



Rawhide Short Line Railroad at Rawhide Energy Station

Year-to-date September 2020 highlights

(Comparison to same period prior year)

Financial summary

Platte River reported year-to-date operating income of \$27.8 million compared with \$31 million reported in 2019. Change in net position was \$27.1 million, down from \$30.6 million reported in 2019, and bond service coverage was 3.74 times compared to 3.54 times in 2019.

Operating revenues increased \$8.5 million.

- Sales for resale increased \$10.4 million primarily due to long-term sales as a result of three new contracts.
- Wheeling increased \$0.4 million as a result of a rate increase in the transmission tariff and a higher blended rate, as a result of the California wildfires over the summer of 2020, that was applied to losses.
- Sales to owner communities decreased \$2.3 million primarily due to lower loads and the new rate structure implemented in 2020.

Operating expenses increased \$11.7 million.

- Depreciation and amortization increased \$5.5 million compared to 2019, representing the largest variance. The increase is due to accelerated depreciation on Craig units 1 and 2 for closure of the units by 2025 and 2028 respectively, accelerated depreciation on Rawhide Unit 1 for closure of the unit by 2030, additional expenses for closure of the ash ponds at Rawhide (asset retirement obligation) and depreciation for new assets.
- Purchased power expenses increased \$5 million due to additional wind generation, including energy from the new 225 MW wind project (Roundhouse Windy Energy Center), and favorable pricing within the joint dispatch agreement (JDA) partially offset by a decrease in other supplemental purchases.
- Distributed energy resources expenses increased \$1 million due to an increase in personnel expenses and energy efficiency program expenses.
- Administrative and general expenses increased \$1 million due to an increase in personnel expenses, building and grounds maintenance and security partially offset by lower contracted services for resource planning.
- Production and transmission expenses increased \$0.1 million due to personnel expenses as a result of the COVID-19 pandemic, an inventory write-off, non-routine projects and wheeling expenses partially offset by a reclass for impoundment expense to amortization expense and a decrease in the Craig units operating expenses.
- Fuel expenses decreased \$0.9 million as generation was replaced by lower-cost JDA purchases. The decrease was partially offset by an increase in generation from the combustion turbines in order to serve load and make additional sales.

Sales statistics

	9 months ended September 30			12 months ended September 30		
	2020	2019	Change	2020	2019	Change
Owner community peak demand (kW)*	656,620	663,959	-1.1%	656,620	663,959	-1.1%
Owner community energy sales (MWh)*	2,391,801	2,408,230	-0.7%	3,177,864	3,188,111	-0.3%
Other energy sales (MWh)	969,346	592,220	63.7%	1,283,133	718,161	78.7%

*Demand and energy provided under community solar agreements were lagged by one month through August 2020; therefore, totals will not represent actuals for the time period presented.

Resources

Platte River's power resources include generation from coal and natural gas units, allocations of federal hydropower from WAPA, wind and solar purchases, JDA purchases and other purchases.

- Rawhide Unit 1 reported a net capacity factor of 80.2%, up slightly from 79.5% reported in 2019. The lower capacity factor in 2019 was due to the scheduled screen outage.
- Craig units 1 and 2 reported a combined plant capacity factor of 38%, down from 57.2% reported in 2019. The primary reason the capacity factors were lower overall was because generation was replaced by lower-cost JDA purchases.
- Platte River's combustion turbines were utilized more in 2020 to serve load, complete unit testing and make surplus sales.
- Wind generation increased as a result of higher wind speeds and the 225 MW Roundhouse Wind Energy Center coming online ahead of schedule in June 2020.
- Solar generation was higher in 2020 due to fewer maintenance issues compared to 2019.
- JDA purchases increased as a result of favorable pricing.
- Other purchases were higher in 2019 to replace generation during Rawhide Unit 1's planned screen outage, low load testing and forced outages.

MWh	9 months ended September 30			MWh	9 months ended September 30		
	2020	2019	Change		2020	2019	Change
Rawhide Unit 1	1,476,200	1,457,717	1.3%	Wind	443,257	199,020	122.7%
Craig units 1 and 2	377,345	566,303	-33.4%	Solar	51,514	50,175	2.7%
Combustion turbines	137,105	65,245	110.1%	JDA purchases	472,481	242,010	95.2%
Hydropower	436,760	436,760	0.0%	Other purchases	30,057	57,699	-47.9%

Condensed statements of net position

Unaudited

	(In thousands)	
	September 30	
	2020	2019
Assets		
Electric utility plant, net	\$ 599,192	\$ 579,578
Special funds and investments	110,459	118,293
Current assets	128,288	119,579
Noncurrent assets	15,033	10,679
Total assets	<u>852,972</u>	<u>828,129</u>
Deferred outflows of resources	31,646	40,239
Liabilities		
Noncurrent liabilities	221,633	241,873
Current liabilities	32,739	30,953
Total liabilities	<u>254,372</u>	<u>272,826</u>
Deferred inflows of resources	9,585	4,905
Net position	<u>\$ 620,661</u>	<u>\$ 590,637</u>

Note: Certain prior year line items have changed due to the restatement of 2018 financial statements.

Condensed statements of revenues, expenses and changes in net position

Unaudited

	(In thousands)			
	9 months ended		12 months ended	
	September 30		September 30	
	2020	2019	2020	2019
Operating revenues				
Sales to owner communities	\$ 149,608	\$ 151,864	\$ 195,719	\$ 196,555
Sales for resale and other	<u>32,763</u>	<u>21,958</u>	<u>42,014</u>	<u>26,871</u>
Total operating revenues	<u>182,371</u>	<u>173,822</u>	<u>237,733</u>	<u>223,426</u>
Operating expenses				
Operations and maintenance	133,778	127,587	179,332	166,706
Depreciation and amortization	<u>20,778</u>	<u>15,258</u>	<u>27,330</u>	<u>22,542</u>
Total operating expenses	<u>154,556</u>	<u>142,845</u>	<u>206,662</u>	<u>189,248</u>
Operating income	<u>27,815</u>	<u>30,977</u>	<u>31,071</u>	<u>34,178</u>
Nonoperating revenues (expenses)				
Interest and other income	2,464	2,938	3,587	3,840
Interest expense, net	(4,231)	(4,518)	(5,675)	(5,816)
Net increase in fair value of investments	<u>1,010</u>	<u>1,180</u>	<u>1,041</u>	<u>1,598</u>
Total nonoperating revenues and expenses	<u>(757)</u>	<u>(400)</u>	<u>(1,047)</u>	<u>(378)</u>
Change in net position	<u>\$ 27,058</u>	<u>\$ 30,577</u>	<u>\$ 30,024</u>	<u>\$ 33,800</u>

Note: Certain prior year line items have changed due to the restatement of 2018 financial statements.