

2018 STRATEGIC PLAN

VALUES

Our values define who we are and how we conduct our business. Employees are essential to our success and their ability to demonstrate this set of foundational values is critical to the execution of our strategic initiatives. Continued communication of and commitment to these values is important as we navigate future challenges. Adherence to these values will enhance internal and external customer satisfaction, and will bolster the long-term viability of our organization and communities.

Safety

Working safely to protect the public, our employees, contractors and the assets we manage.

Integrity

Being ethical and holding ourselves accountable to conduct business in a fair, honest, transparent, compliant, and environmentally responsible manner.

Service

Providing quality service at a competitive price while being responsive to our owners' needs.

Respect

Encouraging constructive dialogue that promotes a culture of inclusiveness, recognizes our differences, and accepts differing viewpoints.

Operational Excellence

Engaging employees and contractors to strive for excellence and continuous improvement.

Sustainability

Maintaining financial integrity, minimizing our environmental impact, and supporting responsible economic development in our owner communities.

Innovation

Striving to provide creative, pioneering and best-in-class solutions with resourcefulness and non-traditional approaches.

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STRATEGIC INITIATIVES

Platte River develops strategic initiatives to support and align with our Mission and Vision. These strategic initiatives provide direction for the next three to five years in specific areas that are critical to our future success. They are intended to be clear and actionable, yet flexible enough to allow creativity in terms of tactics required to achieve them.

Customer Solutions / Products

Through this initiative, we will provide our owner municipalities and their customers with choices that enable them to achieve their energy goals in new ways. We recognize that our owner communities have varied motivations for exploring alternative energy solutions, and diverse expectations from Platte River. It is also clear that Platte River must seek collaborative, integrated solutions to deliver desirable outcomes for the owner communities and their customers. Examples of potential solutions include:

- Distributed energy resource strategies and systems integration (supporting energy efficiency and demand-side technology products and services)
- Customized resource portfolio options
- Consolidated value-added services
- Enhancements to electric rate design that increase transparency and support integrated solutions

Resource Diversification and Alignment

Decisions regarding future resource technologies and systems integration will be driven by regulatory compliance, diverse community needs and risk mitigation. In order to provide new solutions for our owner communities and their customers, and to continue cost effectively providing reliable electric supply, resource mix changes will be required over time. Key aspects of this initiative include:

- Strategies for exiting the Craig Station coal facilities
- Expanded wind and solar resources
- Collaboration and integration regarding community solar and distributed resource options

Organized Energy Market Participation

Organized energy markets in the mountain west region will be a key driver for the future of our industry. Opportunities include pooling of energy resources over a larger footprint, more efficient utilization of existing transmission systems, increased integration of renewable resources, improved transmission / interconnection planning and lower costs to our owners. Risks include exposure to additional congestion costs, higher market energy prices during unexpected resource outages and loss of local control over transmission infrastructure development. Key areas of focus include:

- Updated purchasing and selling strategies
- Enhanced analytics and staff skill development required for organized energy markets
- Risk identification and exposure mitigation

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Infrastructure Advancement

Platte River's generation and transmission assets continue to perform well, through investment in capital improvements and maintenance. Additional investments are needed, including:

- Physical and Cyber Security
- Communication infrastructure
- Water storage enhancements
- Headquarters campus

Community Outreach

A positive perception of Platte River and our value to the communities we serve is critical to our future. We must clearly and transparently tell our story through expanded communications, broader public outreach, enhanced co-branding with the municipalities and broader use of evolving social media and other technologies. Leveraging of resources can be achieved through expanded partnerships and collaborations as we align with and support identified priorities of our owner communities.

DRAFT



Platte River

Power Authority

Memorandum

Date: September 28, 2017
To: Board of Directors
From: Jason Frisbie, General Manager/CEO
Karin Hollohan, Chief Administrative Services Officer
Subject: **Five Year Staffing Plan**

In October 2015, the Board reviewed a five year staffing plan which included projections of our anticipated staffing needs for the next several years. That was the first formal staffing plan prepared by Platte River, and it has since been updated through numerous discussions at the senior leadership level. This memo revises those original estimates using current assumptions and future projections.

We also take time to review all vacancies as they occur to discuss whether the vacant position should be filled using the same job, whether the position can be used to better address a need elsewhere, or whether the position can be eliminated. Departments also restructure on occasion to better support current operational needs and requirements.

Forecast for Platte River's core business

We anticipate adding an average of one to three positions per year between 2018 and 2023. For 2018, the budget includes one position, a SCADA supervisor. This updated projection is consistent with the growth forecasts included in the Headquarters Campus building plan. Certain position needs identified in 2015 remain. Others previously identified have either been filled, or we have determined that anticipated needs can be met in some other manner. Future needs potentially include positions in:

- Accounting
- Rates development
- Communications
- Information technology
- Contracts and legal
- Fleet
- Compliance

Forecast for City requested services

Platte River currently provides ongoing services to our owner municipalities in areas such as substation maintenance and CIS database management. The costs of salaries and benefits for these positions are billed directly back to the requesting utility or allocated using a predetermined formula. In 2018, this includes two customer services positions requested by the municipalities to support the Efficiency Works program.

- Energy efficiency (5 positions)
- Engineering

Forecast for an expanded business model

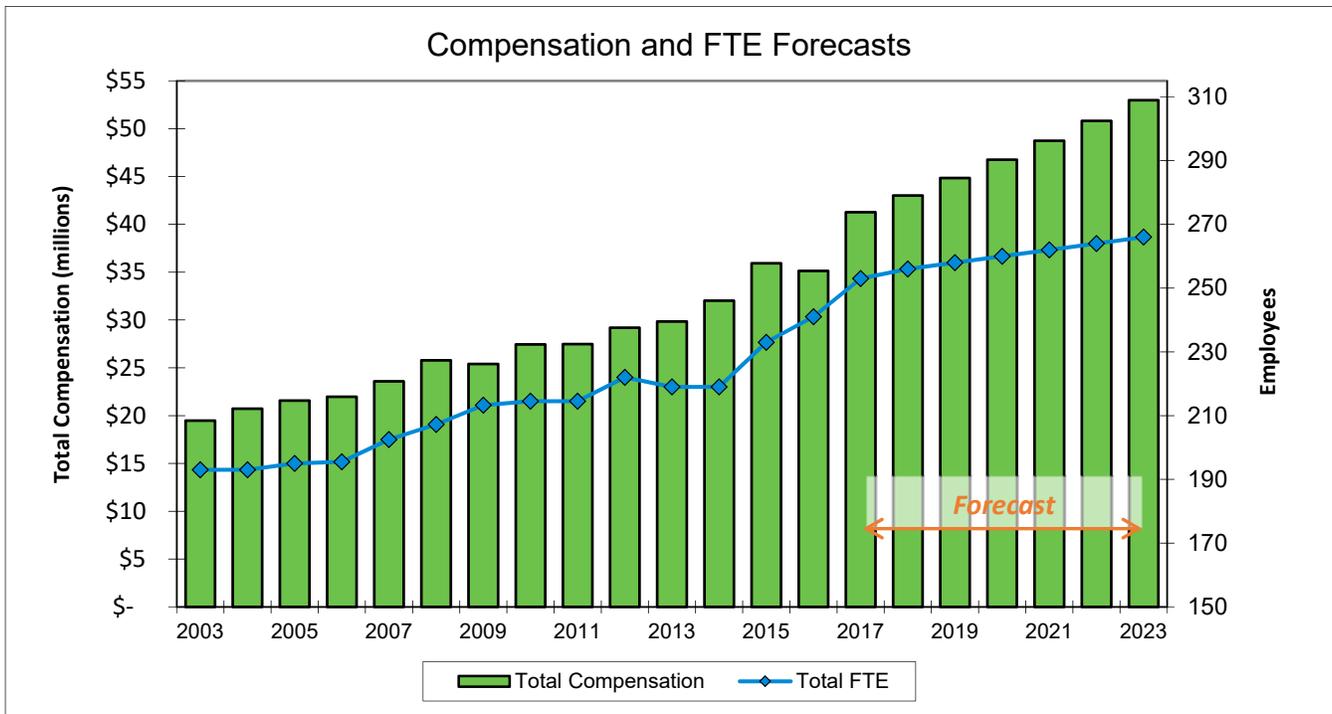
As the energy industry continues to evolve and Platte River’s role continues to expand beyond traditional core business functions, the need for ever increasing sophistication in technology and analytics will grow. Potential needs include the following:

- Organized market support (5-8 positions, potentially starting in 2019)
- Customized resource planning support
- Fiber and broadband services

Historical and Projected FTEs

Since 2003, the average increase to staff has been 3.71 FTEs annually. Current projections are slightly below historical staffing increases. Please see the chart below for further details about our FTE forecasted staffing trend through 2023, estimated at an average of 2 positions per year, and which does not include staffing associated with an expanded business model or municipality requests.

Accelerated staffing additions shown below from 2014 to 2017 were influenced by expansion of staff in key areas such as information technology, engineering, finance, physical security, customer services, and power marketing.



Assumptions

Our assumptions are based on both historical information and a careful analysis of future trends during the next few years. Unlike the 2015 staffing plan, we do anticipate a number of variables may impact these projections. We do expect to continue staffing provided for core business functions; meaning generation, transmission and business services provided to all four municipalities would be reasonably similar in nature to services provided today. Staffing levels are designed to support the execution of our



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strategic initiatives and continue to ensure complete, ever increasing regulatory compliance requirements. While the continuation or expansion of customer solutions and products is one of our key strategic initiatives, staffing for these programs is driven and funded by the municipalities, and therefore not included in these projections at this time.

However, we have seen greater than expected growth in demand side management and energy efficiency services; and we also expect significant staffing additions as a result of moving to an organized market. Finally, the municipalities continue to request an increased level of service and support in areas such as maintenance, construction, security and engineering.

Knowledge Transfer

In addition to our regular annual position review, we may accommodate a limited number of positions over and above the budgeted head count for the purpose of training new employees in advance of expected retirements. It is critical to plan for knowledge transfer and back up capability in certain technical positions so that continuity of operations is maintained. We have successfully used this strategy in key areas over the past two years. Over time, this temporary transition plan will not permanently increase headcount and is utilized and funded using vacancy savings from the labor budget.

Conclusion

Staffing needs are reviewed and updated on an annual basis. New position requests are carefully vetted by senior leadership prior to including in the budget. Any positions recommended for future budgets are expected to remain within the parameters as outlined in this memo. Options such as temporary staff, contracting for outside services, and other staffing alternatives are also considered whenever vacancies occur. Our commitment to assessing appropriate staffing levels for now and into the future will help ensure Platte River's execution of key strategies, goals and ongoing operations.