# Utility Directors Meeting

**Friday, July 17, 2020**  
10:00 a.m. – 1:00 p.m.

Conference call/Teams

## Agenda

| (1) Estes Park technical discussions | Reuben Bergsten  
|---|---  
| • None |  

| (2) Fort Collins technical discussions | Tim McCollough  
|---|---  
| • None |  

| (3) Longmont technical discussions | David Hornbacher  
|---|---  
| • None |  

| (4) Loveland technical discussions | Joe Bernosky  
|---|---  
| • Revenue impact update |  

| (5) Platte River technical discussions |  
|---|---  
| • Rates and Tariff 7 | Dave  
| • Carbon accounting discussion | Alyssa  
| • 1% exception to all requirements | Sarah/Shelley  
| • Craig 2 announcement | Jason  
| • Follow up on Intel and Spirae | Jason  

| (6) Roundtable | All  

## Upcoming Topics
## Wholesale rate increases

<table>
<thead>
<tr>
<th>Case</th>
<th>2021</th>
<th>2022 - 2026</th>
<th>2027 - 2030</th>
<th>2021 - 2030</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base - 2021 rate increase (smoothed)</td>
<td>3.0%</td>
<td>3.0%</td>
<td>2.0%</td>
<td>2.6%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Base – 2021 1.5% increase (Recommended Case)</td>
<td>1.5%</td>
<td>3.3%</td>
<td>2.0%</td>
<td>2.6%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Base - 2021 0% rate increase</td>
<td>0.0%</td>
<td>3.6%</td>
<td>2.0%</td>
<td>2.6%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Low load recovery</td>
<td>0.0%</td>
<td>3.6%</td>
<td>2.0%</td>
<td>2.6%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Low market prices (20%)</td>
<td>0.0%</td>
<td>4.3%</td>
<td>1.5%</td>
<td>2.7%</td>
<td>31.0%</td>
</tr>
<tr>
<td>IRP P2</td>
<td>2.7%</td>
<td>2.7%</td>
<td>2.7%</td>
<td>2.7%</td>
<td>30.5%</td>
</tr>
</tbody>
</table>

Average wholesale rate $61.69 in 2020 to approximately $80 in 2030

### Elimination of Premium Intermittent Rate – January 1, 2021

<table>
<thead>
<tr>
<th></th>
<th>Estes Park</th>
<th>Fort Collins</th>
<th>Longmont</th>
<th>Loveland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate impact</td>
<td>0.6%</td>
<td>-0.7%</td>
<td>0.3%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>
Memorandum

Date: 7/14/2020

To: Owner community utility directors

From: Sarah Leonard, general counsel

Subject: Interpretation of One-Percent Limit Under Power Sales Agreements - DRAFT

Background

The Power Sales Agreements between Platte River Power Authority (Platte River) and each of its owner communities are the foundation upon which Platte River’s financial stability rests. Subject to limited exceptions, each Power Sales Agreement obligates the applicable owner community to purchase from Platte River “all electric power and energy [the owner community] requires for the operation of its municipal electric system to the extent that Platte River shall have such power and energy available.”

Each owner community is permitted to “generate power and energy for its own use from any new generation resource(s) owned and operated by [the owner community] provided that the total rated capacity of all such new generation is no greater than 1,000 kW or one percent of the peak load of [the owner community], whichever is greater.”

The contractual limit on owner communities’ freedom to deliberately reduce their reliance on Platte River power and energy is a fundamental tool to enable Platte River to comply with master bond covenants and maintain high credit ratings.

Interpretation

In recent years, Platte River and its owner communities have discussed how to implement the one-percent limitation. This memorandum summarizes how Platte River and the owner communities have agreed to interpret and apply the limitation.
Time and Basis of Measurement

- The one-percent limitation is calculated based on the applicable owner community’s historic non-coincident peak load (measured as demand over an integrated hourly period). For example, if an owner community’s highest non-coincident peak load happened five years ago and was 250 MW, the one-percent limitation for that community would be 2.5 MW.

- The size of an owner community’s owned and operated generation is determined based on the following:
  - facility output rating in alternating current (as opposed to direct current), and
  - facility output net of station service.

If actual values are not available or difficult to obtain, the owner community will provide estimated values.

Owner Community-Owned Generation Above Allowed Capacity

If an owner community owns and operates facilities with aggregate output ratings above the one-percent limit, Platte River will purchase the output from the excess capacity (through a power purchase or similar agreement) and resell it to the owner community. Platte River will invoice the owner community for the excess generation Platte River purchases and credit the owner community for each hour of avoided Platte River generation. Platte River does its best to prevent these kinds of power purchase agreements from adversely affecting other owner communities.

Subsequent Changes to Load

If the annual non-coincident peak load of an owner community decreases after the owner community has installed new generation based on the one-percent limitation, the owner community may continue to rely on its historic peak. There is no obligation to scale down output or capacity of owner community generation.

If the annual non-coincident peak load of an owner community increases after the owner community has installed generation based on the one-percent limitation, the owner community may expand an existing facility or install new facilities, so long as the owner community’s aggregate self-generating capacity does not exceed one percent of its newly established non-coincident peak load.

If the aggregate capacity of existing facilities owned and operated by an owner community exceeds the one-percent limitation and its non-coincident peak load increases, the increased
allowance will apply to the owner community’s facilities. Adjustments (if any) based on increases to peak load will be made no more than once each calendar year. Platte River and the owner community will coordinate to allow a reasonable time to accommodate newly established non-coincident peak loads and any metering or billing adjustments needed, consistent with their applicable power purchase or similar agreement.

**Treatment of Power Purchase Agreements**

The Power Sales Agreements are clear that the one-percent limitation permits generation resources “owned and operated” by the applicable owner community. An owner community that wishes to develop local energy resources through a power purchase agreement may not rely on the one-percent limitation to do so. Instead, Platte River and the owner community will coordinate in the same way described above under *Owner Community-Owned Generation Above Allowed Capacity*. 
Craig Station Unit 2 owners announce retirement date of Sept. 30, 2028

As previously announced, Unit 1 will retire by the end of 2025 and Unit 3 will retire by 2030

(July 8, 2020 – Craig, Colo.) After months of analysis and discussion, the five owners of the Craig Station Unit 2 have reached a unanimous decision to retire the 410-megawatt generating unit on Sept. 30, 2028.

Craig Station is a 1,285-megawatt, three-unit generating facility in Moffat County, Colo. Craig Station Units 1 and 2 make up the Yampa Project, owned by PacifiCorp, Platte River Power Authority, Salt River Project, Tri-State Generation and Transmission Association and Xcel Energy – Colorado.

The Yampa Project owners previously announced the retirement of the 427-megawatt Unit 1 by the end of 2025. The 448-megawatt Craig Station Unit 3, which is owned by Tri-State, will retire by 2030.

As the operator of Craig Station, Tri-State will work with local officials and the State of Colorado to develop a transition plan for those impacted by the retirement of the power plant, which currently employs 240.

“Even though the Unit 2 retirement date is only one year earlier than the full retirement date for Craig Station, the decision weighed heavily on us,” said Duane Highley, CEO of Tri-State. “As we implement our Responsible Energy Plan, we remain focused on working with our partners in the plant, as well as local and state leaders, to support our employees and the community through this transition.”

“Platte River continues to take the steps needed to meet our board-adopted Resource Diversification Policy,” said Platte River Power Authority General Manager/CEO Jason Frisbie. “This agreement is another important step among many we need to take to reach that goal. Each of the five partners in the Yampa Project face different challenges associated with this resource and we greatly appreciate Tri-State’s leadership in the process to find the most optimal date for Unit 2’s retirement.”

“We appreciate Tri-State’s leadership as operator of the Craig Station and the work by our joint partners on this decision. As a company with a vision to deliver 100% carbon-free electricity to our customers by 2050, Xcel Energy recognizes this is not an easy decision. We believe in providing as much advance notice as possible so we can work with our economic and community partners through this transition,” said Alice Jackson, president, Xcel Energy – Colorado.

Craig Station was constructed by Colorado-Ute Electric Association and began operations between 1979 and 1984.

About the Yampa Project Owners

PacifiCorp serves more than 1.9 million customers in the West. PacifiCorp operates as Pacific Power in Oregon, Washington and California, and as Rocky Mountain Power in Utah, Wyoming and Idaho. For more information, visit pacificorp.com.

Platte River Power Authority is a not-for-profit wholesale electricity generation and transmission provider that delivers safe, reliable, environmentally responsible and financially sustainable energy and services to its owner communities of Estes Park, Fort Collins, Longmont and Loveland, Colorado for delivery to their utility customers. For more information, visit prpa.org.
SRP is a community-based, not-for-profit public power utility and the largest provider of electricity in the greater Phoenix metropolitan area, serving more than 1 million customers. SRP also is the metropolitan area’s largest supplier of water, delivering about 800,000 acre-feet annually to municipal, urban and agricultural water users. For more information, visit srpnet.com.

Tri-State Generation and Transmission Association, Inc., is a not-for-profit cooperative of 45 members, including 42 member utility electric distribution cooperatives and public power districts in four states that together deliver reliable, affordable and responsible power to more than a million electricity consumers across nearly 200,000 square miles of the West. For more information about Tri-State and our Responsible Energy Plan, visit tristate.coop.

Xcel Energy (NASDAQ: XEL) provides the energy that powers millions of homes and businesses across eight Western and Midwestern states. Headquartered in Minneapolis, the company is an industry leader in responsibly reducing carbon emissions and producing and delivering clean energy solutions from a variety of renewable sources at competitive prices. For more information, visit xcelenergy.com or follow us on Twitter and Facebook.

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Platte River Power Authority – Steve Roalstad, 970-229-5311
SRP – Scott Harelson, 602-236-2500
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