Board of Directors Regular Meeting
2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, October 31, 2019, 9:00 a.m.

Call to order

1) Consent agenda
   a. Minutes of the regular meeting of September 26, 2019

Public comment

Board action items

2) Rate tariffs
   - PURPA policy
   - 2020 rate tariff schedules
3) 2019 BKD audit plan
   - Audit engagement letter
4) Executive session
   - Rawhide mineral rights
5) Reconvene regular session

Management presentations

6) 2020 proposed strategic budget update – public hearing
7) Vision, Mission and Values & Resource Diversification Policy
8) Energy imbalance market update
9) EV charging pilot
10) DSM and DER IGA update

Management reports

11) Benefits update

Monthly informational reports

12) Legal, environmental and compliance report
13) September 2019 operating report
14) September 2019 financial report
15) September general management report

Strategic discussions

Adjournment
# 2019 BOARD MEETING PLANNING CALENDAR

<table>
<thead>
<tr>
<th>November, 2019</th>
<th>No board of directors meeting</th>
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<td>Retirement committee meeting</td>
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<tr>
<th>December 5, 2019</th>
<th>Board action items</th>
<th>Management presentations</th>
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<tr>
<td>Retirement committee report</td>
<td>2020 Annual budget update and review</td>
<td>Legal, environmental and compliance report</td>
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<tr>
<td>2020 Annual budget adoption</td>
<td>HQ campus</td>
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<td>October 2019 operating report (November 2019 report, if available)</td>
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<td>2019 Board contingency appropriation transfer – capital additions (if required)</td>
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<td>October 2019 financial report (November 2019, if available)</td>
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<td>2020 Proposed board of directors regular meeting schedule</td>
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<td>General management report</td>
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Topics to be scheduled:
- Debt financing update
- Safety program review

* This calendar is for planning purposes only and may change at management’s discretion *
2019 BOARD OF DIRECTORS

Owner communities

Town of Estes Park
P.O. Box 1200, Estes Park, Colorado 80517

Mayor Todd Jirsa—Chairman, Board of Directors
Reuben Bergsten

Term expiration
April 2020
December 2019

City of Fort Collins
P.O. Box 580, Fort Collins, Colorado 80522

Mayor Wade Troxell—Vice Chair, Board of Directors
Ross Cunniff

Term expiration
April 2021
December 2020

City of Longmont
350 Kimbark Street, Longmont, Colorado 80501

Mayor Brian Bagley
David Hornbacher

Term expiration
November 2019
December 2022

City of Loveland
500 East Third Street, Suite 330, Loveland, Colorado 80537

Mayor Jacki Marsh
Joseph Bernosky

Term expiration
November 2019
December 2021
ATTENDANCE

Board members
Representing Estes Park: Mayor Todd Jirsa and Reuben Bergsten
Representing Fort Collins: Mayor Wade Troxell¹ and Ross Cunniff
Representing Longmont: Mayor Brian Bagley² and David Hornbacher³
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky⁴

Platte River staff
Jason Frisbie (General Manager/CEO)
Sarah Leonard (General Counsel)
Dave Smalley (Chief Financial Officer and Deputy GM)
Andy Butcher (Chief Operating Officer)
Alyssa Clemson Roberts (Chief Strategy Officer)
Angela Walsh (Executive Assistant/Board Secretary)
Steve Roalstad (Communications and Marketing Manager)
Wade Hancock (Financial Planning and Rates Manager)
Pat Connors (Vice President of Power Supply)
Paul Davis (Energy Solutions Manager)
Shelley Nywall (Director of Finance)
Craig Johnson (Senior Deputy General Counsel)
Heather Banks (Fuels and Water Manager)
Joel Danforth (Distributed Energy Resources Manager)
Libby Clark (Director of Human Resources and Safety)
Julie Ackerman (Controller)
Mindy Pfleiger (Senior Accounting Analyst)
Caroline Schmiedt (Deputy General Counsel)

Guests
Tim McCollough (City of Fort Collins)
Ethan Garrett (Fort Collins Chamber of Commerce)
Marsha Marten (City of Longmont)
Karen Dike (Longmont resident)
Eric Sutherland (Fort Collins resident)

CALL TO ORDER

Chairman Jirsa called the meeting to order at 9:00 a.m. A quorum of board members was present and the meeting, having been duly convened, proceeded with the business on the agenda.

¹ Arrived at 9:13 a.m.
² Arrived at 9:01 a.m.
³ Arrived at 9:09 a.m.
⁴ Excused self at 10:32 a.m.
ACTION ITEMS

(1) Consent agenda

   a. Approval of the regular meeting minutes of August 29, 2019

Director Bernosky moved to approve the consent agenda as presented. Director Bergsten seconded, and the motion carried 6-0.

PUBLIC COMMENT

Eric Sutherland commented on the proposed rate structure.

COMMITTEE REPORTS

(2) Retirement committee report (presenter: Chair Joe Bernosky)

Chair Bernosky provided a summary of the last retirement committee meeting held on August 29 highlighting the plan’s investment consultant, Innovest, reporting on the plan’s performance through June 2019. The next committee meeting is scheduled for Nov. 15, 2019.

BOARD ACTION ITEMS

(3) Board appointment resolution (presenter: Craig Johnson)

Craig Johnson, senior deputy general counsel, provided a summary of previous conversations related to the board’s desire to have a guiding document or policy to pass on to their town and city councils to provide support when appointing members to the board.

Director Bergsten moved to approve Resolution 07-19: Board Appointment resolution as presented. Director Hornbacher seconded. Director Cunniff commented on resolution reflecting the balance of the board’s preferences and retains the charter authority of the four communities. The motion carried 7-0.

MANAGEMENT PRESENTATIONS

(4) Mission, vision and values (presenter: Alyssa Clemsen Roberts)

Alyssa Clemsen Roberts, chief strategy officer, introduced the proposed revisions to the vision, mission and values statements and discussed them one by one requesting board member feedback.

Director Cunniff commented on starting vision statements with “to be” vs. “is”. Ms. Clemsen Roberts responded that “to be” is less presumptuous.

Director Bergsten preferred using competitively priced vs. financially sustainable benefit commercial customers. Director Bernosky agreed with using competitively priced. Director Troxell commented on using financially sustainable is broader than pricing and more of an organizational sustainability within business operations. Director Cunniff suggested adding efficient to the financially sustainability statement. Jason Frisbie, general manager and CEO, explained the high level logic behind the financially sustainable language. Director Cunniff
returned to his previous comment and reworded it as fiscally efficient and financially sustainable. Director Bagley commented on wordsmithing the mission, vision and value statements is not ultimately important. Discussion ensued among directors and staff regarding the phrases used to reflect the 3 pillars. Ms. Clemsen Roberts reminded the board of the language that was used for the resource diversification policy. Mr. Frisbie read the language from the resource diversification policy. Director Bergsten requested to change the language in the resource diversification policy to reflect the competitively priced verbiage. Director Hornbacher commented on keeping the environmentally responsible language in the mission statement.

Further discussion ensued among directors and staff regarding suggested language within the value statements.

Ms. Clemsen Roberts reiterated the feedback received and staff will bring the revisions back to the board at the October board meeting.

(5) 2020 rate tariff schedules - draft  (presenter: Wade Hancock)

Wade Hancock, financial planning and rates manager, highlighted the revisions made to the proposed rates since the August board meeting and outlined the rate structure that will go into effect Jan. 1, 2020 pending board approval.

Director Troxell asked how rates cover the energy purchases when Rawhide is down for maintenance. Mr. Hancock responded that the rate recovery for purchases is covered by the variable costs. Mr. Frisbie commented on forced outage costs blended together for the dispatchable resources in the modeling assumptions. Mr. Smalley commented on making assumptions for resource downtime and purchases, that the rate structure does not reflect real time rate adjustments. Director Troxell asked if the rate structure can be used in a market-based system. Mr. Hancock responded that the rate structure can transition into a market. Mr. Smalley clarified that the rate structure could work in a market, but it might not be the structure Platte River would want and a re-evaluation would occur. Mr. Hancock responded that if the tariffs don’t serve the purpose, the tariffs can change. Discussion ensued among directors and staff on rate structure flexibility and managing intermittent resources.

Staff will return in October for approval of the proposed 2020 rate structure. Director Bernosky thanked Mr. Hancock for working with city staffs on the rate restructuring project.

(6) Efficiency Works and DER strategy  (presenter: Paul Davis)

Paul Davis, energy solutions manager, provided an overview of the Efficiency Works programs with the four owner communities and Platte River, savings captured by the EW programs and strategy development.

Director Troxell asked if Platte River is directly involved to the electric vehicle rebate program. Mr. Davis responded that it is another joint action through Efficiency Works and relates to the EV pilot study. Joel Danforth, distributed energy resources manager, added that a rebate provided by group buy is a city only program and the charging infrastructure separate from the vehicle is a Platte River program. Director Troxell commented on getting greater participation in the programs. Ms. Clemsen Roberts responded to Director Troxell that Platte River is moving forward with the distributed energy resources (DER) strategy program, experimenting with ways to market along with owner community staffs to grow the programs. Discussion ensued among
directors and staff on consumer behaviors to help save costs and lessen the impact on the environment during the high peak hours of the day. Mr. Frisbie reflected on the importance of the resource diversification policy and the thoughtfulness in the policy will serve us greater in the long run and its in the consumers’ best interest to help integrate the system.

Mr. Davis provided an overview for the DER strategy committee goals and areas of focus. Director Troxell commented on systems talking to other systems and having an architecture to accomplish the goals for DER and reciprocal benefits for the owner communities. Director Cunniff commented on having an architecture that knows device cycles and hoped that would be included in the conversation. Ms. Clemens Roberts noted the committee is currently looking at it from a 10,000-foot evaluation to create the strategy and next steps include hiring a consultant to help facilitate goal creation, to turn the strategy into a framework, and then turning it over to the larger group that can implement the plan. Discussion ensued among directors and staff regarding considerations for the DER strategy committee.

Mr. Davis provided the next steps for the DER strategy committee.

**Break: 10:32-10:44**

(7) 2020 proposed strategic budget work session (presenter: Shelley Nywall)

Shelley Nywall, director of finance, presented the 2020 proposed strategic budget for the annual work session mentioning that any changes to the budget will be presented at the October board meeting during the public hearing and then staff will ask for approval at the December board meeting.

Director Troxell asked what the decrease in energy requirements is attributed to and how it relates to per-capita growth. Mr. Frisbie responded that it is a combination of energy efficiency and building standards. Mr. Butcher added that rooftop solar has added to the lower load growth and the long-term forecasts still reflect a small year to year growth. Discussion ensued among directors and staff regarding weather projections included in the IRP modeling.

Director Bergsten asked if the community reimbursable expenses included engineering services. Staff responded that it does include engineering services.

Chair Jirsa commented on the budget document being transparent and referred to it as an asset for the board members to provide to the public when answering questions about Platte River. Director Hornbacher complimented staff on the easy to follow presentation. Mr. Frisbie complimented staff on their continued work to refine the budget document in alignment with the strategic plan.

**MANAGEMENT REPORTS**

(8) Electric vehicle charging pilot (presenter: Joel Danforth)

Mr. Danforth introduced the electric vehicle charging pilot whitepaper with preliminary results and will return to present the results at the October board meeting. Director Troxell asked if the results reflect the time of day use rate. Mr. Danforth referred to a graph within the whitepaper showing no use during the time of use period. Mr. Butcher reiterated that the results within the report are very preliminary and staff will have better results to present in October. Discussion ensued among directors and staff regarding the electrification coalition and various charging
areas to evaluate.

(9) **Staffing update**

Ms. Clemsen Roberts referred to the memo provided within the board packet and highlighted the process staff uses to evaluate each open position and any new positions requested; four new positions are recommended to add to the IT and the communications and marketing departments.

Director Bergsten appreciated planning for future community support.

**MONTHLY INFORMATIONAL REPORTS**

(10) **Legal, environmental and compliance report**

Sarah Leonard, general counsel, provided highlights from the legal, environmental and compliance report including the update to the mineral ownership of Platte River at the Rawhide Energy Station property and handed out a map showing the percentages of ownership to the mineral rights. Director Cunniff asked what options Platte River has to regulate surface access and maintain security. Director Troxell asked if staff received the energy by design report from the City of Fort Collins. Ms. Leonard responded that the report was received and further collaboration efforts between Platte River and the City of Fort Collins was offered. Director Bergsten requested to know what the risks are. Discussion ensued among directors and staff regarding the potential risks to the resources at the Rawhide Energy Station, property owned and not owned by Platte River and keeping oil and gas extraction conversations at the state and federal level. To date, no permits have been pulled by any company for oil or gas extraction at the Rawhide Energy Station.

Caroline Schmiedt, deputy general counsel, outlined the recent adopted Senate Bill 181 giving local governments authority to regulate oil and gas extraction activities and how it relates to Platte River. Discussion ensued among directors and staff regarding general requirements of the oil and gas extraction companies and having an executive session at the October board meeting. Ms. Leonard informed the board that Platte River is contracting with an attorney that specializes in oil and gas rights whom will be present at the executive session in October.

(11) **August operating report**

Mr. Butcher highlighted the operating results for the month of August including a lack of wind generation impacting the surplus sales market and the dispatch cost higher in August driven by a catch up in maintenance costs from previous months.

(12) **August financial report**

Mr. Smalley offered to answer any questions or comments from the board regarding the August financial report contained within the board materials. No questions or comments were raised.

(13) **General management report**

Mr. Frisbie provided a few highlights from the general management report including the HQ campus project cost increasing due to adding doors to the outbuildings and changes made to the board room after construction had commenced. He also explained that the Engagement
Center costs will be higher as a result of audio-visual equipment bids coming in significantly higher than planned. Mr. Frisbie also reminded the board of the recent press release regarding an RFP for up to 150MW of new solar. Mr. Butcher referred to the resource planning section of the report and noted that staff is eliminating one study regarding ramping down Rawhide due to completing successful testing. Ms. Clemens Roberts offered to draft communication for Mayors to send to middle schools for the solar and battery car race asking for more participation in this year’s event.

**Roundtable and strategic discussion topics**

Board members shared the latest news from the owner communities and discussion topics for future meetings.

**ADJOURNMENT**

With no further business, the meeting adjourned at 12:04 p.m. The next regular board meeting is scheduled for Thursday, October 31, at 9:00 a.m. at the Platte River Power Authority, 2000 E. Horsetooth Road, Fort Collins, Colorado.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this _______ day of ___________________, 2019.

__________________________
Secretary
Memorandum

Date: 10/23/2019

To: Board of Directors

From: Jason Frisbie, general manager and CEO
       Dave Smalley, chief financial officer and deputy general manager
       Shelley Nywall, director of finance
       Wade Hancock, financial planning and rates manager

Subject: 2020 rate tariff schedules

Under the Amended Contracts for the Supply of Electric Power and Energy between Platte River and each of the four owner communities, Platte River’s board of directors is required to review the rate for electric power and energy furnished to the owner communities at least once each calendar year.

Accompanying this memo in the October board materials are the following documents:
- Resolution to adopt the policy governing purchases from PURPA qualified facilities,
- Policy governing purchases from PURPA qualified facilities,
- Resolution to adopt the 2020 rate tariff schedules as proposed,
- 2020 rate tariff schedules,
- Redline version of the 2020 rate tariff schedules, and
- 2020 wholesale rates at a glance.

The adoption of the resolutions and the implementation of the proposed charges will complete a multi-year collaborative project between Platte River and the owner communities’ staff to create a rates framework to improve transparency, flexibility and system benefits. The proposed rate structure is a philosophical change to revenue collection that is in line with Platte River’s rate setting policy adopted by the board in 2018.

Policy governing purchases from PURPA qualified facilities
The Platte River policy governing purchases from PURPA qualified facilities is intended to implement Platte River’s obligations under the Public Utilities Regulatory Policies Act (PURPA) to purchase the output from any qualifying facility (QF), as defined in PURPA subject to the
specified limitations. Procedures for PURPA facilities are provided by Platte River in the proposed policy. The policy is referenced within the Standard offer energy purchase tariff.

**Tariff changes**

Changes that apply to all tariffs include renaming to reflect their function, eliminating the current tariff numbering system and adding vintage years in the tariff abbreviations.

The current tariff numbering system is not necessary and, over time, has created numbering gaps as tariffs have been added and removed. Vintage years have been added to the tariff abbreviations to facilitate a process for identifying specific tariff years and to differentiate applicable tariffs over periods of time should Platte River have multiple years without tariff changes. Additionally, language edits throughout the tariffs were made for consistency with Platte River’s current terminology standards.

The tariff proposal consolidates Platte River’s six current tariffs to four, visually represented in Figure 1. Tariff—Schedule 7: Renewable Energy Service and Tariff—Schedule 8: Standby Service will no longer be standalone tariffs, but instead, their services are combined with other tariffs for efficiency.

**Figure 1: Proposed tariff matrix**

<table>
<thead>
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<th>Proposed</th>
<th>Current</th>
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<tbody>
<tr>
<td>Firm Power Service (Tariff FP-20)</td>
<td>Tariff—Schedule 1: Firm Resale Power Service</td>
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<tr>
<td></td>
<td>Tariff—Schedule 7: Renewable Energy Service</td>
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<td></td>
<td>Tariff—Schedule 8: Standby Service</td>
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<tr>
<td>Wholesale Transmission Service (Tariff WT-20)</td>
<td>Tariff—Schedule 4: Wholesale Transmission Service</td>
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<tr>
<td>Large Customer Service (Tariff LC-20)</td>
<td>Tariff—Schedule 9: Large User Service</td>
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**Firm Power Service (Tariff FP-20)**

This tariff is the replacement for Tariff—Schedule 1: Firm Resale Power Service and Tariff—Schedule 7: Renewable Energy Service.

Tariff FP-20 is the default tariff applicable to all firm service electricity provided to the owner communities unless another tariff applies to a portion of the load served, such as the large customer service tariff.

As has been discussed with the board during the rate strategy and rate design study, the charges to the owner communities have been unbundled into Platte River’s business functions: owner community services, transmission and generation. Charges have been unbundled
further by fixed and variable costs. Variable charges are again unbundled further by resource type: dispatchable (fossil fuels, hydro) and intermittent (wind and solar). Figure 2 displays the monthly rates included in the tariffs and the manner in which the charges will be applied.

**Figure 2: Firm power service monthly rates**

<table>
<thead>
<tr>
<th>Monthly rates</th>
<th>Applicability</th>
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<tbody>
<tr>
<td>Owner community charge</td>
<td>$9,979 per month per owner community allocation</td>
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<tr>
<td>Transmission demand charge</td>
<td>$5.74 per kilowatt of non-coincident billing demand</td>
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<tr>
<td>Generation demand charge</td>
<td></td>
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<tr>
<td>Summer season</td>
<td>$6.24 per kilowatt of coincident billing demand</td>
</tr>
<tr>
<td>Non-summer season</td>
<td>$4.34 per kilowatt of coincident billing demand</td>
</tr>
<tr>
<td>Fixed cost energy charge</td>
<td>$0.01544 per kilowatt hour for all energy supplied</td>
</tr>
<tr>
<td>Dispatchable variable cost energy</td>
<td>$0.01779 per kilowatt-hour for all dispatchable energy supplied, as well as the Roundhouse apportionment</td>
</tr>
<tr>
<td>Premium intermittent energy charge (former Tariff 7)</td>
<td>$0.04279 per kilowatt hour for owner community’s allocated share of premium intermittent energy</td>
</tr>
<tr>
<td>Intermittent energy charge</td>
<td>$0.04112 per kilowatt hour for owner community’s allocated share of intermittent energy</td>
</tr>
<tr>
<td>Power factor surcharge</td>
<td>$0.38 for each kilovolt-ampere</td>
</tr>
</tbody>
</table>

The summer and winter seasonal periods are being replaced with summer and non-summer periods. The summer season is expanded to include September, based on the similarity of September’s load pattern and the other summer months, and will be the period Jun. 1 through Sept. 30 of each year. The non-summer season will be Jan. 1 through May 31 and Oct. 1 through Dec. 31.

An explanation of the process used to determine each owner community’s allocation of the owner community charge has been added to the tariff. An expanded explanation of billing demand encompasses the coincident and the new non-coincident billing demand calculations. Also included is an explanation of the methodology to determine the coincident and non-coincident minimum demands. Energy allocation methodologies also address intermittent energy, dispatchable energy and the Roundhouse Renewable Energy Project (Roundhouse).

Roundhouse is anticipated to begin producing energy earlier in 2020 than was assumed during the rate setting process. Platte River has also agreed to sell the Spring Canyon Wind Energy Center (Spring Canyon) energy output to a third party upon execution of the contract while increasing the capacity under the Roundhouse agreement. When rates were established, it
was assumed Spring Canyon energy would be delivered to the owner communities. For 2020 only, to adjust for this change, Platte River plans to replace the Spring Canyon energy that would have been delivered to the owner communities at the intermittent charge with equivalent kilowatt hours from Roundhouse. The remaining balance of Roundhouse energy will be sold at the dispatchable variable cost energy charge. Beyond 2020, the intermittent energy charge will be adjusted to include all Roundhouse energy and costs.

The premium intermittent energy charge (former Tariff 7) preserves the kWh and premium commitments of current Tariff—Schedule 7: Renewable Energy Service to mitigate the owner communities’ financial impacts of transitioning from the current rate structure to the proposed rate structure. It is Platte River’s intent, and has been discussed with the utility directors, that the premium intermittent energy charge will be eliminated in 2021. All intermittent resources, at that time, will be allocated monthly among the utilities based on their load ratio share.

The power factor surcharge is an additional charge that applies to each kilovolt-ampere in excess of the allowable threshold. The power factor surcharge, based on the capacitor installation cost recovery calculation, is recommended to remain $0.38 for each reactive kilovolt-ampere of such excess.

**Standard Offer Energy Purchase (Tariff SO-20)**

This tariff is the replacement for Tariff—Schedule 3: Parallel Generation and Tariff—Schedule 8: Standby Service.

Tariff SO-20 applies to the purchase of available electricity from power production facilities owned and operated by a retail customer that are electrically connected to and served by an owner community’s distribution system.

Power producers may register with the Federal Energy Regulatory Commission (FERC) production facilities as a QF as defined in Section 201 of PURPA. Policies and procedures for PURPA facilities are provided by Platte River in the proposed policy governing purchases from PURPA qualified facilities, which is referenced in Tariff SO-20. The governing policy is attached and is proposed for adoption. All other references to QFs have been removed from Tariff SO-20.

Within the tariff language, Platte River refers to production facilities as either a small facility or a large facility. These thresholds remain unchanged from the current Tariff—Schedule 3: Parallel Generation. The standby service, formerly Tariff—Schedule 8: Standby Service, has been incorporated into this tariff. Standby capacity is the capacity, required by Platte River, to serve the retail customer load in the event the retail customer’s on-site generation fails and that customer must purchase electricity for their power needs. Platte River will consult with the owner community to determine the actual quantity of standby capacity, measured in kilowatts,
to be invoiced to the owner community on the retail customer’s behalf. No customers currently receive standby service.

The avoided capacity payment is eliminated. Based on the legal opinion of Stinson Leonard Street, Platte River has no capacity purchase obligation during periods where Platte River has no projected needs for additional capacity. During such periods, QFs offering to sell firm capacity to Platte River will not be entitled to any capacity payments and will only be entitled to avoided energy costs. Platte River currently projects no capacity needs until 2029.

The methodology to calculate the avoided energy rate for large facilities has been modified. Previously, the rate was based on projected Craig fuel costs. The modified method is an hourly analysis of resource modeling runs averaging the dollar per kilowatt-hour variable cost of the highest cost dispatchable resource. As Platte River’s resource portfolio changes as more wind and solar is incorporated, this change is necessary to better reflect Platte River’s avoided cost. The avoided energy rate for large facilities is recommended to decrease from $0.02157 to $0.01791 per kilowatt-hour for electricity made available to Platte River.

The tariff also preserves Platte River’s ability to enter separate contracts with large customers within the owner communities.

**Wholesale Transmission Service (Tariff WT-20)**

This tariff is the replacement for Tariff—Schedule 4: Wholesale Transmission Service. This tariff does not apply to any entity taking service under Platte River’s Tariff FP-20, Tariff SO-20 or Tariff LC-20; therefore, this tariff and these tariff changes do not apply to the owner communities.

This tariff will be charged to other utilities, such as Xcel Energy and Tri-State Generation and Transmission, that use Platte River’s transmission system. Tariff WT-20 will be charged to Platte River as part of the accounting for merchant sales, which is standard industry practice.

With the exception of the language edits and incorporating references to the other proposed tariffs, this tariff is unchanged from the Tariff—Schedule 4: Wholesale Transmission Service approved at the May 2019 board meeting.

Suggested changes will be brought to the board in May 2020 after the completion of the 2019 audited financials.
Large Customer Service (Tariff LC-20)
This tariff is the replacement for Tariff—Schedule 9: Large User Service. This tariff is essentially unchanged from its current version. There is currently one retail customer that will be classified under this tariff when approved.

Conclusion
Attached to this memorandum are the proposed resolutions that would adopt the policy governing purchases from PURPA qualified facilities and the 2020 rate tariff schedules. Staff recommends adoption of the resolutions as proposed. All changes would be effective January 1, 2020.

Attachments
RESOLUTION NO. __-19

WHEREAS, Platte River Power Authority ("Platte River") is required to adopt policies to implement the applicable requirements of the Public Utilities Regulatory Practices Act of 1978 ("PURPA"), including the terms governing the formation of purchase obligations with a Qualifying Facility, as defined in PURPA, and the parameters for purchase rates; and

WHEREAS, in connection with its tariff schedule revisions, Platte River staff has developed the attached Policy Governing Purchases from PURPA Qualified Facilities, which is intended to implement Platte River’s obligations under PURPA to purchase the output from any Qualifying Facility and will be referenced in the new Platte River Standard Offer Energy Purchase Tariff (SO-20).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Platte River Power Authority that the Policy Governing Purchases from PURPA Qualified Facilities, as attached, is adopted with all changes effective January 1, 2020.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this _________ day of ____________________, 2019.

__________________________
Secretary
Purpose: This policy is intended to implement Platte River’s obligations under the Public Utilities Regulatory Policies Act (PURPA).

Policy:

1. Capacity Forecast.

Platte River prepares an annual forecast of the municipal load it serves for budgeting purposes. Every five years, Platte River prepares an Integrated Resource Plan pursuant to 10 CFR part 905 which, among other things, forecasts Platte River’s load, identifies and compares all practicable energy efficiency and energy supply resource options to meet that load, and includes an action plan and timing to implement any additional capacity requirements. The Integrated Resource Plan is used to determine, among other things, when Platte River will need additional capacity and how much additional capacity it will require. Platte River will maintain for public inspection its utility plans for capacity additions, by amount and type, for purchases of firm energy and capacity and for its capacity requirements.

2. Obligation to Purchase Energy.

Platte River will purchase, on a nondiscriminatory basis, the output from any Qualifying Facility (QF), as defined in PURPA and 18 CFR part 292, subject to the following limitations:

   a. Firm energy. Platte River is under no obligation to purchase firm energy and/or capacity offered by a QF under a "legally enforceable obligation" for a period of time greater than five (5) years.

   b. Non-firm energy. Platte River is under no obligation to enter into a contract or "legally enforceable obligation" to purchase non-firm energy offered by a QF. For purposes of this policy, "non-firm" energy means power provided under an arrangement that does not guarantee scheduled availability for a specified term. At its discretion, Platte River may negotiate with a QF to develop mutually acceptable contract terms under which Platte River would purchase non-firm energy offered by the QF.

During a system emergency, Platte River may discontinue purchases of energy and/or capacity where necessary to ensure safety and reliability of the Platte River system. Platte River shall have no obligation to purchase or accept delivery of energy or capacity for as long as such emergency conditions exist.

3. Pricing.

Each QF shall have the option either:

   a. To provide energy as the QF determines such energy to be available for such purchases, in which case the rates for such purchases shall be based on Platte River’s avoided costs calculated at the time of delivery; or

   b. To provide energy or capacity pursuant to a legally enforceable obligation for the delivery of energy or capacity over a specified term, in which case the rates for such purchases shall, at the option of the QF, be exercised prior to the beginning of the specified term based on either:
(i) Platte River’s avoided costs specified in Tariff SO-20 at the time of delivery; or
(ii) Platte River’s avoided costs calculated at the time the obligation is incurred.

Platte River will maintain for public inspection its estimated avoided cost for energy.

4. **Capacity Payments.**

   Platte River shall separately calculate its avoided capacity costs. The capacity value of firm QF power offered for sale to Platte River during periods where Platte River has no projected needs for additional capacity will be zero dollars ($0.00). During such periods, QFs offering to sell firm capacity to Platte River will not be entitled to any capacity payments, and will only be entitled to avoided energy costs. Platte River will not enter into any new written contracts to make capacity payments to QFs in any year in which Platte River is not projected to have a resource deficit. In any year in which Platte River determines a need exists to procure additional capacity, Platte River shall calculate its avoided capacity costs using the information available to it and will publish the result of such studies. Platte River shall not, in any event, be obligated to make capacity payments for any capacity greater than the resource deficit projected.

5. **Interconnection.**

   A QF seeking to interconnect with Platte River’s electric system for the delivery of energy and/or capacity to Platte River or another third party shall be required to execute an interconnection agreement with Platte River. The terms and conditions of such interconnection shall be governed by Platte River’s then-current interconnection policies and procedures applicable to third party providers. A QF shall be obligated to pay any interconnection costs that may be assessed by Platte River with respect to customers with similar facility and operational characteristics.

**Implementing Parties and Assigned Responsibilities:**

**Associated Items (if applicable):**

**Definitions (if applicable):**
### Governing Purchases from PURPA Qualified Facilities

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RESOLUTION NO. __-19

WHEREAS, the AMENDED CONTRACTS FOR THE SUPPLY OF ELECTRIC POWER AND ENERGY ("POWER SUPPLY AGREEMENTS") between Platte River Power Authority (Platte River) and each of the municipalities of Estes Park, Fort Collins, Longmont, and Loveland (collectively referred to as “Municipalities”), dated May 30, 2019 require the Board of Directors (Board) of Platte River to review the rates for electric power and energy furnished thereunder at such intervals as it deems appropriate, but not less frequently than once each calendar year; and

WHEREAS, the POWER SUPPLY AGREEMENTS require the Board, if necessary, to revise such rates to produce revenues which shall be sufficient, but only sufficient, with the revenues of Platte River from all other sources, (i) to meet the cost of operation and maintenance, (ii) to meet the cost of purchased power, (iii) to make payments on indebtedness and provide an earnings margin adequate to obtain revenue bond financing on favorable terms, and (iv) to provide for reasonable reserves; and

WHEREAS, Platte River’s management has estimated electric energy sales and the costs of service for 2020 and has submitted to the Board a proposed budget for the year 2020; and

WHEREAS, Platte River’s management has advised the Board that the Tariff Schedules as attached, combined with prior period reserves, will provide sufficient revenues in accordance with the POWER SUPPLY AGREEMENTS and with Section 6.12 of the General Power Bond Resolution (No. 5-87); and

WHEREAS, Platte River’s staff has engaged a consultant to recommend revisions to the Tariff Schedule, and based on the recommendations of the consultant staff has recommended restructuring the Tariff Schedule as follows:


The Wholesale Transmission Service Tariff (WT-20) replaces Tariff—Schedule 4: Wholesale Transmission Service

The Large Customer Service Tariff (LC-20) replaces Tariff—Schedule 9: Large User Service

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Platte River Power Authority that:

(1) The 2020 Rate Tariff Schedules, as attached, are adopted with all changes effective January 1, 2020; and

(2) The general manager is authorized, on behalf of Platte River, to give written notice of the Board's action to the Municipalities in accordance with the POWER SUPPLY AGREEMENTS and to take such further action with respect to the implementation thereof as he determines to be necessary.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this ________ day of ________________, 2019.

_____________________________________
Secretary
2020 Rate Tariff Schedules
Firm Power Service (Tariff FP-20)

Applicability:
The Firm Power Service Tariff (Tariff FP-20) shall apply to all firm electric service furnished to an Owner Community for distribution and resale pursuant to its contract with Platte River Power Authority (Platte River), unless the Owner Community purchases a portion of its electricity requirements under another tariff schedule. For the purposes of this tariff the “Owner Communities” shall mean the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland.

Tariff FP-20 shall not be available to an Owner Community for service to (a) any retail customer that requests new service entrance capacity of 10,000 kilowatts or greater or (b) any retail customer that has a new load of an unusual nature that cannot be readily served from the Owner Community’s distribution system. Electric power and energy services that are provided to an Owner Community for resale to customers that are excluded from service under this Tariff FP-20 shall be provided under the terms and conditions of the Large Customer Service Tariff.

Character of Service:
Alternating current 60 hertz; three-phase; delivery at 115 kilovolt or at other voltages subject to conditions as agreed upon; metering at each delivery point.

Monthly Rate:
The Monthly Rate charged to Owner Communities, as approved by the Platte River board of directors, shall be as follows:

- **Owner Community Charge:**
  - Owner Community rate of $9,979 per month per Owner Community Allocation

- **Transmission Demand Charge**
  - $5.74 per kilowatt of Non-Coincident Billing Demand

- **Generation Demand Charge:**
  - **Summer Season** $6.24 per kilowatt of Coincident Billing Demand
  - **Non-Summer Season** $4.34 per kilowatt of Coincident Billing Demand

- **Fixed Cost Energy Charge:**
  - $0.01544 per kilowatt hour for all energy supplied

- **Dispatchable Variable Cost Energy Charge:**
  - $0.01779 per kilowatt-hour for all Dispatchable Energy supplied, as well as the Roundhouse Apportionment

- **Premium Intermittent Energy Charge (former Tariff 7):**
  - $0.04279 per kilowatt hour for Owner Community’s Allocated Share of Premium Intermittent Energy

- **Intermittent Energy Charge:**
  - $0.04112 per kilowatt hour for Owner Community’s Allocated Share of Intermittent Energy
**Summer / Non-Summer Season:**
The Summer Season shall be the period June 1 through September 30 of each year. The Non-Summer Season shall be the period January 1 through May 31 and October 1 through December 31.

**Owner Community Allocation:**
The Owner Community Allocation represents each Owner Community’s share of Platte River’s total Owner Community energy sales over the previous six-year period as determined at the end of the year. The Owner Community Allocation is calculated as the sum of each Owner Community’s energy sales over the previous six-year period divided by the total Owner Community energy sales during that time, utilizing the year-end sales values as determined by Platte River. The resulting ratio is multiplied by 100 to create a value to be utilized as the Owner Community Allocation which is multiplied by the Owner Community Charge.

**Billing Demand:**
The Coincident Billing Demand shall be the 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Owner Community receives electric power and energy, measured coincident with the Monthly System Peak Demand for Platte River.

The Monthly System Peak Demand for Platte River shall be the maximum coincident sum of the hourly demands for the Owner Communities recorded during the billing month subject to a minimum demand calculation. The minimum demand for the Coincident Billing Demand shall be equal to 75 percent of the Owner Community’s average maximum Coincident Demand during the three preceding summer periods beginning with the most recent completed year. Each summer period will have one peak Coincident Demand value, which is the peak Coincident Demand value during the summer period. The average is the total of the peak Coincident Demand values for the three preceding summer periods divided by 3 months.

The Non-Coincident Billing Demand shall be the maximum 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Owner Community receives electric power and energy, without regard to the timing of the Monthly System Peak Demand subject to a minimum demand calculation. The minimum demand for the Non-Coincident Billing Demand shall be equal to 75 percent of the Owner Community’s average maximum Non-Coincident Demand during the three preceding annual periods beginning with the most recent completed year. Similarly, each annual period will have one peak Non-Coincident Demand value, which is the peak Non-Coincident Demand value during that period. The average is the total of the Non-Coincident Demand values for the three preceding annual periods divided by 3 months.

**Energy:**
Intermittent Energy shall be the kilowatt-hours supplied to the Owner Communities from Platte River’s wind and solar energy resources excluding energy supplied from community solar resources.

Dispatchable Energy shall be all kilowatt-hours supplied from all sources that are not Intermittent Energy, including energy supplied from community solar resources.

Spring Canyon Apportionment shall be energy supplied by the Roundhouse Renewable Energy Project to replace energy sold to a third party from the Spring Canyon Wind Energy. The Spring
Canyon Apportionment shall be equal to the kilowatt-hours sold commencing upon the effective date of the sale to the third party, measured on a monthly basis.

Roundhouse Apportionment shall be the Roundhouse Renewable Energy Project kilowatt-hours less the Spring Canyon Apportionment, measured on a monthly basis.

Owner Community’s Allocated Share of Premium Intermittent Energy shall be based on Owner Community’s previous requests for specific amounts of renewable energy, measured in megawatt hours, pursuant to the former Tariff 7.

Owner Community’s Allocated Share of Intermittent Energy shall be all kilowatt-hours of Intermittent Energy, excluding the Owner Community’s Allocated Share of Premium Intermittent Energy and the Roundhouse Apportionment. Energy shall be allocated monthly based on each Owner Community’s pro rata share of the total kilowatt-hours of electricity sold to all of the Owner Communities for that month.

**Power Factor Surcharge:**

At any delivery point, Platte River will determine the ratio between the Coincident Billing Demand and reactive kilovolt-ampere demand at the time of the Monthly System Peak Demand. If in any billing month the 60-minute average reactive kilovolt-ampere demand is found to be in excess of 33% of the maximum kilowatt demand occurring at the same time, an additional monthly charge will be made at the rate of $0.38 for each reactive kilovolt-ampere of such excess.
Standard Offer Energy Purchase (Tariff SO-20)

Applicability:
The Standard Offer Energy Purchase Tariff (Tariff SO-20) is applicable to the purchase of available electricity from power production facilities owned and operated by a retail customer that are electrically connected to and served by an Owner Community’s distribution system (referred to herein as “Retail Customer”). For the purposes of this tariff the “Owner Communities” shall mean the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Terms of service under Tariff SO-20 are dependent upon the size, type, and ownership of the power production facilities (Power Producer) and Platte River Power Authority (Platte River) reserves the right to review conditions of such service on an annual basis.

Power Producers that have registered with the Federal Energy Regulatory Commission (FERC) production facilities as a Qualifying Facility(ties) as defined in Section 201 of the Public Utilities Regulatory Policies Act (PURPA) are subject to the policies and procedures for PURPA facilities in Platte River’s policy “Governing Purchases from PURPA Qualified Facilities”, which is incorporated by reference into Tariff SO-20.

Regardless of Qualified Facility registration status, Platte River refers to production facilities as follows.

- Small Facility, where the operating maximum capacity of the facilities is less than 1,000 kilowatts (kW), or
- Large Facility, where the operating maximum capacity of the facilities is greater than or equal to 1,000 kilowatts (kW).

For each Small Facility or Large Facility, the Owner Community and/or the Retail Customer shall provide the following information to Platte River: (1) maximum output rating of the facility in kilowatts, (2) physical location of the facility (address), (3) expected output of the facility, (4) the date that the facility began operation, (5) type of facility (photovoltaic solar or other non-carbon energy source, reciprocating engine, steam turbine, etc.), (6) type of fuel (if any), and (7) any updates or changes to previously reported information. This information shall be provided to Platte River annually by March 31 for facilities installed during the prior calendar year.

Small Facilities:
All production facilities owned by a Retail Customer with a maximum output rating of less than 1,000 kW, either individually or aggregated at a single Retail Customer service address, are herein defined collectively as Small Facilities or individually as a Small Facility.

Platte River will not purchase the energy or capacity of a Small Facility. Any output in excess of the Retail Customer’s load will be subject to the net meter policy of the Owner Community where the Retail Customer is located.

Large Facilities:
All generation facilities owned by a Retail Customer having a maximum output rating of 1,000 kW or greater, either individually or aggregated at a single Retail Customer service address, are herein defined collectively as Large Facilities or individually as a Large Facility.

At Platte River’s discretion, the terms and conditions for service to Large Facilities may be established by separate contract with the Retail Customer, the Owner Community, and Platte River. Contracts for Large Facilities will be evaluated and negotiated on a case-by-case basis, with details of metering, communications, points of delivery, interconnection, generation
scheduling, ancillary service fees, standby charges, and other issues considered for each specific facility.

Platte River may purchase the output from any Large Facility above the Retail Customer’s load requirements, from generation sources, individual or aggregated, located on the Retail Customer’s premises. Standby Capacity for any Large Facility will be provided by Platte River and invoiced by the Owner Community.

Standby Capacity is the capacity, required by Platte River, to serve Retail Customer load in the event the Retail Customer’s on-site generation fails to operate and is applicable to Large Facilities only. The Standby Capacity is typically equal to the capacity provided by the Retail Customer’s on-site generation when it operates. Platte River will consult with the Owner Community in determining the actual quantity of Standby Capacity, measured in kilowatts, for which the Retail Customer will be responsible. The amount of Standby Capacity shall not exceed the total available output capability of the Retail Customer’s on-site generation equipment. Standby Capacity may be received by the Retail Customer by choice or by default.

Payment for electric energy from Large Facilities may be based on Platte River's avoided energy rate, as follows:

Avoided Energy Rate for Large Facilities:
$0.01791 per kilowatt-hour for electricity made available to Platte River.

Avoided energy rates are based on Platte River's current portfolio of generation resources and are subject to change on an annual basis, unless otherwise expressly stated in a separate contract with a Retail Customer and as agreed to by Platte River. Platte River shall separately calculate its avoided capacity costs.

The capacity value of firm power offered for sale to Platte River during periods where Platte River has no projected needs for additional capacity will be zero dollars ($0.00). During such periods, a Retail Customer offering to sell firm capacity to Platte River will not be entitled to any capacity payments, and will only be entitled to avoided energy costs, as appropriate for Large Facilities.
Wholesale Transmission Service (Tariff WT-20)

Platte River Power Authority (Platte River) offers transmission service through this Wholesale Transmission Service Tariff (WT-20). Tariff WT-20 does not apply to any entity taking service under Platte River’s Firm Power Service Tariff; Standard Offer Energy Purchase Tariff; or Large Customer Service Tariff. Tariff WT-20 may or may not be equivalent to Platte River’s open access transmission service tariff (OATT), posted on Platte River’s Open Access Same-Time Information System (OASIS) web site.

A summary of the charges within the WT-20 Schedules follows.

The Real Power Loss factor is 1.95%.

1. **Scheduling, System Control, and Dispatch Service**
   No charge in addition to that for Transmission Service (items 7 and 8 below).

2. **Reactive Supply and Voltage Control from Generation Sources Service**
   $36.16 per megawatt (MW) of Reserved Capacity per month.

3. **Regulation and Frequency Response Service**
   Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

4. **Energy Imbalance Service**
   Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

5. **Operating Reserve—Spinning Reserve Service**
   Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

6. **Operating Reserve—Supplemental Reserve Service**
   Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

7. **Long-Term and Short-Term Firm Point-to-Point Transmission Service**
   The charges can be up to the following limits:
   
   - **Yearly Delivery**: $77,384.76 per MW of Reserved Capacity per year
   - **Monthly Delivery**: $6,448.73 per MW of Reserved Capacity per month
   - **Weekly Delivery**: $1,488.17 per MW of Reserved Capacity per week
Daily Delivery $297.63 per MW of Reserved Capacity per day
Hourly Delivery $18.60 per MW of Reserved Capacity per hour

(8) **Non-Firm Point-to-Point Transmission Service**

The charges can be up to the following limits:

- Monthly Delivery $6,448.73 per MW of Reserved Capacity per month
- Weekly Delivery $1,488.17 per MW of Reserved Capacity per week
- Daily Delivery $297.63 per MW of Reserved Capacity per day
- Hourly Delivery $18.60 per MW of Reserved Capacity per hour

**Transmission Revenue Requirement**

The charge for Network Integration Transmission Service is calculated pursuant to the Federal Energy Regulatory Commission (FERC) Pro Forma Open Access Transmission Tariff Attachment H based on Platte River’s annual transmission revenue requirement of $43,688,135. This transmission revenue requirement is calculated in accordance with the FERC pro-forma Network Service Rate calculation requirement.

**Joint Dispatch Transmission Service**

Joint Dispatch Transmission Service is applicable only to load serving entities in the Public Service Company of Colorado (PSCo) Balancing Authority Area that are signatories to a Joint Dispatch Agreement (JDA) under which: (1) participating generating resources of the parties are dispatched as a pool on a least-cost basis respecting transmission limitations; and (2) the Joint Dispatch Transmission Service Customers’ respective transmission service providers have provided within their OATT a transmission service schedule for energy dispatched pursuant to the JDA at a rate equal to zero dollars on a non-firm, as-available basis with the lowest curtailment priority.

Hourly delivery: $0.00 per MW of Reserved Capacity per hour
Large Customer Service (Tariff LC-20)

Applicability:
The Large Customer Service Tariff (Tariff LC-20) is available and may be required for firm and interruptible energy furnished by Platte River Power Authority (Platte River) to Owner Communities for resale to Large Customers. For the purposes of this tariff the “Owner Communities” shall mean the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Large Customers are end-use customers meeting any of the following criteria:

- Customer requests new service entrance capacity of 10,000 kilowatts (kW) or greater.
- Customer has a new load that cannot be readily served from the Owner Community’s distribution system under the Firm Power Service Tariff or its successor due to the unusual nature of the load.
- Customer metered demand is anticipated to reach 1,000 kW at a single site within twelve (12) months of requesting such service as demonstrated to the Owner Community and Platte River's satisfaction; provided, however, that if the metered demand does not reach 1,000 kW within a 12-month time frame, the customer must receive service under another tariff offered by the Owner Community until the metered demand reaches 1,000 kW for a continuous twelve (12) month period.
- Customer with load at a single site with a single meter measuring a minimum metered demand of 1,000 kilowatts (kW) or greater.
- Customer with load at a single site with multiple meters, where the sum of the coincident metered demand for such meters is 1,000 kW or greater.
- Total load for a customer with multiple, non-contiguous sites aggregated under a single Service Agreement with the Owner Community provided that the customer has at least one site where the minimum metered demand is 1,000 kW or greater and all loads are located within the Owner Community’s service territory.

Prior to receiving service pursuant to Tariff LC-20, the Large Customer must enter into an agreement for electric service (Service Agreement) with the Owner Community in which their load is located. The Service Agreement shall identify Platte River as a third-party beneficiary of the Service Agreement. The Service Agreement shall address, at a minimum, the following material terms:

- Charge(s) for service, including responsibility for infrastructure costs
- Term of Service Agreement
- Initial date of service under this tariff
- Rate adjustments
- Amount and timing of curtailments or interruptions (if any)
- Standby provisions

Each of these terms and conditions shall be established in consultation with Platte River and shall be confirmed in a letter from the Platte River General Manager to the Owner Community. The Owner Community will negotiate the specific form of the Service Agreement with the Large Customer.

Charges for Service:
The monthly charges to an Owner Community for service by Platte River under Tariff LC-20 shall be determined based on the unique load characteristics, service requirements, and related costs to serve the Large Customer and will be approved by the Platte River board of directors.
Adjustment of Charges:
Unless otherwise agreed, adjustments to the charges will be made on an annual basis at a minimum and will reflect actual changes in Platte River’s cost of service including, but not limited to, financing costs, fuel (including delivery), operation and maintenance, environmental management, and purchased power.

Character of Service:
Alternating current at approximately 60 hertz; three-phase; delivery at 115 kilovolts or at other voltages subject to conditions as agreed upon; metering at each delivery point.

Metering, Invoicing and Losses:
The Owner Community shall provide to Platte River the monthly demand, energy, power factor and other usage characteristics as may be required for billing the Owner Community on a calendar month basis, for the Large Customer usage. The Owner Community should provide this information to Platte River within five (5) business days of obtaining such data. Following its receipt of the monthly billing data for the Large Customer, Platte River shall prepare and send to the Owner Community an invoice for the electric power service provided to the Owner Community for the Large Customer, with the appropriate charges.

The Owner Community, at its discretion, may opt to include in the Large Customer’s monthly energy usage the distribution losses that occur between the Platte River point of delivery to the Owner Community and the point of delivery to the Large Customer. In such case, the Owner Community shall provide to Platte River the total energy usage including losses of the Large Customer and an appropriate charge will be invoiced.
2020 Rate Tariff Schedules

Redline
**Firm Power Service (Tariff FP-20)**

**Tariff—schedule 1: firm resale power service**

**Applicability:**

This TARIFF—SCHEDULE 1: FIRM RESALE POWER SERVICE (TARIFF—SCHEDULE 1) shall apply to electric power and energy all firm electric service furnished to any Municipality-Owner Community for distribution and resale pursuant to its contract with Platte River Power Authority (Platte River), unless the Owner Community purchases a portion of its electricity requirements under another tariff schedule. For the purposes of this tariff the "Owner Communities" shall mean the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland.

This TARIFF—SCHEDULE 1 Tariff FP-20 shall not be available to any Municipality-Owner Community for service to (a) any retail customer that requests new service entrance capacity of 10,000 kilowatts or greater or (b) any retail customer that has a new load of an unusual nature that cannot be readily served from the Municipality's Owner Community's distribution system. Electric power and energy services that are provided to an Municipality-Owner Community for resale to customers that are excluded from service under this Tariff FP-20 this TARIFF—SCHEDULE 1 shall be provided under the terms and conditions of the TARIFF—SCHEDULE 9: LARGE USER SERVICE LARGE Customer Service Tariff LC-20.

**Character of Service:**

Alternating current 60 hertz; three-phase; delivery at 115 kilovolt or at other voltages subject to conditions as agreed upon; metering at each delivery point.

**Monthly Rate:**

The Monthly Rate charged by Platte River to the Municipalities under this TARIFF—SCHEDULE 1 shall produce revenues, when combined with revenues from all other sources, sufficient to meet Platte River's operation and maintenance costs, the cost of any purchased power, principal and interest payments on all indebtedness and provide an earnings margin adequate to meet all bond covenants and provide for the establishment and maintenance of necessary reserves.

The Monthly Rate charged under this TARIFF—SCHEDULE 1 shall be as follows:

The Monthly Rate charged to Owner Communities, as approved by the Platte River board of directors, shall be as follows:

- **Owner Community Charge:**
  - Owner Community rate of $9,979 per month per Owner Community Allocation

- **Transmission Demand Charge**
  - $5.74 per kilowatt of Non-Coincident Billing Demand

- **Generation Demand Charge:**
  - Summer Season: $11,796.24 per kilowatt of Coincident Billing Demand
  - Winter-Non-Summer Season: $8,994.34 per kilowatt of Coincident Billing Demand

**Fixed Cost Energy Charge:**
Tariff—Schedule 1 FP-20: Adopted:

Firm Resale Power Service Page 2 of 3 Effective:

Summer Season $0.04370 per kilowatt-hour for all energy supplied
Winter Season $0.04191 per kilowatt-hour for all energy supplied

Dispatchable Variable Cost Energy Charge:
$0.01779 per kilowatt-hour for all Dispatchable Energy supplied, as well as the Roundhouse Apportionment

Premium Intermittent Energy Charge (former Tariff 7):
$0.04279 per kilowatt hour for Owner Community’s Allocated Share of Premium Intermittent Energy

Intermittent Energy Charge:
$0.04112 per kilowatt hour for Owner Community’s Allocated Share of Intermittent Energy

Summer / Non-Summer Season:
The Summer Season shall be the period June 1 through August 31 September 30 of each year. The Winter Non-Summer Season shall be the period January 1 through May 31 and September October 1 through December 31.

Owner Community Allocation:
The Owner Community Allocation represents each Owner Community’s share of Platte River’s total Owner Community energy sales over the previous six-year period as determined at the end of the year. The Owner Community Allocation is calculated as the sum of each Owner Community’s energy sales over the previous six-year period divided by the total Owner Community energy sales during that time, utilizing the year-end sales values as determined by Platte River. The resulting ratio is multiplied by 100 to create a value to be utilized as the Owner Community Allocation which is multiplied by the Owner Community Charge.

Billing Demand:
The Coincident Billing Demand shall be the 60-minute average kilowatt demand of the electric system of the Municipality Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Municipality Owner Community receives electric power and energy, measured coincident with the Monthly System Peak Demand for Platte River.

Monthly System Peak Demand:
The Monthly System Peak Demand for Platte River shall be the maximum coincident sum of the hourly demands for the Municipality Owner Communities recorded during the billing month subject to a minimum demand calculation. The minimum demand for the Coincident Billing Demand shall be equal to 75 percent of the Owner Community’s average maximum Coincident Demand during the three preceding summer periods beginning with the most recent completed year. Each summer period will have one peak Coincident Demand value, which is the peak Coincident Demand value during the summer period. The average is the total of the peak Coincident Demand values for the three preceding summer periods divided by 3 months.

The Non-Coincident Billing Demand shall be the maximum 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Owner...
Community receives electric power and energy, without regard to the timing of the Monthly System Peak Demand subject to a minimum demand calculation. The minimum demand for the Non-Coincident Billing Demand shall be equal to 75 percent of the Owner Community’s average maximum Non-Coincident Demand during the three preceding annual periods beginning with the most recent completed year. Similarly, each annual period will have one peak Non-Coincident Demand value, which is the peak Non-Coincident Demand value during that period. The average is the total of the Non-Coincident Demand values for the three preceding annual periods divided by 3 months.

**Energy:**
Intermittent Energy shall be the kilowatt-hours supplied to the Owner Communities from Platte River’s wind and solar energy resources excluding energy supplied from community solar resources.

Dispatchable Energy shall be all kilowatt-hours supplied from all sources that are not Intermittent Energy, including energy supplied from community solar resources.

Spring Canyon Apportionment shall be energy supplied by the Roundhouse Renewable Energy Project to replace energy sold to a third party from the Spring Canyon Wind Energy. The Spring Canyon Apportionment shall be equal to the kilowatt-hours sold commencing upon the effective date of the sale to the third party, measured on a monthly basis.

Roundhouse Apportionment shall be the Roundhouse Renewable Energy Project kilowatt-hours less the Spring Canyon Apportionment, measured on a monthly basis.

Owner Community’s Allocated Share of Premium Intermittent Energy shall be based on Owner Community’s previous requests for specific amounts of renewable energy, measured in megawatt hours, pursuant to the former Tariff 7.

Owner Community’s Allocated Share of Intermittent Energy shall be all kilowatt-hours of Intermittent Energy, excluding the Owner Community’s Allocated Share of Premium Intermittent Energy and the Roundhouse Apportionment. Energy shall be allocated monthly based on each Owner Community’s pro rata share of the total kilowatt-hours of electricity sold to all of the Owner Communities for that month.

**Power Factor Surcharge:**
At any delivery point, Platte River will determine the ratio between the Coincident Billing Demand and reactive kilovolt-ampere demand at the time of the Monthly System Peak Demand. If in any billing month the 60-minute average reactive kilovolt-ampere demand is found to be in excess of 33% of the maximum kilowatt demand occurring at the same time, an additional monthly charge will be made at the rate of $0.38 for each reactive kilovolt-ampere of such excess.
Applicability:

This TARIFF—SCHEDULE 3: PARALLEL GENERATION (TARIFF—SCHEDULE 3) The Standard Offer Energy Purchase Tariff (Tariff SO-20) is applicable to the purchase of available electricity from power production facilities owned and operated by a retail customer that are electrically connected to and served by an Owner Community’s distribution system (referred to herein as “Retail Customer”) electrically in parallel with a Municipality’s electric system. For the purposes of this tariff the “Owner Communities” shall mean the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Terms of service under this TARIFF—SCHEDULE 3 Tariff SO-20 are dependent upon the size, type, and ownership of the power production facilities (Power Producer) and Platte River Power Authority (Platte River) reserves the right to review conditions of such service at least annually on an annual basis.

Power Producers that have registered with the Federal Energy Regulatory Commission (FERC) production facilities as a Qualifying Facility(ties) as defined in Section 201 of the Public Utilities Regulatory Policies Act (PURPA) are subject to the policies and procedures for PURPA facilities in Platte River’s policy “Governing Purchases from PURPA Qualified Facilities”, which is incorporated by reference into Tariff SO-20.

Regardless of Qualified Facility registration status, Platte River refers to production facilities as follows:

- **Small Facility**, where the operating maximum capacity of the facilities is less than 1,000 kilowatts (kW), or
- **Large Facility**, where the operating maximum capacity of the facilities is greater than or equal to 1,000 kilowatts (kW).

For each Small Facility or Large Facility, the Owner Community and/or the Retail Customer shall provide the following information to Platte River: (1) maximum output rating of the facility in kilowatts, (2) physical location of the facility (address), (3) expected output of the facility, (4) the date that the facility began operation, (5) type of facility (photovoltaic solar or other renewable non-carbon energy source, reciprocating engine, steam turbine, etc.), (6) type of fuel (if any), and (7) any updates or changes to previously reported information. This information shall be provided to Platte River annually by March 31 for facilities installed during the prior calendar year.

Small Facilities:

Power All production facilities owned by a retail Retail customer Customer of a Municipality (Customer) with a maximum output rating of less than 1,000 kilowatts (kW), either individually or aggregated at a single Retail Customer service address, are herein defined collectively as Small Facilities or individually as a Small Facility. Small Facilities also include renewable energy generation facilities with a maximum output rating of less than 1,000 kilowatts (kW) that are subject to a financing arrangement under which the Customer holds beneficial title to the facilities. Renewable energy generation may include solar, wind, geothermal, small hydro, and biomass facilities.

For each Small Facility, the Municipality shall provide the following information to Platte River: (1) maximum output rating of the facility in kilowatts, (2) physical location of the facility (address), (3) date that the facility began operation, (4) type of facility (photovoltaic solar or other renewable
energy source, reciprocating engine, steam turbine, etc.), (5) type of fuel (if any), and (6) any updates or changes to previously reported information. This information shall be provided to Platte River annually by March 31 for facilities installed during the prior calendar year.

No payment or other credit will be provided by Platte River for energy or capacity from Small Facilities and Small Facilities will not be subject to Standby or Ancillary Service fees from Platte River.

Interconnection of Small Facilities to the Municipality’s distribution system will be at the sole discretion of the Municipality. The Municipality will negotiate details of interconnection, safety requirements, rates and payments, metering, and other arrangements. Platte River shall have the right to review the installation and metering of Small Facilities.

Platte River will not purchase the energy or capacity of a Small Facility. Any output in excess of the Retail Customer’s load will be subject to the net meter policy of the Owner Community where the Retail Customer is located.

Large Facilities:

Parallel Power
All generation facilities owned by a Retail Customer having a maximum output rating of 1,000 kilowatts (kW) or greater, either individually or aggregated at a single Retail Customer service address, are herein defined collectively as Large Facilities or individually as a Large Facility.

At Platte River’s discretion, the terms and conditions for service to Large Facilities may be established by separate contract among with the Retail Customer, the Municipality Owner Community, and Platte River. Contracts for Large Facilities will be evaluated and negotiated on a case-by-case basis, with details of metering, communications, avoided energy and capacity payments, points of delivery, interconnection, generation scheduling, ancillary service fees, standby charges, generation scheduling, and other issues considered for each specific facility.

Platte River may purchase the output from any Large Facility above the Retail Customer’s load requirements, from generation sources, individual or aggregated, located on the Retail Customer’s premises. Standby Capacity for any Large Facility will be provided by Platte River and invoiced by the Owner Community.

Standby Capacity is the capacity, required by Platte River, to serve Retail Customer load in the event the Retail Customer’s on-site generation fails to operate and is applicable to Large Facilities only. The Standby Capacity is typically equal to the capacity provided by the Retail Customer’s on-site generation when it operates. Platte River will consult with the Owner Community in determining the actual quantity of Standby Capacity, measured in kilowatts, for which the Retail Customer will be responsible. The amount of Standby Capacity shall not exceed the total available output capability of the Retail Customer’s on-site generation equipment. Standby Capacity may be received by the Retail Customer by choice or by default.
Other Facilities:
Terms and conditions for all other parallel generation facilities proposed for interconnection to a Municipality’s electric distribution system or proposed for direct interconnection with Platte River’s system, including Qualifying Facilities as defined below, shall be established by separate contract. Such contracts will be negotiated on a case-by-case basis, with details of metering, communications, avoided energy and capacity payments, term of agreement, points of delivery, interconnection, ancillary service fees, standby charges, generation scheduling, and other issues defined in each specific contract.

Qualifying Facilities:
Power production facilities that are Qualifying Facilities as defined in Section 201 of the Public Utilities Regulatory Policies Act may elect to be treated as such rather than as Small Facilities or Large Facilities as set forth above. Platte River shall purchase electric energy and capacity offered by Qualifying Facilities operating in the Municipalities. Operators of such facilities shall consult Platte River in advance of any construction activity, provide to Platte River a copy of a qualifying certificate for the proposed facility (from the Federal Energy Regulatory Commission), and obtain Platte River’s written opinion concerning feasibility of the facility, which opinion shall not be unreasonably withheld.

Payment for electric energy and capacity from Qualifying Large Facilities may be based on Platte River’s avoided energy and capacity rate, as follows:

- Capacity: $4.03 per kilowatt per month
- Avoided Energy Rate for Large Facilities: $0.02457 – $0.01791 per kilowatt-hour for electricity made available to Platte River.

Capacity payments shall be based upon the 60-minute, average kilowatt capacity provided during the hour of Platte River’s monthly peak demand.

Avoided energy and capacity payments set forth rates are based on Platte River’s current portfolio of generation resources and are subject to change on an annual basis, unless otherwise expressly stated in any separate contract with a Retail Customer and as agreed to by Platte River. Qualifying Facility or a Large Facility shall be established based upon, but not be limited to, the following criteria: Platte River shall separately calculate its avoided capacity costs.

The capacity value of firm power offered for sale to Platte River during periods where Platte River has no projected needs for additional capacity will be zero dollars ($0.00). During such periods, a Retail Customer offering to sell firm capacity to Platte River will not be entitled to any capacity payments, and will only be entitled to avoided energy costs, as appropriate for Large Facilities.

- The ability of Platte River to dispatch the Large Facility or Qualifying Facility.
- The expected or demonstrated reliability of the Large Facility or Qualifying Facility.
- The terms of any contract or other legally enforceable obligation, including the duration of the obligation, termination notice requirement, and sanctions for non-compliance.
- The extent to which scheduled outages of the Large Facility or Qualifying Facility can be coordinated with scheduled outages of Platte River’s facilities.
- The availability and usefulness of capacity and energy supplied from a Large Facility or Qualifying Facility during annual seasonal peak periods (typically June through August between 3 and 6 pm).
• The usefulness of energy supplied from a Large Facility or Qualifying Facility during system emergencies, including its ability to separate its load from its generation.
• The individual and aggregate value of energy and capacity from the Large Facility or Qualifying Facility on Platte River's system.
• The capacity increments and the lead times associated with additions of capacity from the Large Facility or Qualifying Facility.
Tariff—schedule 4: Wholesale Transmission Service (Tariff WT-20)

Platte River Power Authority (Platte River) offers transmission service through this Wholesale Transmission Service Tariff (WT-20). Tariff WT-20 does not apply to any entity taking bundled service under Platte River’s Firm Power Service Tariff FP-20; Standard Offer Energy Purchase Tariff SO-20; or Large Customer Service Tariff. Tariff WT-20 may or may not be equivalent to Platte River’s open access transmission service through this Open Access Transmission Tariff (OATT). The complete OATT is posted on Platte River’s Open Access Same-Time Information System (OASIS) web site. Any Eligible Customer (as defined in the OATT Tariff) may request transmission service from Platte River under the terms of the OATT Tariff. This OATT Tariff does not apply to any entity taking bundled service under Platte River’s TARIFF—SCHEDULE 1: FIRM RESALE POWER SERVICE; TARIFF—SCHEDULE 8: STANDBY SERVICE; OR TARIFF—SCHEDULE 9: LARGE USER SERVICE.

In accordance with the OATT Tariff, Platte River reserves the right to offer a discounted transmission rate for transmission service posted on the OASIS for specific transmission paths.

A summary of the charges within the OATT-WT-20 Schedules follows.

The Real Power Loss factor is 1.95%.

1. **Scheduling, System Control, and Dispatch Service**
   No charge in addition to that for Transmission Service (items 7 and 8 below).

2. **Reactive Supply and Voltage Control from Generation Sources Service**
   $36.16 per megawatt (MW) of Reserved Capacity per month.

3. **Regulation and Frequency Response Service**
   Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

4. **Energy Imbalance Service**
   Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

5. **Operating Reserve—Spinning Reserve Service**
   Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

6. **Operating Reserve—Supplemental Reserve Service**
   Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.
(7) **Long-Term and Short-Term Firm Point-to-Point Transmission Service**

The charges can be up to the following limits:

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yearly Delivery</td>
<td>$77,384.76 per MW of Reserved Capacity per year</td>
</tr>
<tr>
<td>Monthly Delivery</td>
<td>$6,448.73 per MW of Reserved Capacity per month</td>
</tr>
<tr>
<td>Weekly Delivery</td>
<td>$1,488.17 per MW of Reserved Capacity per week</td>
</tr>
<tr>
<td>Daily Delivery</td>
<td>$297.63 per MW of Reserved Capacity per day</td>
</tr>
<tr>
<td>Hourly Delivery</td>
<td>$18.60 per MW of Reserved Capacity per hour</td>
</tr>
</tbody>
</table>

(8) **Non-Firm Point-to-Point Transmission Service**

The charges can be up to the following limits:

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Delivery</td>
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</tr>
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<td>Hourly Delivery</td>
<td>$18.60 per MW of Reserved Capacity per hour</td>
</tr>
</tbody>
</table>

**Transmission Revenue Requirement**

The charge for Network Integration Transmission Service is calculated pursuant to the Federal Energy Regulatory Commission (FERC) Pro Forma Open Access Transmission Tariff Attachment H based on Platte River’s annual transmission revenue requirement of $43,688,135. This transmission revenue requirement is calculated in accordance with the FERC pro-forma Network Service Rate calculation requirement.

**Joint Dispatch Transmission Service**

Joint Dispatch Transmission Service is applicable only to load serving entities in the Public Service Company of Colorado (PSCo) Balancing Authority Area that are signatories to a Joint Dispatch Agreement (JDA) under which: (1) participating generating resources of the parties are dispatched as a pool on a least-cost basis respecting transmission limitations; and (2) the Joint Dispatch Transmission Service Customers’ respective transmission service providers have provided within their OATT a transmission service schedule for energy dispatched pursuant to the JDA at a rate equal to zero dollars on a non-firm, as-available basis with the lowest curtailment priority.

Hourly delivery: $0.00 per MW of Reserved Capacity per hour
Tariff—schedule 7: renewable energy service

Applicability:
This TARIFF—SCHEDULE 7: RENEWABLE ENERGY SERVICE (TARIFF—SCHEDULE 7) applies to those amounts of Qualified Renewable Energy (Renewable Energy) subscribed for in accordance with the Request Letter process outlined below, available for delivery by Platte River Power Authority (Platte River) to a Municipality for purchase and resale to retail customers of the Municipality (Customer). Renewable Energy supplied under this TARIFF—SCHEDULE 7 shall be above and beyond any Renewable Energy provided through TARIFF—SCHEDULE 1: FIRM RESALE POWER SERVICE. This TARIFF—SCHEDULE 7 provides that a Premium Charge for Renewable Energy subscribed for herein shall be added to the charges for firm energy established by TARIFF—SCHEDULE 1: FIRM RESALE POWER SERVICE. Renewable Energy includes two separate products, Wind Energy and Community Solar Energy, which may be requested individually and are delivered and charged individually. Although structured as Premium Charges, it is possible increases in market energy costs could lead to negative Premium Charges.

Character of Service:
Alternating current: 60 hertz; three-phase; delivery at 115 kilovolts or at other voltages subject to conditions as agreed upon.

Request Letter and Confirmation:
In order to receive service under this TARIFF—SCHEDULE 7, a Municipality must submit a Request Letter requesting that Platte River deliver specific amounts of additional Wind Energy and Community Solar Energy to the Municipality. Requests for Wind Energy shall be for a specific volume of renewable energy to be delivered annually, measured in megawatt-hours. Requests for Community Solar Energy shall be for the energy output from a specific share of generation resource capacity that provides the energy, measured in kilowatts. Platte River shall confirm in writing the amount of such Wind Energy and Community Solar Energy to be delivered.

Once confirmed, Platte River shall be obligated to sell and deliver and the requesting Municipality shall be obligated to take and pay for all Wind Energy and Community Solar Energy requested in the Request Letters.

Premium Charges:
A monthly Premium Charge for all Renewable Energy delivered to the Municipalities under this TARIFF—SCHEDULE 7, shall be assessed as follows:

Wind Energy:

A net fixed charge of $0.025 per kilowatt-hour for all such Wind Energy supplied, which shall include an Energy Charge, estimated Energy Credit, and other credits or charges, as defined below:

An Energy Charge for the cost to procure and deliver the energy.

An estimated Energy Credit intended to reflect the marginal energy benefit realized by the Platte River system, which could be one of the following for any given unit of energy provided by Wind Energy: avoided coal fuel cost, avoided natural gas fuel cost, avoided market purchase, or increased...
surplus sale revenue. At the end of the calendar year Platte River will review the actual marginal energy benefits and, if found to be different from the estimated Energy Credit, apply the difference between the actual and estimated Energy Credit to the fixed net charge in future years.

Other credits or charges will be included if the future Wind Energy results in other system benefits or costs not included above. For example, Wind Energy may result in ancillary services costs or benefits, or may result in benefits due to avoided emissions.

Community Solar Energy:

Individual charges, including an Energy Charge, Capacity Credit, Energy Credit, and other charges and credits, shall be applied to all such Community Solar Energy, as defined below:

An Energy Charge of $XX per kilowatt-hour to procure and deliver the energy.

A Capacity Credit intended to reflect the avoided future cost of marginal capacity anticipated to be realized by the Platte River system, based on the avoided capacity rate published in Platte River’s TARIFF—SCHEDULE 3: PARALLEL GENERATION and the estimated firm capacity provided by the Community Solar Energy project.

An Energy Credit intended to reflect the marginal energy benefit realized by the Platte River system, which could be one of the following for any given unit of energy provided by Community Solar Energy: avoided coal fuel cost, avoided natural gas fuel cost, avoided market purchase, or increased surplus sale revenue. The Energy Credit will be determined one month in arrears based on the actual marginal energy benefits achieved during the prior month.

Other credits or charges will be included if the future Community Solar Energy results in other system benefits or costs not included above. For example, Community Solar may result in ancillary services costs or benefits, or may result in benefits due to avoided emissions.

Suspension or Termination of Deliveries:

In the event Platte River is unable to deliver requested Renewable Energy due to Uncontrollable Forces as that term is defined in the Power Supply Agreements or due to contractual breach or default by third parties, Platte River reserves the right to suspend or terminate the delivery of Renewable Energy under this TARIFF—SCHEDULE 7.

Qualified Renewable Energy:

Sources of Renewable Energy provided under this TARIFF—SCHEDULE 7 are limited to those listed in the Colorado Energy Standard; C.R.S. § 40-2-124. Renewable Energy delivered to Municipalities under this TARIFF—SCHEDULE 7 shall be comprised of either: (i) energy generated from Renewable Energy sources, inclusive of the Renewable Energy Certificates (RECs) associated with those sources, or (ii) Platte River system energy combined with RECs from qualified sources.
Tariff—schedule 8: standby service

Applicability:
This TARIFF—SCHEDULE 8: STANDBY SERVICE shall apply to any retail customer of a Municipality (Customer) who opts to supply 1,000 kilowatts or more of electric power for other than emergency back-up purposes, from generation sources, individual or aggregated, located on the Customer’s premises and who receives Standby Capacity from the Municipality (whether Standby Capacity is received by choice or by default).

Monthly Charges:
Monthly Charges for Standby Capacity and related services shall be established by separate contract.

Standby Capacity:
Standby Capacity is the capacity, required by Platte River Power Authority (Platte River), to serve Customer load in the event the Customer’s on-site generation fails to operate. The Standby Capacity is typically equal to the capacity provided by the Customer’s on-site generation when it operates. Platte River will consult with the Municipality in determining the actual quantity of Standby Capacity, measured in kilowatts, to be invoiced to the Municipality on the Customer’s behalf. The amount of Standby Capacity shall not exceed the total available output capability of the Customer’s on-site generation equipment.

Details of metering and other issues shall be established by contract among the Customer, the Municipality, and Platte River.
Large Customer Service (Tariff LC-20)

Applicability:
This TARIFF—SCHEDULE 9: LARGE USER SERVICE (TARIFF—SCHEDULE 9) Tariff LC-20 is available and may be required for firm and interruptible energy furnished by Platte River Power Authority (Platte River) to Municipalities—Owner Communities for resale to Large Users—Customers. For the purposes of this tariff the “Owner Communities” shall mean the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Large Users—Customers are end-use customers meeting any of the following criteria:

- Customer requests new service entrance capacity of 10,000 kilowatts (kW) or greater.
- Customer has a new load that cannot be readily served from the Municipality’s Owner Community’s distribution system under the TARIFF—SCHEDULE 1: FIRM RESALE POWER SERVICE Firm Power Service Tariff FP-20 or its successor due to the unusual nature of the load.
- Customer metered demand is anticipated to reach 1,000 kW at a single site within twelve (12) months of requesting such service as demonstrated to the Municipality’s Owner Community and Platte River’s satisfaction; provided, however, that if the metered demand does not reach 1,000 kW within a 12-month time frame, the customer must receive service under another tariff offered by the Owner Community until the metered demand reaches 1,000 kW for a continuous twelve (12) month period.
- Customer with load at a single site with a single meter measuring a minimum metered demand of 1,000 kilowatts (kW) or greater.
- Customer with load at a single site with multiple meters, where the sum of the coincident metered demand for such meters is 1,000 kW or greater.
- Total load for a customer with multiple, non-contiguous sites aggregated under a single Service Agreement with the Owner Community provided that the customer has at least one site where the minimum metered demand is 1,000 kW or greater and all loads are located within the Municipality’s Owner Community’s service territory.

Prior to receiving service pursuant to this TARIFF—SCHEDULE 9 Tariff LC-20, the Large User Customer must enter into an agreement for electric service (Service Agreement) with the Municipality Owner Community in which their load is located. The Service Agreement shall identify Platte River as a third-party beneficiary of the Service Agreement. The Service Agreement shall address, at a minimum, the following material terms:

- Charge(s) for service, including responsibility for infrastructure costs
- Term of Service Agreement
- Initial date of service under this tariff
- Rate adjustments
- Amount and timing of curtailments or interruptions (if any)
- Standby provisions

Each of these terms and conditions shall be established in consultation with Platte River and shall be confirmed in a letter from the Platte River General Manager to the Municipality Owner Community. The Municipality Owner Community will negotiate the specific form of the Service Agreement with the Large User Customer.
Charges for Service:
The monthly charges to an Municipality-Owner Community for service by Platte River under this TARIFF—SCHEDULE 9 Tariff LC-20 shall be determined based on the unique load characteristics, and service requirements, and related costs to serve the Large UserCustomer and will be approved.

In determining the charges for service, consideration will be given to the following cost of service issues posed by service to the Large User:

- Investments for transmission system facilities and other infrastructure located at or near the Large User site;
- Investments for unique transmission system facilities and other infrastructure necessary to provide service to the Large User;
- The effect of the Large User load on the cost for adding new generation resources; and
- The effect of the Large User load on fuel use and fuel mix for power generation.

In order to adequately address the costs of service imposed by the Large User, unique rate structures and cost recovery mechanisms will be examined, including, but not limited to the following:

- Initial fixed costs
- Monthly fixed cost charges
- Seasonal pricing
- Time of use pricing
- Marginal cost pricing
- Fuel adjustment charges

All charges shall at a minimum be sufficient to recover Platte River’s related cost of service, including expected operating and maintenance costs, related purchased power costs and related principal and interest on Platte River indebtedness over the term of the Service Agreement. All charges and material terms of service are subject to approval by the Platte River Board of Directors.

Adjustment of Charges:
Unless otherwise agreed, adjustments to the charges will be made on an annual basis at a minimum and will reflect actual changes in Platte River’s cost of service including, but not limited to, financing costs, fuel (including delivery), operation and maintenance, environmental management, and purchased power.

Character of Service:
Alternating current at approximately 60 hertz; three-phase; delivery at 115 kilovolts or at other voltages subject to conditions as agreed upon; metering at each delivery point.

Metering, Invoicing and Losses:
The Municipality-Owner Community shall provide to Platte River the monthly demand, energy, power factor and other usage characteristics as may be required for billing the Municipality-Owner Community on a calendar month basis, for the Large User–Customer usage. The Owner Community should provide this information to Platte River within five (5) business days of obtaining such data. Following its receipt of the monthly billing data for the Large UserCustomer, Platte River shall prepare and send to the Municipality-Owner Community an invoice for the
electric power service provided to the Municipality-Owner Community for the Large User Customer, with the appropriate charges.

The Municipality-Owner Community, at its discretion, may opt to include in the Large User's Customer's monthly energy usage the distribution losses that occur between the Platte River point of delivery to the Municipality-Owner Community and the point of delivery to the Large User Customer. In such case, the Municipality-Owner Community shall provide to Platte River the total energy usage including losses of the Large User Customer and an appropriate charge will be invoiced.
2020 wholesale rates at a glance

Through Platte River Power Authority’s strategic financial plan, the board of directors has provided direction for the organization to maintain its long-term financial sustainability while continuing to offer stable and competitive wholesale electric rates. The board of directors implements appropriate rate increases and rate smoothing strategies that achieve strategic financial plan metrics and balance the following:

- Avoid significant single year rate hikes by smoothing rates over multiple years
- Provide greater rate predictability to aid owner communities and customers with more accurate, long-term planning

Rate competitiveness

The direction provided by Platte River’s Board of Directors and the strategic financial plan have positioned Platte River to offer highly competitive rates. Wholesale rates for energy provided to Platte River’s owner communities are the lowest in Colorado.

- Platte River will not increase wholesale rates in 2020 due to the transition to a new rate structure effective Jan. 1, 2020.
- With rate smoothing beyond 2020, Platte River projects 2% annual increases through 2025 followed by 1.7% annual increases through 2030.
- Platte River’s average wholesale rate is 19% lower than the next lowest regional provider.
- Retail rate surveys conducted by the Colorado Association of Municipal Utilities in July 2019 indicate Platte River’s wholesale rates allow the owner communities the opportunity to offer retail rates ranking among the lowest in Colorado.

<table>
<thead>
<tr>
<th></th>
<th>2018 average wholesale rates ($/MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platte River</td>
<td>$60.84</td>
</tr>
<tr>
<td>Tri-State</td>
<td>$75.43</td>
</tr>
<tr>
<td>PSCo</td>
<td>$80.68</td>
</tr>
<tr>
<td>ARPA</td>
<td>$104.35</td>
</tr>
</tbody>
</table>
Achieving strategic initiatives

Platte River conducted a rate strategy and design study that included adoption of a new policy to guide the development of new rate designs that balance the following goals:

- Improve value added by Platte River in support of owner communities
- Offer a desirable portfolio of services and rates that meet owner communities’ needs
- Better align wholesale pricing signals with cost of service and owner community retail pricing signals
- Send pricing signals that result in a system benefit

Platte River’s predictive maintenance strategies and proactive capital investments provide long-term system benefits and efficiencies. Rates will fund continued portfolio diversification, general infrastructure investment, general inflationary expenses and market based assumptions. Platte River is committed to:

- Diversifying its generation portfolio by expanding distributed energy resources and noncarbon generating resources
- Continuing to invest in its generation and transmission assets to maintain system reliability, improve efficiency and to meet or exceed regulatory requirements
- Planning for the exit from Craig Unit 1 coal-based generation by 2025
- Maintaining its AA credit rating and financial sustainability by generating financial reserves to reduce the need for debt to fund capital investments
- Managing costs, providing long-term financial sustainability and maintaining competitive rates

For more information:

Visit our website
www.prpa.org/wholesale-rates

Email us at
communications@prpa.org

Call
(970) 226.4000
Memorandum

Date: 10/23/2019

To: Board of Directors

From: Jason Frisbie, general manager and CEO
      Dave Smalley, chief financial officer and deputy general manager
      Shelley Nywall, director of finance

Subject: 2019 BKD audit plan

At the board meeting, Jodie Cates and Anna Thigpen from BKD LLP will discuss the planning and timing of the 2019 annual audit of the financial statements, defined benefit and defined contribution retirement plans and will answer any questions that may arise. Attached are copies of the pre-audit letter and engagement letter describing the scope of services and arrangements proposed for the audit.

Due to the governmental accounting standard (GASB Statement No. 84, Fiduciary Activities) effective for year-end 2019, there is a requirement to include the defined benefit and the defined contribution plans in a combined report with Platte River’s annual financial audit report. The defined benefit plan was combined with the 2018 year-end audit and it is now required to include the defined contribution plan. GASB Statement No. 83, Certain Asset Retirement Obligations will also be implemented in 2019.

The board authorized Platte River to enter into a five-year agreement with BKD LLP to provide audit services for 2016-2020 year-end financial results for both the financial statement and defined benefit pension plan audits, which reflect discounted pricing compared to a three-year contract. The base fee stated in the attached engagement letter is $90,550 for the combined audit. In addition, actual travel costs and administrative fees will be billed. The fees are approximately 4.5% less than in the contract due to the consolidation of the two audits. Additional fees between $6,000 and $10,000 may be charged for assisting with and auditing the implementation of the accounting standards mentioned above. This is discussed in the engagement letter.

Staff recommends a motion authorizing the board chairman to execute the engagement letter.

Attachments
October 15, 2019

Board of Directors
Platte River Power Authority
2000 East Horsetooth Road
Fort Collins, Colorado  80525-5721

The purpose of this communication is to summarize various matters related to the planned scope and timing for the December 31, 2019 audit of the financial statements of PLATTE RIVER POWER AUTHORITY.

Please refer to our engagement letter for additional information and the terms of our engagement.

OVERVIEW

We will conduct our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

PLANNED SCOPE & TIMING

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

<table>
<thead>
<tr>
<th>Risk Area</th>
<th>Audit Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk of management override of controls</td>
<td>Review accounting estimates for bias, electronic review of journal entries and evaluate business rationale for unusual transactions</td>
</tr>
<tr>
<td>Revenue recognition</td>
<td>Test the cutoff of revenue to determine that the amounts tested are properly recognized</td>
</tr>
</tbody>
</table>
Risk Area | Audit Approach
--- | ---
Capital assets | Review for propriety including accounting for disposals, proper capitalization, reasonableness of depreciation, and completeness
GASB No. 83, *Certain Asset Retirement Obligations* | Review recognition of asset retirement obligations and related accounts and disclosures for propriety
GASB No. 84, *Fiduciary Activities* | Review incorporation of the defined contribution plan into the financial statements as fiduciary component unit

We welcome any input you may have regarding the risk areas identified above, any other significant risk areas, or other matters you believe warrant particular attention.

We propose the following timeline:

- Interim fieldwork is scheduled for November 12-15, 2019
- Final fieldwork is scheduled for February 24 – March 13, 2020
- Drafts of the financial statements and management letter, together with our letter regarding auditor responsibilities, will be furnished by April 4, 2020
- Final reports will be issued by April 16, 2020
- Audit presentation to the board is preliminarily scheduled for April 30, 2020

**CONTACTS**

We understand the appropriate person in the governance structure with whom to communicate is Mr. Todd Jirsa, Chairman of the Board of Directors.

If for any reason, any member of the Board of Directors would need to contact us, please call Ms. Jodie Cates or Ms. Anna Thigpen, at 303.861.4545.
ACCOUNTING & AUDITING MATTERS

The following matters are, in our judgment, relevant to the planned scope of the audit as well as your responsibilities in overseeing the financial reporting process.

- Segregation of duties
- Revenue recognition
- Receivables
- Third-party service providers
- Restricted assets
- Cash and investments
- Electric utility plant
- Debt
- Accrued liabilities
- Pension plan and related accounting
- Commitments and contingencies
- Related-party transactions

CONSIDERATION OF ERROR OR FRAUD

One of the most common questions we receive from audit committees is, “How do you address fraud in a financial statement audit?” Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement Team Brainstorming
  - Discussions include how and where we believe the entity’s financial statements might be susceptible to material misstatement due to error or fraud, how management could perpetrate and conceal fraudulent financial reporting and how assets of the entity could be misappropriated
  - An emphasis is placed on the importance of maintaining the proper state of mind throughout the audit regarding the potential for material misstatement due to error or fraud
• Inquiries of Management and Others
  o Personnel to be interviewed include the Board Chair, the General Manager, the Chief Financial Officer and Deputy General Manager, the Director of Finance, and others
  o Inquiries are directed towards the risks of error or fraud and whether personnel have knowledge of any fraud or suspected fraud affecting the entity

• Reviewing Accounting Estimates for Bias

• Evaluating Business Rationale for Significant Unusual Transactions

• Incorporating an Element of Unpredictability Into the Audit Each Year

* * * * *

This communication is intended solely for the information and use of those charged with governance, Board of Directors and management and is not intended to be and should not be used by anyone other than these parties.

Sincerely,

Jodie Cates, CPA
Managing Director
October 15, 2019

Mr. Todd Jirsa
Chairman of the Board of Directors
Platte River Power Authority
2000 East Horsetooth Road
Fort Collins, Colorado 80525-5721

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to Platte River Power Authority.

ENGAGEMENT OBJECTIVES AND SCOPE

We will audit the basic financial statements of Platte River Power Authority as of and for the year ended December 31, 2019, and the related notes to the basic financial statements.

Our audit will be conducted with the objective of expressing an opinion on the financial statements.

OUR RESPONSIBILITIES

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.
In making our risk assessments, we consider 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate letter to be signed by you and BKD.

Jodie Cates, Managing Director, is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report upon completion of our audit of Platte River Power Authority’s financial statements. Our report will be addressed to the Board of Directors of Platte River Power Authority. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph(s), or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

We will also express an opinion on whether the combining statements of fiduciary net position, and changes in fiduciary net position, is fairly stated, in all material respects, in relation to the financial statements as a whole.

**YOUR RESPONSIBILITIES**

Our audit will be conducted on the basis that management, and, where appropriate, those charged with government acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;

2. For 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; and
3. To provide us with:

   a. Access to all information of which management is aware that is relevant to the
      preparation and fair presentation of the financial statements such as records,
      documentation and other matters;

   b. Additional information that we may request from management for the purpose of
      the audit; and

   c. Unrestricted access to persons within the entity from whom we determine it
      necessary to obtain audit evidence

As part of our audit process, we will request from management, and, where appropriate, those
charged with governance written confirmation acknowledging certain responsibilities outlined in
this engagement letter and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud
  aggregated by us during the current engagement and pertaining to the latest period
  presented are immaterial, both individually and in the aggregate, to the financial
  statements taken as a whole

With regard to supplementary information:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary
  information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document
  that contains this supplementary information and indicates we have reported on the
  supplementary information
- Management will make the supplementary information readily available to intended users
  if it is not presented with the audited financial statements

**OTHER SERVICES**

In addition, we may perform other services for you not covered by this engagement letter. You
agree to assume full responsibility for the substantive outcomes of the services described above
and for any other services that we may provide, including any findings that may result. You also
Platte River Power Authority
October 15, 2019
Page 4

acknowledge that those services are adequate for your purposes and that you will establish and monitor the performance of those services to ensure that they meet management’s objectives. Any and all decisions involving management responsibilities related to those services will be made by you, and you accept full responsibility for such decisions. We understand that you will designate a management-level individual to be responsible and accountable for overseeing the performance of those services, and that you will have determined this individual is qualified to conduct such oversight.

ENGAGEMENT FEES

The fees for our services will be $90,550. Fees related to the implementation of new accounting standards are discussed below. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10%.

Our engagement fee does not include any time for post-engagement consultation with your personnel or third parties, consent letters and related procedures for the use of our reports in offering documents, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our fees may also increase if our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards.

If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

IMPLEMENTATION OF ASSET RETIREMENT OBLIGATIONS STANDARD

Governmental Accounting Standards Board Statement No. 83, Certain Asset Retirement Obligations, is effective for fiscal years beginning after June 15, 2018, with retrospective application in the year the update is first applied.
Assistance and additional time as a result of the adoption are not included within our standard engagement fees. Our fees as a result of the adoption of GASB 83 will be based on time expended and will vary based on the level of assistance and procedures required. We will need input and assistance from the accounting department throughout the process of implementation. We estimate additional fees associated with this implementation to range from $3,000 to $5,000.

**IMPLEMENTATION OF FIDUCIARY ACTIVITIES STANDARD**

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, is effective for fiscal years beginning after December 15, 2018, with retrospective application in the year the update is first applied. The Statement is expected to significantly change how entities evaluate and report fiduciary activities, including defined contribution plans.

Assistance and additional time as a result of the adoption are not included within our standard engagement fees. Our fees as a result of the adoption of the GASB 84 will be based on time expended and will vary based on the level of assistance and procedures required. We will need input and assistance from the accounting and other departments throughout the process of implementation. We estimate additional fees associated with this implementation to include the defined contribution plan to range from $3,000 to $5,000.

**OTHER ENGAGEMENT MATTERS AND LIMITATIONS**

BKD is not acting as your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to you and does not owe you a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such information or communications with any and all internal or external advisors and experts you deem appropriate before acting on any such information or material provided by BKD.

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information in good faith efforts to comply with applicable laws or regulations.

You agree to indemnify and hold harmless BKD and its personnel from any claims, liabilities, costs and expenses relating to our services under this agreement attributable to false or incomplete representations by management, except to the extent determined to have resulted from the intentional or deliberate misconduct of BKD personnel.
To the extent permitted by law, you agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Either of us may terminate these services at any time. Both of us must agree, in writing, to any future modifications or extensions. If services are terminated, you agree to pay us for time expended to date. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

We may from time to time utilize third-party service providers, e.g., domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

You agree to assume full responsibility for maintaining your original data and records and that BKD has no responsibility to maintain this information. You agree you will not rely on BKD to provide hosting, electronic security or backup services, e.g., business continuity or disaster recovery services, to you unless separately engaged to do so. You understand that your access to data, records and information from BKD’s servers, i.e., BKDconnect, can be terminated at any time and you will not rely on using this to host your data and records.

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery as the internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.
You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

If either party provides confidential information to the other which is identified as such, the receiving party shall, to the extent authorized by law, protect the confidential information from disclosure to third parties with the same degree of care afforded its own confidential and proprietary information. Neither party shall, however, be required to hold confidential any information which becomes publicly available other than through the recipient, which is required to be disclosed by a governmental or judicial order, or by statute, is independently developed by the receiving party, or which becomes available to the receiving party without known restrictions from a third party. Documents and other materials supplied to Platte River may potentially become public records subject to inspection by outside parties pursuant to the Colorado Open Records Act, C.R.S. §§ 24-72-200.1, et seq., as amended. Unless proper grounds exist to deny requests to inspect such materials Platte River may be unable to prevent such inspection. BKD has familiarized itself with the pertinent statutory provisions in order that necessary steps may be taken to protect the confidential nature of its submissions.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

The entity may wish to include our report on these financial statements in an exempt offering document. The entity agrees that the aforementioned auditor’s report, or reference to our firm, will not be included in any such offering document without notifying us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor’s report in the exempt offering document, will be a separate engagement.

Any exempt offering document issued by the entity with which we are not involved will clearly indicate that we are not involved by including a disclosure such as, “BKD, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BKD, LLP, also has not performed any procedures relating to this offering document.”

You agree to notify us if you desire to place these financial statements or our report thereon along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that we have no responsibility as auditors to review information contained in electronic sites.
Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information.

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of BKD, LLP have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a “duplicate original” of this agreement.

BKD, LLP

Acknowledged and agreed to on behalf of:

PLATTE RIVER POWER AUTHORITY

BY: ___________________________________________
   Todd Jirsa, Chairman of the Board of Directors

DATE: ______________________________________

BY: __________________________________________
   Dave Smalley, Deputy General Manager
   and Chief Financial Officer

DATE: _______________________________________
At the August 2019 board meeting, members of the public raised concerns about potential development of mineral rights (owned by third parties or by Platte River) at the Rawhide Energy Station property.

To protect the attorney-client privilege of advice given to the board by legal counsel, the staff recommends the board convene an executive session before discussing this matter. Discussing matters protected by attorney-client privilege and potential negotiation strategies in executive session is permitted by sections 24-6-402(4)(b) and (e)(l) of the Colorado Revised Statutes.
No materials are provided for this section.
As previewed during the September budget work session, staff anticipated changes to the 2020 proposed strategic budget. The changes are based on a revised production cost model and refinements to departmental operations and maintenance expenses and capital projects. The updated budget includes total revenues of $240.5 million, total expenditures of $278.3 million and a board contingency appropriation of $26 million. Net income is projected to be $17.2 million with fixed obligation charge coverage at 2.17 times.

The budget has been updated to reflect the most current information for revenues and expenditures as listed below.

<table>
<thead>
<tr>
<th>Amount favorable (unfavorable)</th>
<th>Revenues</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>($7.3M)</td>
<td>Sales for resale</td>
<td>The price for surplus sales has been updated with the most recent forecast adjusted for Platte River’s market. As a result, the average price is decreasing 9.8% to $23.87 from $26.44 per MWh and the volume of sales decreased 10%, representing $3.8 million and $3.5 million of the change, respectively.</td>
</tr>
<tr>
<td>($0.3M)</td>
<td>Interest income</td>
<td>Interest rates were updated with lower projections.</td>
</tr>
<tr>
<td>($0.1M)</td>
<td>Sales to owner communities</td>
<td>Final adjustments were made for alignment with the new rate structure.</td>
</tr>
<tr>
<td>($7.7M)</td>
<td>Total decrease in revenues</td>
<td></td>
</tr>
</tbody>
</table>
Capital projects were also reviewed and updated for the 2020 budget. The changes are listed below.

<table>
<thead>
<tr>
<th>Amount favorable (unfavorable)</th>
<th>Capital additions</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>($0.6M)</td>
<td>Headquarters campus</td>
<td>Increase primarily for adding overhead doors to the outbuildings.</td>
</tr>
<tr>
<td>($0.4M)</td>
<td>Energy Engagement Center</td>
<td>Increase based on the latest project cost estimates and enhancing the center to include a video wall.</td>
</tr>
</tbody>
</table>
Depreciation and amortization increased $1 million for the changes in capital projects ($0.2 million) and for the accounting pronouncement, GASB Statement No. 83, Certain Asset Retirement Obligations, ($0.8 million). The standard requires obligations arising from a legally enforceable regulation, contract or court judgement related to a tangible capital asset to be estimated and recorded as a liability with a corresponding deferred outflow of resources. The deferred outflow of resources will be expensed over the life of the related capital asset. The asset retirement obligations for Platte River relate to a contractual obligation with Larimer County requiring that if energy is no longer produced at the Rawhide Energy Station, Platte River is obligated to remove all above-ground structures. There are also obligations for closure of the impoundments at the Rawhide Energy Station and the Craig Station. The impoundments

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>($0.2M)</td>
<td>SONET communications equipment replacement</td>
<td>Increase as quotes are higher than originally estimated.</td>
</tr>
<tr>
<td>($0.1M)</td>
<td>Pump replacement – Soldier Canyon</td>
<td>New project to replace two pumps at the end of their useful life at the Soldier Canyon pump station.</td>
</tr>
<tr>
<td>($44K)</td>
<td>GeoEvent server and application</td>
<td>New purchase of fiber technology to allow Platte River staff and owner community staff to collaborate in the field.</td>
</tr>
<tr>
<td>($42K)</td>
<td>Disaster recovery center – generation desk</td>
<td>New project to create a disaster recovery center for the generation control center. The generation and transmission desk currently share a space; however, FERC Standards of Conduct require separate work areas for each function.</td>
</tr>
<tr>
<td>($21K)</td>
<td>Optical network equipment replacement</td>
<td>New project to upgrade the optical networking equipment to 10Gb ethernet services on the Fort Collins Community Network (FCCN). This equipment is used to connect Platte River to the FCCN and provides the primary internet service.</td>
</tr>
<tr>
<td>$0.4M</td>
<td>Rotary car dumper drive conversion to variable frequency drives</td>
<td>Decrease due to additional work completed in 2019; thus more will be spent in 2019 and less in 2020. Final quotes were also obtained, which reduced the overall project cost slightly.</td>
</tr>
<tr>
<td>($1M)</td>
<td>Total increase in capital additions</td>
<td></td>
</tr>
</tbody>
</table>
at the Rawhide Energy Station have already been captured on Platte River's financial statements but will be rolled into this new standard.

The following table summarizes the 2020 proposed strategic budget and outlines impacts from the current changes made to the revenue and expenditure categories.

<table>
<thead>
<tr>
<th>$ in thousands</th>
<th>Proposed budget</th>
<th>Prices &amp; model update impacts</th>
<th>Other O&amp;M net decrease</th>
<th>Capital &amp; depreciation &amp; amortization increase*</th>
<th>Favorable (unfavorable) changes</th>
<th>Updated proposed budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to owner communities</td>
<td>$198,750</td>
<td>$ (62)</td>
<td></td>
<td></td>
<td>$ (62)</td>
<td>$198,688</td>
</tr>
<tr>
<td>Sales for resale - contract</td>
<td>14,453</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>14,454</td>
</tr>
<tr>
<td>Sales for resale - short-term</td>
<td>24,968</td>
<td>(7,361)</td>
<td></td>
<td></td>
<td>(7,361)</td>
<td>17,607</td>
</tr>
<tr>
<td>Wheeling</td>
<td>5,918</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5,918</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>4,155</td>
<td>(292)</td>
<td></td>
<td></td>
<td>(292)</td>
<td>3,863</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$248,244</td>
<td>$ (7,714)</td>
<td></td>
<td></td>
<td>$ (7,714)</td>
<td>$240,530</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased power</td>
<td>$45,483</td>
<td>$690</td>
<td>$194</td>
<td></td>
<td>$884</td>
<td>$44,599</td>
</tr>
<tr>
<td>Fuel</td>
<td>48,829</td>
<td>2,857</td>
<td>768</td>
<td></td>
<td>684</td>
<td>47,888</td>
</tr>
<tr>
<td>Production</td>
<td>48,572</td>
<td>(84)</td>
<td>684</td>
<td></td>
<td>232</td>
<td>17,284</td>
</tr>
<tr>
<td>Transmission</td>
<td>17,516</td>
<td>232</td>
<td></td>
<td></td>
<td>232</td>
<td>17,284</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>22,723</td>
<td>277</td>
<td></td>
<td></td>
<td>277</td>
<td>22,446</td>
</tr>
<tr>
<td>Distributed energy resources</td>
<td>11,844</td>
<td>(319)</td>
<td></td>
<td></td>
<td>(319)</td>
<td>12,163</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>$194,967</td>
<td>$3,463</td>
<td>$1,171</td>
<td></td>
<td>$4,634</td>
<td>$190,333</td>
</tr>
<tr>
<td><strong>Capital additions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>$30,087</td>
<td>$367</td>
<td></td>
<td></td>
<td>$367</td>
<td>$29,720</td>
</tr>
<tr>
<td>Transmission</td>
<td>24,440</td>
<td>5</td>
<td></td>
<td></td>
<td>5</td>
<td>24,435</td>
</tr>
<tr>
<td>General</td>
<td>9,395</td>
<td>(1,352)</td>
<td></td>
<td></td>
<td>(1,352)</td>
<td>10,747</td>
</tr>
<tr>
<td><strong>Total capital additions</strong></td>
<td>$63,922</td>
<td>$(980)</td>
<td></td>
<td></td>
<td>$(980)</td>
<td>$64,902</td>
</tr>
<tr>
<td><strong>Total operating expenses and capital additions</strong></td>
<td>$258,889</td>
<td>$3,463</td>
<td>$1,171</td>
<td></td>
<td>$3,654</td>
<td>$255,235</td>
</tr>
<tr>
<td><strong>Debt expense</strong></td>
<td>$23,110</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$23,110</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>$281,999</td>
<td>$3,463</td>
<td>$1,171</td>
<td></td>
<td>$3,654</td>
<td>$278,345</td>
</tr>
<tr>
<td>Contingency appropriation</td>
<td>$26,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$26,000</td>
</tr>
<tr>
<td><strong>Total expenditures and contingency</strong></td>
<td>$307,999</td>
<td>$3,463</td>
<td>$1,171</td>
<td></td>
<td>$3,654</td>
<td>$304,345</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$21,269</td>
<td>$(4,251)</td>
<td>$1,171</td>
<td></td>
<td>$(1,007)</td>
<td>$(4,087)</td>
</tr>
</tbody>
</table>

*Depreciation and amortization expense increased by approximately $1M impacting net income.

Attached is the 2020 proposed strategic budget at a glance reflecting the most recent budget. If additional changes arise, the board will be informed as soon as reasonably possible to ensure budget adoption in December.
A public hearing will be held at the board meeting to receive comments on the 2020 proposed strategic budget. Public notice of the hearing was posted in the four owner communities' local newspapers in September. Staff will give a presentation on the changes to the budget at the board meeting.

Attachment
The Platte River Power Authority Strategic Budget is produced in alignment with the long-range strategic plan, under the direction of the organization’s leadership to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River’s tactical operational and capital plans for the coming year.

The foundation for Platte River’s 2020 budget represents ongoing investments into transforming the organization, based upon the organization’s strategic plan and core operations. These are aligned with Platte River’s core pillars of system reliability, environmental responsibility and financial sustainability. The pillars guide the decision-making process which has directed the resource allocations, revenues and expenses detailed in the budget.

Expenses are managed from a broad perspective with the goal of operating the system in a safe, compliant and reliable manner while cost-effectively optimizing resources and expanding environmental stewardship. Platte River communicates and collaborates with the owner communities to align processes and outcomes to the benefit of all customers.

Platte River provides stable and competitive wholesale rates – currently the lowest in Colorado. There will not be a rate increase in 2020 and Platte River will implement its new rate design. The new rate design provides unbundled transmission and generation rates, and transparent energy pricing information that our retail utilities can utilize to develop flexible pricing options for retail customers. More information regarding the new rate design can be found at www.prpa.org/wholesale-rates.
Core pillars
System reliability • Environmental responsibility • Financial sustainability

Strategic initiatives
$74 million
29% of operating and capital
- Enhanced customer experience, $12.8M, 5%
- Communications and community outreach, $1.9M, 1%
- Resource diversification and alignment, $32.2M, 13%
- Infrastructure advancement and technology development, $27.1M, 10%

Activities
- Distributed energy resource strategy, energy efficiency expansion, electric vehicle charging stations, demand response and wholesale rate redesign
- Public engagement, effective internal and external communications and energy efficiency program marketing
- Integrated resource plan, wind and solar projects, battery storage, operational flexibility and energy imbalance market research
- Substation security and modifications, LED lighting, control systems, airflow spoilers, enterprise resource planning, cybersecurity, fiber optics and the Windy Gap Firming Project
- The new headquarters campus and Energy Engagement Center will provide an easily accessible amenity to owner communities and the public while providing employees with the resources needed to operate more effectively and efficiently in a rapidly changing industry. The new facility includes a distributed solar system that will provide up to 50% of its power needs and a battery system integrated with grid operations.

Core operations
$181.2 million
71% of operating and capital
- Generation including fuel, $120M, 47%
- Transmission, $23.2M, 9%
- Purchases including hydropower, wind and solar energy, $38M, 15%

Activities
- Predictive maintenance strategies – Rawhide Unit 1, Craig Unit 2 and combustion turbine units scheduled maintenance outages and information technology investments
- Proactive capital investments – monofill upgrades, fire protection, switchgear and oil breaker replacements, transformer upgrades and SONET replacement
- Staffing additions are included to support the changing environment and focus on strategic initiatives. Increased requirements are associated with communications and marketing, information technology and transmission.

Operating expenses and capital additions:
- Core operations $255.2 million (71%)
- Strategic initiatives $74 million (29%)

For more information:
- Visit our website www.prpa.org
- Email us at communications@prpa.org
- Call (970) 226.4000
Memorandum

Date: 10/23/2019

To: Board of Directors

From: Jason Frisbie, general manager and CEO
      Alyssa Clemsen Roberts, chief strategy officer

Subject: Vision, Mission and Values – Resource Diversification Policy

In public and stakeholder communications, Platte River’s board and leadership have consistently recited the organization’s three core pillars of (1) reliable, (2) environmentally responsible and (3) financially sustainable energy and services. These pillars were clearly defined in the Resource Diversification Policy, adopted by the board in December 2018.

To more directly align Platte River’s three pillars with its public facing messaging, staff edited and updated a draft of the organization’s vision, mission and values statements. A presentation was given to solicit board discussion and direction during the September 2019 board meeting.

Direction was provided to staff to expand or edit the three pillars from “reliable, environmentally responsible and financially sustainable energy and service” to “reliable, environmentally responsible, fiscally efficient and financially sustainable” energy and services.

Another option considered by staff, to avoid potential confusion between “financially sustainable” and “fiscally efficient,” would be to include the phrase “fiscally efficient,” within the definition of financially sustainable in the Resource Diversification Policy.

Included in the board packet is the Resource Diversification Policy and options to consider. Staff recommends further discussion at the October board meeting to finalize the desired language for both the Resource Diversification Policy as well as the vision, mission and values.

Attachments
Resource Diversification Policy

Adopted by Platte River’s Board of Directors on December 6, 2018

Purpose

This policy is established to provide guidance for resource planning, portfolio diversification and carbon reduction.

Policy

The board of directors (the board) directs the general manager/CEO to proactively work toward the goal of reaching a 100 percent non-carbon resource mix by 2030, while maintaining Platte River’s three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services.

The board recognizes the following advancements must occur in the near term to achieve the 2030 goal and to successfully maintain Platte River’s three pillars:

- An organized regional market must exist with Platte River as an active participant
- Battery storage performance must mature and the costs must decline
- Utilization of storage solutions to include thermal, heat, water and end user available storage
- Transmission and distribution infrastructure investment must be increased
- Transmission and distribution delivery systems must be more fully integrated
- Improved distributed generation resource performance
- Technology and capabilities of grid management systems must advance and improve
- Advanced capabilities and use of active end user management systems
- Generation, transmission and distribution rate structures must facilitate systems integration

Resource planning is an ongoing process and Platte River continuously evaluates opportunities to add non-carbon resources. Platte River reviews its generation portfolio annually as part of the budgeting and planning process. This process sets the foundation for developing an integrated resource plan (IRP) submitted to the Western Area Power Administration every five years as required. The resource planning process includes evaluating the progress of energy storage, distributed power sources and new technologies.

As a leader in the utility industry in Colorado for many years, Platte River will continue to move forward to meet the resource needs and wants of the four owner communities. The board recognizes the integration of non-carbon resources and new technologies will shape the future of Platte River’s and the four owner communities’ energy supply.
Definitions

Reliable
Platte River will provide wholesale electric power to its owner communities with the highest possible power quality and transmission service availability while providing the lowest amount of energy supply disruptions. Platte River will abide by North America Energy Regulatory Corporation (NERC) regulatory conventions for reserve requirements and reliability standards using a planning reserve margin of 15 percent and a loss of load expectation (LOLE) of 1 day in 10 years. Platte River will continue to exceed NERC reliability standards by consistently providing power delivery and transmission service to our owner communities by meeting our goal of an annual availability factor of 99.97 percent or greater.

Environmentally responsible
Platte River will provide energy products and services to its owner communities while proactively minimizing environmental impacts. Platte River will meet or exceed all federal, state and local environmental regulatory requirements and will continue to work with its owner communities to respect, protect and enhance the ecosystems along the Front Range for future generations.

Financially sustainable
Platte River’s strategic financial plan (SFP) is designed to provide long-term financial viability, manage financial risk and support Platte River’s mission, vision and values. Financial metrics have been established in consideration of rating agency guidelines. To manage financial assets and risk, staff will continue to implement and maintain prudent business practices in the management of reserves, maintain the enterprise risk management program and comply with financial policies. Rates shall be established to generate adequate cash flows and maintain access to low-cost capital while providing wholesale rate stability. Platte River will continue to establish and offer competitive rates and services to provide value to our four owner communities.
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Memorandum

Date: 10/23/2019
To: Board of Directors
From: Jason Frisbie, general manager and CEO
       Andy Butcher, chief operating officer
Subject: Energy imbalance market update

Platte River staff will make a progress report on energy markets within the western interconnect. The presentation will include a look at the Western Energy Imbalance Market, the Western Energy Imbalance Service and the Joint Dispatch Agreement. Finally, we will discuss Platte River’s next steps, moving forward.
Memorandum

Date: 10/23/2019

To: Board of Directors

From: Jason Frisbie, general manager and CEO
      Andy Butcher, chief operating officer
      Joel Danforth, distributed energy resource manager

Subject: EV charging pilot

The September board packet contained an interim whitepaper which addressed the first six-month period of the EV study. An update on the status of the study will be presented at the October board meeting.
Platte River collaborates with our owner communities to offer efficiency programs under the Efficiency Works™ banner. Through Efficiency Works programs Platte River and its owner communities engage with retail customers to provide them with information, technical support and rebates to help them manage their energy use and costs. By managing customers’ energy use, Platte River is able to manage its load as well as the costs and risks associated with providing electricity.

In addition to supporting Platte River’s ability to manage load and cost, Efficiency Works has proven successful in helping owner communities meet their customer service and energy efficiency goals. As a result, the owner communities have expressed interest in improving the retail customer experience by expanding the scope of programs to include additional services aimed at improving environmental sustainability in areas beyond electric efficiency. In particular, at least three owner communities have an interest in providing water conservation rebates through Efficiency Works. Water rebates would be a small addition to the existing programs that would leverage existing program infrastructure and provide customers with a more streamlined experience.

The existing Intergovernmental Agreement for Demand Side Management and Distributed Energy Resources Program Partnership (“DSM and DER IGA”) has, since its inception, allowed Platte River to provide programs and services for energy efficiency beyond its common efficiency programs, provided that the owner communities that desire the services provide the funding. The existing Efficiency Works Homes program, which provides residential customers of all four owner communities with efficiency audits and rebates, is one example of
such a program. However, the existing DSM and DER IGA does not provide for collaboration beyond electric programs. The proposed update to the DSM and DER IGA will expand collaboration to allow expansion into these areas upon request of the owners and acceptance by Platte River.

During the October board meeting staff will give a presentation and be available to answer questions relating to the DSM and DER IGA.
Over the course of 2019, our staff has been fully evaluating our insurance plans (medical, dental, vision, life/AD&D, long-term disability, etc.) and identifying protections to cap Platte River’s liability as well as ensuring our plans remain competitive and sustainable for the future.

After an extensive review of new benefits consultants, Platte River changed brokers to Alliant Insurance Services (Alliant). This new partnership has allowed us to critically examine our plans and look for opportunity to provide protections for our plan in the short-term and build a strategic roadmap for a sustainable future.

Given the history of our medical claims experience, we are not able to consider a move to a fully-insured plan. However, it’s recommended that we continue with a self-funded plan to provide more flexibility within our plan offerings, visibility to our data and tailored risk management.

With a self-funded plan, it is critical to incorporate individual stop loss coverage to provide certain liability protection to the organization when claims reach a specific dollar amount. In 2020, we will continue with individual stop loss coverage, but have procured additional layers of protection we have not had in the past. These additional layers include no new laser language, a renewal rate cap and a refunding option. In 2019, we added aggregate stop loss as a base protection for the organization and will continue that coverage in 2020.

We marketed all our plans and were able to realize additional savings to existing plans by negotiating more competitive pricing for prescription, life/AD&D and long-term disability plans. As a result of the plan review, total cost of benefits decreased 11% from the 2019 to 2020 budget.
We will continue to evaluate our plans and services over the next several years and align our actions with our strategic roadmap to ensure we provide competitive benefits for our employees while maintaining financial sustainability for the organization.
Memorandum

Date: 10/23/2019

To: Board of Directors

From: Sarah Leonard, general counsel

Subject: Legal, Environmental and Compliance Report – October board meeting

LEGAL ISSUES:

CURRENT OR THREATENED LITIGATION INVOLVING PLATTE RIVER

T-Mobile Cellular Equipment Litigation

Beginning in the early 2000s, Platte River entered into a series of leases to permit VoiceStream to place cellular telephone antennas and related equipment on certain transmission towers in the Fort Collins area. These leases, which were for an initial term of five years with two five-year extension options, were later assumed by T-Mobile. In 2016, at the direction of the owner communities’ utilities directors, Platte River conducted a risk assessment of the transmission tower attachments. This study concluded that the pole attachments presented an unacceptable risk to the reliability of Platte River’s system because, among other things, transmission lines would need to be taken out of service whenever maintenance was performed on the cellular antennas. Accordingly, Platte River informed T-Mobile that it would not extend the leases beyond their then-current terms. T-Mobile later requested additional time to find alternative locations for its cellular antenna facilities, and Platte River agreed to brief extensions of these leases. However, it soon became apparent that T-Mobile was not taking reasonable steps to relocate its facilities. In December 2018, Platte River entered into final lease extensions with T-Mobile, on the condition that no further extensions would be required. These extensions, for leases DN03028D, DN03077B and DN03292D, expired on September 30, October 31 and November 30, 2019, respectively. As the expiration of the leases approached, T-Mobile informed Platte River that it would not be removing its equipment by the expiration of the leases, as relocation was taking “longer than we had hoped.” Platte River requested documentation of T-Mobile’s efforts to relocate the facilities, but no further information has been provided. Accordingly, on October 11, 2019, Platte River filed for breach of contract and declaratory relief in the Larimer County District Court seeking, among other things, money damages for T-Mobile’s breach of the leases and a declaration of Platte River’s rights to remove the cellular antenna facilities at T-Mobile’s expense. T-Mobile has not answered the complaint as of the date of this memorandum. We hope to resolve this dispute as soon as possible.
Potential Claim

We sent demand letter in connection with the potential claim against a contractor vendor discussed in executive session at the July board meeting. It appears the demand may have gone to an old address, and Platte River re-sent the demand letter on October 4. If Platte River does not receive a response, staff will recommend an executive session for the next board meeting to discuss options.

Litigation Matters of Interest to Platte River

In re: Cloud Peak Energy, Inc., et al. (Bankr. D. Del. No. 19-11047-KG)

Background:

Platte River currently purchases coal for the operation of Rawhide Unit 1 from the Antelope Mine, which was owned by Cloud Peak Energy, Inc. On May 10, 2019, Cloud Peak and its subsidiary entities filed for Chapter 11 bankruptcy protection in the U.S. Bankruptcy Court for the District of Delaware. Chapter 11 bankruptcy allows a debtor to reorganize, restructure debt and shed uneconomic contracts in order to continue operations, unlike a Chapter 7 bankruptcy which provides for a shut down and liquidation of the debtor entity. On May 13, 2019, Cloud Peak filed a motion to approve procedures for an auction to sell the assets of the debtor companies, including the rights to executory contracts, such as the Platte River coal supply contract. The Bankruptcy Court granted this motion on June 13, 2019. Antelope Mine continues to perform its obligations under the coal supply contract with Platte River, and the bankruptcy is not expected to interfere with the coal supply for Rawhide Unit 1. Cloud Peak’s assets were auctioned off on August 16, 2019, with Navajo Transition Energy Company (“NTEC”) submitting the successful bid. NTEC also owns the Navajo Mine in Farmington, New Mexico. NTEC’s purchase of the debtor’s assets was approved by the bankruptcy court at a hearing on August 19, although a written order has not been signed.

Current status:

NTEC and the debtor finalized the terms of the purchase agreement, and the Court issued an order on October 2, 2019 approving the sale. This is a final, appealable order, but we are not aware of any parties who have expressed a desire to appeal the order. The closing date has not been determined, as a number of contingencies in the purchase agreement must be satisfied before closing can occur.


Background

As a member of the Municipal Subdistrict of the Northern Colorado Water Conservancy District, Platte River is a participant in the Windy Gap Firming Project (the “Firming Project”), which seeks to secure delivery of water from the Western Slope to the Front Range. The centerpiece of the Firming Project is Chimney Hollow Reservoir, a 90,000-acre-foot reservoir adjacent to Carter Lake, which will store water
delivered from the Colorado River and certain tributaries for future use by Platte River and the other project participants. The Firming Project was permitted by the U.S. Bureau of Reclamation and the Army Corps of Engineers after an extensive environmental review pursuant to the National Environmental Policy Act (“NEPA”). On October 26, 2017, several environmental groups filed a legal action challenging the adequacy of the NEPA review for the Firming Project and seeking to invalidate the permits for the project. Unlike a typical civil lawsuit, the case will be heard by a court without pretrial discovery, and the court’s review will be limited to whether there is adequate support in the administrative record to justify the agencies’ actions on the permits for the project. The Bureau of Reclamation and Army Corps of Engineers filed an Answer on January 16, 2018, denying the allegations of the Complaint. Northern Water and several other parties moved to intervene, and those motions were granted. The administrative record has been filed and the matter has been fully briefed. The case has been assigned to U.S. District Judge William Martinez for a decision on the merits, and we are hopeful that the court will issue its ruling by the end of 2019 or early 2020.

Current Status

There have been no new developments in this matter since the last report.

El Paso Electric Co. vs. Federal Energy Regulatory Commission, (5th Cir. No. 18-60575)

Background:

FERC Order 1000, issued in 2011, requires FERC-jurisdictional utilities to create regional transmission planning organizations with authority to plan transmission expansions and allocate costs to the beneficiaries of the new transmission projects. Although Platte River is not subject to FERC jurisdiction, Platte River participates in the Order 1000 planning process through WestConnect, a planning organization covering a region generally corresponding with boundaries of the states of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming. Platte River is a party to the WestConnect Planning and Participation Agreement along with other FERC-jurisdictional and non-jurisdictional utilities in the planning region.

The current dispute concerns the cost allocation provisions of the Planning and Participation Agreement, which allow non-FERC jurisdictional utilities (referred to as “Coordinating Transmission Owners” or “CTOs”) to opt out of cost allocation for regional transmission projects. El Paso Electric Co. and several other FERC-jurisdictional utilities filed appeals challenging FERC’s approval of the WestConnect cost allocation provisions, asserting that permitting CTOs to opt out of cost allocation would result in rates to other utilities that are unjust and unreasonable. On August 8, 2016 the Fifth Circuit Court of Appeals agreed with El Paso and remanded the case to FERC.

On remand, FERC re-affirmed its decision to accept the WestConnect cost allocation proposal. In so doing it reiterated the unique jurisdictional characteristics of the Western Interconnect and explained that the WestConnect proposal contained sufficient incentives for non-jurisdictional utilities to accept cost allocation responsibilities. The Commissioners also noted that they could resort to their authority under Section 211A of the Federal Power Act if non-jurisdictional utilities’ refusal to participate in cost
allocation would result in rates that were not just and reasonable. On August 17, 2018, El Paso Electric Company filed a review action with the Fifth Circuit Court of Appeals.

Platte River is not a party to the action but may coordinate with other affected, non-jurisdictional utilities in filing an *amicus* brief. Platte River is also participating in ongoing settlement negotiations between the jurisdictional and non-jurisdictional utilities regarding modifications to the cost allocation and governance provisions of the Planning and Participation Agreement. On July 18, 2019, the Court granted FERC’s motion to hold the matter in abeyance for an additional 120 days to facilitate settlement discussions.

**Current Status**

Settlement discussions among the jurisdictional and non-jurisdictional utilities are ongoing.

**ONGOING AND CURRENT MATTERS OF SIGNIFICANCE**

**Grand Lake Clarity NEPA Process**

**Background:**

The water Platte River receives from the Windy Gap Project is stored in a three-lake system, including Lake Granby, Shadow Mountain Reservoir, and Grand Lake, before it is pumped to the Front Range via the Alva Adams Tunnel. The Northern Colorado Water Conservancy District operates the system. Concerns have arisen about the impact stored water from the Windy Gap Project and larger Colorado-Big Thompson Project have on the clarity of water in Grand Lake, largely due to the deposit of nutrients in the lakes, which contributes to algal growth. The U.S. Bureau of Reclamation (Bureau) started a NEPA process to address this water clarity issue. Platte River is a coordinating agency in the NEPA process. The outcome of the NEPA process could affect Platte River both as a participant in the Windy Gap Project and as a power customer of the Western Area Power Administration.

At present the matter will proceed as an Environmental Assessment, but may convert to an Environmental Impact Statement, which entails a higher standard of review. A “visioning process” conducted by the Bureau yielded a number of capital projects that may address the clarity issue, but the range of alternatives has been substantially narrowed through subsequent review and discussion and ongoing discussions may further revise the final range of alternatives. The alternatives currently under discussion include (1) dredging and deepening Shadow Mountain Reservoir; (2) extending the Alva Adams Tunnel to tie directly into Shadow Mountain Reservoir; or (3) installing a high-pressure piping system to bypass Shadow Mountain Reservoir. The draft report summarizing these options is expected in mid-September 2019 with a final report to follow. Additionally, a range of smaller-scale options that could be implemented either separately or in conjunction with one of the large-scale alternatives is being evaluated. Public scoping and outreach have not been scheduled but are anticipated to begin the summer of 2020 at the earliest.
Current Status:

The next cooperating agency meeting has been moved from October 2019 to the first quarter of 2020 to allow additional time for preliminary analysis of the alternatives currently being discussed.

Western Wholesale Market Activities

Background:

Since negotiations between the Mountain West Transmission Group and the Southwest Power Pool ended in 2018, Platte River has been focusing primarily on market operations under the Joint Dispatch Agreement ("JDA") among Platte River, Black Hills Energy and Public Service Company of Colorado. The JDA has been in place since June 2017 and provides a market for the participants to purchase and sell energy intra hour using zero-cost transmission. The JDA is currently limited to utilities in the Public Service Company balancing authority and does not have sufficient resources to allow the parties to fully balance significant amounts of energy from intermittent resources. However, it may provide a platform for an enhanced market in the future.

On June 20, 2019, FERC approved changes to the JDA Tariff necessary to authorize Colorado Springs' participation in the JDA market. Colorado Springs will probably begin to participate in the JDA market in November 2019.

Platte River and other members of the former Mountain West Transmission Group are also evaluating proposals from the California Independent System Operator ("California ISO") and Southwest Power Pool to provide energy imbalance market services in the West. Market governance rules, startup costs, and costs for transmission service have been significant issues in these discussions. While many large utilities in the West (including Salt River Project and PacifiCorp) have joined the California ISO energy imbalance market, former Mountain West Transmission Group members Tri-State, Basin Electric, and WAPA’s Rocky Mountain Region have not followed suit.

On September 9, 2019, the Southwest Power Pool announced that Basin Electric Power Cooperative, Tri-State Generation and Transmission Association, and the Western Area Power Administration have committed to join the Southwest Power Pool's western energy imbalance service, which is anticipated to begin operations in February 2021. The Southwest Power Pool has invited additional utility commitments through October 25, 2019. Platte River and the other participants in the JDA engaged the Brattle Group to analyze the costs and benefits of the California ISO and Southwest Power Pool energy imbalance service proposals.

Current status:

The Brattle Group has provided preliminary study results to Platte River, Xcel Energy, Black Hills Energy, and Colorado Springs Utilities, which they will analyze to determine potential next steps.
**Fiber Utilization and Telecommunications**

**Background:**

Following a work session on June 7, 2018, Platte River and the municipal staff members working on broadband issues agreed to move forward with Platte River transferring title of excess fiber within the local fiber loops to the Town of Estes Park, the City of Fort Collins, and the City of Loveland. (The City of Longmont took ownership of its excess fiber in 1998.) The Board approved resolutions authorizing the general manager to convey excess fiber in the local loops to Estes Park, Fort Collins and Loveland at its September 2018 meeting, as well as a resolution authorizing the general manager to convey assets supporting the fiber cable in the local Longmont loop to the City of Longmont. The Board approved a Fiber Management Intergovernmental Agreement (“IGA”) at its December 2018 meeting. The IGA was approved by the Fort Collins City Council on December 4, 2018, by the Longmont City Council on January 22, 2019, by the Estes Park Town Board on February 12, 2019, and by the Loveland City Council on February 19, 2019.

The IGA was fully executed on May 15, 2019. The Technical Committee met on July 9, 2019 and approved an updated version of the System-wide Fiber Maintenance Protocol document (the protocols for accessing the fiber) and a draft Acknowledgement of Asset Transfer document, which has been sent to each community for review. Once finalized, the asset transfer documents will be executed by Platte River’s general manager/CEO. The fiber management Executive Committee created through the IGA continues to meet and hold strategic discussions. The last meeting was held July 12, 2019.

**Current status:**

There have been no new developments since the last report.

**CONTRACTUAL MATTERS**

**Solar and Storage Power Purchase Agreement**

**Background:**

On February 13, 2019, Platte River entered into a Solar Renewable Energy and Storage Power Purchase Agreement (“Solar Purchase Agreement”) for the construction of a 20 MW solar facility with a 2 MW battery at the Rawhide Energy Station. The term of the Solar Purchase Agreement is 20 years, with an option to extend the term to 40 years. At its meeting on June 10, 2019, the Larimer County Commission gave final approval to the permit for the construction of the solar and battery storage facility. Platte River and DEPCOM, the project developer, entered into an interconnect agreement for the project on June 12, 2019.

Because of difficulties in siting the solar facilities, in order to maintain the economics of the project without an increase in the cost of energy, Platte River and the project developer agreed to increase the
capacity of the project from 20 MW to 22 MW. An amendment to the Solar Purchase Agreement was executed effective as of August 29, 2019.

Current status:

Larimer County has issued the site plan approval for the project, and site grading started in late September. The developer continues to work with the county on the building permit needed to install the solar array and associated electrical distribution equipment.

Roundhouse Energy Project

Background:

On January 22, 2018, Platte River entered into a Renewable Energy Power Purchase Agreement with Roundhouse Renewable Energy, LLC, pursuant to which Platte River agreed to purchase 150 MW of wind energy from the Roundhouse wind energy project to be constructed in southern Wyoming. The energy will be delivered to Platte River via a 230-kV generation interconnect transmission line to be constructed by the project developer. On July 10, 2019, Platte River and the project developer entered into a Fifth Amendment to the Power Purchase Agreement to increase the amount of energy purchased from 150 MW to 225 MW. In addition, Platte River entered into an asset purchase agreement to acquire the generation interconnect transmission line when the project achieves commercial operation, which is anticipated to occur no later than December 1, 2020.

Current status:

The project developer has begun construction on the transmission line structures. Coordination continues between Platte River and the developer regarding the interconnection agreement between the parties and land use agreements along the transmission path. There are some potential concerns with the rights to at least one parcel needed for the transmission path. Platte River and the developer are working to resolve the concerns with this parcel and finalize the other necessary land use agreements.

Oil and Gas Exploration at the Rawhide Energy Station

Background:

Although Platte River owns all surface rights to the Rawhide Energy Station property, Platte River has full ownership rights to only a portion of the mineral rights under the Rawhide property. Other parties have full or partial ownership of remaining portions. King Operating Corporation (“King”), a Texas-based oil and gas company, approached Platte River to explore for oil and gas under the Rawhide property on behalf of several of these other mineral rights holders. Platte River granted King a permit to conduct a seismic survey exploring for oil and gas, which was completed in March 2019.
King has notified Platte River that it is in the planning stages for wells to extract oil and gas from reservoirs underneath the Rawhide property. Platte River has been coordinating with King regarding its extraction plans. King has also approached Platte River regarding a potential lease of Platte River’s mineral rights. Platte River management is assessing the potential advantages and disadvantages of King’s request. A potential benefit could be greater control (through negotiated agreements) of King’s oil and gas extraction activities near the Rawhide Energy Station. In June 2019, King approached Platte River to request water to support its proposed fracking activities. Platte River has declined this request.

Current Status:

There are no new developments in this matter since the last report.

ENVIRONMENTAL MATTERS

EPA Affordable Clean Energy Rule/Colorado Air Quality Statute Implementation

Background:

On June 19, 2019, the EPA issued its final Affordable Clean Energy (“ACE”) Rule, which establishes guidelines for states to use when developing plans to limit carbon dioxide (CO₂) emissions at coal-fired power plants. The ACE Rule focuses on heat rate improvements or efficiency improvements as the best system of emission reduction (“best reduction systems”) for CO₂ emissions from coal-fired power plants. The best reduction systems are determined based on technical feasibility, cost, non-air quality health and environmental impacts and energy requirements. In addition to improvements to operation and maintenance practices, the ACE Rule identifies several “candidate technologies” for best reduction systems, including neutral network/intelligent sootblowers, boiler feed pumps, air heater and leakage control, variable frequency drives, blade path upgrades, and economizer improvements. Primary responsibility for implementation of the ACE Rule is delegated to the states, and states will be expected to establish unit-specific standards of performance that reflect the emissions limitation achievable through application of the best reduction system technologies. States will have three years to submit implementation plans to EPA. At least one lawsuit has been filed challenging the ACE Rule, and we anticipate more lawsuits will be filed in the near future.

At the same time EPA was finalizing the ACE Rule, the Colorado General Assembly adopted a number of aggressive air quality statutes, including SB 19-096 (which established goals for the reduction of greenhouse gas emissions) and HB 19-1261 (which granted the Colorado Air Quality Commission (“Air Commission”) broad rulemaking authority to implement greenhouse gas reduction goals). These measures were discussed in more detail at the May 2019 board meeting. Unlike the ACE Rule, which is focused on technology-based emissions reductions, the new Colorado statutes focus on overall emissions reductions without regard to technology.

The Air Commission has begun to hold stakeholder meetings on the new emissions reduction statutes. Although development and implementation of new rules is many months away, Air Commission staff made clear that, to meet the aggressive greenhouse gas emissions reduction goals, it will require a
greater reduction of greenhouse gases from the electric utility sector than it will from other sectors over which it lacks effective regulatory control. We will provide further updates on these rules as more information becomes available.

Current status:

There are no new developments in this matter since the last report.

Regional Haze Review

Background:

Under the Federal Clean Air Act, the State of Colorado must evaluate regional haze in the front range every ten years to determine if reasonable progress is being made to reduce haze. As part of this process, the state requires emitters of NOx (a principal contributor to haze) and other emissions to analyze technologies that could be employed to reduce those emissions. Platte River received a letter from the Colorado Department of Public Health and Environment ("Health Department") on May 14, 2019 asking Platte River to perform a four-factor analysis for all applicable emission units at Rawhide. Rawhide Unit 1 was the only emission unit for which a four-factor analysis was required. The four-factor analysis assesses the financial cost and technical logistics of control technologies on emission sources, including, for example, the addition of further emissions controls (such as selective catalytic reduction systems) and repowering the unit to fire natural gas.

Platte River engaged Burns & McDonnell to conduct the analysis. If the Health Department determines that additional control measures are economically feasible, it may require new technologies to reduce NOx and other emissions. In the past, the Health Department used a cost threshold of $5,000 per ton of NOx reduction to determine feasibility, which was less than half of the cost of adding selective catalytic reduction systems at the time. The cost threshold for feasibility applied by the state likely will increase. Going forward, the Health Department will include new requirements in state regulations to be approved by the Air Commission. The commitment for additional reductions will also be incorporated into a new State Implementation Plan, which will be reviewed by the State Legislature and then submitted to the EPA for approval.

Current Status:

Platte River submitted the results of its four-factor analysis to the Health Department on October 14, 2019. The report addressed the technically feasible emissions controls that could be implemented at Rawhide Unit 1 to reduce NOx emissions and the associated costs associated. We are waiting for the Health Department to decide whether to require any further emissions controls.
Coal Combustion Residuals Regulation

Background:

The EPA Administrator signed the Disposal of Coal Combustion Residuals from Electric Utilities final rule ("Residuals Rule") on December 19, 2014, and it was published in the Federal Register on April 17, 2015. This rule finalized national regulations to provide a comprehensive set of requirements for the safe disposal of combustion residuals, primarily coal ash, from coal-fired power plants. On March 1, 2018 the EPA issued proposed revisions to the 2015 final Residuals Rule, which remains in litigation before the U.S. Court of Appeals for the D.C. Circuit. The proposed revisions address several provisions of the 2015 Residuals Rule that had been challenged in previous litigation, as well as additional provisions in response to comments received since the final rule went into effect. Many of the proposed revisions would allow state regulatory programs more flexibility to establish equivalent standards considering site-specific conditions. For now, the State of Colorado has indicated that it intends to continue to regulate coal combustion residuals under its existing solid waste regulations rather than pursuing enforcement authority under the Residuals Rule.

As previously reported, Platte River has taken steps to update its operational plan to comply with the requirements of the Residuals Rule and Colorado solid waste regulations. These steps include increased groundwater monitoring and evaluating the existing topsoil cover at the monofill where ash had previously been disposed of. Concurrently, Platte River obtained approval from the Health Department to close the reclaim pond and bottom ash ponds, which have been replaced with installation of a concrete settling tank with two separate cells. Decommissioning activities are currently underway and are expected to be complete by mid-2020.

Additional revisions to the Residuals Rule may modify current deadlines, allowing additional time for groundwater monitoring and analysis. However, even if these modifications are adopted, they will not alter Platte River’s chosen path to compliance.

Current status:

As required by the Residuals Rule, Platte River completed an assessment of corrective measures to address potential local groundwater impacts from the bottom ash ponds and monofill. The assessment includes consideration of the planned impoundment closures, planned monofill upgrades, and any additional measures as deemed appropriate. We have posted the full report to Platte River’s website for public review and will hold an open meeting to accept comment from the public before formally selecting a remedy.

Platte River staff is also working with Larimer County to update the Rawhide Certificate of Designation to include all waste impoundments located on site in addition to the ash monofill, which will require approval by the Larimer County Board of County Commissioners. The Certificate of Designation currently on file has been in place since 1980. It was required to operate the ash monofill as a part of Rawhide’s original land use authorization. A change in State regulations now requires that waste impoundments be included in Certificates of Designation. The update does not change approved operations because the waste impoundments were included in the original site plan, but it updates the
way the approval is documented by the county to align with the state regulations. Larimer County has not yet set a hearing date, but we expect it will do so within the next few months.

**COMPLIANCE MATTERS**

Reliability compliance staff, along with representatives from multiple departments, are preparing to conduct an internal audit of Platte River’s adherence to multiple North American Electric Reliability Corporation (“NERC”) reliability standards. This exercise is conducted annually to assess compliance levels with the associated Critical Infrastructure Protection and Operations and Planning standards applicable to Platte River. Like a NERC audit, staff will spend several days reviewing evidence, conducting random sampling, and interviewing subject-matter experts to ensure compliance obligations are being met. Compliance staff use a comprehensive risk matrix to determine the standards subject to the internal audit. The matrix includes criteria that calculate risk internally to Platte River, as well as externally to support the reliability and security of the Bulk Electric System.

Compliance staff will formally document results from the internal audit and address any action items.

**FOLLOW-UP TO ACTION TAKEN AT SEPTEMBER 2019 MEETING**

At its September 2019 meeting, the board adopted Resolution 07-19, which provides guidance to our owner communities’ governing bodies about the desired experience and qualifications of appointed members of Platte River’s board of directors.

To identify the best means to bring Resolution 07-19 to the attention of our owner communities’ governing bodies, we then reached out to the city and town attorneys for each of our owner communities for their input. With the benefit of their suggestions, we circulated true copies of Resolution 07-19 by e-mail or mailed hard copy (or both), to the officials for each of the owner communities the attorneys advised us to contact. By mid-October, representatives for all owner communities confirmed they had received the transmittals and would make their governing bodies aware of Resolution 07-19.
Executive summary

Municipal demand and energy came in above budget for the month, as a result of recurrent periods of unusually warm weather. Year to date, demand remains below budget while energy is near budget.

Rawhide ran extremely well throughout the month. Baseload generation came in well below budget, as the result of having been dispatched lower through JDA during times of high wind output, primarily during the early morning hours. As a result, Rawhide equivalent availability factor came in above budget for the month, while net capacity factor came in significantly below budget. Year to date, Rawhide equivalent availability factor is near budget, while net capacity factor remains below budget.

Both Craig units 1 and 2 experienced a brief forced outage when raw water pressure was lost at the Craig Station, tripping the entire facility. Craig equivalent availability factor came in above budget for the month, while net capacity factor came in near budget. Year to date, both Craig equivalent availability factor and net capacity factor are near budget.

Wind and solar generation came in well above budget for the month. Year to date, wind and solar remain below budget.

Surplus sales volume came in well below budget for the month, mainly due to the delivery of shaft share, as well as low market prices, at night, when pricing frequently fell below our generation costs. Sales pricing, however, came in well above budget for the month. Year to date, volume remains well below budget, while pricing remains significantly above budget.

Dispatch costs came in below budget, mainly due to purchase costs and Craig costs having come in below budget for the month. Year to date, dispatch costs remain near budget.

<table>
<thead>
<tr>
<th>Category</th>
<th>September variance</th>
<th>YTD variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal demand</td>
<td>4.9%</td>
<td>(2.9%)</td>
</tr>
<tr>
<td>Municipal energy</td>
<td>4.1%</td>
<td>(1.3%)</td>
</tr>
<tr>
<td>Baseload generation</td>
<td>(15.8%)</td>
<td>(10.7%)</td>
</tr>
<tr>
<td>Wind generation</td>
<td>25.2%</td>
<td>(6.5%)</td>
</tr>
<tr>
<td>Solar generation</td>
<td>12.2%</td>
<td>(5.2%)</td>
</tr>
<tr>
<td>Surplus sales volume</td>
<td>(22.3%)</td>
<td>(10.8%)</td>
</tr>
<tr>
<td>Surplus sales price</td>
<td>14.7%</td>
<td>32.1%</td>
</tr>
<tr>
<td>Dispatch cost</td>
<td>(3.5%)</td>
<td>(0.7%)</td>
</tr>
</tbody>
</table>

Variance key: Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <2%
Operational overview

System disturbances. There were no system disturbances resulting in loss of load during the month of September.

Peak day obligation. Peak municipal demand for the month was 625 megawatts which occurred on Sept. 2, 2019, at hour ending 17:00 and was 29 megawatts above budget. Demand response and voltage reduction were not called upon at the time of the peak. Platte River’s obligation at the time of the peak totaled 738 megawatts.

*Silver Sage RECs and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities*
Municipal loads

Municipal demand and energy came in above budget for the month of September. Demand remains below budget while energy is near budget, year to date.

<table>
<thead>
<tr>
<th></th>
<th>September budget</th>
<th>September actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total coincident demand (MW)</td>
<td>596</td>
<td>626</td>
<td>4.9%</td>
</tr>
<tr>
<td>Estes Park</td>
<td>16</td>
<td>16</td>
<td>0.1%</td>
</tr>
<tr>
<td>Fort Collins</td>
<td>278</td>
<td>278</td>
<td>(0.0%)</td>
</tr>
<tr>
<td>Longmont</td>
<td>160</td>
<td>176</td>
<td>10.1%</td>
</tr>
<tr>
<td>Loveland</td>
<td>143</td>
<td>156</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

| Total energy sales (MWh)  | 257,150          | 267,751          | 4.1%     |
| Estes Park               | 9,438            | 9,148            | (3.1%)   |
| Fort Collins             | 123,567          | 126,707          | 2.5%     |
| Longmont                 | 64,372           | 69,397           | 7.8%     |
| Loveland                 | 59,773           | 62,499           | 4.6%     |

Variance key: Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <-2%

Actual September coincident demand = 626 MW

Actual September energy sales = 267,751 MWh
Source of supply variance

Though partially offset by the delivery of shaft share and baseload coal reductions, overall resource production came in slightly above budget for the month, mainly due to above budget JDA purchases, natural gas and wind production. Resource production remains below budget, year to date.

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Source of delivery variance

Though partially offset by below budget surplus sales, loads and obligations came in slightly above budget, as a result of above budget contract sales, shaft sharing and municipal sales. Loads and obligations remain below budget, year to date.
Power generation - Rawhide

Rawhide ran extremely well throughout the month. Baseload generation came in well below budget, as the result of having been dispatched lower through JDA during times of high wind output, primarily during the early morning hours. As a result, Rawhide equivalent availability factor came in above budget for the month, while net capacity factor came in significantly below budget. Year to date, Rawhide equivalent availability factor is slightly above budget, while net capacity factor remains below budget.

Rawhide emission levels were below compliance limits for the month of September.
Power generation - Craig

Both Craig units 1 and 2 experienced a brief forced outage when raw water pressure was lost at the Craig Station, tripping the entire facility. In addition, low load and mid load RATA testing was conducted on Craig 2 which reduced output during these periods. Craig equivalent availability factor came in above budget for the month, while net capacity factor came in near budget. Year to date, both Craig equivalent availability factor and net capacity factor are slightly above budget.
Power generation - CTs

Combustion turbine generation came in significantly above budget for the month, as they were primarily run to cover load and make surplus sales, while natural gas pricing came in below budget. Year to date, combustion turbine generation remains significantly above budget, while natural gas pricing is at budget.
Power generation - renewables

Wind and solar generation came in well above budget for the month. Year to date, wind and solar remain below budget.

*Silver Sage RECs and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.
Market sales

Surplus sales volume came in well below budget for the month, mainly due to having delivered over five days of shaft share which resulted in less energy having been available to sell into the market, as well as lower market prices, at night, when pricing frequently fell below our generation costs. Sales pricing, however, came in well above budget for the month. Year to date, volume remains well below budget, while pricing remains significantly above budget.

Market purchases

Purchases came in significantly above budget, mainly due to the high volume of JDA purchases made throughout the month of September. Overall pricing came in significantly below budget, as JDA purchase prices often fell below our generating costs. Purchases remain considerably above budget, while pricing remains below budget, year to date.
Dispatch cost

Dispatch costs came in below budget, mainly due to purchase costs and Craig costs having come in below budget for the month. Year to date, dispatch costs remain near budget.

September resource cost

Blended budget: $29.73  |  Blended actual: $28.68

YTD resource cost

YTD blended budget: $30.27  |  YTD blended actual: $30.07

*Silver Sage RECs and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities*
**Power delivery**

**Major system operations projects benefitting the municipalities:**

<table>
<thead>
<tr>
<th>Location</th>
<th>Estimated finish date</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Collins</td>
<td>December 2019</td>
<td>75% complete</td>
<td>Harmony circuit breaker replacements and circuit switcher additions, T1 and T3</td>
</tr>
<tr>
<td>System</td>
<td>December 2019</td>
<td>85% complete</td>
<td>Revenue meter replacements</td>
</tr>
<tr>
<td>Longmont</td>
<td>December 2020</td>
<td>8% complete</td>
<td>County Line Substation, T3 transformer addition for Longmont</td>
</tr>
<tr>
<td>Rawhide</td>
<td>June 2020</td>
<td>15% complete</td>
<td>Roundhouse 230kV wind bay addition</td>
</tr>
<tr>
<td>Rawhide</td>
<td>March 2020</td>
<td>40% complete</td>
<td>22 MW Rawhide Prairie Solar 34 kV feeder breaker 302 addition</td>
</tr>
</tbody>
</table>

**Events of significance**

- All five CTs were run simultaneously on Sept. 5.
- Construction on the Buffalo Flats Solar Project is ready to begin.
- Construction for the Roundhouse generator outlet continues, with deliveries and preliminary site work still in process.
- On Sept. 11, Platte River issued an RFP to procure 50-150 MW of solar energy for 15-25 years, starting in 2023. Bids are due on Oct. 25.
- Several facilities and maintenance projects were completed during the month of September. Completed projects included revenue meter replacements at the Airport, Fordham and Harvard substations, overhead line and underground vault maintenance on the Longs Peak to Meadow lines, Doble testing and maintenance for Rawhide’s CT Units A and F transformers, as well as line patrol and tree trimming for the entire system.
Financial report

September 2019
Financial highlights year-to-date
Platte River reported favorable results year to date. Net income of $30.6 million was favorable by $10.4 million compared to budget due to above-budget revenues and below-budget expenses. Details of the financial results year-to-date are described below.

The current estimate for year-end net income is between $27 million and $29 million. This forecast includes overall lower expense and higher surplus sales projections, including contract sales, and projected lower-than-budget owner community revenues. Current surplus sales revenues were higher than anticipated from the improvement of market prices during the first quarter, as well as sales from the combustion turbines in the summer months. However, surplus sales volumes are below budget. Platte River continues to take advantage of lower-cost joint dispatch purchases, which replaces base load generation and lowers expenses. The estimate also assumes operations and maintenance expenses vary from no variance to a 2% favorable variance. Additionally, the Series KK bond issuance has been delayed to 2020, resulting in lower net financing costs.

<table>
<thead>
<tr>
<th>Key financial results ($ millions)</th>
<th>September Budget</th>
<th>Favorable (unfavorable)</th>
<th>Year to date Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
<th>Annual budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income/(loss)</td>
<td>$2.7 $3.4 $0.7</td>
<td>25.9%</td>
<td>$20.2 $30.8 $10.4</td>
<td>51.5%</td>
<td>$23.0 $2.60x</td>
<td></td>
</tr>
<tr>
<td>Fixed obligation charge coverage</td>
<td>3.23x 3.74x .51x 15.8%</td>
<td>2.89x 3.54x .65x 22.5%</td>
<td>200.6</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
</tr>
<tr>
<td>Sales to owner communities</td>
</tr>
<tr>
<td>Sales for resale - contract</td>
</tr>
<tr>
<td>Sales for resale - short-term</td>
</tr>
<tr>
<td>Wheeling</td>
</tr>
<tr>
<td>Interest and other income</td>
</tr>
<tr>
<td>Total operating expenses</td>
</tr>
<tr>
<td>Purchased power</td>
</tr>
<tr>
<td>Fuel</td>
</tr>
<tr>
<td>Production</td>
</tr>
<tr>
<td>Transmission</td>
</tr>
<tr>
<td>Administrative and general</td>
</tr>
<tr>
<td>Demand-side management</td>
</tr>
<tr>
<td>Capital additions</td>
</tr>
</tbody>
</table>

| Key budget variances year-to-date |

**Total revenues**
- **Sales to owner communities** were below budget $2.2 million. Energy revenues were $0.8 million or 0.8% below budget and demand revenues were $1.2 million or 2.5% below budget. In addition, renewable energy sales were approximately $0.2 million or 10.2% below budget due to below-budget wind generation.
- **Sales for resale - contract** were above budget $0.4 million due to an unbudgeted sales contract with another utility beginning September 2019.
• **Sales for resale - short-term** were above budget $2.2 million primarily due to market prices. The average price was approximately 33.6% above budget or $4.2 million of the variance, partially offset by $2 million due to 13.6% below-budget sales volume, as mentioned above.

• **Wheeling** was above budget $0.2 million due to higher customer loads, unplanned point-to-point sales and a rate increase effective in June.

• **Interest and other income** was above budget $0.2 million due to revenue from unplanned extensions of tower leases, as well as revenue from fiber leases, which represents Platte River's revenue prior to execution of the intergovernmental agreement for fiber management.

**Total operating expenses**

• **Several expenses** were below budget with a net impact of approximately $3.1 million. Some of these expenses are expected to be incurred before year end. The below-budget expenses include: 1) chemical purchases at Rawhide, 2) minor outage, 3) IRP studies and outreach, 4) water expenses, 5) consulting services, 6) non-routine projects, 7) utilities, 8) legal services, 9) wall restoration and reinforcement project at Rawhide, 10) information technology outsourcing, 11) Danfield parking lot mill overlay and 12) other smaller projects. Expenses above budget include: 1) joint facilities, 2) impoundment closure costs at Rawhide and 3) Craig units 1 and 2.

• **Demand-side management program expenses** were $2.3 million below budget primarily due to the unpredictability of the completion of customers' energy efficiency projects. The funds, less the $0.6 million contingency, are expected to be spent by the end of the year.

• **Fuel expenses** were $1.9 million below budget.

  - **Rawhide Unit 1:** 174% of the overall variance, $3.3 million below budget: Generation was below budget due to operating at lower loads for operational flexibility to accommodate more renewable resources and forced outages. Generation was also replaced by lower cost joint dispatch purchases.
  
  - **Craig units:** (11)% of the overall variance, $0.2 million above budget: Generation was above-budget due to an improved surplus sales market earlier in the year and implementing strategies to manage the coal stockpile and optimize sales. Partially offsetting the above-budget variance were below-budget coal prices updated from the latest Trapper Mine forecast.

  - **Natural gas:** (63)% of the overall variance, $1.2 million above budget: The combustion turbine units were utilized to meet load requirements and to make sales resulting in above-budget generation.

• **Personnel expenses** were below budget $1.7 million due to lower than anticipated medical and dental claims and lower wages primarily as a result of vacant positions.
• **Purchased power expenses** were above budget $1.1 million. Purchases were made under the joint dispatch agreement because of favorable pricing, which replaces base load generation. Other supplemental purchases were made for Rawhide Unit 1’s screen outage at higher-than-budgeted prices, replacement of generation during Rawhide Unit 1’s low-load testing and forced outages, and to provide energy to Tri-State under the Forced Outage Assistance Agreement. Due to surplus sales market prices, reserves were also above budget as it was more economical to purchase than hold reserves on the Craig units. Below-budget wind and solar generation partially offset the additional purchases.

**Other financial activities**

• **Windy Gap unit sales - accounting treatment** - There were two units of Windy Gap water sold in 2019 for $5.2 million, which will impact net income. As a result of these transactions, a net gain of $5.2 million will be recognized, as the assets were fully depreciated. This amount will be amortized over the remaining useful life of the facility, which is currently 2046. Over this period, the current estimate of the net impact as a reduction to depreciation expense for these transactions is $0.2 million annually (or $5.2 million in total), which will be added to previous sales for a total impact of approximately $2.6 million annually. The reduction in depreciation results in a corresponding increase in net income over this time frame.

• **Forced outage assistance agreement** - This agreement, which involves Platte River’s Rawhide Unit 1 and Tri-State’s Craig Unit 3, provides that each party supply replacement energy to the other party during a forced outage of either unit. The Energy Account Balance Limit, defined in the agreement, was exceeded and Tri-State paid Platte River $0.9 million. Pursuant to the terms of the agreement, this payment buys down the energy balance to half of the contract limit.

• **Debt** - The table below shows current debt outstanding. The remaining outstanding principal for Series II and JJ represents debt associated with the Rawhide Energy Station ($25 million) and transmission assets ($144 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1. The final payment for Series HH was made in June. The Series KK bond issuance scheduled for October 2019 to fund the Windy Gap Firming Project is planned to be issued in 2020 due to delays in the construction project.

<table>
<thead>
<tr>
<th>Series</th>
<th>Debt outstanding $/thousands</th>
<th>Par issued $/thousands</th>
<th>True interest cost</th>
<th>Maturity date</th>
<th>Callable date</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series II - February 2012</td>
<td>$25,530</td>
<td>$65,475</td>
<td>3.2%</td>
<td>6/1/2037</td>
<td>6/1/2022</td>
<td>$30M new money for transmission projects &amp; refund remaining of Series EE ($4.6M NPV/10.9%)</td>
</tr>
<tr>
<td>Series JJ - April 2016</td>
<td>143,895</td>
<td>147,230</td>
<td>2.2%</td>
<td>6/1/2036</td>
<td>6/1/2026</td>
<td>$60M new money for Rawhide &amp; transmission projects &amp; refund portion of Series HH ($13.7M NPV/12.9%)</td>
</tr>
</tbody>
</table>

Total par outstanding 169,425
Unamortized bond premium 23,161
Total revenue bonds outstanding 192,586
Less: due within one year (10,310)
Total long-term debt, net $182,276

Fixed rate bond premium costs are amortized over the terms of the related bond issues.
### Capital additions year-end estimates as of September 2019

The projects listed below are projected to end the year with a budget variance of more than $100,000. In addition, the amounts below are costs for 2019 and may not represent the total cost of the project. Further changes to capital projections are anticipated and staff will continue to monitor spending estimates to ensure capital projects are appropriately funded.

<table>
<thead>
<tr>
<th>Project ($ in thousands)</th>
<th>Budget</th>
<th>Estimate</th>
<th>Favorable (unfavorable)</th>
<th>Estimated carryover request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Below budget projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Windy Gap Firming Project - This project will be below budget due to construction delays. <em>The remaining below-budget funds will be requested to be carried over into 2020.</em></td>
<td>$ 3,796</td>
<td>$ 1,786</td>
<td>$ 2,010</td>
<td>$ 2,010</td>
</tr>
<tr>
<td>** Fiber optic route to Estes Park - This project will be below budget due to a delay in the pole installation by the City of Loveland. <em>The remaining below-budget funds will be requested to be carried over into 2020.</em></td>
<td>$ 3,012</td>
<td>$ 2,244</td>
<td>$ 768</td>
<td>$ 768</td>
</tr>
<tr>
<td>* Grading and drainage improvements - Rawhide - This project will be below budget due to resource constraints. <em>The remaining below-budget funds will be requested to be carried over into 2020.</em></td>
<td>$ 702</td>
<td>$ 60</td>
<td>$ 642</td>
<td>$ 642</td>
</tr>
<tr>
<td>* Rack and pinion elevator replacement - ash silo - This project will be below budget due to resource constraints, as well as an estimated six-month lead time for materials. <em>The remaining below-budget funds will be requested to be carried over into 2020.</em></td>
<td>$ 385</td>
<td>$ 7</td>
<td>$ 378</td>
<td>$ 378</td>
</tr>
<tr>
<td>* Real time tools - This project will be below budget due to resource constraints and software development delays. <em>The remaining below-budget funds will be requested to be carried over into 2020.</em></td>
<td>$ 569</td>
<td>$ 263</td>
<td>$ 306</td>
<td>$ 306</td>
</tr>
<tr>
<td>** SONET communications system - This project will be below budget to combine the equipment purchase into one delivered solution in 2020. <em>The remaining below-budget funds will be requested to be carried over into 2020.</em></td>
<td>$ 308</td>
<td>$ 33</td>
<td>$ 275</td>
<td>$ 275</td>
</tr>
<tr>
<td>Engine 12 replacement - This purchase was originally planned as a one-time purchase; however, due to the amount of time to build the engine, it resulted in a multi-year project. Funds were appropriated in 2018 and the majority of the below-budget amount was carried over to be used for the 2019 milestone payment. <em>The remaining below-budget funds will be requested to be carried over into 2020 to complete the purchase.</em></td>
<td>$ 343</td>
<td>$ 127</td>
<td>$ 216</td>
<td>$ 216</td>
</tr>
<tr>
<td>Transmission line vault upgrades - Rogers Road - This project will be below budget due to design scheduling delays and difficulty finding bidders due to the size of the project. <em>The remaining below-budget funds will be requested to be carried over into 2020.</em></td>
<td>$ 175</td>
<td>$ 20</td>
<td>$ 155</td>
<td>$ 155</td>
</tr>
<tr>
<td>Oil breaker (362) replacement - Valley Substation - This project was delayed to accommodate additional resources required to complete other higher priority projects. <em>The below-budget funds will be requested to be carried over into 2020.</em></td>
<td>$ 215</td>
<td>$ 65</td>
<td>$ 150</td>
<td>$ 150</td>
</tr>
</tbody>
</table>
### Project ($ in thousands) Budget Estimate Favorable (unfavorable) Estimated carryover request

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget</th>
<th>Estimate</th>
<th>(unfavorable)</th>
<th>Estimated carryover request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Above budget projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soldier Canyon 10 inch waterline reroute - CR 70 &amp; 17 bridge</td>
<td>$214</td>
<td>$625</td>
<td>$(411)</td>
<td></td>
</tr>
<tr>
<td>This project is being done in conjunction with a bridge replacement by Larimer County. The project will be above budget due to additional design details, bedding and backfill, and an increase in costs for materials and concrete lined pipe.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotary car dumper drive conversion to variable frequency drives</td>
<td>$514</td>
<td>$901</td>
<td>$(387)</td>
<td></td>
</tr>
<tr>
<td>This project will be above budget due to an agreed upon payment schedule which requires a larger than anticipated payment in 2019. This reduces the 2020 portion of the project.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Circuit switcher (T1) (T3) addition, breaker replacement, relay upgrade - Harmony Substation</td>
<td>$676</td>
<td>$1,035</td>
<td>$(359)</td>
<td></td>
</tr>
<tr>
<td>This project will be above budget due to an extension to perform isolations, wiring and checkout to minimize the risk of system disturbances.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virtual machine host replacement</td>
<td>$66</td>
<td>$277</td>
<td>$(211)</td>
<td></td>
</tr>
<tr>
<td>This project will be above budget to include redundant equipment for testing, as well as to replace obsolete servers at Rawhide and the disaster recovery center. The new servers will improve overall system reliability.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Out-of-budget projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Energy Engagement Center</td>
<td>$ -</td>
<td>$334</td>
<td>$(334)</td>
<td>$203</td>
</tr>
<tr>
<td>This project is the construction of an addition of approximately 6,500 square feet to the east end of the south bar of the new headquarters campus. The purpose of the conference center is to house public meetings for community engagement and outreach, regional utility meetings, as well as internal employee functions. Out-of-budget funds were required to begin the design process in 2019. Funds of $0.5M were requested in 2019, of which a portion will be requested to be carried over into 2020.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Air compliance database software</td>
<td>$ -</td>
<td>$132</td>
<td>$(132)</td>
<td>$50</td>
</tr>
<tr>
<td>This project was originally planned in 2019 to be a software as a service which is an operating expense. The software was determined to be capital as a result of selecting a customized software which Platte River will own. Funds are required to develop a software/database that will store and manage air quality data for Rawhide operations. The software/database will provide better security for data in addition to transparent and real-time evaluations. The project will be below budget due to software development and implementation delays by the vendor. Funds of $0.2M were requested in 2019, of which a portion will be requested to be carried over into 2020.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project ($ in thousands)</td>
<td>Budget</td>
<td>Estimate</td>
<td>Favorable (unfavorable)</td>
<td>Estimated carryover request</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------</td>
<td>--------</td>
<td>----------</td>
<td>-------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td><strong>Generator outlet line purchase - Roundhouse Wind Farm to Rawhide</strong></td>
<td></td>
<td></td>
<td>$</td>
<td>$(25)</td>
</tr>
<tr>
<td>- Funds will be used for preliminary design and construction review of the 230kV generator outlet line. Design costs for 2019 are less than anticipated. Funds of $0.1M were requested in 2019, of which a portion will be requested to be carried over into 2020.</td>
<td></td>
<td>25</td>
<td>(25)</td>
<td>85</td>
</tr>
<tr>
<td><strong>Delayed projects</strong></td>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Oil breaker (2082) replacement - Longs Peak Substation</strong></td>
<td></td>
<td></td>
<td>$</td>
<td>237</td>
</tr>
<tr>
<td>- This project was delayed to accommodate additional resources required to complete other higher priority projects. The below-budget funds will be requested to be carried over into 2020.</td>
<td></td>
<td>-</td>
<td>237</td>
<td>237</td>
</tr>
</tbody>
</table>

* Project details or amounts have changed since last report.
** Project is new to the report.
Budget schedules
Schedule of revenues and expenditures, budget to actual

**September 2019**
Non-GAAP budgetary basis (in thousands)

<table>
<thead>
<tr>
<th>Month of September</th>
<th>Favorable (unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
</tr>
</tbody>
</table>

**Revenues**

**Operating revenues**
- Sales to owner communities: Budget $16,200, Actual $16,951, Favorable $751
- Sales for resale - contract: Budget 40, Actual 492, Favorable 452
- Sales for resale - short-term: Budget 1,878, Actual 1,218, Favorable (660)
- Wheeling: Budget 456, Actual 482, Favorable 26
- Total operating revenues: Budget 18,574, Actual 19,143, Favorable 569

**Other revenues**
- Interest income\(^{(1)}\): Budget 322, Actual 290, Favorable (32)
- Other income: Budget 1, Actual (16), Favorable (17)
- Total other revenues: Budget 323, Actual 274, Favorable (49)
- Total revenues: Budget $18,897, Actual $19,417, Favorable $520

**Expenditures**

**Operating expenses**
- Purchased power: Budget $2,591, Actual $2,680, Favorable (89)
- Fuel: Budget 4,189, Actual 3,947, Favorable 242
- Production: Budget 3,863, Actual 3,542, Favorable 321
- Transmission: Budget 1,254, Actual 1,311, Favorable (57)
- Administrative and general: Budget 1,723, Actual 1,495, Favorable 228
- Demand-side management: Budget 370, Actual 732, Favorable (362)
- Total operating expenses: Budget 13,990, Actual 13,707, Favorable 283

**Capital additions**
- Production: Budget 735, Actual 600, Favorable 135
- Transmission: Budget 232, Actual 72, Favorable 160
- General: Budget 3,062, Actual 2,687, Favorable 375
- Total capital additions: Budget 4,029, Actual 3,359, Favorable 670

**Debt expense**
- Principal: Budget 859, Actual 859, Favorable -
- Interest expense: Budget 660, Actual 660, Favorable -
- Allowance for funds used during construction: Budget -, Actual -, Favorable -
- Total debt expense: Budget 1,519, Actual 1,519, Favorable -
- Total expenditures: Budget $19,538, Actual $18,585, Favorable $953

**Revenues less expenditures**
- Budget $(641), Actual $832, Favorable $1,473

\(^{(1)}\) Excludes unrealized holding gains and losses on investments.
Schedule of revenues and expenditures, budget to actual

September 2019 year-to-date

Non-GAAP budgetary basis (in thousands)

<table>
<thead>
<tr>
<th>September year to date</th>
<th>Favorable (unfavorable)</th>
<th>Annual budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to owner communities</td>
<td>154,101</td>
<td>151,864</td>
</tr>
<tr>
<td>Sales for resale - contract</td>
<td>519</td>
<td>901</td>
</tr>
<tr>
<td>Sales for resale - short-term</td>
<td>14,545</td>
<td>16,834</td>
</tr>
<tr>
<td>Wheeling</td>
<td>4,014</td>
<td>4,223</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>173,179</td>
<td>173,822</td>
</tr>
<tr>
<td>Other revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income(^{(1)})</td>
<td>2,763</td>
<td>2,724</td>
</tr>
<tr>
<td>Other income</td>
<td>45</td>
<td>224</td>
</tr>
<tr>
<td>Total other revenues</td>
<td>2,808</td>
<td>2,948</td>
</tr>
<tr>
<td>Total revenues</td>
<td>175,987</td>
<td>176,770</td>
</tr>
</tbody>
</table>

| Expenditures           |        |        |                          |                          |
| Operating expenses     |        |        |                          |                          |
| Purchased power        | 27,080 | 28,168 | (1,088) | 36,919 |
| Fuel                  | 35,885 | 33,945 | 1,940 | 47,986 |
| Production             | 36,311 | 33,734 | 2,577 | 48,123 |
| Transmission           | 12,587 | 12,170 | 417 | 16,694 |
| Administrative and general | 15,959 | 14,216 | 1,743 | 20,715 |
| Demand-side management | 8,036 | 5,738 | 2,298 | 10,201 |
| Total operating expenses | 135,858 | 127,971 | 7,887 | 180,638 |
| Capital additions      |        |        |                          |                          |
| Production             | 13,834 | 9,766 | 4,068 | 17,109 |
| Transmission           | 1,867 | 1,508 | 359 | 2,721 |
| General                | 29,264 | 25,255 | 4,009 | 34,890 |
| Total capital additions | 44,965 | 36,529 | 8,436 | 54,720 |
| Debt expense           |        |        |                          |                          |
| Principal              | 7,743 | 7,743 | - | 10,346 |
| Interest expense       | 6,150 | 6,150 | - | 9,129 |
| Allowance for funds used during construction | - | - | - | - |
| Total debt expense     | 13,893 | 13,893 | - | 19,475 |
| Total expenditures     | 194,716 | 178,393 | 16,323 | 254,833 |
| Contingency reserved to board | - | - | - | 23,000 |
| Total expenditures     | 194,716 | 178,393 | 16,323 | 277,833 |

Revenues less expenditures

\[^{(1)}\] Excludes unrealized holding gains and losses on investments.
Financial statements
## Statements of net position

Unaudited (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric plant, at original cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and land rights</td>
<td>$16,997</td>
<td>$16,997</td>
</tr>
<tr>
<td>Plant and equipment in service</td>
<td>1,360,929</td>
<td>1,302,630</td>
</tr>
<tr>
<td>Less: accumulated depreciation and amortization</td>
<td>(900,633)</td>
<td>(863,055)</td>
</tr>
<tr>
<td>Plant in service, net</td>
<td>477,293</td>
<td>456,572</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>102,285</td>
<td>106,611</td>
</tr>
<tr>
<td>Total electric plant</td>
<td>579,578</td>
<td>563,183</td>
</tr>
<tr>
<td>Special funds and investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted funds and investments</td>
<td>17,840</td>
<td>24,368</td>
</tr>
<tr>
<td>Dedicated funds and investments</td>
<td>106,611</td>
<td>91,623</td>
</tr>
<tr>
<td>Total special funds and investments</td>
<td>118,293</td>
<td>115,991</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>26,554</td>
<td>33,854</td>
</tr>
<tr>
<td>Other temporary investments</td>
<td>36,341</td>
<td>35,128</td>
</tr>
<tr>
<td>Accounts receivable - owner communities</td>
<td>16,895</td>
<td>16,139</td>
</tr>
<tr>
<td>Accounts receivable - other</td>
<td>5,313</td>
<td>4,072</td>
</tr>
<tr>
<td>Fuel inventory, at last-in, first-out cost</td>
<td>17,045</td>
<td>15,594</td>
</tr>
<tr>
<td>Materials and supplies inventory, at average cost</td>
<td>14,952</td>
<td>14,385</td>
</tr>
<tr>
<td>Prepayments and other assets</td>
<td>2,479</td>
<td>2,009</td>
</tr>
<tr>
<td>Total current assets</td>
<td>119,579</td>
<td>121,181</td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulatory assets</td>
<td>10,666</td>
<td>9,839</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>5,267</td>
<td>5,706</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>15,933</td>
<td>15,545</td>
</tr>
<tr>
<td>Total assets</td>
<td>833,383</td>
<td>815,900</td>
</tr>
<tr>
<td><strong>Deferred outflows of resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred loss on debt refundings</td>
<td>6,350</td>
<td>7,496</td>
</tr>
<tr>
<td>Pension deferrals</td>
<td>10,357</td>
<td>889</td>
</tr>
<tr>
<td>Total deferred outflows of resources</td>
<td>16,707</td>
<td>8,385</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt, net</td>
<td>182,276</td>
<td>196,007</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>24,071</td>
<td>6,819</td>
</tr>
<tr>
<td>Other liabilities and credits</td>
<td>16,721</td>
<td>16,102</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>223,068</td>
<td>218,928</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>10,310</td>
<td>10,335</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>16,012</td>
<td>14,103</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>2,639</td>
<td>2,809</td>
</tr>
<tr>
<td>Accrued liabilities and other</td>
<td>1,992</td>
<td>2,188</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>30,953</td>
<td>29,435</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>254,021</td>
<td>248,363</td>
</tr>
<tr>
<td><strong>Deferred inflows of resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulatory credits</td>
<td>4,649</td>
<td>13,316</td>
</tr>
<tr>
<td>Pension deferrals</td>
<td>256</td>
<td>5,769</td>
</tr>
<tr>
<td>Total deferred inflows of resources</td>
<td>4,905</td>
<td>19,085</td>
</tr>
<tr>
<td><strong>Net position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>386,185</td>
<td>366,405</td>
</tr>
<tr>
<td>Restricted</td>
<td>15,201</td>
<td>15,154</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>189,778</td>
<td>175,278</td>
</tr>
<tr>
<td>Total net position</td>
<td>$591,164</td>
<td>$556,837</td>
</tr>
</tbody>
</table>

Note: Certain prior year line items have changed due to restatement of 2017 financial statements.
# Statements of revenues, expenses and changes in net position

Unaudited (in thousands)

<table>
<thead>
<tr>
<th>Month of September</th>
<th>Twelve months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
</tbody>
</table>

## Operating revenues

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to owner communities</td>
<td>$16,951</td>
<td>$196,555</td>
</tr>
<tr>
<td>Sales for resale</td>
<td>1,710</td>
<td>21,313</td>
</tr>
<tr>
<td>Wheeling</td>
<td>482</td>
<td>5,558</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>19,143</strong></td>
<td><strong>223,426</strong></td>
</tr>
</tbody>
</table>

## Operating expenses

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased power</td>
<td>2,680</td>
<td>41,816</td>
</tr>
<tr>
<td>Fuel</td>
<td>3,947</td>
<td>40,620</td>
</tr>
<tr>
<td>Operations and maintenance</td>
<td>4,866</td>
<td>57,780</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>1,514</td>
<td>18,767</td>
</tr>
<tr>
<td>Demand-side management</td>
<td>736</td>
<td>8,761</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,687</td>
<td>20,977</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>15,430</strong></td>
<td><strong>188,721</strong></td>
</tr>
</tbody>
</table>

## Nonoperating revenues (expenses)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>290</td>
<td>3,613</td>
</tr>
<tr>
<td>Other (loss)/income</td>
<td>(16)</td>
<td>227</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(660)</td>
<td>(8,257)</td>
</tr>
<tr>
<td>Amortization of bond financing costs</td>
<td>178</td>
<td>2,192</td>
</tr>
<tr>
<td>Allowance for funds used during construction</td>
<td>-</td>
<td>249</td>
</tr>
<tr>
<td><strong>Net (decrease)/increase in fair value of investments</strong></td>
<td><strong>(155)</strong></td>
<td><strong>1,598</strong></td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td><strong>(363)</strong></td>
<td><strong>(378)</strong></td>
</tr>
</tbody>
</table>

## Income before contributions

- 3,350 | 34,327 | 28,786

## Contribution of assets to owner communities

- - | - | (137)

## Change in net position

- 3,350 | 34,327 | 28,649

## Net position at beginning of period, as previously reported

- 587,814 | 556,837 | 530,778

## Restatement for change in accounting principle

- - | - | (2,590)

## Net position at beginning of period, adjusted

- 587,814 | 556,837 | 528,188

## Net position at end of period

- $591,164 | $591,164 | $556,837

Note: Certain prior year line items have changed due to restatement of 2017 financial statements and to conform with current year presentation.
## Statements of cash flows

Unaudited (in thousands)

<table>
<thead>
<tr>
<th>Month of September</th>
<th>Twelve months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
</tbody>
</table>

### Cash flows from operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$22,457</td>
<td>$221,293</td>
</tr>
<tr>
<td>Payments for operating goods and services</td>
<td>$(8,998)</td>
<td>$(138,183)</td>
</tr>
<tr>
<td>Payments for employee services</td>
<td>$(2,911)</td>
<td>$(39,188)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$10,548</td>
<td>$43,922</td>
</tr>
</tbody>
</table>

### Cash flows from capital and related financing activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reductions/(additions) to electric utility plant</td>
<td>3,784</td>
<td>$(61,196)</td>
</tr>
<tr>
<td>Payments from accounts payable incurred for electric utility plant additions</td>
<td>$(4,592)</td>
<td>$(2,160)</td>
</tr>
<tr>
<td>Proceeds from disposal of electric utility plant</td>
<td>-</td>
<td>31,216</td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
<td>-</td>
<td>$(10,335)</td>
</tr>
<tr>
<td>Interest payments on long-term debt</td>
<td>-</td>
<td>$(8,427)</td>
</tr>
<tr>
<td>Net cash used in capital and related financing activities</td>
<td>$(808)</td>
<td>$(35,700)</td>
</tr>
</tbody>
</table>

### Cash flows from investing activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases and sales of temporary and restricted investments, net</td>
<td>$(1,598)</td>
<td>$(14,746)</td>
</tr>
<tr>
<td>Interest and other income, including realized gains and losses</td>
<td>269</td>
<td>3,247</td>
</tr>
<tr>
<td>Net cash (used in)/provided by investing activities</td>
<td>$(1,329)</td>
<td>$(11,499)</td>
</tr>
</tbody>
</table>

Increase/(decrease) in cash and cash equivalents                             | 8,411     | $(7,300)  |
Balance at beginning of period in cash and cash equivalents                  | 18,143    | 33,854    |
Balance at end of period in cash and cash equivalents                         | $26,554   | $26,554   |

### Reconciliation of net operating income to net cash provided by operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$3,713</td>
<td>$31,810</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,687</td>
<td>22,809</td>
</tr>
<tr>
<td>Changes in assets and liabilities which provided/(used) cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,944</td>
<td>$(860)</td>
</tr>
<tr>
<td>Fuel and materials and supplies inventories</td>
<td>605</td>
<td>$(2,301)</td>
</tr>
<tr>
<td>Prepayments and other assets</td>
<td>612</td>
<td>$(4,871)</td>
</tr>
<tr>
<td>Deferred outflows of resources</td>
<td>-</td>
<td>12,966</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$(898)</td>
<td>1,225</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>-</td>
<td>$(12,576)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>232</td>
<td>540</td>
</tr>
<tr>
<td>Deferred inflows of resources</td>
<td>351</td>
<td>9,271</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$10,548</td>
<td>$58,013</td>
</tr>
</tbody>
</table>

Note: Certain prior year line items have changed due to restatement of 2017 financial statements.
## Schedule of net revenues for debt service

Unaudited (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Month of September</th>
<th>Twelve months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Net revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$ 19,143</td>
<td>$ 223,426</td>
</tr>
<tr>
<td>Operations and maintenance expenses, excluding depreciation and amortization</td>
<td>$13,743</td>
<td>$167,744</td>
</tr>
<tr>
<td>Net operating revenues</td>
<td>$ 5,400</td>
<td>55,682</td>
</tr>
<tr>
<td>Plus interest income on bond accounts and other income (1)</td>
<td>$ 274</td>
<td>3,847</td>
</tr>
<tr>
<td>Net revenues before rate stabilization</td>
<td>$ 5,674</td>
<td>59,529</td>
</tr>
<tr>
<td><strong>Rate stabilization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total net revenues</td>
<td>$ 5,674</td>
<td>$ 59,529</td>
</tr>
<tr>
<td><strong>Bond service</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power revenue bonds</td>
<td>$ 1,519</td>
<td>$ 18,584</td>
</tr>
<tr>
<td>Allowance for funds used during construction</td>
<td>-</td>
<td>(249)</td>
</tr>
<tr>
<td>Net revenue bond service</td>
<td>$ 1,519</td>
<td>$ 18,335</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed obligation charge coverage ratio</td>
<td>3.74</td>
<td>3.25</td>
</tr>
</tbody>
</table>

(1) Excludes unrealized holding gains and losses on investments.
SEPTEMBER 2019 GENERAL MANAGEMENT REPORT

BUSINESS STRATEGIES

Communications and marketing. Staff began communication efforts in support of the annual United Way campaign and continued work on planning for the October IRP community listening sessions. Staff also began communicating with middle schools from the four owner communities to attract participation in Platte River’s annual model solar and battery car competition.

Staff collaborated with HR to develop themes and content for recruiting videos. A regional video production company was hired to finalize production of four high quality, short-format videos depicting Platte River employees at work, discussing their experiences at Platte River in alignment with the organization’s core values. The videos will be posted on the Careers pages of the Platte River website for use in recruiting top talent.

A media relations plan was developed for an RFP issued for 150 MW of additional solar generating capacity. The plan called for a news release, social media posts and personal contacts with reporters covering Platte River and our owner communities’ regions.

Staff worked with Efficiency Works program managers to develop two new training modules, to be used by businesses and service providers, that will be recorded and placed on the Efficiency Works website. Staff also met with City of Fort Collins staff on the proposed Efficiency Works marketing strategy and plans to continue collaboration regarding marketing efforts going forward.

Community engagement. Staff continues to build and fortify relationships with stakeholders by expanding engagement with community partners and organizations.

Key meetings attended include:
- 9/4 Meeting with Dan Hodges, CAMU
- 9/6 Estes Park Mayor’s Chat
- 9/10 Fort Collins Utilities Power Trip
- 9/12 Fort Collins Energy Board meeting
- 9/15 Longmont Electric Vehicle Fair
- 9/16-17 LPPC Energy Regulation Task Force dinner and meeting
- 9/17 Conference call with Candace Vahlsing, Sen. Bennet’s office
- 9/24 Longmont City Council meeting
- 9/25 Meeting with Will Toor, Colorado Energy Office
- 9/25 Estes Park Broadband Brand Launch event
• **9/26** Fort Collins Business Appreciation breakfast

• **9/30** Meeting with Sen. Kevin Lundberg and Sen. Vicki Marble; also attended by Mayor Jirsa and Bill Becker, Loveland Chamber of Commerce

**Human Resources.** The recruiting team continues to support Platte River and strengthen its talent pipeline by filling vacancies in a timely manner. Year-to-date, the team has filled 29 positions with a mixture of both internal and external candidates and filled 11 temporary employees including interns. Wellness provided an onsite flu shot clinic for employees and spouses at both headquarters and Rawhide campuses.

Employees participate in a gainsharing program designed to provide employees incentive to maintain focus on strategic initiatives and business objectives. The program criteria includes compliance, financial and operational targets that must be met on a quarterly basis for employees to receive a payout. All gainshare criteria were met in the third quarter, resulting in a full payout for employees. The last gainshare payout was third quarter 2018.

**Safety.** Safety staff attended a fall protection competent person certification training in Denver. The training covered proper erection techniques and inspection of harness, anchor points and engineered fall protection systems.

Annual fire extinguisher training was presented for Rawhide staff on September 12 and for engineering and operations staff at headquarters on September 25. Employees reviewed safe and effective firefighting techniques with handheld extinguishers.

Safety staff at Rawhide is coordinating safety orientation and permitting with the new solar site contractor as construction activities begin.

There were no recordable injuries in September.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>YTD September 2018</th>
<th>YTD September 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recordable injury rate</td>
<td>0.43</td>
<td>1.67</td>
<td>1.17</td>
<td>0.56</td>
</tr>
<tr>
<td>DART</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Lost time rate</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**HQ construction project.** An injury incident was incurred in the new HQ building on Sept. 11 when a plumbing contract employee fell while descending a temporary set of stairs. The injury required only first aid level of treatment for a strained left ankle and the employee returned to work. FCI followed up with safety training for the contractors in proper method of traversing stairs and ladders. Platte River safety continues to work closely with the construction contractor through weekly project update meetings and site safety walkdowns.

**ERT.** Emergency medical technicians of the ERT attended Q3 medical training at Rawhide. The primary topic presentation was cardiac emergencies.

On September 20, the emergency response team attended a foam firefighting training at Rawhide. Foam firefighting tactical operations were conducted during several live fire
scenarios at the fire training grounds.

**Energy solutions.** Year-to-date, Efficiency Works programs combined have:

- Achieved 16,000 MWh of energy savings and 2.3 MW demand savings at a cost of $6.3 million (including program administration costs).
- Served 84 businesses with assessment and advising services and provided rebates for 693 efficiency projects.
- Served 1,357 multifamily units.
- Served 418 homes with assessment and advising services and provided rebates for 692 efficiency projects.
- Served 37 income-qualified single-family dwellings and 3 multi-family complexes.
- Collectively committed $10.1 million of program funding, including the $6.3 million spent, which is expected to result in 25,400 MWh of energy savings and 3.6 MW demand savings.

A total of $12.2 million has been budgeted by Platte River and the owner communities for common efficiency programs, consisting of approximately $11.2 million in program spending for contracted services and rebates and $1 million for Platte River to administer the programs. Platte River is expected to provide $9 million and the owner communities will provide $3.2 million to fund the Efficiency Works programs.

Platte River and the owner communities’ Efficiency Works business team staff collaborated to issue a request for proposals (RFP) for commercial efficiency consulting services and to evaluate proposals. The last RFP occurred approximately three years ago, and staff determined it was time to revisit services available from consultants in the region. Contracts will be awarded to the following consultants: Nexant, to provide technical consulting to large commercial customers and provide technical expertise to utility staff; Franklin Energy, to provide assessment and advising services for small and medium business customers, multi-family properties and to assist in the development of new programs to serve these customers and Brendle Group, to provide additional program development services. The targeted start date is January 1, 2020.

Members of the energy solutions staff spent a portion of September learning and sharing industry best practices with other utilities at the E Source Forum and Rocky Mountain Utility Exchange conferences. Both conferences focused on distributed energy resource program planning and implementation. Energy solutions staff also helped organize the Rocky Mountain Utility Exchange and presented at both events. Following is a summary of our staff’s contributions:

- **E Source Forum**
  - Scott Suddreth, energy solutions program manager, gave a presentation entitled, “trade ally trivia: asking and answering questions about engaging your front line.” The presentation focused on how we work with service providers, which are independent contractors that perform efficiency upgrades for customers within our efficiency programs, to make sure they provide good customer service and a positive customer experience.
• Rocky Mountain Utility Exchange
  o Bryce Brady, energy solutions supervisor, served on the utility advisory committee for the Exchange, providing input on the themes and topics, and as speaker for the event. In addition, Bryce co-led the roundtable discussion with a product manager from Xcel Energy on customer-centric energy efficiency program models.
  o Adrien Kogut, energy solutions program manager, co-presented with our consultant, Efficiency for Everyone, on “targeting retail incentives to the customers who need them most: lessons from the first two years of Platte River’s Shift Model program.” The presentation gave an overview of our experience piloting a new program model intended to increase sales of low-priced, entry-level appliances—a market that is frequently missed by conventional appliance rebate programs.
  o Sarah Stanton Johnson, energy solutions program manager, gave a presentation with a staff person from Nexant, our software vendor, on “software implementation: the good, the bad, the reality.” The presentation offered perspectives from both the utility project lead and software engineer on the software implementation for a residential energy efficiency program.

FINANCIAL AND INFORMATION TECHNOLOGY SERVICES

2019 capital additions – board contingency. Capital projects are tracked closely throughout the year and revisions are expected as projects’ scope and schedules change, and new projects arise. At this time, capital expenditures are estimated to be approximately $3.1 million below budget at the end of the year. Some projects will not be completed during 2019 and the remaining funds for those projects, approximately $5.7 million, will need to be carried over into 2020. Thus far in 2019, several additional requests for funds have occurred due to changes in the schedule and scope of projects. As a result of the need to carry over funds to 2020, current estimates show $2.6 million may be required as a budget contingency appropriation to cover the additional capital project expenses. However, further changes to capital projections are anticipated and staff will continue to monitor spending estimates to determine the appropriate amount needed. Details of these changes in capital projects are also summarized in the financial report included in the board packet. Project managers are continuously improving work planning and budgeting by better aligning scope, schedules and available resources. The following table represents the estimates for capital expenditures as of September 30, 2019.

<table>
<thead>
<tr>
<th>Capital summary</th>
<th>$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 capital budget</td>
<td>54.7</td>
</tr>
<tr>
<td>Estimated capital expenses at 9/30/19</td>
<td>51.6</td>
</tr>
<tr>
<td>Under budget variance</td>
<td>3.1</td>
</tr>
<tr>
<td>Estimated capital carryovers from 2019 to 2020</td>
<td>(5.7)</td>
</tr>
<tr>
<td>Estimated contingency transfer request</td>
<td>(2.6)</td>
</tr>
</tbody>
</table>
2020 budget preparation. A public hearing on the budget will be held at this month’s board meeting. Public notice of the meeting was given in each of the owner communities’ newspapers in September. Also, changes to the 2020 Proposed Strategic Budget will be presented by staff in October with board adoption requested in December. Below is a condensed schedule of the overall budget process.

<table>
<thead>
<tr>
<th>Month</th>
<th>Task Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>March-May</td>
<td>Kickoff presentations and preparation of budget details by departments</td>
</tr>
<tr>
<td>May-June</td>
<td>Data compilation, reporting and meetings with division managers</td>
</tr>
<tr>
<td>July</td>
<td>Senior management and GM/CEO budget review</td>
</tr>
<tr>
<td>August</td>
<td>Refine budget and document preparation</td>
</tr>
<tr>
<td>September</td>
<td>Budget work session with board</td>
</tr>
<tr>
<td>October</td>
<td>Public hearing and board review of budget modifications</td>
</tr>
<tr>
<td>November</td>
<td>Prepare final budget document</td>
</tr>
<tr>
<td>December</td>
<td>Final budget review with board and request adoption</td>
</tr>
</tbody>
</table>

Accounting standards. Platte River follows governmental accounting standards board (GASB) pronouncements. Currently, two new standards will be applicable and implemented in 2019 and 2020. Staff is conducting research for both standards and the impacts are not yet determined.

- GASB 83 – The asset retirement obligation standard is to be implemented in 2019. The standard requires obligations arising from a legally enforceable regulation, contract or court judgement related to a tangible capital asset to be estimated and recorded as a liability with a corresponding deferred outflow of resources. The deferred outflow of resources will be expensed over the life of the related capital asset.

- GASB 87 – The lease standard is to be implemented in 2020. This standard states that leasing an asset is a financing of the right to use an underlying asset. As such, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred outflow of resources. The deferred outflow of resources will be expensed over the lease term.

Economic development. Payments for community economic development have been made per the direction given by each owner community. The payments total the budgeted amount of $100,000, one-half of which is divided equally between the owner communities and the other is half based on MWh sales made during 2018.

Forced outage assistance agreement. This agreement, which involves Platte River’s Rawhide Unit 1 and Tri-State’s Craig Unit 3, provides that each party supply replacement energy to the other party during a forced outage of either unit. The Energy Account Balance Limit, defined in the agreement, was exceeded and Tri-State paid Platte River $0.9 million. Pursuant to the terms of the agreement, this payment buys down the energy balance to half of the contract limit.
2019 year-end financial audit plan. Earlier this month, staff met to discuss new accounting pronouncements, significant 2019 activities, and the audit schedule in preparation of the 2019 financial audit to be performed by BKD.

Rates meeting – owner community and Platte River staffs. Rate staffs from the owner communities and Platte River meet periodically to collaborate on various rate issues. In October, staffs met to discuss the Platte River 2020 rate tariff schedules and retail rate strategies for 2020.

New HQ IT update. IT staff have begun installing and connecting network equipment in the new building. Network connectivity between the existing campus and the new campus is planned by mid-October. The building automation system is scheduled to go online in the new building as well.

Access control security update. The CIP cyber vulnerability assessments for 2019 have been completed. These assessments of the access control systems and related systems are required for CIP compliance. Access control has been enabled for the SCADA area in the new building and it is now officially a CIP physical security perimeter. The workflows to request access for these areas have been modeled in ServiceNow and are being used for access requests and approvals.

Enterprise applications update. The deployment of the multi-user version of Platte River's MV90 meter data management software is complete. This will enable users from the power supply, resource planning and accounting groups to access the meter data simultaneously. The Aurora forecasting software was also updated which is used by the resource planning group to perform functions critical to the support of the IRP process. Additionally, we started the implementation of the new outage scheduling system (iTOA) with the power systems operations group. This system will modernize and automate how Platte River plans and communicates system outages.

Cybersecurity updates. The Cybersecurity Incident Response and Management Policy was approved as part of the Incident Response Plan and Procedures. We developed multiple “runbooks” based on different cybersecurity incident scenarios which will serve as guides for our tabletop exercises later this year and into 2020. We have been removing administrative privileges from standard user accounts and have designated staff use specialized credentials for system and application administration functions. This is an important milestone of the five-year cybersecurity risk program.

Headquarters campus project. In the last month, the overall site has taken shape as final grading and landscaping is being installed. Site hard surfaces are in progress and site lighting is starting to come online. The building exterior is nearly 100% enclosed and crews are starting to bring the mechanical systems on-line. Approximately one-third of the mechanical systems are fully operational, and we are working with our commissioning agents to verify functionality of these systems.

The project overall is approximately two weeks behind schedule, and Platte River staff are closely monitoring the progress as we work to schedule our employee transition. Currently, we
have pushed the employee move-in dates to the middle of January to avoid the holiday season as well as to provide enough time to complete loose ends.

Design of the Energy Engagement Center is progressing well, and we are nearing the design development deliverable from the design team which is expected late October. We will then have FCI Constructors, our general contractor, bid out the project based on the most current drawing set. The team is also working to design and configure the video wall. Once a refined package is complete, staff will plan on presenting an update to the board.
OPERATIONS

**Fuels and water.** In the fall, Platte River focuses on replenishing the cooling reservoir supply by increasing pumping operations from the Drake Water Reclamation Facility in Fort Collins. With typical operations, reservoir levels drop during the summer months when evaporation increases and pumping is curtailed to improve water quality in the reservoir. Then, over the fall and winter months, efforts are made to restore the reservoir level to full. Moving into the 2020 water year and starting Nov. 1, Platte River will be entering Windy Gap short operations with the City of Fort Collins which will limit the amount of reusable effluent that is available to pump to Rawhide for cooling purposes. As a result, staff will maximize pumping operations by utilizing Platte River’s Poudre River water rights when they are in priority and by drawing on stored effluent reserves that were built-up during the summer when pumping was curtailed. At the same time, process water supplies will be satisfied through the use of leased C-BT water used as in-lieu Windy Gap water. In addition, water lease agreements from Platte River’s process water supply have been executed to support construction efforts this fall and winter for both the Rawhide Prairie Solar and Roundhouse wind projects.

In early October, contractor bid proposals were received for the Windy Gap Firming Project. Over the coming weeks, the project procurement team will be evaluating the proposals for completeness and accuracy and is expected to make a recommendation of award to the project participants at the November meeting. Following the selection of a contractor, financing discussions will resume among the Windy Gap participants and PFM Financial Advisors, the project municipal finance advisor, to assess the various financing options available. Although the Windy Gap Firming Project is currently delayed due to an ongoing federal court case, the case has been fully briefed and is pending the judge’s ruling. Upon resolution of the case and assuming a favorable ruling, project construction will commence in 2020 and is anticipated to last approximately four years.

**Rawhide Prairie Solar Project.** Site preparations and grading are underway for the new 22 MW and 2 MWh solar project at Rawhide. These activities include dirt work for the required elevation changes as well as the creation of access roads. The work is scheduled to be completed mid-November. All silt fencing has been installed and the installation of the main posts is scheduled to begin during the week of Oct. 21 and will continue for six weeks.

**NextEra generator outlet and Roundhouse wind project status.** NextEra received the final remaining approval to construct and operate the Roundhouse wind project and its corresponding generator outlet facilities from the Wyoming Industrial Siting Council, on June
14. NextEra is still working with three property owners to obtain an easement for the remainder of the preferred transmission route. NextEra recently started construction of the generator outlet transmission line. At this time, the project is ahead of schedule with a commercial operation date expected by the summer of 2020.

**Resource planning and forecasting.** Resource planning and finance staff finalized the 2020 budget, incorporating Pace’s revised September 2019 power and gas market prices. September prices were approximately 15% lower than the last prices which Pace provided in June. As a result, Platte River estimates that sales and sales margins will be lower than earlier budget projections.

Approximately 20 parties have expressed interest in bidding on the 50 MW-150 MW solar RFP issued on Sept. 11, 2019. Staff has responded to three sets of inquiries, thus far, with final bids due on Friday, Oct. 25.

**Campus solar project.** Namaste Solar, the subcontractor selected for the solar installation on the new headquarters and warehouse buildings, has updated the design drawings and submitted them for approval with the permitting authority. Construction is scheduled to commence in October. Quotes for the battery installation have been collected and engineering work for the battery portion has commenced.

**Architecture for integration/automation.** The power supply division is working with the operations technology department on developing software architecture for basic integration functionality with DERs leveraging the data historian system. Once this basic architecture is set up, further options for communications with DERs from the architecture will be explored.

**GENERAL AND FOLLOW UP ITEMS**

**2020 integrated resource plan (IRP).** Platte River staff is in the process of finalizing the assumptions for the 2020 IRP. Major assumptions related to market prices, portfolio design and distributed energy resources have now been locked in and staff are running capacity optimization cases in the Aurora model.

Staff prepared for and participated in the October community listening sessions which began on Oct. 16. Input from the community listening sessions will influence the development of different IRP portfolios. Four independent consulting studies were recently completed. Brief descriptions of the four independent consultant reports are listed below:

1. **Energy storage technology assessment.** HDR provided an overview and cost estimates for commercially available energy storage technologies. HDR identified lithium ion batteries and pumped hydro as commercially proven technologies, where lithium ion batteries were identified as a lower cost option for shorter duration storage and pumped hydro as being lower cost for longer-term duration storage.

2. **Coal cycling study.** Burns & McDonnell provided an overview of the operational and economic impacts on Rawhide’s coal unit at various levels of wind and solar in Platte River’s portfolio. The study determined that additional intermittent renewable resources
would result in more frequent cycling of Rawhide and more short duration shut downs, resulting in higher operation and maintenance costs.

3. **Thermal generation alternatives study.** HDR Inc. provided technical specifications and cost data for various gas-fired generation technologies. The study concluded that reciprocating internal combustion engines and small gas turbines are viable thermal resources to complement intermittent renewable resources. The study also concluded that the reciprocating engines can be installed in smaller increments and that small gas turbines have lower capital costs.

4. **Resource adequacy review.** Burns & McDonnell performed a review of the planning reserve margin that Platte River should maintain as a result of a higher penetration of intermittent renewable resources in its portfolio. Burns & McDonnell concluded that Platte River should continue to plan for a 15% reserve margin, as recommended by NERC, to ensure reliable service. Burns & McDonnell also concluded that the contribution from wind and solar towards meeting Platte River’s peak load will decline as the amount of wind and solar will increase.