Call to order

1) Consent agenda
   a. Minutes of the regular meeting of Dec. 5, 2019
   b. Incorporation into record of resolution 10-19: 2020 board of directors regular meeting schedule
   c. Transfer of 2019 capital budget carryover to 2020 strategic budget
   d. Proposed survey question changes for 2019 GM/GC annual review

Public comment

Annual meeting

2) Platte River Power Authority Annual Meeting
   a. Annual election of officers
   b. Annual retirement committee appointments
   c. 2019 Platte River review

Resolution 01-2020
Resolution 02-2020

Management presentations

3) Western Energy Imbalance Market update
4) IRP preliminary results

Management reports

5) Gainshare program update

Monthly informational reports

6) Legal, environmental and compliance report
7) January 2020 operating report
8) January 2020 financial report
9) January general management report

Strategic discussions

- Board chair and vice chair – March meeting

Adjournment
## 2020 BOARD MEETING PLANNING CALENDAR

### March 26, 2020

<table>
<thead>
<tr>
<th>Board Action Items</th>
<th>Management Presentations</th>
<th>Management Reports</th>
<th>Monthly Informational Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement committee report</td>
<td>IRP update</td>
<td>Safety program review</td>
<td>Legal, environmental and compliance report</td>
</tr>
<tr>
<td>GM/GC annual review</td>
<td>DER strategy committee update</td>
<td>Debt financing</td>
<td>February 2020 operating report</td>
</tr>
<tr>
<td>Elect chair/vice chair</td>
<td>Future water requirements</td>
<td></td>
<td>February 2020 financial report</td>
</tr>
<tr>
<td>Platte River Power Authority’s legal authority</td>
<td></td>
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<td>General management report</td>
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### April 30, 2020

<table>
<thead>
<tr>
<th>Board Action Items</th>
<th>Management Presentations</th>
<th>Management Reports</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2019 BKD audit report</td>
<td>IRP update</td>
<td>Water resources reference document (updated version)</td>
<td>Legal, environmental and compliance report</td>
</tr>
<tr>
<td>Acceptance of 2019 annual report</td>
<td>Debt financing</td>
<td>Wholesale rate projections</td>
<td>March 2020 operating report</td>
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<tr>
<td>Safety program review</td>
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<td>March 2020 financial report</td>
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<td>Future water requirements</td>
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<td>General management report</td>
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### May 28, 2020

#### Retirement Committee Meeting

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<tr>
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<th>Management Presentations</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Revision to wholesale transmission service (Tariff WT-21)</td>
<td>Wholesale rate projections and wholesale transmission</td>
<td></td>
<td>Legal, environmental and compliance report</td>
</tr>
<tr>
<td>IRP</td>
<td>Synopsis of State Legislation of interest</td>
<td></td>
<td>April 2020 operating report</td>
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Updated Feb. 20, 2020

This calendar is for planning purposes only and is subject to change.
### June 5-10, 2020

**APPA National Conference**  
**Long Beach, CA**

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<table>
<thead>
<tr>
<th>July 30, 2020</th>
<th>Board Action Items</th>
<th>Management Presentations</th>
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<tbody>
<tr>
<td></td>
<td>Retirement committee report</td>
<td>Energy Efficiency programs update</td>
<td></td>
<td>Legal, environmental and compliance report</td>
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<td></td>
<td>May and June 2020 operating report – mid-year review</td>
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<td></td>
<td>May and June 2020 financial report – mid-year review</td>
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<td>General management report</td>
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<thead>
<tr>
<th>August 27, 2020</th>
<th>Board Action Items</th>
<th>Management Presentations</th>
<th>Management Reports</th>
<th>Monthly Informational Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Committee Meeting</td>
<td>Energy Efficiency programs update</td>
<td>2021 Rate tariff schedules</td>
<td></td>
<td>Legal, environmental and compliance report</td>
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<td></td>
<td>July 2020 operating report</td>
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<td>July 2020 financial report</td>
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<td>General management report</td>
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### September 24, 2020

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<tr>
<th>Board Action Items</th>
<th>Management Presentations</th>
<th>Management Reports</th>
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</thead>
<tbody>
<tr>
<td>Retirement committee report</td>
<td>2021 Proposed strategic budget work session</td>
<td>Workforce update (MEMO only)</td>
<td>Legal, environmental and compliance report</td>
</tr>
<tr>
<td>2021 Rate tariff schedules</td>
<td></td>
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<td>August 2020 operating report</td>
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<td>August 2020 financial report</td>
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<td>General management report</td>
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### October 29, 2020

<table>
<thead>
<tr>
<th>Board Action Items</th>
<th>Management Presentations</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2020 BKD audit plan</td>
<td>2021 Proposed strategic budget update – public hearing</td>
<td>Benefits updates – memo only (much like staffing update)</td>
<td>Legal, environmental and compliance report</td>
</tr>
<tr>
<td>2021 Rate tariff schedules</td>
<td></td>
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<td>September 2020 operating report</td>
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<td>September 2020 financial report</td>
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<td>General management report</td>
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### November, 2020

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<tbody>
<tr>
<td>Retirement Committee Meeting</td>
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</table>

**No Board of Directors Meeting**
<table>
<thead>
<tr>
<th>December 10, 2020</th>
<th>Board Action Items</th>
<th>Management Presentations</th>
<th>Management Reports</th>
<th>Monthly Informational Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement committee report</td>
<td>2021 Strategic budget update and review</td>
<td></td>
<td></td>
<td>Legal, environmental and compliance report</td>
</tr>
<tr>
<td>2021 Strategic budget adoption</td>
<td></td>
<td></td>
<td></td>
<td>October 2020 operating report (November 2020 report, if available)</td>
</tr>
<tr>
<td>2020 Board contingency appropriation transfer – capital additions (if required)</td>
<td>Workforce updates</td>
<td></td>
<td></td>
<td>October 2020 financial report (November 2020, if available)</td>
</tr>
<tr>
<td>2021 Proposed board of directors regular meeting schedule</td>
<td></td>
<td></td>
<td></td>
<td>General management report</td>
</tr>
</tbody>
</table>

Topics to be scheduled:

- Windy Gap Firming project debt financing
- Windy Gap Firming Project update – provided by Northern Water
  - Chimney Hollow Reservoir tour

*This calendar is for planning purposes only and may change at management’s discretion*
## 2020 BOARD OF DIRECTORS

<table>
<thead>
<tr>
<th>Owner communities</th>
<th>Term expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Town of Estes Park</strong></td>
<td></td>
</tr>
<tr>
<td>P.O. Box 1200, Estes Park, Colorado 80517</td>
<td></td>
</tr>
<tr>
<td>Mayor Todd Jirsa—Chairman, Board of Directors</td>
<td>April 2020</td>
</tr>
<tr>
<td>Reuben Bergsten</td>
<td>December 2024</td>
</tr>
<tr>
<td><strong>City of Fort Collins</strong></td>
<td></td>
</tr>
<tr>
<td>P.O. Box 580, Fort Collins, Colorado 80522</td>
<td></td>
</tr>
<tr>
<td>Mayor Wade Troxell—Vice Chair, Board of Directors</td>
<td>April 2021</td>
</tr>
<tr>
<td>Ross Cunniff</td>
<td>December 2020</td>
</tr>
<tr>
<td><strong>City of Longmont</strong></td>
<td></td>
</tr>
<tr>
<td>350 Kimbark Street, Longmont, Colorado 80501</td>
<td></td>
</tr>
<tr>
<td>Mayor Brian Bagley</td>
<td>November 2021</td>
</tr>
<tr>
<td>David Hornbacher</td>
<td>December 2022</td>
</tr>
<tr>
<td><strong>City of Loveland</strong></td>
<td></td>
</tr>
<tr>
<td>500 East Third Street, Suite 330, Loveland, Colorado 80537</td>
<td></td>
</tr>
<tr>
<td>Mayor Jacki Marsh</td>
<td>November 2021</td>
</tr>
<tr>
<td>Joseph Bernosky</td>
<td>December 2021</td>
</tr>
</tbody>
</table>
Our 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.

Our 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.

Our values

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.
Memorandum

Date: 2/20/2020

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
     Angela Walsh, board secretary

Subject: Consent agenda

Staff is requesting approval of the following items on the consent agenda, supporting documents are included for each item. Approval of the consent agenda will approve all four items unless a member of the board removes an item from consent for further discussion.

a) Minutes of the regular meeting of Dec. 5, 2019

b) Incorporation into record of resolution 10-19: 2020 board of directors regular meeting schedule

c) Transfer of 2019 capital budget carryover to 2020 strategic budget

d) Proposed survey question changes for 2019 GM/GC annual review

Attachments
ATTENDANCE

Board members
Representing Estes Park: Mayor Todd Jirsa and Reuben Bergsten
Representing Fort Collins: Mayor Wade Troxell and Ross Cunniff
Representing Longmont: Mayor Brian Bagley and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Platte River staff
Jason Frisbie (General Manager/CEO)
Sarah Leonard (General Counsel)
Dave Smalley (Chief Financial Officer and Deputy GM)
Andy Butcher (Chief Operating Officer)
Alyssa Clemens Roberts (Chief Strategy Officer)
Angela Walsh (Executive Assistant/Board Secretary)
Pat Connors (Vice President of Power Supply)
Shelley Nywall (Director of Finance)
Joel Danforth (Distributed Energy Resources Manager)
Libby Clark (Director of Human Resources and Safety)
Bryce Brady (Energy Solutions Business Team Supervisor)
Gary Whittenberg (Director of System Maintenance and Facilities)
Trista Fugate (Director of Community & Government Affairs)
Steve Roalstad (Communications and Marketing Manager)
Masood Ahmad (Resource Planning Manager)

Guests
Tim McCollough (City of Fort Collins)
Kevin Jones (Fort Collins Chamber of Commerce)
Marcia Martin (City of Longmont)
Ken Regelson (Boulder resident)
Jeremy Call (Logan Simpson)
Mike Levy

CALL TO ORDER

Chairman Jirsa called the meeting to order at 9:01 a.m. A quorum of board members was present and the meeting, having been duly convened, proceeded with the business on the agenda. Andy Butcher, chief operating officer, introduced Gary Whittenberg, director of system maintenance and facilities.

ACTION ITEMS

1 Attended via Skype; dismissed self at 11:45
2 Arrived at 9:04 a.m.
(1) Consent agenda

   a. Approval of the regular meeting minutes of Oct. 31, 2019
   b. 2020 proposed board of directors regular meeting schedule: Resolution 10-19

Director Troxell moved to approve the consent agenda as presented. Director Hornbacher seconded. The motion carried 7-0.

PUBLIC COMMENT

None.

COMMITTEE REPORTS

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

Committee Chair Bernosky reported on the retirement committee meeting of Nov. 15. The committee selected a new investment advisor, Northern Trust Investments, and reviewed and approved a new investment policy statement. Northern Trust staff provided an update on the process of converting the plan's current investment portfolio to the revised portfolio.

The next committee meeting is scheduled for Feb. 27, 2020.

BOARD ACTION ITEMS

(3) 2019 budget contingency appropriation transfer – capital additions (presenter: Shelley Nywall)

Shelley Nywall, director of finance, reviewed the contingency transfer request of $2.9 mil outlined within the memo and the process staff uses throughout the year. Ms. Nywall noted that updated information is supplied to the board within the general management report throughout the year.

Director Bagley moved to approve Resolution 11-19: 2019 budget contingency appropriation transfer – capital additions as presented. Director Bergsten seconded. The motion carried 8-0.

(4) 2020 strategic budget review and adoption (presenter: Shelley Nywall)

Ms. Nywall summarized the final recommended version of the 2020 strategic budget representing no changes since the October meeting. Staff recommends approval of the 2020 strategic budget as presented.

Director Bergsten asked what the process is to modify the 2020 budget. Ms. Nywall responded that the department managers manage their budgets for operating and maintenance expenses with flexibility to absorb changes into their budgets and if it causes expenses to be over and the overall budget cannot absorb it then it goes to a contingency transfer. Jason Frisbie, general manager and CEO, provided an example of using this process for an unplanned outage at Rawhide which could result in purchased power being over budget.

Director Troxell suggested for next year building the budget based on outcomes produced by the three pillars in relationship with the strategic initiatives. Dave Smalley, chief financial officer
and deputy general manager, confirmed that the process has been moving towards incorporating strategic initiatives and planning by each department reflects those outcomes. Discussion ensued among directors and staff regarding budgeting outcomes and showing progress throughout the year.

Director Bagley moved to approve Resolution 12-19: 2020 strategic budget as presented. Director Troxell seconded. Director Troxell commented on moving from departments to multiple outcomes. Mr. Frisbie mentioned the budget at a glance document is also included in the packet and thanked the staff for the document evolution of incorporating the strategic initiatives. The motion carried 8-0.

(5) DSM DER IGA (presenter: Alyssa Clemsen Roberts)

Alyssa Clemsen Roberts, chief strategy officer, summarized the DER strategy group and the changes made to the IGA. Staff recommended approval of the IGA as presented.

Director Hornbacher moved to approve Resolution 13-19: DSM DER IGA as presented. Director Bagley seconded. Director Cunniff thanked staff for their work on this process and working with city staff. Ms. Clemsen Roberts thanked Paul Davis and Bryce Brady for their continued efforts on the IGA and their DER committee involvement. Director Bagley thanked the staff for how the process was handled. The motion carried 8-0.

(6) Executive Session

Chair Jirsa explained the next item on the agenda that staff requested an executive session to receive attorney-client privileged legal advice specifically relating to matters related to the safety and security of Platte River property and personnel.

The general counsel advised that an executive session is authorized in this instance pursuant to Colorado Revised Statutes, provided that no formal action will be taken during the executive session.

Director Troxell moved that the board of directors go into executive session for the purpose of conferring with legal counsel to receive legal advice on specific legal questions pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statutes. For the record, the discussion will cover matters related to the safety and security of Platte River property and personnel.

The general counsel has advised that an executive session is authorized in this instance pursuant to Colorado Revised Statutes, provided that no formal action will be taken during the executive session.

Director Bernosky seconded. Motion carried 8-0.

Break: 9:25-10:11

(7) Reconvene regular session

Chair Jirsa reconvened the regular session and no further discussion or action was taken.

MANAGEMENT PRESENTATIONS
Masood Ahmad, resource planning manager, provided the preliminary results following the issuance of a request for proposals (RFP) for a new 50 to 150 MW purchased power agreement solar project. The RFP received proposals from 15 vendors and many of the vendors provided multiple proposals with a variety of options. Mr. Ahmad presented the top seven proposals added to the 3-D evaluation process – bid prices, buildability, and technical criteria – to the board. Director Marsh asked if they were considering the panels that absorb energy from both sides, and if they are hail resistant. Mr. Ahmad responded that the bids selected incorporated bifacial panels and are impact resistant.

Director Troxell asked what the “power out” requirements for megawatts were requested in the RFP process and the larger utility scale location diversity risk mitigation evaluation. Mr. Ahmad responded that the request outlined 50-150 MW of capacity (300,000 MW hours) and all projects were priced for flat capacity. Discussion ensued among directors and staff on system demand management with diversity and how that evolves with more renewable resources.

Director Cunniff referred to the technical ratings and asked what factors went into the evaluating process. Mr. Butcher responded that when vendors provided the proposals, they don’t always provide the technology they will use and referred to the number of megawatts they said they could create and the details of how they are going to accomplish it. Joel Danforth, distributed energy resources manager, added that the energy model is the single biggest consideration to review. Discussion ensued among directors and staff regarding the energy model, interconnection options and the purchased power agreement details.

Director Troxell commented on staff considerations for building our own and operating the interconnection by investing in active management of the system to mitigate the risk of solar intermittency. Mr. Ahmad responded that staff is evaluating the options of building substations and having control and management of the equipment.

Mr. Ahmad provided the staff recommendations for terms and next steps.

Director Bagley asked why Weld County is being considered over the Laramie, WY projects. Mr. Ahmad responded that the pricing and buildability were unfavorable compared to the Weld County proposals.

Mr. Butcher reviewed the history of negotiations through the Mountain West Transmission Group (MWTG), the demise of the MWTG and the discussions that have followed in joining an existing energy imbalance market as it compares to the current joint dispatch agreement. Director Troxell asked if managing the load included active management or if it’s in a market. Mr. Butcher responded active management is within a market.

Director Bagley confirmed his understanding of selling anything we need to sell and buying anything that we need through the market. Mr. Butcher responded that there are two charges, one to sell and one to buy. Mr. Frisbie offered a different perspective of when we buy in the market depending on what we bid to sell for means that the energy might not all sell. Discussion ensued among directors and staff regarding buying and selling in a market and how the current joint dispatch agreement works.
Director Bagley asked if getting involved in a full energy market (FEM) closer to 2030, does that change Rawhide's retirement and evaluation of which coal units to shut down first. Mr. Butcher responded that the western energy imbalance market (WEIM) controls 77% of the load in the western interconnect and the market does that through bidding numbers and companies look for the most efficient and cost-effective units in the market. Discussion ensued among directors and staff on WEIM infrastructure, market benefits, and transmission constraints.

Director Cunniff suggested that staff prepare FAQ's for the board members to have when the press release announcing joining a market is sent out.

(10) Legislative update (presenter: Trista Fugate)

Trista Fugate, director of community & government affairs, outlined the strategic outreach meetings and engagement activities within the communities focusing on building and strengthening relationships and discussed the upcoming legislative session. Ms. Fugate highlighted the various meetings that took place with officials at the county and state levels, and Platte River’s involvement with the Energy Legislation Review Interim Study Committee, noting that Mr. Frisbie presented at the first committee meeting on July 29, 2019. Out of this committee, a total of three recommended bills were passed onto the legislative council and approved in November. Ms. Fugate summarized the three bills.

Ms. Clemsen Roberts added that during a meeting with Senator Foote the previously mentioned interim study committee bills were discussed.

Discussion ensued among directors and staff regarding bills topics that may be introduced during the Second Regular Session of the Seventy-second General Assembly as a continuation of the utility industry-related bills adopted during the First Regular Session.

Ms. Fugate noted a recent trip to Washington, DC, to visit with congressional offices concerning the regional energy markets and clean energy legislation by Rep. DeGette. The discussions regarding the regional energy markets provided an opportunity to discuss the challenges with WAPA and TriState’s announcement to join the Southwest Power Pool Western Energy Imbalance Service market. Discussions ensued among directors and staff regarding WAPA and TriState’s decisions, connecting to the Western Energy Imbalance Market operated by the California ISO, and meeting with legislators during the GridWise Alliance GridConnext2019 event.

MANAGEMENT REPORTS

(11) DER strategy committee charter (presenter: Alyssa Clemsen Roberts)

Ms. Clemsen Roberts outlined the distributed energy resources (DER) strategy committee led by co-chairs David Hornbacher of Longmont and Tim McCollough of Fort Collins and approved the committee charter. Ms. Clemsen Roberts also outlined the RFP posted requesting bids for a facilitator to bring forward the benefits and challenges with meeting our 2030 goal. Staff will return to future board meetings regarding the status of the committee.

Director Troxell asked how the group is following up on the questions outlined to date. Ms. Clemsen Roberts responded that there is a running list being added to as questions come up in discussions which will be used as a starting point when working with the facilitator. Ms. Clemsen Roberts noted that this committee will not set up the DER programs and that is the next phase
of the project. Director Troxell noted that this committee should be less technical and more innovative. Staff agreed.

MONTHLY INFORMATIONAL REPORTS

(12) Legal, environmental and compliance report (presenter: Sarah Leonard)

Sarah Leonard, general counsel, noted that there are no significant changes since the last report and offered to answer any questions the board may have. Director Troxell asked about the cell tower equipment status with various vendors. Ms. Leonard responded that the legal staff is working with the vendors to remove their equipment.

(13) October operating report (presenter: Andy Butcher)

Mr. Butcher highlighted the operating results for the month of October including valuable wind and solar and serving the load effectively. Director Troxell asked about high demand in the winter compared to the summer. Mr. Butcher noted that the demand was much higher than projected due to the quick changes in temperatures dropping. Director Troxell asked what the principle loads are for winter. Mr. Butcher responded that summer is always contributed to air conditioning but for winter months it can vary what contributes to higher demands.

(14) October financial report (presenter: Dave Smalley)

Mr. Smalley noted year end earning results look to be ten million above budget driven by expenses remaining below budget and revenues above budget for the year, and joint dispatch agreement purchases and sales remaining in our favor. Mr. Smalley offered to answer any questions or comments from the board.

(15) General management report (presenter: Jason Frisbie)

Mr. Frisbie provided a few highlights from the general management report including the HQ campus’ solar panels on the roof are complete and a reminder to the board of the holiday party.

Roundtable and strategic discussion topics

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

ADJOURNMENT

With no further business, the meeting adjourned at 12:00 p.m. The next regular board meeting is scheduled for Thursday, February 27, at 9:00 a.m. at the Platte River Power Authority, 2000 E. Horsetooth Road, Fort Collins, Colorado.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this _____ day of____________________, 2020.

____________________
Secretary
Memorandum

Date: 2/20/2020
To: Board of directors
From: Jason Frisbie, general manager and chief executive officer
Sarah Leonard, general counsel

Subject: Incorporation into Record of Resolution No. 10-19

Colorado law, CRS § 24-6-402(2)(c), specifically requires that the place for the posting of meeting notices be established each year during the first meeting of the governing body. It is the practice of the Platte River Power Authority Board of Directors to approve the regular meeting schedule for the upcoming year and the place for the posting of notices at the last meeting of the then-current year and to include the following provision in such resolution (see attached Resolution No. 10-19, approved by the board on December 5, 2019):

For purposes of CRS § 24-6-402(2)(c), this action is deemed to have occurred at the first regular meeting of the board of directors in calendar year 2020 and will be incorporated into the records of this meeting.

The purpose of this consent agenda item is to comply with the language of the above-quoted resolution by incorporating the regular meeting schedule of the board of directors for 2020 and the location for the posting of notices of meetings into the record of the first regular meeting of 2020.

Attachment
RESOLUTION NO. 10-19

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

(1) Unless otherwise directed by the Board, the Annual Meeting and Regular Meetings of the Platte River Power Authority Board of Directors during calendar year 2020 shall be held at 9:00 a.m. local time in Platte River’s Board Room, 2000 East Horsetooth Road, Fort Collins, Colorado, according to the following schedule:

- February 27—Annual Meeting
- March 26
- April 30
- May 28
- July 30
- August 27
- September 24
- October 29
- December 10

(2) Meetings of the Platte River Power Authority Board of Directors are open to the public. The Secretary is authorized and directed to post at the place designated below and to publish in newspapers of general circulation in Estes Park, Fort Collins, Longmont, and Loveland full and timely notice of this meeting schedule.

(3) The designated place for posting of notices of meetings of the Platte River Power Authority Board of Directors shall be the website, www.prpa.org, on the Board of Directors page. For purposes of C.R.S. § 24-6-402(2)(c), this action shall be deemed to have occurred at the first Regular Meeting of the Board of Directors in calendar year 2020 and shall be incorporated into the record of that meeting.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 5th day of December.

[Signature]
Secretary

Adopted: Dec. 5, 2019
Vote: 7-0
Memorandum

Date: 2/20/2020

To: Board of Directors

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

Subject: Transfer of 2019 capital budget carryover to 2020 budget

Throughout the year, staff provides to the board monthly reports on anticipated budget variances, potential contingency requests and expected amounts to be carried over into the following year. Capital expenditures at the end of 2019 were $7.9 million under budget after $1.8 million of contingency transfer was added to the capital additions budget. This remaining amount is requested to be carried over to the 2020 budget.

Carryover of unspent budget funds is provided for under state budget law. Although changes in spending for some projects can be determined early enough in the year to allow for re-budgeting in the subsequent year, staff prefers the carryover process. The points below explain how the carryover process provides better project accountability and transparency, as well as how it supports consistent budget reporting and processes.

- Funds have been appropriated for the project and will remain with the project until complete. This does not free up funds for over-budget or unplanned projects. Over-budget and unplanned projects go through an approval process and may require a transfer of contingency funds. Both carryover funds and contingency transfer requests are reported to and approved by the board.
- When projects go through the carryover process, it provides greater transparency for project planning evaluation and requires project managers to provide justification and accountability.
- In most cases, actual amounts that need to be carried over to start or complete a project are not known until late in the year. This makes it unfeasible to re-budget as there is not enough time to capture the amount in the next year’s budget.
Projects often cannot be planned and executed in a single budget year and are planned far in advance due to the annual budget process. Further, large multi-year projects have variability from year to year so will oftentimes require carryover funds.

The carryover process also makes a clear distinction between canceled projects versus projects that still require funds but are delayed, which is important for cash flow planning.

While project managers provide revisions throughout the year on projected carryovers, the year-end process includes the project manager providing justification for the carryover funds, approval by the division manager and general manager, and final approval by the board. During this process, projects are evaluated in conjunction with the current year’s budgeted projects to re-evaluate priorities and feasibility of all planned projects.

Platte River has consistently made progress in planning and executing projects. While there is still progress to be made, successes can be seen in an overall change in mindset towards project planning and greater use of resource allocation tools by project managers to more accurately determine project requests. These efforts have also resulted in better communication and coordination.

Resolution No. 12-19, adoption of the 2020 Strategic Budget, authorizes the unexpended balance of funds for 2019 capital additions to be carried over to the 2020 Strategic Budget. Staff is requesting a carryover amount of $7,871,566. Three large multi-year projects with timing uncertainty represent approximately 53% of the amount requested. A few of the projects requesting carryover were very close to completion by year end and are now in final stages. Other projects were slated for carryover during the year due to staff and vendor resource availability, priority shifts and changes in overall project schedules for various reasons. The majority of the projects, along with brief descriptions of delays and carryover justifications, are detailed in the December financial report. A complete list of the projects and amounts requiring carryover to 2020 is attached and categorized by the general reason for carryover.

The final capital budget for 2020 is as follows.

$64,902,375   Original 2020 capital budget
- 7,871,566   Capital carryover requests
$72,773,941   Final 2020 capital budget

Staff will be available to answer questions at the board meeting.

Attachment
## 2020 capital carryover projects

<table>
<thead>
<tr>
<th>Multi-year projects with timing uncertainty *</th>
<th>Carryover Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windy Gap Firming Project **</td>
<td>2,010,880 $</td>
</tr>
<tr>
<td>Fiber optic route to Estes Park **</td>
<td>1,586,797 $</td>
</tr>
<tr>
<td>Monofill upgrades - Rawhide **</td>
<td>560,172 $</td>
</tr>
<tr>
<td>SONET communications system replacement</td>
<td>264,801 $</td>
</tr>
<tr>
<td>Engine 12 replacement</td>
<td>216,117 $</td>
</tr>
<tr>
<td>Energy Engagement Center</td>
<td>158,820 $</td>
</tr>
<tr>
<td>Switchgear replacement - Rawhide pump station</td>
<td>71,257 $</td>
</tr>
<tr>
<td>Soot blower replacement</td>
<td>58,310 $</td>
</tr>
<tr>
<td>Circuit switcher (T1,T2) addition - Linden Tech Substation</td>
<td>41,689 $</td>
</tr>
<tr>
<td>Generator outlet transmission line - Roundhouse to Rawhide</td>
<td>20,000 $</td>
</tr>
<tr>
<td>Resource availability/priority shifts</td>
<td>2,700,435 $</td>
</tr>
<tr>
<td>Grading and drainage improvements - Rawhide</td>
<td>643,852 $</td>
</tr>
<tr>
<td>Rack and pinion elevator replacement - ash silo</td>
<td>380,993 $</td>
</tr>
<tr>
<td>Real time tools</td>
<td>316,194 $</td>
</tr>
<tr>
<td>Controls upgrade to ovation distributed control system - combustion turbines A-F</td>
<td>272,008 $</td>
</tr>
<tr>
<td>Oil breaker (2082) replacement - Longs Peak Substation</td>
<td>236,967 $</td>
</tr>
<tr>
<td>Transmission line vault upgrades - Rogers Road</td>
<td>167,267 $</td>
</tr>
<tr>
<td>Oil breaker (362) replacement - Valley Substation</td>
<td>133,958 $</td>
</tr>
<tr>
<td>Integrated tools for operations application software - system operations (itoa)</td>
<td>122,820 $</td>
</tr>
<tr>
<td>Solar interconnection - Rawhide Substation</td>
<td>104,448 $</td>
</tr>
<tr>
<td>Fiber replacement - Namaqua Road (Loveland)</td>
<td>76,087 $</td>
</tr>
<tr>
<td>Security - Loveland substations walls</td>
<td>58,653 $</td>
</tr>
<tr>
<td>Transmission line vault upgrades - Crossroads Substation</td>
<td>56,212 $</td>
</tr>
<tr>
<td>Fire protection enclosure - crusher building</td>
<td>51,249 $</td>
</tr>
<tr>
<td>GenAdvisor generator monitoring system - Rawhide Unit 1</td>
<td>30,000 $</td>
</tr>
<tr>
<td>Power line carrier equipment replacement - Blue River Substation (Tri-State)</td>
<td>16,744 $</td>
</tr>
<tr>
<td>Station battery replacement - Rawhide Unit 1</td>
<td>15,613 $</td>
</tr>
<tr>
<td>Power line carrier equipment replacement - Rifle Substation (Tri-State)</td>
<td>12,687 $</td>
</tr>
<tr>
<td>Loop iNET management software</td>
<td>4,683 $</td>
</tr>
<tr>
<td>Substantially complete - final costs</td>
<td>182,288 $</td>
</tr>
<tr>
<td>Circuit switcher (T1) (T3) addition, breaker replacement, relay upgrade - Harmony Substation</td>
<td>110,000 $</td>
</tr>
<tr>
<td>Air compliance database software</td>
<td>42,696 $</td>
</tr>
<tr>
<td>Gas bottle storage building - Rawhide</td>
<td>15,752 $</td>
</tr>
<tr>
<td>SCADA periodic server equipment replacement</td>
<td>8,840 $</td>
</tr>
<tr>
<td>Revenue meter replacements</td>
<td>5,000 $</td>
</tr>
</tbody>
</table>

| Grand Total                                 | $ 7,871,566 |

*Relates to internal and external resources (labor and materials).

**These projects comprise 53% of the total carryover amount.
Memorandum

Date: 2/20/2020

To: Board of directors

From: Libby Clark, director of human resources & safety
Alyssa Clemsen Roberts, chief strategy officer

Subject: Request to approve proposed changes to general manager and general counsel annual performance appraisal survey

Background

In February 2016, the board adopted a policy titled General Manager and General Counsel Annual Performance Review Process (Policy), a copy of which is attached to this memorandum for reference.

The current version of the Policy states: “If any Board member wishes to make changes to the performance feedback survey, such proposal should be first brought to the full Board for discussion and approval.”

Ahead of the February 27, 2020 board meeting, Platte River’s human resources prepared a revised set of suggested survey questions and Chairman Jirsa circulated for board review.

Proposed revisions to survey questions

The Policy states that feedback on general manager and general counsel performance should “focus[ ] on Board expectations and strategies.” The revised survey questions follow the Policy by tracking Platte River’s major strategic initiatives: (1) enhanced customer experience, (2) collaborative communications and community outreach, (3) resource diversification and alignment, and (4) infrastructure advancement and technology utilization.
Platte River Power Authority

Request to approve proposed changes to general manager and general counsel annual performance appraisal survey

2/20/2020

Recommended board action

If the board finds the annual performance appraisal survey questions acceptable and consistent with the Policy, the human resources staff recommends the board approve them as part of the consent agenda.

Survey administration timeline

February 28: Feedback survey opens
- Survey links will be sent via email to the board of directors and selected Platte River internal staff
- Email to the board will include completed self-assessments from general manager and general counsel for reference to complete the feedback survey
- The general manager/CEO will ask for feedback from his direct reports
- The general counsel will ask for feedback from her peers, direct reports and selected key internal customers
- All responses will be anonymous and confidential

March 13: Survey completion deadline

March 19: Confidential review packets provided
- Confidential review packet will be provided in addition to the regular board packets for the board of directors to review in advance of the March 26 board meeting
- Confidential packets include completed performance survey results and compensation review information for each position

March 26: Board meeting and annual review discussion

Attachments

- Policy on general manager and general counsel annual performance review process
- Revised survey questions for general manager/general counsel’s annual performance appraisal
General Manager/General Counsel’s Annual Performance Appraisal

It is expected that the General Manager and General Counsel will execute operations in alignment with Platte River’s vision, mission and values. The annual performance review process will include a discussion focused on the execution of the strategic initiatives as outlined in the strategic plan. The performance review discussion topics will be updated in accordance with the most current board approved strategic plan and initiatives.

Data Collection Process

Separate online surveys will be sent to all board members and designated Platte River staff. The survey will consist of four questions, one for each strategic initiative. For each initiative, a short definition and a description of expected accomplishments for the respective position will be provided. The rater will provide a quantitative rating and then have an opportunity to provide comments on strengths and constructive suggestions for each initiative. Data will be consolidated and results of the appraisal will be provided to the board members prior to the March board meeting.

Rating Scale Definitions

Exceeds expectations – Surpasses expectations for achievement of strategic initiatives within the assessment period. Proactively communicates progress, delays, or change of direction in a timely manner to board and effectively manages priorities amongst all owner communities.

Meets expectations – Meets expectations for achievement of strategic initiatives within the assessment period. Communicates information regarding progress, delays or change of direction to the board with some prompting from board members.

Needs improvement – Failed to meet expectations for achievement of strategic initiatives within the assessment period. Provided limited communication to board regarding progress, delays, or change of direction.

Current Strategic Initiatives

1. **Enhanced customer experience** – Commits to providing our owner communities and their customers with solutions and programs to achieve their varied energy goals.
   
   GM: Accomplished by directing teams to seek out and engage with owner communities and their customers to better understand their needs, analyze data in conjunction with identifying emerging industry trends to proactively provide solutions to the owner communities and their customers while expecting alignment with Platte River’s mission, vision, and values.
   
   GC: Accomplished by recommending approaches to internal and external stakeholders for engaging with owner communities and their customers, anticipates long-term legal consequences for proposed solutions, and proactively protects the legal interests of Platte River to ensure the sustainability of its mission, vision, and values.
2. **Collaborative communications and community outreach** – Expands and strengthens partnerships with the owner communities to clearly and transparently tell Platte River’s story.

   GM: Accomplished by leading teams to consistently participate in stakeholder groups and civic organizations to build relationships in the community, engage with regional news media to transparently share strategic initiatives and leverage technologies to communicate more directly and effectively with internal and external stakeholders.

   GC: Accomplished by establishing and building networks between Platte River legal staff and the legal staff of its owner communities, supporting mutually beneficial legislation initiatives that may impact Platte River and its owner communities, advising on potential consequences resulting from media inquiries and partnering with internal and external stakeholders to ensure Platte River’s story is accurately portrayed in the media.

3. **Resource diversification and alignment** – Ensures long-term plans are established to create a diversified portfolio and evolve Platte River to a future led by non-carbon power, distributed technologies, and energy storage.

   GM: Accomplished by formalizing long-term goals for carbon reduction, adding cost-advantageous non-carbon power, conducting battery storage pilot program, accelerating distributed resource options and identifying energy market options to reduce long-term reliance on coal resources.

   GC: Accomplished by facilitating legally sound, ethical negotiations to secure cost-advantageous non-carbon power, ensuring compliance with federal/state/local governments and partnering with internal and external stakeholders to finalize solutions to reduce long-term reliance on coal resources.

4. **Infrastructure advancement and technology utilization** – Makes responsible investments in infrastructure and technology to provide secure, safe and reliable service to our owner communities.

   GM: Accomplished by empowering teams to enhance transmission substation security, support owner communities’ fiber optic connectivity needs, strengthen cybersecurity awareness and compliance, increase water resource reliability and successful construction of the new headquarters campus with LEED certification.

   GC: Accomplished by partnering with internal and external stakeholders to ensure investments are compliant with all regulatory standards and provide legal guidance as needed to ensure successful completion of planned infrastructure advancements.

**Open-ended questions included after each strategic initiative:**

1. What do you identify as the GM/GC strength(s) in this area?
2. What constructive suggestions or assistance can you offer the GM/GC to enhance performance in this area?
Policy

Policy Title: General Manager and General Counsel Annual Performance Review Process

Original Approval Date: 3/27/2014
Enter date of original policy approval

Revision Approval Date: 2/25/2016
Enter date of most current revision

Responsibility: Corporate Services Director
Enter title of employee administering the policy including review and revision

Review Frequency: As Needed
Select One

Authority: Board of Directors

Review Date: No Date
Enter NEXT review is required

Route to General Counsel for review of subsequent procedures and/or processes: Yes

Associated Procedures: Total Compensation Policy; Employee Handbook
Enter titles of procedures associated to policy.

AS WITNESS, I have executed my name as Assistant Secretary and have affixed the corporate seal of the Platte River Power Authority this 25 day of February, 2016.

Assistant Secretary

Version History:
Enter version history using the following standard convention: the number preceding the decimal is for major versions while the number following the decimal is for minor changes or updates. For example: 1.01 (Format changes and other insignificant changes should not be listed). Please do not include draft or works in progress in version history. Every version requires approval by the General Manager.

<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
<th>Action</th>
<th>Author</th>
<th>Change Tracking (new, review, revision)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>3/27/2014</td>
<td>Approved by Board of Directors/Resolution No. 6-14</td>
<td>Karin Hollohan</td>
<td>New</td>
</tr>
<tr>
<td>2.0</td>
<td>10/29/2015</td>
<td>Revised by Board of Directors/Resolution No. 12-15</td>
<td>Karin Hollohan</td>
<td>Revised</td>
</tr>
<tr>
<td>3.0</td>
<td>02/25/2016</td>
<td>Revised by Board of Directors/Resolution No. 1-16</td>
<td>Karin Hollohan</td>
<td>Revised</td>
</tr>
</tbody>
</table>
Purpose:

The purpose of this policy is to establish the process by which the Board of Directors provides performance feedback to the General Manager and General Counsel ("appointees"), as direct reports to the Board. The intent of such feedback is to help ensure that both appointees are aware of the Board’s expectations, and to provide the support needed for both to be successful in their jobs.

Implementing Parties and Assigned Responsibilities:

The Board of Directors is responsible for carrying out this policy, and may delegate actions under this policy through the General Manager to internal Platte River staff.

The Board Chairman and Vice Chairman, in conjunction with the General Manager, are responsible for identifying the appropriate internal support staff to assist with the process, for working with all Board members to determine the content and audience for any performance feedback survey, and to direct staff regarding any desired market survey to help determine compensation.

Associated Items:

Employee Total Compensation Policy originally adopted by the Board on March 28, 2013.
Platte River’s Employee Handbook

Policy:

It is the Board’s policy to provide regular feedback on performance to both the General Manager and General Counsel, and to do so in a way that incorporates input from a variety of sources while focusing on Board expectations and strategies. An annual review with each appointee will be held in March of each year. The focus of the review should be two-fold: First, accomplishments for the previous year should be reviewed individually with each appointee, and feedback provided regarding the quality, timeliness, and acceptability of their results; Second, a discussion should take place regarding the Board’s expectations for the upcoming year.

In preparation for that discussion, the Board will solicit input from all Board members and designated direct reports. The Board may further consider input from selected internal Platte River employees with whom either appointee may work. Such input will be solicited in early March of each year, and reported to the Board prior to the March meeting.

If any Board member wishes to make changes to the performance feedback survey, such proposal should be first brought to the full Board for discussion and approval. Since the content of the performance feedback survey incorporates Board expectations, any future changes to that survey should be made as early in the year as feasible in order to best provide guidance to the Board appointees.

The Board may provide performance feedback to each appointee using the feedback surveys, the appointee’s annual reports, direct Board discussion or other means that appropriately reflect job performance. Copies of all written feedback will be provided to each direct report. Each appointee shall prepare a written memo style annual report including a self-evaluation prior to any performance discussions with the Board. In all situations, the Board is committed to following Platte River’s equal opportunity policy and will not discuss, allude to, or be influenced by non job related factors.

As part of the annual performance review process, the Board will review the salaries of the appointees and shall determine any applicable adjustments. This review should be conducted in a manner consistent with the Board’s
Employee Total Compensation Policy regarding market-based compensation practices and methodology. The Board may direct staff to either use the existing internal market survey process or may choose to use an external third party vendor to evaluate the market practices and current pay levels for the positions held by each appointee. In either case, the market survey should reflect a broad cross section of similarly situated generation and transmission utilities. Any changes in pay resulting from the survey should be communicated to each appointee during the March Board meeting.

Routing Instructions:
1. Obtain Signatures (in order): Legal, Division Director, General Manager
2. Publish to the intranet, if appropriate
3. Send signed original to Central Files in Records (both hard copy & Word document)

cc: Records - Original
Memorandum

Date: 2/20/2020

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Sarah Leonard, general counsel

Subject: Platte River Power Authority annual meeting

Item 2 on the agenda is the annual meeting of Platte River Power Authority. Sections 2.3.7 and 2.4.1 of the Organic Contract Establishing Platte River (organic contract) require that an annual meeting of the board of directors be held within the first 120 days in each year to elect officers, to pass on reports for the preceding fiscal year, and to transact such other business as may come before the meeting. The first order of business under agenda item 2 is the election of officers to serve until the next annual meeting. For ease of reference, the current officers are listed:

2019 Platte River Officers

Elected Officers:
- Mayor Todd Jirsa, Chair
- Wade Troxell, Vice Chair
- Angela Walsh, Secretary
- David Smalley, Treasurer
- Jason Frisbie, General Manager/CEO

Authorized Assistant Officers:
- Joe Wilson, Assistant Secretary – retired May 2019

The chair and vice chair are nominated to serve a one-year term as stipulated in the organic contract. The Board Meeting Governance process document adopted by the board through Resolution No. 07-17 makes provision for a leadership team composed of the chair and vice-chair. Within the discussion of the function of the leadership team the governance document states “it is the general intent and past practice of the board to appoint members to these positions in a manner that provides an opportunity for representatives of each of the member municipalities to serve in a leadership capacity for roughly equivalent periods.”

The officer positions that are filled by management staff are traditionally retained and reaffirmed solely for the purpose of meeting the requirements of the organic contract.
Officers are appointed through the attached resolution and the board chair will open the floor for nominations.

The second order of business is the appointment of directors and members of management to serve on Platte River's retirement committee. For ease of reference, the current directors and management members are listed below.

**2019 retirement committee members**

**Director Members:**  
Todd Jirsa  
Joe Bernosky  
Ross Cunniff  
Brian Bagley

**Management Members:**  
Jason Frisbie  
David Smalley

Again, the retirement committee members are appointed by the attached resolution and the board chair will entertain nominations.

The last order of business under agenda item 2 is the “2019 Platte River Review.” The senior management team will present accomplishments for 2019. The 2019 Year-End operating and financial reports are attached.

**Attachments**
WHEREAS, Section 2.4.1 of the AMENDED AND RESTATED ORGANIC CONTRACT
ESTABLISHING PLATTE RIVER POWER AUTHORITY requires that the officers of Platte River Power
Authority (Platte River) be elected annually by the board of directors at the annual meeting.

NOW, THEREFORE, BE IT RESOLVED by the board of directors of Platte River that:

(1) _____________, be, and hereby is, elected chair of the Platte River Power
Authority;
(2) _____________ be, and hereby is, elected vice chair of the Platte River Power
Authority;
(3) David Smalley be, and hereby is, elected treasurer of the Platte River Power Authority;
and
(4) Angela Walsh, be, and hereby is, elected secretary of the Platte River Power Authority,
    with Sarah Leonard hereby appointed as assistant secretary; and
(5) Jason Frisbie be, and hereby is, elected general manager and chief executive officer
    of the Platte River Power Authority.

The terms of all officers elected and appointed to office hereby shall commence
immediately upon passage of this resolution and shall remain in force until the next annual
meeting of the board of directors or until terminated by action of the board.

The secretary is delegated the authority to authenticate the documents of Platte River.

AS WITNESS, I have executed my name as secretary and have affixed the corporate seal of
the Platte River Power Authority this ___________ day of ____________________, 2020.

____________________________
Secretary
WHEREAS, the board of directors of Platte River Power Authority has established a Retirement Committee under the Platte River Defined Benefit (DB) Plan, consisting of four (4) directors and two (2) members of management to administer the Platte River Defined Benefit Plan; and

WHEREAS, the director members of the Retirement Committee are appointed each year at the annual meeting.

NOW, THEREFORE, BE IT RESOLVED by the board of directors of Platte River that the following directors are hereby appointed to serve on the Retirement Committee:

______________________,
______________________,
______________________,
______________________.  

AND IT IS ACKNOWLEDGED by the board of directors that the following members of management have been selected to serve on the Retirement Committee until the next annual meeting:

Jason Frisbie
David Smalley

AS WITNESS, I have executed my name as secretary and have affixed the corporate seal of the Platte River Power Authority this __________ day of __________________, 2020.

______________________
Secretary
Financial report

December 2019
Financial highlights year-to-date

Platte River reported favorable results year to date. Net income of $33.5 million was favorable by $10.5 million compared to budget due to above-budget revenues and below-budget expenses.

At this time, the entries to update the pension liability are not complete because the actuary report is not received until mid to late February. As a result, the financial statements will be included in the final audit report and only budget schedules are included in this report.

Details of the financial results year-to-date are described below.

<table>
<thead>
<tr>
<th>Key financial results ($ millions)</th>
<th>December Budget</th>
<th>December Actual</th>
<th>Favorable (unfavorable)</th>
<th>Year to date Budget</th>
<th>Year to date Actual</th>
<th>Favorable (unfavorable)</th>
<th>Annual budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$ 1.1</td>
<td>$ 0.3</td>
<td>$ (0.8) (72.7%)</td>
<td>$ 23.0</td>
<td>$ 33.5</td>
<td>$ 10.5 45.7%</td>
<td>$ 23.0</td>
</tr>
<tr>
<td>Fixed obligation charge coverage</td>
<td>2.0x</td>
<td>2.52x</td>
<td>0.52x 26.0%</td>
<td>2.60x</td>
<td>3.26x</td>
<td>0.66x 25.4%</td>
<td>2.60x</td>
</tr>
</tbody>
</table>

Budget results

<table>
<thead>
<tr>
<th>Total revenues</th>
<th>$ 19.4</th>
<th>$ 19.7</th>
<th>$ 0.3 1.5%</th>
<th>$ 231.3</th>
<th>$ 233.3</th>
<th>$ 2.0 0.9%</th>
<th>$ 231.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to owner communities</td>
<td>16.4</td>
<td>16.1</td>
<td>0.3 (0.3) (1.8%)</td>
<td>200.6</td>
<td>198.0</td>
<td>(2.6) (1.3%)</td>
<td>200.6</td>
</tr>
<tr>
<td>Sales for resale - contract</td>
<td>0.1</td>
<td>0.5</td>
<td>0.4 400.0%</td>
<td>0.7</td>
<td>2.5</td>
<td>1.8 257.1%</td>
<td>0.7</td>
</tr>
<tr>
<td>Sales for resale - short-term</td>
<td>1.9</td>
<td>2.1</td>
<td>0.2 10.5%</td>
<td>20.3</td>
<td>23.0</td>
<td>2.7 13.3%</td>
<td>20.3</td>
</tr>
<tr>
<td>Wheeling</td>
<td>0.5</td>
<td>0.5</td>
<td>0.0 0.0%</td>
<td>5.4</td>
<td>5.7</td>
<td>0.3 5.6%</td>
<td>5.4</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>0.5</td>
<td>0.5</td>
<td>0.0 0.0%</td>
<td>4.3</td>
<td>4.1</td>
<td>(0.2) (4.7%)</td>
<td>4.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total operating expenses</th>
<th>$ 15.7</th>
<th>$ 15.5</th>
<th>$ 0.2 1.3%</th>
<th>$ 180.6</th>
<th>$ 173.1</th>
<th>$ 7.5 4.2%</th>
<th>$ 180.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased power</td>
<td>3.2</td>
<td>3.6</td>
<td>(0.4) (12.5%)</td>
<td>36.9</td>
<td>38.4</td>
<td>(1.5) (4.1%)</td>
<td>36.9</td>
</tr>
<tr>
<td>Fuel</td>
<td>4.3</td>
<td>3.5</td>
<td>0.8 18.6%</td>
<td>48.0</td>
<td>45.4</td>
<td>2.6 5.4%</td>
<td>48.0</td>
</tr>
<tr>
<td>Production</td>
<td>4.1</td>
<td>4.2</td>
<td>(0.1) (2.4%)</td>
<td>48.1</td>
<td>45.2</td>
<td>2.9 6.0%</td>
<td>48.1</td>
</tr>
<tr>
<td>Transmission</td>
<td>1.3</td>
<td>1.1</td>
<td>0.2 15.4%</td>
<td>16.7</td>
<td>15.8</td>
<td>0.9 5.4%</td>
<td>16.7</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>1.6</td>
<td>1.7</td>
<td>(0.1) (6.2%)</td>
<td>20.7</td>
<td>19.2</td>
<td>1.5 7.2%</td>
<td>20.7</td>
</tr>
<tr>
<td>Distributed energy resources</td>
<td>1.2</td>
<td>1.4</td>
<td>(0.2) (16.7%)</td>
<td>10.2</td>
<td>9.1</td>
<td>1.1 10.8%</td>
<td>10.2</td>
</tr>
<tr>
<td>Capital additions</td>
<td>$ 4.5</td>
<td>$ 4.3</td>
<td>$ 0.2 4.4%</td>
<td>$ 56.5</td>
<td>$ 48.6</td>
<td>$ 7.9 14.0%</td>
<td>$ 56.5</td>
</tr>
</tbody>
</table>

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

Key budget variances year-to-date

Total revenues

• **Sales to owner communities** were below budget $2.6 million. Demand revenues were $1.8 million or 2.9% below budget and energy revenues were $0.8 million or 0.6% below budget.

• **Sales for resale - contract** were above budget $1.8 million due to an unbudgeted sales contract with another utility beginning September 2019.

• **Sales for resale - short-term** were above budget $2.7 million primarily due to market prices. The average price was approximately 28% above budget or $5.1 million of the variance, partially offset by $2.4 million due to 12% below-budget sales volume.

• **Wheeling** was above budget $0.3 million due to higher customer loads, unplanned point-to-point sales and a rate increase effective in June.
• **Interest and other income** was below budget $0.2 million due to the delay of Series KK bond issuance until 2020 partially offset by revenue from unbudgeted tower and fiber lease extensions.

**Total operating expenses**

• **Several expenses** were below budget either due to projects being completed below budget or expenses not being required. The net impact was approximately $1.7 million. The below-budget expenses include: 1) chemical purchases at Rawhide, 2) minor outage, 3) IRP studies and outreach, 4) water expenses, 5) consulting services, 6) non-routine projects, 7) legal services, 8) wheeling expenses, 9) Danfield parking lot mill overlay, 10) Craig units and 11) other smaller projects. Expenses above budget include: 1) joint facilities, 2) corporate insurance, 3) software and hardware equipment and maintenance and 4) plant maintenance and support.

• **Personnel expenses** were below budget $3.2 million due to lower than anticipated medical and dental claims and lower wages primarily as a result of vacant positions. Partially offsetting the variance were above-budget overtime expenses and unbudgeted payouts to employees under the gainsharing program for the third and fourth quarters.

• **Fuel expenses** were $2.6 million below budget.
  
  **Rawhide Unit 1** 154% of the overall variance, $4 million below budget. Generation was below budget due to operating at lower loads for operational flexibility to accommodate more renewable resources and forced outages. Generation was also replaced by lower cost joint dispatch purchases.
  
  **Natural gas** (54%) of the overall variance, $1.4 million above budget. The combustion turbine units were utilized to make sales and to meet load requirements resulting in above-budget generation.

• **Distributed energy resources program expenses** were $1.1 million below budget primarily due to not needing the annual contingency of $0.6 million. Program commitments from the owner communities were also approximately $0.5 million below budget.

• **Impoundment closure costs** of $0.4 million were reclassified to amortization expense due to implementation of the accounting pronouncement for asset retirement obligations.

• **Purchased power expenses** were above budget $1.5 million. Purchases were made under the joint dispatch agreement because of favorable pricing, which replaces base load generation. Other supplemental purchases were made for Rawhide Unit 1’s screen outage at higher-than-budgeted prices, replacement of generation during Rawhide Unit 1’s low-load testing and forced outages, and to provide energy to Tri-State under the forced outage assistance agreement. Due to surplus sales market prices, reserves were also above budget as it was more economical to purchase than hold reserves on the Craig units. Below-budget wind and solar generation partially offset the additional purchases.
Other financial activities

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

- **Asset retirement obligations** - GASB 83 Certain Asset Retirement Obligations was implemented in 2019. The primary objective of this statement is to establish criteria for determining the timing and pattern of recognition of a liability for a legal obligation to perform future asset retirement activities. Specifically, it imposes requirements on the liability recognition, measurement and if/when subsequent re-measurement should occur. The amount is recorded as a liability and a deferred outflow of resources. This amount is expensed over the life of the related asset. As a result, a decommissioning study for the Rawhide Energy Station was completed to comply with a contract obligation with Larimer County that states if energy is no longer produced at the site, decommissioning of the facility would be required. Craig Station impoundments were also identified and the Rawhide Energy Station impoundments and Trapper Mine were included in this pronouncement. This will result in an adoption of a change in accounting principle and restating Platte River’s 2018 financial statements impacting the statement of net position and the statements of revenues, expenses and changes in net position.

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

- **Interest during construction** - GASB 89 Accounting for Interest Cost Incurred before the end of a Construction Period was early adopted in 2019. Interest costs are no longer required to be allocated to capital projects. This pronouncement is applied prospectively.

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

<table>
<thead>
<tr>
<th>Project ($ in thousands)</th>
<th>Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
<th>Carryover request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Windy Gap Firming Project</strong> - This project was below budget due to construction delays. The below-budget funds will be requested to be carried over into 2020.</td>
<td>$3,796</td>
<td>$1,785</td>
<td>$2,011</td>
<td>$2,011</td>
</tr>
<tr>
<td><strong>Fiber optic route to Estes Park</strong> - This project was below budget due to a delay in the pole installation by the City of Loveland. The below-budget funds will be requested to be carried over into 2020.</td>
<td>$3,012</td>
<td>$1,425</td>
<td>$1,587</td>
<td>$1,587</td>
</tr>
<tr>
<td><strong>Grading and drainage improvements - Rawhide</strong> - This project was below budget due to resource constraints. The below-budget funds will be requested to be carried over into 2020.</td>
<td>$702</td>
<td>$58</td>
<td>$644</td>
<td>$644</td>
</tr>
<tr>
<td><strong>Craig units 1 &amp; 2 projects</strong> - These projects were below budget based on final costs from Tri-State. Two projects originally budgeted for 2019 have been canceled in addition to various other projects coming in below budget.</td>
<td>$1,275</td>
<td>$763</td>
<td>$512</td>
<td>-</td>
</tr>
<tr>
<td>Description</td>
<td>Budget Details</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monofill upgrade - Rawhide</td>
<td>Below budget due to delay in review of project design by Colorado Department of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Health and Environment. **The below-budget funds will be requested to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>be carried over into 2020.</td>
<td>$ 669</td>
<td>$ 109</td>
<td>$ 560</td>
</tr>
<tr>
<td>Controls upgrade to ovation distributed control system - combustion turbines A-F</td>
<td>Below budget as not all budgeted contingency funds were needed. Additional</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>drawings and tuning work will be completed in 2020. **A portion of the below-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>budget funds will be requested to be carried over into 2020.</td>
<td>$ 3,033</td>
<td>$ 2,589</td>
<td>$ 444</td>
</tr>
<tr>
<td>Rack and pinion elevator replacement - ash silo</td>
<td>Below budget due to resource constraints, as well as an estimated six-month</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>lead time for materials. **The below-budget funds will be requested to be</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>carried over into 2020.</td>
<td>$ 385</td>
<td>$ 4</td>
<td>$ 381</td>
</tr>
<tr>
<td>Bottom ash and reclaim pond - CCR compliance</td>
<td>Below budget due to retainage costs for one of the vendors accounted for twice</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>in original cost estimate. Upon completion of project, it was revealed that</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>this money was not owed.</td>
<td>$ 2,703</td>
<td>$ 2,341</td>
<td>$ 362</td>
</tr>
<tr>
<td>Real time tools</td>
<td>Below budget due to resource constraints and software development delays.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>**The below-budget funds will be requested to be carried over into 2020.</td>
<td>$ 569</td>
<td>$ 253</td>
<td>$ 316</td>
</tr>
<tr>
<td>SONET communications system replacement</td>
<td>Below budget to combine equipment purchase into one delivered solution in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2020. **The below-budget funds will be requested to be carried over into 2020.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 308</td>
<td>$ 43</td>
<td>$ 265</td>
<td>$ 265</td>
</tr>
<tr>
<td>Engine 12 replacement</td>
<td>Originally planned as one-time purchase; however, due to amount of time to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>build engine, it resulted in multi-year project. Funds were appropriated in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018 and majority of below-budget amount was carried over to be used for the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019 milestone payment. **A portion of the below-budget funds will be</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>requested to be carried over into 2020 to complete the purchase.</td>
<td>$ 344</td>
<td>$ 122</td>
<td>$ 222</td>
</tr>
<tr>
<td>Transmission line vault upgrades - Rogers Road</td>
<td>Below budget due to design scheduling delays and difficulty finding bidders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>due to size of project. **The below-budget funds will be requested to be</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>carried over into 2020.</td>
<td>$ 175</td>
<td>$ 8</td>
<td>$ 167</td>
</tr>
<tr>
<td>Oil breaker (362) replacement - Valley Substation</td>
<td>Delayed to accommodate additional resources required to complete other higher</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>priority projects. **The below-budget funds will be requested to be carried</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>over into 2020.</td>
<td>$ 215</td>
<td>$ 81</td>
<td>$ 134</td>
</tr>
</tbody>
</table>
** Integrated tools for operations application (iTOA) -**
This project was delayed as the extensive development and implementation process took longer than originally anticipated. Final items are planned to be completed early next year. The below-budget funds will be requested to be carried over into 2020.

<table>
<thead>
<tr>
<th></th>
<th>$198</th>
<th>$75</th>
<th>$123</th>
<th>$123</th>
</tr>
</thead>
</table>

** GenAdvisor generator monitoring system - Rawhide Unit 1 -** This project was below budget as information technology work required for the tie in was delayed due to the headquarters campus taking priority over this project. A portion of the below-budget funds will be requested to be carried over into 2020.

<table>
<thead>
<tr>
<th></th>
<th>$244</th>
<th>$134</th>
<th>$110</th>
<th>$30</th>
</tr>
</thead>
</table>

* Solar interconnection - Rawhide Substation -** This project was delayed due to a set back in obtaining the construction permits in Larimer County by the construction provider. The below-budget funds will be requested to be carried over into 2020.

<table>
<thead>
<tr>
<th></th>
<th>$270</th>
<th>$166</th>
<th>$104</th>
<th>$104</th>
</tr>
</thead>
</table>

** Above budget projects**

** Headquarters campus -** This project was above budget for 2019 as building construction costs occurred sooner than originally budgeted. The increased spending in 2019 reduced the estimated costs for 2020 keeping the total project cost estimate the same.

<table>
<thead>
<tr>
<th></th>
<th>$29,211</th>
<th>$29,865</th>
<th>$(654)</th>
<th>$0</th>
</tr>
</thead>
</table>

Soldier Canyon 10 inch waterline reroute - CR 70 & 17 bridge - This project is being done in conjunction with a bridge replacement by Larimer County. The project was above budget due to additional design details, bedding and backfill, and an increase in costs for materials and concrete lined pipe.

<table>
<thead>
<tr>
<th></th>
<th>$214</th>
<th>$635</th>
<th>$(421)</th>
<th>$0</th>
</tr>
</thead>
</table>

* Rotary car dumper drive conversion to variable frequency drives -** This project was above budget due to an agreed upon payment schedule which required a larger than anticipated payment in 2019. This reduced the 2020 portion of the project.

<table>
<thead>
<tr>
<th></th>
<th>$514</th>
<th>$860</th>
<th>$(346)</th>
<th>$0</th>
</tr>
</thead>
</table>

* Circuit switcher (T1) (T3) addition, breaker replacement, relay upgrade - Harmony Substation -** This project was above budget due to an extension to perform isolations, wiring and checkout to minimize the risk of system disturbances. Additional funds of $0.4M were requested in 2019, of which a portion will be requested to be carried over into 2020.

<table>
<thead>
<tr>
<th></th>
<th>$676</th>
<th>$899</th>
<th>$(223)</th>
<th>$110</th>
</tr>
</thead>
</table>

Virtual machine host replacement - This project was above budget to include redundant equipment for testing, as well as to replace obsolete servers at Rawhide and the disaster recovery center. The new servers will improve overall system reliability.

<table>
<thead>
<tr>
<th></th>
<th>$66</th>
<th>$277</th>
<th>$(211)</th>
<th>$0</th>
</tr>
</thead>
</table>

** Vehicle fleet replacement -** This project was above budget as two additional vehicles were purchased that were not included in the 2019 budget. One vehicle was a replacement and the other was an addition to the Platte River fleet.

<table>
<thead>
<tr>
<th></th>
<th>$254</th>
<th>$364</th>
<th>$(110)</th>
<th>$0</th>
</tr>
</thead>
</table>
### Out-of-budget projects

**Energy Engagement Center** - This project is the construction of an addition of approximately 6,500 square feet to the east end of the south bar of the new headquarters campus. The purpose of the conference center is to house public meetings for community engagement and outreach, regional utility meetings, as well as internal employee functions. Out-of-budget funds were required to begin the design process in 2019. Funds of $0.5M were requested in 2019, of which a portion will be requested to be carried over into 2020.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>Balance</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>-</td>
<td>379</td>
<td>(379)</td>
<td>159</td>
</tr>
</tbody>
</table>

**Air compliance database software** - This project was originally planned in 2019 to be a software as a service which is an operating expense. The software was determined to be capital as a result of selecting a customized software which Platte River will own. Funds are required to develop a software/database that will store and manage air quality data for Rawhide operations. The software/database will provide better security for data in addition to transparent and real-time evaluations. The project will be below budget due to software development and implementation delays by the vendor. Funds of $0.2M were requested in 2019, of which a portion will be requested to be carried over into 2020.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>Balance</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>-</td>
<td>139</td>
<td>(139)</td>
<td>43</td>
</tr>
</tbody>
</table>

**Generator outlet line purchase - Roundhouse Wind Farm to Rawhide** - Funds will be used for preliminary design and construction review of the 230kV generator outlet line. Design costs for 2019 were less than anticipated. Funds of $0.1M were requested in 2019, of which a portion will be requested to be carried over into 2020.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>Balance</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>-</td>
<td>20</td>
<td>(20)</td>
<td>20</td>
</tr>
</tbody>
</table>

### Delayed projects

**Oil breaker (2082) replacement - Longs Peak Substation** - This project was delayed to accommodate additional resources required to complete other higher priority projects. The below-budget funds will be requested to be carried over into 2020.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>Balance</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 237</td>
<td>-</td>
<td>-</td>
<td>237</td>
<td>237</td>
</tr>
</tbody>
</table>

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

### December 2019

Non-GAAP budgetary basis (in thousands)

### Revenues

#### Operating revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to owner communities</td>
<td>$16,440</td>
<td>$16,080</td>
<td>($360)</td>
</tr>
<tr>
<td>Sales for resale - contract</td>
<td>78</td>
<td>534</td>
<td>456</td>
</tr>
<tr>
<td>Sales for resale - short-term</td>
<td>1,964</td>
<td>2,135</td>
<td>171</td>
</tr>
<tr>
<td>Wheeling</td>
<td>460</td>
<td>490</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>18,942</td>
<td>19,239</td>
<td>297</td>
</tr>
</tbody>
</table>

#### Other revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income(1)</td>
<td>491</td>
<td>299</td>
<td>(192)</td>
</tr>
<tr>
<td>Other income</td>
<td>(7)</td>
<td>170</td>
<td>177</td>
</tr>
<tr>
<td><strong>Total other revenues</strong></td>
<td>484</td>
<td>469</td>
<td>(15)</td>
</tr>
</tbody>
</table>

**Total revenues**

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$19,426</td>
<td>$19,708</td>
<td>$282</td>
</tr>
</tbody>
</table>

### Expenditures

#### Operating expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased power</td>
<td>$3,178</td>
<td>$3,549</td>
<td>($371)</td>
</tr>
<tr>
<td>Fuel</td>
<td>4,329</td>
<td>3,524</td>
<td>805</td>
</tr>
<tr>
<td>Production</td>
<td>4,041</td>
<td>4,214</td>
<td>(173)</td>
</tr>
<tr>
<td>Transmission</td>
<td>1,320</td>
<td>1,102</td>
<td>218</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>1,594</td>
<td>1,708</td>
<td>(114)</td>
</tr>
<tr>
<td>Distributed energy resources</td>
<td>1,243</td>
<td>1,413</td>
<td>(170)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>15,705</td>
<td>15,510</td>
<td>195</td>
</tr>
</tbody>
</table>

#### Capital additions

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>2,205</td>
<td>1,022</td>
<td>1,183</td>
</tr>
<tr>
<td>Transmission</td>
<td>598</td>
<td>307</td>
<td>291</td>
</tr>
<tr>
<td>General</td>
<td>1,727</td>
<td>2,993</td>
<td>(1,266)</td>
</tr>
<tr>
<td><strong>Total capital additions</strong></td>
<td>4,530</td>
<td>4,322</td>
<td>208</td>
</tr>
</tbody>
</table>

#### Debt expense

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>872</td>
<td>859</td>
<td>13</td>
</tr>
<tr>
<td>Interest expense</td>
<td>993</td>
<td>660</td>
<td>333</td>
</tr>
<tr>
<td><strong>Total debt expense</strong></td>
<td>1,865</td>
<td>1,519</td>
<td>346</td>
</tr>
</tbody>
</table>

**Total expenditures**

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$22,100</td>
<td>$21,351</td>
<td>$749</td>
</tr>
</tbody>
</table>

#### Revenues less expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
<th>Favorable (unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$(2,674)</td>
<td>$(1,643)</td>
<td>$1,031</td>
</tr>
</tbody>
</table>

(1) Excludes unrealized holding gains and losses on investments.
Schedule of revenues and expenditures, budget to actual
December 2019 year-to-date
Non-GAAP budgetary basis (in thousands)

<table>
<thead>
<tr>
<th>December year to date</th>
<th>Favorable (unfavorable)</th>
<th>Annual budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td></td>
</tr>
</tbody>
</table>

**Revenues**

**Operating revenues**

Sales to owner communities  $200,595  $197,974  $(2,621)  $200,595
Sales for resale - contract  745  2,490  1,745  745
Sales for resale - short-term  20,319  23,007  2,688  20,319
Wheeling  5,386  5,714  328  5,386

Total operating revenues  227,045  229,185  2,140  227,045

**Other revenues**

Interest income(1)  4,232  3,632  (600)  4,232
Other income  38  450  412  38

Total other revenues  4,270  4,082  (188)  4,270

Total revenues  $231,315  $233,267  $1,952  $231,315

**Expenditures**

**Operating expenses**

Purchased power  $36,919  $38,441  $(1,522)  $36,919
Fuel  47,986  45,401  2,585  47,986
Production  48,123  45,171  2,952  48,123
Transmission  16,694  15,825  869  16,694
Administrative and general  20,715  19,212  1,503  20,715
Distributed energy resources  10,201  9,047  1,154  10,201

Total operating expenses  180,638  173,097  7,541  180,638

**Capital additions**

Production  17,729  12,499  5,230  17,729
Transmission  3,173  2,234  939  3,173
General  35,597  33,895  1,702  35,597

Total capital additions  56,499  48,628  7,871  56,499

**Debt expense**

Principal  10,346  10,321  25  10,346
Interest expense  9,129  8,129  1,000  9,129

Total debt expense  19,475  18,450  1,025  19,475

Total expenditures  $256,612  $240,175  $16,437  $256,612

Contingency reserved to board

Total expenditures  $256,612  $240,175  $16,437  $277,833

Revenues less expenditures  $(25,297)  $(6,908)  18,389  $(46,518)

(1) Excludes unrealized holding gains and losses on investments.
2019 operating report

Annual review
Executive summary

In 2019, Platte River executed a power purchase agreement (PPA) with DEPCOM Power, Inc. for 22 MW of solar and 2 MWh of battery storage. Platte River exercised the additional 75 MW option of Roundhouse wind, bringing the total Roundhouse wind project to 225 MW, and reached an agreement to purchase the generator outlet transmission line which will bring the Roundhouse wind into our load. Two long-term contracts were executed to sell off a total of 50 MW of Craig generation and an additional ten-year contract was executed to sell 60 MW of Spring Canyon wind, all three of which will support the integration of intermittent generation. A request for proposals was issued to procure 50 MW - 150 MW of additional solar. Two Windy Gap units were sold, reducing Platte River’s total ownership to 120 units, and the Windy Gap Firming Project design phase was completed. Rawhide Unit 1 successfully completed low load testing which resulted in a new Rawhide minimum of 100 MW. Control upgrades were completed on all CTs and the 2019 CT production was 72,050 MWh, which was the fourth best year on record. Platte River’s 2019 Transmission Service Availability Factor (TSAF) was 100%. The Southwest Power Pool (SPP) took over Reliability Coordination services, in December, and Platte River received NERC control center certification for the new transmission control room. In addition, on Dec. 17, 2019, Platte River issued a press release announcing the intention to join the Western Imbalance Energy Market (WEIM) with the other three members of the Joint Dispatch Agreement (JDA).

Municipal demand came in below budget for the year, while energy came in near budget. Baseload generation came in below budget, primarily due to having been dispatched down through Joint Dispatch, and as the result of a few unplanned outages and several curtailments. The wind and solar farms came in below budget, due to unplanned outages and abnormally mild weather during certain months. Surplus sales volume came in below budget, while pricing came in significantly above budget, due to additional contract sales at above budget pricing. While the majority of resources came in at or above budget for the year, overall dispatch costs came in slightly below budget, as they were mainly offset by JDA purchases which came in significantly below other resource costs.

<table>
<thead>
<tr>
<th>Category</th>
<th>December variance</th>
<th>YTD variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal demand</td>
<td>(11.6%)</td>
<td>(3.4%)</td>
</tr>
<tr>
<td>Municipal energy</td>
<td>(0.2%)</td>
<td>(1.1%)</td>
</tr>
<tr>
<td>Baseload generation</td>
<td>(6.5%)</td>
<td>(9.3%)</td>
</tr>
<tr>
<td>Wind generation</td>
<td>(5.7%)</td>
<td>(4.5%)</td>
</tr>
<tr>
<td>Solar generation</td>
<td>(10.1%)</td>
<td>(4.2%)</td>
</tr>
<tr>
<td>Surplus sales volume</td>
<td>14.4%</td>
<td>(3.9%)</td>
</tr>
<tr>
<td>Surplus sales price</td>
<td>14.2%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Dispatch cost</td>
<td>(6.7%)</td>
<td>(1.9%)</td>
</tr>
</tbody>
</table>

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

System disturbances.

There were no system disturbances resulting in loss of load in 2019.

<table>
<thead>
<tr>
<th>2019 goal</th>
<th>December actual</th>
<th>YTD total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Peak day obligation

**December.** Peak demand for the month of December was 461 megawatts which occurred on Dec. 16, 2019, at hour ending 18:00 and was 60 MW megawatts below budget. Demand response and voltage reduction were not called upon at the time of the peak. Platte River’s obligation at the time of the peak totaled 565 megawatts.

2019. On July 19, 2019, at hour ending 18:00, Platte River’s 2019 peak was 662 megawatts which was 12 megawatts below budget. Demand response and voltage reduction were not called upon at the time of the peak. Platte River’s obligations at the time of the peak totaled 916 megawatts.

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

Municipal demand came in below budget, while energy came in near budget for the year.

<table>
<thead>
<tr>
<th></th>
<th>YTD budget</th>
<th>YTD actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total coincident demand (MW)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estes Park</td>
<td>226</td>
<td>241</td>
<td>6.3%</td>
</tr>
<tr>
<td>Fort Collins</td>
<td>2,987</td>
<td>2,821</td>
<td>(5.6%)</td>
</tr>
<tr>
<td>Longmont</td>
<td>1,634</td>
<td>1,628</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>Loveland</td>
<td>1,492</td>
<td>1,433</td>
<td>(3.9%)</td>
</tr>
<tr>
<td><strong>Total energy sales (MWh)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estes Park</td>
<td>131,866</td>
<td>136,823</td>
<td>3.8%</td>
</tr>
<tr>
<td>Fort Collins</td>
<td>1,545,961</td>
<td>1,515,771</td>
<td>(2.0%)</td>
</tr>
<tr>
<td>Longmont</td>
<td>810,742</td>
<td>816,662</td>
<td>0.7%</td>
</tr>
<tr>
<td>Loveland</td>
<td>741,156</td>
<td>725,036</td>
<td>(2.2%)</td>
</tr>
</tbody>
</table>

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

Actual YTD coincident demand = 6,123 MW

Actual YTD energy sales = 3,194,293 MWh
Source of supply variance

Overall resource production came in above budget for the month of December, as above budget JDA purchases were made and baseload generation was dispatched lower through Joint Dispatch. Similarly, resource production came in near budget, for the year.

December variance in production from energy resources (MWh)

Year-to-date variance in production from energy resources (MWh)

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

Loads and obligations came in above budget for the month of December, as the result of above budget contract sales having offset below budget surplus sales. Though partially offset by above budget contract sales, loads and obligations came in near budget, due to below budget municipal and surplus sales, year to date.

### December variance in deliveries for loads and obligations

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Contract sales</th>
<th>Community solar</th>
<th>JDA sales</th>
<th>Municipal sales</th>
<th>Shaft sharing</th>
<th>Surplus sales</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWh</td>
<td>378,864</td>
<td>17,980</td>
<td>1,611</td>
<td>728</td>
<td>171</td>
<td>(657)</td>
<td>(2,200)</td>
<td>391,004</td>
</tr>
</tbody>
</table>

### Year-to-date variance in deliveries for loads and obligations

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Contract sales</th>
<th>Shaft sharing</th>
<th>Community solar</th>
<th>JDA sales</th>
<th>Municipal sales</th>
<th>Surplus sales</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWh</td>
<td>4,273,534</td>
<td>68,858</td>
<td>12,316</td>
<td>8,500</td>
<td>6,809</td>
<td>(12,264)</td>
<td>(35,433)</td>
<td>4,221,947</td>
</tr>
</tbody>
</table>

A bar chart showing the variance in deliveries for loads and obligations.
**Power generation - Rawhide**

Rawhide’s equivalent availability factor came in above budget, while net capacity factor came in below budget as the result of having been dispatched lower in Joint Dispatch, year to date.

Rawhide emission levels were well below allowable limits for the year.
Power generation - Craig

Craig’s equivalent availability factor came in slightly above budget and net capacity factor came in above budget, year to date.
Power generation - CTs

The combustion turbines came in significantly above budget, as they were operated to serve load, facilitate sales and meet validation test requirements, throughout the year. Natural gas pricing came in near budget for the year.
Power generation - renewables

Wind and solar generation came in below budget for the year, due to unplanned outages and abnormally mild weather during months when wind and solar generation are typically higher.

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

Surplus sales volume came in below budget for the year. Overall prices were higher, particularly in July and August, which resulted in pricing having come in significantly above budget, year to date.

*The actual average sales price includes the Silver Sage sale.*

**Market purchases**

Purchase volumes came in significantly above budget for the year, mainly due to the volume of JDA purchases made at prices which often fell below our generating costs.
Dispatch cost

Dispatch costs were well below budget for the month of December, due to Craig costs, purchase costs and Joint Dispatch costs having come in below budget.

While the majority of resources came in at or above budget for the year, overall dispatch costs came in slightly below budget, as they were mainly offset by JDA purchases which came in significantly below other resource costs.

*Silver Sage REC's and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.*
Events of significance

Power supply

- On Feb. 13, Platte River signed a power purchase agreement (PPA) for 22 MW of solar and 2 MWh of battery storage.
- On Feb. 28, Platte River reached an agreement with NextEra on the terms of the generator outlet transmission line purchase. The generator outlet will deliver the Roundhouse wind output into the Rawhide Substation.
- Platte River later exercised the additional 75 MW Roundhouse wind option, bringing the total Roundhouse wind project to 225 MW.
- A three-year contract was executed, in May, to sell 25 MW of Craig generation.
- In June, a ten-year contract was also executed to sell the output from the 60 MW Spring Canyon wind farm.
- A five-year contract was also executed, in June, to sell another 25 MW of Craig generation.
- On Sept. 11, Platte River issued an RFP to procure 50-150 MW of solar energy for 15-25 years, starting in 2023.
- In December, Platte River and the three other members of JDA announced the intention to join the Western Imbalance Energy Market (WEIM), operated by the California Independent System Operator (CAISO).

Fuels and water

- The sale of two Windy Gap units was completed, reducing Platte River’s total ownership to 120 units.
- The Windy Gap Firming Project design phase was completed, and a comprehensive search process culminated with the selection of a general contractor.
- Windy Gap Firming Project mitigation and preconstruction efforts continue at the project site and on the West Slope, in advance of construction.

Power production

- 2019’s year-to-date CT production of 72,050 MWh was the fourth best year on record for the Rawhide CTs.
- Construction began on the Roundhouse wind project’s generator outlet and tower construction.
- Earthwork was completed and pile work began on the Rawhide Prairie Solar Project.
- In May, Rawhide Unit 1 began performing low load testing which presented favorable results and has enabled Platte River to reduce the Rawhide’s minimum to 100 MW.
- On July 18 and 19, Rawhide Unit 1 ran at full capacity with all five CTs running.
- On May 6, upgrades to the solar transformer at Rawhide were completed to accommodate the 22 MW solar project.
- In March, upgrades were made to CT units B, C and D’s control system, improving protective relay equipment by upgrading its relays.
- In October, upgrades to the CT controls and relay upgrades on CT units A and F were completed.
Power delivery

- Platte River's 2019 Transmission Service Availability Factor (TSAF) was 100%.
- In May, operations technology completed a successful first phase of testing on the passive multiplexing technology for our fiber network.
- In support of the new headquarters building, over 5000 fiber strands were spiced.
- The Southwest Power Pool (SPP) took over Reliability Coordination (RC) Services from Peak Reliability in December.
- The new control center was set up and Platte River received NERC control center certification.
- New boundary metering equipment was installed at the new HQ building and is in operation.

Headquarter facilities maintenance

- A total of 48 revenue meter replacements were completed, effectively moving metering to the high side of the transformers.
- Breaker maintenance and testing was completed on a total of 13 115 kV and 230 kV circuit breakers.
- Infrared scans completed inside substation control panels at 26 substations, including a helicopter scan of the entire transmission line system.
- In December, construction on the Boyd-Longs Peak 230 kV line was completed. The line now accommodates the new Gateway Substation location.
Memorandum

Date: 2/20/2020

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
      Andy Butcher, chief operating officer

Subject: Western Energy Imbalance Market update

After a lengthy process, where the Mountain West Transmission Group failed to deliver on a full energy market, the members of the Joint Dispatch Agreement (JDA), consisting of Platte River, Xcel Energy, Black Hills Energy and Colorado Springs Utilities, evaluated options for participation in an energy imbalance market. At the December board meeting, staff presented the options available for the JDA to move towards participating in a larger regional market.

On Dec. 17, 2019, Platte River announced the intention to join the Western Energy Imbalance Market (WEIM) with the other three members of JDA. At the February board meeting, Platte River staff will provide a brief presentation outlining the decision process for having selected the WEIM. Staff is confident that participating in the WEIM presents the optimal path towards participation in a full energy market.
At the Aug. 20, 2019 board meeting, portfolios were presented to the board in an Integrated Resource Plan (IRP) modeling plan presentation. Following the community listening sessions, in October, four portfolios (continuity, zero coal, zero carbon and integrated utilities) were defined for continued IRP modeling.

The preliminary modeling and analysis of the 2020 IRP is complete. Staff will present the assumptions and preliminary findings at the February board meeting. The presentation will include the discussion of major assumptions, including commodity prices, the load forecast and portfolio designs, along with resource additions for different portfolios, the cost of supply and CO2 reduction.

The February board meeting IRP presentation is the second of four planned presentations in the IRP process. The presentation is for informational purposes only and Platte River staff will not be making any recommendations at the February board meeting. Staff will be prepared to answer questions pertaining to the initial findings as well as the data behind the modeling. After the board meeting, Platte River staff, owner community staff and the CSU Center for Public Deliberation will host community focus group sessions in each of the owner communities. These meetings will be held in March of 2020.

In April, Platte River staff will provide the board with IRP resource portfolio recommendations. At the May board meeting, staff will be prepared to answer any questions, prior to requesting the board’s approval of the 2020 IRP. The deadline for submission of the IRP to WAPA is July 1, 2020.
Memorandum

Date: 2/20/2020

To: Board of directors

From: Jason Frisbie, general manager/CEO
      Alyssa Clemsen Roberts, chief strategy officer
      Libby Clark, director of human resources and safety

Subject: Gainshare program

Since 1998, Platte River’s gainshare program has complemented our overall total rewards philosophy. The program is designed to maintain a focus on Platte River’s strategic initiatives, business objectives and goals, promote fiscal responsibility and provide an incentive to exceed operational and financial goals and targets.

The following criteria must be met in order to qualify for a gainshare payout.

Compliance
- Environmental compliance assurance – no violations without an affirmative defense
- No NERC compliance violations resulting in a financial penalty (excluding self-reported violations)

Financial integrity
- Net revenues must be above budget for the quarter
- Strategic plan financial targets of net income and fixed obligation charge coverage have been met for the last twelve months

Operations excellence
- No Rawhide Unit 1 controllable trips offline due to a Platte River error
- No controllable loss of customer communications connectivity
- No controllable loss of load to any owner community or interconnected utility
- Rawhide units must achieve the following metrics for the quarter:
  - 97% or greater adjusted equivalent availability for Unit 1
  - 97% or greater starting reliability for Unit F (individually)
  - 85% or greater delivery reliability EA units (as one group)
Gainshare results are discussed during monthly all-employee business meetings, which generate ownership of the results by all employees. If there are realized financial and operational benefits, Platte River employees will have an opportunity to share in the results. The total potential employee share of earnings will equal 50% of quarterly net revenues above budget up to $1,100 per eligible employee each quarter.

Platte River’s mission is to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities of Estes Park, Fort Collins, Longmont and Loveland. The goals of the gainsharing program are aligned with this mission and encourage employees to strive for excellence in all aspects of their daily work.

Attachment
Gainsharing program

Up to $1,100 each quarter

Platte River’s mission, while driving utility innovation, is to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities of Estes Park, Fort Collins, Longmont and Loveland. The goals of the gainsharing program are aligned with this mission and encourage employees to strive for excellence in all aspects of their daily work.

If there are realized financial benefits in comparison to the approved budget, Platte River employees will have an opportunity to share in the results. The total potential employee share of earnings will equal 50% of quarterly net revenues above budget up to $1,100 per eligible employee each quarter. Eligible employees will receive a lump sum payment; Platte River will benefit from stronger financial and operating results.

Platte River’s gainsharing program is designed to:
- Maintain a focus on Platte River’s strategic initiatives, business objectives and goals
- Provide an incentive to exceed operational and financial goals and targets
- Promote fiscal responsibility

Here’s how it works

The gainsharing program will be calculated on a quarterly basis. Payouts will be determined by comparing the budgeted net revenues with the actual net revenues in each quarter. When net revenues exceed budget and other criteria are met, employees will be eligible to receive a gainsharing payout. Employees will share 50% of the total quarterly net revenues above budget, up to $1,100 per eligible employee each quarter.
All of the following criteria must be met in order to qualify for an award:

**Compliance**
- Environmental compliance assurance - no violations without an affirmative defense
- No NERC compliance violations resulting in a financial penalty (excluding self-reported violations)

**Financial integrity**
- Net revenues must be above budget for the quarter
- Strategic plan financial targets of net income and fixed obligation charge coverage have been met for the last twelve months

**Operational excellence**
- No Rawhide Unit 1 controllable trips off line due to a Platte River error
- No controllable loss of customer communications connectivity
- No controllable loss of load to any owner community or interconnected utility
- Rawhide units must achieve the following metrics for the quarter:
  - 97% or greater adjusted equivalent availability for Unit 1
  - 97% or greater starting reliability for Unit F (individually)
  - 85% or greater delivery reliability EA units (as one group)

*The senior management team retains ultimate authority to eliminate, modify or payout gainsharing payouts due to other relevant factors.*

**Eligibility**
- All regular employees, other than the senior leadership team and director leadership team, are eligible to receive a gainsharing program award each quarter.
- Employees must have been hired and actively working by the first business day of the quarter, and must be employed by Platte River on the last business day of the quarter in order to receive an award.
- Any employee who is involuntarily separated from employment by Platte River is not eligible.
- As long as the other eligibility requirements are met, approved leaves at any point during the quarter do not reduce the opportunity for gainshare payout.
- Payments will be made following the close of each quarter, typically April, July, and October and January.
- Any distribution under this program will be subject to withholding and other payroll taxes.

All necessary wage adjustments per Fair Labor Standards Act (FLSA) will be calculated and paid at the time of the gainshare payout.
**Memorandum**

Date: 2/20/2020

To: Board of Directors

From: Sarah Leonard, general counsel

**Subject:** Legal, Environmental and Compliance Report – February board meeting

**LEGAL ISSUES:**

**CURRENT OR THREATENED LITIGATION INVOLVING PLATTE RIVER**

**T-Mobile Cellular Equipment Litigation**

**Background:**

Beginning in the early 2000s, Platte River entered into a series of leases to permit VoiceStream to place cellular telephone antennas and related equipment on certain transmission towers in the Fort Collins area. These leases, which were for an initial term of five years with two five-year extension options, were later assumed by T-Mobile. In 2016, at the direction of the owner communities’ utilities directors, Platte River conducted a risk assessment of the transmission tower attachments. This study concluded that the pole attachments presented an unacceptable risk to the reliability of Platte River’s system because, among other things, transmission lines would need to be taken out of service whenever maintenance was performed on the cellular antennas. Accordingly, Platte River informed T-Mobile that it would not extend the leases beyond their then-current terms. T-Mobile later requested additional time to find alternative locations for its cellular antenna facilities, and Platte River agreed to brief extensions of these leases. However, it soon became apparent that T-Mobile was not taking reasonable steps to relocate its facilities.

In December 2018, Platte River entered into final lease extensions with T-Mobile, on the condition that no further extensions would be required. These extensions, for leases DN03028D, DN03077B and DN03292D, expired on Sept. 30, Oct. 31 and Nov. 30, 2019, respectively. As the expiration of the leases approached, T-Mobile informed Platte River that it would not be removing its equipment by the expiration of the leases, as relocation was taking “longer than we had hoped.” Platte River requested documentation of T-Mobile’s efforts to relocate the facilities, but no further information has been provided. Accordingly, on Oct. 11, 2019, Platte River filed for breach of contract and declaratory relief in the Larimer County District Court seeking, among other things, money damages for T-Mobile’s breach of the leases and a declaration of Platte River’s rights to remove the cellular antenna facilities at T-Mobile’s expense.
T-Mobile answered the complaint on Nov. 14, 2019, and the case is now “at issue.” Among other things, T-Mobile has asserted “necessity” and “impossibility of performance” as defenses to Platte River’s claims for breach of contract. This matter is subject to simplified civil procedure, which means that discovery will be limited, and procedure is generally expedited. The court has not yet set a trial date.

Current Status:

The parties have shared initial disclosures of witnesses and documents, and Platte River has served an initial set of discovery requests to obtain further information regarding T-Mobile’s affirmative defenses. All discovery must be completed by May 31, 2020. Counsel for T-Mobile has reiterated T-Mobile’s interest in an early settlement, but as of the date of this report no settlement offer has been made.

Potential Claim

Staff sent a demand letter in connection with the potential claim against a contract vendor discussed in executive session at the July board meeting. The vendor responded on Oct. 24, 2019, generally denying any responsibility for the claim. Platte River has engaged outside counsel to represent its interests in this matter, and staff is actively working with outside counsel to develop a litigation strategy. We will provide further reports in executive session as this matter develops.

LITIGATION MATTERS OF INTEREST TO PLATTE RIVER

FERC Order for PJM Interconnection, LLC to Expand Minimum Offer Price Rule

Background:

On Dec. 19, 2019, FERC issued an order (December 19 Order) on capacity auctions in the PJM Interconnection (PJM), which is a FERC-regulated regional transmission organization in the eastern United States. The December 19 Order does not apply outside of PJM, but it has raised alarm bells throughout the public power community because of the reasoning FERC used to reach its decision.

In simple terms, since organized energy markets began to mature in the United States, market participants and regulators have struggled with the risk that generating units needed infrequently (but indispensable during periods of highest power demand) will not remain financially viable if their income depends on energy sales over a small number of hours each year. Mandatory capacity auctions (where all load-serving entities must buy at auction enough offered capacity to meet their assigned portions of system peak) have been one tool through which market operators and regulators have attempted to solve this problem.

In the context of PJM, FERC concluded that capacity resources (primarily renewable power projects) that benefit from state-provided incentives (subsidies, in FERC’s view) were undermining capacity auctions by unfairly depressing auction prices (especially harmful to traditional thermal resources such as coal and gas units). Before the December 19 Order, FERC had already instituted rules that set a
floor on new generator bids into the PJM capacity auction. The previous rules included some exceptions to accommodate public power entities’ self-supply choices.

Not only did the December 19 Order extinguish these exceptions, but FERC adopted a very broad definition of “state subsidy.” Under this definition, FERC would find a state subsidy if action by a state or local government has conferred any “financial benefit” on a new resource. The view of many in public power (and of the one FERC Commissioner who dissented from the decision of FERC’s other two sitting Commissioners) is that if it stands, it sets a destructive precedent (for public power entities in PJM and if applied to other regions and markets).

The American Public Power Association, as well as many states within the PJM market footprint, have filed with FERC urging it to rehear its December 19 Order. Rehearing is a necessary legal step before appeal in federal court. If FERC denies rehearing, public power and state interests will almost certainly file in federal court seeking to overturn the December 19 Order.

Current Status:

As noted above, the December 19 Order has no immediate consequence for Platte River. The principle on which it is based applies to mandatory capacity auctions in organized markets. Capacity auctions are not part of the California ISO Western Energy Imbalance Market. Also, FERC’s composition changes over time as presidential administrations change (because FERC Commissioners are nominated by the President), which means that a future slate of FERC Commissioners could view this issue differently.

Save the Colorado v. Bureau of Reclamation (D. Ariz. No. 3:19-cv-08285 MTL)

Background:

On Oct. 1, 2019, Save the Colorado and other environmental groups sued in the U.S. District Court for Arizona challenging the record of decision (Decision) issued by the Bureau of Reclamation (Bureau) to approve the Long-Term Experimental and Management Plan for the Glen Canyon Dam. The Glen Canyon Dam is a large hydropower dam that is part of the Colorado River Storage Project. Platte River is one of the largest offtakers of hydropower from that project, accounting for almost 13% of the Colorado River Storage Project’s output.

By way of background, the Glen Canyon Dam was constructed in 1963 under the Colorado River Storage Project Act of 1956, which provided a comprehensive water resource development plan for the upper Colorado River Basin. The plan included the construction of a series of dams on the Colorado River to provide water for agricultural, domestic, and hydropower purposes. In 1992, Congress adopted the Grand Canyon Protection Act to increase protection for the fish, wildlife, and environmental resources in the Grand Canyon. The Grand Canyon Protection Act and the Endangered Species Act (which protects several endangered fish species in the Colorado River) required the Glen Canyon Dam to modify its operations.
In 2009, the United States Department of Interior and the Bureau proposed to implement adaptive management programs for the Glen Canyon Dam to protect environmental resources. Under the National Environmental Protection Act (NEPA), this kind of action requires an environmental impact statement. In 2012, the Bureau studied potential adaptive management options and, in December 2016, issued its Decision on the environmental impact statement, which identified several alternatives for managing the Glen Canyon Dam, including a “no action” alternative. The Bureau’s Decision evaluated the impacts of each of the alternatives, including the impacts on hydropower production. The alternative the Bureau selected was determined to have a marginal impact on hydropower production, increasing costs by an estimated 0.17%.

During the NEPA process, Save the Colorado and the other plaintiffs claim to have given the Bureau data regarding climate impacts from the proposed adaptive management program. In their lawsuit, the plaintiffs assert that the Bureau failed to consider this climate data in issuing its Decision, and that the “statement of purpose and need” in the environmental impact statement failed to include climate change considerations (although climate change was not an issue at the time Congress adopted the Colorado River Storage Project Act). The plaintiffs further claim the Bureau failed to consider alternatives, including filling Lake Mead first (Lake Mead is downstream from Lake Powell, the reservoir created by the Glen Canyon Dam), taking a “run of the river” management approach, and removing Glen Canyon Dam altogether. Of particular concern is the plaintiffs’ focus on the Bureau’s consideration of hydropower interests. They assert that hydropower is “subservient” to the other purposes of the Colorado River Storage Project and should not be given weight in the NEPA process. If the plaintiffs’ litigation succeeds, it would halt the adaptive management program and could force the Bureau to reopen the NEPA process, potentially leading to a program even less favorable for hydropower interests. It may also set a precedent that could endanger other hydropower projects that did not take climate change into consideration.

Current Status:

The Bureau answered the complaint on Dec. 5, 2019.


Background:

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

Current Status:

The District Court recently issued an order indicating that this matter has been reassigned to Judge Tim Tymkovich, who sits on the Tenth Circuit court of appeals. The District Court may assign a case to an appellate judge to help relieve backlog. We believe it is a positive sign that this case has been reassigned and may indicate that the District Court will act soon. Because this case involves the review of an administrative record and will not involve a trial with live testimony and documentary evidence, we do not believe the reassignment will cause any delay while the new judge gets up to speed.

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

Background:

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

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

On remand, FERC reaffirmed its decision to accept the WestConnect cost allocation proposal. In so doing it reiterated the unique jurisdictional characteristics of the Western Interconnect and explained that the WestConnect proposal contained sufficient incentives for non-jurisdictional utilities to accept cost allocation responsibilities. FERC noted that it could resort to its authority under Section 211A of the Federal Power Act if non-jurisdictional utilities’ refusal to participate in cost allocation would result in rates that were not just and reasonable. On Aug. 17, 2018, El Paso Electric Company filed a review action with the Fifth Circuit Court of Appeals.
Platte River is not a party to the action but may coordinate with other affected, non-jurisdictional utilities in filing an *amicus* brief. Platte River participated in settlement negotiations between the jurisdictional and non-jurisdictional utilities on modifications to the cost allocation and governance provisions of the Planning and Participation Agreement.

**Current Status:**

The jurisdictional and non-jurisdictional utilities agreed on settlement principles. On Nov. 20, 2019, the Court granted an extension of the abeyance period to allow the utilities to incorporate the settlement principles into tariff language to be filed with FERC. The utilities are developing the tariff language.

**ONGOING AND CURRENT MATTERS OF SIGNIFICANCE**

**Grand Lake Clarity NEPA Process**

**Background:**

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

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

**Current Status:**

The Bureau moved the next cooperating agency meeting from October 2019 to the first quarter of 2020 to allow additional time for preliminary analysis of the current alternatives.
**Western Wholesale Market Activities**

**Background:**

Since negotiations between the Mountain West Transmission Group and the Southwest Power Pool ended in 2018, Platte River has been focusing primarily on market operations under the Joint Dispatch Agreement (JDA) among Platte River, Black Hills Energy and Public Service Company of Colorado, which has been in place since June 2017.

On June 20, 2019, FERC approved changes to the JDA Tariff necessary to authorize Colorado Springs’ participation in the JDA market. Colorado Springs is integrating into the JDA market and will likely commence market operations in early 2020.

Because the JDA market lacks sufficient size to balance out the significant variable resources Platte River and other Colorado utilities will need to meet their aggressive decarbonization goals, Platte River and other members of the former Mountain West Transmission Group evaluated proposals from the California Independent System Operator (California ISO) and Southwest Power Pool to provide energy imbalance market services in the West. A significant number of utilities in the West (including Salt River Project and PacifiCorp) have joined the California ISO energy imbalance market. By 2022, this market will include approximately 77% of the electric load in the western United States.

On Sept. 9, 2019, the Southwest Power Pool announced that Basin Electric Power Cooperative, Tri-State Generation and Transmission Association (Tri-State), and the Western Area Power Administration committed to join the Southwest Power Pool’s western energy imbalance service, which is anticipated to begin operations in February 2021.

Platte River and the other participants in the JDA engaged the Brattle Group to analyze the costs and benefits of the California ISO energy imbalance market and Southwest Power Pool’s western energy imbalance service.

On Sept. 17, 2019, the Colorado Public Utilities Commission (Commission) opened a docket under the newly adopted Colorado Transmission Coordination Act (Transmission Act) to study the potential advantages and disadvantages of various market options for the West, including energy imbalance markets, regional transmission organizations, power pools, and joint tariffs. The Transmission Act directed the Commission to hold hearings for public comments on the costs and benefits of markets and to determine by Dec. 1, 2021, whether participation in a market is in the public interest. If the Commission determines that participation in a market is in the public interest, it may claim it has authority to direct jurisdictional utilities to take “appropriate actions” to pursue participation in such a market. Platte River and several other utilities, independent power producers, Southwest Power Pool, California ISO, and various non-governmental organizations have filed notices to participate and initial comments. Platte River and other interested parties filed comments on Nov. 15, 2019, and rebuttal comments were filed on Dec. 15, 2019. The Commission will likely schedule public hearings for early 2020.
Current status:

The results of the Brattle Group study showed significantly greater benefits for the members of the JDA market to participate in the California ISO market than for the Southwest Power Pool market. On Dec. 17, 2019, the JDA market participants (including Platte River) issued a joint press release announcing their intention to join the California ISO market.

Although Platte River has decided to join the California ISO market, it still has a significant interest in the Southwest Power Pool market because Platte River purchases hydropower from the Western Area Power Administration and shares many common transmission interests with it and with Tri-State. There are significant questions on how the Southwest Power Pool’s market will affect entities in the West, as well as how it will allocate market costs. Platte River staff and its Washington legal counsel met with FERC Commissioners and their staff in late January (ahead of the Southwest Power Pool’s anticipated filing) to raise these concerns. We understand that representatives of other JDA utilities have similarly reached out to FERC. We anticipate the Southwest Power Pool will file with FERC to amend its tariff for the imbalance market during the week of Feb. 10, 2020. Platte River intends to intervene and file comments in that FERC proceeding.

Fiber Utilization and Telecommunications

Background:

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

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

Current status:
The City of Longmont, the City of Loveland and the City of Fort Collins have approved asset transfer documents. We are awaiting Estes Park approval.

**ISSUES FOR FUTURE DISCUSSION:**

**Platte River's Legal Authority as Conferred by the Organic Contract and Applicable Statutes**

In April 1998 the Platte River Board of Directors amended and restated the Organic Contract. The minutes for the April 23, 1998 board meeting state:

"The recommended changes were the product of discussions among staff and general, corporate, and bond counsel. The purpose of the changes would be to expand Platte Rivers’ abilities and give it greater flexibility beyond supplying wholesale electric power to four municipalities."

The changes to the Organic Contract included new purpose language in Section 2.1, following two subsections about serving the owner communities’ electric power and energy requirements:

"...to provide any additional designated function, service, or facility lawfully authorized to any combination of two or more of the Municipalities, provided that these constitute an ‘enterprise’ as defined in subsection 2(d) of Article X, Section 20 of the Colorado Constitution."

Invoking this authority requires (1) approval of all eight members of the board, (2) opinions of counsel for any participating owner communities that the function, service, or facility to be performed by Platte River on its behalf is lawful for those owner communities, and (3) an opinion from bond counsel for Platte River that the function, service, or facility constitutes an “enterprise” under subsection 2(d) of Article X, Section 20 of the Colorado Constitution.

We are developing further information to support our understanding of the degree of flexibility conveyed by this language and what it means for Platte River’s activities going forward. We plan to discuss this in executive session at the March 26, 2020 board meeting.

**CONTRACTUAL MATTERS:**

**Solar and Storage Power Purchase Agreement**

**Background:**

On Feb. 13, 2019, Platte River entered into a Solar Renewable Energy and Storage Power Purchase Agreement (Solar Purchase Agreement) for the construction of a 20 MW solar facility with a 2 MW battery at the Rawhide Energy Station. The term of the Solar Purchase Agreement is 20 years, with an option to extend the term to 40 years. At its meeting on June 10, 2019, the Larimer County Commission gave final approval for the “1041” land use permit required under state law (Colorado House Bill 1041, originally adopted in 1974) for the construction of the solar and battery storage facility. Platte River and DEPCOM, the project developer, entered into an interconnection agreement for the project on June 12, 2019.

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

Current status:

The project developer received Larimer County’s final approval for its building permit on Dec. 10, 2019, and construction is ongoing.

Roundhouse Energy Project

Background:

On Jan. 22, 2018, Platte River entered into a Renewable Energy Power Purchase Agreement with Roundhouse Renewable Energy, LLC. Platte River agreed to purchase 150 MW of wind energy from the Roundhouse wind energy project that will be constructed in southern Wyoming. The project developer will deliver the wind energy to Platte River using a 230-kV generation interconnect transmission line that is being constructed by the project developer. On July 10, 2019, Platte River and the project developer entered into a Fifth Amendment to the Power Purchase Agreement to increase the amount of energy purchased from 150 MW to 225 MW. In addition, Platte River entered into an asset purchase agreement to acquire the generation interconnect transmission line when the project achieves commercial operation, which is anticipated to occur by Dec. 1, 2020.

Current status:

The project developer is continuing construction on the transmission line structures. Coordination continues between Platte River and the developer on the interconnection agreement between the parties and land use agreements along the transmission path. Platte River has concerns with the rights to several parcels needed for the transmission path. Platte River and the developer are working to resolve the concerns with these parcels and finalize the other necessary land use agreements.

Oil and Gas Exploration at the Rawhide Energy Station

Background:

Although Platte River owns all surface rights to the Rawhide Energy Station property, we only own a portion of the mineral rights under the property. Other parties have full or partial ownership of the remaining portions. King Operating Corporation (King), a Texas-based oil and gas company, approached Platte River to explore for oil and gas under the Rawhide property on behalf of several of these other mineral rights holders. Platte River granted King a permit to conduct a seismic survey exploring for oil and gas, which was completed in March 2019.

King has notified Platte River that it is in the planning stages for wells to extract oil and gas from reservoirs underneath the Rawhide property. Platte River has been coordinating with King regarding its
extraction plans. King has also approached Platte River regarding a potential lease of Platte River’s mineral rights. Platte River management is assessing the potential advantages and disadvantages of King’s request. A potential benefit could be greater control (through negotiated agreements) of King’s oil and gas extraction activities near the Rawhide Energy Station. In June 2019, King approached Platte River to request water to support its proposed fracking activities. Platte River declined this request.

Current Status:

Larimer County has issued draft rules governing oil and gas operations within the County (pursuant to its authority under SB 19-181). Platte River worked with its consulting oil and gas legal counsel to submit comments to address Platte River’s interests. The Larimer County Planning Commission will hold a public hearing to consider the rules on Feb. 19, 2020. Larimer’s Board of County Commissioners will hold a public hearing to consider the rules on March 23, 2020.

ENVIRONMENTAL MATTERS:

EPA Affordable Clean Energy Rule/Colorado Air Quality Statute Implementation

Background:

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

At the same time EPA was finalizing the ACE Rule, the Colorado General Assembly adopted a number of aggressive air quality statutes, including SB 19-096 (which established goals for the reduction of greenhouse gas emissions) and HB 19-1261 (which granted the Colorado Air Quality Commission (Air Commission) broad rulemaking authority to implement greenhouse gas reduction goals). These measures were discussed in more detail at the May 2019 board meeting. Unlike the ACE Rule, which is focused on technology-based emissions reductions, the new Colorado statutes focus on overall emissions reductions without regard to technology.
The Air Commission has begun to hold stakeholder meetings on the new emissions reduction statutes. Although development and implementation of new rules is many months away, Air Commission staff made clear that, to meet the aggressive greenhouse gas emissions reduction goals, it will require a greater reduction of greenhouse gases from the electric utility sector than it will from other sectors over which it lacks effective regulatory control. Staff will provide further updates on these rules as more information becomes available.

Current status:

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

**Regional Haze Review**

**Background:**

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

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

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

Current Status:
The Health Department has asked Platte River for additional information related to its four-factor analysis report. Platte River will respond by the end of February. In addition, Platte River continues to participate in the Regional Haze rulemaking stakeholder process. We will provide comments through the Colorado Utilities Coalition.

**Coal Combustion Residuals Regulation**

**Background:**

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

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

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

As required by the Residuals Rule, Platte River completed an assessment of corrective measures to address potential local groundwater impacts from the bottom ash ponds and monofill. The assessment includes consideration of the planned impoundment closures, planned monofill upgrades, and any additional measures as deemed appropriate. Staff has posted the full report to Platte River’s website for public review.

Platte River hosted an open house at Rawhide on Nov. 13, 2019 to share information from our report on assessment of corrective measures and to accept public comment. Staff responded to two email inquiries related to groundwater quality.
Current status:

Platte River staff worked with Larimer County to update the Rawhide Certificate of Designation to include all waste impoundments located on site. (A Certificate of Designation is a land-use approval granted by local jurisdictions for waste disposal facilities.)

Platte River’s updated Certificate of Designation covers several settling ponds used to store residuals from a water treatment process, a fire training runoff containment pond, the bottom ash transfer ponds, and the ash monofill. Platte River’s first Certificate of Designation for the Rawhide site was part of the initial land-use authorization for the site in 1980 and covered only the ash monofill. A recent change in state regulations expanded that requirement to include waste impoundments, as well as upgraded standards for environmental protection. The Larimer County Board of County Commissioners approved Platte River’s updated Certificate of Designation on consent at a hearing on January 27. The updated Certificate of Designation does not change any existing operations at Rawhide, but it updates how the county documents its approval to align with the new state regulations.

COMPLIANCE MATTERS:
In January, Platte River received notice of Compliance Exceptions for two self-reports submitted to the Western Electricity Coordinating Council (WECC) in December 2017 and January 2018. WECC deemed both issues were administrative in nature, which resulted in minimal risk to the Bulk Electric System. There will be no sanctions or penalties associated with these exceptions, and they will not become part of Platte River’s permanent compliance history.

The first instance of noncompliance in December 2017 concerned the coordination of relay protection system settings. Platte River generation protection staff coordinated settings changes with Platte River transmission protection staff but did not notify the host Balancing Authority of these changes, which is required in the standard.

The second instance of noncompliance in January 2018 related to relay calculations involving voltage and frequency measurements used in protective relays. Due to the technical nature of these calculations, Platte River relied on an external engineering consultant to perform the work. The consultant completed the calculations before the required enforcement date of the NERC standard but used an incorrect voltage value as the basis for the calculations. This resulted in minor errors in the settings. The settings were recalculated using the correct base voltage and implemented for the applicable generators at Rawhide.

Both instances are considered closed with WECC, and no further action is required.
January 2020 operating report

Executive summary

Municipal demand and energy came in below budget for the month of January, due to above average temperatures.

Rawhide had an excellent operational month with no unplanned outages or curtailments. Craig Unit 1 remained curtailed, due to a feedwater heater tube leak which is scheduled for repair in March. The unit also had a brief unplanned outage to replace a stator filter. Craig Unit 2 had a brief minor curtailment with no unplanned outages, during the month of January.

Wind generation came in below budget, due to lower than average wind speeds, and solar also came in below budget, as the result of 21 cloud-covered days, during the month of January.

Surplus sales volume was below budget due to short-term, JDA and contract sales all having come in slightly below budget. Pricing also came in slightly below budget.

Market purchases were substantially above budget, as baseload generation units were dispatched down to purchase JDA energy at prices well below budget.

Dispatch costs were slightly below budget for the month of January, due to an above budget volume of JDA purchases made at below budget JDA purchase costs.

<table>
<thead>
<tr>
<th>Category</th>
<th>January variance</th>
<th>YTD variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal demand</td>
<td>(11.7%)</td>
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<tr>
<td>Municipal energy</td>
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<td>(3.9%)</td>
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<tr>
<td>Baseload generation</td>
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<td>(22.2%)</td>
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<tr>
<td>Wind generation</td>
<td>(13.6%)</td>
<td>(13.6%)</td>
</tr>
<tr>
<td>Solar generation</td>
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<td>(14.6%)</td>
</tr>
<tr>
<td>Surplus sales volume</td>
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<td>(6.3%)</td>
</tr>
<tr>
<td>Surplus sales price</td>
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<td>(0.6%)</td>
</tr>
<tr>
<td>Purchase volume</td>
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</tr>
<tr>
<td>Purchase price</td>
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<td>(24.7%)</td>
</tr>
<tr>
<td>Dispatch cost</td>
<td>(2.3%)</td>
<td>(2.3%)</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>2020 goal</th>
<th>January actual</th>
<th>YTD total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Peak day obligation. Peak demand for the month was 435 megawatts which occurred on Jan. 10, 2020, at hour ending 18:00 and was 57 megawatts below budget. Demand response and voltage reduction were not called upon at the time of the peak. Platte River’s obligation at the time of the peak totaled 549 megawatts.

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

Municipal demand and energy came in below budget for the month of January, due to above average temperatures.

<table>
<thead>
<tr>
<th>Coincident demand (MW)</th>
<th>January budget</th>
<th>January actual</th>
<th>Minimum</th>
<th>Actual variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>492</td>
<td>435</td>
<td>497</td>
<td>(11.7%)</td>
</tr>
<tr>
<td>Estes Park</td>
<td>22</td>
<td>22</td>
<td>13</td>
<td>0.3%</td>
</tr>
<tr>
<td>Fort Collins</td>
<td>232</td>
<td>202</td>
<td>234</td>
<td>(12.8%)</td>
</tr>
<tr>
<td>Longmont</td>
<td>125</td>
<td>112</td>
<td>137</td>
<td>(10.9%)</td>
</tr>
<tr>
<td>Loveland</td>
<td>113</td>
<td>99</td>
<td>114</td>
<td>(12.8%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-coincident demand (MW)</th>
<th>498</th>
<th>438</th>
<th>503</th>
<th>(12.0%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estes Park</td>
<td>25</td>
<td>23</td>
<td>20</td>
<td>(8.6%)</td>
</tr>
<tr>
<td>Fort Collins</td>
<td>233</td>
<td>203</td>
<td>234</td>
<td>(12.8%)</td>
</tr>
<tr>
<td>Longmont</td>
<td>126</td>
<td>113</td>
<td>137</td>
<td>(10.3%)</td>
</tr>
<tr>
<td>Loveland</td>
<td>113</td>
<td>99</td>
<td>112</td>
<td>(13.2%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy sales (MWh)</th>
<th>281,363</th>
<th>270,486</th>
<th>(3.9%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estes Park</td>
<td>13,356</td>
<td>13,993</td>
<td>4.8%</td>
</tr>
<tr>
<td>Fort Collins</td>
<td>133,323</td>
<td>127,488</td>
<td>(4.4%)</td>
</tr>
<tr>
<td>Longmont</td>
<td>70,683</td>
<td>69,573</td>
<td>(1.6%)</td>
</tr>
<tr>
<td>Loveland</td>
<td>64,002</td>
<td>59,432</td>
<td>(7.1%)</td>
</tr>
</tbody>
</table>

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

Note: The bolded values above were those billed to the owner communities, based on the maximum of either the actual metered demand or the annual minimum ratchet.
Source of supply variance

Overall resource production came in well below budget for the month of January, primarily due to below budget generation from coal, wind and bilateral purchases which were partially offset by above budget JDA purchases.

January variance in production from energy resources

*Off-system wind RECs and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities*
Source of delivery variance

Loads and obligations came in well below budget for January, due to below budget municipal, JDA and surplus sales.

January variance in deliveries for loads and obligations

Year-to-date variance in deliveries for loads and obligations
Power generation - Rawhide

Rawhide had an excellent operational month, with no unplanned outages or curtailments, which resulted in equivalent availability having come in above budget. Net capacity factor came in below budget, as a result of having been dispatched lower through JDA.

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

Craig Unit 1 remained curtailed due to a feedwater heater tube leak which is scheduled for repair in March. The unit also had a brief unplanned outage to replace a stator filter. Craig Unit 2 had a brief minor curtailment with no unplanned outages, during the month of January. Equivalent availability for the Craig units came in at budget, while net capacity factor was significantly below budget, due to having been dispatched lower through JDA.

![Equivalent availability factor](chart1.png)

![Net capacity factor](chart2.png)
Power generation - CTs

On Jan. 24, combustion turbine A successfully completed a two-hour test validation run.
Power generation - renewables serving load

Wind generation came in below budget, due to lower than average wind speeds, and solar also came in below budget, as the result of 21 cloud-covered days, during the month of January.
Market sales

Surplus sales volume was below budget due to short-term, JDA and contract sales all having come in slightly below budget. Pricing also came in slightly below budget.

Market purchases

Market purchases were substantially above budget, as baseload generation units were dispatched down to purchase JDA energy at prices well below budget.
Dispatch cost

Dispatch costs were slightly below budget for the month of January, due to an above budget volume of JDA purchases made at below budget JDA purchase costs.

January resource cost

YTD resource cost

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

Major system operations projects benefitting the municipalities:

<table>
<thead>
<tr>
<th>Location</th>
<th>Estimated finish date</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Collins</td>
<td>February 2020</td>
<td>98% complete</td>
<td>Harmony circuit breaker replacements and circuit switcher additions, T1 and T3</td>
</tr>
<tr>
<td>Longmont</td>
<td>December 2020</td>
<td>18% complete</td>
<td>County Line Substation, T3 transformer addition for Longmont</td>
</tr>
<tr>
<td>Rawhide</td>
<td>June 2020</td>
<td>35% complete</td>
<td>Roundhouse 230kV wind bay addition</td>
</tr>
<tr>
<td>Rawhide</td>
<td>March 2020</td>
<td>50% complete</td>
<td>22 MW Rawhide Prairie Solar 34 kV feeder breaker 302 addition</td>
</tr>
</tbody>
</table>

Events of significance

- Fiber connectivity was installed at the new Gateway Substation.
- The power supply and transmission control room staff, along with their supporting staff, were successfully moved into the new headquarters building.
- On Jan. 2, all owner community revenue meters were enabled with high-side compensation programming to account for community transformer losses. This will prepare Platte River for metering in a market at the transmission level.
- Several facilities and maintenance projects were completed during the month of January. Completed projects included phase one of the bus differential relay upgrade at the Harmony Substation, transmission tower and fiber installation and splicing for the Gateway Substation and a successful move of both the system operations and the generation marketing departments.
Financial report

January 2020
Financial highlights year-to-date

Platte River reported favorable results year to date. Net income of $2.4 million was favorable by $0.8 million compared to budget due to below-budget expenses partially offset by below-budget revenues.

At this time, the 2019 entries to update the pension liability are not complete, as the actuary report is not received until mid to late February. As a result, financial statements are not included in this report.

Details of the financial results year-to-date are described below.

<table>
<thead>
<tr>
<th>Key financial results ($ millions)</th>
<th>January Budget</th>
<th>Favorable (unfavorable)</th>
<th>Annual budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$1.6 $2.4</td>
<td>$0.8</td>
<td>$17.2</td>
</tr>
<tr>
<td>Fixed obligation charge coverage</td>
<td>2.60x 2.95x</td>
<td>.35x</td>
<td>2.17x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget results</th>
<th>January</th>
<th>Favorable (unfavorable)</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$20.0 $19.4</td>
<td>$0.6</td>
<td>$240.5</td>
</tr>
<tr>
<td>Sales to owner communities</td>
<td>16.4 15.9</td>
<td>(0.5)</td>
<td>198.7</td>
</tr>
<tr>
<td>Sales for resale - contract</td>
<td>1.1 1.1</td>
<td>0.0</td>
<td>14.4</td>
</tr>
<tr>
<td>Sales for resale - short-term</td>
<td>1.8 1.6</td>
<td>(0.2)</td>
<td>17.6</td>
</tr>
<tr>
<td>Wheeling</td>
<td>0.5 0.3</td>
<td>0.1</td>
<td>5.9</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>0.2 0.3</td>
<td>0.1</td>
<td>3.9</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$16.1 $14.8</td>
<td>$1.3</td>
<td>$190.3</td>
</tr>
<tr>
<td>Purchased power</td>
<td>3.8 4.1</td>
<td>(0.3)</td>
<td>44.6</td>
</tr>
<tr>
<td>Fuel</td>
<td>4.2 3.2</td>
<td>1.0</td>
<td>45.9</td>
</tr>
<tr>
<td>Production</td>
<td>3.8 3.7</td>
<td>0.1</td>
<td>47.9</td>
</tr>
<tr>
<td>Transmission</td>
<td>1.8 1.7</td>
<td>0.1</td>
<td>17.3</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>1.9 1.6</td>
<td>0.3</td>
<td>22.4</td>
</tr>
<tr>
<td>Distributed energy resources</td>
<td>0.6 0.5</td>
<td>0.1</td>
<td>12.2</td>
</tr>
<tr>
<td>Capital additions</td>
<td>$5.3 $3.4</td>
<td>$1.9</td>
<td>$72.8</td>
</tr>
</tbody>
</table>

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

Key budget variances year-to-date

Total revenues

• **Sales to owner communities** were below budget $0.5 million due to 3.9% below-budget energy and lower intermittent energy charges due to lower wind generation.

• **Sales for resale - short-term** were below budget $0.2 million primarily due to 8.5% below-budget energy. Average price was also approximately 2% below budget.

• **Interest and other income** was above budget $0.1 million due to an unbudgeted tower lease and higher interest income.
Total operating expenses

- Several expenses were below budget due to timing of expenses or expenses not being required at this time. The net impact was approximately $0.5 million below budget. The below-budget expenses include: 1) software purchases, 2) integrated resource plan studies and 3) other smaller projects. Expenses above budget include annual membership fees.

- Fuel expenses were $1 million below budget.
  
  **Rawhide Unit 1** 30% of the overall variance, $0.3 million below budget. Generation was below budget due to operating at lower loads to take advantage of lower cost energy under the joint dispatch agreement.
  
  **Craig units** 70% of the overall variance, $0.7 million below budget. Generation was also below budget due to taking advantage of lower cost energy under the joint dispatch agreement.

- Distributed energy resources program expenses were $0.1 million below budget primarily due to the unpredictability of the completion of customers' energy efficiency projects.

- Purchased power expenses were above budget $0.3 million. Purchases were made under the joint dispatch agreement because of favorable pricing, which replaced base load generation. Below-budget wind generation partially offset the additional purchases.

Other financial information

- Debt - The table below shows current debt outstanding. The remaining outstanding principal for Series II and JJ represents debt associated with the Rawhide Energy Station ($25.6 million) and transmission assets ($143.8 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1.

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

Total par outstanding 169,425
Unamortized bond premium 22,054
Total revenue bonds outstanding 191,479
Less: due within one year (10,310)
Total long-term debt, net $ 181,169

Fixed rate bond premium costs are amortized over the terms of the related bond issues.
Capital additions (year-end estimates as of January 2020)

The projects listed below are projected to end the year with a budget variance of more than $100,000. In addition, the amounts below are costs for 2020 and may not represent the total cost of the project. Further changes to capital projections are anticipated and staff will continue to monitor spending estimates to ensure capital projects are appropriately funded.

<table>
<thead>
<tr>
<th>Project ($ in thousands)</th>
<th>Budget</th>
<th>Estimate</th>
<th>Favorable (unfavorable)</th>
<th>Carryover request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Below budget projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Headquarters campus</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$3,419</td>
<td>$2,765</td>
<td>$654</td>
<td>-</td>
</tr>
</tbody>
</table>

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

#### January 2020 year-to-date

Non-GAAP budgetary basis (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>January year to date</th>
<th>Favorable/Unfavorable</th>
<th>Annual budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td>(unfavorable)</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to owner communities</td>
<td>$16,398</td>
<td>$15,909</td>
<td>$(489)</td>
</tr>
<tr>
<td>Sales for resale - contract</td>
<td>1,070</td>
<td>1,064</td>
<td>(6)</td>
</tr>
<tr>
<td>Sales for resale - short-term</td>
<td>1,817</td>
<td>1,625</td>
<td>(192)</td>
</tr>
<tr>
<td>Wheeling</td>
<td>482</td>
<td>480</td>
<td>(2)</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>19,767</td>
<td>19,078</td>
<td>(689)</td>
</tr>
<tr>
<td><strong>Other revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income(1)</td>
<td>265</td>
<td>287</td>
<td>22</td>
</tr>
<tr>
<td>Other income</td>
<td>(3)</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>Total other revenues</td>
<td>262</td>
<td>311</td>
<td>49</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$20,029</td>
<td>$19,389</td>
<td>$(640)</td>
</tr>
</tbody>
</table>

|                      |                      |                        |               |               |
| **Expenditures**     |                      |                        |               |               |
| **Operating expenses**|                      |                        |               |               |
| Purchased power      | $3,782               | $4,056                 | $(274)        | $44,599       |
| Fuel                 | 4,201                | 3,222                  | 979           | 45,953        |
| Production           | 3,767                | 3,721                  | 46            | 47,888        |
| Transmission         | 1,785                | 1,754                  | 31            | 17,284        |
| Administrative and general | 1,881               | 1,553                  | 328           | 22,446        |
| Distributed energy resources | 664                | 522                    | 142           | 12,163        |
| Total operating expenses | 16,080              | 14,828                 | 1,252         | 190,333       |
| **Capital additions**|                      |                        |               |               |
| Production           | 2,393                | 2,209                  | 184           | 34,089        |
| Transmission         | 491                  | 361                    | 130           | 25,340        |
| General              | 2,442                | 805                    | 1,637         | 13,345        |
| Total capital additions | 5,326               | 3,375                  | 1,951         | 72,774        |
| **Debt expense**     |                      |                        |               |               |
| Principal            | 859                  | 859                    | -             | 11,713        |
| Interest expense     | 660                  | 660                    | -             | 11,397        |
| Total debt expense   | 1,519                | 1,519                  | -             | 23,110        |
| **Total expenditures**| 22,925               | 19,722                 | 3,203         | 286,217       |
| Contingency reserved to board | -                  | -                      | -             | 26,000        |
| Total expenditures   | 22,925               | 19,722                 | 3,203         | 312,217       |

| **Revenues less expenditures** | $2,896 | $(333) | $2,563 | $(71,687) |

(1) Excludes unrealized holding gains and losses on investments.
BUSINESS STRATEGIES

Communications and marketing. Staff began planning for the IRP community focus group sessions, facilitated by CSU’s Center for Public Deliberation, which will be held in early March. A second scientific survey of business and residential customers from the owner communities will take place during the same time period. Results from both will be provided to leadership and the board.

Fourteen middle schools from the owner communities confirmed participation of approximately 50 teams to compete in the 2020 NoCo Time Trials model solar and battery car races. The race will take place on May 2 at Walt Clark Middle School ahead of NREL’s statewide competition held in Denver on May 16.

Staff managed two news releases issued in January, one to publicize the annual Roy J. Rohla Memorial Scholarship availability and the other to announce Platte River’s participation with the Western Energy Imbalance Market along with its Joint Dispatch Agreement partners. Staff also used social media tools to promote recruiting videos under the hashtag #PlatteRiverProud.

Regular monthly publications were produced and distributed to Platte River employees and included information about the IRP, energy markets, headquarters updates, board member profiles and more. Staff also managed all aspects of the annual holiday employee appreciation party in December, which drew a record number of attendees.

Staff concluded a digital marketing campaign supporting the electric vehicle (EV) charging study. During the fall months, more than 90% of the customers inquiring about the program came from the digital promotions, and sales of EV chargers eclipsed 100 units. Marketing and Efficiency Works program staff met with counterparts from Fort Collins to discuss roles, responsibilities and program plans for 2020.

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

- 11/4 Energy Legislation Review Interim Study Committee meeting
- 11/5 Fort Collins Key Account meeting
- 11/6 How & Why: Getting Our Community to 100% at the CSU Powerhouse Energy Campus
- 11/7 Colorado Chamber Energy & Environment Council meeting
- 11/12 Longmont Sustainability Coalition meeting
- 11/13 Pulse groundbreaking ceremony
- 11/14 Fort Collins Energy Board meeting
- 11/15 Solinator Garden ribbon cutting
- 11/18 Meeting with Kevin Jones, Fort Collins Chamber
- 11/18 Meeting with Weld County Commissioner Mike Freeman
- 11/19 Northern Colorado Legislative Alliance Regional Issues Summit
- 11/19 Grand Opening of Advance Longmont Center
- 11/19 Longmont City Council study session
- 11/20 Coffee with Chair & CEO event (Longmont Chamber)
- 11/20 Loveland Utilities Commission meeting
- 12/3 Meeting with Dustin Sheerer, legislative assistant, Sen. Gardner’s office
- 12/3 Meeting with Josh Green, chief of staff, Congressman Tipton’s office
- Meeting with Nikki Roy, climate change and environmental policy director, Congresswoman DeGette’s office
- 12/3 Meeting with Carissa Bunge, legislative assistant, Congressman Neguse’s office
- 12/10 Reception and swearing in of Loveland City Council member
- 12/10 Loveland City Council meeting
- 12/12 Colorado Solar and Storage Association’s (COSSA) Next Utility engagement workshop
- 12/17 Meeting with Will Toor, Colorado Energy Office
- 12/19 Meeting with Sandra Solin, legislative services consultant
- 1/8 General Assembly opening ceremonies
- 1/8 Meeting with Rep. Chris Hansen
- 1/9 Mayor’s Chat – Estes Park
- 1/9 Regional Chamber Business After Hours event
- 1/13 Meeting with Will Toor and Keith Hay, Colorado Energy Office
- 1/17 Longmont Chamber Public Policy committee meeting
- 1/18 Fort Collins Councilmember Ross Cunniff’s listening session
- 1/21 Congressman Joe Neguse’s Fort Collins town hall
- 1/22-24 CEWI Western Energy & Water Forum
- 1/25 Fort Collins Councilmember Susan Gutowsky’s listening session
- 1/25 Fort Collins Councilmember Emily Gorgol’s listening session
- 1/28 Efficiency Works Business 2020 Programming training session
- 1/28 Colorado Chamber Government Affairs Council meeting
- 1/28 State of the City – Fort Collins
- 1/29 Colorado Chamber Energy & Environment Council meeting
- 1/29 Fort Collins Chamber of Commerce annual celebration event

**Human Resources.** Completed the creation of the director leadership team to involve higher level leaders in the organization to be more involved in strategic decision-making discussions. A full gainshare payout was paid to all eligible employees for fourth quarter 2019 performance.
Preparation for GM/GC annual reviews and compensation adjustments have begun for the March board meeting. Additional information about the survey process is included in the consent agenda memo provided in the board packet.

**Safety.** There were no recordable injuries incurred in November, December or January. The safety manager retired after 36 years of service with Platte River and onboarding of the new safety manager, and safety and emergency services specialist occurred in January.

<table>
<thead>
<tr>
<th>Recordable injury rate</th>
<th>2018 Year End</th>
<th>2019 Year End</th>
<th>2020 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>DART</td>
<td>1.67</td>
<td>.85</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lost time rate</th>
<th>2018 Year End</th>
<th>2019 Year End</th>
<th>2020 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**ERT.** Midpoint inspection on fire engine replacement was completed in December and is on track for a late February/early March delivery. Met with Fort Collins 911 and Poudre Fire Authority IT department to discuss offsite response paging.

**HQ construction project.** No lost time injuries were reported in 2019 or January 2020.

**Energy efficiency (EE) programs – 2019 results.** Efficiency Works programs offered collaboratively by Platte River and the owner communities achieved the following in 2019:

- **Overall Efficiency Works portfolio results:**
  - New energy savings: 25,110 MWh
  - New summer demand savings: 3.6 MW
  - Total cost: $10.1 million
    - The cost includes $1.1 million for Platte River to administer programs and $9.0 million in spending on rebates, assessments and contracted services.
    - Of the total, $1.57 million was provided by the owner communities as directive and supplemental funding and $8.53 million was provided by Platte River.
  - A levelized cost of $45 per MWh, based on a 12-year estimated savings lifetime and 5% discount rate
  - Implemented a web-based service provider portal that facilitates program participation by efficiency contractors
  - Revised intergovernmental agreement with the owner communities to expand the types of sustainability program services Platte River can provide to the owner communities

- **Business program results:**
  - New energy savings: 22,425 MWh
  - New summer demand savings: 3.3 MW
  - 156 business customers provided with assessments/advising services
  - 1,000 commercial rebate projects completed
  - 2,284 multifamily units received efficiency improvements
  - Midstream rebates (i.e., rebates paid to product distributors to stock and sell high-efficiency equipment) were provided to support installation of high-efficiency air conditioning for 64 facilities
  - Launched an indoor agriculture program that provides efficiency assessments and
advising to a growing, energy intensive business segment

- Residential program results:
  - New energy savings: 2,685 MWh
  - New summer demand savings: 0.3 MW
  - 600 home assessments provided
  - 930 home rebate projects completed
  - 49 income-qualified homes upgraded—four times the number completed in 2018
  - 78,000 efficient lighting products discounted
  - 1,055 thermostats and efficient appliances discounted
  - 547 refrigerators recycled
  - Increased energy savings from home efficiency projects through new HVAC rebates and streamlined participation processes
  - Grew energy savings from marketplace programs, which support increased sales of LED lighting, smart thermostats and select efficient appliances through local retailers and the Efficiency Works Store

Energy efficiency programs – 2020. Platte River has an increased budget and goals for Efficiency Works programs in 2020. A total of $13.7 million has been budgeted by Platte River and the owner communities, consisting of approximately $12.2 million in program spending for rebates, assessments and contracted services and $1.5 million for Platte River to administer the programs. Platte River is expected to provide $10.9 million and the owner communities will provide $2.8 million to fund the Efficiency Works programs. Our goal is to achieve 28,500 MWh energy savings with Platte River funding and as much as 5,500 MWh additional with the owner community funding for a total energy savings of 34,000 MWh. This exceeds the energy savings achieved in 2019, so this will require a concerted effort to increase the effectiveness of our efficiency programs.

Planning has already begun to achieve improvements in program effectiveness. In the business program area, we have hired a new consultant to provide efficiency assessment, advising and direct installation services to business customers. The consultant has been provided with performance targets related to energy savings achieved through the services they provide. In the homes program area, staff is developing a simplified efficiency assessment option for customers who prefer a shorter assessment than our standard assessment, which takes 4 to 5 hours. The goal is to broaden the appeal of the assessment, reduce the cost and continue to provide customers with high-quality advice on improving their energy efficiency. In the marketplace area, we are transitioning to a new vendor for our Efficiency Works store to provide an improved customer experience. Finally, we will be working to increase marketing of Efficiency Works programs in collaboration with the owner communities.

Distributed energy resource strategic planning. The distributed energy resource (DER) strategic planning committee developed a request for proposals for DER strategic planning consulting services. The RFP was issued to seven consultants selected by the committee and four ultimately provided proposals. All four were interviewed over the phone by the co-chairs of the committee with Platte River staff support to arrive at a short list of two consultants. The two short-listed consultants were interviewed by the committee on February 4 and the committee is working towards finalizing its selection. Both top consultants have significant experience in working with utilities and stakeholders to develop approaches related to DER integration.
FINANCIAL AND INFORMATION TECHNOLOGY SERVICES

2019 budget contingency. At the December board meeting, the board adopted a contingency transfer of up to $2.9 million which was potentially needed for the various capital projects listed below.

- Over budget projects include Soldier Canyon water line reroute, rotary car drive conversion to variable frequency drives, Harmony Substation circuit switcher, breaker and relay project, as well as the virtual machine host replacement.
- Out of budget projects include the Energy Engagement Center, air compliance software and the generator outlet line purchase associated with wind from the Roundhouse Renewable Energy Project.

At the end of the year, funds available from budgeted projects reduced the amount needed to $1.8 million to cover these projects. This amount was transferred into the 2019 capital additions budget. The additional funds resulted from canceled projects for the Craig units, as well as built-in contingency not needed for projects. Staff continually monitors spending estimates to ensure capital projects are appropriately funded. Project managers are also continuously improving work planning and budgeting by better aligning scope, schedules and available resources.

Financial statements. Financial statements will not be finalized until the actuarial report is received, which will provide the information necessary to update the pension liability. The internal financial report included in the board materials for December and January will include budget schedules only. The financial statements will be included in the final audit report.

The audit fieldwork for the 2019 financial audit began on Feb. 24, 2020 and is expected to be completed on March 13, 2020. Staff prepared audit schedules and were available to respond to audit inquiries. Jodie Cates from BKD will present the results of the audit at the April 2020 board meeting.

Two accounting pronouncements will impact the financial statements as described below.

- GASB 83 Certain Asset Retirement Obligations was implemented in 2019. The primary objective of this statement is to establish criteria for determining the timing and pattern of recognition of a liability for a legal obligation to perform future asset retirement activities. Specifically, it imposes requirements on the liability recognition, measurement and if/when subsequent re-measurement should occur. The amount is recorded as a liability and deferred outflow of resources. This amount is expensed over the life of the related asset. As a result, a decommissioning study for the Rawhide Energy Station was completed to comply with a contract obligation with Larimer County that states if energy is no longer produced at the site, decommissioning of the facility would be required. Craig Station impoundments were also identified and the Rawhide Energy Station impoundments and Trapper Mine were included in this pronouncement. This will result in an adoption of a change in accounting principle and restating Platte River’s 2018 financial statements impacting the statement of net position and the statements of revenues, expenses and changes in net position.
• GASB 89 Accounting for Interest Cost Incurred before the end of a Construction Period was early adopted in 2019. Interest costs are no longer required to be allocated to capital projects. This pronouncement is applied prospectively.

Owner community electric services invoices. The process of preparing the invoices for electric services to the owner communities has transitioned to the accounting department. Staff had worked with the owner communities’ staff to develop a procedure and expectations for delivering the invoices and related reports. In addition, the January invoices have been prepared in accordance with the new tariff schedules.

Trapper Mine audit. Platte River’s manager of internal audit, along with auditors from each of the Trapper Mine owners, completed fieldwork for the annual Trapper Mine audit. In accordance with the terms of the Craig Station Long-Term Coal Supply Agreement, documentation supporting the coal billings was reviewed for the year 2018. No audit exceptions were identified.

Insurance renewals. The excess liability policy renewed with AEGIS for the policy period of Dec. 31, 2019, to Dec. 31, 2020. The excess liability policy has a $1 million per occurrence deductible and coverage limits of $35 million per occurrence ($70 million aggregate).

Considerable losses in the broader property market, combined with an increased aversion to coal intensive utilities, have increased property insurance premiums in recent years. These market conditions led AIG, Platte River’s property insurer since 1989, to quote a renewal with a significant premium increase along with decreased coverage terms despite Platte River’s excellent loss record. As a result, property insurance was procured with AEGIS, which is providing terms and conditions equivalent to the expiring coverage, including terrorism coverage. To mitigate market pressure on premiums while maintaining $200 million coverage limits, policy deductibles were increased to $1.5 million from $750,000 for the policy period of Jan. 19, 2020, to Jan. 19, 2021.

Rates meeting – owner community and Platte River staffs. Rate staffs from the owner communities and Platte River periodically meet to improve collaboration on various rate issues. In February, staffs met to discuss the electric vehicle charging pilot, Platte River’s wholesale rate design implementation and the 2020 wholesale rates communications plans.

Enterprise resource planning (ERP) project update. Platte River has identified an actionable ERP strategy and will review three ERP software solutions in March and April. The solution will allow Platte River staff to gain efficiencies, automate routine manual processes and view actionable data in real-time. The solution will replace our existing human resources, finance and asset management point solutions. The project team has identified dedicated implementation team members and is working through additional staffing needs. It is too early in the process to bring forward estimated costs, but we will provide the board budgetary implications once a solution is selected.

Headquarters campus project. In early December, FCI Constructors, Platte River’s general contractor, had to release the ceiling sub-contractor for various reasons including a failure to order enough materials to finish the project. Unfortunately, this puts the project behind
schedule as the remaining material deliveries were delayed until early February. At this point in time, materials are arriving, and we are working to complete the outstanding items within the building. The system operations groups have been moved into the new building and they have been operating from their new spaces since early January. The remaining employees from the engineering and operations building are scheduled to move into a section of the new building in late February and we are working to finalize our moving dates for the current headquarters employees. Once staff has moved out of the existing buildings, we will start the process for demolishing those buildings. In addition, solar has been installed, commissioned and is fully operational on the new headquarters and warehouse buildings.

**Energy Engagement Center.** We are working with the City of Fort Collins to finalize the minor amendment for entitlement. Construction documents have been completed and submitted to the building department for review. The project team is working with the general contractor to review design and overall schedule.
OPERATIONS

Fuels and water. Since the beginning of the 2020 water year, Platte River has operated in a Windy Gap short mode with the City of Fort Collins. This is due to a lack of availability of pumped Windy Gap water which was spilled from Granby Reservoir in June 2019 due to above-average runoff conditions in the C-BT system. Current modeling of the Windy Gap and C-BT systems indicates that even a normal year of runoff will likely result in another system spill in 2020 and would prevent the Windy Gap Project from pumping. Currently, snowpack conditions across Colorado, including the Upper Colorado Headwaters, are above average, as seen in the above image. As conditions develop, staff will work with City of Fort Collins and other regional partners to secure alternative process water and cooling water supplies and to coordinate operations as needed.

In December 2019, Platte River signed the Fifth Amendment to the Fifth Interim Agreement for Participation in the Windy Gap Firming Project, which focuses on continued environmental mitigation and enhancement, as well as pre-construction activities for the project. Also in December, after a thorough procurement process, Barnard Construction Inc. of Bozeman, Montana was selected as the general contractor for the project. Since then, Barnard has already begun to coordinate pre-construction activities with Northern Water, Stantec (the project design engineering firm), and Black & Veatch (the project construction management firm) to enable construction to start as soon as possible, following the resolution of the pending federal litigation. Once underway, construction is anticipated to last approximately four years. Additionally, Platte River staff has been closely involved in the continued development of an allotment contract and an operations agreement for the Firming Project and has also been asked to represent the Firming Project participants on a partnering committee that is focused on overall project excellence.

Rawhide Prairie Solar project. All required permits have been issued and engineering designs have been completed. All piling/posts have been installed and the racking installation has begun, with cable and box deliveries to be completed in March and power stations and modules to be delivered in April.

NextEra generator outlet and Roundhouse wind project status. NextEra has full site control to construct the generator outlet transmission line and Roundhouse wind turbines. Approximately 95% of the foundations have been completed and over 50% of the towers for the generator outlet transmission line have been installed. In mid-January, NextEra began installing the towers for the 81 wind turbines. At this time, the project is ahead of schedule with
a commercial operation date expected by the summer of 2020.

**2020 solar RFP.** Platte River performed an initial review of the proposals received in response to the 50 MW-150 MW solar RFP issued in September. Staff is currently working to finalize a term sheet with the preferred bidder.

**2020 Integrated Resource Plan (IRP).** Platte River staff finalized the preliminary modeling of the four IRP portfolios; continuity, no coal by 2030, no thermal by 2030 and integrated utilities. The results of the analysis are being reviewed and tested with different sensitivities. In parallel, staff is drafting the IRP document which is due to be filed with WAPA in July.