Agenda

• Budget overview
• Adoption
## Financial results

### Budget results ($ millions)

<table>
<thead>
<tr>
<th></th>
<th>2020 budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$ 240.5</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>$ 278.3</td>
</tr>
<tr>
<td>Board contingency</td>
<td>$ 26.0</td>
</tr>
</tbody>
</table>

### Strategic financial plan indicators

<table>
<thead>
<tr>
<th>Strategic financial plan indicators</th>
<th>Target minimums</th>
<th>2020 budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income ($ millions)</td>
<td>3% of projected operating expenses</td>
<td>$ 17.2</td>
</tr>
<tr>
<td>Fixed obligation charge coverage ratio</td>
<td>1.50x</td>
<td>2.17x</td>
</tr>
<tr>
<td>Debt ratio</td>
<td>&lt; 50%</td>
<td>34%</td>
</tr>
<tr>
<td>Unrestricted days cash on hand</td>
<td>200</td>
<td>256</td>
</tr>
<tr>
<td>Rate increase</td>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>

* 3% of projected operating expenses for 2020 is $5.7M.
Highlights – 2020 strategic budget

- DER (EE, DR, DER)
- Public engagement & communications
- Resource planning (new noncarbon resources, operational flexibility, DER strategy)
- Infrastructure advancement (debt financing)
- Headquarters campus and Energy Engagement Center

Operating expenses and capital additions: $255.2 million

1. System reliability
2. Environmental responsibility
3. Financial sustainability

- Baseload and peaking generation, transmission
- PPAs for existing renewable resources & hydropower
- Predictive maintenance
- Proactive capital investments

- New rate structure and no rate increase to owner communities
- New long-term contract sales for resale

2020 budget: $304M
Questions
Board of directors executive session
Dec. 5, 2019
Solar RFP
Solar RFP responses

• Fifteen companies submitted bids
• Many submitted multiple proposals
• Held discussions with the seven top bidders
• Performed a 3D review of bids
  • Price
  • Buildability
  • Technical strength
Dimension 1 – bid prices

50 MW - 150 MW project sizes between 15-25 year terms

<table>
<thead>
<tr>
<th></th>
<th>Less than $28/MWh</th>
<th>$29-$32/MWh</th>
<th>$33-$37/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>10</td>
<td>1</td>
</tr>
</tbody>
</table>

- One 8 MW distributed solar bid was submitted at over $50/MWh
- Projects proposed in Weld County were less expensive than those in other locations
Dimension 2 – buildability criteria

- Progress on land lease
- Bidder’s understanding of complexity and challenges of permitting process
- Number of neighbors bordering the proposed property
- Project location and transmission interconnection challenges
- Likelihood of getting permits in a timely manner
## Dimension 2 – buildability ranking

<table>
<thead>
<tr>
<th>Bidders</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D₁</th>
<th>E</th>
<th>D₂</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum # of neighbors bordering project (including interconnection)</td>
<td>10</td>
<td>Over 20</td>
<td>14</td>
<td>8</td>
<td>8</td>
<td>2</td>
<td>Over 24</td>
</tr>
<tr>
<td>Land lease option for proposed site</td>
<td>✓</td>
<td>✓</td>
<td>✓ +</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Understanding of the complexity of acquiring necessary permits</td>
<td>✓</td>
<td>✓ -</td>
<td>✓ +</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Improves Platte River’s resource diversification</td>
<td>✓ +</td>
<td>✓ +</td>
<td>✓ +</td>
<td>✓ +</td>
<td>✓ +</td>
<td>✓ -</td>
<td>✓ -</td>
</tr>
<tr>
<td>Likelihood of obtaining all project permits in a timely manner</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Constructability, ranked Highest: 1 Lowest: 7</td>
<td>4</td>
<td>7</td>
<td>3</td>
<td>6</td>
<td>5</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
Dimension 3 – technical criteria

• Overall technical specifications and details provided in the bid
• Quality and make of the proposed equipment
  • Modules
  • Trackers
• Project management and procurement plan
# Dimension 3 – technical ranking

<table>
<thead>
<tr>
<th>Bidders</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D₁</th>
<th>E</th>
<th>D₂</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall technical merit/modelled solar generation</td>
<td>✓ +</td>
<td>✓</td>
<td>✓</td>
<td>✓ -</td>
<td>✓ +</td>
<td>✓ -</td>
<td>✓ +</td>
</tr>
<tr>
<td>Quality/make of proposed equipment</td>
<td>✓ +</td>
<td>✓</td>
<td>✓ +</td>
<td>✓</td>
<td>✓ -</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Project management and procurement plans</td>
<td>✓ +</td>
<td>✓</td>
<td>✓ +</td>
<td>✓ +</td>
<td>✓</td>
<td>✓ +</td>
<td>✓ +</td>
</tr>
<tr>
<td>Technical ranking</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Highest: 1  Lowest: 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Considerations

• Permitting risk in Weld County
• Risk of interconnection with Ault Substation
• Which projects we should continue to evaluate
• Whether Platte River should build, own and operate the interconnection facilities
• Preference of a 15 year term over a 20 year term
Recommendations

- Prefer a 15 year term
- Platte River should own the substation that interconnects with our transmission system
- Continue to negotiate with top two bidders who’ve proposed locations in Weld County
Questions
Energy imbalance market update
Dec. 5, 2019
Agenda

• What is an energy imbalance market (EIM)?
  • Key aspects of an EIM
  • Differences between the Joint Dispatch Agreement (JDA), an EIM and a full energy market (FEM)
• Overview of various EIM options
  • Joint Dispatch Agreement – existing arrangement
  • Western Energy Imbalance Market-WEIM (CA)
  • Western Energy Imbalance Service-WEIS (SPP)
• Current utility preferences
• Next steps
What is an EIM?

- Leverages geographical diversity of loads and resources in a larger market footprint
- Coordinates real-time interchange schedules to balance generation and load in order to create economic value
- Maximizes the use of transmission capacity made available by transmission owners
- Utilities retain control over their generation and transmission assets
## Differences between JDA, EIM and FEM

<table>
<thead>
<tr>
<th></th>
<th>JDA (existing)</th>
<th>EIM</th>
<th>FEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly energy market</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Day-ahead market</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Ancillary services</td>
<td>N/A</td>
<td>Limited</td>
<td>Optimized FEM is BA</td>
</tr>
<tr>
<td>Transmission capacity available to market</td>
<td>All OASIS posted</td>
<td>Transmission owner’s decision</td>
<td>All</td>
</tr>
<tr>
<td>Generation offers into market</td>
<td>Voluntary</td>
<td>Voluntary</td>
<td>Must sell</td>
</tr>
</tbody>
</table>
Joint Dispatch Agreement

How it works

- Small-scale EIM
- Three entities participating, with fourth to participate soon
- Xcel serves as the market operator and dispatches generation economically based upon generator cost
How it works

- Leverages geographical diversity of loads and resources in a larger market footprint
- Automated dispatch minimizes cost, facilitates renewables, resolves imbalance and avoids congestion
- Greater operational visibility enhances reliability
- Low-cost, low risk, no exit fees, voluntary market
WEIS

- SPP is currently operating a FEM in the eastern interconnect
- SPP is willing to provide an energy imbalance service in the west, if sufficient interest exists
- SPP has made a proposal, although much uncertainty exists
  - SPP currently does not operate an imbalance market
  - Systems necessary to operate this market need to be developed
  - Tri-State, WAPA and Basin have committed to participate in SPP WEIS
# Key differences between energy imbalance markets

<table>
<thead>
<tr>
<th>Market features</th>
<th>JDA (existing)</th>
<th>WEIM</th>
<th>WEIS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generation offers</strong></td>
<td>Out of pocket cost-based offers for generators</td>
<td>Market based offers for generators with CA market monitor oversight</td>
<td>Market based offers for generators with SPP market monitor oversight</td>
</tr>
<tr>
<td><strong>Unit commitment</strong></td>
<td>Each entity responsible to commit generation to meet load and other obligations</td>
<td>Commit and decommit resources up to 4 hours ahead to optimize use of system</td>
<td>Each entity responsible to commit generation to meet load and other obligations</td>
</tr>
<tr>
<td><strong>Transmission service</strong></td>
<td>No cost non-firm transmission</td>
<td>No cost non-firm transmission</td>
<td>No cost non-firm transmission</td>
</tr>
<tr>
<td><strong>Implementation costs</strong></td>
<td>$500,000</td>
<td><strong>JDA</strong> $1.5 M (est.) <strong>MWTG</strong> $2.5 M (est.)</td>
<td>$6 M (est.)</td>
</tr>
<tr>
<td><strong>Ongoing administration costs</strong></td>
<td>$650,000 (est.)</td>
<td><strong>JDA</strong> $1.3 M/year (est.) <strong>MWTG</strong> $2.0 M/year (est.)</td>
<td>$5 M/year (est.)</td>
</tr>
</tbody>
</table>

- JDA is currently conducting a Brattle study to determine the value of each option
Current utility preferences in the western interconnect

WEIM (77% of the utilities within the western interconnect)

WEIS (4% of the utilities within the western interconnect)
- Western Area Power Administration
- Basin Electric
- Tri-State Generation & Transmission

JDA (5% of the utilities within the western interconnect)

The joint dispatch group (Platte River, Black Hills, Xcel and Colorado Springs Utilities are currently evaluating study results and have yet to make a decision on an EIM
Next steps

- Finalize and develop a plan for participating in an EIM with other members of JDA, as appropriate
- Open a dialog with Colorado regulators and other interested stakeholders
- Participate in Colorado Public Service Commission proceedings advocating for a single energy market in Colorado
Questions
Local government engagement

City of Fort Collins

City of Longmont

City of Loveland
Legislative visits
2019 interim

Energy Legislation Review Interim Study Committee

- Rep. Chris Hansen (D), Chair
- Sen. Stephen Fenberg (D)
- Rep. Dominique Jackson (D)
- Sen. Ray Scott (R)
- Rep. Perry Will (R)
- Sen. Mike Foote (D), Vice Chair
- Rep. Stephen Humphrey (R)
- Rep. Sonya Jaquez Lewis (D)
- Sen. Jack Tate (R)
- Sen. Faith Winter (D)
Interim committee bills

Bills recommended to legislative council
Bill A – Valuation of energy storage equipment
Bill B – Statewide biodiesel blend requirement for diesel sales
Bill C – Transmit renewable energy conservation easements
Seventy-second general assembly

Key dates

Deadline for Legislative Council meeting to approve interim committee bills - Nov. 15, 2019
Deadline for legislators to submit first three "early" bill requests - Dec. 2
Deadline for first bill to be filed for introduction (House and Senate) - Jan. 3, 2020

Second regular session convenes - Jan. 8

Bill request deadline for last two or "regular" bill requests (House and Senate) - Jan. 14
Final passage deadline for House and Senate bills in the First House - Feb. 26
House and Senate Committees reporting deadline for second house bills - Mar. 20
Final passage deadline for House bills in the Senate - Mar. 30
Final passage deadline for Senate bills in the House - Apr. 6
100th day of session - Apr. 16

Adjournment sine die - May 6
2019 legislative activity

HB 19-1261
Climate action plan to reduce pollution

SB 19-96
Collect long-term climate change data

SB 19-236
Sunset Public Utilities Commission

HB 19-1314
Just transition from coal-based electrical energy economy
DC visits

Dec. 2 – 4, 2019
Colorado Springs Utilities and Platte River

Feb. 23 – 27, 2020
APPA legislative rally
Board of directors
Dec. 5, 2019
## October operational results

<table>
<thead>
<tr>
<th>Category</th>
<th>October variance</th>
<th>YTD variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal demand</td>
<td>4.5%</td>
<td>(2.3%)</td>
</tr>
<tr>
<td>Municipal energy</td>
<td>1.4%</td>
<td>(1.0%)</td>
</tr>
<tr>
<td>Baseload generation</td>
<td>(10.2%)</td>
<td>(10.7%)</td>
</tr>
<tr>
<td>Wind generation</td>
<td>7.9%</td>
<td>(4.8%)</td>
</tr>
<tr>
<td>Solar generation</td>
<td>7.4%</td>
<td>(4.2%)</td>
</tr>
<tr>
<td>Surplus sales volume</td>
<td>(0.9%)</td>
<td>(9.5%)</td>
</tr>
<tr>
<td>Surplus sales price</td>
<td>5.8%</td>
<td>28.3%</td>
</tr>
<tr>
<td>Dispatch cost</td>
<td>(4.8%)</td>
<td>(1.1%)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>October variance from budget ($ in millions)</th>
<th>Year to date variance from budget ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$1.5</td>
<td>$11.9</td>
</tr>
<tr>
<td>Fixed obligation charge coverage</td>
<td>1.07x</td>
<td>.72x</td>
</tr>
<tr>
<td>Revenues</td>
<td>$0.5</td>
<td>$1.3</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$0.6</td>
<td>$8.5</td>
</tr>
<tr>
<td>Capital additions</td>
<td>($0.3)</td>
<td>$8.1</td>
</tr>
</tbody>
</table>

> 2% ● Favorable  | 2% to -2% ◆ At or near budget  | < -2% ■ Unfavorable