



## Environmental, Social and Governance Report

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.

[WWW.TRISTATE.COOP](http://WWW.TRISTATE.COOP)



JAN 2021



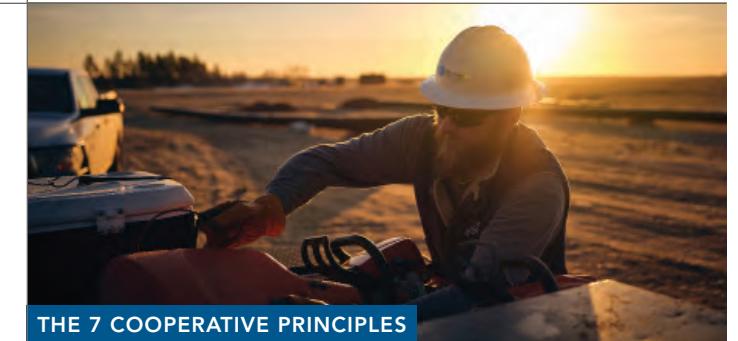
## A word from our CEO

As a member-driven not-for-profit, Tri-State has collaborated with our members for nearly 70 years to ensure that we meet their power needs and provide the services they value. Today, expectations for how electricity is generated are changing with economics and our climate. When we look to the future, we see a responsibility to not only provide power but to do so in a way that helps address environmental challenges and supports our communities and employees, all without sacrificing electricity reliability and affordability. So Tri-State and our members are taking bold steps to lead this clean energy transition and create this future, but we're not starting from scratch.

Tri-State has a long history of dedicated environmental, social and governance practices rooted in the seven cooperative principles. These practices include strong environmental controls and compliance for responsible management today, and partnerships and innovations that protect our shared resources for the future. They include being a good neighbor and doing what's right for our employees, members and communities both when it's easy and when decisions and conditions are difficult. Finally, these practices include staying true to our roots as a rural cooperative power provider with democratic governance by our members and stable planning for our members' future needs.

The demands on our changing industry create space to share and do more when it comes to environmental stewardship, community support and accountability through member governance. Tri-State's Environmental, Social and Governance (ESG) Report outlines our practices in these areas. It also provides our members, employees and other stakeholders a reference to follow Tri-State's progress in the years ahead, because this is just the beginning.

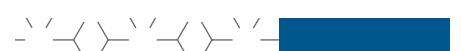
Duane Highley, CEO



### 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 America's electric cooperatives 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



## OUR STORY



Wheatland Rural Electric Association (WREA) member Henry Poling runs his ranch along with selling homemade pies, jams and jellies in southeast Wyoming.

### 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. Together we power more than a million electricity consumers across nearly 200,000 square miles of the West. At Tri-State, our mission is to provide our members a reliable, affordable and responsible supply of electricity in accordance with cooperative principles.

We were formed in 1952 to meet a basic need: electrifying the rural West. Our original 27 members created Tri-State to capture the benefits of 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. Regardless of where our members are located, they have the same need for reliable, affordable, responsible electric power, and Tri-State works 24 hours a day, 365 days a year to meet that need.

Generation and transmission cooperatives like Tri-State are unique among types of utilities in that, as cooperatives, we are member-owned and governed, and operate on a not-for-profit basis. With our members, we balance our resources to generate electricity in accordance with our mission at cost, returning margins back to our members as patronage capital. As a cooperative, our members have a voice and a vote in where our association is going and how we're getting there. Since our members own and govern our association, it's Tri-State's job to meet their diverse needs as best we can and, because we're a cooperative, our members have a say every day, every step of the way.



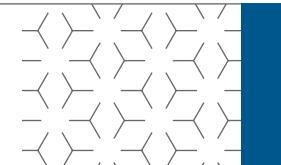
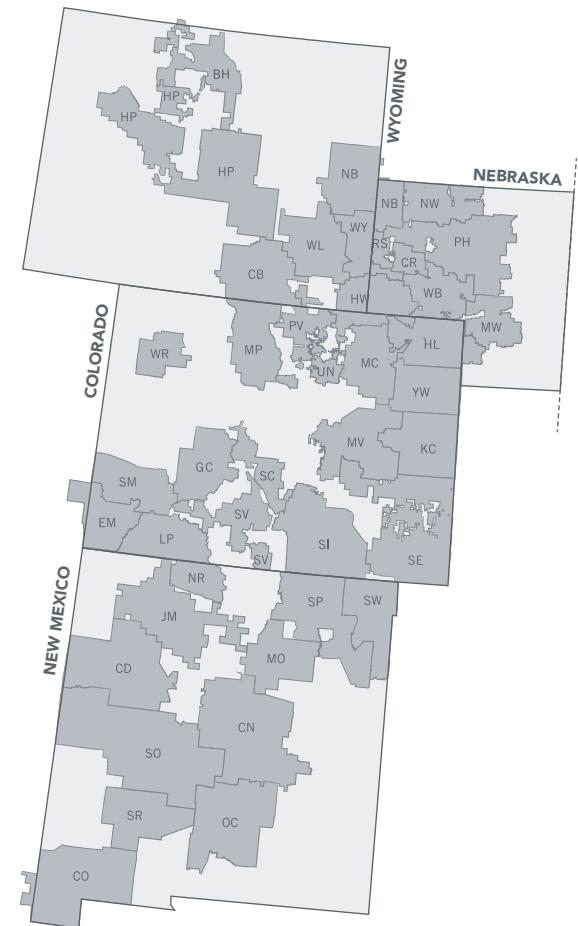
## WHO WE ARE

We are a cooperative of 45 members, including 42 electric distribution cooperatives and public power districts

Together we provide power to more than a million electricity consumers across nearly 200,000 square miles of the West

Our members' service territories create the largest electric cooperative footprint in the United States

## Tri-State Members



## OUR STORY

### Our cooperative future

In recognition of our changing industry and climate, our members set a goal for our association to meet environmental and renewable energy targets while striving to reduce members' rates, preserve electric reliability and affordability, and maintain our financial strength. Tri-State's Responsible Energy Plan (REP), released in January 2020, is our response 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. This inclusive vision was the inspiration for an advisory group engagement process, facilitated by Colorado Governor Bill Ritter and Colorado State University's Center for the New Energy Economy, through which we collaborated with partners across diverse backgrounds among the four states we serve.

The REP outlines Tri-State's 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. At the same time, 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.

In this first year, Tri-State and our members have already made great strides implementing the plan, which have allowed us to set new goals beyond those initially identified. From greater emission reductions and more renewables to a new flexible membership option and focused exploration into expanding a regional transmission organization into the West, Tri-State's transition is well underway.

As we make these changes, our environmental, social and governance practices, and the cooperative principles that underpin those practices, will remain central to guiding our path. Our REP begins from a strong foundation of progress and achievement in these areas that makes it possible for Tri-State to aspire to the transition goals we have set. As a result, 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 electrifying this corner of the West.



## ENVIRONMENTAL



San Isabel member-owners volunteer time for flood mitigation after the 2018 Spring Creek Fire burned more than 100,000 acres in southern Colorado.

### A history of stewardship

Tri-State's long-standing practice of environmental stewardship and resource management is rooted in the strong conservation ethic of our members and the rural communities we serve. This commitment begins with outstanding compliance and goes beyond to voluntarily supporting conservation initiatives and, looking to the future, to executing ambitious plans for dramatically and rapidly reducing our greenhouse gas emissions.

### Protecting our resources today

Tri-State is committed to complying with all applicable federal and state environmental requirements and has an exemplary compliance history. Our board-reviewed Policy for Environmental Compliance has guided our commitment to meeting all environmental laws and regulations since 1971. Our Corporate Environmental Compliance Policy, which guides the work activities of our employees, complements the board policy.

Compliance with state and federal laws is based on implementation of our Environmental Management System (EMS), the core of which is a continuous improvement process involving planning, operations, and performance monitoring. The EMS meets the Environmental Protection Agency's guidance for management systems and consists of policies, procedures, practices and guides that assign responsibility and help ensure compliance with environmental regulations.



GREAT HORNED OWL, AXIAL BASIN, CO

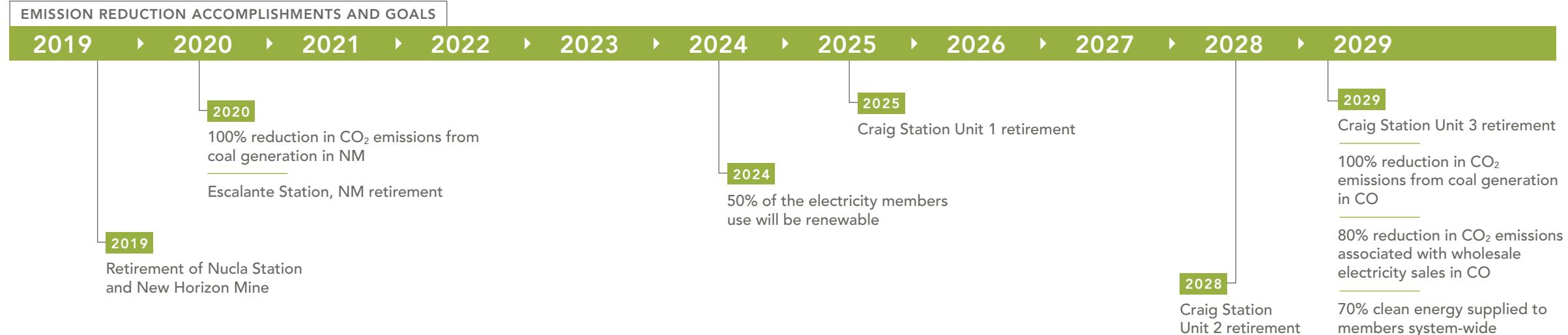
The abundant wildlife that flourishes on Tri-State's reclaimed lands shows that our innovative reclamation measures are successfully restoring ecological conditions post-mining.

## Air quality

Tri-State has an outstanding air quality compliance history that goes beyond compliance, and we have ambitious plans for further reducing emissions in the years to come. Tri-State's overall emissions of sulfur dioxide ( $\text{SO}_2$ ), particulate matter (PM), nitrogen oxide ( $\text{NO}_x$ ), as well as greenhouse gases have significantly decreased from 2005 levels, the year against which we track our REP emission reductions. All of Tri-State's coal-powered units utilize state-of-the-art controls for  $\text{SO}_2$  removal, PM collection and control, and  $\text{NO}_x$  control. We have completely eliminated those emissions from coal in New Mexico and our REP sets specific targets for eliminating emissions from coal facilities we own and operate in Colorado by 2030 as we increase reliance on renewable electricity generation.

## Transmission planning

Tri-State incorporates environmental considerations into our decision-making process for the planning, siting, design, construction, operation, and maintenance of our transmission facilities. We consider alternative actions and assess the potential impacts of our actions on physical, cultural, socio-economic, and aesthetic resources. Tri-State coordinates with federal, state, and local governments in an effort to minimize the impact of our facilities on land-use plans and optimize the compatibility of utility facilities with the environment.





Many types of animals call the land owned by the Colowyo mine “home,” including herds of elk and mule deer; pronghorn; endangered fish; bald and golden eagles; sandhill cranes; large carnivores; and hundreds of Greater Sage-grouse and Columbian Sharp-tailed grouse.

## Land reclamation

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

Tri-State’s commitment to reclamation success and ecological diversity in reclaimed lands is evidenced by the many reclamation awards we have received through the years. These range from excellence in reclamation and pollution prevention to environmental stewardship including innovative approaches to promote shrub reestablishment. The abundant wildlife that flourishes on Tri-State’s reclaimed lands shows that our innovative reclamation measures are successfully restoring ecological conditions post-mining.



### Bronze Level

New Mexico Green Zia Environmental Leadership Program



### Silver Achiever

Colorado Environmental Leadership Program



### Colorado Mining Association Excellence Awards

Tri-State received the Environmental Stewardship and Pollution Prevention award six years in a row



CRAIG STATION, CRAIG, CO



TRANSMISSION NEAR PREWITT, NM



ESCALANTE GENERATING STATION, NM



"Tri-State has been an active steward of a healthy Yampa River for decades, through participation in the Yampa-White-Green Basin Roundtable and adherence to management best practices. We are delighted to further our support of this important resource for the communities and agriculture that rely on it, and for the river environment itself."

Duane Highley, CEO on joining the Yampa River Fund



Tri-State is a member of the Yampa River Fund, which establishes a sustainable, voluntary funding source to enhance water security for communities, agriculture, the economy, and the natural environment in the Yampa Valley. We've donated \$60k in matched funds over three years to the fund.

## Water resource management

Water is an essential resource throughout 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 in the water-constrained semi-arid and arid West for more than a half century. For example, Craig Station in Colorado employs cooling towers to reuse and recycle Yampa River diverted water many times, reducing the volume of cooling water we need compared to once-through cooling systems. Laramie River Station in Wyoming and Springerville Station in Arizona rely on groundwater wells to support thermoelectric generation. In addition, Tri-State's J.M. Shafer Station is a natural gas combined cycle plant that uses South Platte River water. Tri-State's substantial allocation of federal hydropower uses Colorado and Missouri River Basin water to generate 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 participated in the inaugural water plans for both New Mexico and Colorado. Tri-State is also an important collaborative partner 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 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, through participation in the Upper Colorado River Endangered Fish Recovery Program, we coordinate water use and reservoir releases to benefit communities and individual water users along the Yampa River. Tri-State's reservoir releases have increased river flows to communities downstream, enhancing recreational opportunities and agricultural uses, while also improving habitat for endangered fish.



Participated in the development of 2015 CO State Water Plan



Member of the Colorado Water Trust, helping fund voluntary solutions to low flows in rivers

## Wildlife stewardship

Tri-State uses progressive land management practices to maintain healthy ecosystems and rangelands. The extensive tracts of healthy sagebrush, grassland, woodland, and riparian areas that Tri-State controls in Colorado support wildlife populations rivaled by few places in the state.

For example, we have long partnered with federal, state and local government agencies to provide funding, private property access, logistical support, and housing for grouse researchers. These collaborations have had a positive impact on grouse populations. In one partnership, Tri-State worked with Colorado Parks and Wildlife (CPW) on a Columbian Sharp-Tailed grouse reintroduction program that involved relocating 62 Sharp-Tailed grouse from core range areas to historically occupied but currently unoccupied locations.

## Avian Protection Plan

Beyond grouse, other birds frequently nest, roost and perch on transmission lines, in substations, and on or within our generation facilities. As a result, Tri-State

has voluntarily developed and implemented an Avian Protection Plan (APP) and program that ensures we are proactively working towards reducing potential avian mortalities and interactions between birds and our facilities. The APP includes a risk analysis to guide where retrofits should occur and provisions to evaluate new lines and substations.

## Ranching for Wildlife Program

Tri-State actively participates in the Colorado Parks and Wildlife Ranching for Wildlife Program in Moffat County in northwest Colorado. Tri-State's Morgan Creek Ranch consists of approximately 41,000 acres of prime, significant game habitat containing diverse plant communities and habitat types. With CPW's support, Tri-State provides prime hunting opportunities to both public and private hunters during preferred fall hunting seasons while also implementing robust integrated livestock grazing and wildlife habitat improvement programs.



Tri-State donated 4,540 acres of prime Sage Grouse habitat to Colorado Parks and Wildlife



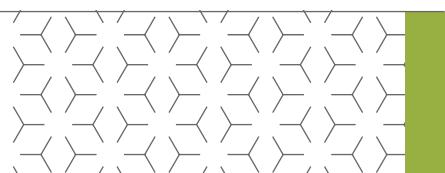
Tri-State properties alone support more breeding Greater Sage Grouse than three of the six recognized Greater Sage Grouse individual populations identified in all of Colorado



2015 COLORADO PARKS & WILDLIFE PARTNER OF THE YEAR

Our substantial environmental contributions were formally recognized when CPW awarded Colowyo the 2015 Partner of the Year Award for "exceptional partnership with Colorado Parks and Wildlife for many years of unwavering support in wildlife management, conservation and outdoor recreation" in programs such as:

- Big Game Program
- Hunter/Angler Recruitment and Retention Program
- Grouse Program
- Fisheries Program





## Building a resilient future

In addition to our commitments to responsibly managing our resources today, Tri-State is taking aggressive steps to build a responsible and resilient energy future. As our industry and climate change, Tri-State is seizing the opportunity to define what a successful clean energy transition can look like for generation and transmission cooperatives. Our REP outlines ambitious goals for our clean energy transition to ensure that our steps to reduce emissions, increase renewables and expand the benefits of a cleaner grid are accompanied by more member flexibility and support for employees and communities affected by the transition. Our resilient future relies on more than the REP though, and our renewable energy, wildfire mitigation, research and development, and resource planning programs all support our transition. We're taking the steps necessary today to make our clean energy transition a reality.



The Sidney-to-Stegall, Nebraska, transmission line was the first line constructed by Tri-State. Crews are shown here working on the line in 1965.



A HISTORY OF INNOVATION

1952

Electric co-ops form  
Tri-State and electrify  
the rural West

1966

Tri-State completes first  
substation and transmission line

1976

Hamil DC tie in Nebraska  
connects the East and West  
power grid for the first time

1985

Tri-State establishes  
Energy Efficiency  
programs and rebates

2009

Cimarron solar announced,  
largest solar photovoltaic  
project in the United States  
at the time

2019

Tri-State supported  
formation of the Beneficial  
Electrification League of  
Colorado

## Renewable energy

Renewable energy prices have fallen dramatically since our first project in 2010, making Tri-State's recent wind and solar projects among our most cost-competitive resources for meeting members' energy needs. Our integration of renewable wind and solar resources also delivers economic benefits in the 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 2020, nearly a third of the energy Tri-State's members used came from clean resources, including hydropower, wind and solar resources. This includes over 130 megawatts 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 over 2,000 megawatts of renewables by 2024. By that time, 50% of the energy our members use will come from clean energy resources.

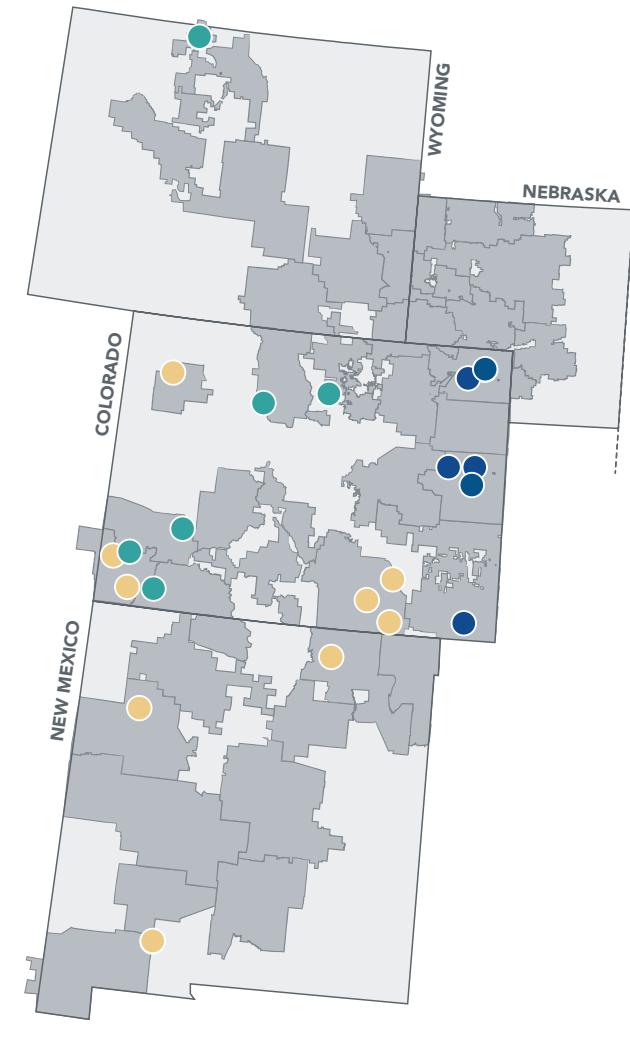


- 2021: Crossing Trails Wind (CO), 104MW
- 2021: Niyol Wind (CO), 200MW
- 2022: Spanish Peaks Solar (CO), 100MW
- 2023: Spanish Peaks II Solar (CO), 40MW
- 2023: Dolores Canyon Solar (CO), 110MW
- 2023: Coyote Gulch Solar (CO), 140MW
- 2023: Axial Basin Solar (CO), 145MW
- 2023: Escalante Solar (NM), 200MW

## Resource planning

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, 4-year intervals, and an Integrated Resource Plan (IRP) for the Western Area Power Administration (WAPA) every 5 years.

While Tri-State has filed ERPs with the PUC in Colorado for years, new rules 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, and it includes as our preferred scenario an 80% reduction in greenhouse gas emissions associated with wholesale electric sales in Colorado by 2030. Tri-State's IRP for WAPA is substantively similar to the ERP and was also filed in December 2020.



● Solar\*    ● Wind\*    ● Hydro

\*Includes operating and planned projects

Tri-State has engaged with stakeholders through discovery, comments and postings throughout the preparation of the ERP and IRP. While in past processes we held workshops to inform the public on our current state of operations, advise on key issues for each resource planning process and solicit relevant input from interested parties, these activities were limited in the 2020 process due to the COVID-19 pandemic and timing constraints. Public engagement remains an important part of the review process, particularly for the ERP, and further stakeholder engagement related to Tri-State's ERP is guided by Colorado PUC processes during 2021 and the future.

## Wildfire mitigation

Tri-State and our members operate across 200,000 square miles of largely rural terrain that can at times pose challenges to reliability, as the devastating 2020 fire season underscored. Tri-State's Wildfire Mitigation Plan leverages industry and peer best practices to ensure that our wildfire mitigation procedures and policies are consistent across Tri-State and harden our system to the extent possible. With strong insight into best practices and future management plans, Tri-State is able to limit the risk of wildfires and the disruption they cause to our system.

Our mitigation plan uses a number of 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 this 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.

Strong communication and coordination with employees, members, local fire districts, and other utilities is another key element in effective wildfire mitigation, reporting and response. Whether in regard to shared assets or inspections, Tri-State looks for opportunities to foster collaboration to reduce fire risk and improve response.



MULLEN FIRE , WY

Carbon Power & Light, Tri-State Generation and Transmission Association and the Wyoming Rural Electric Association donated \$30,000 to six fire departments who helped battle the 176,878 acre Mullen Fire in 2020.



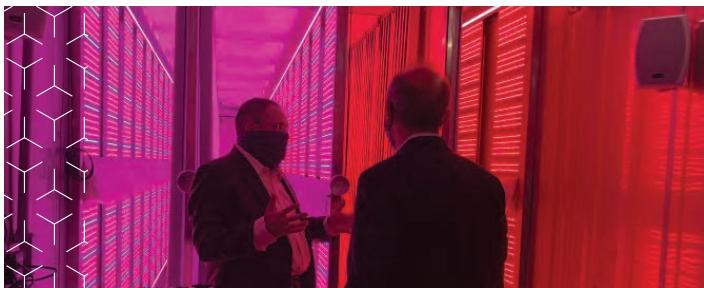
### Our Responsible Energy Plan

Tri-State is bringing an additional 1,000MW of renewable energy online by 2024



### 2020 Wildfire Relief Fund

The Colorado Electric Educational Institute and Tri-State partnered to triple-match donations for co-op employees and first responders displaced by wildfires



CEO DUANE HIGHLEY ATTENDING RIBBON CUTTING IN 2020

In 2020, Tri-State and EPRI partnered to bring an indoor food production pod to Craig, Colorado. This "Farm in a Box," located at Moffat

County High School, will help students learn about energy, water and light use while growing produce entirely indoors in a specially-designed shipping container. The various crops will not only provide fresh produce on a year-round basis, but also an abundance of data around indoor food production. In 2021, Tri-State will also be involved in a similar "Farm in a Box" project with New Mexico State University at their Grants, New Mexico campus.



## Research and development

Tri-State is a recognized leader in the electric industry for collaborating on research, development (R&D) and deployment efforts aimed at tackling a number of important energy and environmental issues. Tri-State R&D is performed primarily by leveraging our relationships with external organizations such as the Electric Power Research Institute (EPRI).

An important part of our involvement is to participate directly in research projects, which helps solve unique challenges, brings us early information on advanced technologies, accelerates the commercialization of new products, and exchanges information within our industry. Some areas of specific R&D focus are bulk energy storage, carbon neutral fuels for power generation, unmanned aerial vehicles for vegetation management, and transmission asset management analytics. Tri-State recently joined the Low Carbon Research Initiative, a five-year EPRI project with the primary goal of developing and demonstrating technologies to enable a low-carbon future for power generation.

In addition, Tri-State is also able to provide our members with information, access to experts and involvement in Cooperative Research Network programs, which operate through the National Rural Electric Cooperative Association (NRECA).

Some of our other R&D partners include:

- Department of Energy
- Advanced Research Projects Agency-Energy
- Smart Electric Power Alliance
- Peak Load Management Alliance
- Energy Systems Integration Group



### Ammonia Energy Association member

In 2019, Tri-State joined the Ammonia Energy Association to promote the responsible use of ammonia in a sustainable energy economy



### American Clean Power Association Business Member

Partnering to champion policies that will transform the U.S. grid to a low-cost, reliable and renewable power system

## SOCIAL



Our New Mexico cooperatives came together to bottle and distribute 260 gallons of sanitizer, which they shared and delivered to their communities.

### A cooperative family

Tri-State's employees, our members and the communities we serve and operate in are part of our cooperative family, and we strive to support and take care of our family. We prioritize the safety and wellbeing of our employees by providing the best available equipment and training to protect them in extreme weather and from everyday hazards, and with benefits to help them be healthy today and plan for a secure future. Tri-State also supports the communities our employees and members live and work in, providing funding and volunteer support for what matters at the end of the line. Meanwhile, our members are at the heart of our association, and we support them when they face challenges and celebrate their achievements. At Tri-State, we are proud of our role in providing electricity to rural communities and in making life better for the entire Tri-State family.

### COVID-19 response

As an electricity provider and essential business, Tri-State takes seriously our responsibility to provide electricity to our members regardless of the conditions, including during a pandemic. Despite the scale and duration of this ongoing crisis, Tri-State has been intensely focused since the beginning on safely delivering power to our members, ensuring the reliability of the regional

power grid, protecting our employees' health, and supporting state and national directives to stem the spread of COVID-19 in our communities.

Our advance preparation for sustaining our business in the face of a wide range of adverse scenarios enabled Tri-State to immediately implement our existing Pandemic and Communicable Disease program to keep the lights on and our employees safe. Our Crisis Management Team, which represents all our operational functions, continues to assess and mitigate potential impacts to our operations. Thanks to their work and our employees' commitment to delivering on our mission despite the challenges, our electric system continues to operate normally and we have kept power flowing to our members while keeping our employees safe across our service area.

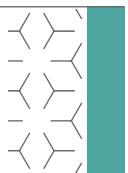
### Safety

Tri-State conducts operations in a four-state territory, meaning at any given time, a lineman could be working on transmission lines in the desert southwest while a technician is operating a gas turbine plant on the plains of Colorado and a substation technician is working in the snow-covered mountains of Wyoming.



#### America's Best-in-State Employer in Colorado

Forbes recognized Tri-State for the positive ways in which we responded to the COVID-19 pandemic in 2020 America's Best-in-State Employers in Colorado



This diversity of operations and geography results in a wide range of potential hazards and challenges our employees must safely navigate to keep the lights on.

Tri-State implements a comprehensive Safety and Occupational Health program to meet this challenge, regardless of conditions, and we regularly review these policies, programs and procedures with the goal of continually improving our safety and health performance. We recognize employee safety and health as an association value that is core to how we do business. We believe injuries and illness are preventable and we are committed to supporting our employees with the tools, knowledge and empowerment to complete their work safely and successfully. Tri-State's long-standing commitment to employee safety has been acknowledged by various industry groups at both the state and federal levels, with recognition including Superior Safety Performance, Safety Leadership and Perfect Record awards.

## Investing in our employees

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 welfare 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 association values. One way we do this is by supporting employee growth by offering training and development opportunities that encourage life-long learning through on-the-job training, tuition 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.

Additionally, we strive to embody the cooperative principle of Commitment to Community and provide opportunities for employees to contribute to various community programs and events outside the workplace. Tri-State employees serve

their communities through volunteer work on numerous boards and commissions, including Chambers of Commerce, economic development associations, water and agricultural statewide groups, and business associations. In addition, 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 so employees can give more to the communities they live in and support the values that they hold.

## Our diversity, equity, and inclusion statement

As Tri-State moves towards a sustainable future, we are also working toward a diverse, equal, 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. 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.



**OUR VALUES**

- Progress through action
- Cooperative collaboration
- Responsive engagement

- Accountability through transparency
- Prioritize safety



**10 Years**  
Without lost  
workday cases



**Excellence in safety**  
for a large surface  
coal mine



**60 Years**  
Safety in flight  
operations

## Transition support

Our energy transition is changing Tri-State as a cooperative, including by directly impacting nearly half of our over 1,300 employees and their communities. After their commitment to keeping the lights on, Tri-State is committed to helping manage the challenges of the transition and uses a variety of resources to do so.

Tri-State makes financial contributions to support local economic development, like our donation to the West End Pay It Forward Trust, a local endowment fund supporting community development in the West End of Montrose County, Colorado, where Tri-State's Nucla Station has commenced decommissioning. When we announced in January 2020 that Escalante Station near Prewitt, New Mexico would be retiring, we also announced severance packages, assistance with education and financial planning, and supplemental funding for health benefits to help support our employees. In New Mexico, four organizations have received funds that will allow local leaders to sustain local economies. The organizations include Cibola Communities Economic Development Foundation, the Greater Gallup Economic Development Corporation, the Northwest New Mexico Council of Governments, and the McKinley County Electric Generating Facility Economic District. Also, with Craig Station near Craig, Colorado scheduled to retire by 2030,

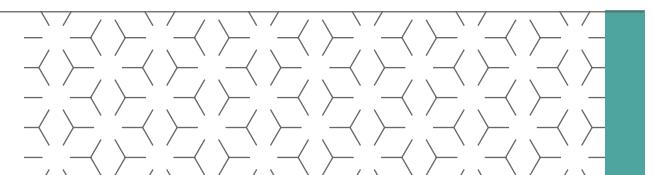
we have been working with local and state stakeholders to begin planning for transition today. With this suite of tools, we can help our energy communities build resilience and better manage the challenges of the energy transition.

## Investing in our members

As a member-owned and governed cooperative, Tri-State is in business to serve our members, and that involves more than electricity generation and transmission. Tri-State delivers a wide range of programs, products and services to our members to meet their needs and goals. These services and benefits are part of Tri-State membership, so members don't need to self-provide or contract for them separately.

Tri-State's dedicated member relationship managers are the main point of contact for members' employees, and they facilitate access to a range of programs and support. These include our Safe Electricity, member orientation, K-12 education, and communications, web and marketing programs that help members engage with their communities. Members have access to operational support and training on industry best practices for topics including energy efficiency, energy audits, solar energy rebates and retail rate design. We also work with our members to help

them reach their goals, whether that means setting a goal to lower our rates to members so they have more flexibility to reduce their rates, or by creating policies to support local renewable energy projects so communities can generate more of their own power.



## Member benefit profile: beneficial electrification

As Tri-State rapidly transitions to cleaner energy, there are more opportunities to power products with low-cost, reduced-emission electricity. However, some of these benefits are not readily available in our members' rural communities. That's why Tri-State is working with our members to develop a suite of beneficial electrification (BE) and energy efficiency programs that help deliver more of these benefits to consumers and encourage the wise use of energy, wherever they live and work.

Tri-State's Electrification and Efficiency program has been in place since 1985, but we continually update these offerings as markets evolve and consumer interests change. Today, BE can lower energy bills and energy use, and demand-side management can lower overall energy use or help us use it wisely to reduce the generation resources required to meet our combined power needs. Together, these tools can reduce power bills and emissions.

Tri-State also supports a robust EV program to promote the benefits of EVs, from increasing member load to reducing driver emissions. We allocated \$45,000 per member – nearly \$2 million in total – to install EV charging stations in their service areas in addition to offering charger rebates. We collaborated with ChooseEV to develop a custom suite of digital tools to help members educate their member-owners. Additionally, to promote rural EV usage and equity, Tri-State launched an EV Experience program, where members borrow Tri-State-owned EVs and PHEVs (plug-in hybrid vehicles) for month-long free test-drives.



EV EXPERIENCE TEST DRIVE VEHICLE

Our beneficial electrification programs include:

- Residential and commercial building electrification
- Electric vehicle (EV) charging infrastructure
- Residential and commercial LED lighting
- Heat pump water heaters
- Low-income weatherization
- Premium efficiency electric motors and variable speed drives
- Energy Star appliances



### Leader in energy efficiency

In 2019 Tri-State and EPRI collaborated to pilot a heat pump study in five homes spread across Colorado, Nebraska and New Mexico



Over 1,000 drivers from 14 members test drove EVs and PHEVs through our EV Experience program



Our association has returned more than \$21 million in rebates to consumers. These rebates have saved more than 210,000 megawatt hours since 1985 using energy efficiency and electrification upgrades

## Investing in our communities

Tri-State and our members collaborate to support dozens of organizations across the rural communities in the four states we serve, helping address local needs and sustain the fabric of rural life. Our partnerships come in many forms, from supporting medical organizations like the Festival of Hope and Children's Hospital, which serve and support rural patients across our members' service areas, to promoting the importance of electrical safety, to sponsoring and participating in county and state fairs.

With our rural roots, Tri-State also has a long-standing history of support for community natural resource and conservation efforts. For years, we have sponsored the Sand County Foundation's Leopold Awards, which recognize voluntary conservation achievements by rural, private landowners. Award recipients are celebrated as conservation ambassadors, helping to build bridges between agriculture, government, environmental organizations, industry, and academia to advance private lands conservation.

Our members and their communities have faced some significant crises in 2020, and Tri-State is proud to support recovery where we can. This year, we donated: \$200,000 to pandemic relief efforts across our four states; \$30,000 to the Saratoga, Ryan Park, Encampment, Rock River, Big Laramie, and Centennial fire departments in Wyoming to help respond to the Mullen Fire; and matched \$50,000 to support wildfire relief for cooperative employees, board members and first responders impacted by Colorado fires, or to local organizations that responded.

## Cooperatives give back



Socorro Electric Cooperative and Tri-State presented a commercial lighting rebate check for \$51,627 to Socorro Consolidated for an LED lighting project estimated to save over \$794,000 over the next 22 years.



CORTEZ, CO

Empire Electric Association and Tri-State presented the Montezuma-Cortez RE-1 School District a \$48,600 rebate check for installing energy efficient HVAC units at the elementary school.



LUSK, WY

Niobrara Electric Association and Tri-State presented Sioux County High School a \$30,315 rebate towards upgraded HVAC and lighting systems.



BAYARD, NE

Chimney Rock Public Power District member-owners installed 12 air-source heat pumps resulting in nearly \$12,000 in rebates.



## GOVERNANCE



Unlike investor-owned utilities, Tri-State's board is comprised of one representative from each distribution utility member.

### A democratic legacy

Democratic member control of our association is not just a cooperative principle, it's the core of our business. Tri-State is a not-for-profit cooperative owned entirely by our 45 members. Our board of directors is comprised 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 to 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 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, we work tirelessly to engage our members, meet their wholesale power needs and goals, and provide the services they value, reliably, affordably and responsibly.

### Board responsibilities

Tri-State's all-member board of directors leads our cooperative association in making business decisions and 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. Because of their leadership responsibility in the association, board members have a fiduciary duty to the cooperative to make sound decisions and follow responsible practices, many of which are outlined in the association bylaws and policies, which the board adopted and regularly reviews. Board members therefore bring their communities' priorities to Tri-State, and together determine the path forward to best meet those diverse needs through the association.

## COOPERATIVE MEMBER CONTROL IN ACTION

Our members are diverse and have unique goals and interests, but when they work together they find solutions that work for the good of the membership. Our Community Solar policy is one example of what our democratic member governance can achieve. It began with a member's idea, introduced to the board for discussion in late 2019. After analysis, the board adopted the policy, and Tri-State submitted it to FERC, our rate regulator, for review. FERC accepted the policy in late 2020, and one of our members already has a contract in place for a community solar array.





## 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, the board will utilize special committees to develop recommendations to the full board. An example of this is the Contract Committee, which was made up of representatives of all 42 utility members and developed recommendations for a new membership type with additional contract flexibility. 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, 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 a Member Chief Executive Officer (CEO) Committee, which includes a Technical Advisory Committee that advises Tri-State's CEO. The following five member advisory councils exist among Tri-State's membership:

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

Tri-State members have additional opportunities to remain engaged and current with association activities and news, including through monthly member CEO town halls and monthly newsletters. 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 21st century generation and transmission cooperative of choice for our members.

## Financial strength

Tri-State maintains a healthy financial profile to support our responsible energy transition. At the end of 2020, Tri-State had \$3.2 billion of long-term debt which, together with over \$1 billion of equity, provides an appropriate mix of capital to support our system. In accordance with our lender agreements and board-approved financial goals, we set rates to achieve margins that result in strong debt coverage and equity levels. Tri-State's net margins are accumulated over the years and returned to our members as patronage capital, which represents members' ownership and investment in Tri-State. This financial standing allows us to maintain strong investment grade ratings with all three major rating agencies and position Tri-State to make a stable clean energy transition.

Tri-State's financials are prepared in accordance with generally accepted accounting principles (GAAP) 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 a significant degree of transparency into the financial health and management of our association.



\$30 million in patronage capital returned to members in 2020



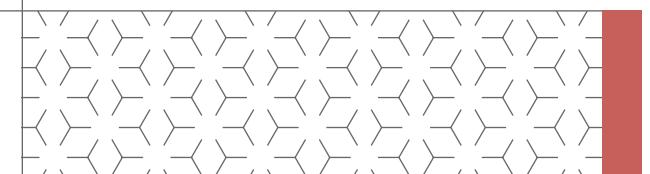
Our wholesale rate has remained stable for 5 years, and our goal is to reduce wholesale rates 8% by the end of 2023

FERC is also charged with ensuring that our proposed rates and terms are just and reasonable. Under FERC regulation, Tri-State is subject to wholesale rate regulation that is consistent for our members across our four-state service territory. FERC jurisdiction provides additional consistency and certainty in Tri-State's contracting and rate-setting processes, and guarantees that Tri-State's members, no matter which state they are located in, can participate fully in the process, be treated equally, and have a voice on wholesale contract and rate matters.



## \$1.4 Billion

Tri-State has allocated approximately \$1.4 billion of patronage capital to members in the last 40 years, including \$130 million in the last 5 years.



## Enterprise Risk Management

Tri-State's Enterprise Risk Management program is designed to identify, assess, mitigate, and monitor all forms of relevant company-wide risk, including compliance, operational, regulatory, financial, reputational, and environmental risks. Our Risk Assessment Committee is made up of senior management who meet to review the association's current risk profiles and evaluate 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 drills to simulate events, identify gaps in our response plans and enhance procedures. Additionally, we monitor situational awareness of current events, convene crisis management teams as necessary, and coordinate with state and local emergency management when events arise. Our extensive preparation in risk management has enabled us to effectively manage the ongoing COVID-19 pandemic with minimal service disruptions to members and 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. Tri-State's Environmental Policy Analysis program focuses prospectively on pending environmental matters to ensure our members' interests are represented and that our ability to serve our members is maintained. To accomplish this, we analyze various policy developments 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 these evaluations, we interact with regulatory agencies and other external stakeholders, provide input on proposals, and leverage the capacity of larger associations to promote a stable regulatory environment so that Tri-State is able to meet our mission into the future.

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. By analyzing the political environment associated with issues, preparing recommendations for policy positions, monitoring federal and state legislative initiatives, and engaging with policymakers, Tri-State works to mitigate risk, create opportunities and ensure continued success in providing power to our members.





**TRI-STATE**

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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. As we continue this work, we invite you to learn more about Tri-State's ongoing transition by visiting [tristate.coop/responsible-energy-plan](http://tristate.coop/responsible-energy-plan). Additional information about Tri-State and our members is available at [tristate.coop](http://tristate.coop).

JAN 2021