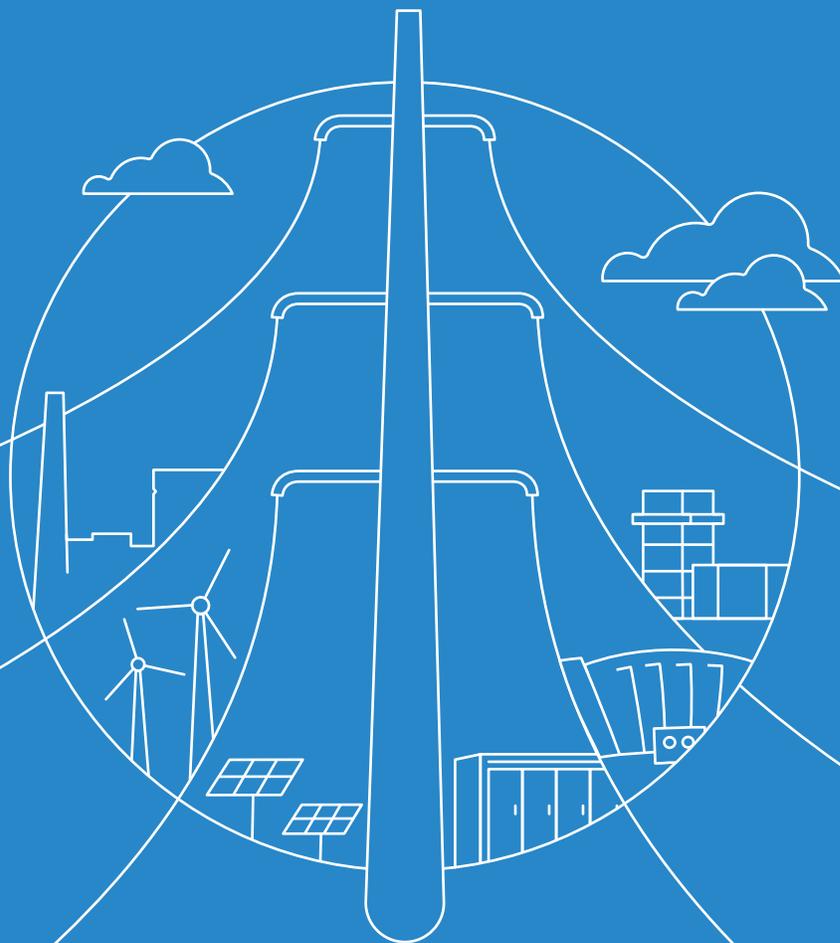




Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland



2020

Strategic
Budget

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Message from **board chair** and **general manager**



The utility industry is undergoing a rapid transformation and Platte River Power Authority is committed to leading the change in Colorado. As a public power provider, we take seriously our responsibility to invest public funds in alignment with the needs and goals of our owner communities. We are pleased to present the 2020 Strategic Budget as a reflection of that commitment.

The 2020 budget demonstrates how ongoing investments help support the resource diversification policy adopted last year, which calls for a 100% noncarbon energy mix by 2030. These investments support Platte River's foundational pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to our owner communities, and are guided by our board-adopted strategic initiatives: 1) enhanced customer experience; 2) communications and community outreach; 3) resource diversification and alignment; and 4) infrastructure advancement and technology development.

With \$278.3 million in expenditures planned for 2020, approximately 71% of the operating and capital budget is allocated for core operations and 29% will contribute to strategic initiatives. Platte River will more than triple its wind power capacity, increase solar resources by 73% and add battery storage technology by the end of 2020. In addition, Platte River will deliver to our owner communities approximately 39% noncarbon energy. We also plan to invest \$149 million in capital infrastructure from 2021 to 2024 in continued support of our strategic and core initiatives. Ongoing investments in Rawhide Unit 1 will also be made to enhance operational flexibility for additional noncarbon resource integration.

We continue to prioritize support for the efficient use of energy by residents and businesses with ongoing investments in the Efficiency Works program, which is an example of the successful collaboration between Platte River and its owner communities. This program provides the dual benefit of reducing the need for costly, new generating capacity and saving customers money on monthly utility bills. Platte River and our owner communities are also collaborating on a systems integration strategy in 2020, which will include a focus on distributed energy resources. This joint effort is critical to the advancement of the resource diversification policy.

Platte River's commitment to community outreach and enhanced customer service will continue in 2020 with the completion of the integrated resource plan (IRP). Listening sessions in each of the owner communities will include a second round of scientific surveys to ensure we remain responsive to the desires of residents and business owners. Our rate restructuring process will be implemented in 2020, increasing transparency and enabling our owner communities to offer more options to their customers. Finally, investment in an enterprise resource planning system will provide the ability to implement next generation business process management that will integrate systems, streamline processes and provide better access to information.

Together with the strategic plan, annual report and IRP, this budget document provides a comprehensive and transparent look at Platte River's current operations and future plans. Our leadership role in Colorado could not be achieved without the board's guidance, our owner communities' engagement and the commitment of our employees.



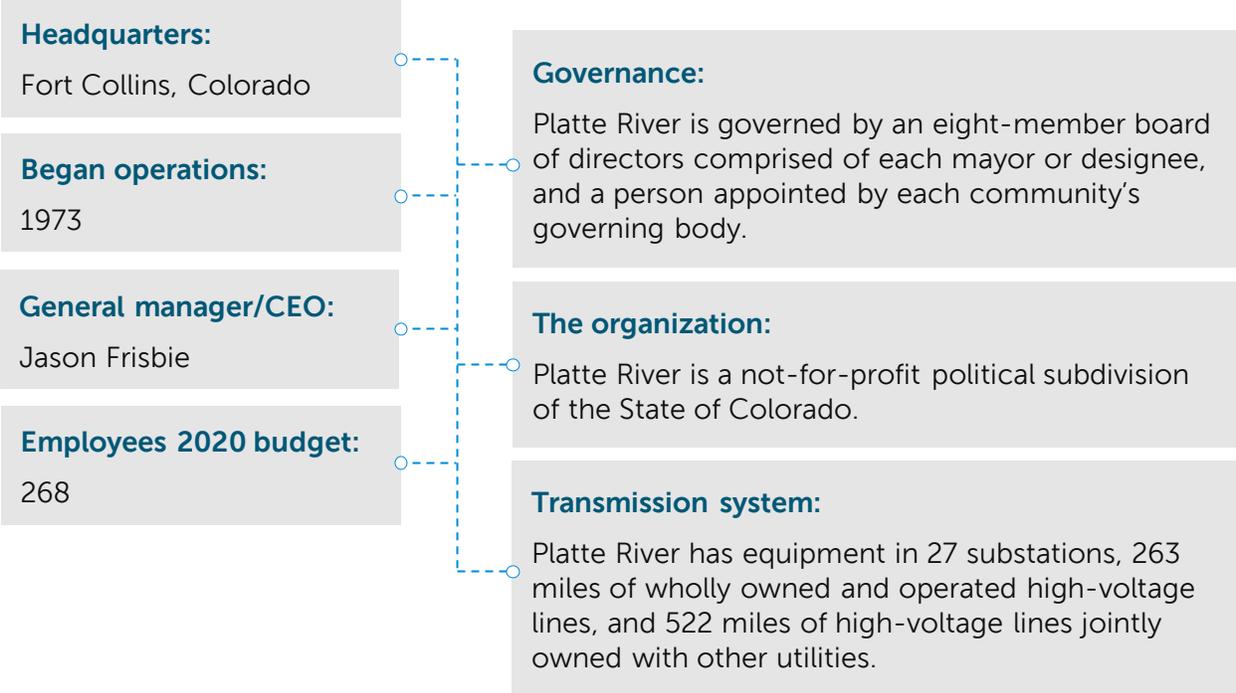
Todd Jirsa
Board Chair



Jason Frisbie
General Manager/CEO

Platte River at a glance

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



Resource capacity	MW	
Rawhide Unit 1 (coal)	280	
Rawhide units A, B, C, D, F (natural gas)	388	
Craig units 1 and 2 (coal)	151	
Hydropower	90	
Wind power ⁽¹⁾⁽²⁾	303	67
Solar power ⁽¹⁾	52	22
Total	1,264	998

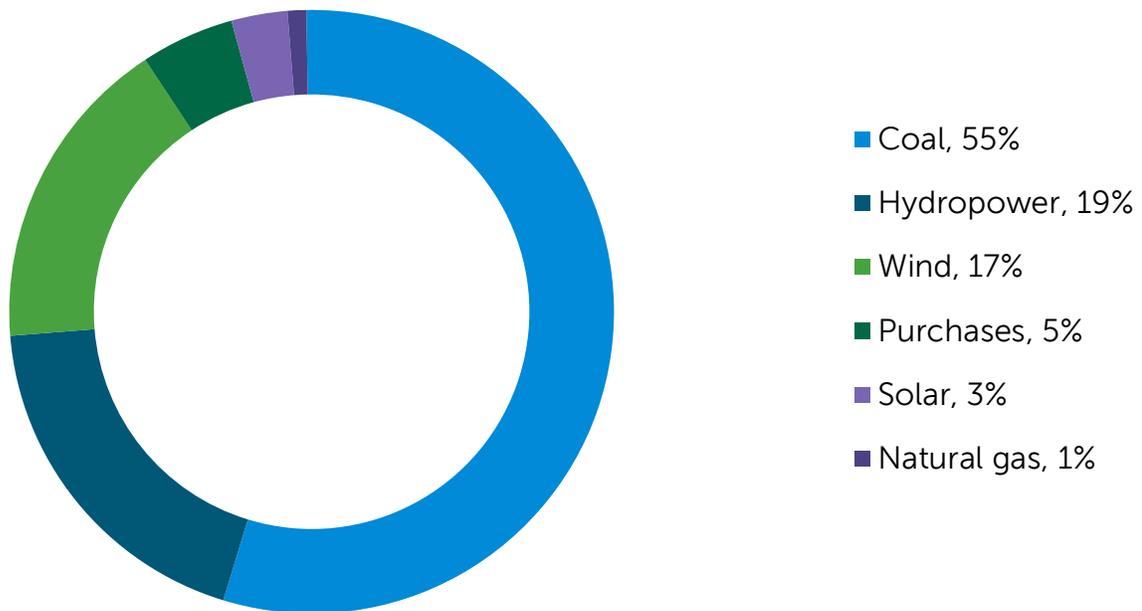
(1) For the effective capacity calculation, wind facilities are assigned firm capacity of 22% of their nameplate capacity and solar facilities are assigned 42% of their nameplate capacity. Platte River will also be testing a 2 MW battery in 2020.

(2) 12 MW of wind is currently sold to another entity and 60 MW will be sold to another entity in 2020 for a 10-year term and will return to Platte River at the end of the term.

2020 strategic budget at a glance

Revenues	\$ 240.5M	<p>Deliveries of energy to owner communities 2020 budget: 3,220,819 MWh</p> <p>Peak owner communities demand 2020 budget: 670 MW</p> <p>Deliveries of energy 2020 budget: 4,657,510 MWh</p>
Operating expenses	\$ 190.3M	
Capital additions	\$ 64.9 M	
Debt expenditures	\$ 23.1M	

Deliveries of energy to owner communities 2020 budget



About 39% of the energy Platte River will deliver to its owner communities in 2020 is projected to come from noncarbon sources.

Board of directors

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

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



Todd Jirsa
Board chair
Mayor
Town of Estes Park



Reuben Bergsten
Director of utilities
Town of Estes Park



Wade Troxell
Vice chair
Mayor
City of Fort Collins



Ross Cunniff
City council member
City of Fort Collins



Brian Bagley
Mayor
City of Longmont



David Hornbacher
Executive director of
electric services
Longmont Power and
Communications



Jacki Marsh
Mayor
City of Loveland



Joseph Bernosky
Director of Loveland
Water and Power

Mission, vision and values

Mission

While driving utility innovation, Platte River will safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities of Estes Park, Fort Collins, Longmont and Loveland.

Vision

To be a respected leader and responsible power provider improving the region's quality of life through a more efficient and sustainable energy future.

Values

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



Safety

Without compromise, we will safeguard the public, our employees, contractors and assets we manage while fulfilling our mission.



Integrity

We will conduct business equitably, transparently and ethically while complying fully with all regulatory requirements.



Service

As a respected leader and responsible energy partner, we will empower our employees to provide energy and superior services to our owner communities.



Respect

We will embrace diversity and a culture of inclusion among employees, stakeholders and the public.



Operational excellence

We will strive for continuous improvement and superior performance in all we do.



Sustainability

We will help our owner communities thrive while working to protect the environment we all share.

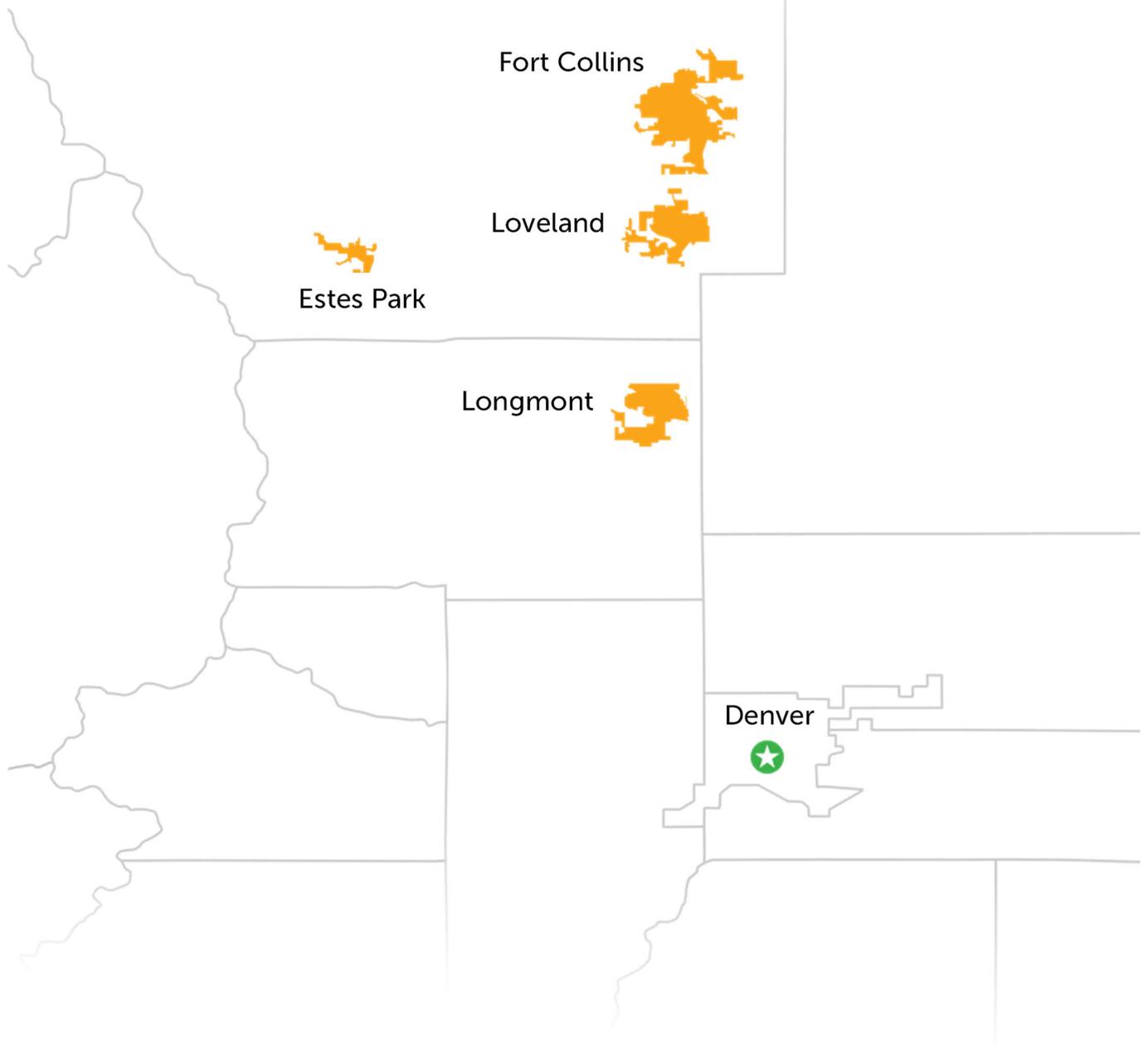


Innovation

We will proactively deliver creative solutions to generate best-in-class products, services and practices.

Our communities

Platte River Power Authority is a Colorado political subdivision established to provide wholesale electric generation and transmission to the communities of Estes Park, Fort Collins, Longmont and Loveland.





**ESTES PARK
COLORADO**

Town of Estes Park

Estimated population*: 6,352

Utility: Estes Park Power & Communications,
established in 1945



City of Fort Collins

Estimated population*: 167,830

Utility: Fort Collins Utilities,
established in 1938



City of Longmont

Estimated population*: 96,577

Utility: Longmont Power & Communications,
established in 1912



City of Loveland

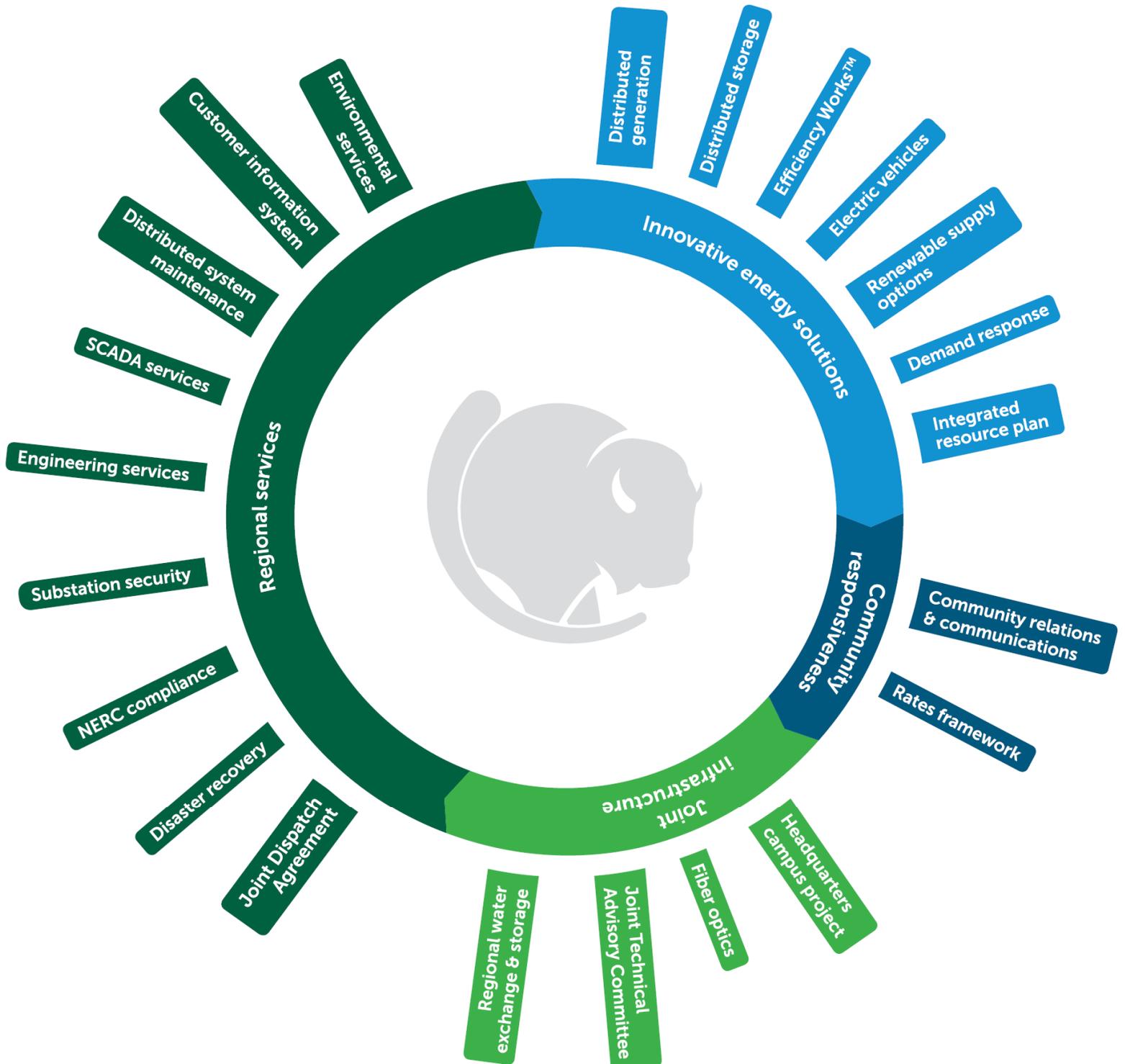
Estimated population*: 77,446

Utility: Loveland Water and Power,
established in 1925

* Population data from U.S. Census Bureau

Collaboration

Working towards shared goals



Management team

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



Jason Frisbie
General manager/CEO



Sarah Leonard
General counsel



Alyssa Clemens Roberts
Chief strategy officer



Dave Smalley
Chief financial officer and
deputy general manager

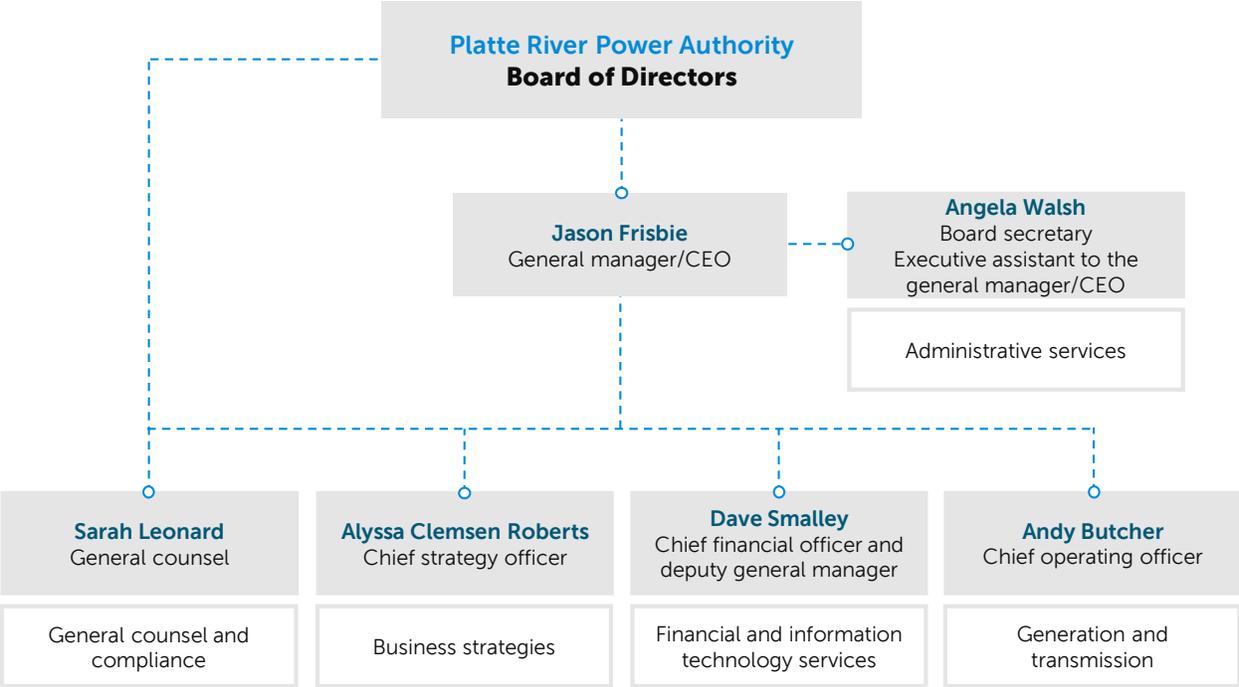


Andy Butcher
Chief operating officer



Angela Walsh
Board secretary
Executive assistant to the
general manager/CEO

Organizational structure



Platte River’s organizational structure is comprised of divisions containing individual departments responsible for the critical elements necessary for safely delivering reliable, environmentally responsible and financially sustainable energy and services to the owner communities. Below is a brief description of each area including departmental objectives for 2020.

General manager

The general manager provides strategic leadership and direction for the safe, ethical and effective operation of Platte River. The general manager consults with, advises and makes recommendations to the board of directors concerning elements of Platte River’s strategic direction and operations, based upon Platte River’s foundational pillars of system reliability, environmental responsibility and financial sustainability. The general manager also provides supervision and direction for all centralized business and office management functions.

In addition to ongoing operational oversight, significant objectives for the general manager in 2020 include leading the organization to help owner communities accomplish their energy goals and the long-term success of Platte River through the IRP process; determining the future of Craig Unit 2, as well as Trapper Mine;

influencing future regional energy resource mixes; working with other chief executive officers to develop or join an energy imbalance market or regional transmission organization, which is essential for achieving the board-adopted resource diversification policy; and managing a smooth logistical transition to the new headquarters building.

General counsel and compliance

The general counsel dually reports to the board of directors and the general manager. The general counsel oversees Platte River's legal, environmental compliance, reliability compliance and regulatory affairs functions which, along with significant departmental objectives for 2020, are described below.

Legal provides a broad range of services in support of Platte River operations, including contract negotiation and preparation, regulatory compliance, risk management and dispute resolution, human resource issues, and real estate transactions. The legal department also supervises relationships with retained counsel who assist in specialized areas of water law, public finance, pension and Federal Energy Regulatory Commission (FERC) regulations. In 2020, the legal department will emphasize support for the development of new noncarbon energy projects, support for the development of an energy imbalance market and management of Platte River's water assets, including financing of the Windy Gap Firing Project.

Environmental compliance ensures Platte River remains in compliance with all federal, state and local regulatory requirements associated with utility operations. The department's primary activities include obtaining and ensuring compliance with various permits, reporting key operational data to local, state and federal regulatory agencies; monitoring emissions; managing environmental projects; assessing emerging regulatory changes; and collaborating with trade groups and other utilities. Emphasis on environmental compliance concerning solid waste, groundwater monitoring, and upgrades to the engineering and operations plan for Rawhide Energy Station's (Rawhide) monofill will drive significant efforts during 2020.

Reliability compliance provides oversight and guidance for all North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) reliability compliance obligations. These obligations are governed by FERC through the Energy Policy Act of 2005. The department activities include compliance risk analysis and monitoring, as well as compliance implementation guidance and support. Work in 2020 will highlight development of a culture emphasizing proactive risk analysis, compliance monitoring and internal controls identification. Staff will also begin preparations for the 2021 NERC reliability compliance audit.

Business strategies

This division manages relationships critical to Platte River's success. It collaborates with the community owners to inform leaders, stakeholders and residents about Platte River's activities and actions, provides valuable energy efficiency products and services, manages human resource and benefits programs and regularly interfaces with stakeholders and elected officials at all levels. Below are the departments within business strategies along with their 2020 objectives.

Energy solutions provides services to the owner communities and their customers that support the environmentally responsible and financially sustainable use of electricity by retail customers. Energy solutions offers the Efficiency Works program, a common brand and set of programs designed to help customers invest in innovative technologies and use electricity wisely and cost-effectively. During 2020, Efficiency Works will strive to achieve 28,500 MWh of energy savings (approximately 0.9% of wholesale deliveries). In collaboration with the owner communities, the energy solutions team will lead a strategic integration project that will include a distributed energy resources strategy. The group will also evaluate the potential for additional energy efficiency, distributed energy resources and demand response and integrate the data within the IRP.

Communications and marketing provide information about the organization, its operations and activities to employees, stakeholders and the public. During 2020, the team will provide marketing services for the energy efficiency program. The department will also manage the production of key documents, further enhance digital communications capabilities and increase outreach to stakeholders and the public.

Governmental affairs cultivates productive and meaningful relationships among local, regional, state and federal elected officials. The department advances organizational objectives by developing and fostering strategic partnerships with external stakeholders and owner communities, delivers organizational messaging to lawmakers and manages a contract lobbyist who provides information concerning key state legislation. In 2020, the department will solidify relationships with stakeholders, develop a governmental policy and public relations strategy and establish an information reporting structure.

Human resources attracts, develops and retains talent within the organization, as well as partners with the operating departments to facilitate positive change in order to support Platte River's mission and strategic initiatives. The department proactively identifies workforce needs and manages the employee life cycle from recruitment to retirement. During 2020, human resources will implement a total rewards strategy and program, transition Platte River to a new healthcare benefits provider and create an employee learning and development strategy. The department will also be engaged in the selection and implementation of an enterprise resource planning system.

Safety administers and manages safety policies through employee training and education that emphasizes job-specific hazards and focuses on safe work practices. In 2020, the department will provide 24-hour support during the scheduled Rawhide Unit 1 minor outage. Safety will also continue to evaluate and acquire personal protective equipment and systems, develop interactive safety training programs and conduct annual occupational health testing.

Emergency response team (ERT) provides firefighting and emergency medical response services to employees and infrastructure at Rawhide. Through mutual aid agreements, the ERT provides coordinated resource response with Platte River's owner communities and the Nunn Fire and Wellington Fire Protection Districts. The team is comprised of 25 employees who voluntarily serve as firefighters and emergency medical technicians. ERT members are responsible for the inspection and testing of fixed fire protection systems at Rawhide. The department will conduct trainings in 2020 to maintain certification and meet state requirements and National Fire Protection Association standards.

Financial and information technology services

As a services division, finance and information technology provide direct support and assistance to Platte River staff in day-to-day operations. They also work to improve overall processes, procedures and systems to ensure employees can work efficiently, effectively and securely. The departments and functional groups, as well as objectives of this division, are described below.

Financial services

Financial services ensures the near- and long-term financial sustainability of Platte River, manages the financial risk of the organization and supports organizational leadership. In addition to ongoing process improvements during 2020, significant resources will be devoted to selecting and implementing an enterprise resource planning system, which will provide increased efficiency and better reporting for the entire organization. The departmental focus in 2020 will also include supporting the financial aspects of the Windy Gap Firing Project. In addition, there will be continued support and oversight of the newly implemented rates structure which provides unbundled transmission and generation rates, and transparent renewable pricing information for retail utilities to establish noncarbon pricing options for retail customers. Finance is comprised of the following functional areas.

Accounting monitors and reports on Platte River's financial status, providing managers, senior leaders and the board of directors with the tools and information needed to make informed decisions. The accounting team also coordinates Platte River's annual financial audit and leads the budget process in compliance with Colorado State budget law.

Internal audit evaluates organizational risks and controls with a focus on efficiency and effectiveness, organizational objectives, asset protection, and compliance with laws and policy. Internal audit assists management in understanding risks and controls and provides direction for improving processes and procedures to mitigate various types of organizational risk.

Financial planning, rates and risk management develops financial models and establishes metrics to ensure the organization remains financially sustainable. In collaboration with senior leadership and the board of directors, this team establishes rate strategy and design, maintains the rate setting policy and sets Platte River's rate tariffs. Working with internal audit, this team also develops, supports and maintains the enterprise risk management plan.

Treasury manages Platte River's cash, investments and debt to ensure the organization has sufficient financial resources to fund future projects and initiatives while meeting the organization's financial targets. Treasury also manages the accounts payable, purchasing and contract administration functions of Platte River.

Information technology services

Information technology services enables stakeholder success through the integration, optimization and facilitation of technology solutions. During 2020, substantial efforts will be devoted to automating processes, streamlining and improving end-user experience, selecting and implementing an enterprise resource planning system, and deploying an enterprise business intelligence and reporting system. Additionally, developing and implementing a disaster recovery and business continuity plan and continuing the cybersecurity risk program will be a focus. Information technology is comprised of the following departments.

Service desk deploys, manages and supports end-user personal computers, non-enterprise software, audio/visual systems, printers, mobile devices and all other technologies used by Platte River employees.

Enterprise applications manages the lifecycle of all corporate enterprise applications which include the data center and cloud-based applications such as the financial, time entry and maintenance management systems.

Infrastructure and cloud computing services manages the backend systems required to support enterprise applications and desktop computing.

Information and cyber governance develops and oversees the cybersecurity strategy and risk program. This includes developing monthly employee cybersecurity training to ensure Platte River staff are aware of potential threats and understand the actions to take if ever impacted.

Access control security designs, implements and manages the physical access controls which include key card systems to Platte River facilities and assets, radar-based intrusion detection systems and video surveillance.

Generation and transmission

The generation and transmission division serves the core functions of Platte River – the generation of power and delivery of high voltage electricity to the owner communities. This division is comprised of several departments that collaborate continuously to fulfill Platte River’s promise to safely deliver reliable, environmentally responsible and financially sustainable energy and services to the owner communities.

Power production

Power production performs every job associated with the generation of electricity at Rawhide. Groups in this division manage plant operation and maintenance, fuel handling, control systems, design and engineering, and building and property maintenance. The power production departments are described below, along with their 2020 objectives.

Power production administration oversees the power production, plant operations, maintenance, engineering, fuel handling and facilities maintenance at Rawhide. Key goals for 2020 include oversight of work to increase the operational flexibility of Rawhide Unit 1 and the combustion turbines to improve market adaptation capabilities. In addition, employees will be engaged in the selection and implementation of an enterprise resource planning system.

Engineering supports operations and maintenance activities for Rawhide, completes critical inspections of plant equipment, identifies and manages capital projects and manages significant outage repairs. Work in 2020 will emphasize low load testing of Rawhide Unit 1 that will ultimately support the integration of more noncarbon resources while maintaining system reliability, safety and cost-effective operations.

Mechanical maintenance ensures the safe and effective maintenance of all plant mechanical equipment and systems in support of Rawhide. Additionally, mechanical maintenance plans and executes all outages and collaborates with engineering for the planning and execution of capital projects. Resources will be devoted to a scheduled Rawhide Unit 1 minor outage in 2020.

Instrumentation and electrical ensures the safe and effective maintenance of all low and medium voltage electrical instrumentation and control systems at Rawhide. The department performs electrical, instrumentation and control system troubleshooting and repair services for Rawhide Unit 1 and all combustion turbines. The department also supports capital additions and collaborates with other departments during all outages. During 2020, the department will support the scheduled Rawhide Unit 1 minor outage, combustion turbine inspections and capital additions.

Fuel handling manages the coal supply to Rawhide Unit 1. The group is responsible for operating the rotary car dumping system, suppressing dust in all plant areas, maintaining the Rawhide short line rail road system and managing fly and bottom ash from Rawhide Unit 1. Significant objectives for 2020 will be to maintain a rolling 75-

day supply of coal, support the scheduled Rawhide Unit 1 maintenance outage and foster increased sales of ash for beneficial reuse.

Plant operations operates and maintains all systems and components of Rawhide Unit 1 and the five combustion turbines. In addition, the department supports operations of the water pump station that serves Rawhide. Rawhide operates around the clock to ensure reliable electrical generation to meet load demand. The primary goal in 2020 is to attain high reliability factors from Rawhide Unit 1 while emphasizing greater operational flexibility across all resources to meet evolving system demands.

Facilities maintenance at Rawhide maintains all buildings and structures, landscaping, and roads, as well as manages the rangeland and bison. During 2020, the department will support the scheduled Rawhide Unit 1 minor outage, maintain efficiency of the HVAC systems, and upgrade the instrumentation and electrical department's work area.

Fuels and water

Fuels and water ensures the availability and delivery of critical fuel and water resources necessary for existing and potential generation sources. Core activities include contract and agreement management, development of purchasing strategies to optimize coal and rail agreements, maintaining reliable water supply for generating facilities, and accurately planning for water and fuel needs. Significant objectives for 2020 are to ensure financial sustainability of the Windy Gap Firming Project and to continue studying the expansion of the storage capacity of process water supplies at Rawhide.

Power supply

Power supply manages the work necessary to meet customer energy needs, from current and near-term load obligations to long-term resource planning. Staff engage with regional utilities, use sophisticated technologies and collaborate with industry experts to meet customer energy needs and leadership objectives. Descriptions of the groups which make up power supply are listed below, and include significant departmental objectives for 2020.

Power markets and generation dispatch plans and schedules generating resources to reliably meet load requirements of the owner communities and other obligations. The department optimizes available resources and utilizes a bilateral energy market to create the most cost-effective energy supply possible and to generate unit stability through the sale of capacity and energy to third parties. During 2020, the department will continue to pursue Platte River's strategy to participate in an energy imbalance market, which will support efficient integration of additional noncarbon resources and balance renewable energy. The team will also secure replacement generating capacity during scheduled and forced outages of Platte River's resources.

Resource planning provides analytical support to Platte River's management for near- and long-term generation, power supply planning and operation decisions. The department uses industry-standard systems and methods to provide flexible, high-level analysis to facilitate strategic decisions concerning complex issues. Through the IRP process, the department develops ranges of future energy scenarios and develops portfolios for each specific scenario. Consistent with board direction, the department initiated the current IRP in 2018 to conclude in 2020.

Power delivery

Power delivery manages the complex, minute-by-minute demands of Platte River's high-voltage transmission system that delivers energy to the owner communities. Staff continually monitor thousands of system components to maximize performance and channel energy efficiently. Large amounts of data and long-range plans are used to design and build transmission systems to meet future customer demand. Power delivery will be a critical component in future work to better integrate Platte River's transmission system with the delivery systems of the owner communities. Its groups and 2020 objectives include the following.

System engineering is responsible for designing a safe, reliable and cost-effective transmission system. The department provides long-range transmission system planning, system relaying protection, distribution system design and engineering services for Estes Park, Fort Collins and Loveland under intergovernmental agreements. In 2020, focus will be on maintaining a transmission system availability factor of more than 99.97%, while implementing projects to upgrade equipment and improve technology.

System operations is responsible for safely operating and maintaining the reliability of Platte River's transmission system service to its owner communities. The department conducts coordinated transmission operations with neighboring reliability operators while maintaining compliance with all required NERC and WECC reliability standards. In 2020, department staff will facilitate the transition to a new reliability coordinator and modernize systems operations tools and processes. The department will also obtain certification for and commence operation in the transmission control room at the new headquarters facility.

SCADA services manages the safety, maintenance, security and regulatory compliance of Platte River's SCADA control system which is used to control and monitor 263 miles of high-voltage transmission lines and 27 substations. The department provides transmission system asset control and situational awareness, as well as operations data exchange with critical partners. SCADA services also support control systems infrastructure and ensures NERC critical infrastructure protection compliance. Significant 2020 objectives include replacing infrastructure servers, as well as aged systems that provide long-term backup storage and data recovery services.

Telecommunications is responsible for the safety, management, maintenance and security of Platte River's wide-area communication network which supports and protects the transmission system's operation. The telecommunication infrastructure supports SCADA, as well as other transmission system functions including real-time operations communication with interconnected utilities. During 2020, the department will initiate work to replace the synchronous optical network (SONET) system, which uses Platte River's fiber optic system to deliver real-time reliability data to electrical system operators.

Fiber optics manages operations and maintenance for the fiber optic network, which provides high-speed fiber optic connectivity between Platte River's generating assets, transmission system and community distribution systems. Fiber optic cables ring each of the owner communities and systems will be integrated more fully to provide telecommunication connectivity. Core department activities include maintenance of the physical fiber optic infrastructure and implementation of capital installation and relocation of fiber optic cable. While maintaining safe and reliable fiber services, the department plans to replace aged equipment and fortify routes at the Richard Lake Substation in support of the SONET system replacement.

Substations

Substations is responsible for building and maintaining all substation assets. The department manages equipment installations and inspections for capital projects, provides ongoing maintenance and conducts testing for all substation equipment. Primary work in 2020 will focus on transformer maintenance, vegetation management and the installation of air flow spoilers on Platte River transmission lines to improve system reliability during adverse weather conditions.

Facilities and fleet

Facilities and fleet manage all building and grounds maintenance at headquarters and substations facilities. Services include repairs, heating, ventilation and air conditioning replacements, vehicle maintenance and inspections and records management for Platte River's fleet of transportation and construction/maintenance vehicles. Substantial work in 2020 will be devoted to transitioning personnel and equipment to the new headquarters building, as well as substation building maintenance.

2020 strategic budget summary

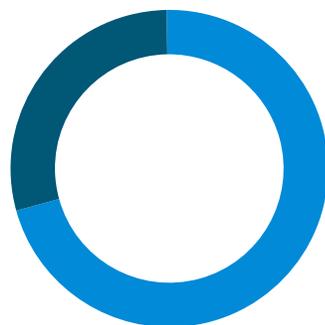
The Platte River Power Authority Strategic Budget is produced in alignment with the long-range strategic plan, under the direction of the organization’s leadership to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River’s tactical operational and capital plans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

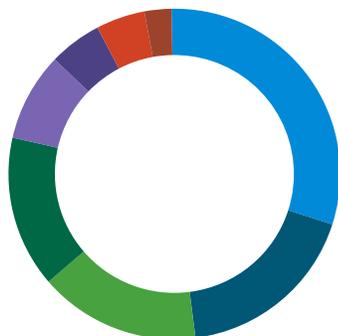
Expenses are managed from a broad perspective with the goal of operating the system in a safe, compliant and reliable manner while cost-effectively optimizing resources and expanding environmental stewardship. Platte River communicates and collaborates with the owner communities to align processes and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

Platte River’s budget includes \$240.5 million in revenues and \$278.3 million in expenses consisting of operating, capital and debt. Of the \$255.2 million in operating expenses and capital additions, approximately 29% and 71% is allocated to activities supporting strategic initiatives and core operations, respectively.

Operating expenses and capital additions: \$255.2 million



- Core operations, 71%
- Strategic initiatives, 29%



- Generation, 30%
- Fuel, 18%
- Transmission, 16%
- Contract renewables and hydropower, 15%
- General business, 9%
- Facilities, 5%
- Distributed energy resources, 5%
- Market purchases, 2%

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.

Strategic initiatives

\$74 million, 29% of operating and capital

Platte River adopted its most recent strategic plan in 2018 to provide high-level direction for implementing its mission and vision, under its foundational pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities by focusing on organizational priorities over the following three to five years. The initiatives are intended to be clear, actionable and adaptable, and guide transformative decision-making that aligns resources and investments to achieve objectives. The 2018 strategic initiatives include:

- Enhanced customer experience
- Communications and community outreach
- Resource diversification and alignment
- Infrastructure advancement and technology development

The following information highlights key investments that will be made during 2020 to support each strategic initiative.

Enhanced customer experience

\$12.8 million, 5%

As a leader in public power, Platte River commits to providing its owner communities and their customers with solutions and programs to achieve their varied energy goals. Platte River will collaborate with its owner communities to support the strategic initiative of enhanced customer experience through programs and services that improve energy efficiency, promote demand response and encourage effective use of distributed energy resources. A new rate structure will be implemented to address the existing and anticipated changes occurring in the utility industry and meet the needs of the owner communities. The 2020 budget supports the following initiatives.

Energy efficiency

Platte River will continue to expand its work with owner communities to increase customer efficiency in alignment with the load forecast and 2016 IRP. Programs through Efficiency Works will include new or enhanced services for both business and residential customers.

In 2020, \$10.8 million is budgeted for energy efficiency programs to obtain approximately 28,500 MWh of additional energy savings along with 4 MW of demand reduction during the year, approximately 0.9% of wholesale deliveries. Funding will be used for the most cost-effective business and consumer product offerings. Energy solutions will also administer a home audit and rebate program on behalf of the owner communities using funding they provide. In addition, Platte River anticipates receiving supplemental funding from the owner communities to augment its budget

and to administer programs of their individual design. Platte River will use its budget before accessing the supplemental funding to ensure each owner community receives its equity share of budgeted dollars. In order to make full use of the budgeted funds, the ability to overcommit projects is required and is estimated to be \$0.6 million for 2020. Work done under approved agreements and rebate applications is completed on a timeline determined largely by program participants (customers and their contractors). As a result, it is likely that some work intended for the current budget year would move into the next budget year and funds would not be spent. However, if projects that were overcommitted materialize, a budget contingency transfer may be required to cover the expenses.

As part of the 2020 IRP, Platte River will establish a new estimate of cost-effective energy efficiency program potential based on an evaluation of existing program achievements and market saturation compared to potential opportunities. This data will be incorporated into the IRP in support of leadership's goal to achieve greater energy diversity.

Distributed energy resources and demand response

Platte River continues to work with owner communities to develop new approaches to distributed energy resources and demand response, to provide net benefits to Platte River, the owner communities and their customers. Approximately \$1.1 million is planned in 2020 to fund key initiatives. Platte River will continue to operate the demand response pilot program, which started in 2015. The pilot program provides Platte River's system operators the ability to operate demand response resources developed by the cities of Longmont and Fort Collins, and its enlarged capabilities will enhance energy diversity options.

Platte River will continue its electric vehicle charging study to further encourage adoption of electric vehicle charging technologies that will help to develop demand response programs aimed at influencing the time of day when customers charge their electric vehicles. Study data is currently providing a greater understanding of charging load profiles within the owner communities and will enable the formulation of customer incentives to reduce demand during peak periods.

Wholesale rate redesign

During 2018, Platte River initiated a comprehensive review of its rate making practices to recognize and address the existing and anticipated changes occurring in the electric utility industry. Staff collaborated with the owner communities and rates experts throughout 2019 to create a new rate design, to achieve the following goals:

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

In 2020, Platte River will implement the new rate design which provides unbundled transmission and generation rates, and transparent renewable pricing information for retail utilities to establish noncarbon pricing options for retail customers. More information regarding the new rate design can be found at www.prpa.org/wholesale-rates.

Platte River considers rate design an ever-evolving process that will be revisited at regular intervals as the owner communities and electric industry continue to evolve.

Communications and community outreach

\$1.9 million, 1%

Internal and external communications and outreach provide employees, owner communities and key stakeholders with an accurate understanding of Platte River and its priorities as a trusted energy partner to drive greater collaboration among all parties to achieve shared goals. In support of the IRP process in 2019, Platte River surveyed residents and business leaders across its owner communities and learned that a majority were aware of the organization and supported its actions. Staff will leverage this information to further Platte River's objectives in 2020.

Governmental affairs

Platte River will expand its engagement with public policy stakeholders during 2020 by re-establishing or strengthening relationships and developing an engagement plan in support of the organization's objectives. Key to the success of a resurgent governmental affairs program will be the effective use of the contract lobbyist and the integration of communications assets that have been built in the past few years.

Communications and marketing

Communication tools were expanded in 2018 and 2019 to reach broader audiences with information about Platte River and to receive feedback from individuals and groups across its owner communities. Work in 2020 will include the use of video and interactive digital products. Staff will also increase direct outreach with business, educational, environmental and nonprofit audiences to convey key messaging through IRP listening sessions, formal presentations, event sponsorships and active participation on boards or committees of community organizations. This department will also begin managing all marketing efforts in support of the Efficiency Works program. Resources will also be devoted to the production of the organization's core documents — annual report, strategic budget, IRP and strategic plan.

Learning and development

Employees, including professional and skilled trades people, are Platte River's greatest assets. In 2020, to attract and retain the best possible employees, Platte River will create, implement and deliver new learning and development initiatives. This work

will be formulated into training modules that may be delivered electronically or in a classroom setting and will be aligned with the core responsibilities of the organization and its strategic initiatives. The modules will feature methods to ensure retention of lessons learned for practical, on-the-job use.

Resource diversification and alignment

\$32.2 million, 13%

Platte River's future resource diversification and alignment efforts stem directly from the board-adopted resource diversification policy that calls for a 100% noncarbon energy mix by 2030. While significant strides toward this objective will take place in 2020 with the additional wind and solar resources, longer-term plans will be determined through the IRP process, which will be completed in 2020.

Resource planning

In addition to annual load forecasting and market outlooks that comprise Platte River's power supply plan, approximately \$0.5 million in contracted services will fund the research and development of Platte River's 2020 IRP, which will formalize short- and long-term plans to meet carbon reduction goals. The IRP will include an analytical assessment of Platte River's current and potential resource mix and will be produced with the support of industry experts. Consultants will provide studies concerning greenhouse gas emissions within Platte River's supply chain, energy storage technology capabilities, plant operational flexibility, regional economic impacts, distributed resources and conservation technologies. Work will include the drafting and editing of the final plan. Listening sessions with the public were held in the fall of 2019 and will be held again in the spring of 2020. More information regarding the IRP can be found at www.prpa.org/irp.

Noncarbon resources

As part of the power purchase agreement for 150 MW of new wind capacity from the Roundhouse Renewable Energy Project (Roundhouse), Platte River was granted first rights to purchase an additional 75 MW from the planned 225 MW wind farm, located in southern Wyoming. In 2019, Platte River announced it would exercise its option to purchase the additional 75 MW, to replace 12 MW and 60 MW of more expensive wind. The existing 72 MW of wind has been or is planned to be sold under short-term power purchase agreements. The 60 MW sale is for 10 years, after which the 60 MW will return to Platte River as part of its noncarbon resource portfolio. Platte River will correspondingly invest approximately \$20 million to purchase the project's generator outlet transmission line, which will deliver the wind energy to Rawhide's transmission interconnection. Also in 2019, Platte River announced it would purchase energy from a 22 MW solar power installation with a battery storage component, to be built at Rawhide.

Developers of both projects have received permits from regulatory bodies to proceed with project development. Significant construction activities associated with the Roundhouse project are expected to commence late 2019 with a completion date by mid-2020. Construction on the solar installation, which began in the second half of 2019, is expected to conclude in the spring of 2020. Purchased power expenses for 2020 of approximately \$6.5 million are expected when the new resources become commercial. Platte River has issued a request for proposal to explore purchasing 50 MW to 150 MW of additional solar. If negotiating a power purchase agreement is successful, the facility could be online as early as 2023.

Platte River's new headquarters campus will have a distributed solar system with a battery component that will provide up to 50% of its power needs. The remaining energy required by the headquarters campus will be provided under a green/renewable energy tariff to be developed by the City of Fort Collins Utilities department. Despite a significant increase in square footage, the new headquarters campus is projected to use less energy than the current campus.

Energy imbalance market

To efficiently and effectively integrate additional noncarbon generation into Platte River's resource mix, participation in an organized or enhanced energy imbalance market remains a strong priority. During 2020, staff will continue research into potential options such as:

- Expanding the joint dispatch agreement to include off-line capacity, additional participants and/or a third-party administrator;
- Exploring opportunities with the California's Western Energy Imbalance Market and;
- Exploring the feasibility of developing and joining the Southwest Power Pool's Western Energy Imbalance Services market.

Operational flexibility

To foster integration of additional noncarbon energy, output from Rawhide Unit 1 must become more flexible. Plant personnel began testing Rawhide Unit 1 systems under lower load conditions during 2019 and will continue evaluations in 2020. At this time, Rawhide Unit 1 can operate at 100 MW minimum output level in a safe and reliable manner. Further research will include assessments of stress and wear on critical components and continuous compliance with environmental standards while maintaining reliable, cost-effective energy output. In addition, after combining the energy from 225 MW of new wind and 22 MW of new solar capacity with existing output from Rawhide, the transmission interconnection at the site will reach its maximum capacity.

Beginning in 2020 and expected to be complete by 2021, improvements and modifications, including combustion upgrades and variable frequency drives to Rawhide Unit 1, will facilitate running the plant at lower loads. Combustion upgrades will allow for better nitrogen oxide and carbon monoxide control during both low

and high load operations. The variable frequency drive project saves energy and provides benefits such as improved heat rate, management of load changes and a potentially faster ramp rate. The estimated investment for these two projects is \$2.9 million in 2020 and \$9.6 million in total.

Platte River has entered into two separate 25 MW long-term sales contracts that may be curtailed by Platte River for the loss of any one of the following coal units: Craig Unit 1, Craig Unit 2 or Rawhide Unit 1. These two sales will assist operations in accommodating the additional intermittent wind and solar output during times of light load conditions.

Distributed energy resources strategy

Platte River and its owner communities have begun a strategic planning development process for distributed energy resources with \$0.3 million budgeted in 2020 towards this effort. This strategy will include any technologies, programs or resources implemented on the distribution system or within a customer's facility, whether in front of or behind the retail meter. Distributed energy resources are being used in the broadest sense to apply to energy efficiency, demand response, distributed generation, distributed energy storage and beneficial electrification. Due to the distributed nature of these resources, the involvement of retail customers, and the need for integrated system planning and operation across the entire electric system, it is important that Platte River and the owner communities collaborate to develop a distributed energy resource strategy.

Infrastructure advancement and technology development

\$27.1 million, 10%

Platte River's generation, transmission and support assets continue to perform extremely well, largely due to effective management that includes timely investments and proactive maintenance. Platte River will continue to pursue infrastructure advancements and technologies to provide secure, safe and reliable service to the owner communities and offer long-term strategic advantages for the owner communities and their customers. During 2020, significant emphasis will be placed on the projects discussed below, which are primarily capital projects. While these are necessary investments for Platte River, they also have a strategic component.

Security, transmission and plant operations

Installation of surveillance and access control systems at the City of Loveland substations will take place over the next few years once new block walls are completed. These projects will enable the City of Loveland to monitor and protect their critical substation assets. This is a shared expense with the City of Loveland. Platte River's portion for one substation in 2020 is approximately \$0.1 million. Further,

Platte River will invest approximately \$0.1 million in 2020 to replace traditional hard keys at substations with smart keys. The smart keys provide greater control for access to the substations.

Key modifications or improvements to targeted substations will also be made bringing systems in conformity with current engineering standards. The Harmony Substation project will be completed and includes upgrades to circuit switchers, breakers, relays and transformers. The project is expected to be complete in 2021 for a total project cost estimate of \$0.8 million. The 2020 budgeted amount is \$0.1 million. New circuits and associated protection will also be installed at Linden Tech Substation and County Line Substation. Both projects are expected to be completed for a total of \$0.6 million and \$0.3 million, respectively.

The transmission line airflow spoiler installations prevent icing and galloping on the transmission lines and increase reliability. Installation of all the airflow spoilers is expected to be completed by 2021 for an estimated total project cost of \$1.9 million; the 2020 cost estimate for four installations is \$0.4 million.

The distributed control system of Rawhide Unit 1 was previously upgraded to unify the controls onto a single platform. The control system upgrade also positively impacted compliance requirements and cybersecurity. In 2020, the controls for the Owl Creek gas yard will also be upgraded and will be consistent with the new plant control system. The planned cost for 2020 is \$0.3 million.

Rawhide's high-pressure sodium lighting will be replaced with more efficient LED lighting. This is expected to save electricity consumption and reduce maintenance costs. The project began in 2016 and will continue to 2022 for an estimated project cost of \$0.7 million. The 2020 budget is for \$0.1 million.

Enterprise resource planning

The software programs that enable Platte River's critical business functions have reached the end of their useful lives, with several having been maintained well beyond design functionality. Coordinating many necessary functions between software programs is often managed manually creating significant challenges as the scope and complexity of business operations grow. To begin a multi-year process, planned upgrades will better align the needs of the following departments:

- Human resources (benefits, time entry, payroll)
- Financial services (general ledger, accounting, fixed assets, cash management, purchasing, budgeting, forecasting and reporting)
- Facilities and fleet (materials/maintenance management, fleet tracking)

A more integrated software solution will improve employee efficiency and reporting accuracy. The project will also enable improved business intelligence and reporting that will lead to more timely and effective business decisions.

In 2019, Platte River engaged a consulting firm to assist in the development of a request for proposal (RFP) to find an enterprise resource planning system to replace

the current environment. At this time, the scope, schedule and budget are uncertain until the RFP process is complete and a decision is made. Due to these uncertainties, an amount is not included in the 2020 budget.

Cybersecurity

The digital operating systems for business and power production are increasingly sophisticated and efficiently manage more functions, thereby enabling greater workforce productivity. Increased sophistication must be matched by more effective technologies which protect highly sensitive systems that drive the generation and transmission of energy to the owner communities and critical business operations. Following the development of a cybersecurity risk program, Platte River will embark on a five-year project to implement security controls adopted from federal and industry group principles. During 2020, systems will be installed to perform the following functions with an investment of approximately \$0.2 million.

- Multi-factor authentication to provide a more robust method of confirming a network user's identity. The functionality will improve defenses against attackers who may attempt to gain access to sensitive systems.
- Identity and access management to enable the right individual to access the correct resources at the right time for appropriate business reasons. The system will further protect sensitive systems from unwarranted access.
- A password management "vault" to securely hold user password information and encourage individuals to use diverse passwords for different applications.
- Accurate domain, host and internet protocol management to eliminate existing vulnerabilities by ensuring computer names match IP addresses when performing software updates and installations, performing backups, monitoring hardware inventories and troubleshooting network issues.
- Data loss prevention solution to prevent the release of personally identifiable information or other confidential information.

Fiber optics

Platte River's regional fiber optic network plays an essential role in the reliable operation of Platte River's transmission system and provides telecommunications connectivity within the owner communities. In 2019, the ownership of excess fiber contained within the local loops was transferred to the owner communities and agreements were approved that define how the fiber optic system will be managed. In 2020, Platte River will continue installation of a new long-haul connection from Loveland to Estes Park to improve system reliability. Platte River's activities will also focus on coordinating fiber work with the owner communities with enhancing fiber connectivity at key locations and defining a fiber work process. Approximately \$0.3 million will be invested in capital projects to enhance the reliability of the fiber optic network. A new fiber optic lateral at the Richard Lake Substation will expand system reliability and data communications diversity between the substation and the control center. A new lateral between Valley Substation and the long-haul west will provide connectivity needed for the SONET replacement capital project.

Windy Gap Firming Project

Seeking to increase water resource reliability for electric generation operations, Platte River will follow the board's directive and collaborate with its partners to continue development of the Windy Gap Firming Project through the construction of the proposed Chimney Hollow Reservoir. The majority of the 2020 budgeted amount of \$15.6 million will be placed in escrow by the project developer, Northern Water, and will be devoted to construction operations currently scheduled to begin in 2020. Platte River's share of the total project is estimated to be \$109.2 million and is to be completed by 2024. The approximately \$100 million in Series KK bonds to be issued in 2020 is planned to be allocated for this project. As the Windy Gap Firming Project nears completion, Platte River may seek to sell additional units to achieve an optimal balance of unit ownership and firming project storage while further reducing future debt obligations.

Headquarters campus project

The main headquarters campus project will conclude in early 2020. The new campus will provide Platte River with a consolidated facility for employees and an accessible amenity to owner communities and the general public. An investment of \$3.4 million is planned for 2020 to complete the project for a total estimated project cost of \$51.1 million, which includes \$0.7 million of Platte River labor.

During the headquarters construction review process, Platte River determined a need to increase the size of the board room to enable greater public engagement. Enlarging the board room reduced other spaces, which eliminated the potential to host large internal, regional and community meetings. For a projected investment of approximately \$5.6 million, Platte River will build the Energy Engagement Center, an additional 6,500 square feet of meeting and conference space that will be attached to the east end of the new headquarters building, which will increase Platte River's presence and connection with the public. The Energy Engagement Center will provide the ability to host large meetings and conferences and enable members of the owner communities to learn more about the energy issues confronting the region and state. Construction on the center will commence after staff occupy the new building and the old headquarters facility is decommissioned.

Core operations

\$181.2 million, 71% of operating and capital

Continued investment in Platte River's core business of power production and transmission facilities is necessary to ensure reliability, compliance and safety. To diversify Platte River's resource portfolio, power purchase agreements are in place for hydropower, wind and solar. With a focus on preventive and predictive maintenance strategies, the core operating and maintenance expenses are relatively consistent from year to year. Key highlights, including capital projects for 2020 are described below.

Generation

For 2020, over 50% of deliveries to the owner communities are derived from Platte River's baseload coal-fired resources. However, Platte River is active in western energy markets and may choose to purchase power if prices are lower than the cost to generate, resulting in higher purchased power expense and lower fuel expense. The joint dispatch agreement is an example of a market Platte River utilizes to purchase and sell energy. This agreement works similarly to an energy imbalance market, thus creating access to low-cost energy.

Rawhide Energy Station

A minor outage is scheduled for Rawhide Unit 1 in early 2020. After significant work was successfully executed in 2018, with systems testing and further upgrades in 2019, the 2020 outage will be used to inspect major equipment and to conduct preventive and corrective maintenance that cannot be completed while Rawhide Unit 1 is online. The operations and maintenance costs are estimated to be \$1.7 million. During the scheduled outage, approximately \$1.4 million in modifications will also be made to the rotary car dumping system to improve its overall reliability and efficiency. This will complete the project for an estimated \$2.3 million. Also in 2020, an investment of approximately \$5.3 million will be made on several projects in preparation of the 2021 scheduled major outage. A significant project to be completed is the replacement of the generator step-up and unit auxiliary transformers which is described in the transmission section. As a result of the scheduled minor outage and additional noncarbon resources, fuel expense for Rawhide Unit 1 is expected to decrease in 2020 as the unit will operate at a lower capacity factor.

To ensure compliance with state regulations and the EPA's Coal Combustion Residuals (CCR) Rule, Platte River has embarked on a multi-year effort to upgrade the Rawhide monofill, which holds Rawhide Unit 1's bottom and fly ash. Permits for proposed updates are expected in 2020 along with project design and the purchase of the liner, leachate and cover systems. Construction of the first phase will follow thereafter. Approximately \$6 million is budgeted for the project in 2020, with a total project cost of approximately \$6.9 million.

Other capital investments at Rawhide include the following and more details can be found in the capital additions section.

- Installation of modern fire suppression equipment and controlling agent to replace the aged carbon dioxide-based fire suppression system to improve safety and reduce limitations during emergency events
- Replacement of the aged switchgear at the pump station that fills Hamilton Reservoir with a safer, more efficient and reliable automated breaker system

Two combustion turbines will complete their first scheduled maintenance outages since inception for approximately \$0.5 million. To ensure continued reliability, significant maintenance is required on combustion turbines after a predefined number of starts has been achieved. The other units are approaching their limits and will require scheduled maintenance outages in the coming years. Also in 2020, natural gas consumption is expected to decrease as a result of a projected decrease in market prices for sales made from the combustion turbines.

Craig Generating Station

Craig Unit 2 will undergo a two-week outage in 2020 to perform needed maintenance on turbine valves, repair water wall tube erosion in the boiler and make repairs in the low-nitrogen oxide burners. Plant operators will also evaluate the need for work on the selective catalytic reduction system. Crews will also rebuild one set of forced draft and induced draft fans and a boiler feed pump. Following the outage will be a 10-day effort to clean the unit's boiler. Platte River's share of the outages is anticipated to be \$1.5 million which is made up of \$1.1 million and \$0.4 million in maintenance and capital projects, respectively. Expenses and investments continue to be reviewed as we approach the closure of Craig Unit 1; as a result, general operations and maintenance expenses were reduced by \$0.6 million in 2020. Although coal prices are decreasing, the fuel expense for the Craig units is expected to increase as a result of additional generation for the long-term contract sales.

Transmission

Necessary transmission capital projects are determined by the assessment of the annual 10-year load study which identifies areas that must be addressed to meet operational standards. Collaboration and coordination with owner communities is required to schedule future delivery points. Significant transmission related capital projects planned for 2020 are listed below. More details can be found in the capital additions section.

- Rawhide Unit 1's generator step-up transformer which elevates output voltage from 24,000 volts to the transmission system's 230,000 volts, as well as the unit auxiliary transformer which supplies the plant with power when it is off-line, have reached the end of their 35-year lives and require replacements. Replacing these units will improve overall system reliability and enhance the ability to manage additional, potentially noncarbon, generating resources. Platte River will invest approximately \$2.2 million in 2020 for the down payment for the transformers. The project is expected to be completed during

the 2021 scheduled maintenance outage for a total project cost of approximately \$11.7 million.

- To improve safety, reliability and environmental performance, existing oil circuit breakers have been replaced with more efficient and reliable gas circuit breakers. The final replacements will take place in 2020 at the Rawhide substation for approximately \$0.9 million.
- Platte River will initiate a multi-year project to replace the aging SONET system, which uses Platte River's fiber optic system to deliver real-time reliability data to electrical system operators. Approximately \$0.7 million will be devoted in 2020 to begin efforts to divide the system into two networks, one that will support data transmission over long distances for the bulk electric system and the other to support data transmission for the owner communities' distribution and fiber optic systems. The project is expected to be completed by 2021 for \$1.6 million.

Other expenses

Approximately 25% of the operating expense budget relates to employee salaries and benefits which are primarily retirement, medical and dental. Combined, the expenses are expected to rise approximately 7% from 2019. With the changing environment and focus on the strategic initiatives, the need for new positions has been accelerated and additional staff is required in 2020. A total of four full-time employees will be added to Platte River staff, three of whom will serve within the administrative and general services departments, specifically in communications and marketing and information technology. The fourth position will serve in the transmission area as a power system operator trainee. Also included in 2020 is the 3.2% salary market adjustment.

Benefits for employees are spread across all functional areas as a percentage of salaries. Platte River has undergone a comprehensive evaluation of benefits and as a result changed the benefits broker in 2019. This change in brokers aligns Platte River's strategy of continuing to provide competitive benefits while remaining financially sustainable. Discussions are underway to provide Platte River with a three-year strategic roadmap to implement changes within benefit offerings to achieve desired goals. Based on claims experience in recent years, a decrease is expected in medical expenses.

Contributions to the defined benefit plan has increased in 2020 based on the most recent actuarial valuation, primarily as a result of market returns in 2018.

Significant investment in information technology has taken place and will continue over the coming years. Investments include upgrading, replacing or deploying new hardware, software and management systems, as well as staff training and certifications. In addition to cybersecurity, numerous infrastructure replacement/upgrade projects, information technology asset management and deployment automation technologies will be a focus.

Revenues

Approximately \$240.5 million in revenue is anticipated during 2020. The majority of revenues are derived from sales to the owner communities and sales for resale. Based on the latest load forecast, owner communities' loads are not expected to grow in 2020. In addition, revenues from market sales are expected to decrease by approximately \$2.7 million as volumes are projected to be lower than the prior year. These decreases in revenue will be more than offset by a significant increase of \$13.7 million from long-term contract sales. These contracts are from coal-fired resources and were initiated to manage the influx of wind and solar from the new power purchase agreements.

Platte River provides stable and competitive wholesale rates — currently the lowest wholesale rates in Colorado. Platte River's rate philosophy includes implementing incremental increases to its owner communities to provide a more predictable path of smaller, more consistent annual rate increases. Due to the implementation of the new rate structure in 2020, there will not be a rate increase. The new rate structure provides unbundled transmission and generation rates, and transparent noncarbon pricing information for owner utilities to establish options, including noncarbon pricing for their retail customers. The new rate structure will be revenue neutral for Platte River but will add value to owner communities by offering a more desirable portfolio of services and rates that meet community needs, more accurately align wholesale time-of-use pricing signals with costs of service and send clear pricing signals that lead to system benefits.

Financial review

In addition to the budget items discussed, the financial results shown below are compared to the strategic financial plan (SFP) metrics. In the years represented, all financial metrics were or are expected to be met. Depreciation and amortization expense is a non-budgeted expense and is expected to increase in 2020 by \$3 million primarily as a result of accelerating depreciation on the Craig Unit 1 assets for closure of the unit by Dec. 31, 2025. In addition, amortization increased as a result of implementing a new accounting standard associated with recognizing obligations related to asset retirements. In recent years depreciation expense declined as original plant assets have become fully depreciated, as well as due to the accounting treatment of the sale of Windy Gap water units. During 2017 through January 2019, Platte River sold water units generating \$75.9 million in proceeds. According to the FERC accounting guidelines, the sale will be recognized through 2046, which is the projected remaining useful life of Rawhide Unit 1. Completed sales will increase net income by approximately \$2.6 million each year. The sale proceeds also increase available reserves, which reduces future debt financing requirements.

Key financial indicators	Minimum SFP targets	2018 actual	2019 budget	2019 estimate ⁽¹⁾	2020 budget
Net income (\$000)	3% of projected annual operating expenses	\$ 32,885	\$ 23,013	\$ 30,731	\$ 17,182
Fixed obligation charge coverage ratio	1.50 times	3.01x	2.60x	3.09x	2.17x
Debt ratio	50% or lower	26%	36%	24%	34%
Unrestricted days cash on hand	200	362	313	308	256
Other selected data (\$000)					
Accumulated net position		\$ 560,587	\$ 584,366	\$ 591,318	\$ 608,500
Dedicated reserves and available funds		\$ 170,975	\$ 245,360	\$ 156,472	\$ 214,803
Long-term debt, net		\$ 205,474	\$ 291,747	\$ 191,747	\$ 278,225
Capital additions		\$ 64,419	\$ 54,720	\$ 50,959	\$ 64,902

(1) 2019 estimate represents 10 months actual and two months budget adjusted for revised projections on all budget schedules.

**Statements of revenues,
expenses, and changes in
net position**

	2018 actual	2019 budget	2019 estimate	2020 budget
Operating revenues				
Sales to owner communities	\$ 196,411,260	\$ 200,595,408	\$ 198,963,893	\$ 198,688,357
Sales for resale	20,406,006	21,064,201	25,200,776	32,060,887
Wheeling	5,296,690	5,385,508	5,644,392	5,917,670
Total operating revenues	222,113,956	227,045,117	229,809,061	236,666,914
Operating expenses				
Purchased power	41,140,420	36,918,802	38,195,815	44,599,334
Fuel	42,258,655	47,986,111	47,230,169	45,952,356
Operations and maintenance ⁽¹⁾	56,797,375	64,817,100	62,328,079	65,171,942
Administrative and general ⁽¹⁾	17,288,415	20,715,140	19,383,165	22,446,250
Distributed energy resources ⁽¹⁾	7,864,070	10,200,935	9,743,149	12,162,998
Depreciation and amortization ⁽¹⁾	21,834,079	20,701,265	21,631,134	23,667,342
Total operating expenses	187,183,014	201,339,353	198,511,511	214,000,222
Operating income	34,930,942	25,705,764	31,297,550	22,666,692
Nonoperating revenues (expenses)				
Interest income	2,987,949	4,210,780	3,778,370	3,811,765
Other income	507,176	37,824	276,225	38,347
Interest expense	(8,729,475)	(9,129,275)	(8,129,275)	(11,397,089)
Amortization of bond financing costs ⁽¹⁾	2,193,015	2,166,981	2,166,981	2,049,139
Allowance for funds used during construction	821,032	-	-	-
Net increase in fair value of investments ⁽¹⁾	174,387	21,320	1,341,431	13,239
Total nonoperating revenues (expenses)	(2,045,916)	(2,692,370)	(566,268)	(5,484,599)
Income	\$ 32,885,026	\$ 23,013,394	\$ 30,731,282	\$ 17,182,093

(1) Actual and estimate include nonappropriated expenses of vacation accrual, depreciation expense, amortization of bond financing costs, and unrealized investment holding gains and losses.

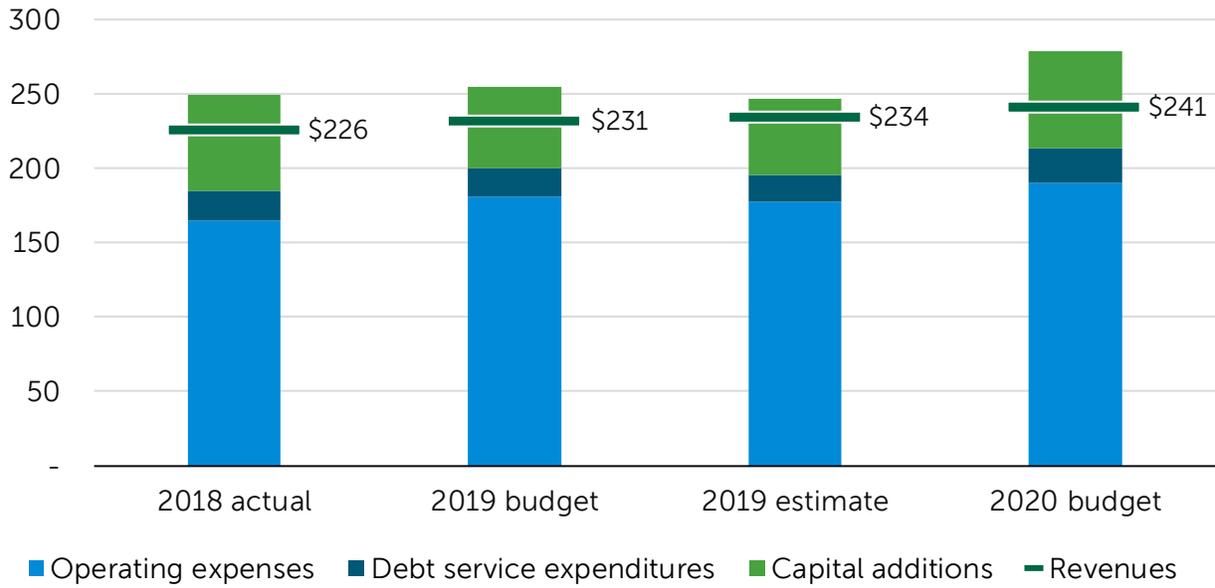
Consolidated budget schedules

Source and use of funds	2018 actual	2019 budget	2019 estimate	2020 budget
Source of funds				
Operating revenues				
Sales to owner communities	\$ 196,411,260	\$ 200,595,408	\$ 198,963,893	\$ 198,688,357
Sales for resale - contract	222,588	745,351	3,259,535	14,453,567
Sales for resale - short-term	20,183,418	20,318,850	21,941,241	17,607,320
Wheeling	5,296,690	5,385,508	5,644,392	5,917,670
Total operating revenues	222,113,956	227,045,117	229,809,061	236,666,914
Other revenues				
Interest income	2,983,338	4,232,100	3,799,691	3,825,004
Other income	507,176	37,824	276,225	38,347
Total other revenues	3,490,514	4,269,924	4,075,916	3,863,351
Total revenues	225,604,470	231,315,041	233,884,977	240,530,265
Funds from prior reserves and debt financing	23,683,846	46,518,214	12,771,261	63,814,993
Total sources	<u>\$ 249,288,316</u>	<u>\$ 277,833,255</u>	<u>\$ 246,656,238</u>	<u>\$ 304,345,258</u>
Use of funds				
Operating expenses				
Purchased power	\$ 41,140,420	\$ 36,918,802	\$ 38,195,815	\$ 44,599,334
Fuel	42,258,655	47,986,111	47,230,169	45,952,356
Production	41,145,259	48,122,593	46,372,624	47,887,690
Transmission	15,373,786	16,694,507	16,337,474	17,284,252
Administrative and general	17,075,341	20,715,140	19,448,264	22,446,250
Distributed energy resources	7,864,070	10,200,935	9,663,233	12,162,998
Total operating expenses	164,857,531	180,638,088	177,247,579	190,332,880
Capital additions				
Production	41,483,087	17,109,648	14,309,806	29,719,944
Transmission	4,658,064	2,721,015	2,464,887	24,434,758
General	18,277,439	34,889,818	34,184,280	10,747,673
Total capital additions	64,418,590	54,720,481 ⁽¹⁾	50,958,973	64,902,375
Total operating expenses and capital additions	229,276,121	235,358,569	228,206,552	255,235,255
Debt service expenditures				
Principal	12,103,752	10,345,411	10,320,411	11,712,914
Interest expense	8,729,475	9,129,275	8,129,275	11,397,089
Allowance for funds used during construction	(821,032)	-	-	-
Total debt service expenditures	20,012,195	19,474,686	18,449,686	23,110,003
Total expenditures	249,288,316	254,833,255	246,656,238	278,345,258
Contingency appropriation	-	23,000,000 ⁽¹⁾	-	26,000,000
Total uses	<u>\$ 249,288,316</u>	<u>\$ 277,833,255</u>	<u>\$ 246,656,238</u>	<u>\$ 304,345,258</u>

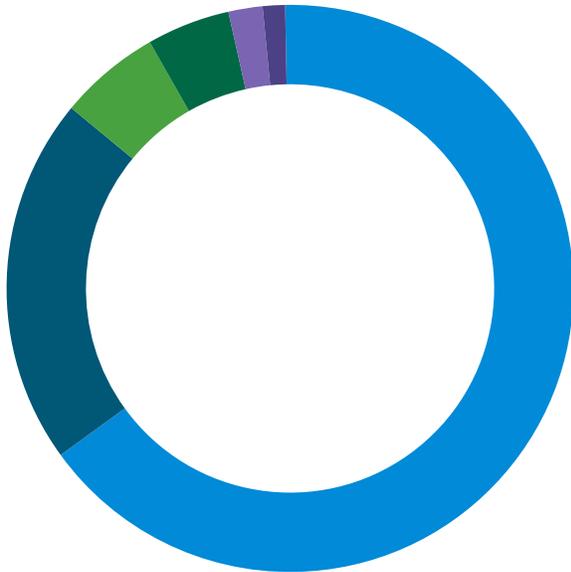
(1) Excludes projections for contingency transfer for capital projects to be requested at the December 2019 board of directors meeting.

Revenues and expenditures

\$ millions



2020 sources



65%	Sales to owner communities	\$	198,688,357
6%	Sales for resale - short-term		17,607,320
5%	Sales for resale - contract		14,453,567
2%	Wheeling		5,917,670
1%	Interest and other income		3,863,351
	Total revenues		<u>240,530,265</u>
21%	Funds from prior reserves and debt financing		63,814,993
	Total sources	\$	<u>304,345,258</u>

2020 uses



21%	Capital additions	\$	64,902,375
16%	Production		47,887,690
15%	Fuel		45,952,356
15%	Purchased power		44,599,334
8%	Debt service expenditures		23,110,003
7%	Administrative and general		22,446,250
6%	Transmission		17,284,252
4%	Distributed energy resources		12,162,998
	Total expenditures		<u>278,345,258</u>
8%	Board contingency		26,000,000
	Total uses	\$	<u>304,345,258</u>

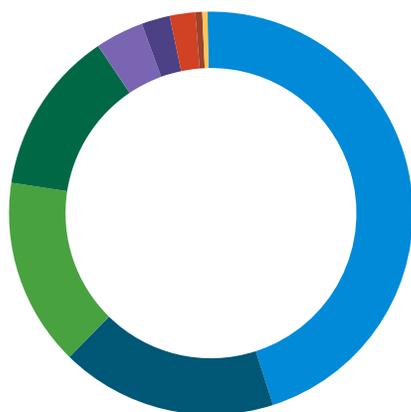
Revenue and expenditure detail	2018 actual	2019 budget	2019 estimate	2020 budget
Revenues				
Sales to owner communities	\$ 196,411,260	\$ 200,595,408	\$ 198,963,893	\$ 198,688,357
Sales for resale - contract	222,588	745,351	3,259,535	14,453,567
Sales for resale - short-term	20,183,418	20,318,850	21,941,241	17,607,320
Wheeling	5,296,690	5,385,508	5,644,392	5,917,670
Interest income	2,983,338	4,232,100	3,799,691	3,825,004
Other income	507,176	37,824	276,225	38,347
Total revenues	225,604,470	231,315,041	233,884,977	240,530,265
Funds from prior reserves and debt financing	23,683,846	46,518,214	12,771,261	63,814,993
Total revenues and prior funds	<u>\$ 249,288,316</u>	<u>\$ 277,833,255</u>	<u>\$ 246,656,238</u>	<u>\$ 304,345,258</u>
Expenditures				
Personnel expenses				
Salaries				
Regular wages	\$ 26,852,432	\$ 28,807,968	\$ 27,892,472	\$ 30,628,793
Overtime wages	2,425,645	1,362,358	1,481,953	1,561,976
Total salaries	29,278,077	30,170,326	29,374,425	32,190,769
Benefits				
Pension - defined contribution	960,356	1,033,236	1,047,933	1,183,806
Pension - defined benefit	5,145,689	4,798,371	4,983,201	6,110,613
Social security	2,095,368	2,225,633	2,186,489	2,363,096
Long-term disability	154,515	160,000	160,249	160,000
Medical and dental	3,989,169	7,409,500	5,096,941	6,527,350
Recruiting	74,913	207,500	177,789	193,500
Life insurance	164,489	160,000	167,748	160,000
Accidental death	22,715	25,000	23,654	25,000
Workers' compensation	161,034	220,000	131,184	180,000
Unemployment compensation	27,127	5,000	32,407	15,000
Salary and pension services	320,995	381,678	284,736	299,384
Total benefits	13,116,370	16,625,918	14,292,331	17,217,749
Total personnel expenses	42,394,447	46,796,244	43,666,756	49,408,518
Less charged to capital and other	3,071,491	2,902,148	1,377,354	2,297,296
Total operating personnel expenses	39,322,956	43,894,096	42,289,402	47,111,222
Materials and other expenses				
Office expenses	51,702	61,250	61,279	75,575
Safety expenses	238,992	216,949	221,141	204,675
Furniture and equipment	43,660	51,250	80,166	59,100
Local business expense	336,078	270,978	260,371	326,511
Postage and deliveries	29,159	36,268	25,286	31,600

Revenue and expenditure detail (continued)	2018 actual	2019 budget	2019 estimate	2020 budget
Materials and other expenses (continued)				
Rawhide O&M materials	\$ 5,117,789	\$ 4,444,262	\$ 3,882,715	\$ 4,305,093
Other O&M materials	284,492	779,434	730,546	329,212
Rawhide coal	23,811,669	31,020,084	27,369,199	28,606,096
Craig units 1 and 2 coal	14,704,560	15,068,298	16,629,541	15,781,481
Oil	314,074	81,000	201,339	105,000
Natural gas (Rawhide units A, B, C, D and F)	2,740,953	1,054,116	2,315,648	647,198
Natural gas (Craig units startup)	75,481	110,000	63,675	105,000
Gasoline and diesel	164,645	149,235	141,044	162,800
Tools, shop and garage equipment	186,262	144,526	95,897	150,050
Purchased power	43,230,572	36,385,788	37,662,801	43,755,096
Craig units 1 and 2 operating expenses	9,870,129	10,972,963	10,813,836	10,351,090
Computer equipment	815,732	325,850	396,545	637,924
Wheeling expense	4,058,708	3,772,370	3,689,395	3,830,491
Outage accrual	(9,124,033)	4,321,964	4,321,964	5,162,046
Total materials and other expenses	96,950,624	109,266,585	108,962,388	114,626,038
Contractual services				
Rawhide contracted services	11,318,467	5,285,684	5,231,225	4,455,563
Other contracted services	7,054,588	9,358,113	8,871,248	10,856,637
Insurance	1,151,376	1,396,100	1,493,228	1,755,800
Travel and training	705,259	749,540	734,663	854,491
Telephone services	206,901	195,503	183,404	199,300
Utilities	574,786	663,510	564,972	579,560
Dues, memberships and fees	684,445	758,271	772,426	770,732
Trustees fees	26,123	25,500	18,000	19,500
Water leases and rents	378,350	721,194	422,049	607,000
Other leases and rents	103,695	103,017	103,711	102,409
Economic development	60,000	100,000	100,000	100,000
Fiscal impact payment	61,099	62,932	36,216	36,217
Rebates/incentives for retail customers	5,973,957	7,847,500	7,241,108	7,557,611
Rebates/incentives to owner communities	248,926	163,433	176,980	166,100
Audits/assessments for retail customers	-	-	-	490,000
Total contractual services	28,547,972	27,430,297	25,949,230	28,550,920
Capital additions				
Personnel expenses	2,703,663	2,391,676	2,142,162	1,812,430
Capital expenditures	61,212,911	52,458,959	48,994,850	63,477,689
Capital reimbursements and trade-in value	(319,016)	(130,154)	(178,039)	(387,744)

Revenue and expenditure detail (continued)	2018 actual	2019 budget	2019 estimate	2020 budget
Capital additions (continued)				
Allowance for funds used during construction	\$ 821,032	\$ -	\$ -	\$ -
Total capital additions	64,418,590	54,720,481 ⁽¹⁾	50,958,973	64,902,375
Financing expenses				
Principal	12,103,752	10,345,411	10,320,411	11,712,914
Interest expense	8,729,475	9,129,275	8,129,275	11,397,089
Allowance for funds used during construction	(821,032)	-	-	-
Other financing expenses	35,979	47,110	46,559	44,700
Total financing expenses	20,048,174	19,521,796	18,496,245	23,154,703
Total expenditures	249,288,316	254,833,255	246,656,238	278,345,258
Contingency appropriation	-	23,000,000 ⁽¹⁾	-	26,000,000
Total expenditures and contingency	\$ 249,288,316	\$ 277,833,255	\$ 246,656,238	\$ 304,345,258

(1) Excludes projections for contingency transfer for capital projects to be requested at the December 2019 board of directors meeting.

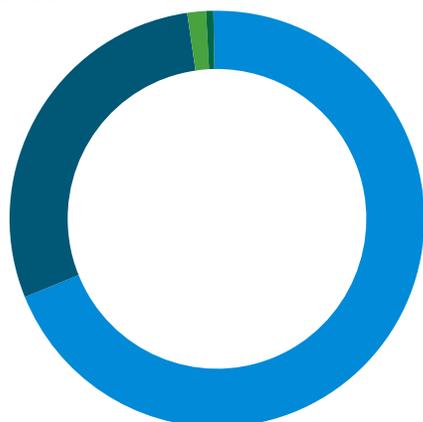
Resources



- Rawhide Unit 1 (2,110 GWh)
- Craig units 1 and 2 (808 GWh)
- Wind (701 GWh)
- Hydropower (612 GWh)
- Joint dispatch agreement purchases (181 GWh)
- Solar (106 GWh)
- Other purchases (95 GWh)
- Forced outage exchange (26 GWh)
- Combustion turbines (19 GWh)

Total resources = **4,658 GWh**

Deliveries



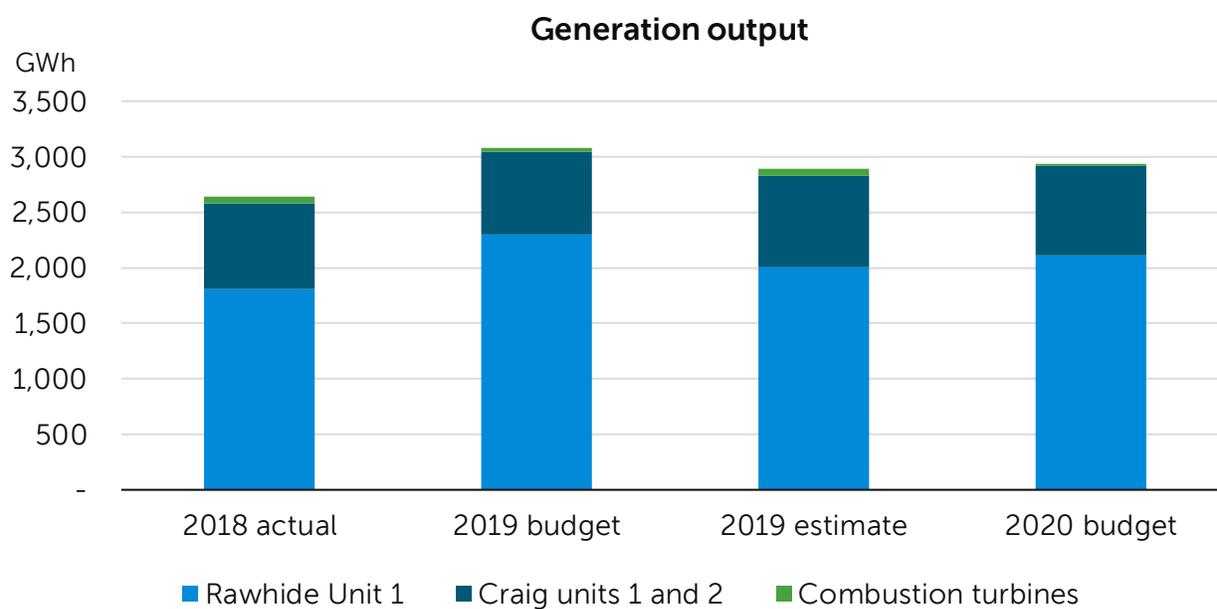
- Owner communities (3,221 GWh)
- Sales for resale (1,343 GWh)
- Losses and other (68 GWh)
- Forced outage exchange (26 GWh)

Total deliveries = **4,658 GWh**

Power operations resources	2018 actual	2019 budget	2019 estimate	2020 budget
Rawhide Unit 1 (280 MW)				
Generation (GWh)	1,804	2,303	2,005	2,110
Capacity factor	73.5%	93.9%	81.7%	85.8%
Fuel cost (\$/MWh)	\$ 13.6	\$ 13.6	\$ 13.9	\$ 13.8
O&M cost (\$/MWh)	19.4	12.6	13.7	13.7
Total Rawhide (\$/MWh)	\$ 33.0	\$ 26.2	\$ 27.6	\$ 27.5
Craig units 1 and 2 (151 MW) ⁽¹⁾				
Generation (GWh)	772	742	822	808
Capacity factor	57.5%	56.1%	62.1%	60.9%
Fuel cost (\$/MWh)	\$ 19.5	\$ 21.0	\$ 19.6	\$ 20.1
O&M cost (\$/MWh)	12.3	14.2	12.7	12.3
Total Craig (\$/MWh)	\$ 31.8	\$ 35.2	\$ 32.3	\$ 32.4
Combustion turbines (388 MW) ⁽²⁾				
Generation (GWh)	67	31	69	19
Capacity factor	2.0%	0.9%	2.0%	0.6%
Fuel cost (\$/MWh)	\$ 41.0	\$ 34.6	\$ 33.7	\$ 33.8
O&M cost (\$/MWh)	18.8	72.1	26.6	104.7
Total combustion turbines (\$/MWh)	\$ 59.8	\$ 106.7	\$ 60.3	\$ 138.5

(1) Craig Unit 1 = 77 MW, Craig Unit 2 = 74 MW. Prior to October 2018, Craig units 1 and 2 = 77 MW each for 154 MW total.

(2) Rawhide units A, B, C, D = 260 MW, Rawhide Unit F = 128 MW.



Purchased power resources	2018 actual	2019 budget	2019 estimate	2020 budget
Hydropower				
WAPA-CRSP (106 MW-summer/ 136 MW-winter) ⁽¹⁾				
Generation (GWh)	502	502	502	502
Capacity factor	47.4%	47.4%	47.4%	47.4%
Total WAPA-CRSP (\$/MWh)	\$ 27.1	\$ 27.1	\$ 27.1	\$ 27.1
WAPA-LAP (30 MW-summer/ 32 MW-winter) ⁽²⁾				
Generation (GWh)	115	110	110	110
Capacity factor	42.2%	40.3%	40.3%	40.3%
Total WAPA-LAP (\$/MWh)	\$ 29.1	\$ 29.7	\$ 29.7	\$ 29.7
Total hydropower (136 MW-summer/ 168 MW-winter)				
Generation (GWh)	617	612	612	612
Capacity factor	46.3%	46.0%	46.0%	46.0%
Total hydropower (\$/MWh)	\$ 27.5	\$ 27.6	\$ 27.6	\$ 27.6
Wind				
Spring Canyon II and III (60 MW) ⁽³⁾				
Generation (GWh)	235	240	233	242
Capacity factor	44.8%	45.7%	44.3%	46.0%
Total Spring Canyon (\$/MWh) - delivered	\$ 44.8	\$ 45.6	\$ 46.1	\$ 46.0
Silver Sage (12 MW) ⁽⁴⁾				
Generation (GWh)	36	37	35	37
Capacity factor	33.7%	35.5%	33.0%	35.5%
Total Silver Sage (\$/MWh) - delivered	\$ 75.7	\$ 60.5	\$ 60.6	\$ 62.0
Medicine Bow (6 MW)				
Generation (GWh)	17	18	16	20
Capacity factor	33.2%	34.6%	31.3%	37.2%
Total Medicine Bow (\$/MWh) - delivered	\$ 47.8	\$ 48.8	\$ 49.6	\$ 45.7
Roundhouse (225 MW)				
Generation (GWh)	-	-	-	402
Capacity factor	0.0%	0.0%	0.0%	40.4%
Total Roundhouse (\$/MWh) ⁽⁵⁾	\$ -	\$ -	\$ -	\$ 12.8
Total wind (303 MW)				
Generation (GWh)	288	295	284	701
Capacity factor	42.2%	43.2%	41.5%	41.8%
Total wind (\$/MWh)	\$ 48.8	\$ 47.7	\$ 48.1	\$ 27.8

Purchased power resources (continued)	2018 actual	2019 budget	2019 estimate	2020 budget
Solar				
Rawhide Flats Solar (30 MW)				
Generation (GWh)	64	63	61	62
Capacity factor	24.5%	24.1%	23.2%	23.6%
Total Rawhide Flats Solar (\$/MWh) - including ancillary services	\$ 54.3	\$ 54.3	\$ 54.9	\$ 54.3
Rawhide Prairie Solar (22 MW) ⁽⁶⁾				
Generation (GWh)	-	-	-	44
Capacity factor	0.0%	0.0%	0.0%	30.3%
Total Rawhide Prairie Solar (\$/MWh)	\$ -	\$ -	\$ -	\$ 29.7
Total solar (52 MW)				
Generation (GWh)	64	63	61	106
Capacity factor	24.5%	24.1%	23.2%	26.0%
Total solar (\$/MWh)	\$ 54.3	\$ 54.3	\$ 54.9	\$ 44.1
Joint dispatch agreement purchases				
Energy (GWh)	242	166	303	181
Total JDA purchases (\$/MWh)	\$ 16.3	\$ 16.2	\$ 12.5	\$ 12.7
Other purchases				
Energy (GWh)	252	27	57	86
Total other purchases (\$/MWh)	\$ 26.5	\$ 28.3	\$ 29.8	\$ 21.1
Owner community solar programs (4.5 MW) ⁽⁷⁾				
Generation (GWh)	7	9	7	9
Capacity factor	18.0%	23.3%	17.2%	22.9%
Total owner community solar programs (\$/MWh)	\$ 38.8	\$ 33.1	\$ 37.9	\$ 23.2

(1) WAPA-CRSP (Western Area Power Administration - Colorado River Storage Project) capacity amounts shown represent the contract rate of delivery. Actual capacity available varies by month. During the summer season, available capacity ranges from 51 MW to 60 MW. In the winter season, available capacity ranges from 72 MW to 85 MW.

(2) LAP - Loveland Area Projects. Actual capacity available varies by month. During the summer season, available capacity ranges from 23 MW to 30 MW. In the winter season, available capacity ranges from 26 MW to 32 MW.

(3) Spring Canyon II and III energy and the renewable attribute are to be sold to a third party and, therefore, would not be claimed as a renewable resource by Platte River or its owner communities. This is expected to occur mid-2020 when the Roundhouse Renewable Energy Project becomes operational.

(4) Effective October 2018, Silver Sage energy and the renewable attribute have been sold to a third party and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.

(5) The Roundhouse Renewable Energy Project is expected to be online mid-2020, earlier than the commercial operation date of December 2020. The energy received prior to the commercial operation date is at a discounted rate.

(6) Rawhide Prairie Solar includes solar energy purchases and interconnection expenses.

(7) Owner community solar programs: Fort Collins = 4 MW, Loveland = 0.5MW. The owner communities retain the renewable attribute.

Revenues

Operating revenues

Platte River's operating revenues consist of sales to owner communities, sales for resale and wheeling revenues. The production cost model determines the forecast of revenues for the budget; however, actual results are strongly impacted by weather and market conditions and can vary from budget.

Sales to owner communities

Budgeted revenues from sales to owner communities are based on Platte River's load forecast and wholesale rates. The load forecast was adjusted in 2020 for high-side metering and rates were adjusted to remain revenue neutral to Platte River. Rate increases, when applicable, support Platte River's core functions and strategic direction. Sales to the owner communities represent the largest source of revenue.

Sales for resale

Sales for resale can include contract sales or short-term sales. Contract sales are for a term greater than one year. Short-term sales are for a term of one year or less and include seasonal, monthly, hourly spot market and joint dispatch agreement sales. Sales are also made from the combustion turbines. The assumed spot market prices are based on current market projections. The production cost model determines the level of sales for resale for the budget. Typically, sales for resale are made when energy available exceeds requirements of the owner communities and prices are higher than the cost to generate. Sales for resale provide additional revenue and help to keep rates low for our owner communities. More information on the joint dispatch agreement is included in the operating expenses section.

Wheeling

Wheeling revenues represent payments from other utilities for the use of Platte River's transmission system. There is a limited amount of demand for usage of the system; thus, it represents a smaller portion of the budget. Platte River charges other utilities for the use of its transmission system per the Wholesale Transmission Service tariff. The wheeling revenues include charges for network transmission service for delivery to various Xcel Energy and Tri-State Generation and Transmission, Inc., (Tri-State) substations over Platte River's transmission system. Also included is a long-term contract with PacifiCorp for 25 MW of capacity on the Craig-Bonanza transmission line. The transmission system usage rates are adjusted annually based on the prior year's actual transmission system costs and loads.

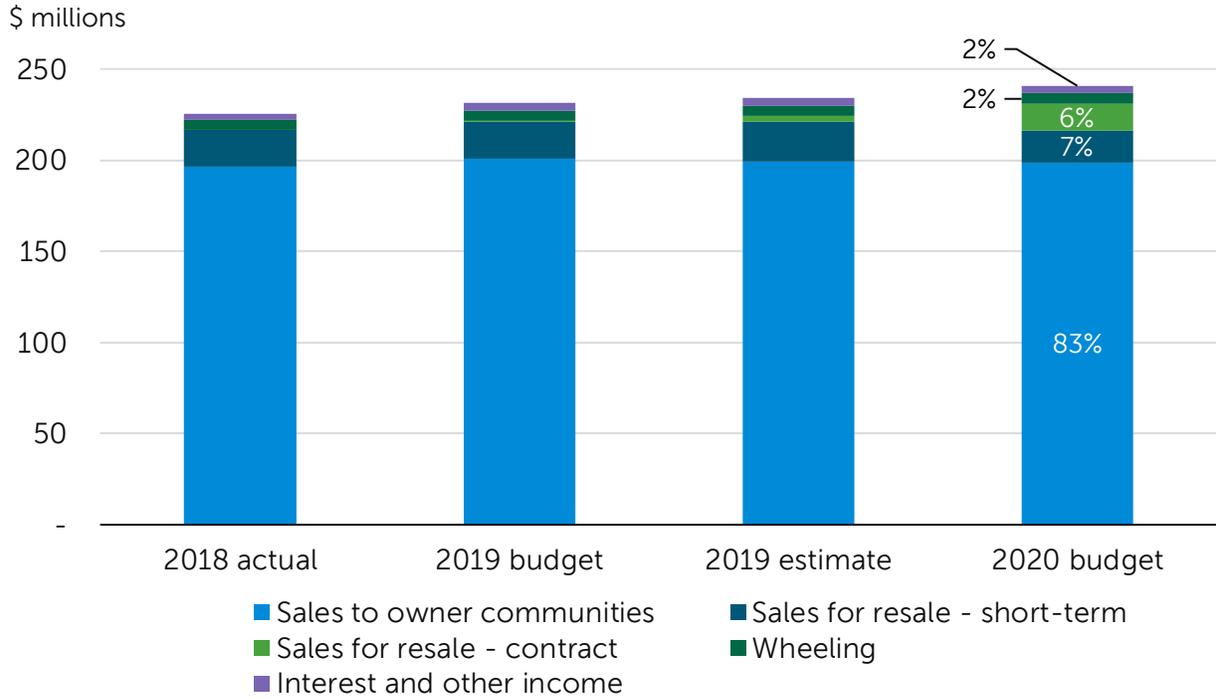
Other revenues

Interest and other income

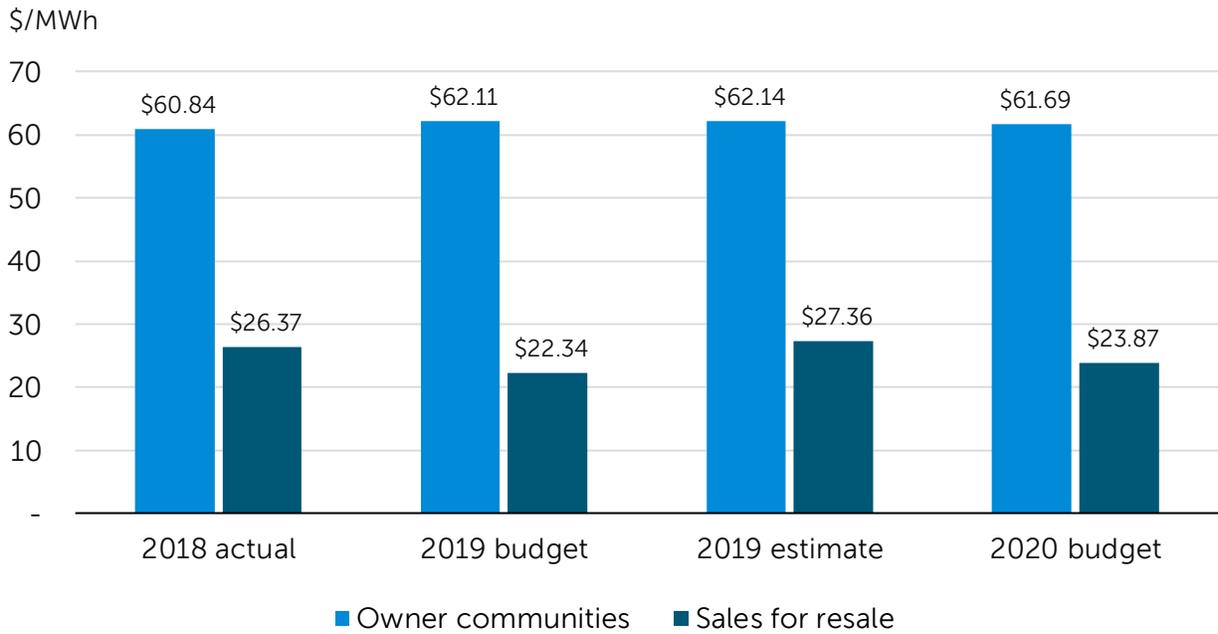
Interest and other income represent a small portion of the revenue budget. Interest income fluctuates with cash balances and interest rates. Cash balances have been favorably impacted by the sale of the Windy Gap water units over the past few years. Other income includes fiber and tower leases, in addition to other miscellaneous revenues. Revenue related to fiber leases for Platte River's excess fiber is uncertain until contracts are finalized, resulting in a reduction in other income.

	2018 actual	2019 budget	2019 estimate	2020 budget
Total revenues (\$000)				
Operating revenues				
Sales to owner communities	\$ 196,411	\$ 200,595	\$ 198,964	\$ 198,688
Sales for resale - contract	223	745	3,260	14,454
Sales for resale - short-term	20,183	20,319	21,941	17,607
Wheeling				
Craig-Bonanza	975	946	946	948
Network and other	4,322	4,440	4,698	4,970
Total wheeling revenues	5,297	5,386	5,644	5,918
Total operating revenues	222,114	227,045	229,809	236,667
Other revenues				
Interest income	2,983	4,232	3,800	3,825
Other income	507	38	276	38
Total interest and other income	3,490	4,270	4,076	3,863
Total revenues	\$ 225,604	\$ 231,315	\$ 233,885	\$ 240,530

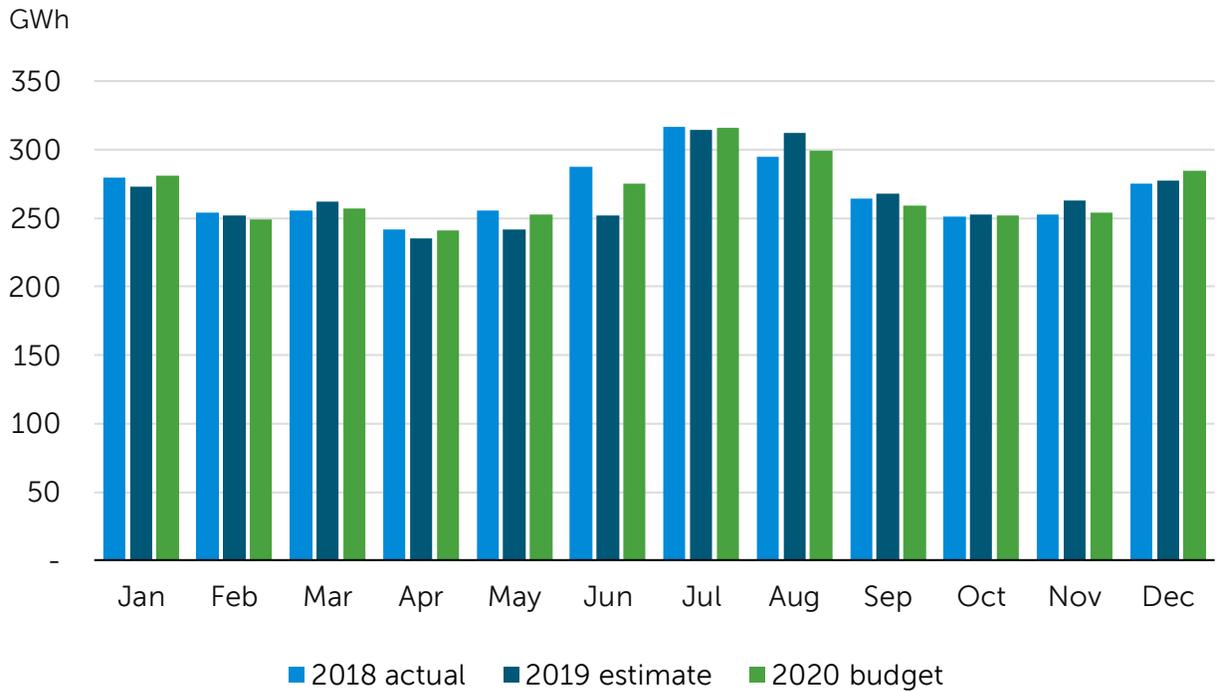
Total revenues



Average owner community rate & sales for resale price



Owner communities' energy usage



Owner communities' loads	2018 actual	2019 budget	2019 estimate	2020 budget
Summer peak demand (MW) ⁽¹⁾	688	674	664	670
Nonsummer peak demand (MW) ⁽¹⁾	590	596	626	511
Coincident billing demand (MW) ⁽²⁾	6,234	6,339	6,219	6,589
Energy (GWh)	3,228	3,230	3,202	3,221

Sales for resale

Energy (GWh) ⁽³⁾	774	943	921	1,343
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(1) Effective January 2020, the summer season will be June through September. The nonsummer season will be January through May, and October through December. Previously September was included in the nonsummer season.

(2) Prior to 2020, billing demand was equal to the sum of monthly coincident peaks of the owner communities. In 2020, the coincident billing demand is subject to a monthly minimum demand charge.

(3) Includes contract and short-term sales.

Sales to owner communities	2018 actual	2019 budget	2019 estimate	2020 budget
Fort Collins				
Owner community allocation				47.5%
Non-coincident billing demand (MW)				
Non-coincident billing demand (MW)	-	-	-	3,032
Coincident billing demand (MW) ⁽¹⁾	2,922	2,987	2,874	3,027
Energy MWh				
Dispatchable	-	-	-	1,188,584
Intermittent ⁽²⁾	-	-	-	261,062
Premium intermittent	76,000	76,000	76,000	76,000
Energy - previous years	<u>1,469,583</u>	<u>1,469,962</u>	<u>1,445,226</u>	-
Total energy supplied	1,545,583	1,545,962	1,521,226	1,525,646
Owner community charge	\$ -	\$ -	\$ -	\$ 5,683,236
Demand charges				
Transmission demand	\$ -	\$ -	\$ -	\$ 17,357,865
Generation demand	-	-	-	15,362,082
Demand - previous years	<u>28,225,455</u>	<u>29,408,142</u>	<u>28,229,105</u>	-
Total demand charges	\$ 28,225,455	\$ 29,408,142	\$ 28,229,105	\$ 32,719,947
Energy charges				
Fixed cost energy	\$ -	\$ -	\$ -	\$ 23,555,984
Dispatchable variable cost energy	-	-	-	23,556,818
Intermittent energy	-	-	-	5,159,979
Premium intermittent energy ⁽³⁾	1,899,993	1,900,000	1,900,000	3,252,040
Energy - previous years	<u>64,257,944</u>	<u>65,556,244</u>	<u>64,494,496</u>	-
Total energy charges	\$ 66,157,937	\$ 67,456,244	\$ 66,394,496	\$ 55,524,821
Total charges	\$ 94,383,392	\$ 96,864,386	\$ 94,623,601	\$ 93,928,004
Longmont				
Owner community allocation				25.2%
Non-coincident billing demand (MW)				
Non-coincident billing demand (MW)	-	-	-	1,782
Coincident billing demand (MW) ⁽¹⁾	1,610	1,634	1,646	1,770
Energy MWh				
Dispatchable	-	-	-	654,284
Intermittent ⁽²⁾	-	-	-	139,539
Premium intermittent	21,639	21,639	21,639	21,639
Energy - previous years	<u>785,579</u>	<u>789,103</u>	<u>792,246</u>	-
Total energy supplied	807,218	810,742	813,885	815,462

Sales to owner communities (continued)	2018 actual	2019 budget	2019 estimate	2020 budget
Longmont (continued)				
Owner community charge	\$ -	\$ -	\$ -	\$ 3,016,452
Demand charges				
Transmission demand	\$ -	\$ -	\$ -	\$ 10,227,965
Generation demand	-	-	-	8,966,331
Demand - previous years	15,611,710	16,144,638	16,296,406	-
Total demand charges	\$ 15,611,710	\$ 16,144,638	\$ 16,296,406	\$ 19,194,296
Energy charges				
Fixed cost energy	\$ -	\$ -	\$ -	\$ 12,590,737
Dispatchable variable cost energy	-	-	-	12,932,191
Intermittent energy	-	-	-	2,750,403
Premium intermittent energy ⁽³⁾	540,973	540,975	540,975	925,934
Energy - previous years	33,573,851	34,390,198	34,523,218	-
Total energy charges	\$ 34,114,824	\$ 34,931,173	\$ 35,064,193	\$ 29,199,265
Total charges	\$ 49,726,534	\$ 51,075,811	\$ 51,360,599	\$ 51,410,013
Loveland				
Owner community allocation				23.2%
Non-coincident billing demand (MW)				
	-	-	-	1,563
Coincident billing demand (MW) ⁽¹⁾	1,478	1,492	1,461	1,571
Energy MWh				
Dispatchable	-	-	-	591,555
Intermittent ⁽²⁾	-	-	-	123,257
Premium intermittent	5,500	5,500	5,500	5,500
Energy - previous years	737,517	735,656	726,225	-
Large customer service	-	-	-	27,933
Total energy supplied	743,017	741,156	731,725	748,245
Owner community charge				
	\$ -	\$ -	\$ -	\$ 2,392,560
Demand charges				
Transmission demand	\$ -	\$ -	\$ -	\$ 8,374,171
Generation demand	-	-	-	7,443,045
Demand - previous years	13,026,960	13,261,886	13,190,361	-
Total demand charges	\$ 13,026,960	\$ 13,261,886	\$ 13,190,361	\$ 15,817,216

Sales to owner communities (continued)	2018 actual	2019 budget	2019 estimate	2020 budget
Loveland (continued)				
Energy charges				
Fixed cost energy	\$ -	\$ -	\$ -	\$ 10,016,268
Dispatchable variable cost energy	-	-	-	10,497,155
Intermittent energy	-	-	-	2,186,041
Premium intermittent energy ⁽³⁾	137,499	137,500	137,500	235,343
Energy - previous years	31,467,150	31,442,763	31,596,815	-
Large customer service	-	-	-	4,481,393
Total energy charges	\$ 31,604,649	\$ 31,580,263	\$ 31,734,315	\$ 27,416,200
Total charges	\$ 44,631,609	\$ 44,842,149	\$ 44,924,676	\$ 45,625,976
Estes Park				
Owner community allocation				4.1%
Non-coincident billing demand (MW)				
	-	-	-	255
Coincident billing demand (MW) ⁽¹⁾	224	226	238	221
Energy MWh				
Dispatchable	-	-	-	106,509
Intermittent ⁽²⁾	-	-	-	22,496
Premium intermittent	2,461	2,461	2,461	2,461
Energy - previous years	130,261	129,405	132,786	-
Total energy supplied	132,722	131,866	135,247	131,466
Owner community charge	\$ -	\$ -	\$ -	\$ 489,768
Demand charges				
Transmission demand	\$ -	\$ -	\$ -	\$ 1,467,306
Generation demand	-	-	-	1,081,957
Demand - previous years	2,115,778	2,170,968	2,279,985	-
Total demand charges	\$ 2,115,778	\$ 2,170,968	\$ 2,279,985	\$ 2,549,263
Energy charges				
Fixed cost energy	\$ -	\$ -	\$ -	\$ 2,029,831
Dispatchable variable cost energy	-	-	-	2,100,394
Intermittent energy	-	-	-	449,800
Premium intermittent energy ⁽³⁾	61,525	61,525	61,525	105,308
Energy - previous years	5,492,422	5,580,569	5,713,507	-
Total energy charges	\$ 5,553,947	\$ 5,642,094	\$ 5,775,032	\$ 4,685,333
Total charges	\$ 7,669,725	\$ 7,813,062	\$ 8,055,017	\$ 7,724,364

Sales to owner communities (continued)	2018 actual	2019 budget	2019 estimate	2020 budget
Total owner communities				
Owner community allocation				100.0%
Non-coincident billing demand (MW)	-	-	-	6,632
Coincident billing demand (MW) ⁽¹⁾	6,234	6,339	6,219	6,589
Energy MWh				
Dispatchable	-	-	-	2,540,932
Intermittent ⁽²⁾	-	-	-	546,354
Premium intermittent	105,600	105,600	105,600	105,600
Energy - previous years	3,122,940	3,124,126	3,096,483	-
Large customer service	-	-	-	27,933
Total energy supplied	3,228,540	3,229,726	3,202,083	3,220,819
Owner community charge	\$ -	\$ -	\$ -	\$ 11,582,016
Demand charges				
Transmission demand	\$ -	\$ -	\$ -	\$ 37,427,307
Generation demand	-	-	-	32,853,415
Demand - previous years	58,979,903	60,985,634	59,995,857	-
Total demand charges	\$ 58,979,903	\$ 60,985,634	\$ 59,995,857	\$ 70,280,722
Energy charges				
Fixed cost energy	\$ -	\$ -	\$ -	\$ 48,192,820
Dispatchable variable cost energy	-	-	-	49,086,558
Intermittent energy	-	-	-	10,546,223
Premium intermittent energy ⁽³⁾	2,639,990	2,640,000	2,640,000	4,518,625
Energy - previous years	134,791,367	136,969,774	136,328,036	-
Large customer service	-	-	-	4,481,393
Total energy charges	\$ 137,431,357	\$ 139,609,774	\$ 138,968,036	\$ 116,825,619
Total charges	\$ 196,411,260	\$ 200,595,408	\$ 198,963,893	\$ 198,688,357

(1) Prior to 2020, billing demand was equal to the sum of monthly coincident peaks of the owner communities. In 2020, the coincident billing demand is subject to a monthly minimum demand charge.

(2) Approximately 52% of the intermittent energy represents an allocation of the first-year generation of Roundhouse Renewable Energy Project charged at the dispatchable variable cost energy charge. Fort Collins = 135,576 MWh, Longmont = 72,652 MWh, Loveland = 64,157 MWh, Estes Park = 11,557 MWh.

(3) Prior to 2020, the amounts shown represent the premium component of Tariff—Schedule 7: Renewable Energy Service commitments charged in addition to Tariff—Schedule 1: Firm Resale Power Service.

Operating expenses

Expenses incurred to perform the operations of generating and delivering electricity include purchased power, fuel, production, transmission, and administrative and general. In addition, operating expenses include investments in distributed energy resources. The production cost model determines the budgeted expense for purchased power and fuel, whereas expenses for production, transmission, administrative and general, and distributed energy resources are predominately determined by departmental budgets. Emphasis is placed on predictive and preventive maintenance resulting in the ability to control expenses.

Purchased power

Purchased power is one of the largest operating expenses. Purchased power includes purchases made under long-term contracts for hydropower, wind and solar energy. Spot market purchases and joint dispatch agreement purchases provide additional energy required. An accrual for estimated future replacement power costs during specified maintenance outages is also included. Purchased power fluctuates with outages and market conditions. When market prices are low, Platte River may decide, for economic reasons, to purchase rather than generate from a coal-fired or natural gas facility. Through the joint dispatch agreement, the lowest cost resource is dispatched and Platte River is able to take advantage of low-cost energy.

Platte River continues to diversify its resource portfolio by adding more noncarbon resources, moving away from coal-fired resources through power purchase agreements. The current purchased power arrangements are listed below.

Hydropower

Hydropower is received under two long-term contracts with Western Area Power Administration. Colorado River Storage Project contract rate of delivery amounts are 106 MW in the summer and 136 MW in the winter. Actual capacity available varies by month. During the summer season, available capacity ranges from 51 MW to 60 MW. In the winter season, available capacity ranges from 72 MW to 85 MW. Loveland Area Projects capacity is 30 MW in the summer and 32 MW in the winter. Similar to the Colorado River Storage Project, the available capacity from the Loveland Area Projects varies from 23 MW to 30 MW in the summer season, and 26 MW to 32 MW in the winter season. The hydropower contracts are subject to annual price changes. The Colorado River Storage Project and Loveland Area Projects contracts end Sept. 30, 2057, and Sept. 30, 2054, respectively.

Wind

Wind generation includes 303 MW provided under long-term power purchase agreements. The agreements are for deliveries from the following facilities.

- Roundhouse Renewable Energy Project (225 MW) in Wyoming; contract ends May 31, 2042. This facility is expected to be operational mid-2020.
- Spring Canyon Wind Energy Center Phase II and III (60 MW) in Colorado; contract ends Oct. 31, 2039, and Dec. 10, 2039, respectively. To accommodate additional wind energy available from the Roundhouse wind power purchase agreement and reduce ancillary services expense, the energy and renewable attribute from this site will be sold under a 10-year long-term contract beginning in 2020. Therefore, it is not delivered to the owner communities for the term of the sales contract. At the end of the sales contract, the energy will return to Platte River.
- Silver Sage Windpower Project (12 MW) in Wyoming; contract ends Sept. 30, 2029. To accommodate additional wind energy available from the Roundhouse wind power purchase agreement and reduce transmission expense, the energy and renewable attribute from this site have been sold under a long-term contract. Therefore, it is not delivered to the owner communities.
- Medicine Bow Wind Project (6 MW) in Wyoming; contract ends Dec. 30, 2033.

Solar and battery storage

Solar generation includes 52 MW with 2 MW of battery storage provided under long-term power purchase agreements. The agreements are for deliveries from the following facilities.

- Rawhide Flats Solar facility (30 MW) located at Rawhide; contract ends Dec. 14, 2041.
- Rawhide Prairie Solar facility (22 MW) located at Rawhide; contract ends 20 years from the date of commercial operation which is expected to be spring 2020. Battery storage system of 2 MW will be integrated with this project.

Joint dispatch agreement

The joint dispatch agreement is between Xcel Energy, Black Hills Corporation and Platte River and operates similarly to an energy imbalance market. It is anticipated that Colorado Springs Utilities will be joining the joint dispatch agreement. This agreement provides access to lower cost resources and increases operational efficiencies while enhancing reliability. The agreement renews annually.

Other purchases

Spot market purchases provide energy to satisfy loads, replace power during outages and meet reserve requirements.

Capacity of approximately 4 MW and 0.5 MW is purchased from Fort Collins and Loveland community solar facilities, respectively. For these two facilities, the owner communities retain the renewable attribute and the facilities are not part of Platte River's noncarbon resource portfolio.

Forced outage exchange agreement

Platte River has a forced outage exchange agreement with Tri-State, whereby in the event that either Rawhide Unit 1 or Tri-State's Craig Unit 3 is out of service the other utility will provide 100 MW of generation on a short-term basis. The agreement is in effect until March 31, 2024.

Maintenance outage accrual policy

This policy allows the costs of replacement power for Rawhide Unit 1 scheduled maintenance outage costs exceeding \$5 million to be spread over the interim period between outages to smooth rate impacts to the owner communities.

Fuel

Fuel expense is one of the largest operating expenses. Fuel expense includes coal purchased for Rawhide Unit 1, Craig units 1 and 2 and natural gas expense for the combustion turbines. The production cost model determines the majority of fuel expense for the budget year and fluctuates with resource availability primarily due to outages and market conditions.

Rawhide Unit 1 (280 MW) is Platte River's largest baseload and lowest cost resource; thus, it is operated at a high capacity factor. As Platte River adds more noncarbon energy to the resource portfolio, Rawhide Unit 1 will operate at lower load levels to accommodate potentially higher levels of noncarbon resources on the system. The full impact of this change in operations continues to be assessed.

Coal for Rawhide Unit 1 is purchased under a long-term market-based contract to secure all of Rawhide Unit 1's coal needs through 2022. The coal price defaults to a market index unless Platte River chooses to utilize price lock provisions outlined in the contract. The current Rawhide coal contract transferred to Navajo Transitional Energy Company, LLC, through a sales transaction that was completed in 2019. A long-term transportation agreement through 2022 with BNSF Railway establishes a base rate per ton, which is subject to an annual adjustment in accordance with specified indices and a fuel adjustment charge.

Platte River has 18% ownership in Craig units 1 and 2 (151 MW combined). Coal for the Craig units is purchased under the long-term contract with Trapper Mining, Inc., through 2020. Platte River's ownership share of the mine is 19.93%. In early 2020, work will be done on structuring a new fuel supply contract to align with operations and the planned closure timeline of Craig Unit 1 and the future needs of Craig Unit 2.

Natural gas-fired combustion turbines include five simple cycle combustion turbines, which includes four GE 7EAs (Rawhide units A, B, C and D, 65 MW each) and one GE 7FA (Rawhide Unit F, 128 MW). The combustion turbines are used to meet peak load

demand, provide reserves during outages of the coal-fired units and make short-term sales for resale. Natural gas is purchased at market prices as needed. Natural gas needs fluctuate with load growth, market energy prices and the addition of noncarbon energy resources.

Production

Production expenses include operating and maintenance expenses (excluding fuel) incurred at Rawhide, Craig Generating Station and power operations. The Rawhide expenses are predominately determined by departmental budgets. The Craig expenses are determined by Tri-State, the operating agent, and approved by the engineering and operations committee. An accrual for estimated future costs during specified Rawhide maintenance outages is also included.

Rawhide Energy Station

Because Rawhide is Platte River's largest and lowest-cost resource, Platte River continues to invest in preventive and predictive maintenance to ensure the resources at Rawhide are reliable, safe and compliant. Through this proactive and planned approach, ongoing operations and maintenance expenses have been consistent from year to year. Regular outages are required to ensure the plant remains operable and reliable. An accrual for estimated future costs during specified maintenance outages is also included and smooths out the cost of those outages over a longer period. Major outages are performed every three years with a minor outage every 18 months. Scheduled maintenance outages are also required for the combustion turbines, which are determined on the number of starts of the units. Personnel expenses that are charged to operations and maintenance can fluctuate with the amount of labor charged to capital projects in any given year.

Craig Generating Station

Similar to Rawhide, routine operating and maintenance expenses for Craig units 1 and 2 have been consistent from year to year. The scheduled maintenance outages, however, cause increases in expenses. Based on the desire to diversify the resource portfolio and limit reliance on coal-fired resources, Platte River plans to exit Craig Unit 1 by the end of 2025. As a result, participants have been prudent about the amount of investment in Craig Unit 1 to ensure reliability until exit.

Power operations

Power operations relates to managing resources to meet load and obligations. The focus is to ensure the owner communities have a reliable energy supply, cost-effectively optimize resources, and create additional value through the sale of available energy and capacity to third parties.

Transmission

Transmission maintenance is important to support the safe and reliable delivery of power across Platte River's regional transmission system. These expenses also include Platte River's share of operating and maintaining jointly owned transmission facilities, ancillary services for regulation of wind and solar, and wheeling expenses paid to Western Area Power Administration and/or others for wind and a portion of Platte River's load. Transmission expenses are primarily developed by departmental budgets. Personnel expenses that are charged to operations and maintenance can fluctuate with the amount of labor charged to capital projects in any given year.

Administrative and general

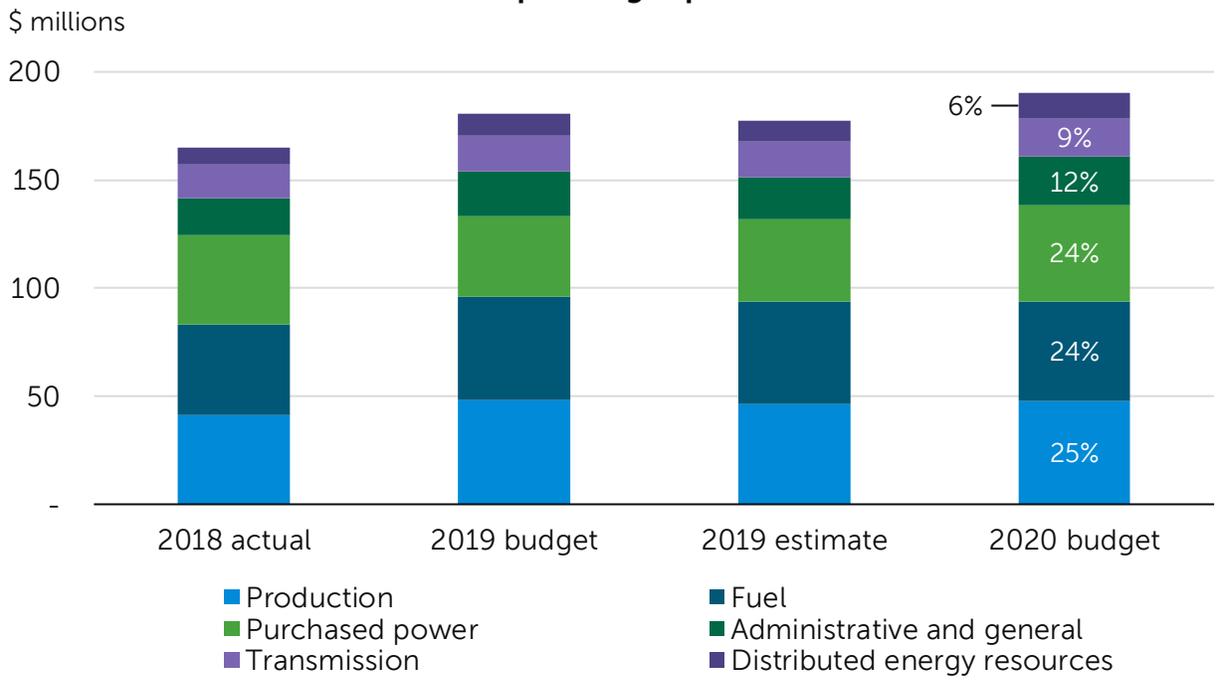
Administrative and general expenses include all expenses incurred that are not directly allocated to capital or assignable to fuel, production or transmission. These expenses are budgeted by operations and maintenance and include expenses related to human resources, finance, communications, facilities, community and government relations, information technology, general counsel and the general manager. The largest component of this expense is personnel which includes salaries and benefits. With the changing environment and continued focus on operational excellence, Platte River has made investments and will continue to invest in employees to ensure the strategic initiatives and goals can be achieved. Emphasis has been placed on resource planning, technology and communications.

Distributed energy resources

Distributed energy resources expenses include all expenses applicable to the administration and implementation of Platte River's distributed energy resources programs. These programs began in 2002 with a budget of \$0.4 million and increased energy efficiency investment continues as programs have been very successful. Development and testing continue with other distributed energy resources and demand response programs.

Operating expenses (\$000)	2018 actual	2019 budget	2019 estimate	2020 budget
Purchased power	\$ 41,140	\$ 36,919	\$ 38,196	\$ 44,599
Fuel	42,259	47,986	47,230	45,953
Production	41,145	48,123	46,373	47,888
Transmission	15,374	16,694	16,338	17,284
Administrative and general	17,075	20,715	19,448	22,446
Distributed energy resources	7,864	10,201	9,663	12,163
Total operating expenses	\$ 164,857	\$ 180,638	\$ 177,248	\$ 190,333

Operating expenses



	2018 actual	2019 budget	2019 estimate	2020 budget
Purchased power				
Hydropower				
WAPA-CRSP				
Demand (kW-Mo)	1,450,002	1,450,002	1,450,002	1,450,002
Demand \$	\$ 7,511,010	\$ 7,511,010	\$ 7,511,011	\$ 7,511,010
Energy (kWh)	502,466,838	502,466,838	502,466,838	502,466,838
Energy \$	\$ 6,125,071	\$ 6,125,071	\$ 6,125,071	\$ 6,125,071
Total CRSP	\$ 13,636,081	\$ 13,636,081	\$ 13,636,082	\$ 13,636,081
WAPA-LAP				
Demand (kW-Mo)	372,606	372,606	372,606	372,606
Demand \$	\$ 1,535,137	\$ 1,535,136	\$ 1,535,136	\$ 1,535,136
Energy (kWh)	114,648,421	109,536,421	109,536,421	109,536,421
Energy \$	\$ 1,802,273	\$ 1,721,911	\$ 1,721,911	\$ 1,721,911
Total LAP	\$ 3,337,410	\$ 3,257,047	\$ 3,257,047	\$ 3,257,047
Total hydropower				
Demand (kW-Mo)	1,822,608	1,822,608	1,822,608	1,822,608
Demand \$	\$ 9,046,147	\$ 9,046,146	\$ 9,046,147	\$ 9,046,146
Energy (kWh)	617,115,259	612,003,259	612,003,259	612,003,259
Energy \$	\$ 7,927,344	\$ 7,846,982	\$ 7,846,982	\$ 7,846,982
Total \$	\$ 16,973,491	\$ 16,893,128	\$ 16,893,129	\$ 16,893,128
Wind				
Spring Canyon II ⁽¹⁾				
Energy (kWh)	126,763,645	129,985,343	126,037,159	131,251,695
Energy \$	\$ 3,697,189	\$ 3,884,623	\$ 3,767,514	\$ 4,020,572
Spring Canyon III ⁽¹⁾				
Energy (kWh)	108,629,608	109,987,596	106,558,703	111,059,126
Energy \$	\$ 3,158,401	\$ 3,279,955	\$ 3,177,946	\$ 3,395,549
Silver Sage ⁽²⁾				
Energy (kWh)	35,476,423	37,267,472	34,733,532	37,437,002
Energy \$	\$ 2,095,407	\$ 2,255,638	\$ 2,103,756	\$ 2,322,430
Medicine Bow				
Energy (kWh)	17,439,146	18,165,905	16,459,900	19,585,345
Energy \$	\$ 686,685	\$ 744,801	\$ 674,847	\$ 802,997
Roundhouse				
Energy (kWh)	-	-	-	401,554,195
Energy \$	\$ -	\$ -	\$ -	\$ 5,140,439
Total wind				
Energy (kWh)	288,308,822	295,406,316	283,789,294	700,887,363
Energy \$	\$ 9,637,682	\$ 10,165,017	\$ 9,724,063	\$ 15,681,987
Solar				
Rawhide Flats Solar				
Energy (kWh)	64,355,662	63,273,450	60,884,392	62,168,148
Energy \$	\$ 3,439,808	\$ 3,381,967	\$ 3,289,852	\$ 3,322,888

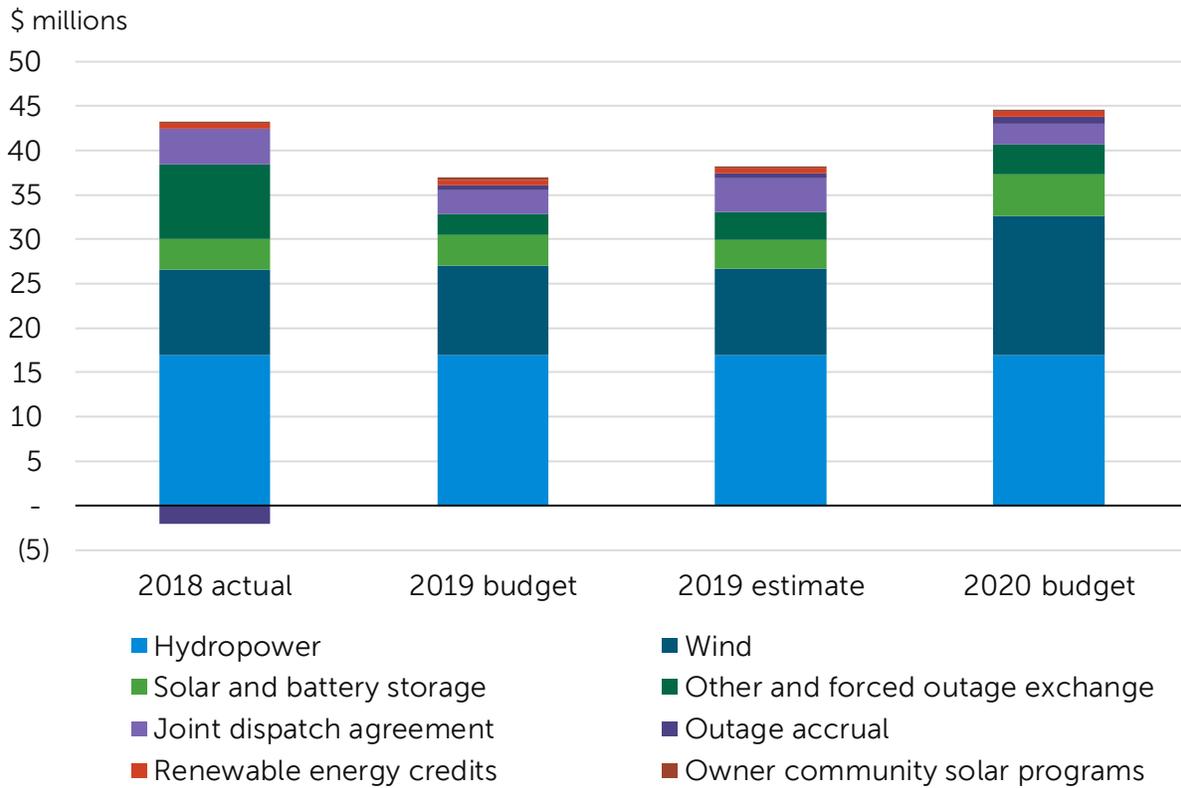
Purchased power (continued)	2018 actual	2019 budget	2019 estimate	2020 budget
Solar (continued)				
Rawhide Prairie Solar				
Energy (kWh)	-	-	-	43,947,421
Energy \$	\$ -	\$ -	\$ -	\$ 1,306,799
Total solar				
Energy (kWh)	64,355,662	63,273,450	60,884,392	106,115,569
Energy \$	\$ 3,439,808	\$ 3,381,967	\$ 3,289,852	\$ 4,629,687
Battery storage \$	\$ -	\$ -	\$ -	\$ 131,842
Joint dispatch agreement purchases				
Energy (kWh)	242,238,000	166,200,422	302,783,715	180,847,549
Energy \$	\$ 3,952,652	\$ 2,697,089	\$ 3,777,625	\$ 2,298,209
Other purchases				
Energy (kWh)	252,325,000	26,650,660	57,171,938	86,415,350
Energy \$	\$ 6,692,028	\$ 755,156	\$ 1,705,332	\$ 1,819,784
Reserves \$	\$ 2,263,195	\$ 1,640,317	\$ 1,711,795	\$ 1,540,453
Owner community solar programs ⁽³⁾				
Energy (kWh)	7,105,627	9,171,840	6,792,938	9,062,739
Energy \$	\$ 275,364	\$ 303,134	\$ 257,152	\$ 210,026
Forced outage exchange	\$ (563,258)	\$ -	\$ (246,127)	\$ -
Other power charges	\$ 9,631	\$ -	\$ -	\$ -
Renewable energy credits	\$ 549,980	\$ 549,980	\$ 549,980	\$ 549,980
Replacement power outage accrual	\$ (2,090,153)	\$ 533,014	\$ 533,014	\$ 844,238
Total purchased power	\$ 41,140,420	\$ 36,918,802	\$ 38,195,815	\$ 44,599,334

(1) Spring Canyon II and III energy and the renewable attribute are to be sold to a third party and, therefore, would not be claimed as a renewable resource by Platte River or its owner communities. This is expected to occur mid-2020 when the Roundhouse Renewable Energy Project becomes operational.

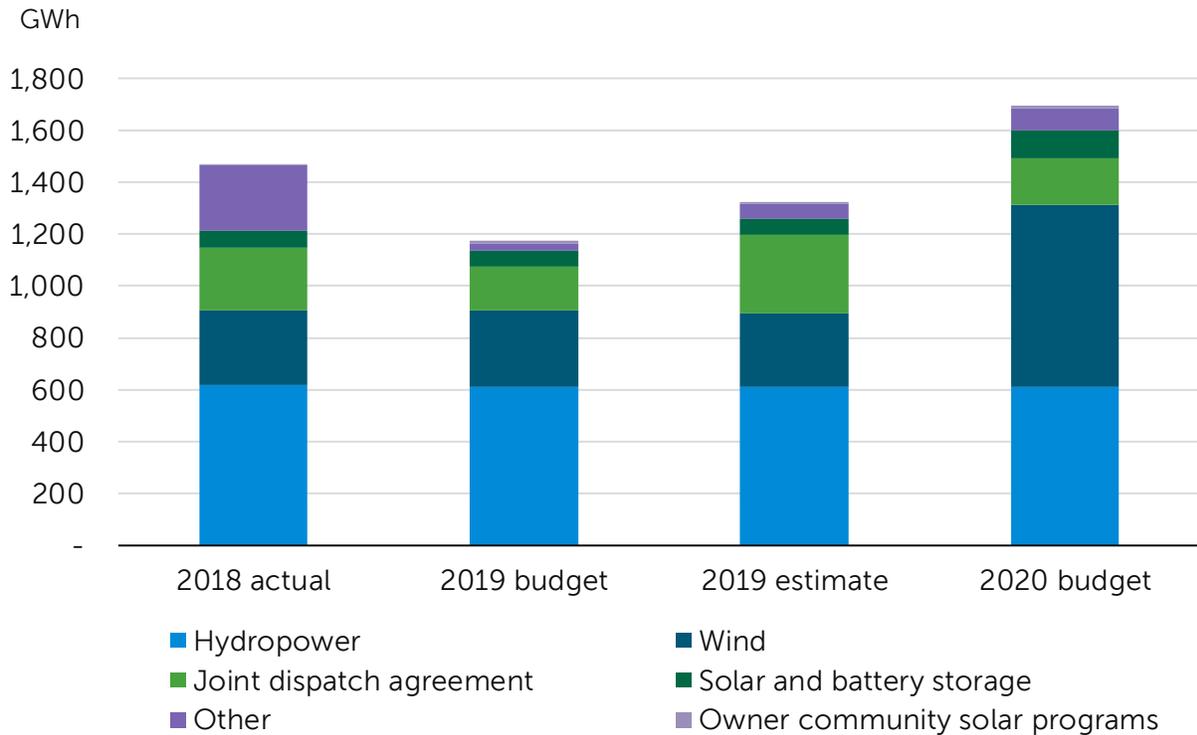
(2) Effective October 2018, Silver Sage energy and the renewable attribute have been sold to a third party and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.

(3) The owner communities retain the renewable attribute.

Purchased power



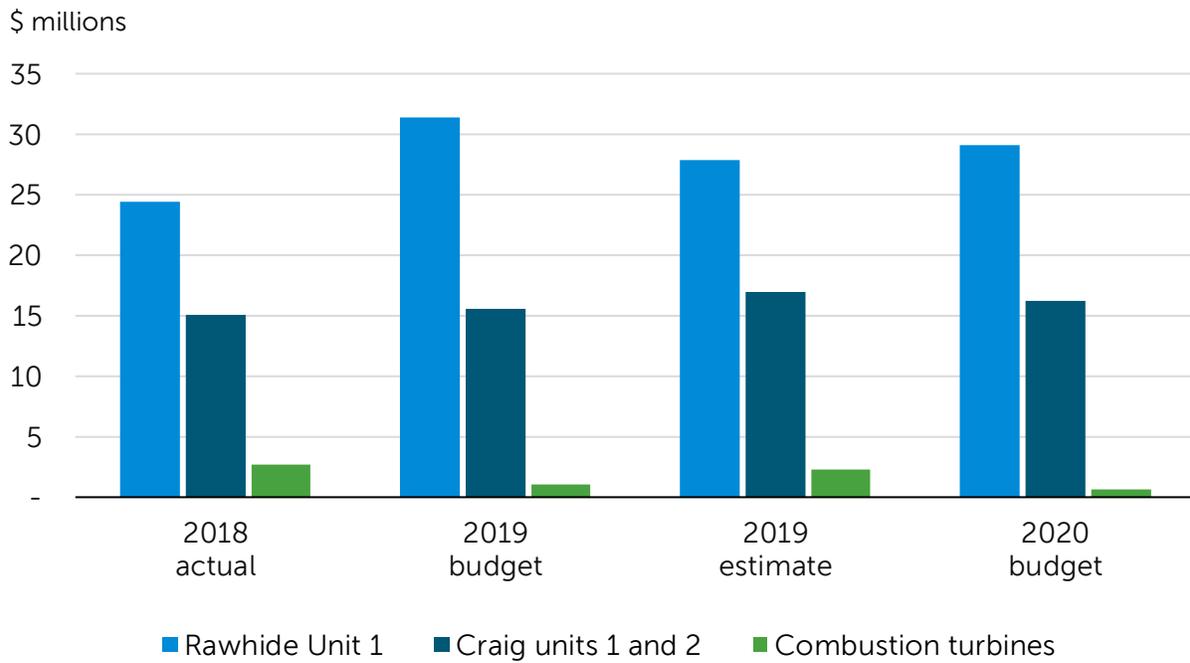
Energy purchased



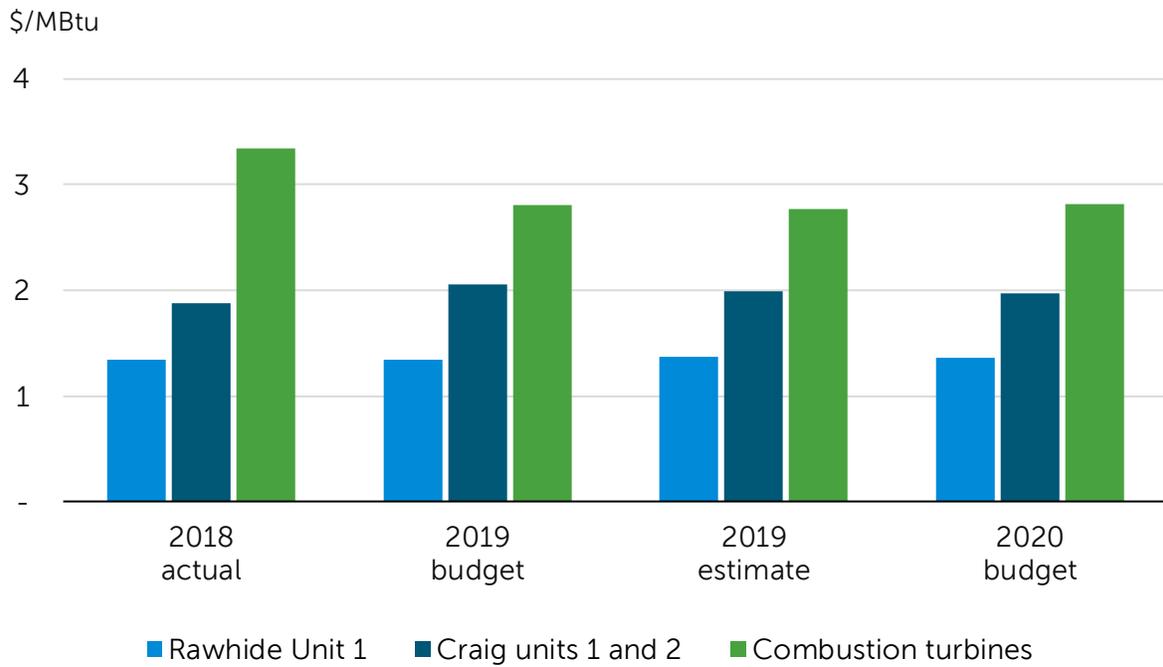
No energy is associated with renewable energy credits and outage accrual.

Fuel	2018 actual	2019 budget	2019 estimate	2020 budget
Rawhide Unit 1				
Coal burned MBtu	18,184,635	23,299,088	20,287,910	21,390,013
\$/MBtu	\$ 1.31	\$ 1.33	\$ 1.35	\$ 1.34
Coal expense	\$ 23,799,067	\$ 31,000,084	\$ 27,367,949	\$ 28,588,096
Car lease and other	12,602	20,000	1,250	18,000
Oil	302,977	65,000	180,256	90,000
Fuel ash disposal	(58,850)	(55,000)	(75,390)	(65,000)
Fuel handling	302,510	297,843	399,351	406,447
Testing and analysis	86,320	56,000	41,091	56,000
Total Rawhide Unit 1	\$ 24,444,626	\$ 31,383,927	\$ 27,914,507	\$ 29,093,543
Craig units 1 and 2				
Coal burned MBtu	8,032,363	7,566,337	8,527,578	8,240,604
\$/MBtu	\$ 1.83	\$ 1.99	\$ 2.09	\$ 1.91
Coal expense	\$ 14,724,631	\$ 15,068,298	\$ 16,557,760	\$ 15,731,481
Trapper post-mining reclamation	(20,071)	-	71,781	50,000
Oil	11,096	16,000	21,082	15,000
Natural gas	75,481	110,000	63,675	105,000
Fuel handling	281,939	353,770	285,716	310,134
Total Craig units 1 and 2	\$ 15,073,076	\$ 15,548,068	\$ 17,000,014	\$ 16,211,615
Rawhide units A, B, C, D and F (combustion turbines)				
Gas burned MBtu	820,883	375,629	835,842	229,625
\$/MBtu	\$ 3.34	\$ 2.76	\$ 3.53	\$ 2.74
Natural gas expense	\$ 2,738,883	\$ 1,035,452	\$ 2,294,104	\$ 628,044
Other gas expense	2,070	18,664	21,544	19,154
Total natural gas	\$ 2,740,953	\$ 1,054,116	\$ 2,315,648	\$ 647,198
Total fuel	\$ 42,258,655	\$ 47,986,111	\$ 47,230,169	\$ 45,952,356

Fuel

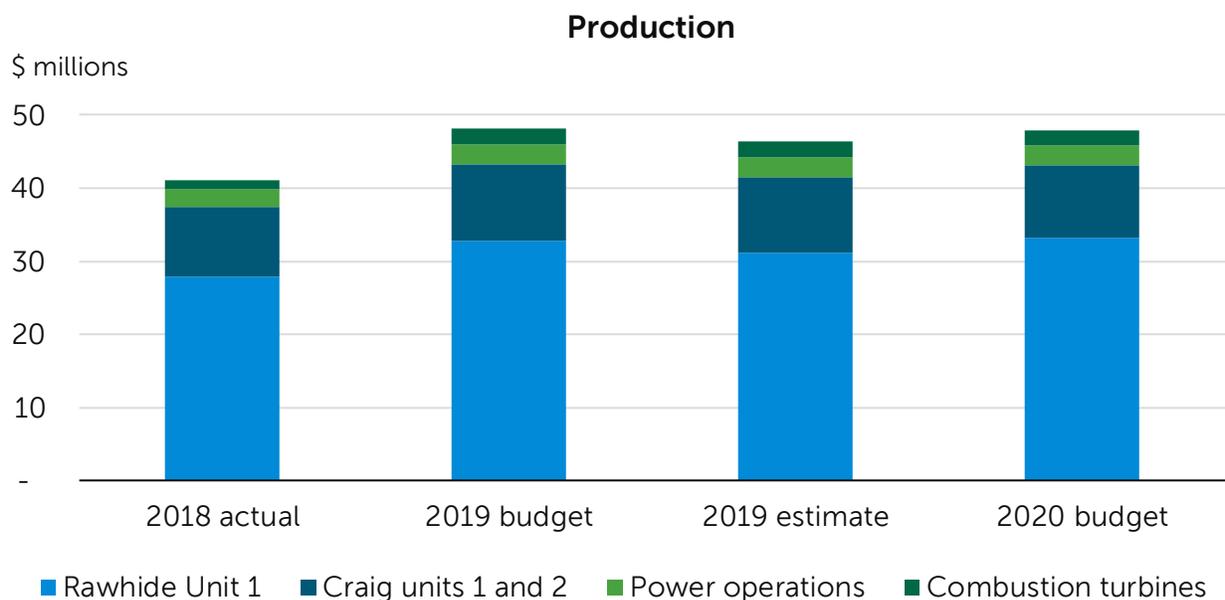


Fuel unit cost per MBtu



	2018 actual	2019 budget	2019 estimate	2020 budget
Production				
Rawhide Unit 1				
Personnel expenses				
Regular wages	\$ 9,747,270	\$ 10,088,681	\$ 10,082,399	\$ 10,500,593
Overtime wages	1,515,423	660,662	735,871	879,511
Benefits allocation	4,865,170	5,794,650	5,462,396	5,977,757
Total personnel expenses	16,127,863	16,543,993	16,280,666	17,357,861
Operations and maintenance				
Office expenses	16,610	21,430	16,281	22,680
Safety expenses	134,159	114,025	121,064	99,660
Furniture and equipment	34,849	28,750	37,681	30,600
Local business expense	71,249	17,850	14,560	18,850
Postage and deliveries	11,797	9,068	10,570	9,000
O&M materials and supplies	5,328,870	4,729,823	3,968,212	4,622,715
Gasoline and diesel	105,283	72,600	86,388	89,000
Tools and shop equipment	151,209	92,050	51,263	92,550
Computer equipment	226,420	-	-	-
Total operations and maintenance	6,080,446	5,085,596	4,306,019	4,985,055
Contractual services				
Contracted services	11,232,148	5,230,728	4,983,713	4,399,563
Insurance	464,898	563,100	604,907	707,900
Travel and training expenses	166,853	195,584	215,808	199,744
Telephone services	65,241	63,496	63,788	65,259
Utilities	426,803	515,920	396,164	433,920
Dues, memberships and fees	51,230	45,055	50,172	53,170
Outage accrual	(7,033,880)	3,788,950	3,788,950	4,317,808
Total contractual services	5,373,293	10,402,833	10,103,502	10,177,364
Windy Gap				
Rawhide operating portion	378,350	721,194	422,049	632,000
Total Rawhide Unit 1 production	27,959,952	32,753,616	31,112,236	33,152,280
Craig units 1 and 2				
Operating expenses	9,401,420	10,465,079	10,385,657	9,891,203
Fiscal impact payment	61,099	62,932	36,216	36,217
Total Craig units 1 and 2 production	9,462,519	10,528,011	10,421,873	9,927,420
Total thermal production	37,422,471	43,281,627	41,534,109	43,079,700
Rawhide units A, B, C, D and F (combustion turbines)				
Regular wages	401,490	420,859	389,286	406,763
Overtime wages	37,919	42,829	51,173	47,313
Benefits allocation	205,469	250,703	223,872	239,091
O&M materials and supplies	145,948	535,633	591,342	140,501
Contracted services	181,619	643,111	649,077	816,584
Insurance	260,701	285,300	295,933	331,400

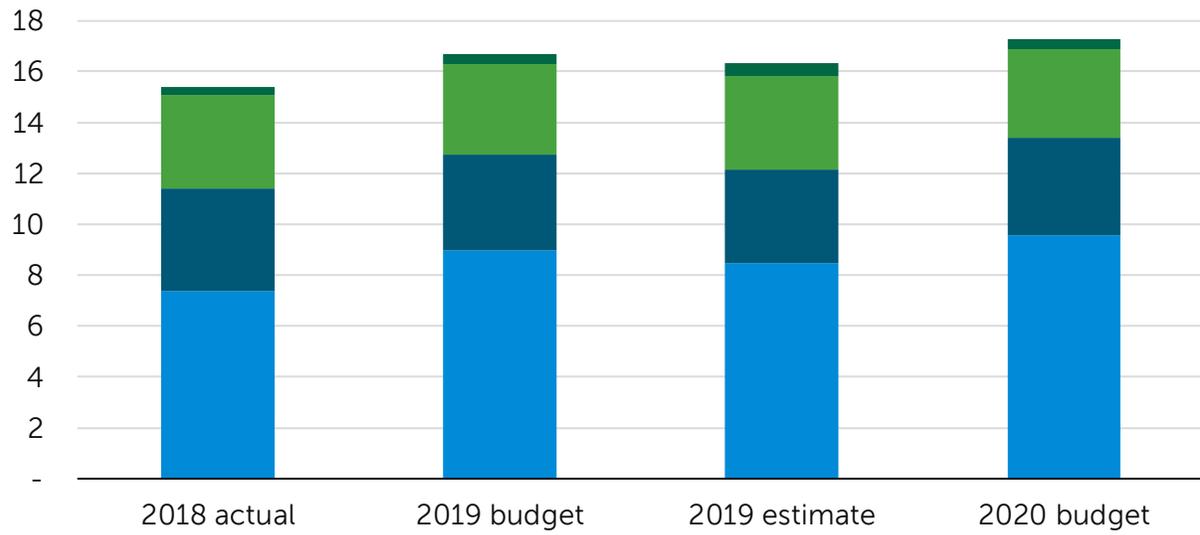
	2018 actual	2019 budget	2019 estimate	2020 budget
Production (continued)				
Rawhide units A, B, C, D and F (combustion turbines) (continued)				
Travel and training expenses	\$ 19,820	\$ 13,400	\$ 10,567	\$ 16,000
Telephone services	560	600	577	600
Utilities	2,002	2,000	878	2,000
Dues, memberships and fees	6,333	6,000	5,478	6,500
Total Rawhide units A, B, C, D and F production	1,261,861	2,200,435	2,218,183	2,006,752
Power operations				
Regular wages	1,455,518	1,455,736	1,504,505	1,550,019
Overtime wages	48,367	61,780	48,587	61,086
Benefits allocation	672,427	809,792	768,050	836,788
Local business expense	1,777	1,500	1,900	2,100
O&M materials and supplies	5,010	2,000	500	2,325
Craig units 1 and 2 operating expenses	25,852	37,560	29,624	39,228
Computer equipment	9,989	-	-	-
Contracted services	190,175	208,588	211,494	252,140
Travel and training expenses	35,104	49,800	41,386	42,700
Telephone expenses	12,783	10,250	10,686	10,852
Dues, memberships and fees	3,925	3,525	3,600	4,000
Total power operations expenses	2,460,927	2,640,531	2,620,332	2,801,238
Total production	\$ 41,145,259	\$ 48,122,593	\$ 46,372,624	\$ 47,887,690



	2018 actual	2019 budget	2019 estimate	2020 budget
Transmission				
Personnel expenses				
Regular wages	\$ 4,770,504	\$ 5,446,215	\$ 5,260,046	\$ 5,877,900
Overtime wages	330,141	395,368	395,293	397,733
Benefits allocation	2,256,328	3,135,146	2,808,004	3,277,982
Total personnel expenses	7,356,973	8,976,729	8,463,343	9,553,615
Materials and other expenses				
Office supplies	12,587	6,550	3,527	6,050
Safety expenses	6,688	13,250	20,866	15,350
Local business expense	16,234	10,425	9,867	10,766
Postage and deliveries	7,006	7,200	1,220	7,000
O&M materials and supplies	166,022	241,368	359,883	291,041
Gasoline and diesel	32,715	34,635	26,960	31,800
Tools and shop equipment	18,761	29,000	23,977	34,000
Computer equipment	45,773	73,350	83,531	26,100
Total materials and other expenses	305,786	415,778	529,831	422,107
Contractual services				
Contracted services	2,799,304	2,642,008	2,817,180	2,653,109
Travel and training expenses	93,952	107,136	64,987	100,690
Telephone services	64,521	62,279	51,439	60,608
Utilities	27,753	14,070	14,062	12,120
Dues, memberships and fees	402,176	451,413	458,072	408,314
Leases and rents	103,694	103,017	103,711	102,409
Craig units 1 and 2 transmission expenses	160,919	149,707	145,454	140,789
Total contractual services	3,652,319	3,529,630	3,654,905	3,478,039
Total operations and maintenance	11,315,078	12,922,137	12,648,079	13,453,761
Transmission by others				
Wheeling expense				
Load	631,150	674,839	593,070	651,178
Spring Canyon Wind Energy Center	2,922,210	3,030,828	3,029,302	3,146,457
Silver Sage Windpower Project	439,570	-	-	-
Medicine Bow Wind Project	65,778	66,703	67,023	32,856
Total wheeling expense	4,058,708	3,772,370	3,689,395	3,830,491
Total transmission	\$ 15,373,786	\$ 16,694,507	\$ 16,337,474	\$ 17,284,252

Transmission

\$ millions

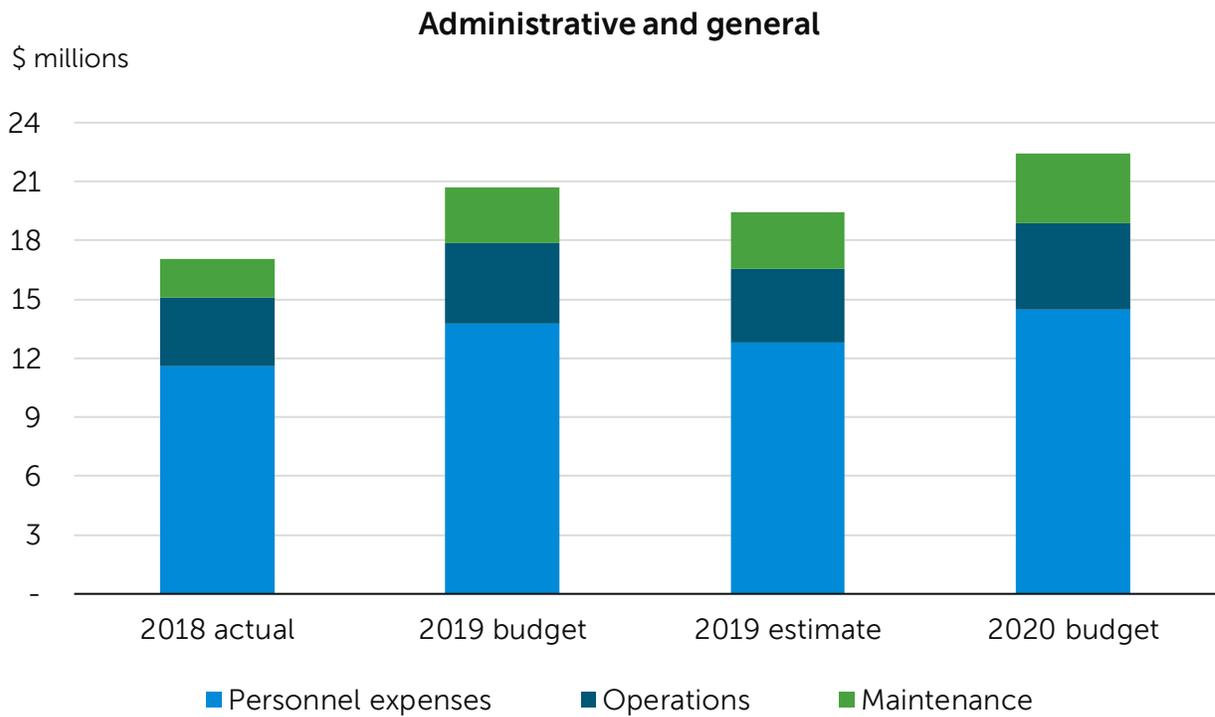


■ Personnel expenses ■ Wheeling ■ Contractual services ■ Materials and other expenses

Administrative and general	2018 actual	2019 budget	2019 estimate	2020 budget
Operations				
Personnel expenses				
Regular wages	\$ 7,959,349	\$ 8,886,868	\$ 8,450,163	\$ 9,458,897
Overtime wages	45,679	34,380	46,054	33,264
Benefits allocation	<u>3,587,031</u>	<u>4,860,314</u>	<u>4,320,195</u>	<u>4,968,044</u>
Total personnel expenses	11,592,059	13,781,562	12,816,412	14,460,205
Office operations and other expenses				
Office expenses	17,381	27,270	31,134	38,845
Furniture and equipment	8,811	12,500	7,742	5,500
Local business expense	109,717	109,603	106,571	127,795
Postage and deliveries	9,502	19,000	12,926	14,600
Gasoline and diesel	26,647	42,000	27,696	42,000
Computer equipment	<u>524,179</u>	<u>237,500</u>	<u>297,233</u>	<u>611,824</u>
Total office operations and other expenses	696,237	447,873	483,302	840,564
Safety and training expenses				
Safety expenses	25,443	6,650	8,536	6,265
Local business expense	13,982	2,000	5,308	3,000
Contracted services	19,628	19,875	23,737	19,875
Dues, memberships and fees	764	1,050	1,394	675
Wellness and incentive program	145,935	145,974	128,611	145,400
Travel and training expenses	<u>308,834</u>	<u>241,778</u>	<u>299,036</u>	<u>343,532</u>
Total safety and training expenses	514,586	417,327	466,622	518,747
Contractual services				
Contracted services	601,137	754,384	456,728	590,815
Travel and training expenses	46,100	92,442	45,047	99,225
Telephone services	43,088	40,929	36,083	41,932
Utilities	118,229	131,520	153,868	131,520
Dues, memberships and fees	57,578	61,548	72,302	80,668
Other financing expenses	<u>35,979</u>	<u>47,110</u>	<u>46,558</u>	<u>44,700</u>
Total contractual services	902,111	1,127,933	810,586	988,860
Insurance	425,777	547,700	592,388	716,500
Board and enterprise expenses				
Local business expense	10,581	8,000	10,634	8,000
Travel and training expenses	10,027	22,500	17,090	16,500
Dues, memberships and fees	154,270	149,620	141,392	171,595
Trustees fees	26,123	25,500	18,000	19,500
Owner community economic development	<u>60,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total board and enterprise expenses	261,001	305,620	287,116	315,595

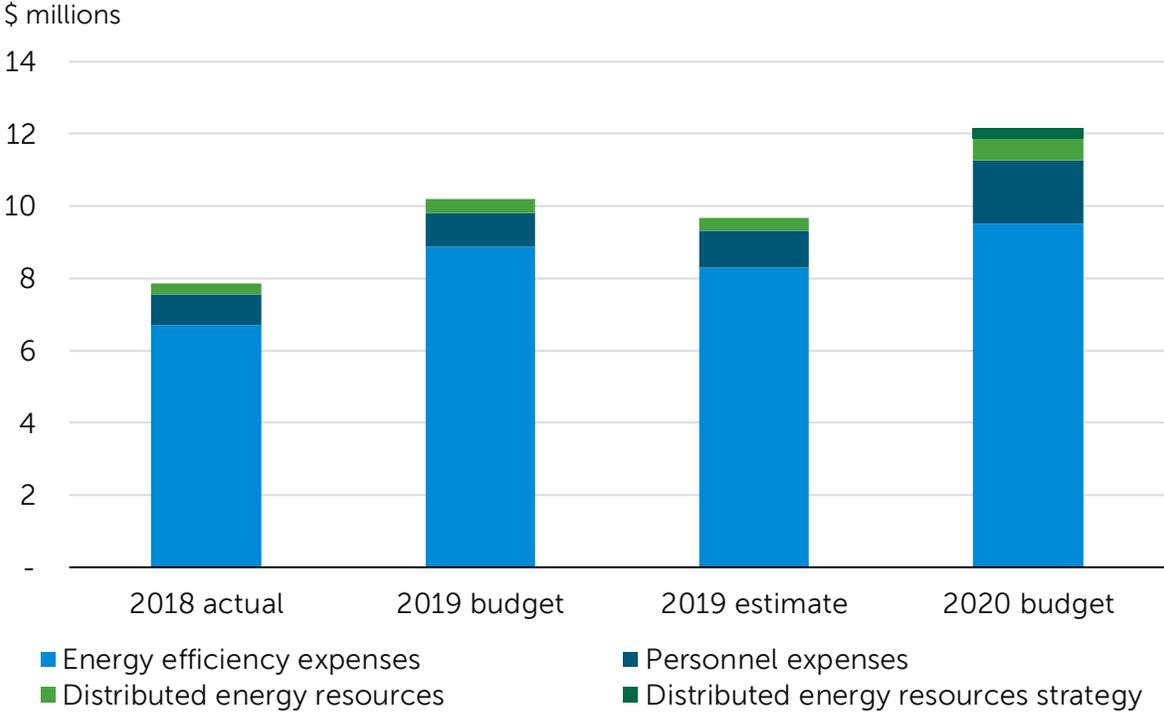
Administrative and general (continued)	2018 actual	2019 budget	2019 estimate	2020 budget
Operations (continued)				
Reporting and other expenses				
Office expenses	\$ 5,124	\$ 6,000	\$ 10,284	\$ 8,000
Local business expense	69,279	59,000	52,093	123,500
Contracted services	<u>120,193</u>	<u>158,465</u>	<u>141,421</u>	<u>209,400</u>
Total reporting and other expenses	194,596	223,465	203,798	340,900
Planning and customer service expenses				
Contracted services	431,878	919,475	825,957	619,654
Travel and training expenses	<u>3,415</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total planning and customer service expenses	435,293	919,475	825,957	619,654
Compliance expenses				
Computer equipment	9,000	15,000	15,781	-
Contracted services	31,845	34,200	30,450	33,500
Travel and training expenses	<u>19,890</u>	<u>26,900</u>	<u>38,574</u>	<u>36,100</u>
Total compliance expenses	<u>60,735</u>	<u>76,100</u>	<u>84,805</u>	<u>69,600</u>
Total administrative and general operations	15,082,395	17,847,055	16,570,986	18,870,625
Maintenance				
Building and grounds maintenance				
Materials and supplies	74,079	66,068	80,813	66,480
Tools and shop equipment	4,830	4,896	3,854	4,900
Contracted services	<u>251,781</u>	<u>272,530</u>	<u>201,763</u>	<u>433,200</u>
Total buildings and grounds maintenance	330,690	343,494	286,430	504,580
Computer maintenance				
Contracted services	<u>1,447,908</u>	<u>2,251,170</u>	<u>2,307,171</u>	<u>2,748,996</u>
Total computer maintenance	1,447,908	2,251,170	2,307,171	2,748,996
Office equipment maintenance				
Contracted services	853	1,000	570	1,000
Telephone services	<u>20,709</u>	<u>17,949</u>	<u>19,582</u>	<u>17,949</u>
Total office equipment maintenance	21,562	18,949	20,152	18,949
Vehicle maintenance				
Materials and supplies	8,678	20,400	20,399	18,000
Tools and shop equipment	7,459	16,180	13,339	16,200
Contracted services	<u>42,817</u>	<u>25,200</u>	<u>55,712</u>	<u>4,000</u>
Total vehicle maintenance	58,954	61,780	89,450	38,200

Administrative and general (continued)	2018 actual	2019 budget	2019 estimate	2020 budget
Maintenance (continued)				
Security maintenance				
Materials and supplies	\$ 13,715	\$ 15,700	\$ 14,081	\$ 14,500
Tools and shop equipment	4,003	2,400	3,464	2,400
Contracted services	116,114	174,592	156,530	248,000
Total security maintenance	133,832	192,692	174,075	264,900
Total administrative and general maintenance	1,992,946	2,868,085	2,877,278	3,575,625
Total administrative and general	\$ 17,075,341	\$ 20,715,140	\$ 19,448,264	\$ 22,446,250



Distributed energy resources	2018 actual	2019 budget	2019 estimate	2020 budget
Personnel expenses				
Regular wages	\$ 590,409	\$ 600,419	\$ 688,587	\$ 1,163,205
Benefits allocation	<u>254,972</u>	<u>324,055</u>	<u>341,266</u>	<u>592,072</u>
Total personnel expenses	845,381	924,474	1,029,853	1,755,277
Strategy				
Contracted services	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total strategy expenses	-	-	-	300,000
Energy efficiency				
Contracted services	742,182	1,054,968	1,058,494	1,458,800
Rebates/incentives for retail customers	5,973,957	7,817,500	7,234,447	7,557,611
Audits/assessments for retail customers	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,000</u>
Total energy efficiency expenses	6,716,139	8,872,468	8,292,941	9,506,411
General				
Contracted services	26,500	-	325	118,000
Dues, memberships and fees	<u>-</u>	<u>32,560</u>	<u>32,083</u>	<u>37,810</u>
Total general expenses	26,500	32,560	32,408	155,810
Demand response wholesale pilot				
Contracted services	27,120	75,000	25,000	35,000
Rebates/incentives to owner communities	<u>248,926</u>	<u>163,433</u>	<u>176,980</u>	<u>166,100</u>
Total demand response wholesale pilot expenses	276,046	238,433	201,980	201,100
Electric vehicles				
Contracted services	4	75,000	71,389	148,000
Rebates/incentives for retail customers	<u>-</u>	<u>25,000</u>	<u>5,554</u>	<u>-</u>
Total electric vehicles expenses	4	100,000	76,943	148,000
Smart thermostat				
Contracted services	-	28,000	28,000	96,400
Rebates/incentives for retail customers	<u>-</u>	<u>5,000</u>	<u>1,108</u>	<u>-</u>
Total smart thermostat expenses	-	33,000	29,108	96,400
Total distributed energy resources expenses	<u>\$ 7,864,070</u>	<u>\$ 10,200,935</u>	<u>\$ 9,663,233</u>	<u>\$ 12,162,998</u>

Distributed energy resources



Capital additions

Capital projects are viewed strategically with a five-to-ten-year outlook in support of Platte River's three pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities, and in support of the strategic initiatives and core operations. Capital additions generally consist of projects aimed at ensuring and improving system reliability, replacing and upgrading aging infrastructure, implementing technology improvements, maintaining compliance, improving efficiency and completing replacements due to assets reaching the end of useful life. These projects are necessary to maintain a reliable low-cost energy system.

Production capital additions include power plant upgrades, equipment purchases and replacements as well as compliance related projects at the Rawhide and Craig generating stations. Also included in production additions is the Windy Gap Firing Project. Transmission capital additions include transmission lines, substations and supporting equipment. Projects are based on transmission studies and consultation with the owner communities' staff through the joint technical advisory committee. These projects will provide enhanced system reliability and add capacity to serve new and existing loads. General plant capital additions include computer hardware and software, communication equipment, vehicle replacements, building and grounds modifications, compliance projects and other general plant equipment purchases.

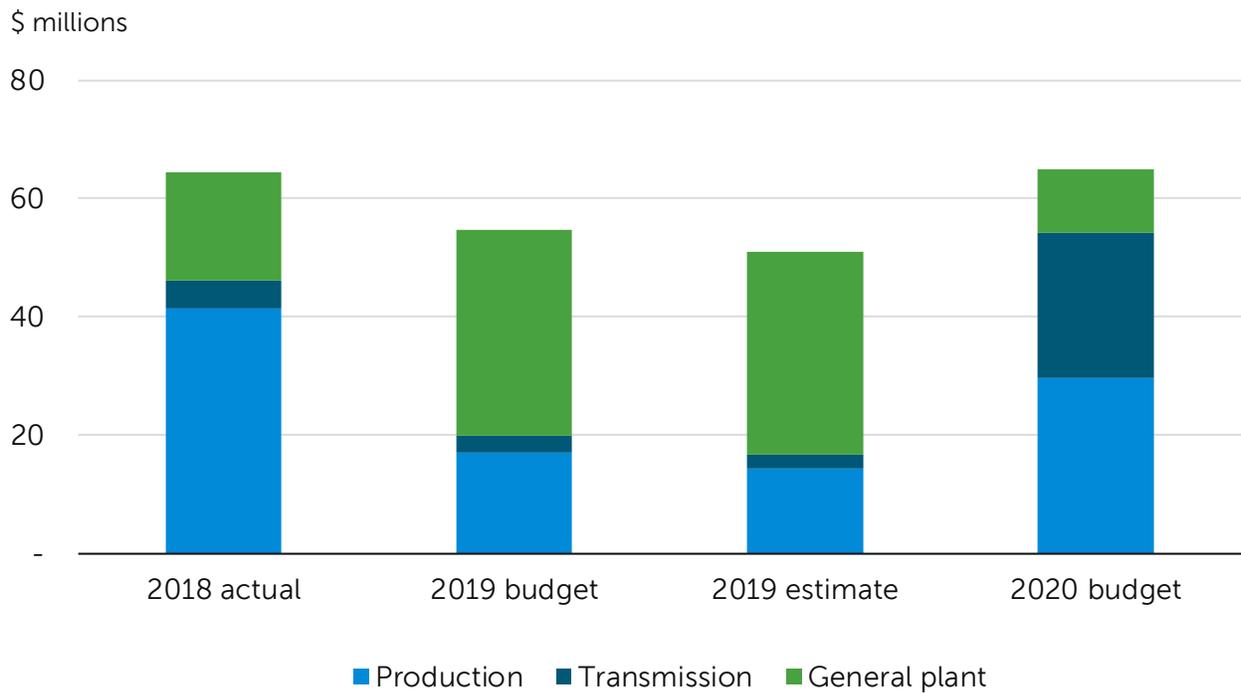
The five-year capital forecast is developed to outline future investment in capital projects. Capital planning is an ongoing effort as needs change, thus the plan is reviewed and updated three times a year along with financial projections. The plan is the basis for each budget year. Production projects focus on plant equipment improvements, including major outages, control system upgrades, dust collection system replacements and fire protection system replacements. Transmission projects include coordinating and planning owner community requests for substation work, investing in a generator outlet transmission line for the Roundhouse wind resource, in addition to completing Platte River's transmission and substation projects. Future general projects include replacing information technology equipment and the SONET system, investing in security improvements and implementing an enterprise resource planning system that will benefit the entire organization.

Project management continues to be a focus. In the past few years, emphasis has been placed on resource availability, as well as improving project planning and execution. This process will continue to evolve, striving towards operational excellence. Projects typically experience schedule changes for various reasons; therefore, a portion of unspent 2019 budget capital additions will be requested to be carried over into the 2020 budget.

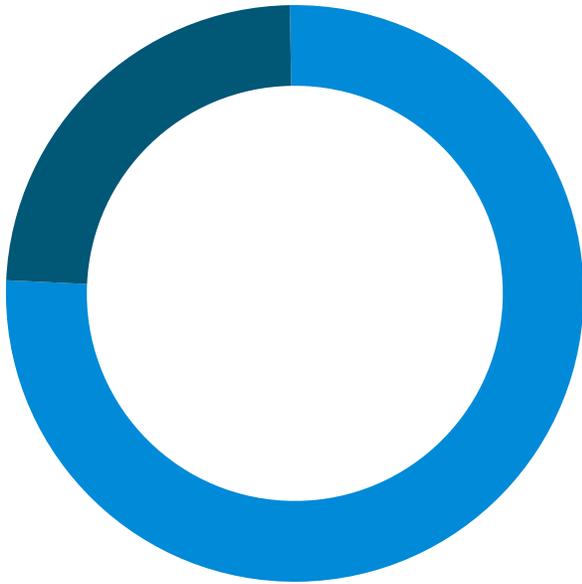
The next pages include brief project descriptions, as well as estimated project cost and carryover amounts. The projects supporting the strategic initiatives of infrastructure advancement and technology development or resource diversification are also identified.

Capital additions (\$000)	2018 actual	2019 budget	2019 estimate	2020 budget
Production	\$ 41,483	\$ 17,109	\$ 14,310	\$ 29,720
Transmission	4,658	2,721	2,465	24,435
General plant	18,278	34,890	34,184	10,747
Total capital additions	\$ 64,419	\$ 54,720	\$ 50,959	\$ 64,902

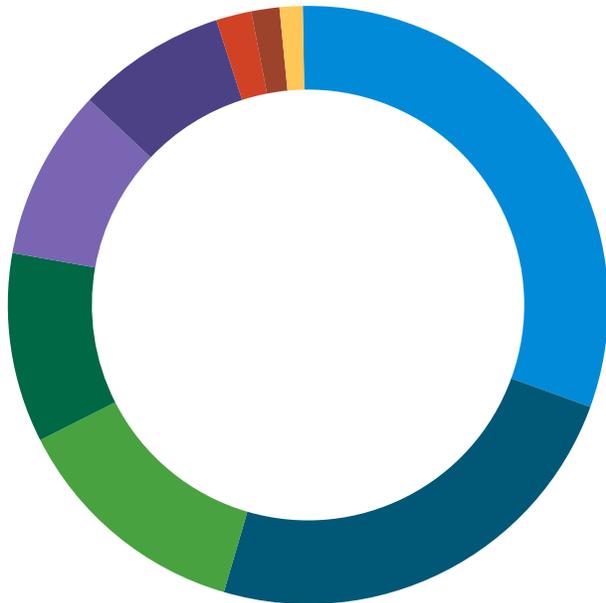
Capital additions



2020 capital additions: \$64.9 million



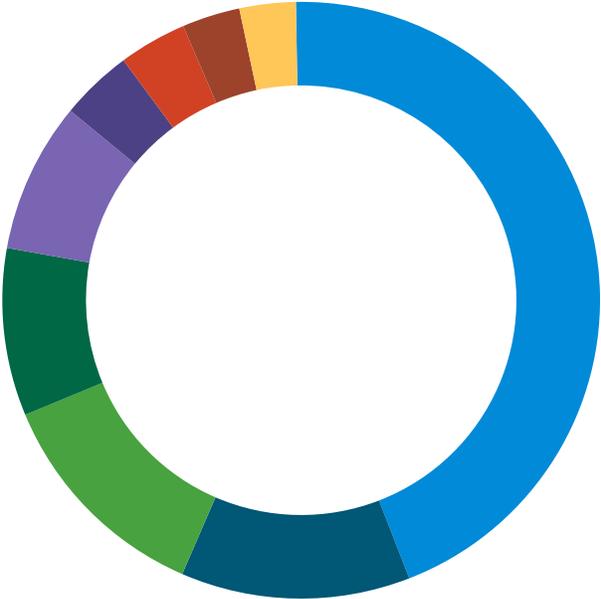
- Strategic initiatives, 76%
- Core operations, 24%



- Generator outlet transmission line*, 31%
- Windy Gap Firing Project*, 24%
- HQ campus & Energy Engagement Center*, 13%
- Rawhide outages, 10%
- Compliance (monofill), 9%
- Strategic*, 8%
- Asset management and maintenance, 2%
- Craig units 1 and 2, 2%
- Purchases, 1%

* Strategic projects

**Capital five-year forecast
2020-2024
\$220.2 million**



- Windy Gap Firming Project, 44%
- Transmission and substations, 13%
- Rawhide outages, 12%
- Generator outlet transmission line, 9%
- Rawhide, 8%
- HQ campus & Energy Engagement Center, 4%
- Asset management and maintenance, 4%
- Craig units 1 and 2, 3%
- Compliance (monofill), 3%

Production capital additions	2020 budget	Total cost estimate⁽¹⁾
Rawhide projects		
Monofill upgrades - Rawhide ⁽²⁾	\$ 5,995,433	\$ 6,866,000
Fire protection system upgrade		
Combustion turbine Unit A	418,346	
Combustion turbine Unit B	418,346	
Switchgear replacement - Rawhide pump station ⁽²⁾	361,923	440,000
• Controls upgrade to ovation - Owl Creek gas yard	260,147	
Fuel oil unloading containment - Rawhide Unit 1	212,435	
HVAC units - combustion turbine yard	200,653	354,000
• Combustion upgrades - Rawhide Unit 1	145,526	1,913,000
• LED lighting	100,000	733,000
Pump replacement - Soldier Canyon pump station	91,808	
Station service battery bank replacement - Combustion turbine Unit A	59,422	
Continuous emissions monitoring system programmable logic controllers replacement		
Combustion turbine units A-D	43,315	
Combustion turbine Unit F	10,831	
	<u>8,318,185</u>	
Rawhide outage projects		
• Variable frequency drive upgrade - Rawhide Unit 1	2,748,079	7,716,000
Rotary car dumper drive conversion to variable frequency drives	1,395,357	2,296,000
Dust collector upgrade - Rawhide active yard silo	183,600	1,299,000
Soot blower replacement ⁽²⁾	86,107	1,485,000
Turbine blade replacement - Rawhide Unit 1	22,909	495,000
	<u>4,436,052</u>	
Rawhide purchases		
Vacuum truck replacement	400,000	
Hearing testing booth replacement	6,087	
Teleskid track skid steer	2,620	
	<u>408,707</u>	
Total Rawhide purchases	408,707	
Total Rawhide capital additions	13,162,944	
Other production projects		
• Windy Gap Firming Project ⁽²⁾	15,568,024	109,163,000
Craig units 1 and 2 projects ⁽³⁾	988,976	14,699,000
	<u>16,557,000</u>	
Total other production projects	16,557,000	
Total production capital additions	<u>\$ 29,719,944</u>	

Transmission capital additions	2020 budget	Total cost estimate⁽¹⁾
Transmission projects		
Oil breaker (2042, 2046, 2052) replacements - Rawhide Substation	\$ 856,240	\$ 867,000
• Circuit switcher (T1,T2) addition - Linden Tech Substation ⁽²⁾	554,960	612,000
• Airflow spoilers	429,694	1,905,000
• Transformer T3 addition - County Line Substation	212,992	266,000
HVAC unit replacements - substations	69,522	597,000
• Circuit switcher (T2,T4) addition and relay upgrade - Harmony Substation	<u>61,624</u>	762,000
Total transmission projects	2,185,032	
Transmission outage project		
Generator step up and unit auxiliary transformer replacements - Rawhide	2,215,726	11,722,000
Transmission purchases		
• Generator outlet transmission line - Roundhouse to Rawhide ⁽²⁾	20,000,000	20,045,000
• Relay test set	<u>34,000</u>	
Total transmission purchases	<u>20,034,000</u>	
Total transmission capital additions	<u>\$ 24,434,758</u>	

General plant capital additions

General plant projects		
• Energy Engagement Center ⁽²⁾	\$ 5,027,293	\$ 5,565,000
• Headquarters campus	3,418,938	51,064,000
SONET communications system replacement ⁽²⁾	700,364	1,554,000
Network replacement - Rawhide	325,000	
• Fiber optic lateral - Valley to Long-Haul West Loveland	127,916	
• Smart key system - substations	107,107	
• Fiber optic lateral - Richard Lake Substation	102,575	
• DDI management system - headquarters	95,000	
Server replacements - headquarters	75,000	
SCADA periodic server equipment replacement	74,361	287,000
• Security - Loveland substation walls ⁽²⁾	66,751	125,000
• Identity and access management solution	50,000	
• GeoEvent server and application	43,553	
Disaster recovery center (generation desk)	41,619	
• Key management system - headquarters	33,159	
Voice recorder upgrade	28,443	
Optical network equipment replacement	21,000	
• Multi-factor authentication solution	20,000	
Telephone router replacement	16,966	
SCADA periodic storage equipment replacement	10,722	172,000
• Enterprise resource planning software	<u>-</u>	
Total general plant projects	\$ 10,385,767	

General plant capital additions (continued)	2020 budget	Total cost estimate⁽¹⁾
General plant purchases		
Vehicle fleet replacements	\$ 203,018	
Floor machine - street sweeper - headquarters	50,000	
SCADA periodic software license purchase	19,907	
Copiers - headquarters	18,000	
Snowrator plowing machine	15,000	
Fire extinguisher training simulator	14,300	
• Spotter training equipment	14,000	
Fiber optic splicer replacement	10,695	
• Fiber optic identifiers	10,586	
Fiber optic cable lasher	<u>6,400</u>	
Total general plant purchases	<u>361,906</u>	
Total general plant capital additions	<u>10,747,673</u>	
Total capital additions	<u>\$ 64,902,375</u>	

- Project supports strategic initiative.

(1) If no amount is shown, the 2020 budget amount represents the total project cost estimate.

(2) Projects with estimated unspent 2019 funds that will be requested to be carried over to the 2020 budget.

(3) The total cost estimate for Craig units 1 and 2 consist of the projects identified in their 10-year capital plan.

Production capital additions

Rawhide projects

Monofill upgrades - Rawhide	\$ 5,995,433
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Project time frame: 2018-2020

Total cost estimate: \$6,866,000

Carryover estimate: \$543,000

Update and implement the monofill engineering design and operations plan to ensure compliance with Colorado Department of Public Health and Environment regulations and the Environmental Protection Agency coal combustion residuals rule. An engineering design and operations plan was submitted in March 2019 to the Colorado Department of Public Health and Environment with approval expected to be received in 2020. Construction planning and bidding will begin in early 2020 following approval of the updated engineering design and operations plan. The monofill upgrade will include the design of the liner, leachate and cover system as well as geotechnical and geological investigations. Construction of the first phase of the liner, leachate, collection systems and any balance of plant connections is also included in the project.

Fire protection system upgrade

Combustion turbine Unit A	\$ 418,346
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Combustion turbine Unit B	<u>418,346</u>
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	\$ 836,692
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Build a climate controlled building to house the fire suppression agent at both units. NOVEC 1230 will be replacing carbon dioxide as the fire suppression agent. As part of the project, conduit and cable will be run to the packaged electrical equipment control component where a notifier control panel will be located. This control panel will be tied to the plant-wide fire detection and alarm system. In addition, a suppression circuit will be added to the exciter compartment that is now unprotected. Currently, if there is a discharge of carbon dioxide, the concentration reaches 34% which creates a life safety hazard. By replacing the carbon dioxide agent with NOVEC 1230 the hazard will be eliminated.

Switchgear replacement - Rawhide pump station	361,923
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Project time frame: 2019-2020

Total cost estimate: \$440,000

Carryover estimate: \$62,000

Replace Rawhide pump station switchgear in the substation which has reached the end of its useful life. The switchgear will have an automated breaker scheme that has automatic transfer abilities making it safer than the current version.

•	Controls upgrade to ovation - Owl Creek gas yard	260,147
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Replace the Allen Bradley programmable logic controllers at the Owl Creek gas yard and gas yard bath heaters in the combustion turbine yard at Rawhide. The new equipment will match the existing Emerson ovation distributed control system platform. This is among the last of several isolated systems remaining to be converted to ovation controls, which is a continuation of a multi-year initiative to have Rawhide Unit 1, all five combustion turbines

and all balance of plant equipment on one common platform. This project will allow both the Owl Creek inlet station and the bath heaters to communicate with Rawhide’s control room at a higher speed, increasing reliability of the technology, as well as more troubleshooting visibility to plant personnel to address issues.

Fuel oil unloading containment - Rawhide Unit 1 **\$ 212,435**

Design and install a fuel oil containment area designed to unload a 6,000-gallon fuel oil tanker truck. As part of the project, the fuel oil piping will be modified to allow filling through the original tank fill location. Currently, trucks are filled on a tee on the suction side of the fuel oil pumps, which means staff cannot fill the tank and use it at the same time.

HVAC units - combustion turbine yard **200,653**

Project time frame: 2019-2020
 Total cost estimate: \$354,000

Replace 11 existing air conditioning units in the continuous emissions monitoring system and the relay rooms with updated five-ton SunAir wall mounted units. The current R-22 units are reaching the end of their useful life and are becoming increasingly difficult and expensive to maintain.

- **Combustion upgrades - Rawhide Unit 1** **145,526**

Project time frame: 2020-2021
 Total cost estimate: \$1,913,000

Upgrade several boiler combustion components to provide more operational flexibility. Modifications include increasing the number of oxygen probes at the air heater inlet, installing a new carbon monoxide instrumentation grid at the air heater inlet, replacing the pneumatic separated over fire air tilt drives with electric Beck drives and decoupling and providing individual tilt drives for the underfire air tips. In addition, distributed control systems integration and control curve development will be performed as part of the project. Platte River is adding more intermittent generating resources which is requiring Rawhide Unit 1 to operate in load ranges lower than it has historically. Rawhide’s combustion tuner consultant has recommended several improvements that will allow for better nitrogen oxide and carbon monoxide control during both low and high load operations. Rawhide also believes these improvements will allow better flexibility in coal mill operation by providing more heat to the spray dry absorber improving sulfur dioxide emissions controls at reduced load.

- **LED lighting** **100,000**

Project time frame: 2016-2022
 Total cost estimate: \$733,000

Replace all exterior and interior lighting throughout the plant with LED lighting which is more energy efficient and requires less maintenance than the standard high-pressure sodium lighting currently installed. The LED lights have a 10-year warranty, thus reducing maintenance costs for that time period.

Pump replacement - Soldier Canyon pump station	\$	91,808
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Replace pumps and motors #1 and #2 at Soldier Canyon pump station. The current pumps have the ability to send approximately 400 gallons per minute (GPM) to Rawhide using a 150 horsepower (HP) motor. The current GPM usage at Rawhide is between 160 and 200 depending on load. Currently, a control valve is used to cut the flow rate from 400 GPM to between 160 and 200 GPM. This allows Rawhide staff to control tank levels. This configuration causes considerable damage to the pumps, control valves, and check valves due to the cavitation created when cutting flows in half. The new pumps would give a maximum flow rate of 200 GPM allowing Rawhide staff to run the control valves closer to 100% open, which would alleviate the cavitation issues. The new pumps would have a 60 HP motor, which would save on energy costs compared to the 150 HP motors currently installed.

Station service battery bank replacement - combustion turbine Unit A		59,422
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Replace the station service battery bank for combustion turbine Unit A. Fiamm batteries have a 15-20 year life span and the Unit A batteries were installed in 2001. The batteries are integral to operating power circuit breakers and protecting the generator through the use of relaying. If the combustion turbine unit trips, the batteries are the sole energy source to run oil pumps and other protective equipment. Failure of the batteries to perform during a black-plant scenario can result in catastrophic damage to the entire turbine generator set.

Continuous emissions monitoring system programmable logic controllers replacement		
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Combustion turbine units A-D	\$	43,315
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Combustion turbine Unit F		<u>10,831</u>
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	\$	54,146
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Replace the combustion turbine unit A, B, C, D and F's continuous emissions monitoring systems GE Fanuc processors and Allen Bradley input/output cards with Cemtek's Source Emissions Air Logger (SEAL) control units. GE is no longer supporting the Fanuc processors making them obsolete. The new Cemtek SEAL control units will replace both the GE processors and the Allen Bradley input/output cards. The new SEAL controls will give technicians more programming flexibility as well as easier access for remote support.

Total Rawhide projects	\$	8,318,185
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Rawhide outage projects

- | | |
|--|---------------------|
| Variable frequency drive upgrade - Rawhide Unit 1 | \$ 2,748,079 |
|--|---------------------|

Project time frame: 2020-2021

Total cost estimate: \$7,716,000

Install variable frequency drives (VFD) on induced draft fans, boiler feed pumps, condensate pumps and VFD enclosures at outbuildings. As part of the project, new lube oil skids for the induced draft fans and boiler feed pumps will be installed to replace the existing hydrokinetic fluid drives. New power cables and control cables will be installed to integrate systems into the distributed control system. These improvements will save energy and provide benefits such as improved heat rate, management of load changes and a potentially faster ramp rate. Engineering design will begin in late 2019 followed by a request for proposal in early 2020. The variable VFDs will be purchased in 2020 and installed during the 2021 fall outage.

Rotary car dumper drive conversion to variable frequency drives	1,395,357
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Project time frame: 2019-2020

Total cost estimate: \$2,296,000

Upgrade and modify the rotary car dumper (RCD) so that it can handle the additional weight of fully loaded aluminum railcars. Currently, the RCD is only able to dump cars at approximately 90% of their capacity. Any cars loaded over 90% capacity at the mine put excessive stress on the system. These upgrades will extend the life of the components, improve reliability of the system and result in better control of the equipment.

Dust collector upgrade - Rawhide active yard silo	183,600
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Project time frame: 2020-2021

Total cost estimate: \$1,299,000

Upgrade the upper active yard silo dust collector to be compliant with current regulations set by the National Fire Protection Association and Occupational Safety and Health Administration. The upgrades include new deflagration relief panels that vent to the outside, a new exhaust fan, new filter housing and bags, and cleaning blowers. Electrical work for the project includes upgrades to wiring, the motor control center buckets and porting the Air-Cure narrative to the ovation distributed control system.

Soot blower replacement	86,107
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Project time frame: 2016-2021

Total cost estimate: \$1,485,000

Carryover estimate: \$29,000

Replace all existing retractable soot blowers for the Rawhide Unit 1 boiler to ensure unit heat rate and reliability. The current soot blowers are obsolete and require frequent maintenance while replacement parts are becoming scarce. Currently, Rawhide Unit 1 has three models from two vendors installed. Once the project is complete, Rawhide Unit 1 will have standardized equipment from one vendor. This allows for fewer inventory parts and reduced maintenance due to a rack-and-pinion style drive as opposed to the current chain driven equipment.

Turbine blade replacement - Rawhide Unit 1	\$ 22,909
Project time frame: 2020-2021	
Total cost estimate: \$495,000	
<p>Replace intermediate pressure turbine blades 1C and 1R on the Rawhide Unit 1 steam turbine. This replacement was a recommendation based off of Performance Engineering LLC's steam path audit conducted in 2015. Replacing the damaged blades will improve the steam path and allow Rawhide Unit 1 to regain lost output and heat rate. This project will be completed as part of the 2021 outage as the project requires full disassembly to access the turbine rotor.</p>	
Total Rawhide outage projects	\$ 4,436,052

Rawhide purchases

Vacuum truck replacement	\$ 400,000
<p>Purchase a vacuum truck to replace the existing truck that has reached the end of its useful life. The truck will be used for various tasks including, but not limited to, pulling ash from baghouse piping, duct cleaning and de-watering electrical vaults.</p>	
Hearing testing booth replacement	6,087
<p>Replace the existing sound booth which has reached the end of useful life. This will allow for enhanced test functionality and tracking of employee hearing test history.</p>	
Teleskid track skid steer	2,620
<p>Purchase a teleskid track skid steer to perform functions such as loading, snow removal, feeding hay to the bison, performing corral and fence work, road work, landscaping, forklift tasks and sweeping. As part of this project three pieces of equipment will be traded in, thus significantly reducing the total project cost.</p>	
Total Rawhide purchases	\$ 408,707
Total Rawhide capital additions	\$ 13,162,944

Other production projects

•	Windy Gap Firming Project	\$ 15,568,024
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Project time frame: 2001-2024

Total cost estimate: \$109,163,000

Carryover estimate: \$2,011,000

Platte River is participating in the Windy Gap Firming Project storage system to support long-term reliable delivery of Platte River's Windy Gap water. The Windy Gap system currently has very limited water storage capability, putting Rawhide at risk. There is currently no dedicated storage for Windy Gap water requiring Platte River to find an alternative water supply in both wet and dry years as the Windy Gap water cannot be pumped during wet periods (no storage), or during dry periods (no water in priority to pump). Therefore, this project will provide storage and help ensure a continuous water supply in both wet and dry years. Platte River's share in the project is currently 16,000 acre-feet of the total 90,000 acre-feet of storage. The project is moving into the final design phase and construction is estimated to be complete with the reservoir ready to fill in 2024. The amounts shown represent Platte River's share of the project.

	Craig units 1 and 2 projects	988,976
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Project time frame: 2020-2029

Total cost estimate: \$14,699,000 (10-year capital plan)

The engineering and operating committee approved capital projects for plant improvements and additions at Craig Generating Station. The budget includes expenses for various projects for Craig units 1 and 2 including a boiler waterwall, condenser circulating water isolation valve and generator high voltage bushings, stand-off insulators, and line side current transformers replacements on Unit 2 along with a scrubber thickening system upgrade and work on the 230kV bay in the switchyard. The amount shown represents Platte River's ownership share responsibility.

	Total other production projects	\$ 16,557,000
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	Total production capital additions	\$ 29,719,944
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Transmission capital additions

Transmission projects

Oil breaker (2042, 2046, 2052) replacements - Rawhide Substation	\$ 856,240
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Project time frame: 2019-2020

Total cost estimate: \$867,000

Replace existing oil circuit breakers and associated disconnect switchers located at Rawhide Substation. In addition, replace Timberline coupling voltage transformers and line disconnect switch as well as permanently remove from the system Timberline wavetrap and ground switch. The existing oil circuit breakers are approaching the end of their useful life and it is becoming difficult to find spare parts since the industry is moving away from these installations. The disconnect switches are aging, testing poorly and becoming hard to operate. Wave traps and ground switches are the original equipment installed in the substation and are no longer used for system operations. Removing these from the system limits potential points of failure and prevents Platte River from completing maintenance on equipment that is not necessary for system operations, while at the same time bringing the lines up to current system standards.

• Circuit switcher (T1,T2) addition - Linden Tech Substation	554,960
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Project time frame: 2019-2021

Total cost estimate: \$612,000

Carryover estimate: \$42,000

Replace existing motor operated disconnect (MOD) switches on T1 and T2 with a circuit switcher that has a built-in disconnect switch to conform with current engineering design standards. Replacing the MOD switches will minimize NERC's standard requirements for the City of Fort Collins while providing equipment maintenance benefits to Platte River. The project includes adding dual winding slipover bushing current transformers to transformers T1 and T2 and adding circuit switcher failure protection, overcurrent relaying and bus protection to T1 and T2.

• Airflow spoilers	429,694
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Project time frame: 2017-2021

Total cost estimate: \$1,905,000

Install new airflow spoilers where galloping has resulted in damage or outages in the past. The new airflow spoilers will minimize conductor icing thus reducing galloping. Installation of the airflow spoilers will increase transmission system reliability by preventing system faults, as well as reduce maintenance costs.

• Transformer T3 addition - County Line Substation	212,992
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Project time frame: 2019-2020

Total cost estimate: \$266,000

Install a new 115/12.47 kV transformer, circuit switcher and associated protection at County Line Substation. To conform with system engineering's standards and the power supply agreement, Platte River will install the new circuit switcher and associated protection to

maintain separation from the bulk electric system for the City of Longmont. The City of Longmont will reimburse Platte River for expenses associated with the transformer.

HVAC unit replacements - substations	\$	69,522
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Project time frame: 2017-2024

Total cost estimate: \$597,000

Install heating, ventilating and air conditioning (HVAC) units at the Linden Tech and Richard Lake substations. The units are quickly deteriorating and are at the end of their service lives. A second HVAC unit will be added at both locations to act as a redundant safety measure to further ensure the protection of Platte River assets within the buildings.

• Circuit switcher (T2,T4) addition and relay upgrade - Harmony Substation		61,624
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Project time frame: 2020-2021

Total cost estimate: \$762,000

Replace the existing T2 MOD switch with a circuit switcher and add dual winding slipover bushing current transformers to transformer T2. Circuit switcher failure protections, T2 overcurrent relaying, and T2 bus protection will also be installed. Replacing the MOD with a circuit switcher will provide a separation point between the City of Fort Collins and Platte River while also minimizing NERC's compliance standards for the City of Fort Collins and providing equipment maintenance benefits for Platte River. Dual winding slipover bushing current transformers need to be added to transformer T2 in order for the relaying and protection upgrades to be completed. The relay and protection replacement associated with this project will add reliability to the system by upgrading outdated protection elements and adding secondary relaying to important substation components.

Total transmission projects	\$	2,185,032
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Transmission outage project

Generator step up and unit auxiliary transformer replacements - Rawhide	\$	2,215,726
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Project time frame: 2019-2021

Total cost estimate: \$11,722,000

Replace the existing single-phase generator step up (GSU) transformers with single-phase GSUs and replace the unit auxiliary transformers with three-phase transformers during the major plant outage in 2021. The Rawhide Unit 1 GSU and unit auxiliary transformers are reaching the end of their useful life as they were put into service in 1984. Replacement of these transformers will increase the reliability of Rawhide Unit 1.

Transmission purchases

<ul style="list-style-type: none"> ● Generator outlet transmission line - Roundhouse to Rawhide \$ 20,000,000 	
<p>Project time frame: 2019-2020 Total cost estimate: \$20,045,000 Carryover estimate: \$20,000</p> <p>Purchase of approximately 19 miles of 230 kV transmission line from the Roundhouse Renewable Energy Project to the Rawhide Substation to deliver the 225 MW of wind added in 2020. With the purchase of this line, Platte River will save approximately \$1.2 million in purchased power expenses per year. In addition, Platte River will have more options for lower cost noncarbon resources in the future with the purchase of this transmission line.</p>	
<ul style="list-style-type: none"> ● Relay test set 34,000 	
<p>Purchase of a new Omicron test set that will provide system engineering a means to test relay settings prior to field installation. This set will also provide a way to test metering software to simulate loads being input into a local remote terminal unit (RTU). The test set will improve system reliability by improving installation time in the field. Utilizing an Omicron test set will provide system engineering training for relay, metering and RTU functionality.</p>	
Total transmission purchases	\$ 20,034,000
Total transmission capital additions	\$ 24,434,758

General plant capital additions

General plant projects

- **Energy Engagement Center** \$ 5,027,293

Project time frame: 2019-2020

Total cost estimate: \$5,565,000

Carryover estimate: \$203,000

Add an additional estimated 6,500 square feet of meeting and conference space onto the east end of the new headquarters campus building. This addition will provide the ability to host large public and regional utility meetings, internal employee functions, and assist in education outreach about energy issues confronting the region and state.

- **Headquarters campus** 3,418,938

Project time frame: 2017-2020

Total cost estimate: \$51,064,000 (includes \$0.7 million of Platte River labor)

Design and build a cost effective and viable headquarters campus to better keep pace with advancements in the industry. The new campus will more accurately reflect Platte River's values while providing an easily accessible amenity to owner communities and the general public. An updated headquarters campus will provide a consolidated facility to currently separated work groups while accommodating future growth for decades to come. The project will allow Platte River to capitalize on new technologies and provide staff with the resources needed to operate more effectively and efficiently in a rapidly changing industry. The campus will also provide the community with better access to the region's energy experts and policy leaders who will guide a cleaner and more diverse energy future. Owner, contractors, design and bid contingencies are built into the project costs. More information on the project can be found on Platte River's website at www.prpa.org/headquarters.

- **SONET communications system replacement** 700,364

Project time frame: 2016-2021

Total cost estimate: \$1,554,000

Carryover estimate: \$266,000

Replace obsolete fiber optic SONET equipment with Schweitzer ICON for bulk electric and dense wave division multiplexing equipment for the customer data network. Current Alcatel DMX equipment has reached the end of its useful life and is no longer supported by the manufacturer. The new Schweitzer equipment has a 10-year warranty, which will reduce operations and maintenance costs.

- **Network replacement - Rawhide** 325,000

Replace current enterprise network equipment that has reached end of its useful life and is no longer supported by the vendor. This project is part of a five-year replacement cycle in order to ensure compatibility, security, reliability and keep annual support and maintenance costs from vendors down.

• **Fiber optic lateral - Valley to Long-Haul West Loveland** **\$ 127,916**

Install fiber optic cable and extend existing conduit between the Valley Substation and the Long-Haul West at the intersection of Highway 402 and Taft in Loveland. Building this section of fiber will enable more efficient connectivity between the Estes Park Long-Haul, Long-Haul West and the Loveland local loop cables. All three cables pass within a half mile of each other, but currently there is no efficient method to cross connect fibers between the cables. The installation of this short section of fiber optic cable will allow for the transition between the Estes Park Long-Haul and the Long-Haul West without having to use Loveland local loop fibers. The new fiber cable will enable more options to reconfigure the fiber system in the future and is needed for the SONET replacement project.

• **Smart key system - substations** **107,107**

Install a new electronic lock system that includes the installation of cores at the substations, programming of keys for the owner communities and deployment of the new system. The new system will provide logging capabilities if the need arises for audits or investigations. In addition, the system can deactivate keys due to lost credentials instead of physically re-keying sites when a key is lost.

• **Fiber optic lateral - Richard Lake Substation** **102,575**

Add fiber optic tie to Richard Lake Substation which will expand capabilities with the new bulk electric communication transport network. The tie will remove collapsed ring issues and add redundancy when building new fiber rings for the bulk electric network.

• **DDI management system - headquarters** **95,000**

Install a new DDI system (domain naming services (DNS), dynamic host configuring protocol (DHCP), and internet protocol (IP) address). This solution will provide advanced DNS security, real-time distributed DNS database and IP address management, audit history, central manageability, a better user interface, troubleshooting tools, network insight, domain name system security extensions support, distributed denial of service protection, and detection and mitigation support. This project will address numerous vulnerabilities in Platte River's strategic five-year cybersecurity risk program.

Server replacements - headquarters **75,000**

Replace multiple servers that have reached the end of useful life. This project is part of a five-year replacement cycle in order to ensure compatibility, security, reliability and keep annual support and maintenance costs from vendors down.

SCADA periodic server equipment replacement **74,361**

Project time frame: 2017-2024

Total cost estimate: \$287,000

Replace server equipment that has reached end of its useful life and is no longer supported by the vendor. The SCADA systems' reliability, security and compliance rely on stable hardware in addition to the availability of security patches and manufacturer support.

• **Security - Loveland substation walls** \$ 66,751

Project time frame: 2019-2020
Total cost estimate: \$125,000
Carryover estimate: \$59,000

Install surveillance and radar at a City of Loveland substation. This installation will be done in conjunction with the installation of the new block walls. The project will enable the City of Loveland to monitor the substation with video and radar systems. The City of Loveland has requested exterior and interior security surveillance. The interior surveillance will be viewable by both Platte River and the City of Loveland while the exterior will be solely viewable by the City of Loveland.

• **Identity and access management solution** 50,000

Install an identity and access management system. The system will ensure the right individuals access the right resources at the right times and for the right reasons. This project was a recommendation from the Neo Prime Cyber Risk assessment and is a requirement of the Platte River cybersecurity framework.

• **GeoEvent server and application** 43,553

Purchase and install additional technology to allow owner community and Platte River staff to collaborate on fiber optic work performed in the field. This collaboration solution will be used to coordinate work and comply with the fiber management intergovernmental agreement signed by the owner communities and Platte River.

Disaster recovery center (generation desk) 41,619

Purchase, configure, and install operation technology to support the new backup control center for marketing. In compliance with FERC Standards of Conduct, the transmission and marketing functions have been separated and have different control centers, however they currently share a disaster recovery center. This project will separate the backup facilities.

• **Key management system - headquarters** 33,159

Install a key management cabinet that integrates with Platte River's current key card system with the ability to track physical keys. The system will log the time the key was taken and by whom. The key cabinet will provide an enhanced key control, removing the need for employees to carry physical keys for emergencies, thus limiting the opportunity for lost or misplaced keys. This will significantly decrease the potential need to re-key sites due to a lost credential.

Voice recorder upgrade 28,443

Upgrade the voice recorder hardware and the operating system from Windows Server to the latest version.

Optical network equipment replacement \$ 21,000

Upgrade the optical networking equipment on the Fort Collins Community Network (FCCN) to provide 10 gigabyte ethernet services to the members. The existing equipment is reaching the end of support life by the vendor. This equipment is used to connect Platte River to the FCCN and provides the primary internet service.

• **Multi-factor authentication solution** 20,000

Install a multi-factor authentication solution. The solution provides an additional layer of security by strengthening the authentication requirements to access Platte River's systems. This project was a recommendation from the Neo Prime Cyber Risk assessment and is a requirement of the Platte River cybersecurity framework.

Telephone router replacement 16,966

Replace end of life telecommunications routers at Rawhide and headquarters that are no longer supported by the vendor.

SCADA periodic storage equipment replacement 10,722

Project time frame: 2017-2022

Total cost estimate: \$172,000

Replace operations technology storage equipment that is at the end of its useful life and is no longer supported by the manufacturer. The SCADA systems' reliability, security and compliance rely on stable hardware in addition to the availability of security patches and manufacturer support.

• **Enterprise resource planning software** -

Project time frame: 2020-TBD

Total cost estimate: TBD

Replace multiple systems that have reached the end of their useful life. The scope of applications to be replaced includes the benefits, time entry, and payroll systems for human resources, the general ledger, accounting, fixed assets, cash management, purchasing, budgeting, forecasting and reporting systems for financial services, and the materials/maintenance management and fleet tracking systems for facilities and fleet. The new software will allow employees to work more efficiently with access to real time data needed to make business decisions. In addition, new functionality within the selected system will offer modernized features to employees. After the vendor process review and software recommendation, a budget, scope and schedule will be determined.

Total general plant projects \$ 10,385,767

General plant purchases

Vehicle fleet replacements	\$ 203,018
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Replace vehicles which meet or exceed Platte River’s vehicle replacement criteria of twelve years or 90,000 miles. Platte River utilizes a fleet team to review fleet replacement processes and criteria. Platte River’s vehicle replacement criteria has been evaluated and is in line with owner community practices. Replacement of these vehicles will help bring the fleet up to standards.

Floor machine - street sweeper - headquarters	50,000
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Purchase a floor sweeper with a package that includes a solid dump hopper, solid tires, single point electronic controls, safety lighting and backup alarm. The new headquarters campus will have a greater number of roadways, parking areas, and interior parking surfaces that need to be maintained. The current attachments used are undersized to efficiently upkeep the added surfaces.

SCADA periodic software license purchase	19,907
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Purchase Microsoft Windows licenses to upgrade the legacy operating systems. The Microsoft Windows operating systems installed on SCADA access control and monitoring virtual servers are reaching end-of-support. This license will allow all virtual servers to be upgraded to the latest version of the operating system.

Copiers - headquarters	18,000
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Purchase and install additional copiers in the new headquarters campus building to allow easy access to a copier for all employees.

Snowrator plowing machine	15,000
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Purchase a snowrator plowing machine with a granular ice melt spreading system, de-icing spray system, zero turn radius controls and a 48-inch plow blade. The new headquarters campus will have a greater amount of roadways, parking areas, sidewalks and building edges that need to be maintained in order to allow visitors and employees to travel safely around the campus. The current plow and blower attachment are not sized to efficiently maintain the added surfaces.

Fire extinguisher training simulator	14,300
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Purchase a fire extinguisher training simulator consisting of a digital monitor panel, training extinguishers and a shipping case. This simulator will eliminate hazards associated with having a live fire extinguisher training.

● Spotter training equipment	14,000
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Purchase spotter equipment for training, setup configuration and troubleshooting. This equipment will provide Platte River an opportunity to train on all aspects of the spotter equipment and software without jeopardizing already configured radar sites.

Fiber optic splicer replacement	\$ 10,695
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Purchase an S70 telecommunications fiber optic splicer to replace the current S50 fiber optic splicer. The current splicer is outdated making it difficult to find replacement parts.

Fiber optic identifiers	10,586
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Purchase two fiber optic identifiers that will allow technicians to identify fiber between two locations without having to cause an outage to the bulk electric system or to customers.

Fiber optic cable lasher	6,400
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Purchase an aerial cable lasher to support aerial cables in Estes Park, Longmont, Loveland and Highway 34.

Total general plant purchases	\$ 361,906
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Total general plant capital additions	\$ 10,747,673
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Total 2020 capital additions	\$ 64,902,375
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Debt service expenditures

Long-term financial projections in line with SFP financial metrics determine the need and timing of debt financings. Platte River's SFP debt ratio target is 50% or lower. Debt proceeds historically have been used to finance production and transmission assets. Outstanding long-term debt consists of fixed-rate debt issued under Platte River's general power bond resolution. The debt service expenditures include principal repayments and interest expense based on scheduled debt payments. Of the \$159.1 million debt outstanding, approximately 85% and 15% relate to transmission and Rawhide projects, respectively. A new Series KK debt financing of approximately \$100 million is planned for 2020 to fund the Windy Gap Firing Project. The weighted average cost of debt during 2020 is forecast to be approximately 3.4%.

Credit ratings for power revenue bonds

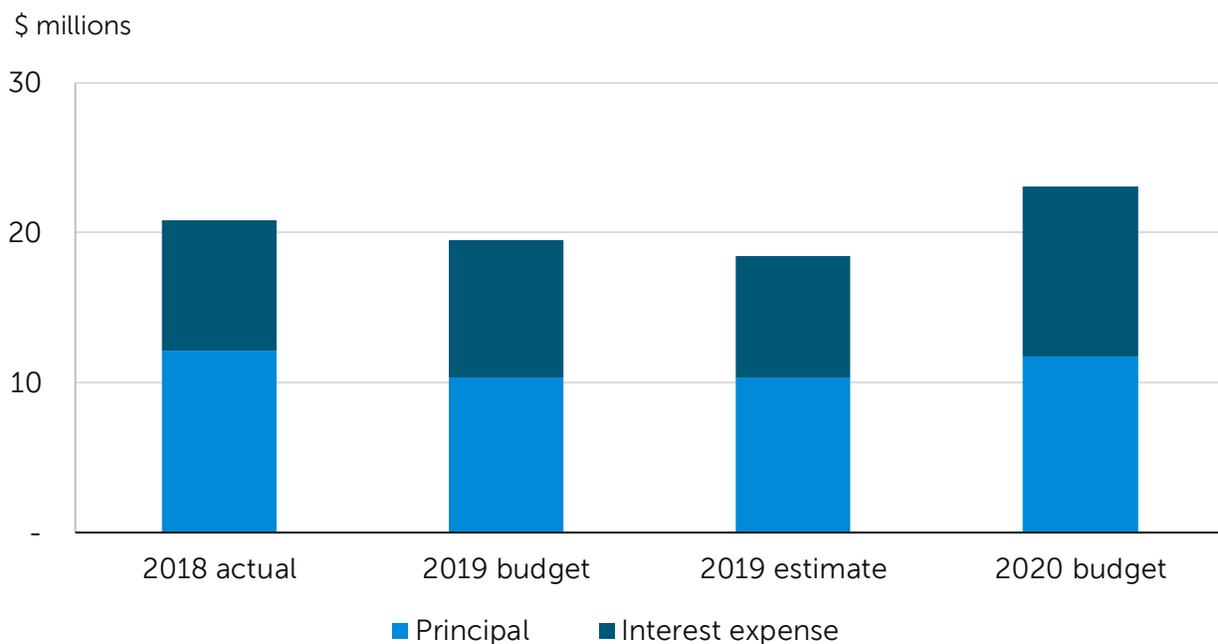
Platte River is committed to maintaining a strong credit rating, which is a significant factor in determining cost of debt. The senior lien debt credit is rated AA by all three credit rating agencies: Moody's, Fitch and Standard & Poor's (S&P). The key factors in determining these ratings are the diversity and economic strengths of the owner communities, Platte River's financial position, management expertise and overall competitive position.

Bond issue	Moody's	Fitch	S&P
Series II	Aa2	AA	AA
Series JJ	- ⁽¹⁾	AA	AA

(1) A credit rating was not obtained from Moody's for the Series JJ debt issuance.

Debt service expenditures (\$000)	2018 actual	2019 budget	2019 estimate	2020 budget
Principal	\$ 12,104	\$ 10,346	\$ 10,320	\$ 11,713
Interest expense	8,729	9,129	8,130	11,397
Power revenue bond service	20,833	19,475	18,450	23,110
Allowance for funds used during construction	(821)	-	-	-
Net debt service expenditures	\$ 20,012	\$ 19,475	\$ 18,450	\$ 23,110

Power revenue bond service



Long-term debt outstanding	2018 actual	2019 budget	2019 estimate	2020 budget
Power revenue bonds				
Series HH	\$ 7,985,000	\$ -	\$ -	\$ -
Series II maturing 6/1/2037	26,170,000	25,530,000	25,530,000	24,865,000 ⁽¹⁾
Series JJ maturing 6/1/2036	145,605,000	143,895,000	143,895,000	134,250,000 ⁽²⁾
Series KK	-	100,000,000	-	100,000,000 ⁽³⁾
Total power revenue bonds	179,760,000	269,425,000	169,425,000	259,115,000
Unamortized bond premium	25,713,536	22,321,896	22,321,896	19,109,995
Total net long-term debt	<u>\$ 205,473,536</u>	<u>\$ 291,746,896</u>	<u>\$ 191,746,896</u>	<u>\$ 278,224,995</u>

(1) Series II remaining amount outstanding relates to transmission assets.

(2) Series JJ remaining amount outstanding relates to transmission assets and Rawhide assets of \$109.6 million (82%) and \$24.6 million (18%), respectively.

(3) Estimated amount of Series KK debt issuance. Issuance was delayed in 2019 and is planned for 2020.

Bond service coverage	2018 actual	2019 budget	2019 estimate	2020 budget
Net revenues				
Operating revenues	\$ 222,113,956	\$ 227,045,117	\$ 229,809,061	\$ 236,666,914
Operating expenses, excluding depreciation and amortization	(165,348,935)	(180,638,088)	(176,880,377)	(190,332,880)
Net operating revenues	56,765,021	46,407,029	52,928,684	46,334,034
Plus interest and other income	3,490,514	4,269,924	4,075,916	3,863,351
Net revenues before rate stabilization	60,255,535	50,676,953	57,004,600	50,197,385
Rate stabilization				
Deposits	-	-	-	-
Withdrawals	-	-	-	-
Total net revenues	\$ 60,255,535	\$ 50,676,953	\$ 57,004,600	\$ 50,197,385
Bond service				
Power revenue bonds	\$ 20,833,227	\$ 19,474,686	\$ 18,449,686	\$ 23,110,003
Allowance for funds used during construction	(821,032)	-	-	-
Net revenue bond service	\$ 20,012,195	\$ 19,474,686	\$ 18,449,686	\$ 23,110,003
Coverage				
Power revenue bonds	3.01x	2.60x	3.09x	2.17x

Budget process

Platte River is a political subdivision of the State of Colorado and is subject to the Local Government Budget Law, C.R.S. § 29-1-101, *et seq.* Platte River is not subject to Colorado's Taxpayer's Bill of Rights provisions because it operates as a proprietary fund. The statutory deadline for submission of Platte River's annual budget to its board of directors is Oct. 15 of each year. By that date, a notice is published in newspapers of general circulation stating that the annual budget is available for inspection by the public. The date and time for the public hearing is also published. The budget document can be found on Platte River's website at www.prpa.org and at Platte River's headquarters at 2000 East Horsetooth Road, Fort Collins, Colorado.

The budget was developed in alignment with the strategic initiatives and in compliance with the financial framework described in the financial governance section. The budget was also developed with an adaptive strategy to effectively maintain system reliability, ensure environmental responsibility and regulatory compliance, as well as manage risk. Below explains how the budget is developed, reviewed and approved.

Owner communities load forecast

Platte River's long-range load forecast is developed using an econometric model that incorporates independent variables including population, distributed solar, electric vehicle usage and weather. The forecast also includes a trend for demand and energy changes anticipated from energy efficiency programs. The budgeted monthly demand and energy load projections were based on the 10-year official load forecast.

Production cost model

The major revenue and expense categories (sales for resale, purchased power and fuel) are developed from the results of an hourly production cost simulation model, Aurora. Generation by resource is determined using assumptions for resource availability and performance, fuel and transportation contract costs, power purchase contract terms and market prices for sales for resale, supplemental purchased power and natural gas.

Personnel budget

The salaries budget is developed in accordance with the board policy on employee total compensation. A market adjustment is included in regular wages based on data from a variety of published sources, both regional general industry and from other utilities. Position step increases and new positions are also included in the budget. New positions are requested by department managers who submit a position description and justification. The senior management team reviews the requests and decides the positions for the upcoming year based on the greatest need and value to Platte River. As positions become vacant, they are evaluated to determine if

replacement is required or if the position can be allocated to another area. All incremental headcount is approved by the board of directors through the budget process. Overtime and capital labor are budgeted by the individual departments as a component of total salaries. The remaining operating salaries are allocated to the functional accounts based on recent historical data. Medical and dental expenses are based on a mid-year projection provided by Alliant Employee Benefits using historical claims and industry cost projections. All projected benefit costs are applied to the budgeted labor charges.

Departmental budgets

Each department must submit a budget on an account-by-account basis along with justifications, explanations and statistical information supporting the budget. Department managers develop internal goals and work plans and align their activities with Platte River's strategic initiatives. Through internal work sessions, the department budgets are reviewed and approved by division managers and senior management.

Craig units 1 and 2 budget

The participation agreement provides for the joint ownership of Craig units 1 and 2, of which Platte River owns 18%. Tri-State, as the operating agent of Craig Generating Station, is responsible for the daily management, administration, operation and maintenance of Craig units 1 and 2 and related transmission facilities. All costs of operation and maintenance, other than fuel costs, are shared on a pro rata ownership basis. Participants are obligated to advance funds to the operating agent as required to make payments of operating and maintenance costs when due. The engineering and operating committee works closely with Tri-State staff to develop capital and operations and maintenance budgets to ensure future plant reliability through the life of the project.

Joint transmission

Platte River's share of joint ownership projects include costs for the Ault-Fort St. Vrain, Craig-Bonanza, Hayden-Blue River and Craig-Ault transmission lines, as well as Craig units 1 and 2 transmission costs. The joint ownership project budgets are developed by the operating agents and approved by the participants through the engineering and operating committees.

Billable projects

Platte River performs services on behalf of its owner communities. The services are structured under intergovernmental agreements and are billed directly to each owner community. Examples of services provided include customer information systems, distribution, SCADA, substation security and fiber management. These activities are shown in the collaboration diagram.

Capital budget

Capital projects are developed based on a five-to-ten-year planning horizon. With each budget cycle, projects are submitted with a project description and justification. Projects are planned based on resource availability and are categorized, ranked, prioritized and strategic projects are identified. A long-term capital forecast is also prepared, reviewed and updated three times a year. The long-term capital forecast is used for long-range financial planning to determine rates, cash flows and the timing of debt financings.

Budget contingency

The budget contingency can be used to meet unexpected expenditures that could not be foreseen at the time the budget was prepared. Events that may require the use of the contingency include unplanned generation or transmission outages, significant increases in power market or natural gas prices, unplanned expenses to maintain power supply to the owner communities or the adoption of an accounting policy which impacts expenditures. It may also be used for existing capital projects that require expenditures above those budgeted as the result of scheduling changes, payment timing differences, changes in work scope, price fluctuations or new projects the board of directors deem important to start before the next budget year. A contingency transfer is not unusual for capital projects. Prior to transferring contingency to an expense category, staff must notify the board of directors of the need for the transfer and present a resolution proposed for adoption. The budget contingency appropriation amount represents approximately 10% of the operating expenses and capital additions to align with fluctuations in the budget.

Year	Contingency appropriation budget (\$000) ⁽¹⁾	Appropriated amount (\$000)	%	Purpose of transfer
2010	\$20,000	\$6,000	30%	Additional expenditures for timing changes related to the 230kV transmission expansion capital projects.
2011	\$20,000	\$5,407	27%	Cost overruns for the 230kV transmission capital projects.
2012	\$20,000	-	-	
2013	\$20,000	-	-	
2014	\$20,000	-	-	
2015	\$20,000	\$6,640	33%	Additional expenditures for several capital projects including the Craig Unit 2 nitrogen oxide removal, the fiber route to Estes Park, and the control room for the digital control system, as well as ancillary services related to additional wind generation.
2016	\$20,000	\$1,200	6%	Additional expenditures for the initial progress payments for the generator rotor replacement project and the generator stator rewind project completed during the 2018 planned maintenance outage.
2017	\$20,000	\$1,100	6%	Additional expenditures for the initial progress payments for the bottom ash and reclaim pond project completed during the 2018 planned maintenance outage.
2018	\$23,000	-	-	
2019	\$23,000	- ⁽²⁾		

(1) Prior to 2018, the budgeted contingency was a fixed amount.

(2) A contingency transfer for capital projects is planned to be requested at the December 2019 board of directors meeting.

Management review

Financial statements, budget summary, budget detail and division/department budget reports are prepared and analyzed for management review. A proposed budget work session with the managers and the general manager/CEO is held to provide discussion and analysis of the budget and to ensure that expenditures for the budget year are consistent with goals, objectives and strategic initiatives, and conform to the rate structure and SFP. This discussion and analysis may result in revisions, deletions, reductions or additions of budget items. The budget is revised accordingly, and the reports are revised and distributed to management for further review.

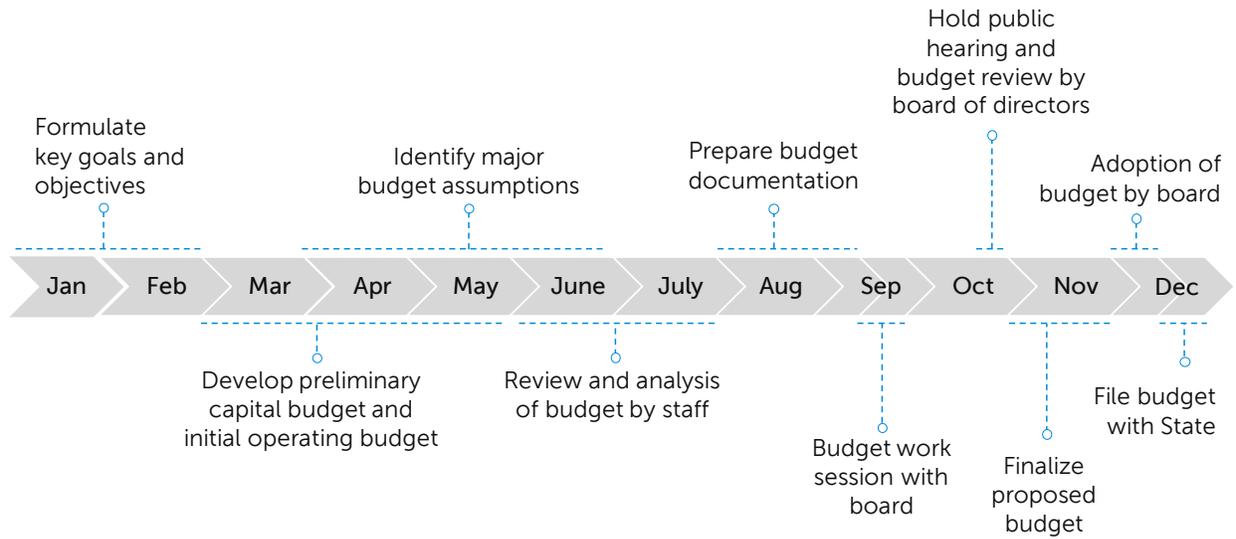
Budget document

The strategic budget document is a comprehensive document used by Platte River's management as a planning tool and a means of communicating to the board of directors and the public. The budget document is prepared in compliance with the Local Government Budget Law of Colorado and is submitted to the state no later than 30 days following the beginning of the fiscal year of the adopted budget. The budget document must show: all proposed expenditures as well as all sources of anticipated income; estimated beginning and ending fund balances; the corresponding actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year; a written budget message; and explanatory schedules or statements.

Board review and adoption

The proposed budget is distributed to the board of directors in September and a budget work session is scheduled at the September board meeting. Legal notices are published in the four owner communities' newspapers stating: the budget has been delivered to the board of directors; it is available for public inspection; the date and time of a public hearing which is scheduled at the October board meeting; and that the adoption of the proposed budget will be considered at the December board meeting. Revisions to the budget during the board of directors work session or other revisions arising from unanticipated changes are reviewed with the board of directors at the October board meeting. Final adjustments to the proposed budget may be made before board adoption in December.

Budget schedule



Financial governance

The Local Government Budget Law of Colorado, in addition to the policies listed below, provide the framework for Platte River's financial activities and budget development.

Fiscal resolution

The resolution is adopted as a requirement of the organic contract that governs the financial transactions of Platte River.

Strategic financial plan

Platte River Power Authority's SFP provides direction to create long-term financial sustainability, manage financial risk and support Platte River's mission, vision and values. The priorities of the SFP are to generate adequate cash flows, maintain access to low-cost capital, provide wholesale rate stability and maintain sufficient liquidity for operational stability. To achieve long-term financial sustainability and the lowest practical cost of debt necessary to finance Platte River's long-term capital program, financial metrics have been established in consideration of rating agency guidelines. Additionally, 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 and procedures. Staff reviews the SFP annually and makes recommendations to the board as necessary.

Rate requirements and practices

The general powers of Platte River, as stated by C.R.S § 29-1-204(3)(j), "include the right to fix, maintain, and revise fees, rates, and charges for functions, services, or facilities provided." Platte River's Board of Directors has the exclusive authority to establish electric rates.

The power supply agreements with the owner communities require the board to review rates at least once each calendar year. The agreements also require that rates be sufficient to cover all operating and maintenance expenses, purchased power costs, debt service expenses and to provide reasonable reserves and adequate earnings margins so Platte River may obtain favorable debt financing.

The general power bond resolution requires that rates be sufficient to generate net revenues that cover debt service expense at a minimum 1.10 times. The general power bond resolution also requires Platte River to review rates and charges as necessary, no less than once each calendar year.

Platte River strives to maintain long-term competitive rates relative to regional peer wholesale electric providers. Competitive wholesale rates provide the owner communities an economic advantage for their residential, commercial and industrial customers.

Platte River's board-adopted rate setting policy and accompanying rate setting reference document describes an approach to rate making including objectives to be achieved both in the near-term and over the long-term planning horizons.

It is the policy of Platte River to establish service offerings and supporting rate structures that complement the strategic objectives, underlying policies and values of the organization. Platte River has identified the following goals important to the rate setting process. These goals are as follows:

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

Platte River's tariffs and charges will be established to achieve SFP targeted financial metrics. Multi-year rate smoothing strategies will also be utilized, as deemed appropriate, to avoid greater single year rate impacts or to accomplish specified financial objectives.

Financial metrics

The financial metrics outlined below aid in achieving long-term financial sustainability (liquidity, leverage, cash flow, earnings). Additionally, achieving strong financial metrics provides Platte River the flexibility to implement necessary rate changes and to change rates over longer periods of time to minimize short-term rate impacts. While the financial metrics are established and evaluated on an annual basis, multi-year performance is considered during the evaluation of rate action and decision making.

- Generate minimum 1.50 times fixed obligation charge coverage ratio
- Generate minimum net income equal to 3% of projected annual operating expenses
- Target debt ratio less than 50%
- Target minimum 200 days unrestricted cash on hand

Rate stabilization account

Under the general power bond resolution, Platte River has established a rate stabilization reserve account. Deposits to this account are a reduction to current net revenues for purposes of computing bond service coverage. Future withdrawals will increase net revenues for purposes of computing bond service coverage and could assist Platte River, at such time, in meeting its wholesale rate covenant. Withdrawals from the reserve account have not occurred to meet bond service coverage in Platte River's history and the current rate stabilization reserve account is a balance sheet item of \$20 million. Risk analysis is performed annually to determine the appropriate level to maintain in the account.

Power supply agreements

The power supply agreements define the terms and conditions for the sale and purchase of electricity by Platte River to its owner communities. Currently all four power supply agreements run through 2060.

General power bond resolution

The general power bond resolution allows bonds to be issued and sold for a specific purpose and establishes the rights and responsibilities of each party in a bond contract (the issuer and the bondholder). The bonds represent money loaned and entitle the holder to interest payments and the return of principal.

Bond service coverage

Bond service coverage is a key indicator of financial strength and is reviewed by the credit rating agencies when assessing Platte River's credit quality. Bond service coverage is a measure of Platte River's ability to generate cash to pay bondholders. Under the general power bond resolution, Platte River is required to charge wholesale electric energy rates to the owner communities that are reasonably expected to yield net revenues for the forthcoming 12-month period that are at least equal to 1.10 times total power bond service requirements.

Use of restricted and unrestricted resources

The use of restricted and unrestricted resources is based on the intended purposes as indicated in the bond resolutions.

Investments

Platte River's investment policy provides a framework for managing its investments. Platte River shall invest and manage assets as a prudent investor would, by considering the purposes, cash requirements and terms of the various funds. In satisfying this standard, the chief financial officer shall exercise reasonable care, skill and caution. Investment and management decisions will be evaluated not in isolation but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to Platte River. The primary objectives of investment activities shall be safety, liquidity and yield. Platte River only invests in obligations of the United States government and its agencies and other investments permitted under Colorado law.

Risk management

Platte River's risk oversight committee consists of the general manager/CEO, senior management and key staff members. Platte River identifies, evaluates, ranks and mitigates risks significant to Platte River. These are risks that could negatively impact electric supply, finances, reputation and safety. The risk management process is

continually evolving and currently provides the framework to identify and assess specific risks by soliciting input directly from subject matter experts throughout the organization and developing mitigation strategies.

Platte River maintains several different types of insurance including auto liability, commercial crime, cyber liability, directors and officer's liability, fiduciary liability, excess liability, medical professional, property, employee health and workers' compensation. The aggregate property casualty limits are \$200 million. Platte River self-insures the first one million dollars of general liability exposure with an excess liability policy of \$35 million. Platte River carries directors and officer's liability insurance of \$10 million and the cyber liability limits are \$50 million. A stop loss insurance policy covers medical claims in excess of \$175 thousand per participant, limiting Platte River's exposure to significant claims in any given year; however, exceptions can and may be applied by the insurance carrier.

Basis of accounting

Platte River accounts for its financial operations as a proprietary fund and financial statements are prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America. Platte River's accounts are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission.

As a board-regulated entity, Platte River is subject to the provisions of Governmental Accounting Standards Board Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-Nov. 30, 1989, FASB and AICPA Pronouncements, Regulated Operations, paragraphs 476–500, which requires the effects of the rate making process to be recorded in the financial statements. Accordingly, certain expenses and revenues normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in Platte River's wholesale rates. Platte River has board approved accounting policies for specific activities following this standard.

Operating revenues and expenses

Operating revenues and expenses consist of those revenues and costs directly related to the generation, purchase and transmission of electricity. Operating revenues are billed and recorded at the end of each month for all electricity delivered. Revenues and expenses related to financing, investing and other activities are considered to be nonoperating.

Capital

Capital additions include expenditures of five thousand dollars or more for property, equipment or construction projects with an estimated useful life greater than two years. Expenditures less than five thousand dollars are reflected within the operations

and maintenance expense budget. The Craig units 1 and 2 capital budget was prepared by the operating agent, Tri-State, and has been approved by the engineering and operating committee of which Platte River is a member. Depreciation is recorded using the straight-line method over the estimated useful lives of the various classes of plant in service.

Platte River management has placed an emphasis on project management, specifically reviewing resource availability, as well as improving project planning and execution. This process will continue to evolve, striving towards operational excellence.

Capital projects can be delayed for various reasons. The previous year unexpended amounts may be due to construction delays, change in scope or payment timing differences and will be determined after the Dec. 31 year-end closing. Budget law allows Platte River to carry over into the next year any unexpended balance of funds appropriated for the previous year expenditures. The amounts required in the next year to complete the previous year projects will then be transferred to the appropriate budget categories in the next year. This is termed the carryover process and is preferred versus re-budgeting the funds. The capital additions will be funded either from current operations and/or proceeds from debt financings.

As unplanned projects come up throughout the course of the year, project managers follow the internal out-of-budget or over budget process to submit the project for consideration. Each project is described, justified and other impacts are evaluated. The project is then reviewed on merit by the general manager/CEO. If the project is approved, overall project schedules may change to accommodate the new or revised project. Given the amount of variability and uncertainty with projects, funding is tracked closely, and the carryover process is implemented if a project cannot be completed in the given year. If additional funds are required, a contingency transfer will be requested of the board to move funds into the capital budget.

Acronyms and terms

2019 estimate	Current estimate of revenues and expenditures to reflect actual revenues and expenditures (January through October) and budget revenues and expenditures (November and December). Some modifications were made to reflect more accurate projections.
A&G	Administrative and general.
Accrual	An expense is recognized when incurred, before cash is paid out.
Amortization	Gradual reduction of book value for a non-depreciable asset.
Bond service	See debt service.
Bond service coverage	Net revenues divided by debt service.
Capacity factor	The ratio of the average load on a generator for the period of time considered to the capacity rating of the generator.
Capital and debt management fund	A dedicated fund authorized by Platte River's strategic financial plan to be used in managing debt and to provide reserves for future capital additions.
CIP	Critical Infrastructure Protection – regulated by NERC.
Contingency	An appropriation of funds to cover unforeseen expenditures which may occur during the budget year.
CRSP	Colorado River Storage Project – division of Western Area Power Administration.
Debt ratio	Long-term debt, net divided by total electric utility plant plus net working capital, as defined in the general power revenue resolution.
Debt service	Bond interest and principal. Also referred to as bond service.
Depreciation	That portion of the cost of a fixed asset expensed to operations to allow for lost usefulness.
DER	Distributed energy resources – a demand-side management program.
DR	Demand response – a distributed energy resources program.
DSM	Demand-side management.

Enterprise resource planning (ERP)	Enterprise resource planning is the integrated management of main business processes, often in real-time and mediated by software and technology. Many ERP software applications exist to help organizations implement resource planning by integrating all of the processes needed to run an organization with a single system.
FERC	Federal Energy Regulatory Commission.
Fiscal resolution	A resolution that governs the financial transactions of Platte River.
Fixed obligation coverage charge ratio	The fixed obligation charge coverage ratio (FOCCR) is a measurement of cash flows and the ability to repay annual debt service costs from recurring revenues net of recurring expenses excluding one-time revenues or extraordinary charges. FOCCR also incorporates debt-like obligations either related to the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. A minimum 1.50 times FOCCR provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio requirement, partially fund future capital additions and maintain favorable credit ratings.
General power bond resolution	A resolution for providing the issuance of power revenue bonds.
GW	One thousand megawatts; one million kilowatts.
GWh	One gigawatt of power delivered steadily for one hour.
High-side metering	Measuring the current and voltage quantities on the high side of the transformer.
IRP	Integrated resource plan.
kW	Kilowatt; one thousand watts.
kW-Mo	The maximum kW reached during a calendar month used for billing demand.
kWh	One kilowatt of power delivered steadily for one hour.
kV	Kilovolt; one thousand volts.
LAP	Loveland Area Projects – division of the Western Area Power Administration.
MBtu	One million Btu. A Btu is a British thermal unit and is the standard unit for measuring quantity of heat energy and represents the amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit.
MW	Megawatt; one thousand kilowatts.

MWh	One megawatt of power delivered steadily for one hour.
NERC	North American Electric Reliability Corporation.
Net income	Revenues less operating costs, depreciation, amortization and interest expense.
Net revenue	Total revenues less operation and maintenance expenses during a period.
O&M	Operations and maintenance.
Owner communities	Estes Park, Fort Collins, Longmont and Loveland. The four owner communities of Platte River.
Projected	Estimate of revenues and expenditures based on past trends, current economic conditions and future financial forecasts.
Rate stabilization fund	An account provided for by Platte River's general power bond resolution and funded in accordance with Platte River's strategic financial plan.
Restricted assets	Cash and investment accounts restricted to use by bond covenants or laws and regulations.
Sales for resale – contract	Firm sales of energy intended to have assured availability as set forth by a contract with duration greater than a year.
Sales for resale – short-term	Sales of electric energy having limited or no assured availability for a period of one year or less.
SCADA	Supervisory control and data acquisition.
SFP	Strategic financial plan.
WAPA	Western Area Power Administration.
WECC	Western Electricity Coordinating Council
Wheeling	Use of transmission facilities of other utilities.



Estes Park • Fort Collins • Longmont • Loveland

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