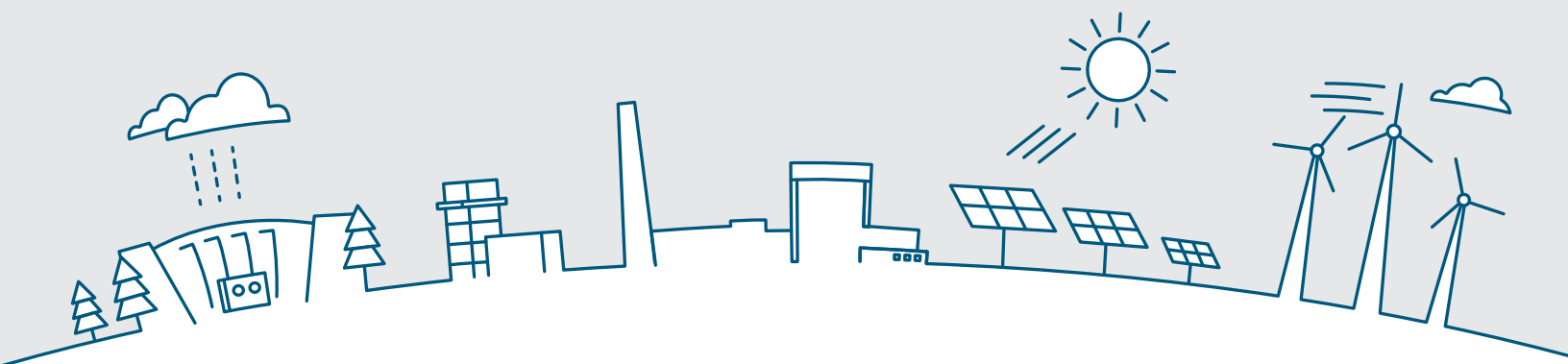


# 2018 Strategic Plan



**Platte River**  
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

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# Message from **chairman** and **general manager**



The utility industry has been operating under the “business as usual” strategy for nearly 100 years. Today, the pace of change within the utility industry has accelerated dramatically and continues to gain momentum. What hasn’t changed and won’t change is Platte River’s commitment to providing reliable service, maintaining financial sustainability and being good stewards of the environment. These three pillars are the foundation of Platte River.

As a leader in the utility industry in Colorado for many years, Platte River continues to move forward to meet the increasingly diverse needs and wants of our owner communities. While being the first to bring wind power to our customers and now delivering more than 30 percent of our

energy from non-carbon sources and consistently providing reliable electric service at the lowest wholesale rates in Colorado, we know people in our communities want choices.

To further demonstrate our commitment to provide non-carbon resource options to our owner communities as well as reduce our carbon footprint, the board of directors directed staff to draft a resource diversification policy. The policy’s intent is to provide documented guidance concerning long-term resource planning and development.

“

As a leader in the utility industry in Colorado for many years, Platte River continues to move forward to meet the increasingly diverse needs and wants of our owner communities.

”

In the following pages of this strategic plan, you will learn how we plan to remain adaptable and continue to improve. We will:

- Further diversify our generating portfolio and join an expansive energy market to maximize customer choices and value;
- Collaborate closely with our owner communities to enhance energy offerings and help customers understand and use energy more wisely;
- Invest heavily in our key infrastructure to enhance water supplies, improve electronic and physical security, improve digital communication capabilities to our cities and begin building a modern headquarters facility.

Notwithstanding Platte River’s continued evolution within the utility industry, our electricity will continue to be the reliable, increasingly more diversified and a good value for which Platte River is known. We hope you gain a better understanding of Platte River’s strategic plan by reading this document and invite you to become engaged in our business.

Jason Frisbie

General Manager/CEO

Tom Roiniotis

Board Chairman

# Platte River at a glance

Platte River Power Authority is a not-for-profit wholesale electricity generation and transmission provider that delivers safe, reliable, environmentally responsible and competitively-priced energy and services to its owner communities of Estes Park, Fort Collins, Longmont and Loveland, Colorado, for delivery to their utility customers.

**Headquarters:**  
Fort Collins, Colorado

**Began operations:**  
1973

**General manager/CEO:**  
Jason Frisbie

**The organization:**  
Platte River is a not-for-profit political subdivision of the State of Colorado

**Employees (Dec. 31, 2017):**  
251

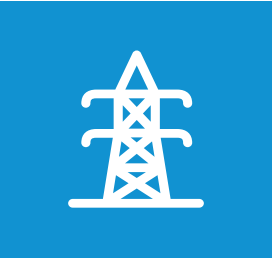
**Governance:**  
Platte River is governed by an eight-person board of directors designed to bring relevant expertise to the decision-making process. The board includes two members from each owner community.  
  
The mayor may serve or designate some other member of the governing board of his/her owner community to serve in his/her place on Platte River's Board of Directors. Each of the other four directors is appointed to a four-year staggered term by the governing body of the owner community being represented by that director.

**Peak municipal demand (July 10, 2018):**  
690 MW

**Projected deliveries of energy (2018):**  
4,176,000 MWh

**Projected deliveries of energy to communities (2018):**  
3,254,000 MWh

**Transmission system:**  
Platte River has equipment in 27 substations, 263 miles of wholly owned and operated high-voltage lines, and 522 miles of high-voltage lines jointly owned with other utilities.

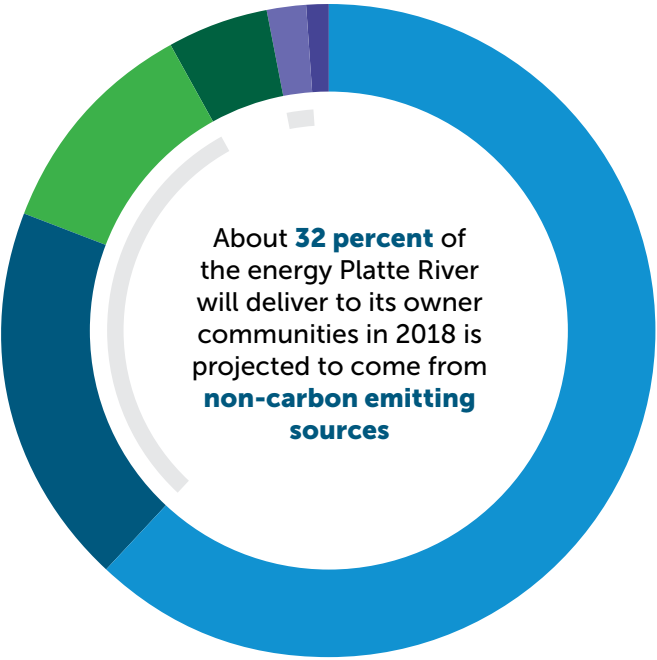


# Capacity and energy

## Net resource capacity

Rawhide Unit 1 (coal)	280 MW
Rawhide Units A, B, C, D, F (natural gas)	388 MW
Craig Units 1 & 2 (coal)	154 MW
Federal hydropower	90 MW
Wind power	78 MW*
Rawhide Flats Solar	30 MW*
Total summer effective capacity	931 MW

\*For capacity calculations, wind facilities are assigned firm capacity of 12.5% of their nameplate capacity and solar facilities are assigned 30% of their nameplate capacity.



## Projected deliveries of energy in 2018 (communities)

- Coal **62%**
- Hydropower **19%**
- Wind **11%**
- Purchases **5%**
- Solar **2%**
- Natural Gas **1%**

# Mission, vision and values

## Mission

Provide safe, reliable, environmentally responsible and competitively-priced energy and services to its owner communities of Estes Park, Fort Collins, Longmont and Loveland, Colorado, for their utility customers.

## Vision

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



## Values

The listed values tangibly define our daily commitment to following the mission and vision of Platte River, which will strengthen our organization and improve the quality of life in the communities we serve.



### Innovation

Striving to be creative, pioneering and the best in class at solving tough challenges with resourcefulness



### Sustainability

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



### Safety

Working safely to protect the public, our employees 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



### Operational excellence

Engaging employees to strive for excellence and continuous improvement



### Respect

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



# Board of directors

- Reuben Bergsten**  
Vice Chairman/  
Director of Utilities  
Town of Estes Park
- Todd Jirsa**  
Mayor  
Town of Estes Park
- Joseph Bernosky**  
Director of Loveland  
Water and Power
- Wade Troxell**  
Mayor  
City of Fort Collins



- Gerry Horak**  
Mayor Pro Tem  
City of Fort Collins
- Jacki Marsh**  
Mayor  
City of Loveland
- Tom Roiniotis**  
Chairman of the Board/  
General Manager, Longmont  
Power & Communications
- Brian Bagley**  
Mayor  
City of Longmont

Platte River is governed by an eight-person board of directors designed to bring relevant expertise to the decision making process. The board includes two members from each owner community.

The mayor may serve or designate some other member of the governing board of his/her owner community to serve in his/her place on Platte River’s Board of Directors. Each of the other four directors is appointed to a four-year staggered term by the governing body of the owner community being represented by that director.

# Senior management team

- Joseph Wilson**  
General Counsel
- Jason Frisbie**  
General Manager/  
Chief Executive Officer
- Andy Butcher**  
Chief Operating Officer



- Angela Walsh**  
Executive Assistant to  
the General Manager/  
CEO
- Karin Hollohan**  
Chief Administrative  
Services Officer
- David Smalley**  
Deputy General  
Manager/Chief  
Financial Officer
- Alyssa Clemensen  
Roberts**  
Chief Strategy Officer

Platte River operates under the direction of a general manager who serves at the pleasure of the board of directors. The general manager is the chief executive officer with full responsibility for planning, operations and the administrative affairs of Platte River.



# Executive summary

Foundational planning more than 40 years ago largely established the governance structure for Platte River and the organization has engaged in strategy-level planning ever since. Strategic plans have bolstered financial sustainability, addressed regulatory considerations, expanded resources, mitigated risks and addressed changing business conditions over time. Like those of the past, this strategic plan provides high-level direction for implementing Platte River's mission and vision by focusing on business priorities over the next three to five years. It identifies key initiatives and guides decision-making that aligns resources to achieve objectives that support those priorities. Finally, the plan serves as a critical tool for communicating future strategies with both internal and external audiences.

Platte River's strategic initiatives are intended to be clear, actionable and adaptable and to creatively foster strategies and tactics\* that will achieve desired results. Platte River's board of directors and senior managers collaborated to develop these initiatives, considering an assessment of the organization's strengths, weaknesses and opportunities.

Leadership's analysis revealed how Platte River faces the future from a position of strength in terms of its financial position, operational expertise, generation and transmission assets, competitive rates and industry reputation. This strength affords Platte River the ability to take advantage of greater, long-term opportunities on behalf of its owner communities, including expanded resource diversification, more robust community involvement and asset optimization. To pursue these opportunities, Platte River will continue to leverage our strengths to better serve our owner communities through **the following strategic initiatives:**

- 1 Enhanced customer experience
- 2 Collaborative communications and community outreach
- 3 Resource diversification and alignment
- 4 Infrastructure advancement and technology utilization

Each of these initiatives are aligned with key, long-term strategic objectives of Platte River's leadership and are also aligned with our mission and vision.

\* More specific information about the strategies, tactics and activities related to implementing these initiatives will be developed over time, communicated through key business documents, including the strategic financial plan and annual budget, integrated resource plan and annual report.

# 1 Enhanced customer experience

As industry leaders, Platte River commits to providing our owner communities and their customers with solutions and programs to achieve their varied energy goals. An integrated and collaborative approach will be used to balance the objectives and interests of Platte River as well as our owner communities and their retail customers.

Platte River has committed to a comprehensive review of our current ratemaking practices to address existing and anticipated changes occurring in the utility industry and meet the needs of our owner communities.

## These industry changes are impacting Platte River in the following areas:

- Generation economics driven by environmental regulation, evolving wholesale power markets, social concerns and technology improvements
- Retail end use of power given technological improvements associated with energy efficiency and distributed generation
- Improved metering capabilities to allow more sophisticated wholesale rates that may be passed on to retail customers via owner communities
- Provide a voluntary green tariff for customers seeking more renewable energy
- Provide transparent pricing that allow customers to not only understand energy costs but also respond to signals that benefit the customer, owner community utility and Platte River



Additionally, even more attention will be given to programs and services that improve energy efficiency and encourage effective use of distributed energy resources. **Examples of programs and services include:**

### Efficiency Works

Platte River was formed with the idea that the four owner communities could reduce their cost of electric generation and transmission through economies of scale by joining forces and pooling resources. Platte River will continue to work with our owner communities through Efficiency Works to deliver efficiency programs that save.



### Distributed energy resources (DER)

As technology continues to improve and costs decline, Platte River will work with the owner communities to evaluate DER cost effectiveness and to develop programs and services that support adoption of technologies that can provide net benefits to Platte River, our owner communities and their customers.



### Electric vehicles (EV)

Electric vehicle technology continues to improve, lowering transportation costs while reducing greenhouse gas emissions. As a result, EV adoption rates could rise significantly in coming years and strongly influence energy demand throughout the region, not only in the aggregate but also at nontraditional times of the day. To prepare, Platte River will continue to work with the owner communities to measure the adoption rate of EVs within our owner communities. At the same time, Platte River will conduct market research to measure energy consumption (charging loads), charging days and the times of the day that charging typically takes place. Resulting data will then be used to develop broad, long-term plans to manage electrical system demand while minimizing system cost.



## 2 Communications and community outreach

Internal and external communications at Platte River are integral to the organization's overall success. Strategies and goals must be shared to successfully align staff with desired outcomes. At Platte River, clear communications should result in employees knowing how their work contributes to achieving our goals while keeping people informed, motivated and engaged. External communications must also be clear and concise and provide a transparent view into Platte River's business.

Platte River, like many wholesale providers, has historically relied on their distributors to communicate with the public. Today, the rise in attention to broader environmental issues has sparked increased public and stakeholder interest in Platte River's ongoing operations and strategic plans. Technologies and practices have similarly evolved helping Platte River not only meet the public's need for more information but also measure the relative effectiveness of communications efforts.



An accurate perception of Platte River will become critical to the effective and successful pursuit of strategic initiatives. Therefore, Platte River must clearly and transparently tell its story through expanded communications and broader participation with community outreach opportunities. Platte River can achieve its outreach objectives by strategically leveraging technologies and by expanding partnerships and collaborations within the communities it serves. With the effective use of resources, Platte River will:

- Participate more consistently with stakeholder groups and civic organizations to establish and build enduring relationships within the community
- Proactively engage with regional news media to transparently share its strategic initiatives and respond effectively to all media inquiries
- Use advanced technologies and communication techniques, such as microsites, to more effectively and efficiently communicate directly with internal and external stakeholders
- Employ strategic use of social media to further engage and educate the public about programs, services and energy use



The organization has evolved and grown significantly in the last several years and will continue to evolve and grow, making communications even more important. Technology can and should be used to help make both internal and external communications quick, consistent and easy to consume.

To be successful, Platte River must consistently and accurately convey its messages under a coherent strategy that links cost-effective communications tools/tactics with Platte River's key audiences. A strategic communications plan that details the use of tools and metrics will be developed and implemented in 2018.

This plan will align with and support the short- and long-term objectives of the organization and our leadership.

Community engagement and effective communications will better position Platte River to be viewed as a trusted energy partner. As owners, citizens should understand how they are benefitting from their locally owned and controlled utility.





## Resource diversification and alignment

### Resource planning

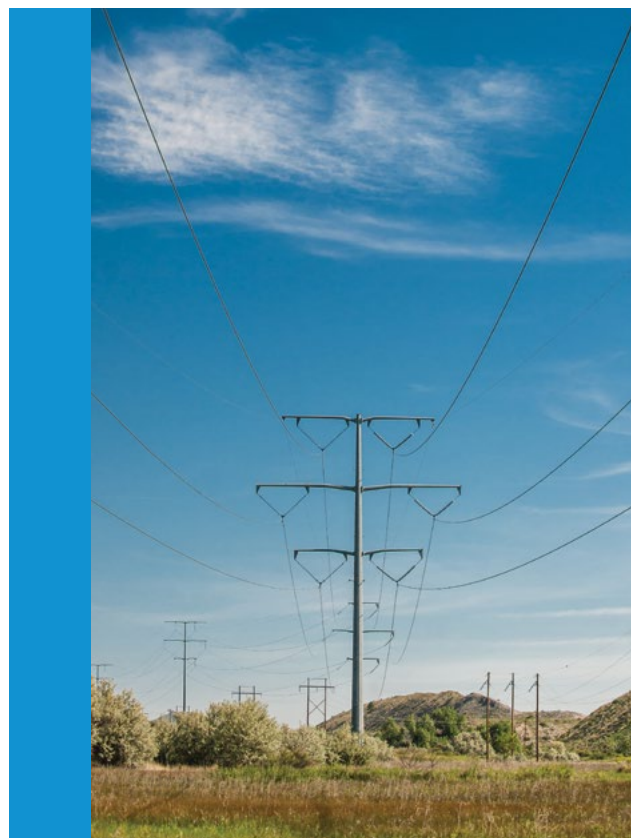
Like many utilities, Platte River and our owner communities are driven by customer desire to make energy choices and reduce environmental impacts. The industry continues its rapid transformation from a business model dominated by central station thermal generation to a future led by renewable power, distributed technologies and energy storage. We have recognized this evolution and are moving to meet customer desires.

In 2016, Platte River completed and delivered a customized resource plan (CRP) containing nine plans with varying resource options to our four owner communities. Following the completion of the CRP, the board of directors requested a zero-net carbon (ZNC) system level study to determine the least cost portfolio to obtain carbon neutrality by 2030. In 2017, Platte River delivered the ZNC study to the board and the public with positive results.

At the completion of the ZNC study and outreach efforts, Platte River recognized the 2016 Integrated Resource Plan (IRP) needed to be updated prior to its required date to more accurately depict the future of our energy resource mix and our potential entry into an energy market, and because of the significant movement we have made to diversify the Platte River generating portfolio beyond that which was prescribed in the previous IRP.

The IRP will be driven by Platte River's foundational pillars of system reliability, environmental responsibility and financial sustainability. In addition, a resource diversification policy, as directed by the board of directors, will provide documented guidance in resource planning. **Platte River will focus on building a long-term diversified portfolio by:**

- Formalizing long-term goals for carbon reduction that meet the mutual needs of our community owners
- Adding cost-advantageous renewable power
- Conducting a battery storage pilot program
- Accelerating distributed resource options
- Identifying market options to reduce long-term reliance on coal resources



### Renewable generation

In late 2016, Platte River commissioned the Rawhide Flats Solar installation. The project added 30 MW of solar generating capacity to our resource mix. Early the following year, Platte River requested proposals for additional wind power and, in 2018, announced the purchase of 150 MW of wind to be added by 2020, nearly tripling our amount of wind energy. Platte River currently plans another 20 MW of solar power, with the potential for battery storage included.

Platte River will continue to explore more solar and wind energy as part of our long-term, low emissions power portfolio. In addition, Platte River will continue to look forward concerning energy storage and distributed power sources because we believe this technology will continue progressing and will likely become key to a long-term, low emissions future.



### Energy market

Platte River's participation in a bilateral market has served our needs very well over the past several years. Our future participation in a broader, organized energy market like the Southwest Power Pool (SPP) or the California Energy Imbalance Market (IM) would enable access to energy resources across a larger footprint, more efficient use of existing transmission systems, increased integration of renewable resources and improved transmission planning. This will likely result in lower

overall costs to Platte River's owner communities. Following several years of research and negotiation to develop a solution to mitigate cost impacts among the transmission owners in the region, Platte River, along with other regional utilities, will continue to pursue membership in a broader, more liquid energy market. Membership in an organized energy market will help achieve our energy goals and we will continue to play a leadership role in the development of the effort.



## 4 Infrastructure advancement and technology development

Platte River's generation, transmission and support assets continue to perform extremely well, largely due to effective management that includes prudent, timely investment and proactive maintenance. Platte River will continue to invest in infrastructure and technology to provide secure, safe and reliable service to our owner communities.

**Future investments will be focused on:**



**Transmission substation security**



**Interactive energy management tools**



**Fiber optic strategic initiatives**



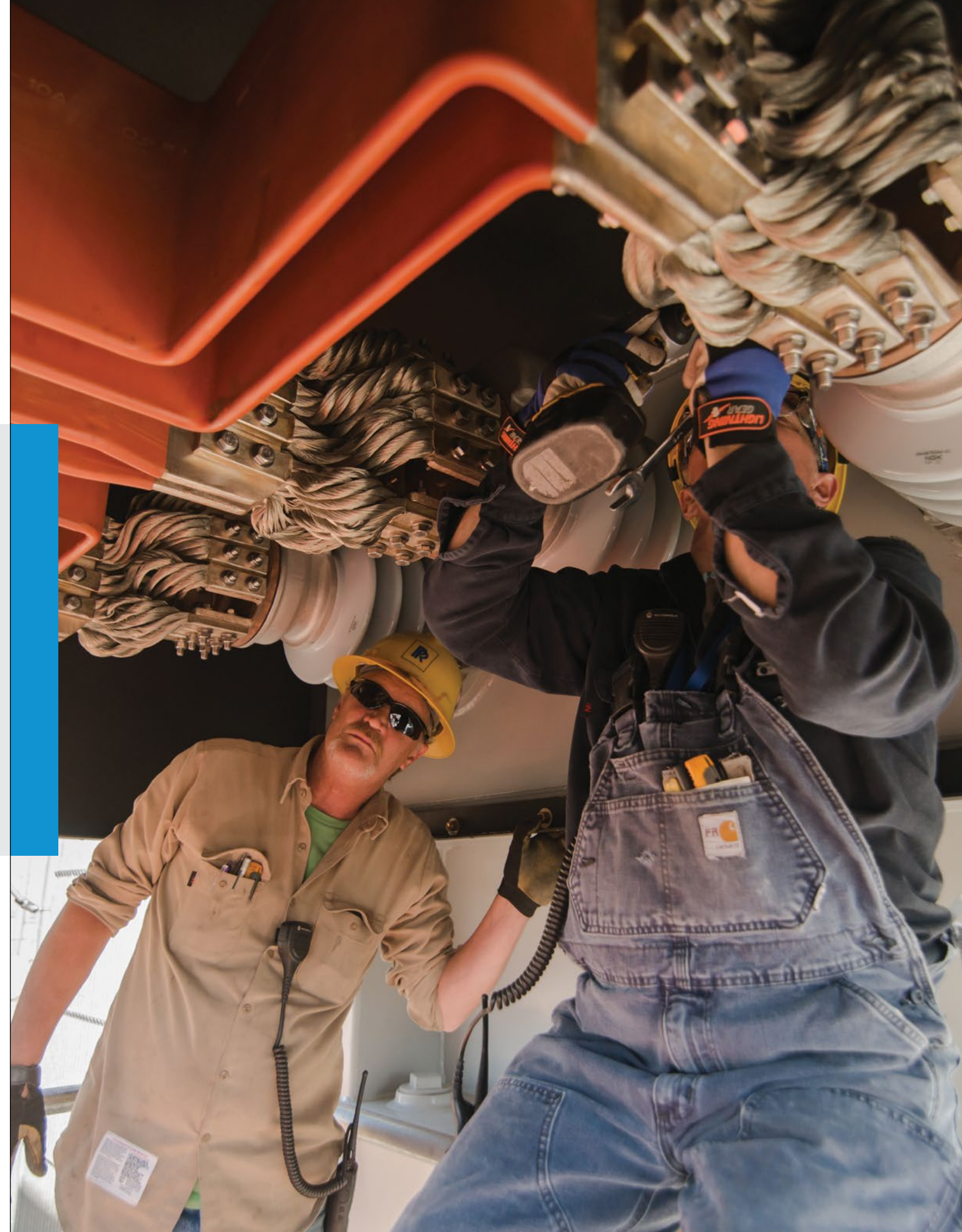
**Cybersecurity**



**Water resources**



**Headquarters campus project**





## **Transmission substation security**

Platte River has identified and rated the reliability of the physical security at its substations under standards established by the North American Electrical Reliability Corporation (NERC), based on directives by the Federal Energy Regulatory Commission (FERC). Adherence to these standards help protect equipment from damage that can impact service quality and reliability. Based on evaluations, Platte River will install intrusion detection and building access control technologies at the substations to prevent unauthorized access to equipment, to send an alarm to security personnel in the event of an intrusion and actively track any intruders within substation property.

## **Interactive energy management tools**

Utilities have traditionally used a station-based facility model to serve their customers. The industry is becoming much more integrated and requires platforms that allow for greater two-way communication. Platte River recognizes customers today want insight and choices and will look to technology to help provide interactive tools to drive benefits for the customer, owner communities and our electric system.



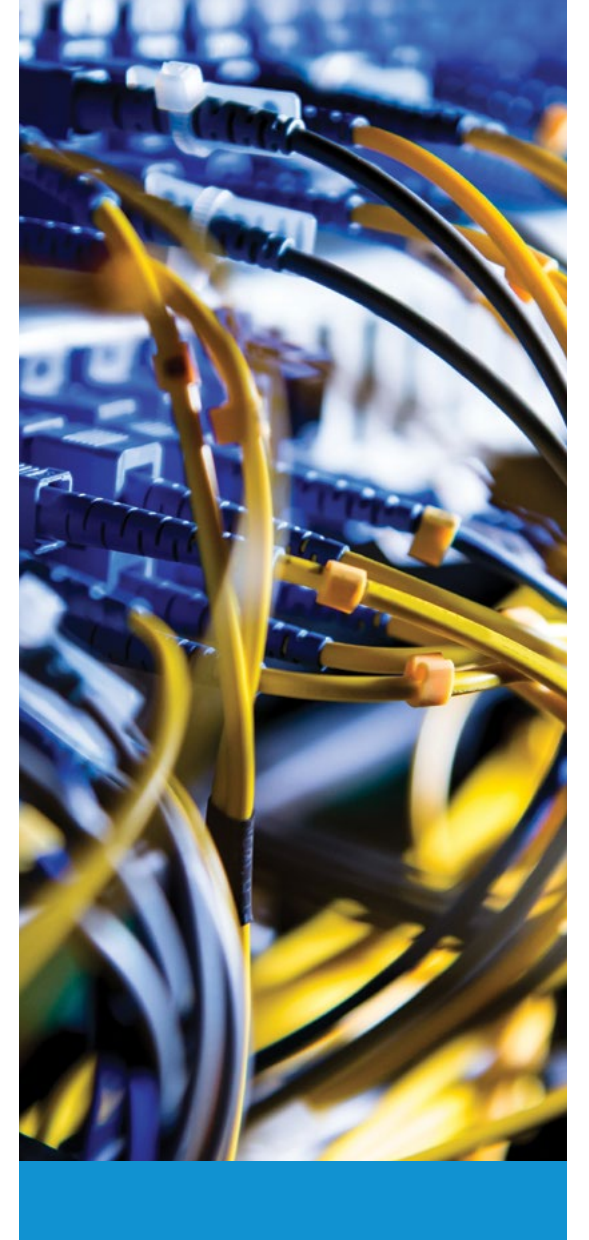
## **Fiber optic strategic initiatives**

Platte River has a regional fiber optic network that connects the four owner communities. Fiber optic cables surround each of the four cities and can be used to provide telecommunications connectivity and create a diverse and redundant communications path.

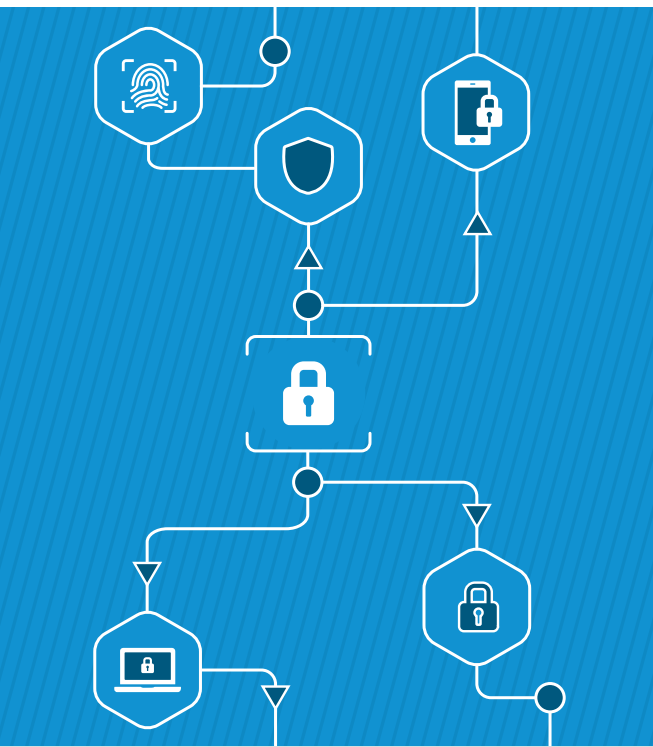
The fiber optic network plays an essential role in the reliable operation of Platte River's transmission system. Power system operations uses a SCADA (supervisory control and data acquisition) system to monitor and control the transmission system. The SCADA system depends on the fiber optic system to communicate with RTUs (remote terminal unit) located in substations throughout the four owner communities. Protective relaying, which will de-energize a transmission line when needed to safeguard itself and the public, depends on the fiber optic loops to provide communication connectivity to neighboring substation relays.

Platte River is committed to supporting our owner communities' fiber optic connectivity needs while ensuring that the integrity of the fiber optic system is maintained in support of SCADA control, protective relaying and broadband. Platte River staff will continue collaborating with our owner communities to help support their fiber optic related initiatives which include:

- Exploring the establishment of an entity that has the authority to own, implement, and deliver fiber optic, telecommunications and broadband services to the four owner communities and the greater northern Colorado region
- Developing a possible solution to efficiently use the existing fiber optic infrastructure through the leasing of bandwidth instead of dark fiber
- Transferring title to the "extra capacity" non-transmission system fiber strands located within the local loop cables to the owner community in which the local loop cables reside
- Establishing additional protocols for accessing local loop and long-haul fiber optic strands to protect the fiber system and manage risk to the transmission system, resulting from increased fiber activities
- Setting new fiber optic lease rates that are more closely related to current market value







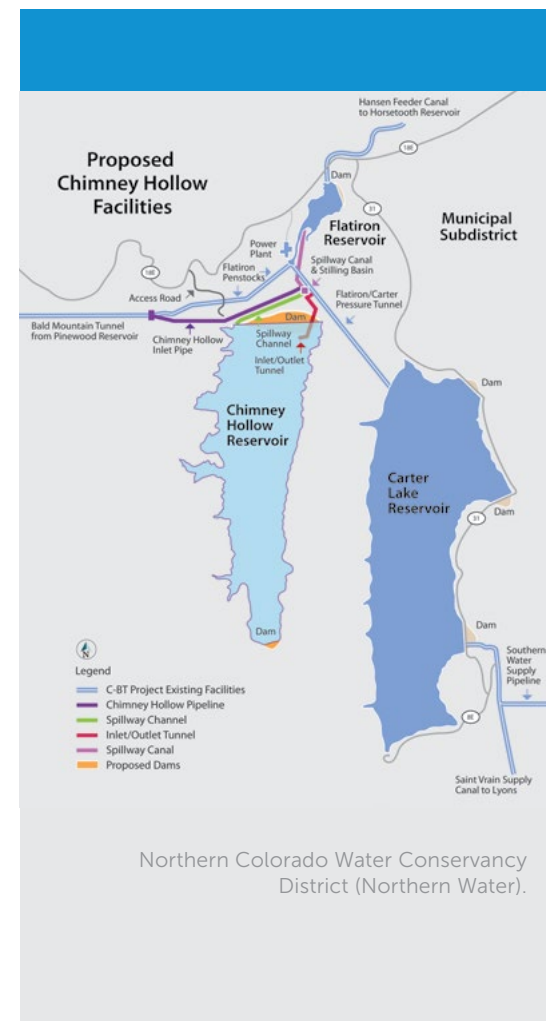
## Cybersecurity

A comprehensive enterprise-wide cybersecurity system and policies will be vital to ensure reliable operations, effective regulatory compliance and ongoing vigilance against interference with Platte River systems. A cross-functional security team will manage protective systems and policies that include:

- Drafting, exercising and documenting an overall disaster recovery response plan
- Effective employee training
- Identification of system weaknesses and vulnerability abatement
- Intrusion detection and system hardening techniques
- Continual refinement of security policies, procedures, training and tools necessary for seamless operations and compliance

## Water resources

Platte River will increase water resource reliability through the Windy Gap Firming Project to provide a firm water supply for electric generation operations. The firm supply of water will meet the service and process water needs at the Rawhide Energy Station, as well as the cooling water needs by fulfilling the water exchange requirements under the Reuse Agreement with the City of Fort Collins. Platte River is one of 12 entities participating in the Windy Gap Firming Project to construct a dedicated reservoir to store Windy Gap water utilizing existing water rights. The Windy Gap Firming Project (Chimney Hollow Reservoir) is needed to support long-term reliable delivery of Platte River's Windy Gap water. Currently, Windy Gap water cannot be pumped during wet seasons due to the lack of dedicated storage capacity or dry seasons due to the limitations of being a junior water right. The permitting process of the project has concluded, and all state and federal permits have been issued. The design phase will be completed by early 2019, and construction is anticipated to begin in late 2019. Current projections indicate that the project will be completed with filling to begin by 2023 or 2024.



## Headquarters campus project

Construction on a new headquarters facility and campus began in the spring of 2018. Built shortly after Platte River was formed in the 1970s, the current headquarters building has surpassed its useful life. When finished in 2020, the new headquarters campus will:

- Manage the next generation of technologies behind a secure and robust electrical grid and the critical infrastructure necessary to power and protect our way of life
- Empower Platte River staff to maximize the benefits of emerging technologies and be more productive in their work
- Provide the community more opportunities to engage with our region's energy experts and the policy leaders who will guide our cleaner and more diverse energy future
- Integrate the Americans with Disabilities Act (ADA) requirements to enable greater access to those with special needs
- Demonstrate leadership in northern Colorado promoting good efficiency practices including targeting LEED certification, solar panels and other energy efficiency features

## Acknowledgments and notes

The 2018 Platte River Power Authority Strategic Plan was purposefully redesigned to focus solely on strategic initiatives and to reduce overlap or redundancy with other key business documents.

**Please visit [www.prpa.org](http://www.prpa.org)  
to review Platte River's:**

- Annual report
- Annual budget
- Integrated resource plan
- Strategic financial plan
- Past reports and plans



Estes Park • Fort Collins • Longmont • Loveland

[www.PRPA.org](http://www.PRPA.org)