



Combustion Turbines at Rawhide Energy Station

Year-to-Date June 2018 Highlights

(Comparison to same period prior year)

Financial Summary

Platte River reported year-to-date operating income of \$13.2 million compared with \$6.1 million reported in 2017. Income before contributions was \$11.4 million, up from \$3.8 million reported in 2017, and debt service coverage was 2.30 times compared to 1.31 times in 2017.

Operating revenues increased \$4.9 million as a result of a \$4.3 million increase in sales to owner communities. In 2018, wholesale rates increased 2 percent, energy delivered and billing demand increased 2.1 percent and 4.3 percent, respectively. The sales for resale increased by \$0.4 million due to an increase in volume and price. Wheeling also increased by \$0.2 million as a result of a rate increase in the transmission tariff and higher-than-anticipated customer loads.

Operating expenses were lower by \$2.2 million. Depreciation and amortization expenses were \$2.4 million less than 2017 due to the original Rawhide Energy Station plant assets becoming fully depreciated and amortizing a portion of the gain on the sale of Windy Gap water units. Production and transmission expenses were also \$2.2 million less than 2017. The decrease was due to no scheduled maintenance outages in the first six months of 2018 compared to the Craig Unit 2 and Rawhide Unit 1 scheduled outages in 2017, partially offset by higher personnel expenses in 2018. Above-budget administrative and general (A&G) expenses of \$2.1 million partially offset the below-budget expenses. A&G expenses were higher than 2017 by \$2.1 million mainly due to personnel expenses, demand side management expenses, contracted services and information technology investments.

Sales Statistics

	6 Months Ended			12 Months Ended		
	June 30			June 30		
	2018	2017	Change	2018	2017	Change
Municipal Peak Demand (kW)*	663,654	637,065	4.2%	663,654	657,767	0.9%
Municipal Energy Sales (MWh)*	1,569,595	1,537,585	2.1%	3,213,733	3,192,414	0.7%
Other Energy Sales (MWh)	422,838	405,006	4.4%	892,237	794,497	12.3%

*Demand and energy provided under community solar agreements are not included.

Resources

Rawhide Unit 1 reported a net plant capacity factor of 86.7 percent, up from 86.3 percent reported in 2017. The lower capacity factor in 2017 was due to the scheduled minor outage of Rawhide Unit 1. Craig Units 1 and 2 reported a combined plant capacity factor of 53.7 percent, down from 54.4 percent reported in 2017. Generation was impacted by surplus sales market conditions and joint dispatch agreement (JDA) purchases.

Platte River's combustion turbines were utilized to serve load, complete unit testing and make surplus sales. Wind generation decreased as a result of lower wind conditions. Rawhide Flats Solar generation increased as a result of implementing control system improvements mid-year 2017. JDA purchases increased as a result of favorable pricing, offsetting the decrease in other purchases.

MWh	6 Months Ended June 30			MWh	6 Months Ended June 30		
	2018	2017	Change		2018	2017	Change
Rawhide Unit 1	1,054,014	1,049,973	0.4%	Wind	150,100	153,024	-1.9%
Craig Units 1 and 2	359,022	364,114	-1.4%	Rawhide Flats Solar	33,041	30,832	7.2%
Combustion	11,054	7,254	52.4%	JDA Purchases	90,957	16,163	462.7%
Hydropower	304,739	318,650	-4.4%	Other Purchases	32,760	44,007	-25.6%

CONDENSED STATEMENTS OF NET POSITION*Unaudited*

	(In Thousands)	
	June 30	
	2018	2017
ASSETS		
Electric utility plant, net	\$ 551,758	\$ 572,094
Special funds and investments	110,840	102,189
Current assets	118,340	90,609
Non-current assets	13,344	13,797
Total assets	<u>794,282</u>	<u>778,689</u>
DEFERRED OUTFLOWS OF RESOURCES	18,579	23,726
LIABILITIES		
Non-current liabilities	226,101	246,194
Current liabilities	27,838	26,994
Total liabilities	<u>253,939</u>	<u>273,188</u>
DEFERRED INFLOWS OF RESOURCES	<u>17,203</u>	9,152
NET POSITION	<u>\$ 541,719</u>	<u>\$ 520,075</u>

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION*Unaudited*

	(In Thousands)			
	6 Months Ended June 30		12 Months Ended June 30	
	2018	2017	2018	2017
OPERATING REVENUES:				
Sales to owner communities	\$ 94,239	\$ 89,895	\$ 193,924	\$ 187,453
Sales for resale	8,876	8,473	19,376	17,324
Wheeling	2,504	2,321	4,928	4,541
Total operating revenues	<u>105,619</u>	<u>100,689</u>	<u>218,228</u>	<u>209,318</u>
OPERATING EXPENSES:				
Operations and maintenance	81,647	81,436	168,724	159,960
Depreciation	10,723	13,167	23,569	26,820
Total operating expenses	<u>92,370</u>	<u>94,603</u>	<u>192,293</u>	<u>186,780</u>
OPERATING INCOME	<u>13,249</u>	<u>6,086</u>	<u>25,935</u>	<u>22,538</u>
NONOPERATING REVENUES AND EXPENSES:				
Interest and other income	1,547	1,062	2,857	2,081
Interest expense, net	(3,092)	(3,425)	(6,223)	(6,694)
Net (decrease) increase in fair value of investments	(277)	52	(788)	(423)
Total nonoperating revenues and expenses	<u>(1,822)</u>	<u>(2,311)</u>	<u>(4,154)</u>	<u>(5,036)</u>
INCOME BEFORE CONTRIBUTIONS	<u>11,427</u>	<u>3,775</u>	<u>21,781</u>	<u>17,502</u>
Contribution of assets to municipalities	<u>(137)</u>	<u>(173)</u>	<u>(137)</u>	<u>(173)</u>
CHANGE IN NET POSITION	<u>\$ 11,290</u>	<u>\$ 3,602</u>	<u>\$ 21,644</u>	<u>\$ 17,329</u>