETY

Tri-State donated critical personal protection equipment to the City of Westminster and the Westminster Fire Department, where Tri-State's headquarters is located. Some of the items included hand sanitizer, N95 masks, gloves and safety shields.

Safety

For more than 100 years, the National Safety Council (NSC) has been America's leading nonprofit safety advocate. NSC has a long history of convening with its unparalleled network of safety leaders to make people's lives safer on and off the job. In 2021, Tri-State's Rifle Station received NSC's Superior Safety Performance Award for the team's outstanding record of no injuries since May 3, 2011.

For 10 consecutive years, Rifle Station had:

- Zero work-related illnesses involving time away from work
- Zero injuries involving time away from work
- Zero fatalities

Tri-State's Colowyo Mine has been recognized by the Colorado Mining Association and the Colorado Division of Reclamation, Mining and Safety for outstanding safety performance in 2017, 2018, 2019 and 2020. Colowyo recently achieved four years without a significant and substantial citation from the Mine Safety and Health Administration (MSHA).



LEOPOLD AWARD

Representing the conservation ethic of those we serve, Tri-State also has a long-standing history of support for community natural resource and conservation efforts.

For years, we have supported the Sand County Foundation's Leopold Awards, which recognize voluntary conservation achievements by rural, private landowners. Award recipients in Colorado, Nebraska,

New Mexico and Wyoming, many of whom are members of Tri-State-served cooperatives and public power districts, are celebrated as conservation ambassadors, helping to build bridges between agriculture, government, environmental organizations, industry, and academia to advance private lands conservation.

People and culture

Tri-State's employees are our most valuable resource, and through our diversity, equity and inclusion initiative, we strive to promote a collaborative, inclusive, creative, and diverse workforce that embodies the cooperative spirit. We design our compensation, retirement benefits, and health and wellbeing programs accordingly, to attract, develop, motivate, and retain a diverse and inclusive staff. Our workforce is continuously evolving and adapting to industry changes, and Tri-State strives to empower our employees to do their jobs efficiently, safely and in accordance with our values. One way we do this is supporting employee growth by offering training and development opportunities that encourage life-long learning through on-the-job training, educational reimbursement, apprenticeships, and summer internships.

Tri-State is also committed to providing a respectful, safe, and welcoming workplace where all employees' unique ideas and experiences are recognized. We facilitate this environment through open, honest communication and compliance with Tri-State's Ethical Conduct and Conflict of Interest program. This program strictly prohibits illegal or unethical practices by any of our directors, officers or employees, and employees may anonymously report potential violations of policies, standards and laws, and unethical practices or conflicts of interest via a third-party hosted website and/or phone hotline.

This year we are further demonstrating our dedication to our employees through the addition of our senior vice president of people and culture. This position reports directly to our chief executive officer and enables greater advocacy at our executive level for employees across our cooperative. Insight from this position has led to more whole-person programs, such as our telecommuting program, which allows our employees greater work/life harmony.

OUR DIVERSITY, EQUITY AND INCLUSION STATEMENT

As Tri-State moves toward a sustainable future, we are also working toward a diverse, equitable and inclusive culture for our current and future employees. We are committed to providing a respectful, safe and welcoming atmosphere where all employees can have their unique ideas and experiences recognized.



MOFFAT COUNTY, CO

The Moffat County Jr. High and High school rodeo send thanks for supporting their 2020-2021 team.



COMMUNITY BUDGET CENTER

Senior Application Training and Support Specialist Kathy White volunteers at the nonprofit Community Budget Center in Craig, CO.

As leaders who make an impact in our communities, we at Tri-State must celebrate a collaborative, inclusive, creative, and diverse workforce that truly embodies the cooperative spirit.

REPRESENTATION ON COLORADO WORKFORCE DEVELOPMENT COUNCIL (CWDC)

Tri-State holds a seat on the CWDC, a Governor-appointed, public-private partnership with the purpose to advise, oversee, and integrate the work of the Colorado talent development network to meet the needs of employers and workers. It consists of representatives of the business community and state agencies. CWDC, in consultation with the business community and state agencies, advises the Governor on matters regarding the employment and training needs of the state and on workforce development plans and strategy.

CONCERN FOR COMMUNITY

Tri-State strives to embody the cooperative principle of Concern for Community and provide opportunities for employees to contribute to various community programs and events outside the workplace. Employees serve their communities through volunteer work on numerous boards and commissions, including Chambers of Commerce, the Colorado Workforce Development Council, economic development associations, water and agricultural statewide groups, and business associations. Tri-State offers paid volunteer days off for employees to give back in their own communities and matches employee contributions to local non-profit organizations. This year, Tri-State employees volunteered their time for over 50 charities and organizations, including:

- Adams 14 Education Foundation
- Adopt a Street
- American Cancer Society
- American Soldier Network
- Arising Hope Women's Shelter
- Children's Hospital Colorado
- Colorado Motor Carriers Association
- Colorado Northwestern Community College
- Colorado Parks and Wildlife
- Craig Community Budget Center
- Denver Rescue Mission
- Derby Review Board
- Divine Mercy House Drug and Alcohol Rehabilitation LLC
- Economic Development Council of Colorado
- Expand Beyond at Boulder Reservoir
- Food Bank of the Rockies
- Houses for Warriors
- Jefferson County Open Space
- Judi's House
- Longmont Quilt Guild
- Mile High Scenesters
- Moffat County 4-H, FFA, and Jr. Livestock Foundation
- Safety Management Council
- Truck Rodeo Championship
- Ralston Valley High School
- Prairie View Schools
- Westminster Police and Fire Department
- Volunteers for Outdoor Colorado



SEVERE WEATHER ASSISTANCE

Tri-State supports a Request For Assistance program for member systems when they need help in emergencies, such as wildfires and storms. In 2021, Tri-State provided assistance to Wheatland REA, Morgan County REA, San Luis Valley REC and Northern Rio Arriba Electric Cooperative.



HOUSES FOR WARRIORS

TRI-STATE TEAM VOLUNTEERS TO HELP VETERAN

A team of Tri-State volunteers from our Transmission Maintenance team took advantage of their volunteer paid day and partnered with Houses for Warriors to help rebuild a home in Lochbuie, Colo. The home of an Army Veteran was hit by a major hailstorm in 2018, leaving a damaged roof and ongoing problems caused by subsequent leaks. Using building materials donated to the organization, the Transmission Maintenance team was able to provide labor to help repair the damaged roof and leaks.

“We saw this opportunity and wanted to come out and help the community,” said Sage Williams, Transmission Maintenance Manager (East). “It’s close to my heart because of the focus on veterans, which we have a lot of at Tri-State. We see veterans out investing in their communities all the time, and it was nice to be able to give back to them as well.”



JEFFERSON COUNTY OPEN SPACE

VOLUNTEERING ON THE TRAILS

Curtis Miller, Selina Koler and Diana Leiker from Tri-State’s Transmission Environmental team used their volunteer paid day to support Jefferson County Open Space. The group performed trail maintenance on Rattlesnake Gulch Trail in Deer Creek Canyon Park, which is a popular trail used by hikers and mountain bikers. Projects like this embody the cooperative principle of Concern for Community. Trail maintenance ensures sustainable access for hikers, cleans up debris and trash, and ensures trails drain properly to minimize soil erosion to protect surrounding vegetation and wildlife habitat.



GILPIN COUNTY, CO

WILDFIRE MITIGATION FOR SENIOR CITIZENS

In October of 2021, Tri-State’s Senior Environmental Policy Analysts Chris Reichard and Doug Lempke, Senior Engineer Greg Wallingford, and Senior Environmental Planner Laura Cooper volunteered with a small non-profit group called Axe & Snax that performs wildfire mitigation for Gilpin County, Colo. residents and provides home heating firewood to people with financial need. Essentially all of Gilpin County lies within what is called the Wildland Urban Interface, which is where homes, businesses and infrastructure overlap with fire-prone forests and other types of vegetated fuel. While some residents can self-perform mitigation or hire contractors, many cannot afford to and may also be physically unable to perform the necessary work. The volunteer team helped two elderly couples mitigate wildfire risk at their homes that they would not have otherwise been able to accomplish.



MAYBELL PUBLIC LIBRARY

VOLUNTEERS BRIGHTEN UP THE LOCAL LIBRARY

Tri-State Senior Engineer and Moffat County Library Board of Trustee member Kendre DiPietro, along with Senior Engineers John Mihalich and Rick Carson, Engineer Mark Ball, and Environmental Coordinator Joni Voloshin spent their volunteer paid day and some weekend time in the Maybell, Colo., to give the library a facelift that should keep it in good condition for years to come.

(Photo: Top: library before, Bottom: library after)



TRI-STATE COMMUNICATIONS AND MEMBER SERVICES CONFERENCE

At our 2021 conference, Tri-State members competed in our Beneficial Electrification-themed “Lawn Olympics” for prizes while trying out electric lawn equipment.

Member engagement

Tri-State is proud to support our members and their communities through education, sponsorships, rebates, analytics and member system studies, access to industry-leading R&D and Beneficial Electrification programs. We attend our members’ annual meetings, host monthly Member Advisory Council calls, and have a dedicated Relationship Management team to work as a direct point of contact for our members. To meet our member systems’ needs in a complex and constantly changing utility industry, Tri-State leverages our size and competencies to efficiently provide our members with valuable services and benefits.

EDUCATION

Education is an important pillar of the cooperative principles. Tri-State offers a wide variety of educational materials and training for members. This includes energy efficiency webinars, a Digital Marketing Working Group and social media audits and an EV Ride and Drive program to promote electric vehicle education. We also launched our beneficial electrification program, Electrify and Save, to provide high quality, customizable marketing and educational materials to our members. Tri-State also hosts a yearly in-person Communications and Member Services Conference at no cost to our member systems’ staff.

ENERGY EFFICIENCY PROGRAMS AND REBATES

Tri-State works with our member systems to implement member-consumer energy efficiency through a variety of products and services. Together, with our members, we provide over 10,000 energy efficiency rebates per year.



\$125,000 IN COMMUNITY EVENT SPONSORSHIPS

Together with our members we contributed over \$125,000 to 63 organizations across our service territory for counties, advocacy programs, charities, schools and local chambers of commerce in 2021.



DREDLA'S GROCERY

PREMA AND TRI-STATE SUPPORT A LOCAL STAPLE IN HYANNIS, NE

For years, Panhandle Rural Electric Membership Association (PREMA) has worked with Dredla's Grocery to upgrade the store's energy efficiency through rebates. Previously Dredla's Grocery replaced their refrigerated cooler lighting with energy efficient LEDs, and last year they replaced the central A/C and upgraded general store lighting to LED. Customers have commented they appreciate the brighter lighting and the owners appreciate the energy savings.

"We understand that these upgrades have a large price tag and are happy to facilitate energy efficiency and cost savings for the community by partnering with Tri-State's energy efficiency programs for commercial and residential properties."

STEVIE BUSKIRK, PANHANDLE RURAL ELECTRIC MEMBERSHIP ASSOCIATION
BENEFIT & PAYROLL SPECIALIST



AIR-SOURCE HEAT PUMP

\$26,000 FOR BENEFICIAL ELECTRIFICATION IN CLOUDCROFT, NM

Otero County Electric Cooperative, headquartered in Cloudcroft, N. Mex., has installed 29 air-source heat pumps and provided incentives totaling nearly \$26,000 in 2021. Otero's commitment to energy efficient air-source heat pumps is saving their consumers money, improving home safety and reducing environmental harm when compared to fossil fuel heating and cooling options.



EV CHARGING STATION UNVEILING

ULTRAFAST VEHICLE CHARGING IN JULESBURG, CO

Highline Electric Association, headquartered in Holyoke, Colo., installed their second EV charging station in Julesburg, Colo. Highline is committed to increasing EV adoption by adding a new DC fast charger for members in their territory and general public traveling through their territory. With support from Tri-State and the Colorado Energy Office, Highline is embracing a newer technology, utilizing the FreeWire Boost™ Charger, which is an ultrafast DC charger for electric vehicles. The battery integrated design enables Boost Charger to easily connect to existing electrical infrastructure without costly construction and complex permitting.



BIG HORN MOUNTAINS, WY

ELECTRIC VEHICLE CHARGING IN BASIN, WY

Big Horn Rural Electric Cooperative, headquartered in Basin, Wyo., became the first Wyoming Tri-State member to provide an electric vehicle charging station for its consumers. While planning a new office building, they decided to incorporate a Level 2 electric vehicle charging station. This service was one of the first of its kind in the area and is available to both members and travelers alike.

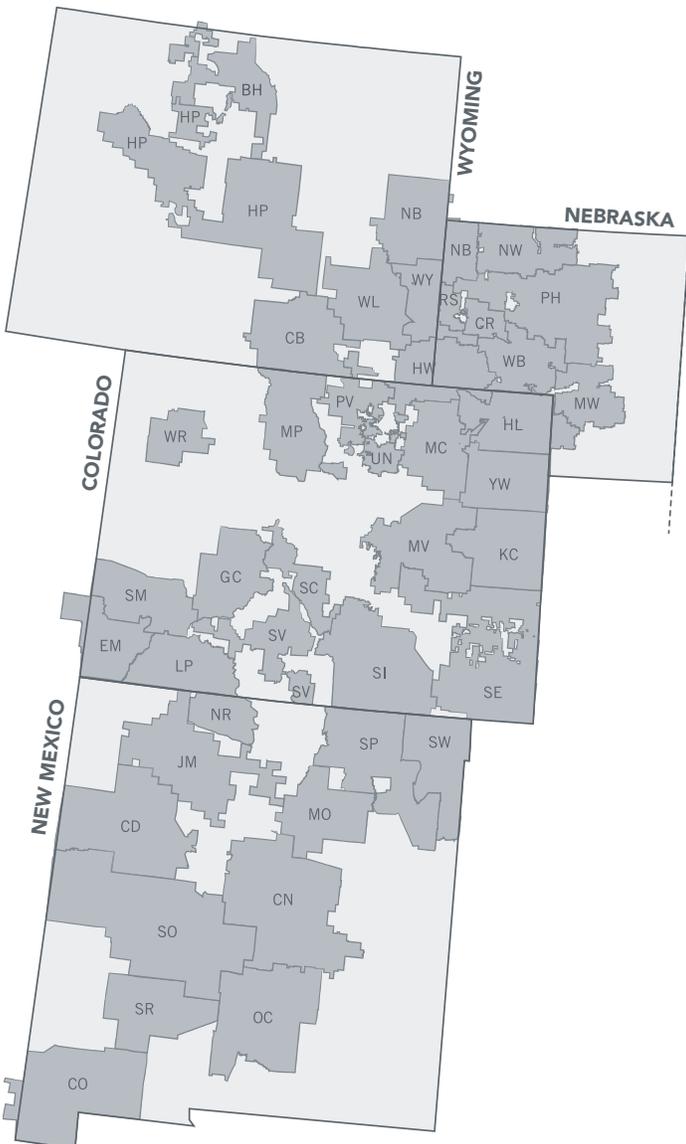


Democratic member governance

Our association's democratic member control is not just a cooperative principle, it's the core of our business. Tri-State is a not-for-profit cooperative owned by our 45 members. Our board of directors is composed of representatives appointed by our 42 distribution utility members, themselves diverse not-for-profit electric cooperatives and public power districts governed by democratically-elected boards of directors. These 42 representatives gather monthly and make governing decisions for Tri-State based on the seven cooperative principles, sound financial principles, utility industry best practices and, most importantly, the needs of our members. This is one of the fundamental ways Tri-State differs from other types of utilities: our members are our owners and are the driving force behind our association strategy, our business decisions and our ongoing energy transition. This is why our mission reflects our commitment to serve our members with a reliable, affordable, responsible supply of electricity in accordance with cooperative principles. At Tri-State, it's our job to engage our members, meet their wholesale power needs and goals, and provide the services they value.

Board responsibilities and leadership

Tri-State's board of directors leads our cooperative association with thoughtful decisions and by setting priorities to ensure that we are meeting members' needs and goals both today and into the future. To accomplish this, board members commit significant time to developing an understanding of Tri-State's business and our changing industry and regulatory landscape. Board members have a fiduciary duty to the cooperative and must adhere to policies regarding conflicts of interest. These principles are rooted in the association bylaws or policies, which the board adopted and reviews annually. Board members bring their communities' priorities to Tri-State, and together determine the path forward to best meet those diverse needs through the association.



POWERING THE WEST

Tri-State's 42 distribution utility members serve over 200,000 square miles across Colorado, Nebraska, New Mexico and Wyoming.

Member oversight

The member representation of Tri-State's board ensures that members have a regular, formal opportunity to raise concerns and be equally represented within the association, regardless of the member's size or location.

When facing significant policy decisions – such as those regarding rates, local generation and contracts – the board will utilize special committees to develop recommendations to the full board. The board also conducts two strategic planning sessions each year to focus on the association's strategic initiatives and, from time to time, opts to hold special sessions to conduct additional business. In addition, member CEOs convene monthly at town hall meetings, and the membership gathers each year at our annual meeting. In each of these forums, members have a voice in shaping the future of our cooperative.

Functioning within Tri-State's membership is the Member CEO Committee and a Technical Advisory Committee that advise Tri-State's CEO. There are also opportunities for member system staff to engage through five member advisory councils:

- Accounting and Finance Advisory Council
- Communications Advisory Council
- Information Technology Advisory Council
- Products and Services Advisory Council
- Renewable and Distributed Generation Advisory Council

Tri-State members have other opportunities to remain current with association activities and news, including through monthly board updates and newsletters. In addition, in 2021, Tri-State adopted policies to support additional transparency around our unique cooperative governance structure. These transparency measures facilitate member, consumer and news media access to board meetings as association governance is discussed. Members and consumers also have the option to address the board and provide written comments.

Through these and other avenues, Tri-State's members review and provide input on our performance and share their priorities. This feedback shapes Tri-State's services and business, and is helping us define what it means to be the generation and transmission association of choice for our members.

COOPERATIVE DEMOCRATIC MEMBER GOVERNANCE IN ACTION

When Tri-State was formed, our members structured the association to generate and transmit 100% of the power that the membership required. Recently, more of our members have been interested in generating some of that power in their communities. In response, the board has established several flexible policies over the years to accommodate the desire of some members to self-supply more of their own power, including through support of local generation and community solar. This year marked a particular flexibility milestone as Tri-State allocated 203 MW to three members who requested the capacity to self-supply more of their power needs.

This step came after extensive collaboration by the membership to develop an option that would create flexibility for members that wanted it while preserving the service expected by the members that did not want to use this option. The result is a testament to the strength of this model, and an illustration of the cooperative value of Cooperation among Cooperatives.

“The Tri-State board took a step forward to allow the potential of greater contract flexibility, which will help Poudre Valley REA achieve our 80 by 30 renewable energy goal.”

JEFF WADSWORTH, POUFRE VALLEY REA
PRESIDENT AND CEO

Financial strength

Tri-State maintains a healthy financial profile to support our responsible energy transition. Like any large business, we have debt and equity, which we balance appropriately to make sure we are able to operate effectively. We set our rates to achieve margins that result in strong debt coverage and equity levels, in accordance with our lender agreements and board-approved financial goals. Since we are a not-for-profit, Tri-State's net margins are then set aside over the years and returned to our members as patronage capital. These capital credits represent members' financial return of their ownership and investment in Tri-State. These factors help us maintain strong "investment grade" ratings with all three major rating agencies.

Tri-State's financials are prepared in accordance with generally accepted accounting principles (GAAP) and the uniform system of accounts (USofA) and are audited on an annual basis. We file quarterly and annual financial statements with the Securities and Exchange Commission (SEC) and the Federal Energy Regulatory Commission (FERC). This provides significant transparency into the financial health and management of our association.

FERC is also charged with ensuring that our proposed rates and terms are just and reasonable. Since Tri-State is subject to wholesale rate regulation at the federal level, this means we have one consistent rate regulator for our members across our four-state service territory. This ensures that Tri-State's members, no matter which state they are located in, can participate fully in the regulatory process, be treated equally, and have a voice on wholesale contract and rate matters.

PATRONAGE CAPITAL

As of December 2021, we have returned patronage capital for 39 consecutive years and we have retired patronage into 2004. Since 1952 we have allocated approximately \$1.5 billion to members.

AFFORDABILITY

Wholesale rate reduction is a major pillar of Tri-State's Responsible Energy Plan and we have already made progress reducing rates. In 2020, the board set an aggressive goal to lower wholesale rates to members by 8% by the end of 2023. In 2021, we announced a 2% reduction and will reduce rates an additional 2% in 2022. Tri-State also agreed not to raise rates through at least May of 2023, and we are continuing to work to reduce rates instead.

MEMBER RATE REDUCTIONS

When Tri-State reduces our wholesale rate, it enables our members to pass along those savings to their member-owners:

"Morgan County REA is proud to be a cooperative member of an association that prioritizes reliability and rate stabilization. Not only have unchanged wholesale rates from Tri-State allowed MCREA to keep rates steady since 2016, Tri-State's recent wholesale rate reduction has actually allowed a rate decrease to be passed on to MCREA members, effective January 1, 2022"

ROB BARANOWSKI, MORGAN COUNTY REA
MANAGER OF MEMBER SERVICES

"Thanks to our continued focus on affordability, combined with a rate reduction from our cooperative wholesale power provider, Tri-State, we are able to implement this meaningful rate reduction... And through board direction, we see a future of stable rates along with the potential for another rate decrease as we plan out 2022 and beyond."

JEFF WADSWORTH, POUDDRE VALLEY REA
PRESIDENT AND CEO

"While [Socorro Electric Cooperative] already has one of the lowest average Residential Rates among electric cooperatives in New Mexico, this decrease reflects the commitment that Tri-State has made to affordability at a time when prices for most other 'life essentials' continue to rise."

JIMMY CAPPS, SOCORRO ELECTRIC COOPERATIVE,
DIRECTOR OF COMMUNICATIONS AND PUBLIC AFFAIRS



Enterprise risk management

Enterprise Risk Management (ERM) is a strategic business discipline that supports the achievement of Tri-State's various business objectives by addressing the full spectrum of our risks and managing the combined impact of those risks as an interrelated risk portfolio. The ERM program is designed to identify, assess, mitigate and monitor all forms of relevant risk. Managing company-wide areas of risk, including compliance, operational, regulatory, financial, reputational, and environmental risks, is embedded into business processes and decision-making throughout the association. Tri-State's Risk Assessment Committee (RAC) is made up of senior management who meet quarterly to review areas of risk that may impact the enterprise. The role of the RAC is to be aware of current risk profiles and view risks at the enterprise level for strategic value creation and preservation.

In building resilience at Tri-State, reliability and business continuity are critical to our members. We routinely test our systems and conduct table-top and full-scale mock drills to practice, identify gaps in our response plans and enhance procedures. Additionally, we provide situational awareness of current events, facilitate Crisis Management teams, as well as provide coordination with federal, state and local emergency management. This risk management preparation has enabled us to effectively manage the ongoing COVID-19 pandemic with minimal service disruptions to members while keeping employees safe.

Policy and regulation

Many complex and often interrelated regulatory and legislative proposals affect Tri-State's business, including our ongoing clean energy transition. Politics and regulations are dynamic, requiring Tri-State to be flexible. Tri-State's policy analysis work looks ahead at a wide variety of pending regulatory matters to ensure our members' interests are represented and that our continued ability to serve our members is maintained. To accomplish this, Tri-State analyzes various policy proposals at the state, regional and federal levels along dimensions of legality, scientific integrity, availability of demonstrated technology, reasonableness of compliance timeframes, cost-effectiveness, and cost-benefit analysis. Based on the outcomes of these evaluations, we interact with regulatory agencies and other external stakeholders, provide input and comment on proposals, and leverage the capacity of larger associations to promote a stable regulatory environment.

In addition to policy analysis, Tri-State also works with elected officials to inform legislation that will impact Tri-State and our members' business operations. Legislative engagement is critical for identifying and influencing current and emerging federal and state public policy issues that could have a significant impact on Tri-State. We engage with a wide variety of stakeholders including policymakers, environmental non-governmental organizations, and economic development groups to share the unique nature of the cooperative business model. Tri-State's efforts in the legislative and policy arenas help ensure the association is able to provide reliable, affordable, and responsible power to our members today and into the future.



TRI-STATE

For nearly 70 years, Tri-State has been committed to responsible environmental, social and governance practices. Today, this commitment matters more than ever, to our association of employees and members, to the communities we serve together, and to the many stakeholders who are counting on us to deliver on our clean energy transition reliably, affordably and responsibly.

Whatever the future holds, we'll power it.

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