Platte River
Power Authority

Annual Report 2015

The Energy We Live By™

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From the Chairman of the Board and General Manager

To our Readers

In 2015, Platte River Power Authority stayed steadfast to its mission of providing safe, reliable, environmentally responsible, and competitively priced energy and services to our member owners. With the help and support of our board of directors, the commitment of our management team, and our dedicated and engaged employees, Platte River delivered another strong year of performance excellence.

Our flagship coal-fired generation plant, Rawhide, set a new **operational excellence** record of 393 days of continuous operation, beating the previous mark of 292 days. Late last year, we also completed a massive seven-week maintenance outage at the plant. Work on the outage had been in planning for nearly two years and involved about 125 employees and 300 contractors. Almost 50,000 hours were worked by Platte River employees during the outage. Our commitment to **safety** was evident when the work was completed and we recorded no employee or contractor injuries and had only one first aid incident.

Resource management will always be at the core of what we do, and is an essential part of our strategic planning process. At an August work session, our Board unanimously agreed to an over-arching direction statement for resource management - Platte River Power Authority employs an adaptive strategy to cost-effectively maintain reliability, manage risks, and ensure regulatory compliance. This frames and focuses staff as we look into the mid and long term and study **innovative technologies** to create smart energy systems.

The Western Electricity Coordinating Council (WECC), the designated compliance enforcement authority for the North American Electric Reliability Corporation (NERC), performed an audit of Platte River's **compliance** in February and found no violations and no areas of concern. We adhere to 75 NERC standards, which include 605 requirements and sub requirements.

Platte River's **financial position remained stable** in 2015 with net income of $6.8 million exceeding the strategic financial plan target; however this was $3.1 million below budget. Revenues were the main driver of the overall lower than budgeted net income, primarily due to unfavorable surplus sales market conditions.

From the Chairman of the Board and General Manager (continued)

Platte River management approved a Security Policy and Impact Statement that creates a common language between management, employees, and functional groups regarding Platte River's security posture. The policy uses risk based metrics to assess security readiness for the protection of our cyber systems and facilities.

We strive to provide **exceptional customer service** to our member owners and our Efficiency Works program is an excellent example. This joint energy efficiency program implemented through our four municipalities, continues to make an impact for customers, utilities, and Platte River. Last year's results reduced annual electricity consumption by about 15.5 million kilowatt-hours, which equates to the annual energy use of about 1,800 homes. The combined yearly electric bills of participating customers will decrease by about $1 million. In the years to come, we will continue to employ technological innovation and sustainability efforts to provide the most economical forms of energy.

Our focus on stakeholder **collaboration and communication** was manifested in our ongoing engagement with city councils, citizen boards, customer groups, and community members to communicate on topics such as engineering and operations, energy efficiency, the Clean Power Plan, and resource planning.

Our dedicated employees make our plans, initiatives, and projects a reality. They have tremendous breadth and depth in the industry, and a constant focus on creating value for our member owners. We thank them for what they do every day.

Although predicting the future remains an imperfect science, we believe our strategic initiatives and related processes will continue to help shape the energy future of the communities we serve. We look forward to another year serving our energy customers.

Sincerely,

Tom Roiniotis and Jacqueline Sargent

T.J. Roiniotis Jackie A. Sargent

Our Mission

As a respected leader and responsible energy partner, improve the quality of life for the citizens served by our owner communities.

Our Vision

Provide safe, reliable, environmentally responsible, and competitively-priced energy and services.

Values

Safety

What is non-negotiable?
Working safely to protect the public, our employees, and the assets we manage.

Operational Excellence

How do we provide reliable service while managing costs and creating a rewarding work environment?
By engaging employees to strive for excellence and continuous improvement.

Integrity

What is at the core of what we do?
Being ethical and holding ourselves accountable to conduct business in a fair, honest, open, compliant, and environmentally responsible manner.

Sustainability

How do we ensure long-term viability of the organization and the communities we serve?
By maintaining financial integrity, minimizing our environmental impact, and supporting responsible economic development in our owner communities.

Customer Service

What creates added value and improves customer satisfaction?
Providing quality service at a competitive price while being responsive to our owners' needs.

Respect

What leads us to optimal solutions for even the most difficult challenges?
Encouraging constructive dialogue that promotes a culture of inclusiveness, recognizes our differences, and accepts varying viewpoints.

Innovation

How do we mitigate risk and create opportunities?
By becoming an early adopter of technologies proven to improve electric efficiency, protect the environment, and create a diversified energy supply portfolio.communities.

Strategic Initiatives

Safety

Promote a culture where no job is so important and no service so critical that employees must compromise their own safety to perform their job.

Compliance

Promote a culture of compliance where all employees conduct business with the highest standards of ethics and integrity. Meet or exceed all policy and regulatory requirements.

Financial Stability

Generate adequate cash flows, maintain access to low-cost capital, provide stable and competitive wholesale rates, and effectively manage financial risks, all with a focus on continually improving our financial processes.

Operational Excellence

Design, construct, operate, and maintain safe, reliable, and environmentally-responsible generation and transmission assets in a cost-effective manner.

Exceptional Customer Service

Provide exceptional service for internal and external customers with a focus on continuous improvement through relationships, knowledge of customer needs and preferences, key performance metrics, and future program development.

Employee Engagement

Create a work environment that encourages employee engagement at all levels through a framework of effective communication. Make investments to leverage diversity, grow internal talent, develop innovative skills, and maintain high standards.

Resource Management

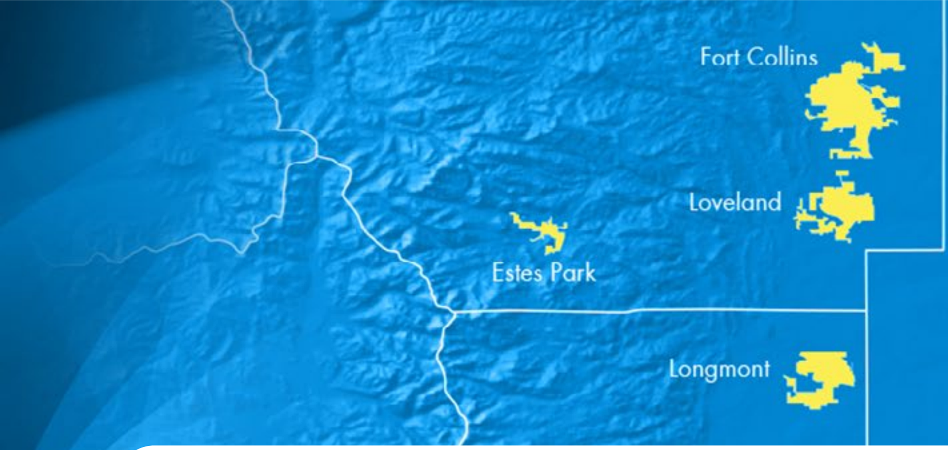
Employ an adaptive strategy to cost-effectively maintain reliability, manage risks, and ensure regulatory compliance.

Collaboration and Communication

Continuously improve collaboration and communication internally and externally to enable successful projects and services, build stakeholder relationships, and articulate value.

Technological Innovation and Sustainability

Actively monitor and adopt new, proven technologies that cost-effectively enhance performance and promote the long-term viability of Platte River, the municipalities, and their customers.



Our Communities

Platte River Power Authority is a Colorado political subdivision established to provide wholesale electric generation and transmission to the municipal utilities of its owner communities – Estes Park, Fort Collins, Longmont, and Loveland.

Town of Estes Park

Estimated population for 2014*: 6,165
Utility: Estes Park Light & Power, established in 1945

City of Fort Collins

Estimated population for 2014*: 156,480
Utility: Fort Collins Utilities, established in 1938

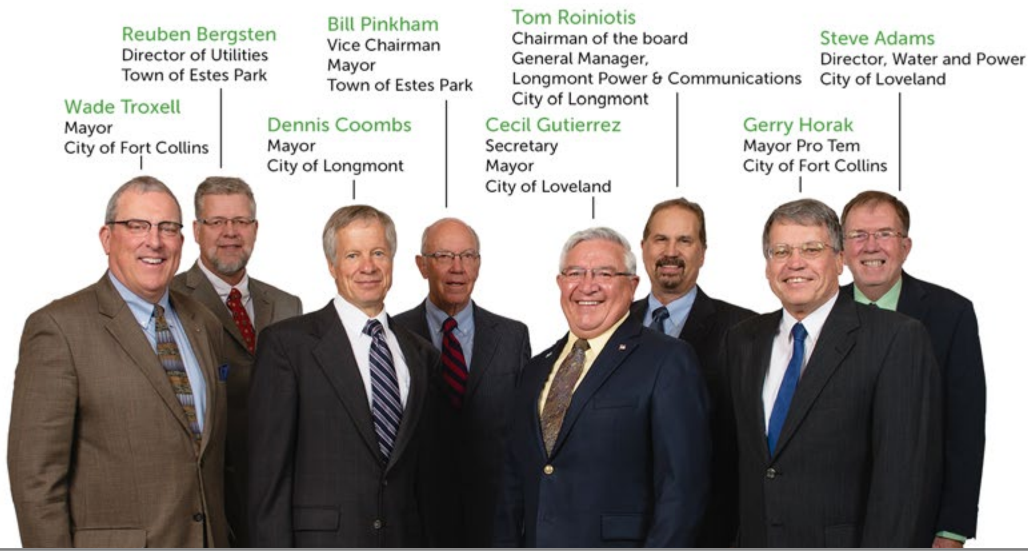
City of Longmont

Estimated population for 2014*: 90,237
Utility: Longmont Power & Communications, established in 1912

City of Loveland

Estimated population for 2014*: 72,651
Utility: Loveland Water and Power, established in 1925

* 2015 population census data not currently available.



Board of Directors

Platte River Power Authority is a joint action agency and political subdivision of the State of Colorado. It is governed by an independent eight-member board of directors that provides local decision making and control.

Senior Management Team

Platte River Power Authority operates under the direction of a general manager who serves at the pleasure of the board of directors. Platte River's senior management has extensive experience, with an average of over 25 years of service in the utility industry.

Energy Market Statistics

	Year Ended December 31,		
	2015	2014	2013
Combined Retail Sales for Four Municipalities[1]			
Number of Customers (average monthly)			
Residential	136,088	134,242	133,062
Commercial & Industrial	18,097	17,617	17,146
Other	292	290	292
Total	154,477	152,149	150,500
Energy Sales (MWh)			
Residential	1,093,146	1,089,763	1,131,290
Commercial & Industrial	1,988,855	1,962,804	1,961,078
Other	12,572	12,320	12,244
Total	3,094,573	3,064,887	3,104,612
Revenue ($000)			
Residential	$ 106,191	$ 103,299	$ 104,473
Commercial & Industrial	144,720	139,100	135,399
Other	519	505	496
Total	$ 251,430	$ 242,904	$ 240,368
Residential Averages (annual)			
kWh per Customer	8,033	8,118	8,502
Revenue per kWh (cents)	9.71	9.48	9.23
Revenue per Customer	$780.31	$769.50	$785.14
Wholesale Power Requirements			
Peak Demand (kW)			
Estes Park	25,799	28,092	25,793
Fort Collins	292,093	281,610	295,924
Longmont	170,209	169,109	177,143
Loveland	160,904	157,857	160,442
Sum of Municipalities' Peaks	649,005	636,668	659,302
Demand - PRPA Coincident	639,092	625,517	648,709
Energy (MWh)			
Estes Park	129,634	129,380	130,682
Fort Collins	1,516,550	1,474,916	1,500,215
Longmont	801,097	795,248	812,226
Loveland	753,920	754,733	752,462
Sum of Municipalities' Energy	3,201,201	3,154,277	3,195,585
Sales to Others and Miscellaneous[2]	864,955	879,949	814,629
Energy-Total System	4,066,156	4,034,226	4,010,214

1 Compiled from preliminary sales and other reports of the municipalities supplied with electric energy by Platte River.
2 Includes energy imbalance and exchange agreement settlements.

Retail Customers and Energy Sales by City

	Residential	Industrial and Commerical	Total
Number of Customers (average)			
Estes Park	8,234	2,113	10,347
Fort Collins	61,738	8,855	70,593
Longmont	35,465	2,765	38,230
Loveland	30,651	4,364	35,015
kWh Sales			
Estes Park	58,973,369	62,577,868	121,551,237
Fort Collins	485,337,104	982,635,655	1,467,972,759
Longmont	297,739,000	467,846,000	765,585,000
Loveland	251,096,368	475,795,367	726,891,735
GWh Sales			
Estes Park	59.0	62.6	121.6
Fort Collins	485.3	982.6	1,468.0
Longmont	297.7	467.8	765.6
Loveland	251.1	475.8	726.9
Revenues			
Estes Park	$ 7,219,759	$ 5,981,413	$ 13,201,172
Fort Collins	$ 47,424,925	$ 70,838,100	$ 118,263,025
Longmont	$ 28,570,831	$ 34,985,788	$ 63,556,619
Loveland	$ 22,975,693	$ 32,914,244	$ 55,889,937

Financial Results are Stable

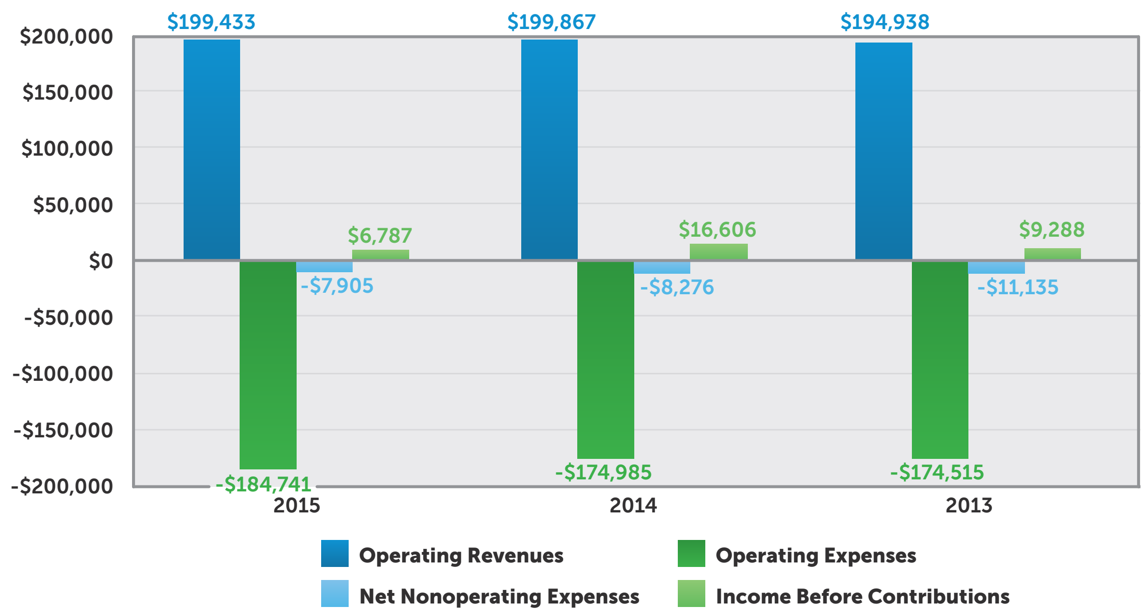
Platte River's financial position remains stable although unfavorable results were reported compared to budget in 2015. Net income of $6.8 million exceeded the strategic financial plan target; however it was $3.1 million below budget. Revenues were the main driver of the overall lower net income primarily due to unfavorable surplus sales market conditions. Lower revenues were partially offset by under budget operating expenses. Debt service coverage – the ratio of total net revenues to debt payments and a source of confidence for holders of Platte River Power Authority bonds – was 1.51 times, well above the 1.10 times required by bond covenants.

Financial Highlights

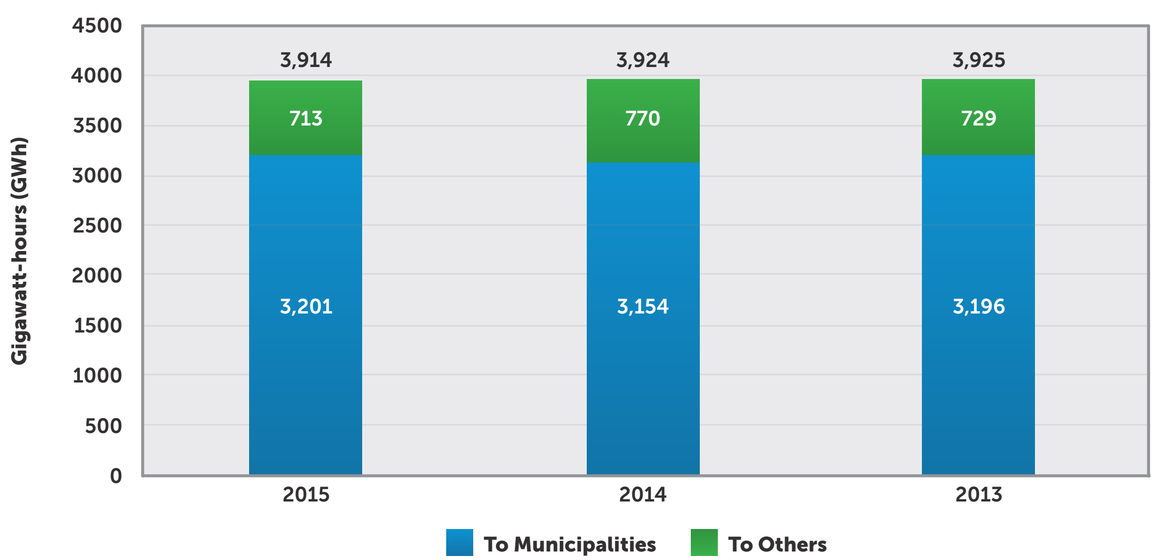
	Years Ended December 31,		
	2015	2014	2013
Revenues/Expenses ($000)			
Operating revenues	$ 199,433	$ 199,867	$ 194,938
Operating expenses	184,741	174,985	174,515
Nonoperating revenues (expenses), net	(7,905)	(8,276)	(11,135)
Income before contributions	$ 6,787	$ 16,606	$ 9,288
Power Operations			
Demand-municipalities (MW)	639	626	649
Energy-municipalities (GWh)	3,201	3,154	3,196
Energy-others (GWh)	713	770	729
Selected Other Data			
Gross utility plant ($000)	$ 1,334,404	$ 1,304,828	$ 1,292,605
Long-term debt, net ($000)	$ 200,174	$ 223,552	$ 246,353
Debt to capitalization ratio	29/71	31/69	34/66
Total revenue bond coverage	1.51x	1.71x	1.70x

Financial Results are Stable (continued)

Revenues, Expenses, Income (In thousands)



Energy Deliveries



To ensure that Platte River's operational and financial goals continue to be met, the board of directors approved a 4.5 percent increase in the firm resale power service rate, effective January 1, 2016. The rate increase is primarily due to increased fuel costs, lower surplus sales revenues, energy efficiency program expansion, and staffing additions.

Platte River continues to be the lowest-cost wholesale electric supplier located in Colorado.

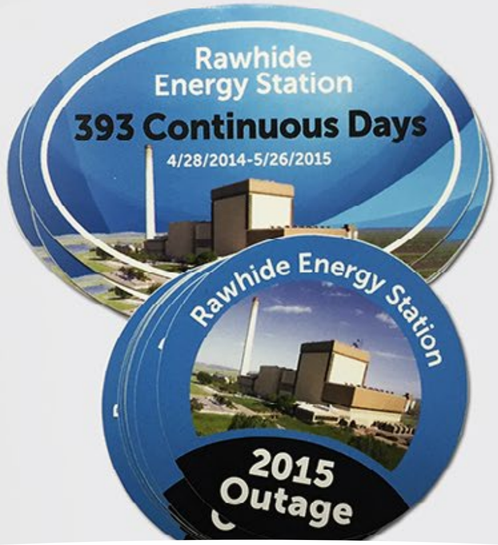
Rawhide Outage

This year, Platte River Power Authority completed its planned maintenance outage of Rawhide Energy Station Unit 1. The project ran from October 5 to November 27, which was slightly longer than the expected timeframe. Platte River carried out this massive project, the most extensive Rawhide outage since 2005, as part of an aggressive plan for preventative maintenance and improvements that are critical for maintaining safety, reliability, efficiency, and environmental compliance. Work on the outage had been in planning for nearly two years and involved the daily efforts of about 125 employees and 300 contractors. Goals for the project included zero injuries and remaining at or under the budget of $28.9 million (including $6.8 million for total capital projects, $17.4 million for operations and maintenance expenses, and $4.7 million for replacement power requirements while Unit 1 was offline).

Approximately 49,000 hours were worked by Platte River employees during the outage. In addition, 533 contractors were processed through 160 contractor orientation sessions. During this time 118 Hot Work permits and 115 Confined Space permits were issued and 725 pre-entry checklists for non-permit confined spaces were completed. In order to maintain these permits and checklists, over 1,152 air checks were completed. With safety always a focus, there were zero employee injuries and only one first aid incident.

There were several large projects that were executed during this outage. The largest capital project completed was the installation of a new distributed control system (DCS). The new DCS consolidates over 17 stand-alone systems to run, monitor, and control every aspect of the plant. This single system ensures the reliability of the control system over the next 20 years and provides advantages in the areas of training, spare parts, backups, cyber security, documentation, and change management.

Other major projects completed included inspections of the turbine, generator, boiler, burners, and air pre-heater. The turbine and generator went through a disassembly and comprehensive inspection. The boiler experienced a complete removal of the nose arch refractory dam, several hundred tube welds, a complete phased-array inspection of all tube welds, SOFA expansion joint replacements, and the coal pipe and discharge valve replacement. Other activities successfully completed were the replacement of three coal handling conveyor belts and a critical boiler feed pump, cleaning and inspection of all ductwork and critical motors, and inspection and repair of the baghouses, spray dry absorbers and other equipment.

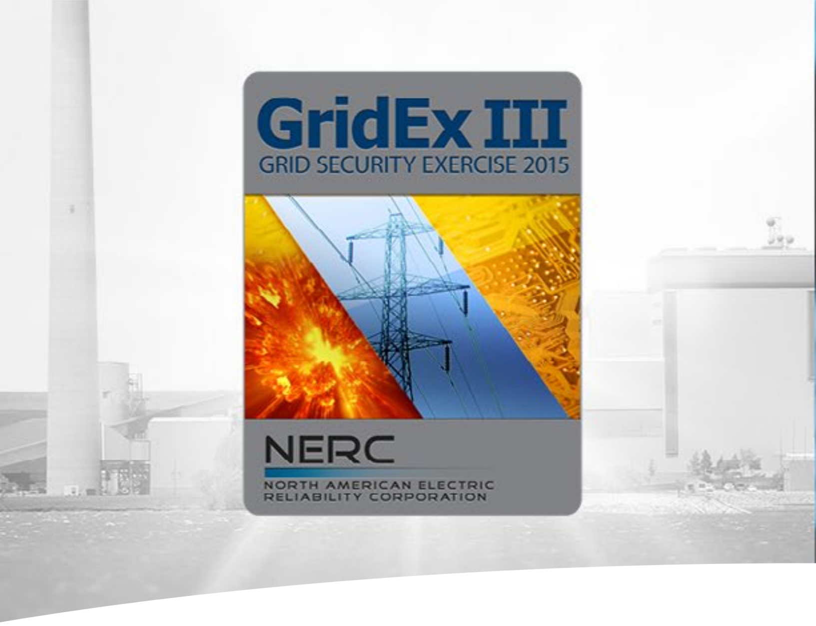


Continuous Operation at Rawhide

On May 26, 2015, Rawhide set a new record of 393 days of continuous operation (the previous record was 292 days, which ended July 19, 2011). During this record run, Rawhide's coal-fired generator produced more than two million megawatt hours of electricity. This output is almost equal to the average annual use of more than 235,000 homes in Platte River's owner communities.

The vast experience of Rawhide employees, proactive maintenance, and continued investments in capital infrastructure are key drivers in reaching this tremendous level of reliability. Rawhide's exceptional performance is a direct reflection of the dedication, commitment, and expertise of our employees across the company, and the ongoing support from our board of directors.

Rawhide Unit 1 is regularly recognized in Electric Light & Power magazine as one of the country's best-utilized coal-fired power plants as measured by capacity factor. Outstanding capacity factor is a result of high reliability and low operational costs. Capacity factor is a ratio of the actual output of the plant over a period of time to output if it had operated at full capacity over the same period. 2015 was a year of continued excellence for the capacity factor at Rawhide.



GridEX III

In November of 2015, Platte River participated for the first time in GridEx III, the third biennial nationwide tabletop exercise for cyber security preparation. This unique program is organized by NERC and run by the Electricity Information Sharing and Analysis Center (E-ISAC). System Operations and Supervisory Control and Data Acquisition (SCADA) Services represented Platte River and prepared four months for this exercise. Overall the exercise was very beneficial, and it has helped Platte River test its incident response capabilities and coordinate responses with other entities. During GridEx IV in 2017, it is Platte River's goal to include more departments in this exercise.

Cyber Security

New Platte River Security Policy and Team

With the goal of establishing comprehensive cyber and physical security standards, Platte River management approved a Security Policy and Impact Statement in April. This new company-wide policy strives to provide a common language for efficient communication between management, employees, and functional groups regarding Platte River's security posture. It also utilizes risk based metrics to assess security readiness for the protection of our cyber systems and facilities. The policy illustrates Platte River's commitment and ability to protect personnel and assets.

Oversight for the security policy is provided by a cross-functional team of managers with cyber or physical security responsibilities. The team is responsible for updating the policy, assisting functional groups with process maturity assessments, assessing compliance with the policy, and implementing standardized security practices. The team also serves as a forum for security information sharing.

Clean Power Plan

On August 3, 2015 the Environmental Protection Agency (EPA) released the Clean Power Plan Final Rule (CPP), which includes national standards for greenhouse gas emissions from existing power plants. Following the announcement, Platte River participated in a stakeholder process initiated by the State of Colorado in preparation for development of a State Plan intended to meet the requirements of the CPP. Participation included attending various public meetings and engaging with state officials to ensure that Platte River interests are considered in policy decisions. Platte River also engaged with EPA in the federal rulemaking process by providing comment on additional aspects of the CPP that have not yet been finalized. Staff submitted separate comments but also worked closely with the Large Public Power Council (LPPC) to develop comments submitted on our behalf. Platte River was involved with the federal rulemaking process leading up to the August announcement and was familiar with the proposed version of the CPP. The final version is significantly different and more complicated than the proposed version, which has required significant additional analysis to assess potential impacts. However, the U.S. Supreme Court stayed the plan on February 9, 2016, due to pending legal challenges. At this time, Platte River is preparing to comply with all Clean Power Plan regulations if the stay is lifted and the plan is implemented.

Community Service and Involvement

Platte River believes it has a responsibility to participate in efforts that enhance the quality of life in its owner communities, and facilitates community service and volunteer activities for employees. In 2015, Platte River employees participated in events benefiting local non-profit groups involved with the health and welfare of children, the homeless and the hungry, single mothers, and Arthritis sufferers. The financial generosity of employees was demonstrated through successful fund raising campaigns conducted on behalf of the United Way of Larimer County and the Food Bank for Larimer County.

- Bike to Work Day
- Community Garden
- Make a Difference Day
- National Volunteer Week
- Jingle Bell Run for Arthritis Research
- Valley 5,000 5K for the House of Neighborly Service
- United Way Fundraiser

Fiber Optics Installation

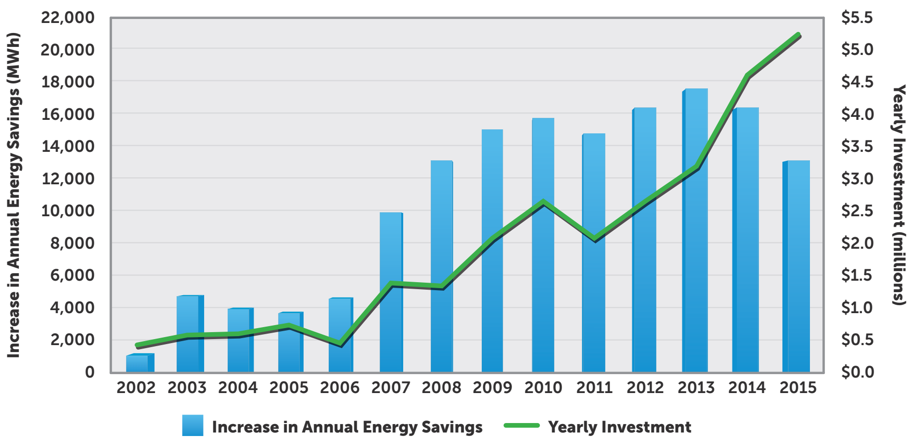
In June 2015, Platte River completed an 18-month long project to connect Headquarters, the Laporte Substation, and Rawhide Energy Station through fiber optic cables, enhancing communication capabilities to Rawhide. The project planning phase began in January 2014, which included procurement of materials and engineering work. Construction occurred from February to June 2015.

By replacing the existing shield wire on the transmission lines between Headquarters and Rawhide with optical ground wire, Platte River significantly increased the bandwidth capacity of its communication capabilities. The transfer to fiber optics reduces cost and increases reliability. The new system is also more secure than the old microwave communication framework, and is the next step towards 100 percent fiber optic communications. The fiber optic project illustrates Platte River's commitment to innovation, efficiency, communication excellence, and security.

Efficiency Works™

Customer demand for energy efficiency services was greater than ever in 2015, and Platte River answered the call.

Efficiency Works™ – a partnership between Platte River and the utilities of its owner municipalities – gives customers a single place to go for assistance with improving efficiency and saving money. An all-time high level of customer participation was achieved in 2015 as a result of close collaboration among Platte River and municipal utility staffs in the areas of program promotion, customer and contractor engagement, and continual evaluation of the effectiveness of program attributes such as efficiency requirements, rebates, and administrative processes.



Platte River will keep a foot on the accelerator and strive to increase both its budget and staffing for supporting Efficiency Works™ in 2016. The owner municipalities are also anticipated to continue making significant investments in the partnership.

Some highlights of the program in 2015 include:

13,000

13,000 MWh in annual energy savings captured.

831

831 projects completed by commercial and industrial customers.

801

801 homeowners served

NERC Audit and NATF Peer Review

North American Transmission Forum (NATF) Peer Review

Platte River is a member of the North American Transmission Forum (NATF). The NATF's mission is to promote excellence in the reliable operation of the electric transmission system. NATF members advance industry performance by sharing detailed and timely information; this includes lessons learned and superior practices, providing constructive peer challenge to foster effective and efficient reliability improvement, and ensuring the focus and commitment of members' senior leadership.

NATF peer reviews help members improve upon their own operations. Review teams are comprised of subject matter experts and staff from utility companies nationwide. The peer teams review selected practice areas and cross-functional topics. The teams' final reports include noteworthy positives that are shared with other members, and improvement recommendations for the host utility to implement. In August 2015 Platte River had its first peer review; since then Platte River staff has spent several months reviewing the reports and finalizing plans to address any areas of improvement. A follow-up review by NATF will be performed in 2016 to evaluate progress to date and discuss future plans. As a member of NATF, entities are required to participate in a peer review every three years. Platte River staff will also be participating as members of review teams at other member utilities in 2016 to gain knowledge and experience of the best practices to implement here at Platte River. Platte River is dedicated to bettering not only ourselves, but our industry too.

NERC Audit and NATF Peer Review (continued)

The North American Electric Reliability Corporation (NERC) Audit

As an owner and operator of generation and transmission facilities, Platte River is required under the Federal Power Act to meet mandatory and enforceable standards for reliability and critical infrastructure protection. These NERC standards include over 1,000 requirements and sub-requirements. Platte River has a dedicated Compliance Department that provides oversight to all compliance related activities to ensure adherence to all reliability standards. Failure to comply with the standards can result in fines up to $1 million per violation per day.

In February 2015 the Western Electricity Coordinating Council (WECC), the designated compliance enforcement authority for NERC, performed an audit of Platte River's compliance and found no violation of any standard or requirement that resulted in an enforcement action and no areas of concern.

These audits take place every three years and check for compliance during that period. It took over 30 employees six months to prepare and review of hundreds of documents for the audit. It is Platte River's responsibility to demonstrate compliance with the Operations & Planning (O&P) and Critical Infrastructure Protection (CIP) standards. On the CIP side alone, 1,593 files totaling 1.4 GB of data were collected to demonstrate compliance, and 181 pages of narrative were supplied to help the auditors understand the evidence. The auditors examine compliance through statistical sampling, analysis of evidence files, and/or interviews. Throughout an audit the auditors make data requests for additional information to build a case for compliance. Fewer data requests indicate a positive demonstration of compliance. An audit with 100 data requests or fewer is considered a good audit. In 2015, Platte River received 34 data requests, and met compliance regulations with no enforcement actions.

Resources and Planning

Events in 2015 provided an opportunity for Platte River to shift focus from simply diversifying its energy supply portfolio to taking a broader look at all aspects of generation resource management. In August 2015, Platte River's Board of Directors met during a work session to discuss resource planning and management. A result of this work session was to replace historical resource planning guidelines with a new statement of direction: Platte River Power Authority employs an adaptive strategy to cost-effectively maintain reliability, manage risks, and ensure regulatory compliance. The new statement of direction provides staff with more flexibility on recommending future resource actions, and also directs Platte River to position itself to comply with the Clean Power Plan (CPP), with the potential to do more if cost-effective.

In 2015, Platte River's Board of Directors approved the following activities that will help support Platte River's future resource planning efforts:

- Continued expansion of energy efficiency programs
- Development of a strategy for exiting ownership of Craig Unit 1
- Development of a demand response pilot program
- Collaborative efforts related to distributed resources

Report of Management

Platte River Power Authority's management is responsible for the preparation, integrity and objectivity of the financial statements and related information included in this Annual Report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, where required, reflect amounts based on the best estimates and judgments of management.

Platte River maintains a strong internal control structure designed to provide reasonable assurance that transactions are executed in accordance with management's authorization, that financial statements are prepared in conformity with generally accepted accounting principles and that assets are safeguarded.

Platte River's internal auditor evaluates internal controls for adherence to company policies and procedures on an ongoing basis and reports findings and recommendations for possible improvements to management. In addition, the independent auditors consider elements of the internal control system in determining the nature and scope of their audit procedures in performing the annual audit of Platte River's financial statements.

The board of directors, whose members are not employees of Platte River, periodically meet with the independent auditors and management to discuss the audit scope, audit results and any recommendations to improve the internal control structure. The board of directors directly engages the independent auditors.

Jackie A. Sargent

Jackie A. Sargent
General Manager/CEO

David D. Smalley

David D. Smalley
Chief Financial & Risk Officer

Platte River Power Authority

Independent Auditor's Report and Financial Statements

December 31, 2015 and 2014

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Financial Statements

Independent Auditor's Report

Board of Directors
Platte River Power Authority
Fort Collins, Colorado

We have audited the accompanying basic financial statements of Platte River Power Authority (Platte River), which are comprised of a statement of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended, and the related notes to the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Platte River as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, in 2015, Platte River adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Other Information (Budgetary Comparison Schedule) listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Denver, Colorado
March 16, 2016

Management's Discussion and Analysis

This discussion and analysis provides an overview of the financial performance of Platte River Power Authority (Platte River) for the fiscal years ended December 31, 2015 and December 31, 2014. The information presented should be read in conjunction with the basic financial statements and accompanying notes to the financial statements.

Platte River is a wholesale electricity generation and transmission provider that delivers safe, reliable, environmentally responsible and competitively priced energy and services to its four owner municipalities, Estes Park, Fort Collins, Longmont and Loveland.

Platte River's power resources include generation from coal, natural gas, wind, allocations of federal hydropower from Western Area Power Administration (Western), and a forced outage exchange agreement.

- Coal-fired generation includes Rawhide Unit 1 (280 megawatts), located 25 miles north of Fort Collins at the Rawhide Energy Station, and 18% ownership in Craig Units 1 and 2 (154 megawatts combined), located in northwest Colorado.
- Gas-fired combustion turbines located at Rawhide Energy Station include five simple cycle combustion turbines, four GE 7EAs (65 megawatts each), and a GE 7FA (128 megawatts). The combustion turbines are utilized to meet peak load demands, to provide reserves during outages of the coal-fired units, and to make short-term surplus sales.
- Wind generation includes 78 megawatts provided under long-term purchase power agreements. The agreements are for deliveries from Spring Canyon Expansion Wind Energy Center (60 megawatts) in Colorado, Silver Sage Windpower Project (12 megawatts) and Medicine Bow Wind Project (6 megawatts) both in Wyoming.
- Hydropower is received under two long-term contracts with Western. The first contract, which provides the largest allocation of power, is from Colorado River Storage Project and the second contract is from Loveland Area Projects.
- Platte River has a forced outage exchange agreement with Tri-State Generation and Transmission, Inc. (Tri-State) whereby in the event either Rawhide Unit 1 or Tri-State's Craig Unit 3 is out of service the other utility will provide up to 100 megawatts of generation on a short-term basis.

Platte River operates as a utility enterprise and follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). Platte River has implemented all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Financial Summary

Platte River reported income before contributions of $6.8 million in 2015; approximately $9.8 million lower than 2014. The year ended with an increase in operating expenses of $9.8 million, a decrease in operating revenues of $0.4 million offset by a decrease in nonoperating expenses, net, of $0.4 million. In 2015, Platte River implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. In implementing GASB 68 and 71, Platte River recognized the effect of a change in accounting principle in the amount of a $2.9 million decrease to net position as of January 1, 2015.

Condensed Financial Statements

The following condensed statements of net position and condensed statements of revenues, expenses and changes in net position summarize Platte River's financial position and changes in financial position for 2015, 2014, and 2013.

Condensed Statements of Net Position

	December 31,		
	2015	2014 (In thousands)	2013
Assets			
Electric utility plant	$ 574,453	$ 571,240	$ 582,884
Special funds and investments	79,967	95,085	87,336
Current and other assets	83,949	91,763	89,179
Total assets	738,369	758,088	759,399
Deferred outflows of resources	6,174	1,908	3,072
Liabilities			
Noncurrent liabilities	203,163	217,236	243,504
Current liabilities	41,098	39,072	37,631
Total liabilities	244,261	256,308	281,135
Deferred inflows of resources	1,619	8,780	2,879
Net position			
Net investment in capital assets	366,412	339,567	329,294
Restricted	21,421	24,559	24,750
Unrestricted	110,830	130,782	124,413
Total net position	**$ 498,663**	**$ 494,908**	**$ 478,457**

Net Position

Total net position at December 31, 2015 was $498.7 million, an increase of $3.8 million over 2014. As a result of implementing GASB 68 in 2015, Platte River recognized the effect of a change in accounting principle in the amount of a $2.9 million decrease to net position as of January 1, 2015. Total net position at December 31, 2014 was $494.9 million, an increase of $16.4 million over 2013.

- **Electric utility plant** increased $3.2 million during 2015, primarily the result of a $24.3 million increase in construction work in progress and a $5.3 million increase in plant and equipment in service. Accumulated depreciation also increased $26.4 million, which partially offset the overall increase. In 2014, electric utility plant decreased $11.6 million during 2014, primarily the result of a $23.8 million increase in accumulated depreciation. Also, plant and equipment in service increased $16.5 million and construction work in progress decreased $4.3 million. Additional details about electric utility plant can be found in Note 4 to the financial statements.

- **Special funds and investments** during 2015 decreased $15.1 million from 2014. The decrease relates to a decrease in both restricted and dedicated funds. The decrease is due to expenses associated with the Rawhide Unit 1 and the Craig Unit 2 scheduled maintenance outages and continued capital investments. In 2014 the funds increased $7.8 million over 2013. The increase was the result of an increase in dedicated funds partially offset by a decrease in restricted funds due to capital expenditures from the Series II project fund.

- **Current and other assets** decreased $7.8 million during 2015 primarily due to a decrease in cash and cash equivalents. Cash decreased as a result of increased expenses related to the scheduled maintenance outages along with continued capital investments. Regulatory assets and other long-term assets also decreased. These decreases were partially offset by increases in fuel inventory, other temporary investments, accounts receivable, material and supplies and prepayments. Fuel inventory was the largest increase. The inventory balance at the Rawhide Energy Station was lower than normal at the beginning of year but inventory has built over the course of the year and is back to normal levels. Craig Station inventory levels have been higher than normal as a result of lower generation due to scheduled and unplanned maintenance outages and surplus sales market conditions. In 2014, current and other assets increased $2.6 million as the result of an increase in cash and cash equivalents, accounts receivable, and materials and supplies inventory. These increases were partially offset by decreases in fuel inventory, other temporary investments, regulatory assets, and prepayments.

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Net Position (continued)

- **Deferred outflows of resources** increased $4.3 million in 2015 due to implementing GASB 68. This amount includes 2015 pension contributions and differences in actual and expected earnings of the pension investments that will be amortized over future periods. Partially offsetting this increase is the amortization of the deferred losses on debt refunding. In 2014, a decrease of $1.2 million occurred due to the amortization of the deferred losses on debt refunding.

- **Noncurrent liabilities** decreased $14.1 million in 2015 and $26.3 million in 2014. For both years, the decrease was mainly the result of the principal retirements of debt and a decrease in the capitalized lease obligation. In 2015, the net pension liability of $6.7 million was recorded as required by GASB 68. Additional details about long-term debt can be found in Note 7 and the defined benefit pension liability in Note 11 to the financial statements.

- **Current liabilities** reflect a $2.0 million increase in 2015 due to increases in accounts payable and the current portion of the capitalized lease obligation partially offset by decreases in the current portion of long-term debt, accrued interest, and other liabilities. Accounts payable increased due to accrued but unpaid expenses for the Rawhide Unit 1 scheduled maintenance outage that occurred at the end of the year. In 2014 current liabilities increased $1.4 million due to increases in the current portion of long-term debt, the current portion of the capitalized lease obligation, accounts payable, and accrued liabilities partially offset by decreases in accrued interest.

- **Deferred inflows of resources** decreased $7.2 million in 2015 due to reversing the accrual for the 2015 scheduled maintenance outage expenses for Rawhide Unit 1. Additional pension deferrals to reflect differences in the pension plan's expected and actual experience and assumption changes were recorded as a result of implementing GASB 68, which will be amortized over future periods. Deferred inflows of resources increased $5.9 million in 2014 due to reinstating the accrual for the 2015 scheduled maintenance outage expenses for Rawhide Unit 1. The accrual of the maintenance outage liability was suspended in 2013 to mitigate the rate increase to the municipalities.

Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2015	December 31, 2014 (In thousands)	2013
Operating revenues	$ 199,433	$ 199,867	$ 194,938
Operating expenses	184,741	174,985	174,515
Operating income	14,692	24,882	20,423
Nonoperating expenses, net	(7,905)	(8,276)	(11,135)
Income before contributions	6,787	16,606	9,288
Contributions of assets to municipalities	(155)	(155)	(155)
Change in net position	6,632	16,451	9,133
Beginning net position	494,908	478,457	469,324
Cumulative effect of change in accounting principle	(2,877)	–	–
Ending net position	**$ 498,663**	**$ 494,908**	**$ 478,457**

Changes in Net Position (continued)

Net position increased $3.8 million in 2015; $12.6 million lower than 2014. An increase in operating expenses and a decrease in operating revenues more than offset a decrease in nonoperating expenses, net. The $2.9 million adjustment for a change in accounting principle with the implementation of GASB 68 also impacted the change in net position. The change in net position was an increase of $16.4 million in 2014, $7.3 million higher than 2013. An increase in operating revenues and a decrease in nonoperating expenses, net, more than offset an increase in operating expenses.

Operating revenues in 2015 decreased $0.4 million from 2014.

- Municipal sales revenue increased $6.2 million over 2014 as the result of a 2.5% increase in wholesale rates and an increase in municipal energy deliveries of 1.5%. Billing demand decreased 0.4% from 2014.

- Surplus sales revenue (sales for resale and other) decreased $6.7 million in 2015 compared to 2014 resulting from lower contract and short-term sales. Contract sales decreased $0.9 million as the contract ended mid-year 2015. Short-term sales decreased $5.8 million with a lower average selling price and less energy sold. The surplus market conditions were unfavorable this past year as a result of low natural gas prices and mild weather. Wheeling revenues were relatively flat from 2014.

Operating revenues in 2014 increased $4.9 million over 2013.

- Municipal sales revenue increased slightly by $0.5 million in 2014 over 2013 primarily as the result of a 2.0% increase in wholesale rates. Municipal energy deliveries decreased 1.3% and billing demand decreased 1.9% from 2013.

- Surplus sales revenue (sales for resale and other) increased $4.4 million in 2014 compared to 2013 resulting from higher contract and short-term sales. Contract sales increased $0.6 million representing a full year of the contract in 2014. Short-term sales increased $3.4 million with a higher average selling price and more energy sold. Wheeling revenues increased $0.4 million due to a rate increase in Platte River's transmission tariff and an increase in customer loads.

Operating expenses in 2015 increased $9.8 million over 2014.

- Purchased power costs for 2015 increased $5.6 million compared to 2014. Wind purchased power contracts were in place for a full year in 2015 resulting in $4.8 million more in expense. Market purchases were $5.6 million higher for the Rawhide Unit 1 and Craig Unit 2 scheduled maintenance outages and to meet loads during peak periods but were offset by the $5.0 million replacement power outage accrual. Purchased reserves also increased $0.7 million due to reserves required for the additional wind on Platte River's system. The increase in costs was partially offset by $0.3 million received from Tri-State under the forced outage exchange agreement and $0.2 million in other expenses.

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Changes in Net Position (continued)

- Fuel expense decreased $3.5 million from 2014. The majority of the decrease relates to fuel for the Craig units and Rawhide Unit 1, $2.9 million and $1.5 million, respectively. The Craig units' generation was 11.7% less than 2014 as Craig Unit 2 had a six-week scheduled maintenance outage. In addition, Craig units were held back due to the unfavorable surplus sales market. Rawhide Unit 1's generation was 10.8% less than 2014 mainly due to a six-week scheduled maintenance outage. Natural gas for the combustion turbines increased $0.9 million to meet load requirements and sales.

- Operations and maintenance expenses were $7.5 million more than 2014. Rawhide Unit 1 had a six-week scheduled maintenance outage creating the majority of the increase over 2014. The outage was one of the most extensive outages performed since 2005. Major activities included a complete inspection of the turbine and generator, extensive inspections of the boiler, burners, and air heater system to address areas of concern identified in the 2014 minor outage. Craig Unit 2 also performed a six-week scheduled maintenance outage. This outage was necessary for the construction of the SCR project that is scheduled to go commercial in the spring of 2017. The overall outage expenses were offset by amounts previously accrued. The increase in 2015 is also partially due to an increase of $2.3 million in wheeling expenses, which were required for the transmission of the additional wind purchases.

- Administrative and general expenses increased $1.5 million over 2014 mainly due to increased personnel expenses, demand side management program funding, professional services, and facilities planning and maintenance.

- Depreciation expense decreased $1.4 million from 2014 as the original Rawhide Energy Station and Craig Station assets reached the end of their depreciable lives.

Operating expenses in 2014 increased $0.5 million over 2013.

- Purchased power costs for 2014 increased $3.1 million compared to 2013 for several reasons. Reinstating the replacement power accrual for the 2015 scheduled maintenance outage, which was suspended in 2013, added $1.9 million to 2014. Further, new wind purchased power contracts were in place resulting in $1.6 million more in expense. Replacement power costs were also $0.6 million higher for the Rawhide Unit 1 and Craig Unit 1 outages and to meet loads during peak periods. The increase in costs was partially offset by $0.7 million received from Tri-State under the forced outage exchange agreement and $0.3 million less in purchased reserves.

- Fuel expense decreased $2.6 million from 2013. The majority of the decrease relates to fuel for Rawhide Unit 1 and natural gas for the combustion turbines, $3.8 million and $1.5 million, respectively. Rawhide Unit 1's generation was 7.9% less than 2013 as unit generation was held back to build coal inventory levels. The combustion turbines were utilized less in 2014. These decreases were partially offset by increased fuel costs for higher generation of the Craig units as 2013 had two major outages (one scheduled maintenance outage of Craig Unit 2 and one forced outage of Craig

continued >

Changes in Net Position (continued)

Unit 1). In late October of 2014, Craig Unit 1 suffered problems with main turbine lubrication and was removed from service for repair. The unit was returned to service early January 2015.

- Operations and maintenance expenses were $2.8 million more than 2013. In 2013, the outage accrual was suspended for rate making purposes whereas $4.0 million was recognized as expense in 2014. Approximately $2.6 million less in expenses were recognized for the Yampa Project as a result of the Craig Units outages mentioned above. There was also $0.8 million more in wheeling expenses related to additional wind purchases and maintenance outages on transmission lines. During 2014, a scheduled 10-day maintenance outage for Rawhide Unit 1 was completed for $1.4 million. Various inspections were performed in order to find and correct potential problems that would cause unplanned outages from occurring. These inspections also identified work that will need to be accomplished during the 2015 major outage.

- Administrative and general expenses increased $2.1 million over 2013 mainly due to expenses related to creating a strategic planning department, as well as an increase in demand side management program funding. There were also increases in personnel expenses.

- Depreciation expense decreased $5.0 million from 2013 as many of the original Rawhide Energy Station and Craig Station assets reached the end of their depreciable lives.

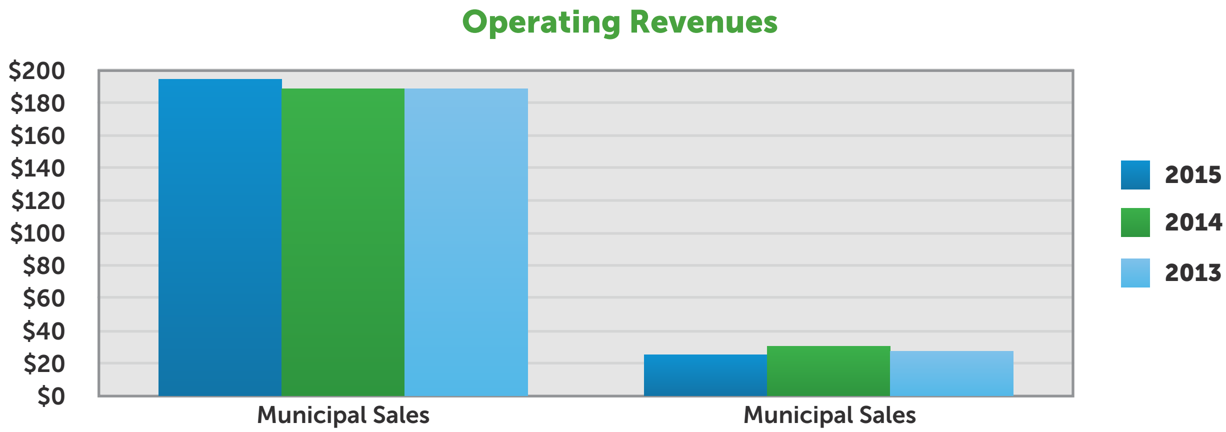
Nonoperating expenses, net, decreased $0.4 million in 2015 compared to 2014.

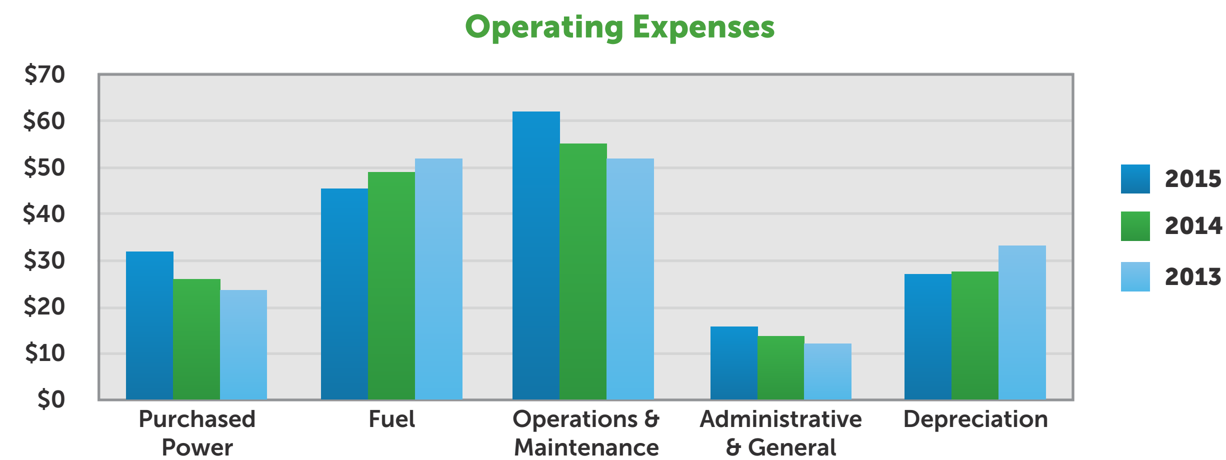
- The main contributor is lower interest expense of $1.0 million. Other income decreased $0.5 million as there was a one-time water lease of surplus effluent in 2014. Higher interest income of $0.1 million and a decrease in fair value of investments of $0.2 million were also recorded in 2015.

Nonoperating expenses, net, decreased $2.9 million in 2014 compared to 2013.

- In 2013 a $1.5 million loss was recognized on the sale of the Medicine Bow Wind Project equipment. The loss was the net result of the proceeds received from the sale and the write-off of the net book value of the assets. In 2014, other income included $0.4 million in revenue from a water lease of surplus effluent. Lower interest expense of $0.7 million, higher interest income of $0.1 million, and an increase in fair value of investments of $0.2 million were also recorded in 2014.

Operating Revenues and Expenses (in millions)





Debt Ratings

Platte River's ratings on its Power Revenue Bonds were as follows as of December 31, 2015 and 2014:

Bond Issue	Moody's	S&P	Fitch
Power Revenue Bonds			
Series GG	Aa2	AA	AA
Series HH	Aa2	AA	AA
Series II	Aa2	AA	AA

Budgetary Highlights

Platte River's Board of Directors approved the 2015 Annual Budget with total revenues of $211.7 million, operating expenses of $165.8 million, debt service expenditures of $28.6 million and capital additions of $37.8 million. The following budgetary highlights are presented on a non-GAAP budgetary basis.

Total operating revenues of $199.4 million ended the year $10.8 million below budget. Municipal sales of $176.0 million were $0.6 million below budget due to below-budget variance in billing demand. Energy deliveries were right at budget. Surplus sales and wheeling totaled $23.4 million and were $10.2 million below budget mainly due to the surplus sales market. Low natural gas prices and mild weather impacted the average sales price, which, excluding combustion turbine sales was 25% below-budget. As a result of the market, approximately 19% less energy was sold as the Craig units were held back. Wheeling revenues were also $0.2 million below budget from a decrease in customer loads and the 2015 rate decrease in Platte River's transmission tariff.

Operating expenses totaled $157.3 million and were $8.5 million below budget. Fuel expense was the largest variance, $4.7 million below budget, primarily due to lower generation from the Craig units as a result of surplus sales market conditions and the extension of the scheduled outage of Craig Unit 2. Lower coal prices than budget were experienced for both Rawhide Unit 1 and the Craig units. Natural gas expense partially offsets the below-budget coal expense. Natural gas expense was above budget due to operating the combustion turbines to meet load requirements and surplus sales.

Production expenses ended the year $1.8 million below budget with lower-than-budgeted operations and maintenance costs for the Craig units, Rawhide Unit 1, the combustion turbines, and power operations. As mentioned previously, Rawhide Unit 1 and Craig Unit 2 both underwent scheduled maintenance outages that were completed successfully.

Purchased power expenses were $0.8 million below budget. Energy was provided to Tri-State under the forced outage assistance agreement creating a credit to purchased power. Unfavorable wind conditions resulted in lower generation from purchased power contracts for wind energy. There were also fewer reserve purchases partially due to lower loads and holding reserves on the Craig units. These below-budget expenses were partially offset by above-budget supplemental purchases, which were required mainly due to extensions of the scheduled maintenance outages. Market purchases were also made to take advantage of the favorable pricing.

Transmission expenses were below budget $0.6 million from lower personnel expenses, joint facility expenses, and general maintenance expenses. Administrative and general expenses were $0.6 million below budget mainly due to personnel expenses from vacant positions, planning expenses, professional services, and computer expenses.

Debt service expenditures totaled $28.6 million, which were at budget. Capital additions of $33.1 million in 2015 were $4.7 million below budget. This variance was due to construction schedule changes, contract delays, staff shortages, canceled projects, and favorable pricing. Production additions, transmission additions and general additions were below budget $2.1 million, $1.5 million and $1.1 million, respectively. The majority of the variance will be carried over to the 2016 Annual Budget in order to complete the projects. (See Budgetary Comparison Schedule on page 53.)

Statements of Net Position

	December 31, 2015	December 31, 2014
	(In thousands)	
Assets		
Electric utility plant, at original cost *(Notes 3 and 4)*:		
Land and land rights	$ 14,515	$ 14,515
Plant and equipment in service	1,275,987	1,270,710
Less: accumulated depreciation	(759,951)	(733,588)
Plant in service, net	530,551	551,637
Construction work in progress	43,902	19,603
Total electric utility plant	574,453	571,240
Special funds and investments *(Note 5)*:		
Restricted funds and investments	22,201	25,425
Dedicated funds and investments	57,766	69,660
Total special funds and investments	79,967	95,085
Current assets:		
Cash and cash equivalents *(Notes 3 and 5)*	10,126	24,234
Other temporary investments *(Note 5)*	20,711	20,238
Accounts receivable—municipalities	14,503	14,230
Accounts receivable—other	7,501	7,260
Fuel inventory, at last-in, first-out cost	13,590	7,612
Materials and supplies inventory, at average cost	12,362	12,278
Prepayments and other assets	1,364	1,346
Total current assets	80,157	87,198
Noncurrent assets:		
Regulatory assets *(Note 9)*	2,437	3,054
Long-term prepayments	1,355	1,511
Total noncurrent assets	3,792	4,565
Total assets	738,369	758,088
Deferred Outflows of Resources		
Deferred loss on debt refundings *(Note 7)*	1,033	1,908
Pension deferrals *(Note 11)*	5,141	–
Total deferred outflows of resources	6,174	1,908

See accompanying notes.

Statements of Net Position (continued)

	December 31, 2015	December 31, 2014
	(In thousands)	
Liabilities		
Noncurrent liabilities *(Notes 3 and 6)*:		
Long-term debt, net *(Note 7)*	$ 183,559	$ 201,572
Capitalized lease obligation *(Note 8)*	3,229	6,292
Net pension liability *(Note 11)*	6,693	–
Other liabilities and credits	9,682	9,372
Total noncurrent liabilities	203,163	217,236
Current liabilities:		
Current maturities of long-term debt *(Notes 6 and 8)*	16,615	21,980
Current portion of capitalized lease obligation *(Note 6)*	3,063	2,775
Accounts payable	19,297	11,686
Accrued interest	780	867
Accrued liabilities and other	1,343	1,764
Total current liabilities	41,098	39,072
Total liabilities	244,261	256,308
Deferred Inflows of Resources		
Regulatory credits *(Note 9)*	1,006	8,780
Pension deferrals *(Note 11)*	613	–
Total deferred inflows of resources	1,619	8,780
Net Position		
Net investment in capital assets *(Note 10)*	366,412	339,567
Restricted	21,421	24,559
Unrestricted	110,830	130,782
Total net position	**$ 498,663**	**$ 494,908**

See accompanying notes.

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31, 2015	2014
	(In thousands)	
Operating revenues *(Note 3)*:		
Sales to municipalities	$ 175,998	$ 169,773
Sales for resale and other	23,435	30,094
Total operating revenues	199,433	199,867
Operating expenses:		
Purchased power	32,548	26,904
Fuel	46,446	49,975
Operations and maintenance	62,854	55,337
Administrative and general	15,906	14,395
Depreciation	26,987	28,374
Total operating expenses	184,741	174,985
Operating income	14,692	24,882
Nonoperating revenues (expenses) *(Notes 5 and 7)*:		
Interest income	745	641
Other income (expense)	900	1,368
Interest expense	(9,438)	(10,421)
Allowance for funds used during construction	–	97
Net increase (decrease) in fair value of investments	(112)	39
Total nonoperating revenues (expenses)	(7,905)	(8,276)
Income before contributions	6,787	16,606
Contributions of assets to municipalities *(Note 14)*	(155)	(155)
Change in net position	6,632	16,451
Net position at beginning of year	494,908	478,457
Adjustment for change in accouning principle *(Note 3)*	(2,877)	–
Net position at beginning of year, adjusted	492,031	–
Net position at end of year	**$ 498,663**	**$ 494,908**

See accompanying notes.

Statements of Cash Flows

	Years Ended December 31, 2015	2014
	(In thousands)	
Cash flows from operating activities		
Receipts from customers	$ 199,008	$ 198,451
Payments for operating goods and services	(136,175)	(109,152)
Payments for employee services	(32,472)	(29,932)
Net cash provided by operating activities	30,361	59,367
Cash flows from capital and related financing activities		
Additions to electric utility plant	(27,747)	(15,829)
Payments from accounts payable incurred for electric utility plant additions	(962)	(942)
Principal payments on long-term debt	(21,980)	(21,060)
Interest payments on long-term debt	(9,874)	(10,866)
Net cash used in capital and related financing activities	(60,563)	(48,697)
Cash flows from investing activities		
Purchases and sales of temporary and restricted investments, net	14,505	(6,459)
Interest and other income, including realized gains and losses	1,589	1,931
Net cash provided by (used in) investing activities	16,094	(4,528)
(Decrease) increase in cash and cash equivalents	(14,108)	6,142
Balance at beginning of year in cash and cash equivalents	24,234	18,092
Balance at end of year in cash and cash equivalents	**$ 10,126**	**$ 24,234**

See accompanying notes.

Statements of Cash Flows (continued)

	Years Ended December 31, 2015	2014
	(In thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 14,692	$ 24,882
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	26,987	28,374
Changes in assets and liabilities which provided (used) cash:		
Accounts receivable	(514)	(1,349)
Fuel and materials and supplies inventories	(6,062)	2,843
Prepayments and other assets	582	601
Deferred outflows of resources	(1,236)	–
Accounts payable	5,965	419
Net pension liability	(89)	–
Other liabilities	(2,803)	(2,304)
Deferred inflows of resources	(7,161)	5,901
Net cash provided by operating activities	$ 30,361	$ 59,367
Noncash capital and related financing activities		
Additions of electric utility plant through incurrence of accounts payable	$ 2,608	$ 962
Amortization of bond premiums and deferred loss on refundings	(522)	(577)
Amortization of regulatory asset (debt issuance costs)	173	210

See accompanying notes.

1. Organization

Platte River Power Authority (Platte River) was organized in accordance with Colorado law as a separate governmental entity by the four municipalities of Estes Park, Fort Collins, Longmont, and Loveland. Platte River contracted to supply the wholesale electric power and energy requirements of each of these municipalities (except for energy produced by each municipality's hydro facilities in service at September 1974). These contracts currently extend through December 31, 2050. Each of the four member municipalities has a residual interest in Platte River's assets and liabilities upon dissolution, which is proportional to the total revenue received from each municipality since Platte River was organized, less any contributions previously distributed. Based upon electric revenues billed from inception through December 31, 2015, these residual interests are approximately as follows:

	Residual Interest
City of Fort Collins	48%
City of Longmont	26%
City of Loveland	21%
Town of Estes Park	5%
	100%

Under Colorado law and the municipal contracts, Platte River's Board of Directors has the exclusive authority to establish the electric rates to be charged to the member municipalities. Platte River must follow specified statutory procedures, including public notice and holding a hearing to receive public comments, before adopting an annual budget and implementing any changes in the electric rates.

2. Operations

Rawhide Energy Station

The Rawhide Energy Station consists of Rawhide Unit 1, a 280-megawatt (net) coal-fired generating facility, a cooling pond, coal-handling facilities, related transmission facilities, and five simple-cycle gas-fired combustion turbines. Units A through D have a summer peaking capacity of 65 megawatts each and Unit F has a summer peaking capacity of 128 megawatts. The Rawhide Energy Station facilities are wholly owned and operated by Platte River.

Yampa Project

Platte River owns 18%, or 154 megawatts, of Craig Units 1 and 2 of the Yampa Project as a tenant-in-common with four other electric utilities. The current Yampa Project Participation Agreement took effect on April 15, 1992. The Yampa Project consists of 855 megawatts of coal-fired generation and associated transmission plant facilities located near the town of Craig in northwestern Colorado. Platte River's share of the plant investment is included in plant in service, net, in the accompanying statements of net position. Platte River's share of operating expenses of the Yampa Project is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position. Separate financial statements for the Yampa Project are not available. In addition, Platte River and all but one of the other Yampa Project participants own Trapper Mining, Inc., which owns and operates the adjacent coal mine that supplies the majority of Craig Units 1 and 2 fuel needs.

3. Summary of Significant Accounting

Reporting Entity

For financial reporting purposes, Platte River meets the criteria of an "other stand-alone government" and has no component units as defined in Governmental Accounting Standards Board (GASB) Statements No. 14 and 39, *The Financial Reporting Entity* and *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*. As a municipal utility and a separate governmental entity, Platte River is exempt from taxes on its property and income.

Basis of Accounting

Platte River accounts for its financial operations as a "proprietary fund" and the accompanying financial statements have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America. Platte River's accounts are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission.

continued >

3. Summary of Significant Accounting
(continued)

As a Board-regulated entity, Platte River is subject to the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Regulated Operations, paragraphs 476–500, which requires the effects of the rate-making process to be recorded in the financial statements. Accordingly, certain expenses and revenues normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in Platte River's wholesale rates. Platte River has recorded various regulatory assets and credits to reflect the rate-making process (Note 9).

Budgetary Process

A formal budgetary process is required by Colorado State Local Government Law and is utilized as a management control tool. A proposed annual budget must be submitted to Platte River's Board of Directors by October 15 of each year. Following public hearings, the budget is considered for adoption by the Board of Directors on or before December 31. Since Platte River operates as an enterprise, it is not subject to Colorado's Taxpayers' Bill of Rights (TABOR) provisions.
Use of Estimates

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by GASB requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Electric Utility Plant and Depreciation

Electric utility plant is stated at the historical cost of construction. Construction costs include labor, materials, contracted services, and the allocation of indirect charges for engineering, supervision, transportation, and administrative expenses. The cost of additions to utility plant and replacement property units is capitalized. Repairs, maintenance, and minor replacement costs are charged to expense when incurred. When construction is debt-financed, an allowance for borrowed funds used during construction is included in the project cost.

Depreciation is recorded using the straight-line method over the estimated useful lives of the various classes of plant in service, which range from five to fifty years. Depreciation expense was approximately 2.1% of depreciable property for the year 2015 and 2.2% for 2014. The original cost of property replaced or retired, and removal costs less salvage, are charged to accumulated depreciation.

continued >

3. Summary of Significant Accounting
(continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, Platte River considers all cash on deposit with financial institutions and highly liquid investments with an original maturity of less than three months, excluding special funds and investments, as cash and cash equivalents.

Closure and Postclosure Care Costs of Disposal Facility

Platte River accrues a liability of estimated future closure and postclosure care costs for its Rawhide Energy Station ash disposal facility. The liability is determined by multiplying the estimated closure and postclosure care costs in current dollars by the percentage of the disposal facility's total estimated capacity used through the end of the year.

Long-term Debt

The difference between the reacquisition price and the net carrying amount of refunded debt (deferred amount on refundings) in an advance refunding transaction is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the defeased debt or the life of the new debt. The deferred amount is reported as a deferred outflow of resources.

Energy Risk Management

Platte River has established a formal energy risk management program to manage its exposure to risks associated with wholesale energy and natural gas market price fluctuations. Under Board of Directors approved policies, Platte River may use various physical and financial instruments, such as physical forward contracts, futures, swaps, and option agreements. These transactions are hedges and any expense, gain or loss that is realized on these transactions is recorded as purchased power or fuel expense in the accompanying statements of revenues, expenses and changes in net position.

During 2015 and 2014, Platte River entered into natural gas swap contracts to fix prices for the purpose of hedging against natural gas price fluctuations. The contracts are based on the Colorado Interstate Gas Co. (CIG) index published in *Gas Daily*. There were no swap contracts outstanding at December 31, 2015. At December 31, 2014, Platte River had swap contracts for 20,000 mmBtu at an average fixed price of $3.38 per mmBtu, which expired in July and August 2015. These contracts had a negative fair value of $13,000 as of December 31, 2014, based on price estimates provided by Goldman Sachs & Company, Platte River's counterparty for the swap contracts. As a result of hedging contracts, there was an increase in fuel expense of $15,000 for the year ended December 31, 2015 and an increase of $1,000 for the year ended December 31, 2014. No cash was paid or received by Platte River when the contracts were initiated. Platte River is the fixed price payer. The natural gas swap contracts are considered normal purchase contracts because Platte River takes delivery of the natural gas. Thus, the contracts are not included in the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.*

continued >

3. Summary of Significant Accounting
(continued)

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and costs directly related to the generation, purchase, and transmission of electricity. Operating revenues are billed and recorded at the end of each month for all electricity delivered. Revenues and expenses related to financing, investing, and other activities are considered to be nonoperating.

Defined Benefit Pension Plan

The Platte River Power Authority Defined Benefit Plan (the Plan) is a single-employer defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

Deferred outflows consist of unamortized deferred losses on refunding of debt and pension-related deferrals.

Deferred Inflows of Resources

Deferred inflows consist of the estimated incremental expenses of scheduled major maintenance outages and pension-related deferrals.

Use of Restricted and Unrestricted Resources

The use of restricted and unrestricted resources will be based on the intended purposes as indicated in the bond resolutions.

Recent Accounting Pronouncements

In 2015, Platte River implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. In implementing GASB 68 and 71, Platte River recognized the effect of a change in accounting principle in the amount of $6,782,000 for the net pension liability and $3,905,000 to deferred outflows of resources for the 2014 pension contribution made subsequent to the measurement date for a net adjustment to net position of $2,877,000 as of January 1, 2015. There was no impact to deferred inflows of resources for prior years. Prior period financial statements were not restated due to the unavailability of information.

4. Electric Utility Plant

Electric utility plant asset activity for the year ended December 31, 2015, was as follows:

	Dec. 31 2014	Increases	Decreases	Dec. 31 2015
		(In thousands)		
Nondepreciable assets:	$ 14,515	$ –	$ –	$ 14,515
Land and land rights	19,603	33,219	(8,920)	43,902
Construction work in progress	34,118	33,219	(8,920)	58,417
Depreciable assets:	891,344	4,240	(2,273)	893,311
Production plant	343,649	3,019	(1,162)	345,506
Transmission plant	35,717	2,032	(579)	37,170
General plant	1,270,710	9,291	(4,014)	1,275,987
Less accumulated depreciation	(733,588)	(26,987)	624	(759,951)
Total electric utility plant	**$ 571,240**	**$ 15,523**	**$ (12,310)**	**$ 574,453**

Electric utility plant asset activity for the year ended December 31, 2014, was as follows:

	Dec. 31 2013	Increases	Decreases	Dec. 31 2014
		(In thousands)		
Nondepreciable assets:	$ 14,517	$ –	$ (2)	$ 14,515
Land and land rights	23,925	19,608	(23,930)	19,603
Construction work in progress	38,442	19,608	(23,932)	34,118
Depreciable assets:	882,033	13,676	(4,365)	891,344
Production plant	337,534	8,024	(1,909)	343,649
Transmission plant	34,596	2,971	(1,850)	35,717
General plant	1,254,163	24,671	(8,124)	1,270,710
Less accumulated depreciation	(709,721)	(28,374)	4,507	(733,588)
Total electric utility plant	**$ 582,884**	**$ 15,905**	**$ (27,549)**	**$ 571,240**

5. Cash and Investments

Investment of Platte River's funds is administered in accordance with Colorado law and Platte River's General Power Bond Resolution, Fiscal Resolution and Investment Policy. Accordingly, Platte River may only invest in obligations of the United States government and its agencies and other investments permitted under Colorado law. Platte River records its investments at their estimated fair market values. The unrealized holding gains and losses on these investments are included in net increase (decrease) in fair value of investments in the statements of revenues, expenses and changes in net position.

The fair value of investments is presented on the statements of net position as special funds and investments, cash and cash equivalents, and other temporary investments. Special funds and investments are either internally dedicated by Board Resolution (dedicated funds and investments) or restricted as to use by Platte River's General Power Bond Resolution (restricted funds and investments). The fair value of investments, exclusive of accrued interest of $140,000 and $121,000 as of December 31, 2015 and 2014, respectively, are shown in the following tables.

As of December 31, 2015, Platte River had the following cash and investments and related maturities:

		Investment Maturities *(In years)*				
Cash and Investment Type	**Fair Value**	**Less Than 1**	**1 - 2** (In thousands)	**2 - 3**	**3 - 4**	**4 - 5**
U.S. Treasuries	$ 48,955	$ 21,004	$ 23,936	$ 4,015	$ –	$ –
U.S. Agencies:						
FFCB	11,007	–	9,020	1,987	–	–
FHLB	15,012	3,864	5,096	6,052	–	–
FHLMC	11,098	11,098	–	–	–	–
FNMA	3,000	3,000	–	–	–	–
Total securities	89,072	38,966	38,052	12,054	–	–
Certificates of deposit	11,099	3,012	8,087	–	–	–
Cash and money market funds	10,493	10,493	–	–	–	–
Total cash and investments	**$ 110,664**	**$ 52,471**	**$ 46,139**	**$ 12,054**	**$ –**	**$ –**

continued >

5. Cash and Investments (continued)

Statement of net position presentation of cash, cash equivalents and investments is as follows as of December 31, 2015:

	Fair Value	Accrued Interest (In thousands)	Total
Restricted funds and investments	$ 22,190	$ 11	$ 22,201
Dedicated funds and investments	57,665	101	57,766
Cash and cash equivalents	10,126	–	10,126
Other temporary investments	20,683	28	20,711
Total cash and investments	**$ 110,664**	**$ 140**	**$ 110,804**

As of December 31, 2014, Platte River had the following cash and investments and related maturities:

		Investment Maturities *(In years)*				
Cash and Investment Type	**Fair Value**	**Less Than 1**	**1 - 2**	**2 - 3** (In thousands)	**3 - 4**	**4 - 5**
U.S. Treasuries	$ 43,855	$ 6,542	$ 21,030	$ 16,283	$ –	$ –
U.S. Agencies:						
FFCB	15,015	2,052	3,993	8,970	–	–
FHLB	2,662	–	1,997	665	–	–
FHLMC	8,564	1,001	6,563	1,000	–	–
FNMA	10,945	4,003	6,942	–	–	–
Total securities	81,041	13,598	40,525	26,918	–	–
Certificates of deposit	13,490	8,698	–	4,792	–	–
Cash and money market funds	44,905	44,905	–	–	–	–
Total cash and investments	**$ 139,436**	**$ 67,201**	**$ 40,525**	**$ 31,710**	**$ –**	**$ –**

continued >

5. Cash and Investments (continued)

Statement of net position presentation of cash, cash equivalents and investments is as follows as of December 31, 2014:

	Fair Value	Accrued Interest (In thousands)	Total
Restricted funds and investments	$ 25,419	$ 6	$ 25,425
Dedicated funds and investments	69,566	94	69,660
Cash and cash equivalents	24,234	–	24,234
Other temporary investments	20,217	21	20,238
Total cash and investments	**$ 139,436**	**$ 121**	**$ 139,557**

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, Platte River's investment policy and Colorado state statutes limit the investment portfolio to maturities of five years or less. Platte River uses a laddered approach to investing funds based on projected cash flows. The assumed maturity date for callable securities is based on market conditions as of December 31, 2015. If the price of the security is at or above its call price, the security is assumed to be redeemed on its next call date.

Credit Risk

Platte River's investment policy allows investments in local government investment pools and money market funds. As of December 31, 2015, Platte River maintained investments in funds managed by the local government investment pool Colorado Local Government Liquid Asset Trust (COLOTRUST), the Colorado Statewide Investment Program (CSIP), and the Wells Fargo Heritage Money Market Fund. All of these funds are rated AAAm by Standard and Poor's Ratings Services (S&P). Platte River's investments in Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA) were rated Aaa by Moody's Investors Service and AA+ by S&P.

Concentration of Credit Risk

Platte River's investment policy states that assets held in Platte River's funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of December 31, 2015, more than 5% of Platte River's investments were concentrated in FFCB, FHLB and FHLMC. These investments are 10%, 14% and 10%, respectively, of Platte River's total investments (including outside investment pools and certificates of deposit).

6. Noncurrent Liabilities

Noncurrent liability activity for the year ended December 31, 2015 was as follows:

	December 31 2014	Additions	Reductions (In thousands)	December 31 2015	Due within one year
Long-term debt, net	$ 223,552	$ –	$ (23,378)	$ 200,174	$ 16,615
Capitalized lease obligation	9,067	–	(2,775)	6,292	3,063
Net pension liability	–	6,693	–	6,693	–
Reclamation liability	4,250	3	–	4,253	–
Disposal facility closure costs	190	2	–	192	–
Compensated absences	3,997	802	(357)	4,442	305
Lease advances	906	–	(83)	823	83
Yampa employee obligation	353	7	–	360	–
Total noncurrent liabilities	**$ 242,315**	**$ 7,507**	**$ (26,593)**	**$ 223,229**	**$ 20,066**

Noncurrent liability activity for the year ended December 31, 2014 was as follows:

	December 31 2013	Additions	Reductions (In thousands)	December 31 2014	Due within one year
Long-term debt, net	$ 246,353	$ –	$ (22,801)	$ 223,552	$ 21,980
Capitalized lease obligation	11,708	–	(2,641)	9,067	2,775
Reclamation liability	4,087	163	–	4,250	–
Disposal facility closure costs	188	2	–	190	–
Wind turbine reimbursement	171	–	(171)	–	–
Compensated absences	3,790	492	(285)	3,997	241
Lease advances	990	–	(84)	906	83
Yampa employee obligation	334	19	–	353	–
Total noncurrent liabilities	**$ 267,621**	**$ 676**	**$ (25,982)**	**$ 242,315**	**$ 25,079**

7. Long-term Debt

Long-term debt outstanding as of December 31, 2015 and 2014 consists of the following:

	Interest Rate	December 31, 2015 (In thousands)	December 31, 2014
Power Revenue Bonds—			
Series GG:			
Serial Bonds—			
Maturing 6/1/2018	4.50%–5.00%	$ 41,560	$ 58,175
Series HH:			
Serial Bonds—			
Maturing 6/1/2029	3.00%–5.00%	113,725	113,825
Series II:			
Serial Bonds—			
Maturing 6/1/2037	4.00%–5.00%	37,430	42,695
		192,715	214,695
Unamortized bond premium		7,459	8,857
Total revenue bonds outstanding		200,174	223,552
Less: due within one year		(16,615)	(21,980)
Total long-term debt, net		**$ 183,559**	**$ 201,572**

Fixed rate bond premium costs are amortized over the terms of the related bond issues.

Interest expense for the years ended December 31, 2015 and 2014 is comprised of the following:

	2015 (In thousands)	2014
Interest	$ 9,787	$ 10,788
Amortization of bond related costs	(349)	(367)
Total interest expense	**$ 9,438**	**$ 10,421**

continued >

7. Long-term Debt (continued)

Bond service funding requirements projected for all bonds outstanding are shown in the table below:

Year ending December 31	Principle	Interest (In thousands)	Total
Deposits in 2015 for 2016 payment	$ 9,692	$ 779	$ 10,471
2016	20,660	8,900	29,560
2017	17,370	7,977	25,347
2018	10,429	7,172	17,601
2019	8,873	6,655	15,528
2020	9,307	6,218	15,525
2021–2025	53,883	23,743	77,626
2026–2030	46,548	9,460	56,008
2031–2035	11,520	3,068	14,588
2036–2037	4,433	288	4,721
	$ 192,715	**$ 74,260**	**$ 266,975**

In prior years, Platte River defeased certain revenue bonds by placing the proceeds of the refunding bonds and available cash in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in Platte River's financial statements. As of December 31, 2015, $16,975,000 of the defeased Series I Bonds remains outstanding.

Other Long-term Debt

On January 17, 2014, Platte River paid the City of Fort Collins the remaining principal and interest in the amount of $176,000 to terminate the note payable for the wind turbine reimbursement.

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7. Long-term Debt (continued)

Bond Service Coverage

Power revenue bonds are secured by a pledge of the revenues of Platte River after deducting operating expenses, as defined in the General Power Bond Resolution. The power revenue bonds issued by Platte River may be subject to early call provisions. Principal and interest payments are met from net revenues earned from wholesale electric rates charged to the municipalities and others, and from interest earnings.

Under the General Power Bond Resolution, Platte River is required to charge wholesale electric energy rates to the municipalities that are reasonably expected to yield net revenues for the forthcoming 12-month period that are at least equal to 1.10 times total power bond service requirements. Under the General Power Bond Resolution, Platte River has established a Rate Stabilization Reserve Account. Deposits to this account are a reduction to current net revenues for purposes of computing bond service coverage. Future withdrawals will increase net revenues for purposes of computing bond service coverage and could assist Platte River, at such time, in meeting its wholesale rate covenant. The balances in the Rate Stabilization Reserve Account at December 31, 2015 and 2014 were $20,216,000 and $20,236,000, respectively, excluding accrued interest. The Rate Stabilization Reserve Account is included in dedicated funds and investments in the statements of net position.

continued >

7. Long-term Debt (continued)

The following table is a calculation of the power revenue bond coverage ratios for the years ended December 31, 2015 and 2014:

	2015	2014
	(In thousands)	
Net revenues:		
Operating revenues	$ 199,433	$ 199,867
Operating expenses, excluding depreciation	157,754	146,611
Net operating revenues	41,679	53,256
Plus interest and other income[1]	1,672	2,013
Net revenues before rate stabilization	43,351	55,269
Rate stabilization:		
Deposits	–	–
Withdrawals	–	–
Total net revenues	**$ 43,351**	**$ 55,269**
Bond service:		
Power revenue bonds	$ 28,637	$ 32,385
Allowance for funds used during construction	–	(97)
Net revenue bond service	**$ 28,637**	**$ 32,288**
Coverage:		
Power revenue bonds	**1.51**	**1.71**

(1) Excludes unrealized holding gains and losses on investments.

continued >

7. Long-term Debt (continued)

Arbitrage Rebate

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. Interest income on bond proceeds that exceeds the cost of borrowing is payable to the federal government on every fifth anniversary of each bond issue. No arbitrage liability was outstanding as of December 31, 2015 and 2014.

Deferred Outflows of Resources Related to Debt

With the adoption of GASB 65, Platte River recognizes certain debt-related items as deferred outflows of resources. As of December 31, 2015 and 2014, deferred outflows related to debt consisted of the unamortized deferred loss on debt refundings of $1,033,000 and $1,908,000, respectively.

8. Capitalized Lease Obligation

Under an agreement with the Municipal Subdistrict of the Northern Colorado Water Conservancy District, Platte River is entitled to an allocation of one-third of the available water from the Windy Gap Project, a water diversion facility completed May 1, 1985. Under the agreement, Platte River is obligated to pay each year one-third of the debt service and approximately one-third of the actual operating and maintenance costs of the Windy Gap Project. These payments, which totaled $4,605,000 and $4,575,000 in 2015 and 2014, respectively, have been included in operations and maintenance expenses in the accompanying statements of revenues, expenses and changes in net position, as allowed under GASB 62, paragraphs 476–500. Platte River originally recorded $41,590,000 as a capitalized lease for its water allotment and has recorded $35,298,000 accumulated amortization as of December 31, 2015. The remaining liability of $6,292,000 represents Platte River's share of principal amounts of the Subdistrict's Series H and J Bonds outstanding as of December 31, 2015. These amounts will be amortized over the terms of the Subdistrict's Water Revenue Bonds, which mature in 2017.

The following is a schedule of the future minimum lease payments for the capital lease:

Year ending December 31	(In thousands)
2016	$ 3,394
2017	3,398
	6,792
Less: amount representing interest	(500)
Total lease payments	6,292
Less: due within one year	(3,063)
Future net payments	**$ 3,229**

9. Regulatory Assets and Deferred Inflows of Resources Related to Regulatory Credits

Regulatory Assets

Additional Pension Expense

Platte River funds its defined benefit pension plan (Note 11) based on cost estimates developed on an actuarial basis. In addition to the base contribution, Platte River has an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits. Effective January 1, 2010, the Board of Directors approved a policy under GASB 62, paragraphs 476–500, that provides for the expense recognition of any additional pension funding charge to be spread over a ten-year period. Each subsequent year's additional funding charge, if any, will be added to the regulatory prepaid asset and amortized over an additional ten-year period. There was no additional pension funding charge for 2015 and 2014. The regulatory prepaid asset for additional pension expense was $1,985,000 and $2,429,000 as of December 31, 2015 and 2014, respectively. The current portion of these amounts, $443,000 as of December 31, 2015 and 2014, is included as a component of prepayments and other assets in the statements of net position.

Debt Issuance Costs

Under GASB 65, debt issuance costs are required to be expensed in the period incurred rather than amortized over the life of the related debt. In order to provide recovery for debt issuance costs through rates, the Board of Directors approved the use of GASB 62, paragraphs 476–500, to recognize debt issuance costs as a regulatory asset and to amortize these costs over the life of the associated debt. Unamortized debt issuance costs were $895,000 and $1,069,000 as of December 31, 2015 and 2014, respectively.

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9. Regulatory Assets and Deferred Inflows of Resources Related to Regulatory Credits (continued)

Deferred Inflows of Resources Related to Regulatory Credits

Accrued Maintenance Outage Costs

As allowed under GASB 62, paragraphs 476–500, an accrual for a portion of the estimated incremental expenses of future scheduled major maintenance outages is recorded each year. Prior to the major maintenance outage at Rawhide Unit 1 in the fall of 2015, a portion of the estimated maintenance expenses was accrued. After the 2015 outage was completed, a portion of the estimated maintenance and replacement power costs for the next major maintenance outage, planned for the fall of 2018, was accrued. As of December 31, 2015, $295,000 was accrued as a deferred inflow of resources for the 2018 scheduled maintenance outage planned for Rawhide Unit 1. As of December 31, 2014, $8,780,000 was accrued for the fall 2015 scheduled outage.

Pension Contribution Expense Recognition

Effective for the year ending December 31, 2015, Platte River's Board of Directors approved recording pension contributions as pension expense under GASB 62, paragraphs 476–500, since the pension contribution amount is known at the time of budget preparation and rate setting. Any difference between pension contribution and pension expense, as calculated by the actuary under GASB 68, will be amortized over a ten-year period beginning the following year. The amortization amount will be included in pension expense along with the pension contribution for each year calculated. At December 31, 2015, a regulatory credit of $711,000 was recorded in deferred inflows of resources as a result of the difference between the 2015 contribution amount of $3,302,000 and pension expense of $2,591,000 as calculated under GASB 68.

10. Net Investment in Capital Assets

Net investment in capital assets is comprised of the following as of December 31, 2015 and 2014:w

	2015	2014
	(In thousands)	
Electric utility plant	$ 574,453	$ 571,240
Deferred loss on debt refundings	1,033	1,908
Long-term debt, net	(200,174)	(223,552)
Capitalized lease obligation	(6,292)	(9,067)
Accounts payable incurred for capital assets	(2,608)	(962)
	$ 366,412	**$ 339,567**

11. Defined Benefit Pension Plan

(As of and for the year ended December 31, 2015, accounted for and reported in accordance with GASB 68)

Plan Description

The Platte River Power Authority Defined Benefit Plan (the Plan) is a single-employer, defined benefit pension plan administered by Platte River. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan participants and beneficiaries. All regular Platte River employees hired prior to September 1, 2010 are covered by the Plan. The Plan is closed to new employees hired on or after that date. Benefit provisions of the Plan are determined and authorized by the Board of Directors of Platte River. Platte River issues a publicly available financial report for the Plan that can be obtained at www.prpa.org.

Benefits Provided

The Plan provides for 100% vesting after five years of service to all eligible employees. Retirement benefits are based upon years of service rendered and the final average compensation earned by the participant in accordance with the Plan's provisions. The Plan provides for normal retirement at age 65. Participants who are at least age 55 and have 10 years or more of credited service may choose early retirement with a reduced benefit. A special early retirement benefit is available at age 62, with unreduced benefits, if certain years of service and age requirements are met as defined by the Plan document.

continued >

11. Defined Benefit Pension Plan – GASB 68 (continued)

Benefits paid by the Plan are adjusted annually by the change in the consumer price index, subject to a maximum increase of 6% for employees who retired prior to December 6, 1991. Those employees who retired on or after December 6, 1991, receive two-thirds of the change in the consumer price index, up to a maximum of 4.0%.

At December 31, 2015, the participants in the Plan are:

	Number of Participants
Retirees and beneficiaries currently receiving benefits	128
Terminated vested employees not yet receiving benefits	53
Active plan participants	155
Total participants	**336**

Contributions

All contributions to the Plan are authorized by the Board of Directors and made by Platte River. The Plan's funding policy is intended to fund current service costs as they accrue, plus an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits. Platte River's contribution to the Plan for the year ended December 31, 2015 of $3,302,000 equaled the actuarially determined requirements.

Net Pension Liability

Platte River reported a net pension liability of $6,693,000 at December 31, 2015. The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	2014: 2.6%, 2015: 3.5%, 2016+: 4.5%
Investment rate of return	8.0%
Cost of living	2.0%

continued >

11. Defined Benefit Pension Plan – GASB 68 (continued)

Mortality rates were based on the RP-2000 mortality table for males and females without projection and without collar or amount adjustments.

The expected long-term rate of return of 8.0% is based upon historical results of the Plan's investments and is reviewed annually by the Retirement Committee with third-party consultants. The investments are actively managed by a third party to enhance the expected overall return of the portfolio by taking advantage of certain market timing and the overall market conditions.

The discount rate used to measure the total pension liability was 8.0%. To determine the projection of cash flows, the following assumptions were made: employer contributions are made throughout the year and, on average, at mid-year; benefit payments are assumed to be made uniformly throughout the year and, on average, at mid-year; annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on the date of decrement. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability for the year ended December 31, 2015, was as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b) (In thousands)	Net Pension Liability (a) – (b)
Balances at December 31, 2014	$ 93,937	$ 87,155	$ 6,782
Changes for the year:			
Service cost	1,885	–	1,885
Interest	7,343	–	7,343
Differences between expected and actual experience	(180)	–	(180)
Employer contributions	–	3,905	(3,905)
Net investment income	–	4,658	(4,658)
Benefit payments	(4,287)	(4,287)	–
Change of assumptions	(574)	–	(574)
Net changes	4,187	4,276	(89)
Balances at December 31, 2015	**$ 98,124**	**$ 91,431**	**$ 6,693**

continued >

11. Defined Benefit Pension Plan – GASB 68 (continued)

The change of assumptions was due to a revision of the salary increase assumptions from 4.5% to 3.0% due to employer experience.

The following presents the net pension liability (asset) of Platte River, calculated using the discount rate of 8.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	(In thousands)
1% Decrease (7.0%)	$ 15,650
Current discount rate (8.0%)	6,693
1% Increase (9.0%)	(1,099)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Board of Directors approved policies under GASB 62, paragraphs 476–500, that allows Platte River to recognize pension expense when recovered through rates rather than recording the amount calculated under GASB 68. For the year ended December 31, 2015, Platte River recognized pension expense of $3,745,000. Pension expense consists of the $3,302,000 employer contribution plus $443,000 amortization of the additional pension funding charge. Additional details about regulatory accounting for pension expense can be found in Note 9.

At December 31, 2015, Platte River reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In thousands)	
Differences between expected and actual experience	$ –	$ 146
Changes of assumptions	–	467
Net difference between projected and actual earnings on pension plan investments	1,839	–
Contributions subsequent to the measurement date	3,302	–
Total	**$ 5,141**	**$ 613**

continued >

11. Defined Benefit Pension Plan – GASB 68 (continued)

Contributions of $3,302,000 made subsequent to the measurement date and reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31	(In thousands)
2016	$ 319
2017	319
2018	319
2019	319
2020	(50)

12. Defined Benefit Pension Plan

(As of and for the year ended December 31, 2014, accounted for and reported in accordance with GASB 27)

Contributions and Net Pension Obligation

For the year ended December 31, 2014, as reported under GASB 27, the annual pension cost and required contribution by Platte River was $3,905,000, which equaled the actuarially determined requirements. There was no net pension obligation as of December 31, 2014.

The annual required contribution for the year ended December 31, 2014 was determined as part of the January 1, 2013, actuarial valuation using the frozen-initial-liability method. The actuarial assumptions included: (a) 8.0% investment rate of return, (b) 3.0% projected salary increase due to inflation, merit and seniority for the year 2013, reverting to 4.5% for years thereafter, and (c) 3.0% per year cost-of-living adjustment for participants in pay status prior to January 1, 1992, and 2.0% per year for all other participants. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period.

continued >

12. Defined Benefit Pension Plan – GASB 27 (continued)

Three-year trend information for Platte River's pension cost and contributions is as follows:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	(In thousands)		
2012	$ 3,561	100.0%	$ –
2013	4,544	100.0%	–
2014	3,905	100.0%	–

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The mortality table used in the actuarial calculations of the liability was the RP-2000 mortality table.

13. Defined Contribution Pension Plan

Effective September 1, 2010, the Board of Directors established the Platte River Power Authority Defined Contribution Plan (in accordance with the Internal Revenue Code Section 401(a)) for all regular employees hired on or after that date. As of December 31, 2015, there were 82 plan participants. The plan's assets are held in an external trust account. The General Manager of Platte River is the Plan Administrator and benefit provisions and contribution requirements are authorized and may be amended by the Board of Directors.

Platte River contributed the required contribution of 5% of earnings for plan participants with fewer than five years of service and 7% for those with five or more years of service. Platte River will also contribute to the 401(a) an amount equal to 50% of the participant's contributions to a separate 457(b) plan, taking into account only such participant contributions up to 6% of the participant's earnings. For the years ended December 31, 2015 and 2014, contributions to the 401(a) plan by Platte River, which were recognized as expenses, were $459,000 and $237,000, respectively. The employer contributions to the 401(a) plan vest 100% after three years. The plan's records are kept on the accrual basis.

14. Contribution of Fiber Optic Network to Municipalities

During 1998, Platte River constructed a fiber optic network between and around the four municipalities to which it provides electric service. The surplus capacity in the network built around the City of Longmont was contributed to the City of Longmont in 1998 and was recorded as a return of capital. Platte River retained ownership of the remaining fiber optic network, and in 1999, began leasing surplus portions of the dark fiber for the benefit of each of the remaining three municipalities to independent telecommunication service providers. The contribution of the fiber assets to the municipalities, $155,000 annually, is considered a return of capital on the original asset. As of December 31, 2015 and 2014, lease advances of $823,000 and $906,000, respectively, have been recorded as a liability in the statements of net position. The municipalities' portion of the lease payments received is flowed through to the municipalities, net of Platte River's costs.

15. Insurance Programs

Platte River has purchased insurance policies to cover the risk of loss related to various general liability and property loss exposures. The amount of insurance settlements has not exceeded insurance coverage in the past three years. Platte River also provides a self-insured medical and dental plan to its employees. Medical stop-loss insurance has been purchased, which covers losses in excess of $175,000 per person per incident. A liability was recorded for estimated medical and dental claims that have been incurred but not reported of $499,000 at December 31, 2015 and $505,000 at December 31, 2014. A third party administrator is used to account for the health insurance claims and provides the estimated medical claims liability based on prior claims payment experience. The medical claims liability is included as a component of accounts payable in the statements of net position.

Changes in the balance of the medical claims liability during 2015 and 2014 were as follows:

	2015	2014
	(In thousands)	
Medical claims liability, beginning of year	$ 505	$ 261
Current year claims and changes in estimates	2,934	3,098
Claim payments	(2,940)	(2,854)
Medical claims liability, end of year	**$ 499**	**$ 505**

16. Commitments

Platte River has two long-term purchase power contracts with the Western Area Power Administration. The contract with the Colorado River Storage Project continues through September 30, 2024. In March 2015, the Loveland Area Projects contract was extended through June 30, 2054. The federal hydroelectric power received in 2015 provided approximately 19% of the resources needed by Platte River to serve the loads of the four owner municipal systems. The contract rates and the amount of energy available are subject to change. During 2015, Platte River purchased $17,928,000 under these contracts.

Platte River and three of the other four participants in the Yampa Project own Trapper Mine, the primary source of coal for the Yampa Project. The original contract provided delivery of specified amounts of coal to each Yampa Participant through June 2014. In September 2009, the contract was extended through 2020. Supplemental coal will be supplied through the year 2017 under a contract with ColoWyo Coal Company. These contracts are subject to price escalation adjustments. During 2015, coal purchases totaled $13,096,000 from Trapper Mine and $5,046,000 from ColoWyo Coal Company.

The Rawhide Energy Station's coal purchase and transportation agreements are under multiple-year contracts. Base prices for these contracts are subject to future price adjustments. During 2015, Platte River paid $30,411,000 for coal delivered under these agreements.

Platte River has committed to purchase Renewable Energy Certificates (RECs) for the years 2016 through 2024 with future payments of $4,838,000. During 2015, Platte River purchased $471,000 under these REC agreements.

In addition, Platte River has entered into agreements to purchase renewable wind energy output of 12 megawatts from Silver Sage Windpower Project through 2027, 60 megawatts from Spring Canyon Expansion Wind Energy Center through 2039, and approximately 6 megawatts from Medicine Bow Wind Project through 2033. During 2015, Platte River purchased $8,210,000 under these renewable wind energy agreements.

Platte River and the other Yampa Project participants, in order to comply with recent environmental regulations, have agreed to upgrade the NOx emissions control equipment at Craig Units 1 and 2 beginning in 2012. Platte River's share of the capital costs of these upgrades, expected to be completed in 2017, is estimated to be approximately $32,659,000 of which $15,495,000 has been expended through December 31, 2015.

17. Risks and Contingencies

In the ordinary course of business, Platte River may be impacted by various legal matters and is subject to legislative, administrative, and regulatory requirements relative to environmental issues. Although the outcomes of such matters are not possible to predict, management is aware of no pending legal matters or environmental regulations for which the outcome is likely to have a material adverse effect upon Platte River's operations, financial position or changes in financial position in the near term.

Platte River obtains the majority of its power from coal generating facilities. Changes in environmental regulations could affect the cost of generation for these facilities or could require significant capital expenditures. The impacts of the recently issued Clean Power Plan are being analyzed by Platte River in order to prepare for potential CO2 related expenses. Such costs could materially affect the rates Platte River charges its customers.

18. Subsequent Event

The Platte River Power Authority Defined Benefit Plan was amended and restated effective January 1, 2016 to modify certain provisions and actuarial equivalence assumptions. For purposes of determining total pension liability at January 1, 2016, valuation assumptions were updated to be consistent with plan actuarial equivalence assumptions. Assumption changes include updating the mortality table from the current RP-2000 to the RP-2014 table combined with the modified MP-2014 projection scale, reduce the cost of living assumption from 2.0% to 1.5%, and reduce the Plan stated interest rate assumption from 8.0% to 7.5%. Other valuation assumptions were changed as well, including reducing the assumed rate of return on plan assets from 8.0% to 7.5% and reducing the salary increase assumption from 4.5% to 3.0%. The effect of the assumption changes on the total pension liability at January 1, 2016 is an increase of approximately $6,058,000.

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – GASB 68

Last Two Calendar Years

	2015	2014
	(In thousands)	
Total pension liability		
Service cost	$ 1,885	$ 1,949
Interest	7,343	7,005
Changes of benefit terms	–	(135)
Differences between expected and actual experience	(180)	86
Changes of assumptions	(574)	(726)
Benefit payments	(4,287)	(3,886)
Net change in total pension liability	4,187	4,293
Total pension liability—beginning	93,937	89,644
Total pension liability—ending (a)	$ 98,124	$ 93,937
Plan fiduciary net position		
Contributions – employer	$ 3,905	$ 4,544
Net investment income	4,658	12,011
Benefit payments	(4,287)	(3,886)
Net change in plan fiduciary position	4,276	12,669
Plan fiduciary net position—beginning	87,155	74,486
Plan fiduciary net position—ending (b)	$ 91,431	$ 87,155
Net pension liability—ending (a) – (b)	**$ 6,693**	**$ 6,782**
Plan fiduciary net position as a percentage of the total pension liability	93.18%	92.78%
Estimated covered employee payroll	$ 17,951	$ 18,614
Net pension liability as a percentage of estimated covered employee payroll	37.29%	36.43%

Note to Schedule

Historical information is not available for the years 2006 through 2013; additional years will be displayed as they become available.

Required Supplementary Information

Schedule of Employer Contributions – GASB 68

Last 10 Calendar Years

	2015	2014	2013 (In thousands)	2012	2011
Actuarially determined contribution	$ 3,302	$ 3,905	$ 4,544	$ 3,561	$ 4,390
Contribution in relation to the actuarially determined contribution	3,302	3,905	4,544	3,561	4,390
Contribution deficiency (excess)	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**
Estimated covered employee payroll	$ 17,305	$ 17,951	$ 18,614	$ 18,766	$ 18,728
Contributions as a percentage of estimated covered employee payroll	19.08%	21.75%	24.41%	18.98%	23.44%

	2010	2009	2008 (In thousands)	2007	2006
Actuarially determined contribution	$ 7,736	$ 2,867	$ 2,673	$ 2,737	$ 2,498
Contribution in relation to the actuarially determined contribution	7,736	2,866	2,673	2,737	2,498
Contribution deficiency (excess)	**$ –**	**$ 1**	**$ –**	**$ –**	**$ –**
Estimated covered employee payroll	$ 17,714	$ 18,521	$ 16,320	$ 15,290	$ 14,675
Contributions as a percentage of estimated covered employee payroll	43.67%	15.47%	16.38%	17.90%	17.02%

Notes to Schedule

Valuation date:
Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the calendar year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method .... Frozen initial liability, entry age normal
Amortization method .... 5-year, level dollar, open period
Asset valuation method .... 4-year smoothed market
Salary increases .... 3.2%, average
Cost of living adjustments .... For participants in pay status prior to 1/1/92 – 3.00%, for all other participants – 2.00%
Investment rate of return 8.0%

Required Supplementary Information

Schedule of Funding Progress – GASB 27

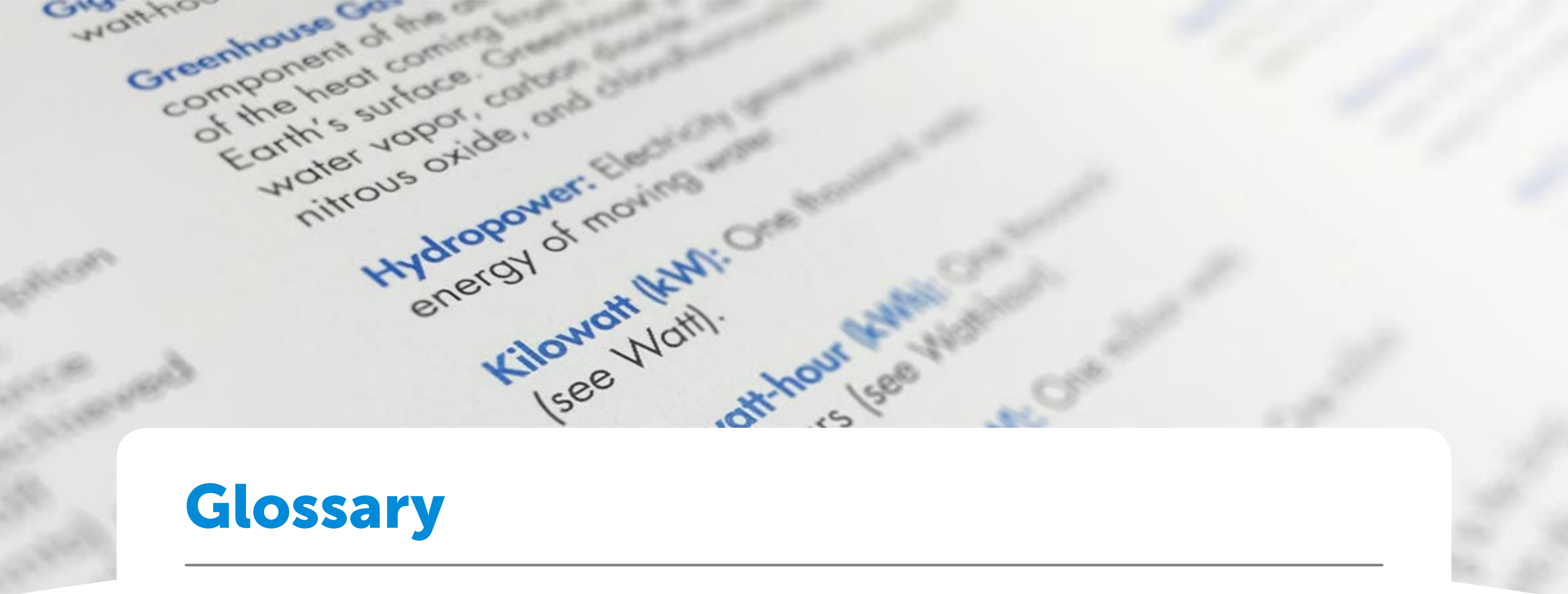
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a) (In thousands)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/12	$ 67,677	$ 67,677	$ –	100.0%	$ 18,766	–
1/1/13	74,215	74,215	–	100.0%	18,614	–
1/1/14	82,349	82,349	–	100.0%	17,951	–

Other Information

Budgetary Comparison Schedule
(Unaudited)

	Year Ended December 31, 2015 (In thousands)		
	Budget	Actual	Variance
Revenues			
Operating revenues:			
Municipal sales	$ 176,586	$ 175,998	$ (588)
Contract surplus sales	1,219	1,219	–
Short-term surplus sales	32,380	22,216	(10,164)
Total operating revenues	210,185	199,433	(10,752)
Nonoperating revenues:			
Interest income[1]	713	772	59
Other income	788	900	112
Total nonoperating revenues	1,501	1,672	171
Total revenues	**$ 211,686**	**$ 201,105**	**$ (10,581)**
Expenditures			
Operating expenses[2]:			
Purchased power	$ 33,305	$ 32,548	$ 757
Fuel expense	51,111	46,446	4,665
Production expenses	51,800	49,959	1,841
Transmission expenses	13,264	12,633	631
Administrative and general	16,280	15,723	557
Total operating expenses	165,760	157,309	8,451
Debt service expenditures[3]:			
Interest expense	9,787	9,787	–
Principal	18,850	18,850	–
Total debt service expenditures	28,637	28,637	–
Capital additions:			
Production	25,015	22,896	2,119
Transmission	9,027	7,519	1,508
General	3,759	2,715	1,044
Total capital additions	37,801	33,130	4,671
Total expenditures	**$ 232,198**	**$ 219,076**	**$ 13,122**
Revenues less expenditures	**$ (20,512)**	**$ (17,971)**	**$ 2,541**

(1) Interest income excludes unrealized investment holding gains and losses.
(2) Operating expenses do not include depreciation and other nonappropriated expenses.
(3) Debt service expenditures represent monthly principal and interest funding.



Glossary

Carbon Dioxide (CO2): A greenhouse gas that is a by-product of combustion *(see Greenhouse Gas)*.

Circuit: A pathway through which electricity moves.

Demand Response: Reduction in consumption of utility-provided electricity by end-use customers in response to system resource capacity needs. Reduction can be achieved through curtailment (e.g., turning off lights, raising temperature set points) or self-generation (e.g., turning on backup generators). End-users may receive payments for participating in demand response programs.

Distributed Generation: Generation of power using small-scale sources located close to where the electricity is used (e.g., rooftop solar, community garden solar, reciprocating internal combustion engines).

Electric System: Physically interconnected generating plants, transmission lines, and related equipment.

Gigawatt-hour (GWh): One billion watt-hours *(see Watt-hour)*.

Greenhouse Gas (GHG): A gaseous component of the atmosphere that traps some of the heat coming from the sun near the Earth's surface. Greenhouse gases include water vapor, carbon dioxide, methane, nitrous oxide, and chlorofluorocarbons.

Hydropower: Electricity generated using the energy of moving water.

Kilowatt (kW): One thousand watts *(see Watt)*.

Kilowatt-hour (kWh): One thousand watt-hours *(see Watt-hour)*.

Megawatt (MW): One million watts *(see Watt)*.

Megawatt-hour (MWh): One million watt-hours *(see Watt-hour)*.

Photovoltaic: Pertaining to the direct conversion of sunlight into electricity.

Photovoltaic System: A complete set of components for converting sunlight into electricity by the photovoltaic process *(see Photovoltaic)*.

Solar Energy: The radiant energy of the sun, which can be converted into other forms of energy, such as heat or electricity.

Voltage: The force that causes electricity to flow through a circuit *(see Circuit)*.

Watt: A unit of electric power.

Watt-hour: The amount of energy used in one hour by a device requiring one watt of electricity for operation *(see Watt)*.

Wind Energy: Kinetic energy present in wind motion that can be converted to mechanical energy for driving electric power generators.

Wind Turbine: Wind energy conversion device that produces electricity; typically three blades rotating about a horizontal axis and positioned up-wind of the supporting tower *(see Wind Energy)*.

At-A-Glance

Platte River Power Authority delivers safe, reliable, environmentally responsible, and competitively priced energy and services to its owner municipalities of Estes Park, Fort Collins, Longmont, and Loveland, Colorado for their utility customers.

Headquarters:
Fort Collins, Colorado

Begun Operations:
1973

Governance:
Platte River is governed by an eight-member board of directors comprised of each mayor or designee and a person appointed by each municipality's governing body.

The Organization:
Platte River is a political subdivision of the State of Colorado.

Employees (Dec. 31, 2015):
237

2015 Peak Municipal Demand:
639 MW

Historical Peak Municipal Demand:
653 MW on June 25, 2012

Summer Resource Capacity:
990 MW

Transmission System:
Equipment in 26 substations, 258 miles of wholly owned and operated high-voltage lines, 511 miles of high-voltage lines jointly owned with other utilities.