

2021 Strategic Budget



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Message from board chair and general manager



Platte River Power Authority remains steadfast in our commitment to transform our energy future as a regional leader in the utility industry. We are pleased to present the 2021 Strategic Budget which reflects that commitment and demonstrates proactive measures taken to manage the ongoing impacts from the COVID-19 pandemic on our owner communities.

The 2021 budget illustrates how Platte River will continue to invest in projects that support the board-adopted Resource Diversification Policy goal of a 100% noncarbon energy mix by 2030. These investments support Platte River's core pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to our owner communities. The budget is also guided by our board-adopted strategic initiatives: 1) enhanced customer experience; 2) communications and community outreach; 3) resource diversification and alignment; and 4) infrastructure advancement and technology development.

While investments will move us forward on critical projects, the 2021 budget also incorporates Platte River's support for the financial sustainability of our owner communities, in response to the COVID-19 pandemic. We forecast lower sales to owner communities in 2021, for example, but increased supplemental revenues by signing new surplus sales contracts. We additionally reduced operation and maintenance expenses and will postpone noncritical projects, leading to \$300.7 million in planned expenditures. Allocations for 2021 operating and capital expenditures are 63% for core operations and 37% for strategic initiatives. Finally, to support the board's preference for rate smoothing in the pursuit of strategic initiatives, while respecting the financial sustainability of our owner communities, only a 1.5% average wholesale rate increase is planned in 2021. Absent the COVID-19 pandemic, the planned increase would have been 2.7%.

Board adoption of the 2020 Integrated Resource Plan (IRP) and the announcements of the closures of the coal-fired generating facilities were critical next steps in support of our ongoing journey to achieve 100% noncarbon energy by 2030. Initial impacts from the IRP to the capital budgets and infrastructure improvements at our coal-fired generating facilities to accommodate additional noncarbon resources are reflected in the 2021 budget. Additionally, the budget supports this transition by

incorporating the operational flexibility of our generation assets to accommodate a full year of new noncarbon resources, distributed energy resources strategy efforts, and acceleration of depreciation and amortization expenses for the coal-fired assets that will be closed by 2030. A seven-week scheduled maintenance outage for Rawhide Unit 1 is necessary to maintain reliability and will help support operational flexibility as we continue to integrate noncarbon resources into our energy mix.

The first full year of production for both the Roundhouse Wind Energy Center and the Rawhide Prairie Solar project help us cross the 50% threshold of delivering noncarbon energy to our owner communities. Output from another new solar project (up to 150 MW) planned for 2023 will enable us to surpass the 60% threshold. Significant effort in 2021 will be placed on preparing to enter the energy imbalance market, which will be critical to effectively manage the addition of noncarbon resources.

We also plan to invest \$179.2 million in capital infrastructure over the next five years to support our strategic and core initiatives. The most significant investment is for the Windy Gap Firming Project on which Platte River will continue to collaborate with participants to ensure the long-term, dependable delivery of water, which is essential for reliable operations and optimizes Platte River's water resource portfolio. Construction of the project is planned to begin in 2021.

The Efficiency Works™ program remains an example of successful collaboration between Platte River and our owner community utilities, with ongoing investments planned to help residents and business owners use energy efficiently. While these programs help reduce the need for new generating capacity, integration of distributed energy resources and grid modernization remain priorities for Platte River and its owner communities in 2021 and beyond. Investing in strategies that provide support for customers to better manage their electricity use is critical for Platte River to transition toward functioning as a fully integrated utility.

Together with the strategic plan, annual report and IRP, this strategic budget supports our path toward a new energy future. Platte River will remain a responsible steward of public funds and provide essential services to our owner communities while proactively seeking opportunities to transform our energy future.



Wade Troxell
Board Chair



Jason Frisbie
General Manager/CEO

Platte River at a glance

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

| | | | |
|-------------------------------|------------------------|-----------------------------|--|
| Headquarters: | Fort Collins, Colorado | Governance: | Platte River is governed by an eight-member board of directors comprised of each mayor or designee, and a person appointed by each community's governing body. |
| Began operations: | 1973 | The organization: | Platte River is a not-for-profit political subdivision of the state of Colorado. |
| General manager/CEO: | Jason Frisbie | Transmission system: | Platte River has equipment in 27 substations, 263 miles of wholly owned and operated high-voltage lines, and 522 miles of high-voltage lines jointly owned with other utilities. |
| Employees 2021 budget: | 272 | | |

| Resource capacity | MW |
|------------------------------|-------|
| Coal | 431 |
| Natural gas | 388 |
| Hydropower | 90 |
| Wind power ⁽¹⁾⁽²⁾ | 303 |
| Solar power ⁽¹⁾ | 52 |
| Total | 1,264 |
| | 998 |

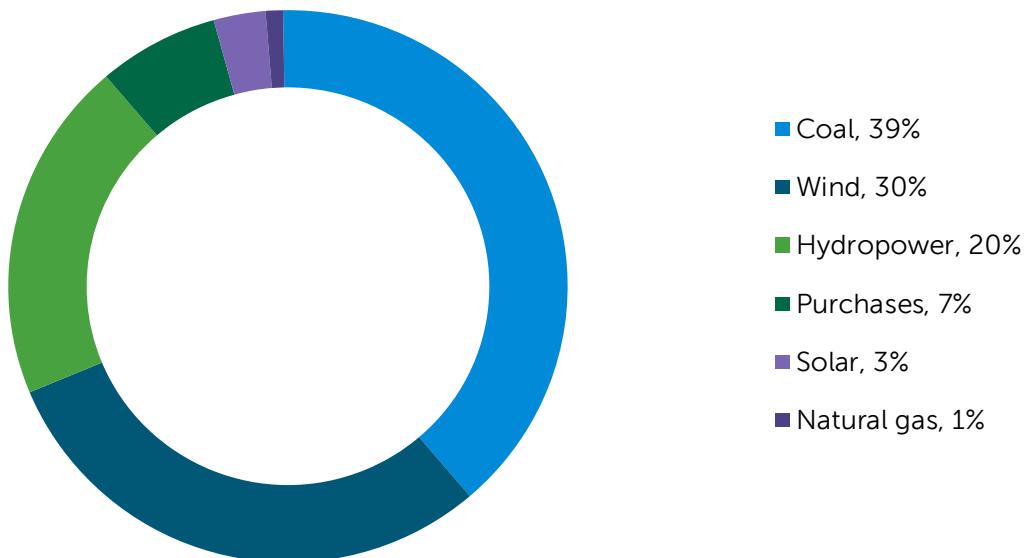
(1) For the effective capacity calculation, wind facilities are assigned firm capacity of 22% of their nameplate capacity and solar facilities are assigned 42% of their nameplate capacity. Platte River is also using a 2 MWh battery charged by solar.

(2) 72 MW of wind is currently sold to other entities, 60 MW of which will return to Platte River in 2030.

2021 strategic budget at a glance

| Revenues | \$ 241.6 M | Deliveries of energy to owner communities 2021 budget: 3,096,528 MWh |
|--------------------|------------|--|
| Operating expenses | \$ 189.4 M | Peak owner communities demand 2021 budget: 655 MW |
| Capital additions | \$ 93.2 M | Deliveries of energy 2021 budget: 4,903,239 MWh |
| Debt expenditures | \$ 18.1 M | |

Deliveries of energy to owner communities 2021 budget



Approximately 53% of the energy Platte River will deliver to its owner communities in 2021 is projected to come from noncarbon sources.

Board of directors

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

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

Additional information about the board, including the board meeting calendar, agendas and contact information, is available on Platte River's website at <https://www.prpa.org/about-prpa/leadership/board-meetings>.



Wade Troxell
Board chair
Mayor
City of Fort Collins



David Hornbacher
Vice chair
Executive director of
electric services
Longmont Power
& Communications



Wendy Koenig
Mayor
Town of Estes Park



Jacki Marsh
Mayor
City of Loveland



Ross Cunniff
City councilmember
City of Fort Collins



Brian Bagley
Mayor
City of Longmont



Reuben Bergsten
Director of utilities
Town of Estes Park



Joseph Bernosky
Director of Loveland
Water and Power

Vision, mission and values

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.

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.

Values

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



Integrity

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



Safety

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



Service

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



Respect

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



Operational excellence

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



Sustainability

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

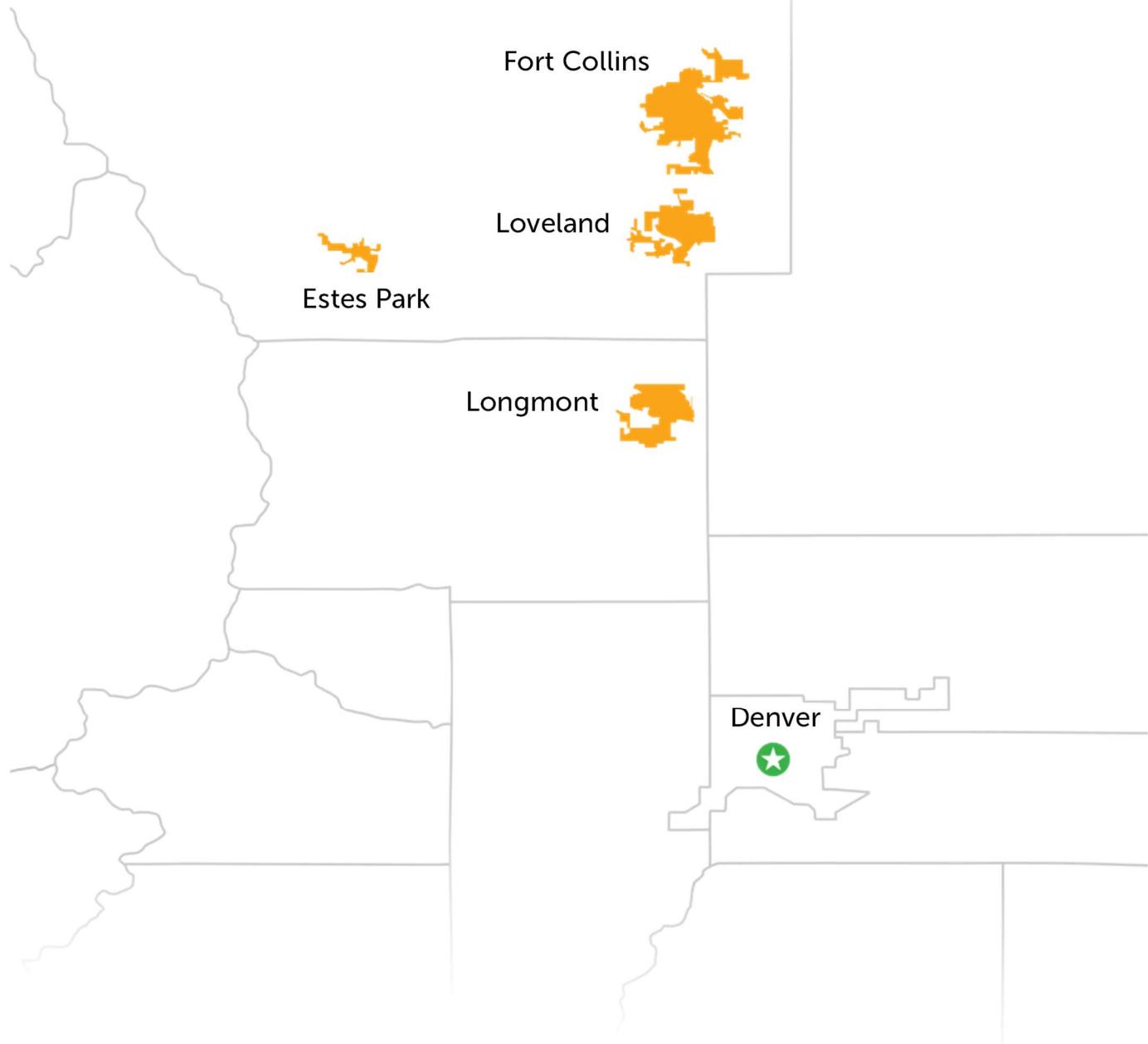


Innovation

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

Our communities

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





ESTES PARK
COLORADO

Town of Estes Park

Estimated population*: 6,426

Annual retail customers: 10,727

Utility: Estes Park Power & Communications,
established in 1945



City of Fort Collins

Estimated population*: 170,243

Annual retail customers: 75,656

Utility: Fort Collins Utilities,
established in 1938



City of Longmont

Estimated population*: 97,261

Annual retail customers: 41,337

Utility: Longmont Power & Communications,
established in 1912



Loveland Water and Power

City of Loveland

Estimated population*: 78,877

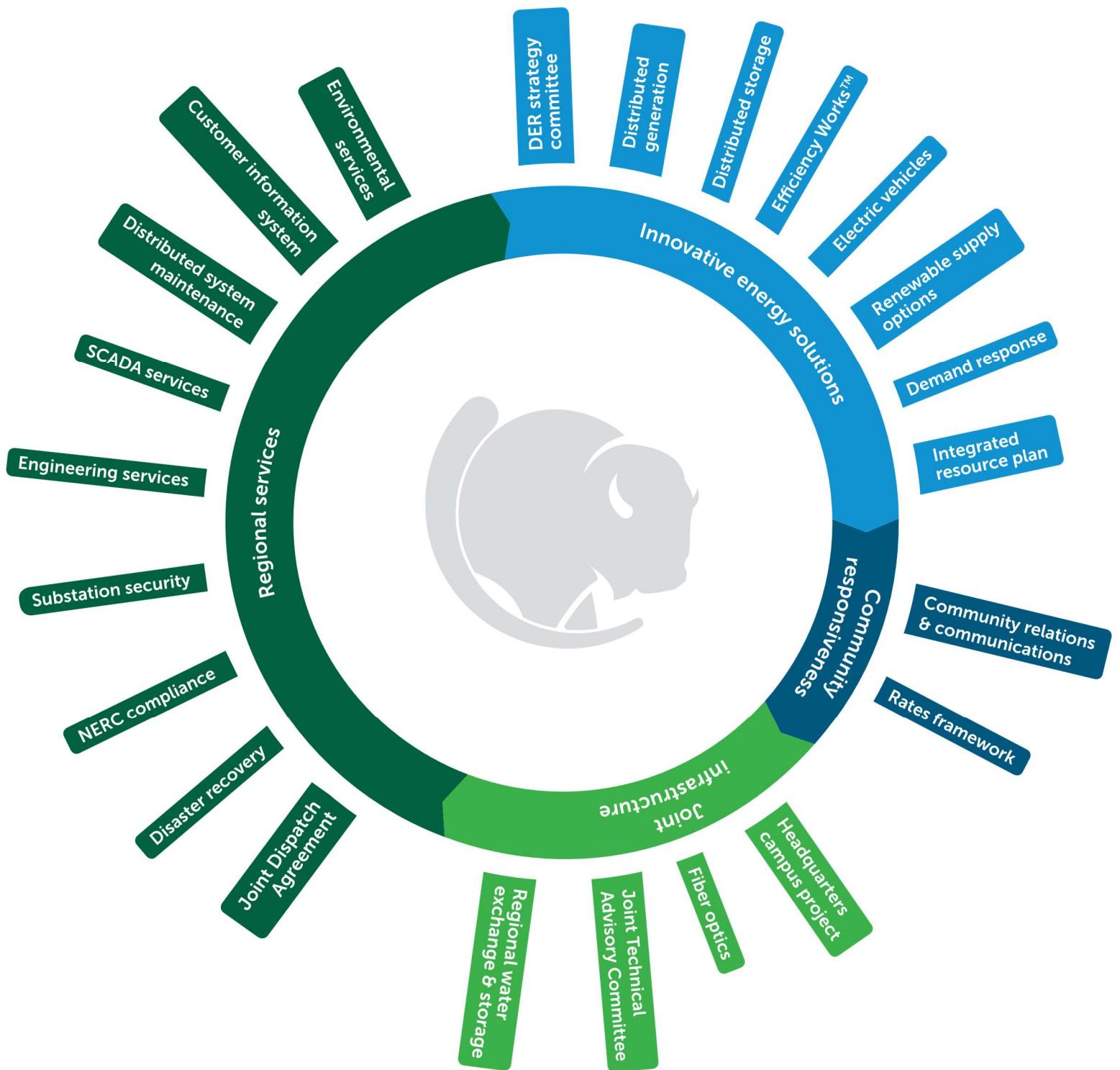
Annual retail customers: 37,645

Utility: Loveland Water and Power,
established in 1925

* 2019 Population data from U.S. Census Bureau

Collaboration

Working towards shared goals



Leadership team

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

Additional information about the leadership team is available on Platte River's website at <https://www.prpa.org/about-prpa/leadership/>.



Jason Frisbie
General manager/CEO



Sarah Leonard
General counsel



Alyssa Clemsen Roberts
Chief strategy officer



David Smalley
Chief financial officer and
deputy general manager



Andy Butcher
Chief operating officer



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

COVID-19 pandemic response

Platte River took significant actions to manage issues associated with the COVID-19 pandemic, understanding the potentially long-lasting business implications. Proactive measures emphasized employee safety, system reliability and financial sustainability.

Leadership rapidly designed and implemented processes and protocols to protect employee health, whether working within Platte River facilities or from home. Measures included the creation of working teams, physically segregated and alternately scheduled to maintain consistent and reliable core functions of power generation and transmission. Sanitary conditions and effective personal protective equipment were heavily emphasized. Due to the timely actions taken, Platte River has maintained system reliability and a safe work environment.

Equally as important for the communities it serves, Platte River's senior leadership team led efforts to minimize economic impacts from the COVID-19 pandemic, which severely impacted economies within the owner communities. As owner community loads decreased in 2020 and a 3.9% decrease is forecasted for 2021, opportunities to generate additional revenues were explored and several contracts were executed for short- and long-term capacity and energy sales. These contracts are expected to generate additional revenue of \$3.1 million in 2020, \$3.7 million in 2021 and \$6.7 million in 2022 through 2025.

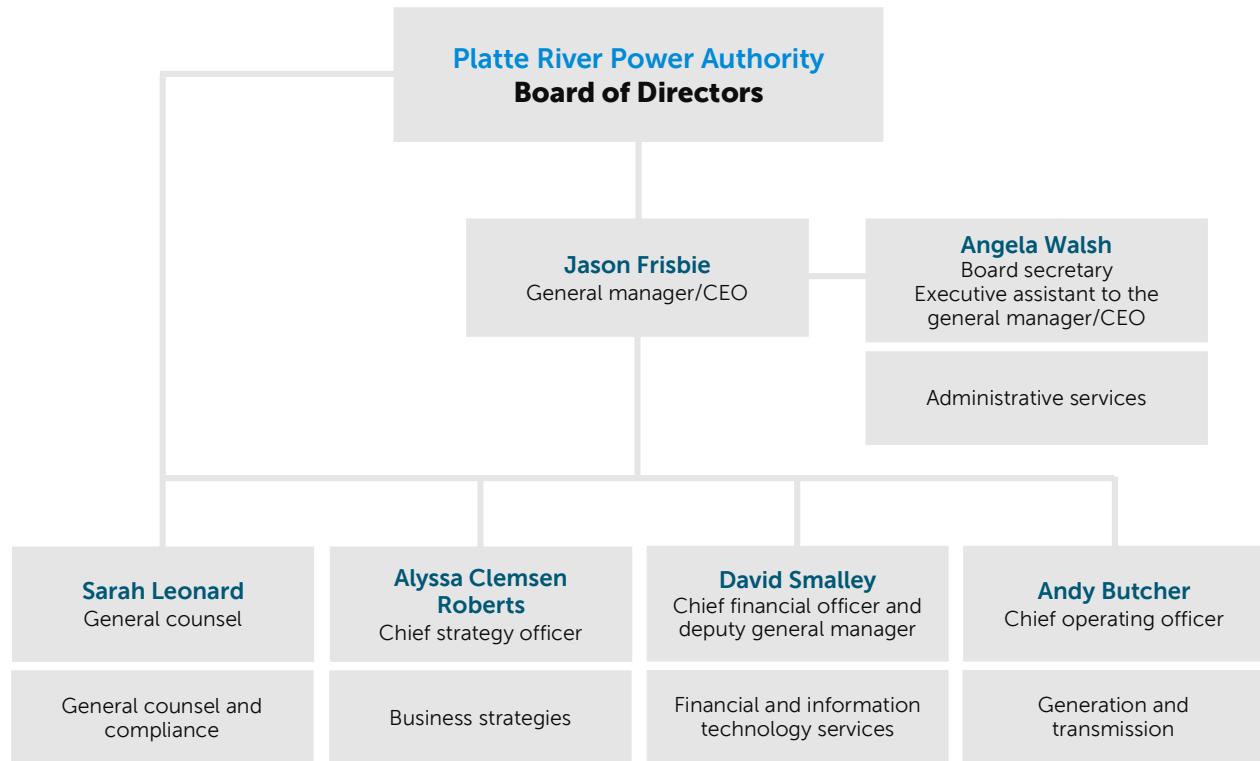
Staff reviewed operating expenses and made reductions totaling at least \$1.4 million in 2020 and \$1.2 million in 2021. Distributed energy resources expenses, mainly Efficiency Works programs, were cut back, noncritical travel, training and consulting projects were suspended, and employee events and activities were canceled.

Rawhide Unit 1's 2020 spring scheduled minor outage was delayed until fall of 2020. Several noncritical consulting projects and studies were also placed on hold. Partially offsetting the savings in 2020 was \$0.7 million of additional overtime incurred directly as a result of shift rotations to minimize the potential spread of COVID-19 among essential crews, for a net 2020 reduction of \$0.7 million. Additional efforts and reductions include suspension of the employee gainshare program, delay of selection and implementation of an enterprise resource planning software, delay of hiring for most vacant or new positions, and suspension of a 2021 salary market adjustment for staff.

Capital projects totaling \$10.3 million and \$12.1 million for 2020 and 2021, respectively, were canceled or delayed. Of the 2020 amount, \$7.6 million is expected to be requested as carryover amounts into the 2021 budget, of which \$4.8 million is attributable to the Energy Engagement Center (EEC). The replacement of generator step-up and unit auxiliary transformers on Rawhide Unit 1, representing \$2.2 million and \$9.5 million in 2020 and 2021, respectively, was also initially delayed. It has since been determined the project will not be required with the closure of Rawhide Unit 1 by 2030.

While the impacts of the COVID-19 pandemic continue to be evaluated and managed, Platte River is moving forward with its strategic initiatives and continuing to make proactive investments essential to its long-term vision and mission. Staff will continue to monitor the pandemic, taking care to proactively seek opportunities that safely ensure continued delivery of reliable, environmentally responsible and financial sustainable energy and services to its owner communities.

Organizational structure



Platte River's organizational structure consists of divisions containing individual departments responsible for the critical elements necessary for safely delivering reliable, environmentally responsible and financially sustainable energy and services to the owner communities. Below is a brief description of each area including departmental objectives for 2021.

General manager/CEO

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

In addition to ongoing operational oversight during 2021, the general manager will lead efforts to support the owner communities' energy and carbon-reduction goals through the initial implementation of the IRP. Significant elements of the 2020 IRP will be emphasized, which Platte River drafted in support of the board-approved Resource Diversification Policy: strategic planning for emerging distributed energy

resources, transitioning processes and tools to participate within the Western Energy Imbalance Market (WEIM) and planning and preparation for closure of the coal-fired generating units.

General counsel and compliance

The general counsel dually reports to the board of directors and the general manager. The general counsel oversees Platte River's legal, environmental compliance and reliability compliance functions which, along with significant departmental objectives for 2021, are described below.

Legal provides a broad range of services to support Platte River operations, including transactional matters, legal and regulatory compliance activities, support and advice to senior leadership and the board of directors, risk management and dispute resolution, human resources and real estate transactions. The legal department also supervises relationships with retained counsel who assist in specialized areas, such as water law, public finance, pension and Federal Energy Regulatory Commission (FERC) regulations. In 2021, the legal department will emphasize support for the development of new noncarbon energy projects, support for Platte River's entry into the WEIM, monitoring state legislative developments and management of Platte River's water assets, including financing for the Windy Gap Firming Project.

Environmental compliance ensures Platte River remains in compliance with all federal, state and local environmental regulatory requirements associated with operations. The department's primary activities include obtaining and ensuring compliance with various permits; reporting key operational data to local, state and federal regulatory agencies; monitoring emissions; managing environmental projects; assessing emerging regulatory changes; and collaborating with trade groups and other utilities. In 2021, significant upgrades to the Rawhide ash monofill will ensure continued compliance with new requirements and reduce risk of future groundwater impacts. The department also expects to manage compliance with anticipated changes in air quality regulations including new requirements related to greenhouse gas emissions, regional haze and ozone nonattainment.

Reliability compliance provides oversight and guidance for all North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) reliability compliance obligations. These obligations are governed by FERC through the Energy Policy Act of 2005. The department activities include compliance risk analysis and monitoring, as well as compliance implementation guidance and support. In 2021, the WECC reliability compliance audit will be completed and staff will support implementation of several new reliability standards.

Business strategies

This division manages relationships critical to Platte River's success. It collaborates with the owner communities to inform leaders, stakeholders and residents about Platte River's activities and actions; supports distributed energy resources strategic planning and provides valuable energy efficiency products and services; manages human resource and benefits programs; designs and administers safety policies and procedures; and regularly interfaces with stakeholders and elected officials at all levels. Below are the departments within business strategies along with their 2021 objectives.

Energy solutions provides services to the owner communities and their customers to support the environmentally responsible and financially sustainable use of electricity. Services are currently focused on the planning, implementation and delivery of residential and business energy efficiency programs under the Efficiency Works brand. During 2021, the department will strive to achieve 28,000 MWh of energy savings (approximately 0.9% of wholesale deliveries) by continuing with or expanding program offerings. In collaboration with the owner communities, the department will coordinate work to develop the distributed energy resources strategy, to provide direction for a wide range of technologies and program approaches such as energy efficiency, demand response, distributed generation, distributed storage and beneficial electrification while maintaining a resource portfolio that is reliable, environmentally responsible and financially sustainable. The department will help lead the distributed energy resources strategy implementation.

Communications and marketing manages Platte River's internal and external brand identity and reputation. It develops and executes strategic plans to provide information about Platte River to staff, stakeholders and the public. The department also manages the marketing and promotional programs developed to drive participation in Efficiency Works programs, which are offered by Platte River and its owner communities. During 2021, the department plans to deploy a strategic brand-building campaign in support of Efficiency Works and targeted marketing efforts to support specific programs that may lead to significant energy savings. The department will continue to improve general communications channels and support the development of a new strategic plan.

Community and government affairs serves as the liaison between Platte River and all levels of government that influence Platte River policies and operations. The department also maintains relationships with key businesses, communities and special interest stakeholder groups. In 2021, the department will engage with legislators concerning key environmental issues and Platte River's regulatory compliance. The department will also support the permitting phase of a proposed up to 150 MW new solar project.

Human resources attracts, develops and retains talent for the organization. It partners with the departments to facilitate positive change and address personnel issues to support Platte River's strategic initiatives. In 2021, the department will manage changes to health care benefits, including costs, in the wake of the COVID-

19 pandemic, and will take steps to minimize costs and risks to Platte River. The human resources department will also continue with the implementation of a total rewards strategy and program, select and implement a human resources technology solution, and create a robust learning and development strategy.

Safety collaborates with management to develop safety culture through administration of safety policies, employee training and education. Core activities of the department include conducting annual occupational health testing; continuous evaluation and acquisition of personal protective equipment and systems as advancements in technology become available; and sourcing of industry safety consultants to provide issue-specific safety training. During 2021, the department will support the Rawhide Unit 1 scheduled maintenance outage and develop online interactive employee safety training and tracking of appropriate certifications. Additional safety monitoring and participation will be provided during the construction of the EEC. 2021 will also include National Fire Protection Association (NFPA) electrical worker safety training based on a three-year training cycle.

The **emergency response team** protects employees and infrastructure at the Rawhide Energy Station and provides mutual aid assistance to the four owner communities, the Nunn Fire Protection District and the Wellington Fire Protection District. The team consists of 21 firefighters certified by the state of Colorado in structural firefighting and medical response and three licensed and certified emergency medical technicians. The team is responsible for the inspection and required NFPA testing of fixed fire protection systems at the energy station. There will be 10 training events planned during 2021 and the fixed fire protection system testing throughout the year will be performed in accordance with NFPA standards. The required gaseous suppression system testing and fixed fire water pump flow testing and inspection will also take place in 2021.

Financial and information technology services

As a service-providing division, finance and information technology services safeguard Platte River's financial and digital assets. The division provides direct support and assistance to Platte River staff in day-to-day operations, improving overall processes, procedures and systems to ensure employees can work efficiently, effectively and securely. The departments and functional groups, as well as objectives of this division, are described below.

Financial services

Financial services ensures the short- and long-term financial sustainability of Platte River, manages the financial risk of the organization and supports organizational leadership. The department's suite of services includes accounting, internal audit, financial planning, rates, risk management, cash management, debt management, purchasing, contract administration and accounts payable through the following functional groups.

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

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

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

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

In addition to ongoing process improvements during 2021, significant department resources will be devoted to preparing for the selection and implementation of an enterprise resource planning system when the project is resumed. Extensive process mapping and data needs analysis will take place. Staff will also prepare for managing the settlements in the energy imbalance market and will be instrumental in selecting and implementing a market settlement software solution. In addition, there will be continued support and oversight of the wholesale rates structure. The department will also contribute to future distributed energy resources initiatives, including analysis of varying cost allocations, rate designs and strategies.

Information technology services

The information technology services departments are comprised of four groups that work together to achieve stakeholder success through technology integration, optimization and facilitation. Its goal is to be a trusted business partner providing secure, reliable and effective technology solutions while delivering excellent service through the following departments.

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

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

Information and cyber governance develops and oversees the cybersecurity strategy and risk program. Monthly employee cybersecurity training is developed to ensure employees are aware of potential threats and understand the actions to take if ever impacted.

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

During 2021, information technology will deploy additional tools to manage software licenses, support the implementation of an energy imbalance market software solution, support development of data warehousing and business intelligence tools, implement additional security controls, replace critical firewall infrastructure, and further the refinement of data loss and recovery solutions and procedures.

Generation and transmission

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

Power production

The power production departments perform every job associated with the generation of electricity at the Rawhide Energy Station. These departments manage plant operation and maintenance, fuel handling, control systems, design and engineering, and building and property maintenance. Each department is described below, along with its 2021 objectives.

Power production administration oversees the power production, plant operations, maintenance, engineering, fuel handling and facilities maintenance at the Rawhide Energy Station. The department will focus efforts on planning and supporting the 2021 Rawhide Unit 1 scheduled maintenance outage and on adapting the Rawhide Energy Station to changing market conditions to continue providing reliable, environmentally responsible and financially sustainable energy. The team will also manage budgets for the Craig Generating Station projects.

Rawhide engineering supports operations and maintenance activities for all Rawhide Energy Station infrastructure related to power production. Core functions include troubleshooting process issues, inspection and assessment of major plant equipment during outages, maintenance assistance and identification and implementation of capital projects. During 2021, this department will support the Rawhide Unit 1 scheduled maintenance outage and further prepare the unit to balance the influx of additional noncarbon generation while maintaining reliability. Staff will implement

remaining capital projects and other measures focused on improving personnel safety and system reliability.

Mechanical maintenance ensures the safe and effective maintenance of all mechanical equipment and systems at the Rawhide Energy Station. The department additionally plans and executes all outages and collaborates with engineering for the planning and execution of capital projects. In 2021, resources will be devoted to the Rawhide Unit 1 scheduled maintenance outage to maintain plant equipment in a safe and reliable manner, and to assist plant engineering with planning and execution of capital projects.

Instrumentation and electrical ensures the safe and effective maintenance of all low- and medium-voltage electrical equipment, instrumentation and control systems at the Rawhide Energy Station. The department performs electrical, instrumentation and control system troubleshooting and repair services for Rawhide Unit 1 and all combustion turbines. The department also supports capital additions and collaborates with other departments during all outages. In 2021, the department will support the Rawhide Unit 1 scheduled maintenance outage and numerous capital projects.

Fuel handling manages the coal supply to Rawhide Unit 1. The department is responsible for operating the rotary car dumping system, suppressing dust in all plant areas, maintaining the Rawhide short line railroad system and managing fly and bottom ash from Rawhide Unit 1. Significant objectives for 2021 will be to maintain a rolling 75-day supply of coal, support the Rawhide Unit 1 scheduled maintenance outage and foster increased sales of ash for beneficial reuse. Staff will also assist the environmental team with the ash monofill upgrades.

Plant operations manages and maintains all systems and components of Rawhide Unit 1 and combustion turbines to ensure reliable electrical generation to meet load demand. In addition, the department supports operations of the water pump stations that serve the Rawhide Energy Station. The department will work in 2021 to maintain high reliability factors from Rawhide Unit 1 while emphasizing greater operational flexibility to more effectively meet evolving market demands. They will also provide support during the Rawhide Unit 1 scheduled maintenance outage.

Rawhide facilities maintains all buildings and structures, roofing, roads, heating, ventilation and air conditioning (HVAC) systems, lighting, plumbing, elevators, doors, windows and floors onsite at the Rawhide Energy Station. The department also manages all grounds including landscaping, rangeland management, weed and pest control, and fencing along with care/administration of the bison program, overseeing custodial services and waste and scrap management. During 2021, team members will provide support for the Rawhide Unit 1 scheduled maintenance outage and general maintenance of the facility.

Fuels and water

Fuels and water ensures the availability and delivery of critical fuel and water resources necessary for the reliable and efficient operation of existing and potential generation sources. Core activities include contract and agreement management, development of purchasing strategies to optimize coal and rail agreements, maintaining reliable water supply for generating facilities, and accurately planning for future fuel and water needs. Objectives for 2021 include the ongoing efforts to support participation in the Windy Gap Firming Project, optimizing Platte River's water resources portfolio, actively participating in the strategic planning efforts at the Trapper Mine, optimizing coal inventory levels at the Craig Generating Station, commencing the water rights diligence process and beginning contract negotiations for Rawhide coal and rail contracts that will expire at the end of 2022.

Power supply

Power supply manages the background work necessary to meet customer energy needs, from current and short-term load obligations to long-term resource planning. Staff engages with regional utilities, uses sophisticated technologies and collaborates with industry experts to meet customer energy needs and leadership objectives. Descriptions of the departments which make up power supply are listed below and include significant departmental objectives for 2021.

Power markets and generation dispatch plans and schedules generating resources to reliably meet load requirements of the owner communities and other obligations. The department optimizes available resources and uses a bilateral energy market to create the most cost-effective energy supply possible and to generate unit stability through the sale of capacity and energy to third parties. During 2021, the department will support participation in the WEIM by integrating new software to make energy bids and offers, conduct profit and loss analysis and optimize generating unit commitments. Prior to the Rawhide Unit 1 scheduled maintenance outage, staff will research and secure replacement generation to support Platte River's loads and obligations.

Resource planning provides analytical support to Platte River's management for short- and long-term power supply plans, budgets/rates, IRPs, power transactions and operational optimization. The department uses industry-standard systems and methods to provide comprehensive analyses to facilitate strategic decisions concerning complex business and operational issues. In addition to supply-side resource planning, the department also develops economic evaluations and physical integration plans for distributed energy resources programs. Following the completion of the 2020 IRP, this department will continue to develop plans to support the Resource Diversification Policy. This will include further analysis of grid-scale battery storage options, flexible generating resources and potential supply/demand balance impacts of joining the WEIM. The team will also improve integration of noncarbon resources through better use of forecasting and analysis

tools to provide more accurate load forecast and power supply plans for budgeting and rate projection.

Power delivery

Power delivery manages the complex, real-time demands of Platte River's high-voltage transmission system that delivers energy to the owner communities. Staff continually monitor thousands of system components to maximize performance and channel energy efficiently. Large amounts of data and long-range plans are used to design and build transmission systems to meet future customer demand. Power delivery will be a critical component in future work to better integrate Platte River's transmission system with the delivery systems of the owner communities. Its departments and 2021 objectives include the following.

Power delivery system engineering conducts long-range system planning, design and construction of safe, reliable and financially sustainable transmission lines and substations along with system relaying protection. The department also provides distribution design, construction and engineering services under intergovernmental agreements with Loveland and Estes Park when requested. To maintain a transmission service availability factor greater than 99.97% in 2021 (2019 reliability was 100%), the department will replace the remaining oil-based circuit breakers and install transmission airflow spoilers. The team will also begin planning work on a new transmission substation necessary to place additional solar power onto Platte River's grid. Substation work, delayed from 2020 due to impacts from the COVID-19 pandemic, will resume in 2021.

System operations safely maintains and operates Platte River's transmission system service to its owner communities. The department conducts coordinated transmission operations with neighboring reliability operators while complying with all required NERC and WECC reliability standards and in accordance with Platte River's processes and procedures. To improve infrastructure and technology development in 2021, the team will fully implement an in-house real-time contingency analysis tool and an updated transmission outage program. The department will also prepare for a NERC compliance audit.

SCADA services safely maintains the reliability, security and regulatory compliance of the supervisory control and data acquisition (SCADA) control system, which is used to control and monitor 263 miles of high-voltage transmission lines and 27 substations on Platte River's grid system. The department provides transmission system asset control and situational awareness, as well as operations data exchange with critical partners. The department also supports control systems infrastructure and ensures NERC critical infrastructure protection compliance. To promote stability and reliability of SCADA, infrastructure will be upgraded in 2021 through improvements to the operating network that will connect Platte River to its energy trading partners and the WEIM. Upgrades securing communication between control centers is included. Team members will also prepare for a NERC compliance audit.

Telecommunications maintains the safe operations, reliability and security of Platte River's wide-area communication network that drives and protects the transmission system's operation. Telecommunication infrastructure supports SCADA and other transmission system functions including real-time operations communication with interconnected utilities. During 2021, the department will initiate work to replace the synchronous optical network (SONET) system, which uses Platte River's fiber optic system to deliver real-time reliability data to electrical system operators. The current system will be replaced with two networks, one dedicated to ultra-reliable bulk electric system communication and the second to provide high bandwidth communication to non-bulk electric system internal and external customers.

Fiber optics manages and maintains the fiber optic network, which provides high-speed, digital connectivity between Platte River's generating assets, its transmission system and community distribution systems. Fiber optic cables ring each of the owner communities, enabling more fully integrated systems. Core activities include maintenance, management and documentation of the physical fiber optic infrastructure, new installation and relocation of existing fiber optic cable. In 2021, the department will replace a no longer serviceable section of the Fort Collins local loop, between Timberline Substation and the intersection of Linden and Willow, and install a new lateral into the Airport Substation to increase fiber capacity necessary to support recent improvements by the Western Area Power Administration.

Substations

Substations is responsible for building and maintaining electrical substation assets, including those wholly owned by Platte River and some assets owned by the distribution utilities of the owner communities. Collaborating with internal and external groups, the department manages equipment installations and inspections for capital projects, provides ongoing maintenance and conducts testing for all substation equipment. Primary work in 2021 will focus on transformer maintenance during the Rawhide Unit 1 scheduled maintenance outage as well as battery maintenance and testing at all Platte River substations. To further improve system reliability during adverse weather conditions, the department will oversee installation of air flow spoilers on transmission lines and perform systemwide vegetation management.

Facilities and security

Headquarters facilities maintains the buildings and grounds of the headquarters campus and 27 substation locations. Staff also manages purchasing and maintenance of fleet vehicles at all Platte River locations. In 2021, the department will finalize commissioning of the new headquarters campus facilities and prepare for construction activities on the EEC. Additionally, the department will install overhead doors on outbuildings, create additional office spaces in the warehouse, and complete landscaping projects stemming from construction. The facilities department will also oversee projects including HVAC system replacements, roof

repairs and stucco siding replacement at various substations around the four owner communities.

Physical security designs, implements and maintains the physical access control systems, administers intrusion detection systems at substations, manages video surveillance systems and oversees security guard services at all Platte River facilities. In 2021, the department will work with the City of Loveland to oversee installation of intrusion detection systems in the community's substations. Other projects include installation of a smart key system and managing a critical infrastructure protection internal audit.

2021 strategic budget summary

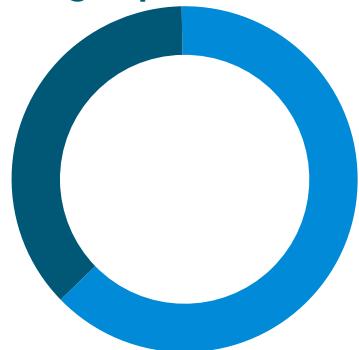
The Platte River Power Authority Strategic Budget is produced in alignment with the long-range strategic plan, under the direction of the organization's leadership to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River's tactical operational and capital plans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

The foundation for Platte River's 2021 budget represents ongoing investments into transforming the organization, based upon the organization's strategic plan and core operations. These are aligned with Platte River's core pillars of system reliability, environmental responsibility and financial sustainability. The pillars guide the decision-making process that has directed the resource allocations, revenues and expenses detailed in the budget.

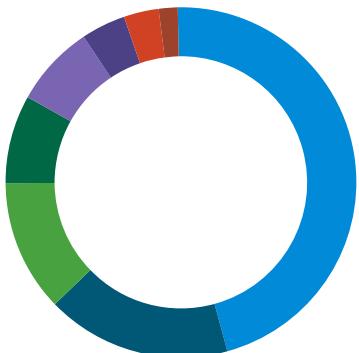
Expenses are managed from a broad perspective with the goal of operating the system in a safe, compliant and reliable manner while expanding environmental stewardship and cost-effectively optimizing resources. Platte River communicates and collaborates with the owner communities to align processes and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

Platte River's budget includes \$241.6 million in revenues and \$300.7 million in expenses consisting of operating, capital and debt. Of the \$282.6 million in operating expenses and capital additions, approximately 63% and 37% is allocated to activities supporting core operations and strategic initiatives, respectively.

Operating expenses and capital additions: \$282.6 million



- Core operations, 63%
- Strategic initiatives, 37%



- Generation, 46%
- Contract renewables and hydropower, 17%
- Fuel, 12%
- Transmission, 8%
- General business, 8%
- Distributed energy resources, 4%
- Market purchases, 3%
- Facilities, 2%

Platte River's core pillars



Strategic initiatives

\$104.5 million

37% of operating and capital

- Enhanced customer experience, \$13 million, 4%
- Communications and community outreach, \$1.7 million, 1%
- Resource diversification and alignment, \$10.9 million, 4%
- Infrastructure advancement and technology development, \$78.9 million, 28%

Activities

- Distributed energy resource strategy, energy efficiency, electric vehicle charging technologies and demand response
- Public engagement, effective internal and external communications, learning and development and energy efficiency program marketing
- Resource planning, noncarbon resources, energy imbalance market preparedness, operational flexibility and coal inventory optimization
- Substation security and modifications, airflow spoilers, real-time contingency analysis, combustion turbine upgrades, cybersecurity and the Windy Gap Firming Project
- Construction of the Energy Engagement Center providing an easily accessible amenity to owner communities and the public

Core operations

\$178.1 million

63% of operating and capital

- Generation including fuel, \$96.2 million, 34%
- Transmission, \$24.7 million, 9%
- Purchases including hydropower, wind and solar energy, \$57.2 million, 20%

Activities

- Rawhide Unit 1 seven-week scheduled maintenance outage to maintain reliability and support operational flexibility
- Full year of generation from wind and solar resources added in 2020
- Proactive capital investments including transmission line rebuild, switchgear, transformer upgrades and SONET replacement
- Staffing additions to support the changing environment and focus on strategic initiatives including increased requirements associated with the energy imbalance market

Strategic initiatives

\$104.5 million, 37% of operating and capital

Platte River adopted its most recent strategic plan in 2018 to provide high-level direction for implementing its vision and mission, under its foundational pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities by focusing on organizational priorities over the following three to five years. The initiatives are intended to be clear, actionable and adaptable, and guide transformative decision-making that aligns resources and investments to achieve objectives. Additional information about future planning, including strategic planning, is available on Platte River's website at <https://www.prpa.org/future-planning>. The 2018 strategic initiatives include:

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

The following information highlights key investments that will be made during 2021 to support each strategic initiative.

Enhanced customer experience

\$13 million, 4%

As a leader in public power, Platte River commits to providing its owner communities and their customers with solutions and programs to achieve their varied energy goals. Platte River will collaborate with its owner communities to support the strategic initiative of enhanced customer experience through programs and services that improve energy efficiency, promote demand response and encourage effective use of distributed energy resources. The 2021 budget supports the following initiatives.

Energy efficiency

Platte River will continue collaborating with owner communities to help customers use energy efficiency in alignment with the load forecast and the 2020 IRP. Efficiency Works programs will include new or enhanced services for both business and residential customers.

In 2021, \$10.6 million will be used for energy efficiency programs to obtain approximately four MW of demand reduction along with 28,000 MWh of additional energy savings during the year, nearly 0.9% of wholesale deliveries. Funding will be used for a range of business and consumer products and services. The energy solutions department will also manage funding provided by the owner communities under an intergovernmental agreement. Owner communities may provide supplemental funding, which adds to Platte River's budget for programs it funds in common across the four communities. Supplemental funding is used only after Platte

River's budget is exhausted to ensure each community receives its load-ratio share of funding. Owner communities may also provide directive funding, which supports programs and services not funded by Platte River, such as the home audit and rebate program and non-electric sustainability services, like rebates for water efficiency improvements. To make full use of Platte River's funds, the ability to overcommit projects is required and is estimated to be \$1 million for 2021. Work done under approved agreements and rebate applications is completed on a timeline determined largely by program participants (customers and their contractors). As a result, some work intended for the current budget year will likely be moved into the next budget year and funds would not be spent. However, if projects that were overcommitted materialize, a budget contingency transfer may be required to cover the expenses.

Distributed energy resources and demand response

Technology advancements increasingly enable retail customers to better manage how and when they use energy, generate and store their own energy and deliver their self-produced energy back onto their community's distribution system for use by others. Participation with distributed energy resources such as rooftop solar, battery storage, electric vehicles and efficient electric appliances will grow as advancements continue and contribute positively to broader, noncarbon energy goals. Through the distributed energy resources strategy development, Platte River continues to work with owner communities to develop new approaches to distributed energy resources and demand response, to provide net benefits to Platte River, the owner communities and their customers. The 2021 budget includes \$0.9 million of expenditure dedicated to such programs and services.

Platte River will continue to operate the demand response pilot program, which started in 2015. The pilot program provides Platte River's system operators the ability to operate demand response resources developed by the cities of Fort Collins and Longmont, and its enlarged capabilities will enhance energy diversity options.

In alignment with the distributed energy resources strategy development, practical implementation of electric vehicles charging will continue with encouragement to adopt electric vehicles charging technologies, the data from which will help to design demand response programs aimed at influencing the time of day when customers charge their electric vehicles. Study data is currently providing a greater understanding of charging load profiles within the owner communities and will enable the formulation of customer incentives to reduce demand during peak periods.

Communications and community outreach

\$1.7 million, 1%

Internal and external communications and outreach provides staff, the owner communities and key stakeholders with an accurate understanding of Platte River and its priorities as a trusted energy partner to drive greater collaboration among all

parties to achieve shared goals. In support of the IRP process during 2020, Platte River surveyed residents and business leaders across its owner communities and learned that a majority were aware of the organization and supported its actions. Staff will leverage this information to further Platte River's objectives in 2021.

Community and government affairs

Platte River will continue expanding its engagement with public policy stakeholders during 2021 by strengthening relationships and developing an engagement plan in support of the organization's objectives. Particular focus in 2021 will be on efforts to successfully permit the new solar project (up to 150 MW) that will enable surpassing 60% noncarbon energy delivery to the owner communities by 2023. Key also to the growing success of the resurgent community and government affairs program will be the effective, ongoing use of the contract lobbyist and the integration of communications assets that support relationships with state government and regulatory agencies.

Communications and marketing

Communication tools were expanded to reach broader audiences with information about Platte River and to receive feedback from individuals and groups across its owner communities. Work in 2021 will include expanded use of video and interactive digital products. In anticipation of lifted COVID-19 pandemic restrictions and with an awareness for public safety, staff will also increase direct outreach with business, educational, environmental and nonprofit audiences to convey key messaging through listening sessions and focus groups, formal presentations, event sponsorships and active participation on boards or committees of community organizations. This department will also manage all marketing efforts in support of the Efficiency Works program, which will include brand-building efforts and specific program support. Resources will also be devoted to the production of the organization's core documents — annual report, strategic budget and a new strategic plan.

Learning and development

Platte River's staff is its greatest asset. To attract and retain the best team, Platte River will create, implement and deliver new learning and development initiatives. This work will be formulated into training modules that may be delivered electronically or in a classroom setting and will be aligned with the core responsibilities of the organization and its strategic initiatives. The modules will feature methods to ensure retention of lessons learned for practical, on-the-job use.

Human resource staff will also enhance outreach with university programs to educate, promote and recruit future talent. Leaders will also explore organizational structures where needed to better align talent to the needs of operation, develop cross-functional opportunities among director-level leaders to streamline processes and foster succession planning efforts, and evaluate technical skills necessary for current and future business needs.

Resource diversification and alignment

\$10.9 million, 4%

Platte River's future resource diversification and alignment efforts stem directly from the board-adopted Resource Diversification Policy that set a goal of 100% noncarbon energy mix by 2030 while maintaining core pillars of reliability, environmental responsibility and financial sustainability. Key advancements necessary for Platte River to achieve this goal include:

- An organized regional market must exist with Platte River as an active participant
- Battery storage performance must mature and the costs must decline
- Utilization of storage solutions to include thermal, heat, water and end user available storage
- Transmission and distribution infrastructure investment must be increased
- Transmission and distribution delivery systems must be more fully integrated
- Improved distributed generation resource performance
- Technology and capabilities of grid management systems must advance and improve
- Advanced capabilities and use of active end user management systems
- Generation, transmission and distribution rate structures must facilitate systems integration

Platte River made significant strides toward this objective in 2020 with additional wind and solar resources, as well as the announcements of early retirement of all coal-fired facilities by 2030. Longer-term plans were determined through the IRP process and further analysis and planning will continue.

Resource planning

In addition to annual load forecasting and market outlooks that comprise Platte River's power supply plan, \$0.8 million will be invested for critical planning and analysis that will take place during 2021 to more clearly identify strategic operational and investment decisions for Platte River's generation portfolio, in support of the IRP. Deeper analysis of evolving battery technologies, along with real-time analysis of batteries recently added to Platte River's system, will clarify costs and benefits of batteries with different capacities and charge/discharge schedules to optimally align with noncarbon generating patterns and customer demand. Further research into flexible generating resources, such as natural gas-fired reciprocating internal combustion engine units compared to combustion turbines, will help Platte River evaluate their potential to economically complement intermittent, noncarbon generation.

Following Platte River's commitment to join the WEIM, analysis of the short- and long-term supply/demand balance between Platte River, its regional energy partners and WEIM members across the western U.S. must be conducted. Research results will help determine the depth of Platte River's participation in the market and better map the scope and timing of its growing noncarbon energy mix. Planners will also support the distributed energy resources strategy development by analyzing load

growth due to increased penetrations of electric vehicles and how greater adoption of electric vehicles may be encouraged.

Noncarbon resources

Approximately 53% of all energy delivered to the owner communities in 2021 will come from noncarbon resources, placing Platte River among the nation's leading noncarbon energy providers. Platte River significantly diversified its energy mix during 2020 with the addition of 225 MW of new wind power from the Roundhouse Wind Energy Center and 22 MW of new solar power from the Rawhide Prairie Solar project, which also includes services from a 2 MWh battery system.

During 2020, Platte River worked on a power purchase agreement from the proposed new solar project (up to 150 MW) to be constructed in Weld County. Work to obtain appropriate permit approvals is expected to take place during 2021 and construction could begin in 2022 with energy delivered to Platte River's system in 2023. With the additional solar generation, more than 60% of Platte River's energy deliveries would come from noncarbon resources. Platte River will continue to explore further resource diversity.

To incorporate additional solar energy resources onto Platte River's transmission system, engineers will begin the design process for a new 230 kV substation. This will require modifications to the existing transmission line structures to accommodate the new substation. The completion of the substation will depend upon successful permitting of the proposed solar project. Minimal expenditures are expected in 2021 for design of this \$6 million multi-year project.

Energy imbalance market

Following studies that showed favorable opportunities to participate within an organized energy market, Platte River announced in December 2019 it would join the WEIM along with Public Service Company of Colorado, Black Hills Colorado Electric and Colorado Springs Utilities. Participation will give Platte River access to additional energy resources, including intermittent resources, to further diversify its energy mix in pursuit of its noncarbon energy goal. Joining the WEIM by 2022 will require significant work, including installation and testing of new software, which will be used to make bids and offers into the WEIM, along with profit and loss analysis, unit commitment optimization, forecasting, meter data management and shadow settlements. Approximately \$2.4 million is budgeted for efforts in 2021, which include software of \$1.1 million, meter modifications of \$0.4 million and staff time, including new positions, dedicated to process identification and implementation. Platte River has not yet fully determined the efforts required to successfully join the WEIM. There may be additional requests as staff works through the planning stages of market entrance and evaluates existing systems and processes for compliance with market participation rules.

Operational flexibility

To foster integration of additional noncarbon energy, output from Rawhide Unit 1 must become more flexible. Plant personnel successfully tested Rawhide Unit 1 systems under lower load conditions during 2019 and 2020, but additional flexibility

requires equipment investments to improve performance and reduce maintenance expenses when Rawhide Unit 1 operates outside of the historical load range.

Rawhide Unit 1 will undergo a seven-week scheduled maintenance outage in 2021. There are several projects planned to upgrade systems to enhance the unit's operational flexibility. More details for these projects can be found in the capital additions section.

- Platte River will invest approximately \$4.3 million in 2021 for a total multi-year investment of \$7 million to install variable frequency drives (VFD) in several locations to increase efficiencies of the largest motors in the plant. This project will reduce power needed to run the station itself by an estimated 2 MW, improve efficiencies and reduce wear on critical components while Rawhide Unit 1 operates at lower load. The VFD will also enable the unit to effectively "ramp up" and "ramp down" in a more stable manner to better follow the output from intermittent, noncarbon generating resources on Platte River's system.
- Various combustion upgrades and modifications, totaling \$0.8 million in 2021, will be installed, improving nitrogen oxide and carbon monoxide control during low and high load operations and allowing overall increased operational flexibility. This work will conclude a \$1 million multi-year project.
- To increase turbine efficiency at lower operating loads, selected boiler tubes will be replaced with longer lengths, under a precise configuration, to increase the boiler reheat surface area, thereby reducing the extent to which steam may condense as it passes through the low-pressure turbine blades, as well as reducing the main-steam to reheat-steam temperature mismatch. The project, at a cost of \$0.9 million, will improve the performance of the low-pressure section of the turbine assembly and reduce potential erosion among its blades.
- Rawhide Unit 1's original air heater leakage control system will be replaced with more reliable, mechanical equipment along with a new fire detection system. The new \$0.3 million system will reduce combustion air leakage and, with it, power consumption and maintenance costs while increasing overall efficiency.
- The startup and shutdown process of the coal mills, which grind coal to a fine substance before injection into the boiler, is currently performed manually and is among the riskiest tasks performed by the operations department. An automated system will be installed at a cost of \$0.3 million. It will reduce safety risks to personnel and improve efficiencies and unit reliability during startup and shutdown processes.

Coal inventory optimization

Coal inventory at the Craig Generating Station needs to be actively and strategically managed to keep inventory at a manageable level and develop a gradual glide path down to zero inventory for Unit 2 upon its retirement in 2028. Platte River will coordinate with the other Trapper Mine owners and mine management to develop strategies to efficiently manage mine operations. Platte River also plans to execute intra-pile inventory sales between owners to achieve inventory objectives while also

providing the fuel needs to support flexible operations at the Craig Generating Station.

Distributed energy resources strategy

Platte River and its owner communities are working together to develop a long-range strategy for demand- and supply-side implications from emerging technologies such as rooftop solar, battery storage, energy efficiency, electric vehicles and more. The strategic planning process began in 2020 and will be completed in 2021 within the context of customer needs and desires, better integration of the transmission and distribution systems and the need to maintain safe, reliable, environmentally responsible and financially sustainable energy resources. Completion of the strategy is intended to lead into a coordinated approach to offer distributed energy resources programs and services across the owner communities.

Due to the distributed nature of these energy resources and increased use by retail customers, the need for integrated system planning and operation across the entire electric system has emerged. Without integrated planning and operations, distributed energy resources benefits would be minimized or lost. Work will continue throughout 2021 with \$0.2 million budgeted, leading to a strategy that will provide a path to integrate distributed energy resources within the distribution systems of the owner communities and the transmission system of Platte River.

Infrastructure advancement and technology development

\$78.9 million, 28%

Platte River's generation, transmission and support assets continue to perform extremely well, largely due to effective management that includes timely investments and proactive maintenance. Platte River will continue to pursue infrastructure advancements and technologies to provide safe, reliable service to the owner communities and offer long-term strategic advantages for the owner communities and their customers. During 2021, significant emphasis will be placed on the projects discussed below, which are primarily capital projects. While these are necessary investments for Platte River, they also have a strategic component.

Substations, transmission and plant operations

Installation of surveillance and access control systems at the City of Loveland substations will take place over the next few years once new block walls are completed. These projects will enable the City of Loveland to monitor and protect its critical substation assets. This is a shared expense with the City of Loveland. Platte River's portion for one substation in 2021 is approximately \$0.1 million.

Platte River will continue to add airflow spoilers to its transmission system throughout 2021 with a budget of \$1.3 million to help increase system reliability. Airflow spoilers prevent transmission lines from galloping during periods of icing and high winds,

which might otherwise lead to system outages. This project is estimated to be completed in 2022 with a total of \$3.4 million invested.

Key modifications or improvements to circuit switchers and relays will continue at the Harmony Substation. The circuit switchers will provide a separation point between Platte River and the City of Fort Collins to minimize NERC standard requirements. New relay and protection equipment will also increase system reliability. The project is expected to be complete in 2022 for a total project cost estimate of \$0.8 million.

Platte River uses a third-party tool to provide reliability assessments on 30-minute intervals for its portion of the bulk electric system – a requirement by NERC.

Motivated by the commitment to join WEIM, Platte River began a 2020 capital project to implement its own real-time contingency analysis tool to monitor post contingent conditions on its transmission system. Delayed by the COVID-19 pandemic, the project will resume in 2021.

The combustion turbines will be upgraded with an automated combustion tuning system for real-time changes in temperature without the need for outside contractors or unit downtime. This system will maintain environmental compliance limits under varying ambient temperatures. The project began in 2020 for approximately \$0.2 million and will be completed in 2021 for an additional \$0.3 million.

Cybersecurity

The digital operating systems for business and power production are increasingly sophisticated and efficiently manage more functions, thereby enabling greater workforce productivity. Increased sophistication must be matched by more effective technologies to protect highly sensitive systems that drive the generation and transmission of energy to the owner communities and critical business operations. Following the development of a cybersecurity risk management program in 2018, Platte River embarked on a five-year project to implement over 170 security controls adopted from federal and industry group principles.

Most 2021 cybersecurity objectives are associated with fully implementing the advanced security features in Microsoft 365 and Office 365, enhancing the organization's cybersecurity practices, implementing data classification processes and further developing asset management procedures. Below is a list of priority cybersecurity objectives for 2021.

- Implement next-gen antivirus and endpoint defense systems to improve the ability to detect and respond to anomalous activity
- Implement multi-factor authentication to provide a more robust method of confirming a network user's identity
- Implement data loss prevention solutions to prevent the accidental or intentional release of information

- Implement systems to discover and protect regulated or confidential information regardless of the system in which it resides
- Implement network access control to ensure that only authorized devices can access any Platte River network, preventing unauthorized device connections and alerting the information technology department when such attempts are made
- Implement network micro-segmentation to stop the spread of malware from workstation to workstation
- Continue to gather activity information and feed it into the security event and incident management system to increase situational awareness and provide better information for mitigating security incidents
- Implement dedicated assets for performing administrative functions that are limited in function and highly secured

Windy Gap Firming Project

Platte River will continue to collaborate with its partners, beginning development of the Windy Gap Firming Project through the construction of the proposed Chimney Hollow Reservoir. The project is needed to support the long-term, dependable delivery of Platte River's Windy Gap water, which is essential for reliable operations and optimizes Platte River's water resource portfolio. Gaining the ability to store Windy Gap water in wet years for future use in dry years will significantly improve operational reliability and reduce water cost risk by alleviating Platte River's current practice of leasing water from third parties, which is subject to supply and price volatility.

Approximately \$75.3 million is budgeted in 2021 and includes internal labor and the remaining payment to the Northern Colorado Water Conservancy District to cover Platte River's share of construction costs, which must be paid at the start of the construction phase. The total project cost is approximately \$119.7 million, which will be funded by proceeds from participation in a pooled financing arrangement and cash. Cash includes \$27 million from sales of Windy Gap water units expected to close by the end of 2020. Platte River may seek to sell additional units to achieve an optimal balance of unit ownership and firming project storage while further managing cashflow obligations.

Energy Engagement Center

The headquarters campus project was completed in early 2020, though it could not be fully occupied by employees due to safety protocols stemming from the COVID-19 pandemic. Following the completion of the campus project, staff began finalizing the LEED submittal for a Gold level certification.

Due to the COVID-19 pandemic, construction activities for the EEC were delayed during 2020 but will be completed by 2022. The EEC will feature an additional 6,500 square feet of meeting and conference space that will be attached to the east end of the headquarters building. The facility will allow Platte River the ability to host large

meetings and conferences and enable members of the owner communities to learn more about the energy issues confronting the region and state. A 65 kW energy storage solution will be featured as a demonstration project to other commercial and residential customers that are interested in learning more about energy storage. The 2021 budget includes \$0.2 million for construction of the EEC, which is a \$6.3 million multi-year project. Unspent 2020 funds will be requested to be carried over to the 2021 budget which represent a majority of the total project cost.

Enterprise resource planning

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

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

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

In 2019, Platte River engaged a consulting firm to assist in the development of a request for proposal (RFP) to find an enterprise resource planning system to replace the current environment. In 2020, due to the COVID-19 pandemic, vendor demonstrations as well as the overall project were placed on hold. As a result of the delay, the human resources department has decided to move forward with a replacement of the human resource information system for approximately \$0.1 million in 2021 to improve business processes and reporting to aid in making strategic business decisions.

At this time, the scope, schedule and budget are uncertain until the RFP process can be resumed, completed and a vendor selected. Due to these uncertainties, an amount is not included in the 2021 budget.

Core operations

\$178.1 million, 63% of operating and capital

Continued investment in Platte River's core business is necessary to safely ensure the reliable production and transmission of environmentally responsible and financially sustainable energy and services to the owner communities. To diversify Platte River's resource portfolio, power purchase agreements are in place for wind, hydropower and solar. With a focus on preventive and predictive maintenance strategies, core operations and maintenance expenses are relatively consistent from year to year. Some expenditures planned for 2020, including capital, were delayed due to the COVID-19 pandemic and may be resumed in 2021. Key highlights for 2021 are described below.

Generation

For 2021, approximately 39% of deliveries to the owner communities will be derived from Platte River's baseload coal-fired resources. Platte River is active in western energy markets and may choose to purchase power if prices are lower than the cost to generate, resulting in higher purchased power expense and lower fuel expense. The joint dispatch agreement, discussed later in the purchased power section, is an example of a market Platte River uses to purchase and sell energy. This agreement works similarly to an energy imbalance market, thus creating access to low-cost energy. Additional information about Platte River's generation and sources of electricity is available on Platte River's website at <https://www.prpa.org/generation>. Described below are significant generation related activities for 2021.

Rawhide Energy Station

Although Platte River continues to diversify its energy mix, Rawhide Unit 1 currently serves as the single largest source of energy for Platte River's owner communities. Its ongoing performance remains critical to overall system reliability and requires regular maintenance and upgrades.

A seven-week scheduled maintenance outage is scheduled for fall 2021 and will include numerous projects, several of which are described below and in the operational flexibility section in the strategic initiatives discussion. Maintenance expenses, including personnel costs, are estimated to be \$13.7 million, and capital expenditures are estimated to be \$8.9 million. Replacement power of \$2 million is planned for energy requirements above and beyond combustion turbine production while Rawhide Unit 1 is not generating. Due to the COVID-19 pandemic, the 2020 spring scheduled minor maintenance outage was delayed until fall of 2020. As a result of this delay, several inspections typically instrumental in determining the final scope of a scheduled maintenance outage did not occur for timely consideration in the 2021 budget. Additional projects or changes in scope may arise as staff completes the 2020 scheduled minor maintenance outage.

The outage accrual policy approved by the board of directors is to accrue 100% of the estimated incremental costs ahead of the scheduled maintenance outage and reverse those amounts the year of the outage to alleviate a single-year significant increase in expenses, thus stabilizing wholesale rate impacts of outages to the owner communities. A portion of the outage expenses will be accrued in 2021 up to the outage, then the cumulative amount accrued will be reversed in the months of the outage resulting in a net reversal of \$9.7 million, with \$8.3 million of maintenance expenses and \$1.4 million of replacement power. Projects that will take place during the outage are outlined below and additional details can be found in the capital additions section, where applicable.

- Rawhide Unit 1's high pressure and intermediate pressure turbines, which are the primary drivers of the generator, will be disassembled, inspected and repaired. The planned maintenance expense is \$3.8 million. Additionally, \$0.5 million will be devoted to replacing two rows of blades on the intermediate pressure turbine assembly due to erosion discovered during a previous outage. Both assemblies will also receive a full inspection during the outage, as prescribed by the manufacturer, before the components are reassembled. Combining the full inspection and blade replacement are more cost effective than performing the tasks separately.
- The upper active yard silo dust collector will be upgraded to comply with current NFPA and Occupational Safety and Health Administration (OSHA) regulations. The upgrade will include new deflagration relief panels that vent to the outside, a new exhaust fan, new filter housing and bags, and cleaning blowers as well as connection to the pneumatic dust collecting system. The \$1.3 million multi-year project began in 2020, \$1.1 million of which is budgeted in 2021.
- Additional soot blowers will be installed for \$0.2 million, supporting Rawhide Unit 1's economizer bank which will further improve its heat rate – a key element in Rawhide Unit 1's efficiency.
- The required uninterruptible power supply to Rawhide Unit 1 will be replaced for \$0.1 million, enabling an effective shutdown of the unit if all other power is lost. The current unit has reached the end of its useful life and is no longer supported by the manufacturer.

Significant nonoutage projects include replacement of key switchgear that serve the combustion turbines at the Rawhide Energy Station. This is a multi-year project for \$1.7 million, of which \$1.3 million is budgeted for 2021. Current equipment has had difficulty opening or closing circuits, which could potentially create safety issues for plant workers. The scope of work will include replacement of switchgears, updated design, drawings and relay settings, and implementation of an automatic and manual transfer system that reduces exposure to electrical hazards.

Craig Generating Station

Continued operation of the Craig Generating Station's units 1 and 2 requires investments to maintain optimal performance until they are retired in 2025 and 2028,

respectively. Platte River's share of planned capital investments in 2021 is \$0.8 million and includes upgrades to control equipment in the coal handling area and new turbine deck roof overlays. In addition to other upgrades, new groundwater monitoring equipment will be installed near the station's monofill. All work will be done without the need for a scheduled outage.

Transmission

Necessary transmission capital projects are determined through an annual 10-year load study which identifies areas that must be addressed to meet operational standards. Collaboration and coordination with owner communities is required to schedule future delivery points. Significant transmission related capital projects planned for 2021 are listed below. More details can be found in the capital additions section.

- Approximately \$0.5 million will be spent in 2021 to begin replacement of a 230-115 kV autotransformer at the Timberline Substation, which has reached the end of its useful life. The project will include replacement of three single-phase units with a single three-phase unit to conform to current design and construction standards. Crews will remove and replace existing foundations and firewalls from the existing unit, pour a new transformer pad and install 230 kV and 115 kV circuit switchers to isolate the unit per current design and construction standards. This project is expected to be completed in 2023 for a total project cost of \$2.9 million.
- The replacement of the aging SONET system, which uses Platte River's fiber optic system to deliver real-time reliability data to electrical system operators, will be completed in 2021. The multi-year project will cost approximately \$1.4 million with \$0.3 million planned in 2021. The new SONET system will feature two networks, one dedicated to ultra-reliable bulk electric system communication and the other to provide high bandwidth communication to non-bulk electric system internal and external customers. The dual networks will allow communication connectivity to be tailored to the needs of its customers while also allowing SCADA and real-time contingency analysis tools to more efficiently monitor system operations that ensure system reliability and power quality.
- A two-year project to replace the 230-12.47 kV substation transformer in the Rawhide Substation will start in 2021 and be completed for \$1.9 million in 2023. This transformer is the station's oldest and is critical to support facilities for the startup of Rawhide Unit 1 and provides backup auxiliary power for the combustion turbines. Work in 2021 will include evaluation of oil containment and replacement of a motor-operated disconnect.
- Project alternatives will be evaluated for rebuilding two miles of the 115 kV Drake transmission line after a 2019 inspection revealed corrosion on the base plates, anchor bolts and pole base sections of the line. Approximately \$0.1 million will be spent in 2021 for design and consultation work to determine the best course of action on this \$7 million multi-year project.

Personnel

Approximately 25% of the operating expense budget relates to employee salaries and benefits, which include retirement, medical and dental. Combined, the expenses are expected to rise approximately 0.8% from 2020. For 2021, no salary market adjustment will occur, and only step increases where appropriate will be awarded.

Benefits for employees are spread across all functional areas as a percentage of salaries. Platte River has undergone a comprehensive evaluation of benefits and changed its benefits broker to better align Platte River's strategy concerning competitive benefits with financial sustainability.

As timelines advance on strategic initiatives, additional staffing is required to fill new positions. All noncritical new positions were suspended as a result of the COVID-19 pandemic. A total of three full-time employees will be added to Platte River staff, and one full-time employee was added in 2020 as an out of budget hire, for a net total of four new positions in the 2021 budget. Of these positions, two serve in the financial and technology services division and two in generation and transmission. The positions are required to successfully prepare for entering the WEIM. Below is a summary of budgeted full-time positions by division.

| Positions by division | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|--|----------------|--------------------|------------------|----------------|
| General manager/CEO | 4 | 4 | 4 | 4 |
| General counsel and compliance | 11 | 11 | 11 | 11 |
| Business strategies | 28 | 29 | 29 | 29 |
| Financial and information technology services | 50 | 47 ⁽¹⁾ | 47 | 49 |
| Generation and transmission | 171 | 177 ⁽¹⁾ | 178 | 179 |
| Total positions | 264 | 268 | 269 | 272 |

(1) Effective 2020, four positions were re-organized from financial and information technology services to generation and transmission

Revenues

Approximately \$241.6 million in revenue is anticipated during 2021. The majority of revenues are derived from energy sales to the owner communities and sales for resale. Due to the COVID-19 pandemic, owner communities' loads are forecasted to decrease 3.9%. However, revenues from sales for resale are expected to increase by approximately \$7.5 million due primarily to three factors. A new short-term contract from coal-fired resources was initiated to manage the influx of new wind and solar power purchase agreements commercially operational in 2020. Following the commercial operation of the Roundhouse Wind Energy Center in 2020, the long-term resale of all Spring Canyon wind energy to another utility will be in effect for the full year. Finally, additional revenues will be generated from a new long-term excess combustion turbine capacity contract.

Platte River provides stable and financially sustainable wholesale rates — currently the lowest in Colorado. Platte River's rate philosophy includes implementing incremental increases to its owner communities to provide a more predictable path of smaller, more consistent annual rate increases. Under normal circumstances, a 2.7% wholesale rate increase would have been recommended for 2021. However, in recognition of the impact the COVID-19 pandemic is having on the owner communities, the 2021 budget includes a 1.5% wholesale rate increase.

Platte River's new rate structure, implemented in 2020, provides unbundled transmission and generation rates, and transparent fixed and variable cost, as well as dispatchable and intermittent resource pricing information for owner utilities to establish options, including noncarbon pricing options for their retail customers. The new rate structure adds value to owner communities by offering a more desirable portfolio of services and rates that meet community needs, more accurately aligning wholesale time-of-use pricing signals with costs of service and sending clear pricing signals that lead to system benefits.

Additional information about rates is available on Platte River's website at <https://www.prpa.org/rates-information/>.

Financial review

In addition to the budget items discussed, the financial results shown below are compared to the strategic financial plan (SFP) metrics. In the years represented, all financial metrics were or are expected to be met. Depreciation and amortization expense is a non-budgeted expense and is expected to increase in 2021 by \$9.6 million primarily as a result of accelerating depreciation on Rawhide Unit 1 assets for closure of the unit by Dec. 31, 2029 and Craig Unit 2 assets for closure of the unit by Sept. 30, 2028. Depreciation expense also increased as a result of an accounting change that recognizes certain gains and losses on past disposal of capital assets over a ten-year period beginning 2020 rather than in a single future year when entire systems are decommissioned. In addition, amortization expense increased as a result of accelerating recognition of obligations related to the coal-fired generating asset retirements such as impoundments closure costs. Decommissioning costs for the Rawhide Energy Station are amortized through 2055, the estimated life of the site and decommissioning costs for the Craig Generating Station have not yet been determined.

Increases to depreciation and amortization expense are partially offset by accounting treatment of the sale of Windy Gap water units. Platte River has sold water units generating \$102.9 million in proceeds. According to FERC accounting guidelines, the sales are recognized through 2029, tied to the remaining useful life of Rawhide Unit 1. These sales will increase net income by \$11 million each year, which reflects acceleration caused by the early retirement announcement of Rawhide Unit 1. The sale proceeds also increase available cash reserves, which will reduce the amount needed to finance the Windy Gap Firming Project.

| Key financial indicators | Minimum SFP targets | 2019 actual | 2020 budget | 2020 estimate ⁽¹⁾ | 2021 budget |
|---|---|--------------------|--------------------|-------------------------------------|--------------------|
| Net income (\$000) | 3% of projected annual operating expenses | \$ 33,543 | \$ 17,182 | \$ 19,063 | \$ 14,401 |
| Fixed obligation charge coverage ratio ⁽²⁾ | 1.50 times | 2.52x | 1.79x | 2.35x | 2.00x |
| Debt ratio | 50% or lower | 24% | 34% | 22% | 21% |
| Unrestricted days cash on hand | 200 | 340 | 256 | 384 | 303 |

Other selected data (\$000 except bond service coverage ratio)

| | | | | |
|--|------------|------------|------------|------------|
| Accumulated net position | \$ 593,602 | \$ 608,500 | \$ 612,665 | \$ 627,066 |
| Dedicated reserves and available funds | \$ 168,172 | \$ 214,803 | \$ 201,825 | \$ 164,714 |
| Long-term debt, net | \$ 191,747 | \$ 278,225 | \$ 180,215 | \$ 166,084 |
| Capital additions | \$ 48,628 | \$ 72,774 | \$ 41,596 | \$ 93,200 |
| Bond service coverage ratio (minimum 1.1x) | 3.26x | 2.17x | 3.16x | 2.88x |

(1) 2020 estimate represents 10 months actual and two months budget adjusted for revised projections on all budget schedules.

(2) 2019 and 2020 fixed obligation charge coverage ratios have been restated to conform with current calculation method.

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

| | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|----------------|----------------|------------------|----------------|
| Operating revenues | | | | |
| Sales to owner communities | \$ 197,974,428 | \$ 198,688,357 | \$ 195,757,986 | \$ 193,909,153 |
| Sales for resale | 25,496,901 | 32,060,887 | 38,454,291 | 39,570,011 |
| Wheeling | 5,713,594 | 5,917,670 | 6,194,305 | 6,323,622 |
| Total operating revenues | 229,184,923 | 236,666,914 | 240,406,582 | 239,802,786 |
| Operating expenses | | | | |
| Purchased power | 38,441,139 | 44,599,334 | 49,144,300 | 57,192,689 |
| Fuel | 45,400,990 | 45,952,356 | 40,640,852 | 34,404,568 |
| Operations and maintenance ⁽¹⁾ | 60,877,056 | 65,171,942 | 63,738,968 | 63,730,781 |
| Administrative and general ⁽¹⁾ | 19,285,760 | 22,446,250 | 21,522,980 | 22,419,009 |
| Distributed energy resources ⁽¹⁾ | 9,135,784 | 12,162,998 | 10,681,415 | 11,642,441 |
| Depreciation and amortization ⁽¹⁾ | 21,810,260 | 23,667,342 | 33,729,400 | 33,260,793 |
| Total operating expenses | 194,950,989 | 214,000,222 | 219,457,915 | 222,650,281 |
| Operating income | 34,233,934 | 22,666,692 | 20,948,667 | 17,152,505 |
| Nonoperating revenues (expenses) | | | | |
| Interest income | 3,610,120 | 3,811,765 | 2,269,690 | 1,414,723 |
| Other income | 450,288 | 38,347 | 547,372 | 373,237 |
| Interest expense | (8,129,275) | (11,397,089) | (7,619,797) | (6,472,737) |
| Amortization of bond financing costs ⁽¹⁾ | 2,166,981 | 2,049,139 | 2,049,139 | 1,917,089 |
| Net increase in fair value of investments ⁽¹⁾ | 1,211,049 | 13,239 | 867,414 | 16,294 |
| Total nonoperating revenues (expenses) | (690,837) | (5,484,599) | (1,886,182) | (2,751,394) |
| Change in net position | 33,543,097 | 17,182,093 | 19,062,485 | 14,401,111 |
| Net position at beginning of period | 560,059,366 | 591,318,083 | 593,602,463 | 612,664,948 |
| Net position at end of period | \$ 593,602,463 | \$ 608,500,176 | \$ 612,664,948 | \$ 627,066,059 |

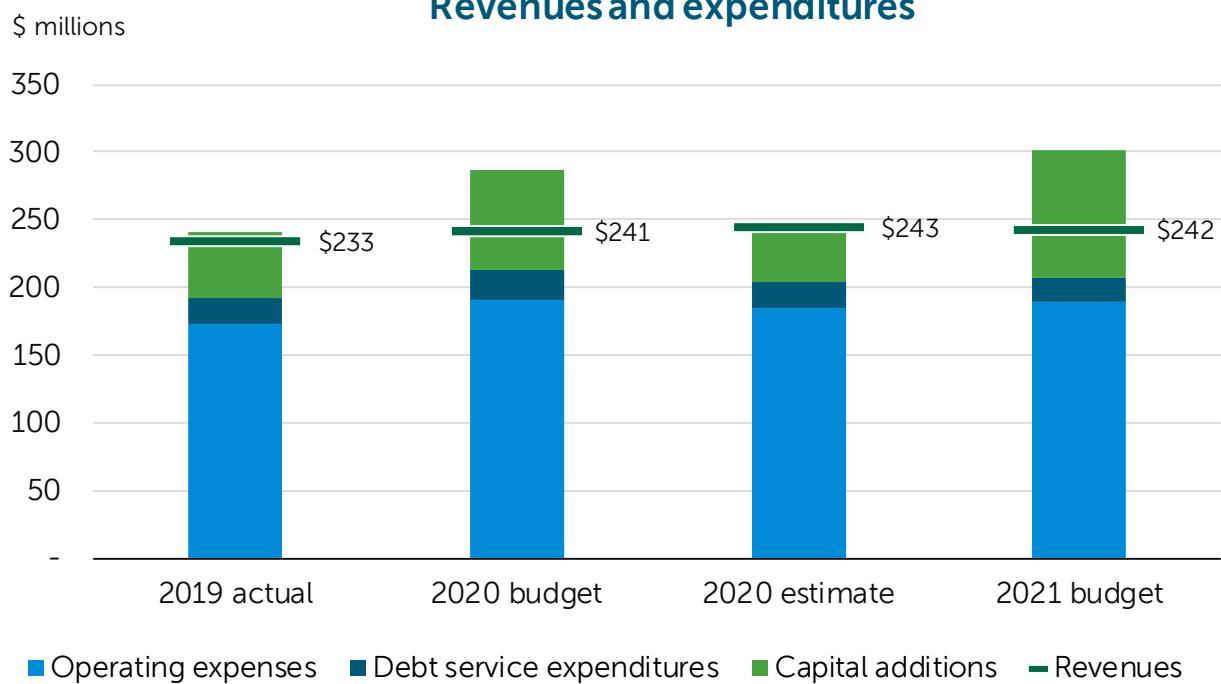
(1) Actual and estimate include nonappropriated expenses of vacation accrual, depreciation expense, amortization of bond financing costs, and unrealized investment holding gains and losses.

Consolidated budget schedules

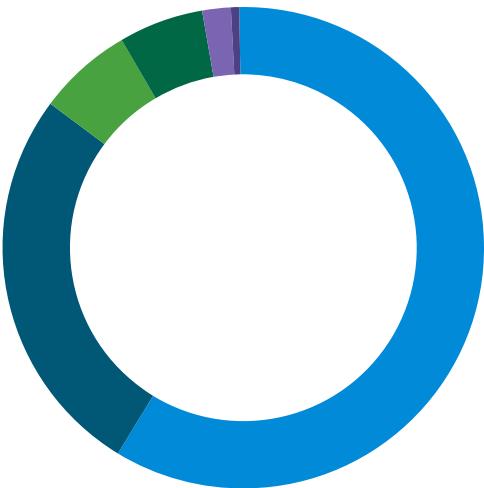
| Source and use of funds | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|--|----------------|---------------------------|------------------|----------------|
| Source of funds | | | | |
| Operating revenues | | | | |
| Sales to owner communities | \$ 197,974,428 | \$ 198,688,357 | \$ 195,757,986 | \$ 193,909,153 |
| Sales for resale - long-term | 2,489,843 | 14,453,567 | 16,199,176 | 18,664,158 |
| Sales for resale - short-term | 23,007,058 | 17,607,320 | 22,255,115 | 20,905,853 |
| Wheeling | 5,713,594 | 5,917,670 | 6,194,305 | 6,323,622 |
| Total operating revenues | 229,184,923 | 236,666,914 | 240,406,582 | 239,802,786 |
| Other revenues | | | | |
| Interest income | 3,631,441 | 3,825,004 | 2,291,127 | 1,431,017 |
| Other income | 450,288 | 38,347 | 547,372 | 373,237 |
| Total other revenues | 4,081,729 | 3,863,351 | 2,838,499 | 1,804,254 |
| Total revenues | 233,266,652 | 240,530,265 | 243,245,081 | 241,607,040 |
| Funds from prior reserves and financing | | | | |
| | 6,907,839 | 71,686,559 | 1,881,572 | 87,095,214 |
| Total sources | \$ 240,174,491 | \$ 312,216,824 | \$ 245,126,653 | \$ 328,702,254 |
| Use of funds | | | | |
| Operating expenses | | | | |
| Purchased power | \$ 38,441,139 | \$ 44,599,334 | \$ 49,144,300 | \$ 57,192,689 |
| Fuel | 45,400,990 | 45,952,356 | 40,640,852 | 34,404,568 |
| Production | 45,170,610 | 47,887,690 | 46,839,892 | 45,165,080 |
| Transmission | 15,825,171 | 17,284,252 | 16,711,329 | 18,565,701 |
| Administrative and general | 19,211,779 | 22,446,250 | 21,375,812 | 22,419,009 |
| Distributed energy resources | 9,047,582 | 12,162,998 | 10,594,403 | 11,642,441 |
| Total operating expenses | 173,097,271 | 190,332,880 | 185,306,588 | 189,389,488 |
| Capital additions | | | | |
| Production | 12,499,293 | 34,088,843 | 9,197,385 | 86,827,589 |
| Transmission | 2,233,330 | 25,339,730 | 22,422,818 | 3,385,709 |
| General | 33,894,911 | 13,345,368 | 7,236,055 | 2,986,731 |
| Asset retirement obligations | - | - | 2,739,421 | - |
| Total capital additions | 48,627,534 | 72,773,941 ⁽¹⁾ | 41,595,679 | 93,200,029 |
| Total operating expenses and capital additions | 221,724,805 | 263,106,821 | 226,902,267 | 282,589,517 |
| Debt service expenditures | | | | |
| Principal | 10,320,411 | 11,712,914 | 10,604,589 | 11,640,000 |
| Interest expense | 8,129,275 | 11,397,089 | 7,619,797 | 6,472,737 |
| Total debt service expenditures | 18,449,686 | 23,110,003 | 18,224,386 | 18,112,737 |
| Total expenditures | 240,174,491 | 286,216,824 | 245,126,653 | 300,702,254 |
| Contingency appropriation | - | 26,000,000 ⁽¹⁾ | - | 28,000,000 |
| Total uses | \$ 240,174,491 | \$ 312,216,824 | \$ 245,126,653 | \$ 328,702,254 |

(1) Excludes projections for contingency transfers.

Revenues and expenditures

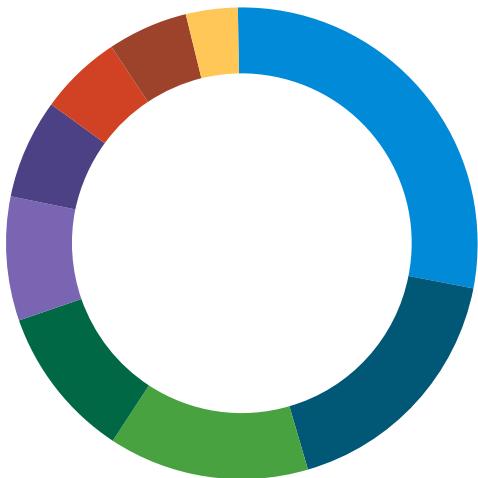


2021 sources



| | | |
|-------|---|-----------------------|
| ■ 59% | Sales to owner communities | \$ 193,909,153 |
| ■ 6% | Sales for resale - short-term | 20,905,853 |
| ■ 6% | Sales for resale - long-term | 18,664,158 |
| ■ 2% | Wheeling | 6,323,622 |
| ■ 1% | Interest and other income | 1,804,254 |
| | Total revenues | <u>241,607,040</u> |
| ■ 26% | Funds from prior reserves and financing | 87,095,214 |
| | Total sources | <u>\$ 328,702,254</u> |

2021 uses



| | | |
|-------|------------------------------|-----------------------|
| ■ 28% | Capital additions | \$ 93,200,029 |
| ■ 17% | Purchased power | 57,192,689 |
| ■ 14% | Production | 45,165,080 |
| ■ 10% | Fuel | 34,404,568 |
| ■ 7% | Administrative and general | 22,419,009 |
| ■ 6% | Transmission | 18,565,701 |
| ■ 6% | Debt service expenditures | 18,112,737 |
| ■ 4% | Distributed energy resources | 11,642,441 |
| | Total expenditures | <u>300,702,254</u> |
| ■ 8% | Board contingency | <u>28,000,000</u> |
| | Total uses | <u>\$ 328,702,254</u> |

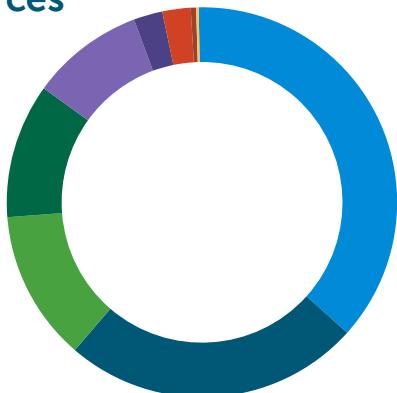
| Revenue and expenditure detail | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | |
| Sales to owner communities | \$ 197,974,428 | \$ 198,688,357 | \$ 195,757,986 | \$ 193,909,153 |
| Sales for resale - long-term | 2,489,843 | 14,453,567 | 16,199,176 | 18,664,158 |
| Sales for resale - short-term | 23,007,058 | 17,607,320 | 22,255,115 | 20,905,853 |
| Wheeling | 5,713,594 | 5,917,670 | 6,194,305 | 6,323,622 |
| Interest income | 3,631,441 | 3,825,004 | 2,291,127 | 1,431,017 |
| Other income | 450,288 | 38,347 | 547,372 | 373,237 |
| Total revenues | 233,266,652 | 240,530,265 | 243,245,081 | 241,607,040 |
| Funds from prior reserves and financing | 6,907,839 | 71,686,559 | 1,881,572 | 87,095,214 |
| Total revenues and prior funds | <u>\$ 240,174,491</u> | <u>\$ 312,216,824</u> | <u>\$ 245,126,653</u> | <u>\$ 328,702,254</u> |
| Expenditures | | | | |
| Personnel expenses | | | | |
| Salaries | | | | |
| Regular wages | \$ 28,345,997 | \$ 30,628,793 | \$ 30,344,571 | \$ 31,093,615 |
| Overtime wages | 1,656,579 | 1,561,976 | 2,444,188 | 2,248,660 |
| Total salaries | 30,002,576 | 32,190,769 | 32,788,759 | 33,342,275 |
| Benefits | | | | |
| Pension - defined contribution | 1,132,336 | 1,183,806 | 1,304,028 | 1,794,539 |
| Pension - defined benefit | 4,983,201 | 6,110,613 | 6,110,613 | 5,427,824 |
| Social security | 2,157,185 | 2,363,096 | 2,253,725 | 2,476,211 |
| Long-term disability | 160,594 | 160,000 | 122,725 | 120,000 |
| Medical and dental | 4,237,464 | 6,527,350 | 4,861,474 | 5,421,500 |
| Recruiting | 152,534 | 193,500 | 84,376 | 145,000 |
| Life insurance | 170,023 | 160,000 | 120,555 | 120,000 |
| Accidental death | 23,485 | 25,000 | 25,171 | 25,000 |
| Workers' compensation | 99,648 | 180,000 | 130,442 | 160,000 |
| Unemployment compensation | 39,931 | 15,000 | 3,570 | 15,000 |
| Salary and pension services | 296,152 | 299,384 | 266,430 | 410,617 |
| Total benefits | 13,452,553 | 17,217,749 | 15,283,109 | 16,115,691 |
| Total personnel expenses | 43,455,129 | 49,408,518 | 48,071,868 | 49,457,966 |
| Less charged to capital and other | 2,678,986 | 2,297,296 | 1,311,461 | 1,975,299 |
| Total operating personnel expenses | 40,776,143 | 47,111,222 | 46,760,407 | 47,482,667 |
| Materials and other expenses | | | | |
| Office expenses | 26,774 | 75,575 | (40,825) | 47,925 |
| Safety expenses | 198,389 | 204,675 | 120,529 | 225,450 |
| Furniture and equipment | 66,516 | 59,100 | 63,105 | 54,600 |
| Local business expense | 280,983 | 322,011 | 192,891 | 436,341 |
| Postage and deliveries | 25,331 | 31,600 | 25,929 | 38,304 |

| Revenue and expenditure detail (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|--------------------|--------------------|----------------------|--------------------|
| Materials and other expenses | | | | |
| (continued) | | | | |
| Rawhide O&M materials | \$ 3,757,662 | \$ 4,305,093 | \$ 4,418,800 | \$ 6,298,012 |
| Other O&M materials | 543,065 | 333,712 | 550,872 | 541,348 |
| Rawhide coal | 26,870,079 | 28,606,096 | 24,471,382 | 24,254,054 |
| Craig units 1 and 2 coal | 15,320,745 | 15,781,481 | 10,212,523 | 8,622,960 |
| Oil | 190,906 | 105,000 | 89,666 | 194,000 |
| Natural gas (Rawhide units A, B, C, D and F) | 2,441,880 | 647,198 | 4,814,638 | 467,439 |
| Natural gas (Craig units startup) | 55,244 | 105,000 | 86,414 | 85,000 |
| Gasoline and diesel | 143,334 | 162,800 | 95,913 | 154,300 |
| Tools, shop and garage equipment | 90,147 | 150,050 | 88,966 | 134,600 |
| Purchased power | 37,908,125 | 43,755,096 | 48,300,062 | 58,620,212 |
| Craig units 1 and 2 operating expenses | 10,861,335 | 10,351,090 | 10,180,493 | 9,141,555 |
| Computer equipment | 476,693 | 637,924 | 448,855 | 578,100 |
| Wheeling expense | 3,665,575 | 3,830,491 | 3,823,194 | 3,947,202 |
| Outage accrual | <u>4,321,964</u> | <u>5,162,046</u> | <u>5,162,046</u> | <u>(9,419,074)</u> |
| Total materials and other expenses | 107,244,747 | 114,626,038 | 113,105,453 | 104,422,328 |
| Contractual services | | | | |
| Rawhide contracted services | 4,703,975 | 4,455,563 | 4,073,566 | 11,318,326 |
| Other contracted services | 8,575,417 | 10,856,637 | 9,451,387 | 10,836,746 |
| Insurance | 1,534,590 | 1,755,800 | 1,721,066 | 1,982,800 |
| Travel and training | 767,210 | 854,491 | 441,728 | 842,293 |
| Telephone services | 208,102 | 199,300 | 183,447 | 196,719 |
| Utilities | 696,588 | 579,560 | 527,452 | 688,520 |
| Dues, memberships and fees | 753,154 | 770,732 | 710,377 | 750,126 |
| Trustees fees | 18,000 | 19,500 | 12,000 | 25,500 |
| Water leases and rents | 424,456 | 607,000 | 213,740 | 2,278,712 |
| Other leases and rents | 101,088 | 102,409 | 116,134 | 109,262 |
| Economic development | 100,000 | 100,000 | 100,000 | 100,000 |
| Fiscal impact payment | 36,217 | 36,217 | 36,217 | 36,217 |
| Rebates/incentives for retail customers | 6,930,850 | 7,557,611 | 7,294,850 | 7,763,250 |
| Rebates/incentives to owner communities | 188,210 | 166,100 | 173,634 | 169,422 |
| Audits/assessments for retail customers | - | 490,000 | 343,887 | 335,000 |
| Other financing expenses | <u>38,524</u> | <u>44,700</u> | <u>41,243</u> | <u>51,600</u> |
| Total contractual services | 25,076,381 | 28,595,620 | 25,440,728 | 37,484,493 |

| Revenue and expenditure detail (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|--------------------|---------------------------|----------------------|--------------------|
| Capital additions | | | | |
| Personnel expenses | | | | |
| Regular wages | \$ 1,263,886 | \$ 1,098,720 | \$ 716,735 | \$ 911,185 |
| Overtime wages | 198,776 | 91,869 | 69,548 | 159,681 |
| Benefits allocation | 627,518 | 621,841 | 384,035 | 558,910 |
| Total personnel expenses | 2,090,180 | 1,812,430 | 1,170,318 | 1,629,776 |
| Capital expenditures | 46,717,678 | 71,407,908 | 37,811,766 | 91,838,538 |
| Capital reimbursements and trade-in value | (180,324) | (446,397) | (125,826) | (268,285) |
| Asset retirement obligations | - | - | 2,739,421 | - |
| Total capital additions | 48,627,534 | 72,773,941 ⁽¹⁾ | 41,595,679 | 93,200,029 |
| Debt service expenditures | | | | |
| Principal | 10,320,411 | 11,712,914 | 10,604,589 | 11,640,000 |
| Interest expense | 8,129,275 | 11,397,089 | 7,619,797 | 6,472,737 |
| Total debt service expenditures | 18,449,686 | 23,110,003 | 18,224,386 | 18,112,737 |
| Total expenditures | 240,174,491 | 286,216,824 | 245,126,653 | 300,702,254 |
| Contingency appropriation | - | 26,000,000 ⁽¹⁾ | - | 28,000,000 |
| Total expenditures and contingency | \$ 240,174,491 | \$ 312,216,824 | \$ 245,126,653 | \$ 328,702,254 |

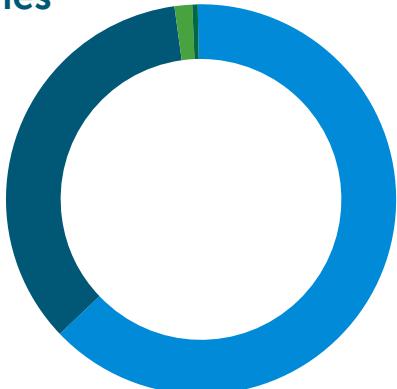
(1) Excludes projections for contingency transfers.

Resources



- Rawhide Unit 1 (1,811 GWh)
 - Wind (1,208 GWh)
 - Hydropower (612 GWh)
 - Craig units 1 and 2 (547 GWh)
 - Joint dispatch agreement purchases (461 GWh)
 - Other purchases (117 GWh)
 - Solar (115 GWh)
 - Forced outage exchange (22 GWh)
 - Combustion turbines (10 GWh)
- Total resources = 4,903 GWh**

Deliveries

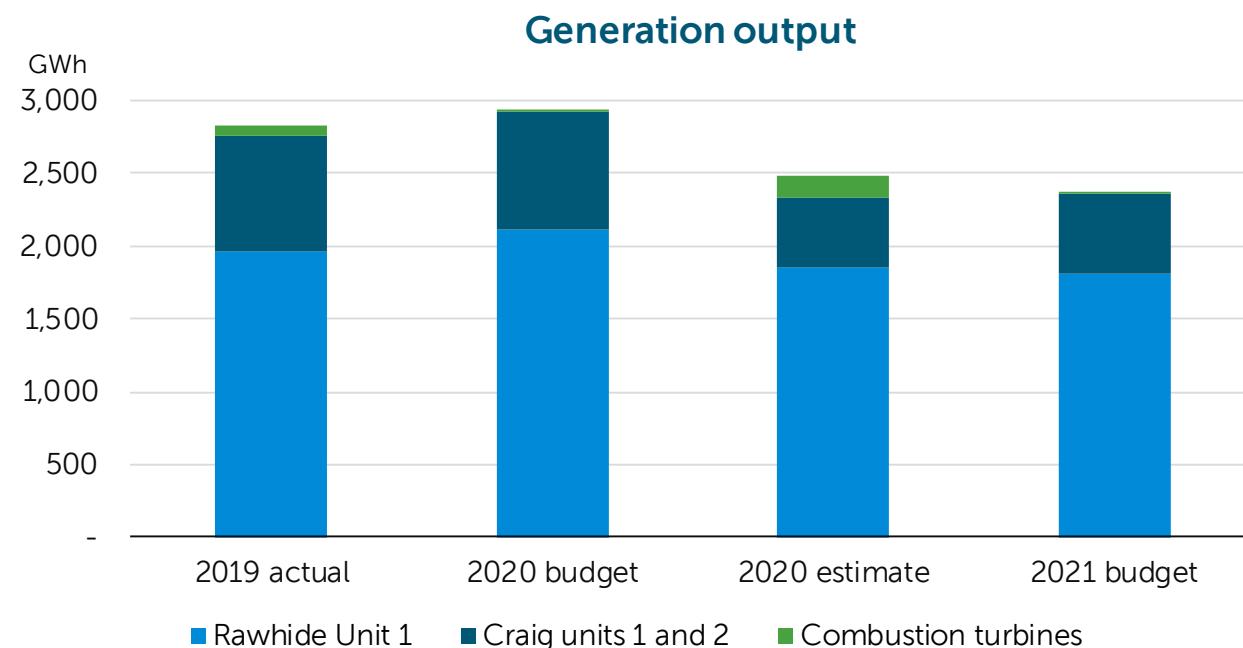


- Owner communities (3,097 GWh)
 - Sales for resale (1,712 GWh)
 - Losses and other (72 GWh)
 - Forced outage exchange (22 GWh)
- Total deliveries = 4,903 GWh**

| Power operations resources | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|--------------------|--------------------|----------------------|--------------------|
| Rawhide Unit 1 (280 MW) | | | | |
| Generation (GWh) | 1,965 | 2,110 | 1,854 | 1,811 |
| Capacity factor | 80.1% | 85.8% | 75.4% | 73.8% |
| Fuel cost (\$/MWh) | \$ 14.0 | \$ 13.8 | \$ 13.6 | \$ 13.7 |
| O&M cost (\$/MWh) | 13.5 | 13.7 | 14.7 | 22.0 |
| Total Rawhide (\$/MWh) | \$ 27.5 | \$ 27.5 | \$ 28.3 | \$ 35.7 |
| Craig units 1 and 2 (151 MW)⁽¹⁾ | | | | |
| Generation (GWh) | 795 | 808 | 482 | 547 |
| Capacity factor | 60.1% | 60.9% | 36.3% | 41.3% |
| Fuel cost (\$/MWh) | \$ 19.6 | \$ 20.1 | \$ 21.8 | \$ 16.5 |
| O&M cost (\$/MWh) | 13.3 | 12.3 | 20.5 | 15.8 |
| Total Craig (\$/MWh) | \$ 32.9 | \$ 32.4 | \$ 42.3 | \$ 32.3 |
| Combustion turbines (388 MW)⁽²⁾ | | | | |
| Generation (GWh) | 72 | 19 | 142 | 10 |
| Capacity factor | 2.1% | 0.6% | 3.4% | 0.3% |
| Fuel cost (\$/MWh) | \$ 33.9 | \$ 33.8 | \$ 33.9 | \$ 45.6 |
| O&M cost (\$/MWh) | 23.8 | 104.7 | 17.8 | 167.0 |
| Total combustion turbines (\$/MWh) | \$ 57.7 | \$ 138.5 | \$ 51.7 | \$ 212.6 |

(1) Craig Unit 1 = 77 MW, Craig Unit 2 = 74 MW.

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



| Purchased power resources | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|-------------|-------------|---------------|-------------|
| Wind | | | | |
| Roundhouse (225 MW) | | | | |
| Generation (GWh) | - | 402 | 471 | 910 |
| Capacity factor | 0.0% | 40.4% | 43.2% | 46.1% |
| Total Roundhouse (\$/MWh) - delivered | \$ - | \$ 12.8 | \$ 11.9 | \$ 19.4 |
| Spring Canyon II and III (60 MW)⁽¹⁾ | | | | |
| Generation (GWh) | 232 | 242 | 244 | 242 |
| Capacity factor | 44.2% | 46.0% | 46.3% | 46.0% |
| Total Spring Canyon (\$/MWh) - delivered | \$ 46.1 | \$ 46.0 | \$ 45.9 | \$ 44.3 |
| Silver Sage (12 MW)⁽²⁾ | | | | |
| Generation (GWh) | 34 | 37 | 36 | 37 |
| Capacity factor | 32.7% | 35.5% | 34.3% | 35.5% |
| Total Silver Sage (\$/MWh) - delivered | \$ 60.6 | \$ 62.0 | \$ 62.0 | \$ 63.6 |
| Medicine Bow (6 MW) | | | | |
| Generation (GWh) | 16 | 20 | 16 | 19 |
| Capacity factor | 29.6% | 37.2% | 29.7% | 37.2% |
| Total Medicine Bow (\$/MWh) - delivered | \$ 48.1 | \$ 45.7 | \$ 46.0 | \$ 45.9 |
| Total wind (303 MW) | | | | |
| Generation (GWh) | 282 | 701 | 767 | 1,208 |
| Capacity factor | 41.3% | 41.8% | 43.2% | 45.5% |
| Total wind (\$/MWh) | \$ 48.0 | \$ 27.8 | \$ 25.8 | \$ 26.2 |
| Hydropower | | | | |
| WAPA-CRSP (106 MW-summer/ 136 MW-winter)⁽³⁾ | | | | |
| Generation (GWh) | 502 | 502 | 502 | 502 |
| Capacity factor | 47.4% | 47.4% | 47.4% | 47.4% |
| Total WAPA-CRSP (\$/MWh) | \$ 27.1 | \$ 27.1 | \$ 27.0 | \$ 25.4 |
| WAPA-LAP (30 MW-summer/ 32 MW-winter)⁽⁴⁾ | | | | |
| Generation (GWh) | 110 | 110 | 110 | 110 |
| Capacity factor | 40.3% | 40.3% | 40.3% | 40.3% |
| Total WAPA-LAP (\$/MWh) | \$ 29.7 | \$ 29.7 | \$ 29.7 | \$ 29.7 |
| Total hydropower (136 MW-summer/ 168 MW-winter) | | | | |
| Generation (GWh) | 612 | 612 | 612 | 612 |
| Capacity factor | 46.0% | 46.0% | 46.0% | 46.0% |
| Total hydropower (\$/MWh) | \$ 27.6 | \$ 27.6 | \$ 27.5 | \$ 26.2 |

| Purchased power resources (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|-------------|-------------|---------------|-------------|
| Solar | | | | |
| Rawhide Flats Solar (30 MW) | | | | |
| Generation (GWh) | 61 | 62 | 63 | 61 |
| Capacity factor | 23.1% | 23.6% | 24.0% | 23.4% |
| Total Rawhide Flats Solar (\$/MWh) - including ancillary services and maintenance | \$ 55.0 | \$ 54.3 | \$ 54.6 | \$ 54.6 |
| Rawhide Prairie Solar (22 MW) ⁽⁵⁾ | | | | |
| Generation (GWh) | - | 44 | 6 | 54 |
| Capacity factor | 0.0% | 30.3% | 12.9% | 27.9% |
| Total Rawhide Prairie Solar (\$/MWh) - including ancillary services and battery fee | \$ - | \$ 32.7 | \$ 32.4 | \$ 33.6 |
| Total solar (52 MW) | | | | |
| Generation (GWh) | 61 | 106 | 69 | 115 |
| Capacity factor | 23.1% | 26.0% | 22.5% | 25.3% |
| Total solar (\$/MWh) | \$ 55.0 | \$ 45.4 | \$ 52.7 | \$ 44.8 |
| Joint dispatch agreement purchases | | | | |
| Energy (GWh) | 356 | 181 | 616 | 461 |
| Total JDA purchases (\$/MWh) | \$ 11.9 | \$ 12.7 | \$ 12.1 | \$ 11.1 |
| Other purchases | | | | |
| Energy (GWh) | 56 | 86 | 91 | 108 |
| Total other purchases (\$/MWh) | \$ 30.0 | \$ 21.1 | \$ 24.3 | \$ 22.3 |
| Owner community solar programs (4.307 MW)⁽⁶⁾ | | | | |
| Generation (GWh) | 7 | 9 | 9 | 9 |
| Capacity factor | 17.3% | 22.9% | 21.8% | 22.4% |
| Total owner community solar programs (\$/MWh) | \$ 38.8 | \$ 23.2 | \$ 27.3 | \$ 19.4 |

(1) Effective June 2020, Spring Canyon II and III energy and renewable attributes have been sold to a third party and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities. At the end of the 10-year sales contract, the energy and renewable attributes will return to Platte River.

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

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

(4) WAPA-LAP (Western Area Power Administration - Loveland Area Projects) actual capacity available varies by month. During the summer season, available capacity ranges from 23 MW to 30 MW. In the winter season, available capacity ranges from 26 MW to 32 MW.

(5) Rawhide Prairie Solar includes solar energy purchases, battery fee and interconnection expenses.

(6) Owner community solar programs: Fort Collins = 3.862 MW, Loveland = 0.445 MW. The owner communities retain the renewable attribute.

Revenues

Operating revenues

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

Sales to owner communities

Budgeted revenues from sales to owner communities are based on Platte River's load forecast and wholesale rates. Rate increases, when applicable, support Platte River's core functions and strategic direction. Sales to the owner communities represent the largest source of revenue.

Sales for resale

Sales for resale can include long-term sales or short-term sales. Long-term sales are for a contracted term greater than one year. Short-term sales are for a term of one year or less and include seasonal, monthly, hourly spot market and joint dispatch agreement sales. Sales can also occur for excess capacity. The assumed spot market prices are based on current market projections. The production cost model determines the level of sales for resale for the budget. Typically, sales are made when energy available exceeds requirements of the owner communities and prices are higher than the marginal cost resource. Due to the must-take nature of the renewable power purchase agreements, certain sales may reflect that it is more economical to sell energy at a low price than to curtail generation. These sales typically occur when the coal-fired facilities are operating at minimum allowable output levels. Platte River's future participation in the WEIM will help further manage and dispatch the must-take energy on the system and allow more economic dispatch of the combustion turbines. Sales for resale provide additional revenue and help to keep rates low for the owner communities as well as help manage the variability and high renewable output during nonpeak load conditions. More information on the current joint dispatch agreement is included in the operating expenses section.

Wheeling

Wheeling revenues represent payments from other parties for the use of Platte River's transmission system. There is a limited amount of demand for usage of the system; thus, it represents a smaller portion of the budget. Platte River charges others for the use of its transmission system per the Wholesale Transmission Service tariff. The wheeling revenues include charges for network transmission service for delivery to various Public Service Company of Colorado and Tri-State Generation and Transmission Association, Inc., (Tri-State) substations over Platte River's transmission system. Also included is a long-term contract with PacifiCorp for 25 MW of capacity

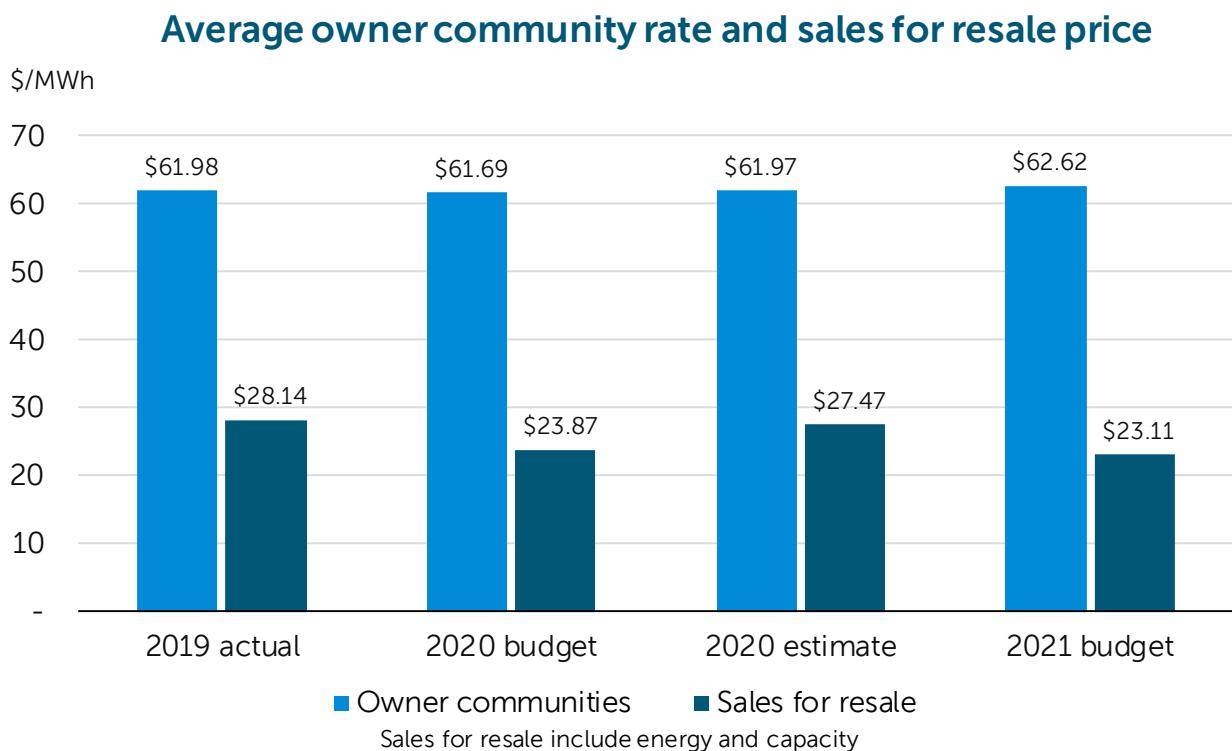
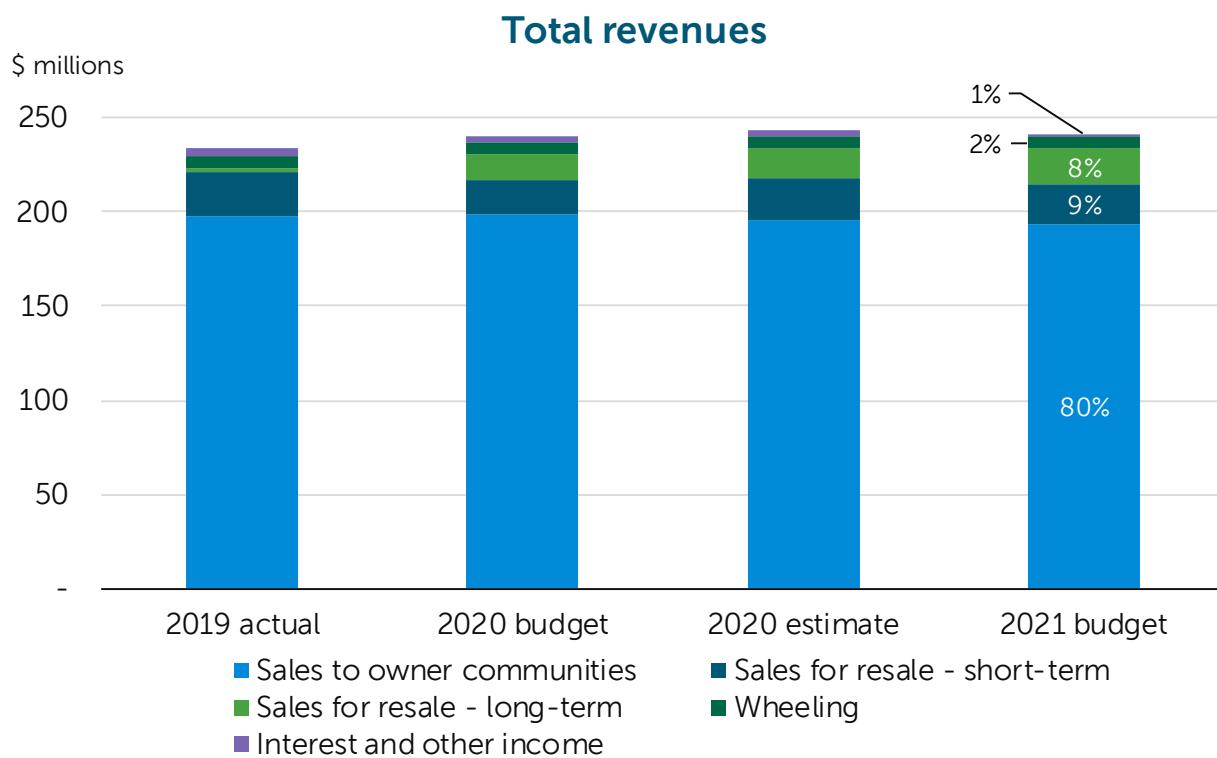
on the Craig-Bonanza transmission line. The transmission system usage rates are adjusted annually based on the prior year's actual transmission system costs and loads.

Other revenues

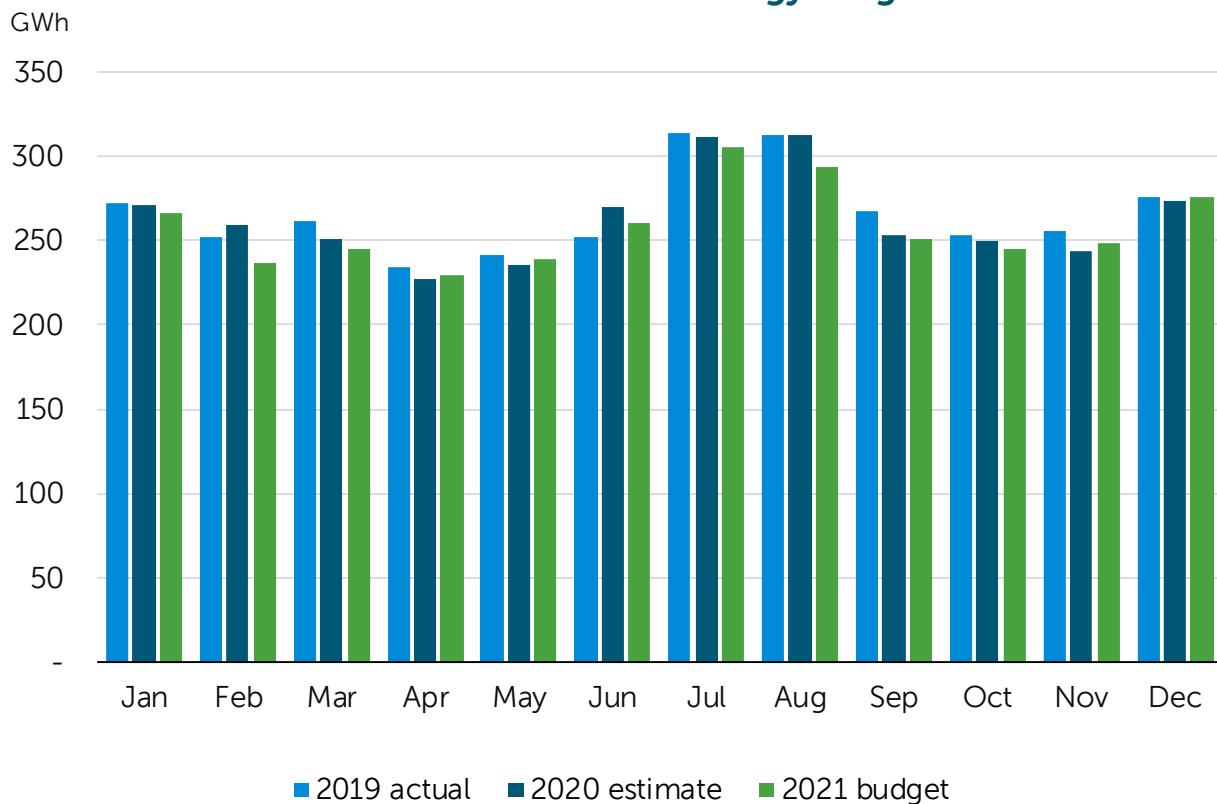
Interest and other income

Interest and other income represent a small portion of the revenue budget. Interest income fluctuates with cash balances and interest rates. Cash balances have been favorably impacted by the sale of Windy Gap water units over the past few years. Other income includes fiber and tower leases, fiber administration fees and other miscellaneous revenues.

| Total revenues (\$000) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---------------------------------|----------------|----------------|------------------|----------------|
| Operating revenues | | | | |
| Sales to owner communities | \$ 197,974 | \$ 198,688 | \$ 195,758 | \$ 193,909 |
| Sales for resale - long-term | 2,490 | 14,454 | 16,199 | 18,664 |
| Sales for resale - short-term | 23,007 | 17,607 | 22,255 | 20,906 |
| Wheeling | | | | |
| Craig-Bonanza | 950 | 948 | 948 | 940 |
| Network and other | 4,764 | 4,970 | 5,247 | 5,384 |
| Total wheeling revenues | 5,714 | 5,918 | 6,195 | 6,324 |
| Total operating revenues | 229,185 | 236,667 | 240,407 | 239,803 |
| Other revenues | | | | |
| Interest income | 3,632 | 3,825 | 2,291 | 1,431 |
| Other income | 450 | 38 | 547 | 373 |
| Total interest and other income | 4,082 | 3,863 | 2,838 | 1,804 |
| Total revenues | \$ 233,267 | \$ 240,530 | \$ 243,245 | \$ 241,607 |



Owner communities' energy usage



| Owner communities' loads | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|-------------|-------------|---------------|-------------|
| Summer peak demand (MW) ⁽¹⁾ | 664 | 670 | 658 | 655 |
| Nonsummer peak demand (MW) ⁽¹⁾ | 626 | 511 | 496 | 483 |
| Metered coincident demand (MW) | 6,123 | 6,245 | 6,064 | 6,040 |

Billing determinants

| | | | | |
|---|-------|-------|-------|-------|
| Noncoincident billing demand (MW) | - | 6,529 | 6,501 | 6,474 |
| Coincident billing demand (MW) ⁽²⁾ | 6,123 | 6,486 | 6,470 | 6,443 |
| Energy (GWh) | 3,194 | 3,221 | 3,159 | 3,097 |

Sales for resale

| | | | | |
|-----------------------------|-----|-------|-------|-------|
| Energy (GWh) ⁽³⁾ | 906 | 1,343 | 1,400 | 1,712 |
| Capacity (MW-Mo) | - | - | 583 | 780 |

(1) Effective 2020, the summer season is June through September. The nonsummer season is January through May and October through December. Previously September was included in the nonsummer season.

(2) Prior to 2020, billing demand was equal to the sum of monthly coincident peaks of the owner communities. Effective 2020, billing demand is subject to a monthly minimum demand charge. Billing demand excludes large customer service.

(3) Includes long-term and short-term sales.

| Sales to owner communities | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|--------------------|--------------------|----------------------|--------------------|
| Fort Collins | | | | |
| Owner community allocation | | 47.5% | 47.5% | 47.5% |
| Noncoincident billing demand (MW) | | | | |
| Coincident billing demand (MW) ⁽¹⁾ | 2,821 | 3,027 | 2,973 | 2,984 |
| Energy (MWh) | | | | |
| Dispatchable | - | 1,188,584 | 1,140,632 | 970,450 |
| Intermittent ⁽²⁾ | - | 261,062 | 270,603 | 498,789 |
| Premium intermittent ⁽³⁾ | 76,000 | 76,000 | 76,000 | - |
| Energy - previous years | <u>1,439,771</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total energy supplied | 1,515,771 | 1,525,646 | 1,487,235 | 1,469,239 |
| Owner community charge | \$ - | \$ 5,683,236 | \$ 5,683,239 | \$ 6,021,348 |
| Demand charges | | | | |
| Transmission demand | \$ - | \$ 17,357,865 | \$ 17,114,907 | \$ 18,316,336 |
| Generation demand | - | 15,362,082 | 15,004,993 | 14,906,547 |
| Demand - previous years | <u>27,755,402</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total demand charges | \$ 27,755,402 | \$ 32,719,947 | \$ 32,119,900 | \$ 33,222,883 |
| Energy charges | | | | |
| Fixed cost energy | \$ - | \$ 23,555,984 | \$ 22,946,302 | \$ 21,480,265 |
| Dispatchable variable cost energy | - | 23,556,818 | 23,211,174 | 14,663,497 |
| Intermittent energy | - | 5,159,979 | 4,379,422 | 15,402,593 |
| Premium intermittent energy ⁽³⁾ | 1,900,000 | 3,252,040 | 3,252,040 | - |
| Energy - previous years | <u>64,265,436</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total energy charges | \$ 66,165,436 | \$ 55,524,821 | \$ 53,788,938 | \$ 51,546,355 |
| Total charges | \$ 93,920,838 | \$ 93,928,004 | \$ 91,592,077 | \$ 90,790,586 |
| Longmont | | | | |
| Owner community allocation | | 25.2% | 25.2% | 25.2% |
| Noncoincident billing demand (MW) | | | | |
| Coincident billing demand (MW) ⁽¹⁾ | 1,628 | 1,770 | 1,797 | 1,771 |
| Energy (MWh) | | | | |
| Dispatchable | - | 654,284 | 655,377 | 517,470 |
| Intermittent ⁽²⁾ | - | 139,539 | 150,552 | 264,375 |
| Premium intermittent ⁽³⁾ | 21,639 | 21,639 | 21,639 | - |
| Energy - previous years | <u>795,023</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total energy supplied | 816,662 | 815,462 | 827,568 | 781,845 |

| Sales to owner communities (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|------------------------|------------------------|--------------------------|------------------------|
| Longmont (continued) | | | | |
| Owner community charge | \$ - | \$ 3,016,452 | \$ 3,016,452 | \$ 3,187,848 |
| Demand charges | | | | |
| Transmission demand | \$ - | \$ 10,227,965 | \$ 10,351,109 | \$ 10,891,479 |
| Generation demand | \$ - | \$ 8,966,331 | \$ 9,129,635 | \$ 8,840,374 |
| Demand - previous years | <u>\$ 16,133,608</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total demand charges | \$ 16,133,608 | \$ 19,194,296 | \$ 19,480,744 | \$ 19,731,853 |
| Energy charges | | | | |
| Fixed cost energy | \$ - | \$ 12,590,737 | \$ 12,777,654 | \$ 11,430,572 |
| Dispatchable variable cost energy | \$ - | \$ 12,932,191 | \$ 13,287,503 | \$ 7,818,977 |
| Intermittent energy | \$ - | \$ 2,750,403 | \$ 2,426,932 | \$ 8,163,885 |
| Premium intermittent energy ⁽³⁾ | \$ 540,975 | \$ 925,934 | \$ 925,934 | \$ - |
| Energy - previous years | <u>\$ 34,639,371</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total energy charges | \$ 35,180,346 | \$ 29,199,265 | \$ 29,418,023 | \$ 27,413,434 |
| Total charges | \$ 51,313,954 | \$ 51,410,013 | \$ 51,915,219 | \$ 50,333,135 |
| Loveland | | | | |
| Owner community allocation | | 23.2% | 23.2% | 23.2% |
| Noncoincident billing demand (MW) | | | | |
| (MW) | - | 1,460 | 1,462 | 1,463 |
| Coincident billing demand (MW) ⁽¹⁾ | 1,433 | 1,468 | 1,474 | 1,469 |
| Energy (MWh) | | | | |
| Dispatchable and large customer service | \$ - | \$ 619,488 | \$ 581,203 | \$ 480,962 |
| Intermittent ⁽²⁾ | \$ - | \$ 123,257 | \$ 127,296 | \$ 236,967 |
| Premium intermittent ⁽³⁾ | \$ 5,500 | \$ 5,500 | \$ 5,500 | \$ - |
| Energy - previous years | <u>\$ 719,536</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total energy supplied | \$ 725,036 | \$ 748,245 | \$ 713,999 | \$ 717,929 |
| Owner community charge | | | | |
| Owner community charge | \$ - | \$ 2,392,560 | \$ 2,392,564 | \$ 2,524,716 |
| Demand charges | | | | |
| Transmission demand | \$ - | \$ 8,374,171 | \$ 8,389,899 | \$ 8,982,394 |
| Generation demand | \$ - | \$ 7,443,045 | \$ 7,456,782 | \$ 7,346,929 |
| Demand - previous years | <u>\$ 13,014,790</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total demand charges | \$ 13,014,790 | \$ 15,817,216 | \$ 15,846,681 | \$ 16,329,323 |

| Sales to owner communities (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|--|------------------------|------------------------|--------------------------|------------------------|
| Loveland (continued) | | | | |
| Energy charges | | | | |
| Fixed cost energy | \$ - | \$ 10,016,268 | \$ 9,642,940 | \$ 9,195,535 |
| Dispatchable variable cost energy and large customer service | - | 14,978,548 | 14,654,105 | 10,538,871 |
| Intermittent energy | - | 2,186,041 | 1,832,313 | 6,559,224 |
| Premium intermittent energy ⁽³⁾ | 137,500 | 235,343 | 235,345 | - |
| Energy - previous years | <u>31,444,960</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total energy charges | \$ 31,582,460 | \$ 27,416,200 | \$ 26,364,703 | \$ 26,293,630 |
| Total charges | \$ 44,597,250 | \$ 45,625,976 | \$ 44,603,948 | \$ 45,147,669 |
| Estes Park | | | | |
| Owner community allocation | | | | |
| Noncoincident billing demand (MW) | - | 255 | 254 | 254 |
| Coincident billing demand (MW) ⁽¹⁾ | 241 | 221 | 226 | 219 |
| Energy (MWh) | | | | |
| Dispatchable | - | 106,509 | 103,388 | 83,224 |
| Intermittent ⁽²⁾ | - | 22,496 | 24,289 | 44,291 |
| Premium intermittent ⁽³⁾ | 2,461 | 2,461 | 2,461 | - |
| Energy - previous years | <u>134,363</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total energy supplied | 136,824 | 131,466 | 130,138 | 127,515 |
| Owner community charge | | | | |
| Demand charges | | | | |
| Transmission demand | \$ - | \$ 1,467,306 | \$ 1,456,382 | \$ 1,557,784 |
| Generation demand | - | 1,081,957 | 1,098,098 | 1,069,077 |
| Demand - previous years | <u>2,305,996</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total demand charges | \$ 2,305,996 | \$ 2,549,263 | \$ 2,554,480 | \$ 2,626,861 |
| Energy charges | | | | |
| Fixed cost energy | \$ - | \$ 2,029,831 | \$ 2,003,642 | \$ 1,864,273 |
| Dispatchable variable cost energy | - | 2,100,394 | 2,101,978 | 1,257,522 |
| Intermittent energy | - | 449,800 | 391,566 | 1,367,707 |
| Premium intermittent energy ⁽³⁾ | 61,525 | 105,308 | 105,307 | - |
| Energy - previous years | <u>5,774,865</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total energy charges | \$ 5,836,390 | \$ 4,685,333 | \$ 4,602,493 | \$ 4,489,502 |
| Total charges | \$ 8,142,386 | \$ 7,724,364 | \$ 7,646,742 | \$ 7,637,763 |

| Sales to owner communities (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total owner communities | | | | |
| Owner community allocation | | 100.0% | 100.0% | 100.0% |
| Noncoincident billing demand (MW) | - | 6,529 | 6,501 | 6,474 |
| Coincident billing demand (MW) ⁽¹⁾ | 6,123 | 6,486 | 6,470 | 6,443 |
| Energy (MWh) | | | | |
| Dispatchable and large customer service | - | 2,568,865 | 2,480,600 | 2,052,106 |
| Intermittent ⁽²⁾ | - | 546,354 | 572,740 | 1,044,422 |
| Premium intermittent ⁽³⁾ | 105,600 | 105,600 | 105,600 | - |
| Energy - previous years | <u>3,088,693</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total energy supplied | 3,194,293 | 3,220,819 | 3,158,940 | 3,096,528 |
| Owner community charge | \$ - | \$ 11,582,016 | \$ 11,582,024 | \$ 12,255,312 |
| Demand charges | | | | |
| Transmission demand | \$ - | \$ 37,427,307 | \$ 37,312,297 | \$ 39,747,993 |
| Generation demand | - | 32,853,415 | 32,689,508 | 32,162,927 |
| Demand - previous years | <u>59,209,796</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total demand charges | \$ 59,209,796 | \$ 70,280,722 | \$ 70,001,805 | \$ 71,910,920 |
| Energy charges | | | | |
| Fixed cost energy | \$ - | \$ 48,192,820 | \$ 47,370,538 | \$ 43,970,645 |
| Dispatchable variable cost energy and large customer service | - | 53,567,951 | 53,254,760 | 34,278,867 |
| Intermittent energy | - | 10,546,223 | 9,030,233 | 31,493,409 |
| Premium intermittent energy ⁽³⁾ | 2,640,000 | 4,518,625 | 4,518,626 | - |
| Energy - previous years | <u>136,124,632</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total energy charges | <u>\$ 138,764,632</u> | <u>\$ 116,825,619</u> | <u>\$ 114,174,157</u> | <u>\$ 109,742,921</u> |
| Total charges | <u>\$ 197,974,428</u> | <u>\$ 198,688,357</u> | <u>\$ 195,757,986</u> | <u>\$ 193,909,153</u> |

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

(2) In the 2020 budget and 2020 estimate, intermittent energy represents an allocation of the first-year generation of Roundhouse Wind Energy Center charged at the dispatchable variable cost energy charge. The 2020 budget amounts include Fort Collins = 135,576 MWh, Longmont = 72,652 MWh, Loveland = 64,157 MWh, Estes Park = 11,557 MWh. The 2020 estimate amounts include Fort Collins = 157,692 MWh, Longmont = 86,268 MWh, Loveland = 74,246 MWh, Estes Park = 13,927 MWh.

(3) Prior to 2020, the amounts shown represent the premium component of Tariff—Schedule 7: Renewable Energy Service commitments charged in addition to Tariff—Schedule 1: Firm Resale Power Service. In 2021, this charge will be eliminated.

Operating expenses

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

Purchased power

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

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

Wind

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

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

attribute from this site have been sold under a long-term contract. Therefore, it is not delivered to the owner communities.

- Medicine Bow Wind Project (6 MW) in Wyoming; contract ends Dec. 30, 2033.

Hydropower

Hydropower is received under two long-term contracts with Western Area Power Administration. The hydropower contracts are subject to annual price changes. The Colorado River Storage Project and Loveland Area Projects contracts end Sept. 30, 2057, and Sept. 30, 2054, respectively.

- Colorado River Storage Project contract rate of delivery amounts are 106 MW in the summer and 136 MW in the winter. Actual capacity available varies by month. During the summer season, available capacity ranges from 51 MW to 60 MW. In the winter season, available capacity ranges from 72 MW to 85 MW.
- Loveland Area Projects capacity is 30 MW in the summer and 32 MW in the winter. Similar to the Colorado River Storage Project, the available capacity from the Loveland Area Projects varies from 23 MW to 30 MW in the summer season, and 26 MW to 32 MW in the winter season.

Solar and battery storage

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

- Rawhide Flats Solar facility (30 MW) located at Rawhide; contract ends Dec. 14, 2041.
- Rawhide Prairie Solar facility (22 MW) located at Rawhide; contract ends 20 years from the date of commercial operation which is expected to be fall 2020. Battery storage system of 2 MWh is integrated with this project, which can be discharged once daily at a rate up to 1 MW per hour.

Joint dispatch agreement

The joint dispatch agreement is between Public Service Company of Colorado, Black Hills Colorado Electric, Colorado Springs Utilities and Platte River and operates similarly to an energy imbalance market. This agreement provides access to lower cost resources and increases operational efficiencies while enhancing reliability. The agreement renews annually and is expected to terminate when the participating utilities concurrently enter the WEIM in April 2022.

Other purchases

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

Capacity of approximately 3.862 MW and 0.445 MW is purchased from Fort Collins and Loveland community solar facilities, respectively. For these two facilities, the owner communities retain the renewable attribute and the facilities are not part of Platte River's noncarbon resource portfolio.

Forced outage exchange agreement

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

Maintenance outage accrual policy

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

Fuel

Fuel expense is one of the largest operating expenses, although it has rapidly declined as a percentage of total operating expenses as fossil fuel generation becomes a smaller component of the resource portfolio with the influx of noncarbon resources. Fuel expense includes coal purchased for Rawhide Unit 1, Craig units 1 and 2 and natural gas expense for the combustion turbines. The production cost model determines the majority of fuel expense for the budget year and fluctuates with resource availability primarily due to outages and market conditions.

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

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

Platte River has 18% ownership in Craig units 1 and 2 (151 MW combined). Coal for the Craig units is purchased under the long-term contract with Trapper Mining, Inc., through 2020. Platte River's ownership share of the mine is 19.93%. It is anticipated that in 2021, Platte River's ownership share of the mine will be 27.14% following the exit of one of the mine owners at the end of 2020. Efforts will focus on structuring a

new fuel supply contract to align with operations and the planned closure timeline of the Craig units.

Natural gas-fired combustion turbines include five simple cycle combustion turbines, which includes four GE 7EA (Rawhide units A, B, C and D, 65 MW each) and one GE 7FA (Rawhide Unit F, 128 MW). The combustion turbines are used to meet peak load demand, provide reserves during outages of the coal-fired units and make short-term sales for resale. Natural gas is purchased at market prices as needed. Natural gas needs fluctuate with load growth, market energy prices and the addition of noncarbon energy resources.

Production

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

Rawhide Energy Station

Rawhide Unit 1 is Platte River's largest resource and will be retired by 2030. Platte River plans continued investment in preventive and predictive maintenance to ensure the resource is reliable, safe and compliant through its remaining operating life. Through this proactive and planned approach, ongoing operations and maintenance expenses have been consistent from year to year. Regular outages are required to ensure the unit remains operable and reliable. An accrual for estimated future costs during specified maintenance outages of Rawhide Unit 1 is also included and smooths out the cost of those outages over a longer period. Rawhide Unit 1 major outages are performed every three years with a minor outage 18 months between major outages. Scheduled maintenance outages are also required for the combustion turbines, which are determined on the number of starts of the units. Personnel expenses that are charged to operations and maintenance can fluctuate with the amount of labor charged to capital projects in any given year.

Craig Generating Station

Similar to Rawhide Energy Station, routine operations and maintenance expenses for Craig units 1 and 2 have been consistent from year to year. The scheduled maintenance outages, however, typically cause an increase in expenses. Based on the desire to limit reliance on coal-fired resources and avoid excessive capital costs to comply with upcoming environmental regulations, participants in Craig Unit 1 and 2 have agreed to retire the facilities by Dec. 2025 and Sept. 2028, respectively. As a result, participants have been prudent about the amount of investment in the Craig units to ensure reliability until retirement.

Power operations

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

Transmission

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

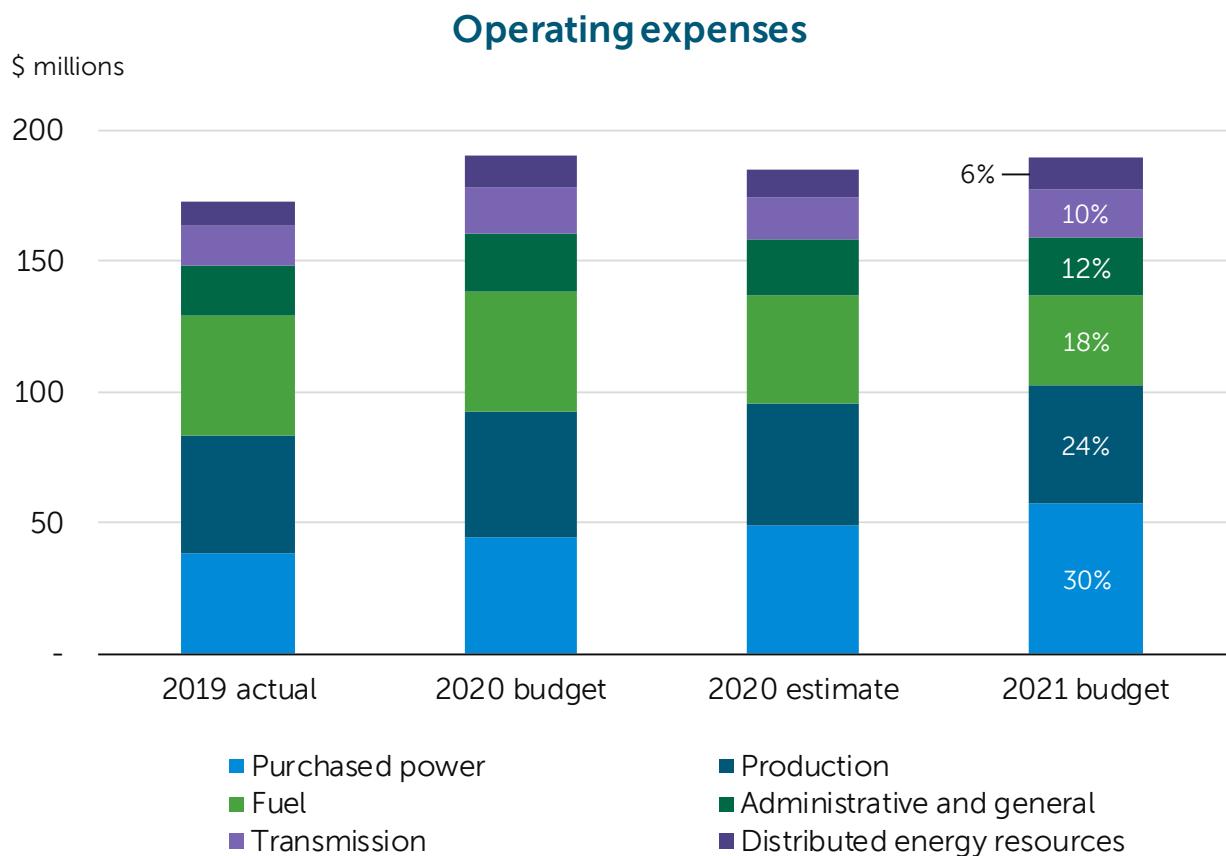
Administrative and general

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

Distributed energy resources

Distributed energy resources expenses include all expenses applicable to the administration and implementation of Platte River's distributed energy resources programs. These programs began in 2002 with a budget of \$0.4 million. Despite reductions in recent spending due to the COVID-19 pandemic, energy efficiency investment continues as programs have been very successful and support the enhanced customer experience strategic initiative. Development and testing continue with other distributed energy resources and demand response programs.

| Operating expenses (\$'000) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|------------------------------------|------------------------|------------------------|--------------------------|------------------------|
| Purchased power | \$ 38,441 | \$ 44,599 | \$ 49,144 | \$ 57,193 |
| Fuel | 45,401 | 45,953 | 40,641 | 34,404 |
| Production | 45,171 | 47,888 | 46,840 | 45,165 |
| Transmission | 15,825 | 17,284 | 16,711 | 18,566 |
| Administrative and general | 19,212 | 22,446 | 21,376 | 22,419 |
| Distributed energy resources | 9,047 | 12,163 | 10,595 | 11,642 |
| Total operating expenses | <u>\$ 173,097</u> | <u>\$ 190,333</u> | <u>\$ 185,307</u> | <u>\$ 189,389</u> |



| Purchased power | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|----------------------------------|----------------|----------------|------------------|----------------|
| Wind | | | | |
| Roundhouse | | | | |
| Energy (kWh) | - | 401,554,195 | 471,017,995 | 909,604,558 |
| Energy \$ | \$ - | \$ 5,140,439 | \$ 5,597,902 | \$ 15,736,160 |
| Spring Canyon II ⁽¹⁾ | | | | |
| Energy (kWh) | 125,552,376 | 131,251,695 | 131,696,658 | 130,916,662 |
| Energy \$ | \$ 3,752,734 | \$ 4,020,572 | \$ 4,035,360 | \$ 4,110,592 |
| Spring Canyon III ⁽¹⁾ | | | | |
| Energy (kWh) | 106,676,011 | 111,059,126 | 112,147,617 | 110,775,635 |
| Energy \$ | \$ 3,178,797 | \$ 3,395,549 | \$ 3,429,249 | \$ 3,471,463 |
| Silver Sage ⁽²⁾ | | | | |
| Energy (kWh) | 34,414,983 | 37,437,002 | 36,185,917 | 37,267,472 |
| Energy \$ | \$ 2,084,158 | \$ 2,322,430 | \$ 2,244,849 | \$ 2,369,836 |
| Medicine Bow | | | | |
| Energy (kWh) | 15,535,293 | 19,585,345 | 15,670,512 | 19,558,956 |
| Energy \$ | \$ 636,938 | \$ 802,997 | \$ 642,491 | \$ 786,325 |
| Total wind | | | | |
| Energy (kWh) | 282,178,663 | 700,887,363 | 766,718,699 | 1,208,123,283 |
| Energy \$ | \$ 9,652,627 | \$ 15,681,987 | \$ 15,949,851 | \$ 26,474,376 |
| Hydropower | | | | |
| WAPA-CRSP | | | | |
| Demand (kW-Mo) | 1,450,002 | 1,450,002 | 1,450,002 | 1,450,002 |
| Demand \$ | \$ 7,511,010 | \$ 7,511,010 | \$ 7,466,217 | \$ 7,032,510 |
| Energy (kWh) | 502,466,838 | 502,466,838 | 502,466,838 | 502,466,838 |
| Energy \$ | \$ 6,125,071 | \$ 6,125,071 | \$ 6,089,629 | \$ 5,743,197 |
| Total CRSP | \$ 13,636,081 | \$ 13,636,081 | \$ 13,555,846 | \$ 12,775,707 |
| WAPA-LAP | | | | |
| Demand (kW-Mo) | 372,606 | 372,606 | 372,606 | 372,606 |
| Demand \$ | \$ 1,535,137 | \$ 1,535,136 | \$ 1,535,136 | \$ 1,535,136 |
| Energy (kWh) | 109,536,421 | 109,536,421 | 109,536,421 | 109,536,421 |
| Energy \$ | \$ 1,721,912 | \$ 1,721,911 | \$ 1,721,911 | \$ 1,721,911 |
| Total LAP | \$ 3,257,049 | \$ 3,257,047 | \$ 3,257,047 | \$ 3,257,047 |
| Total hydropower | | | | |
| Demand (kW-Mo) | 1,822,608 | 1,822,608 | 1,822,608 | 1,822,608 |
| Demand \$ | \$ 9,046,147 | \$ 9,046,146 | \$ 9,001,353 | \$ 8,567,646 |
| Energy (kWh) | 612,003,259 | 612,003,259 | 612,003,259 | 612,003,259 |
| Energy \$ | \$ 7,846,983 | \$ 7,846,982 | \$ 7,811,540 | \$ 7,465,108 |
| Total \$ | \$ 16,893,130 | \$ 16,893,128 | \$ 16,812,893 | \$ 16,032,754 |
| Solar | | | | |
| Rawhide Flats Solar | | | | |
| Energy (kWh) | 60,610,693 | 62,168,148 | 63,311,714 | 61,506,383 |
| Energy \$ | \$ 3,275,223 | \$ 3,322,888 | \$ 3,384,007 | \$ 3,287,517 |

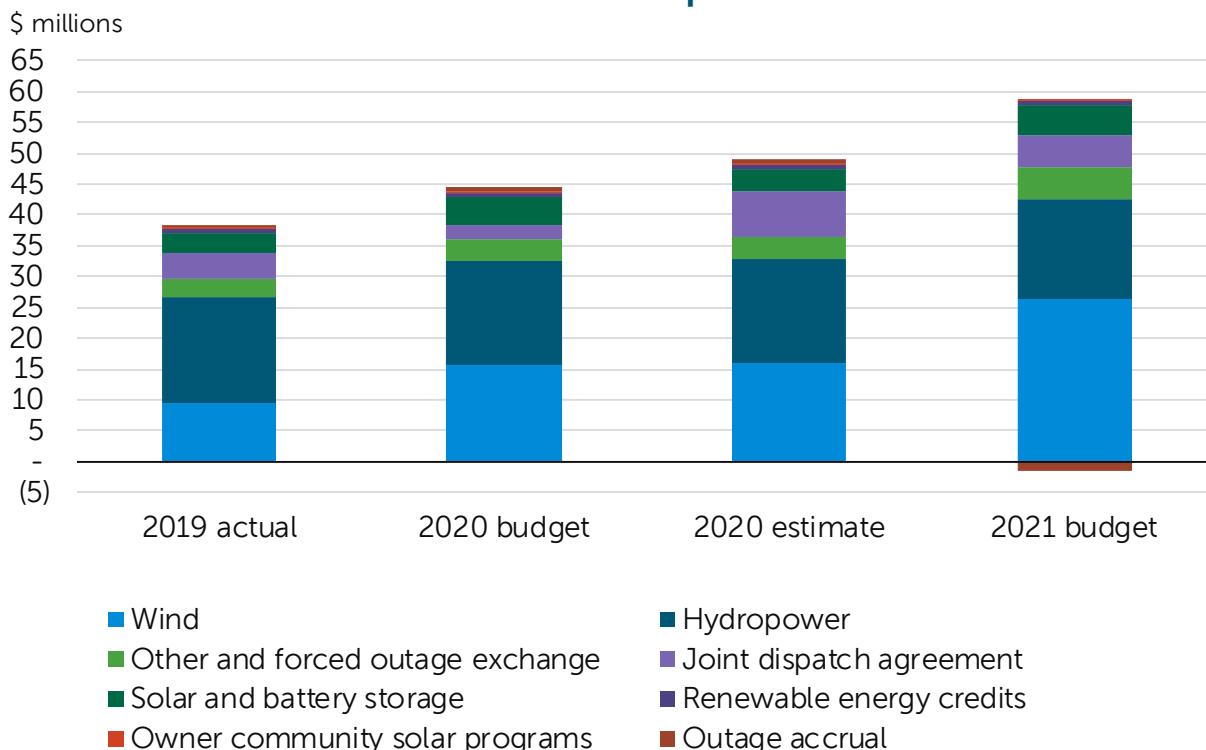
| Purchased power (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|--|------------------------|------------------------|--------------------------|------------------------|
| Solar (continued) | | | | |
| Rawhide Prairie Solar | | | | |
| Energy (kWh) | - | 43,947,421 | 5,587,839 | 53,751,166 |
| Energy \$ | \$ - | \$ 1,438,641 | \$ 183,238 | \$ 1,764,312 |
| Total solar | | | | |
| Energy (kWh) | 60,610,693 | 106,115,569 | 68,899,553 | 115,257,549 |
| Energy \$ | \$ 3,275,223 | \$ 4,761,529 | \$ 3,567,245 | \$ 5,051,829 |
| Joint dispatch agreement purchases | | | | |
| Energy (kWh) | 355,883,000 | 180,847,549 | 615,954,738 | 460,511,646 |
| Energy \$ | \$ 4,225,570 | \$ 2,298,209 | \$ 7,441,941 | \$ 5,117,642 |
| Other purchases | | | | |
| Energy (kWh) | 56,256,000 | 86,415,350 | 90,530,643 | 108,056,230 |
| Energy \$ | \$ 1,688,456 | \$ 1,819,784 | \$ 2,213,788 | \$ 2,404,269 |
| Reserves \$ | \$ 1,819,926 | \$ 1,540,453 | \$ 1,722,118 | \$ 2,818,146 |
| Owner community solar programs ⁽³⁾ | | | | |
| Energy (kWh) | 6,808,772 | 9,062,739 | 8,620,809 | 8,811,274 |
| Energy \$ | \$ 263,918 | \$ 210,026 | \$ 235,690 | \$ 171,216 |
| Forced outage exchange | \$ (460,705) | \$ - | \$ (193,444) | \$ - |
| Renewable energy credits | \$ 549,980 | \$ 549,980 | \$ 549,980 | \$ 549,980 |
| Replacement power outage accrual | \$ 533,014 | \$ 844,238 | \$ 844,238 | \$ (1,427,523) |
| Total purchased power | <u>\$ 38,441,139</u> | <u>\$ 44,599,334</u> | <u>\$ 49,144,300</u> | <u>\$ 57,192,689</u> |

(1) Effective June 2020, Spring Canyon II and III energy and renewable attributes have been sold to a third party and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.

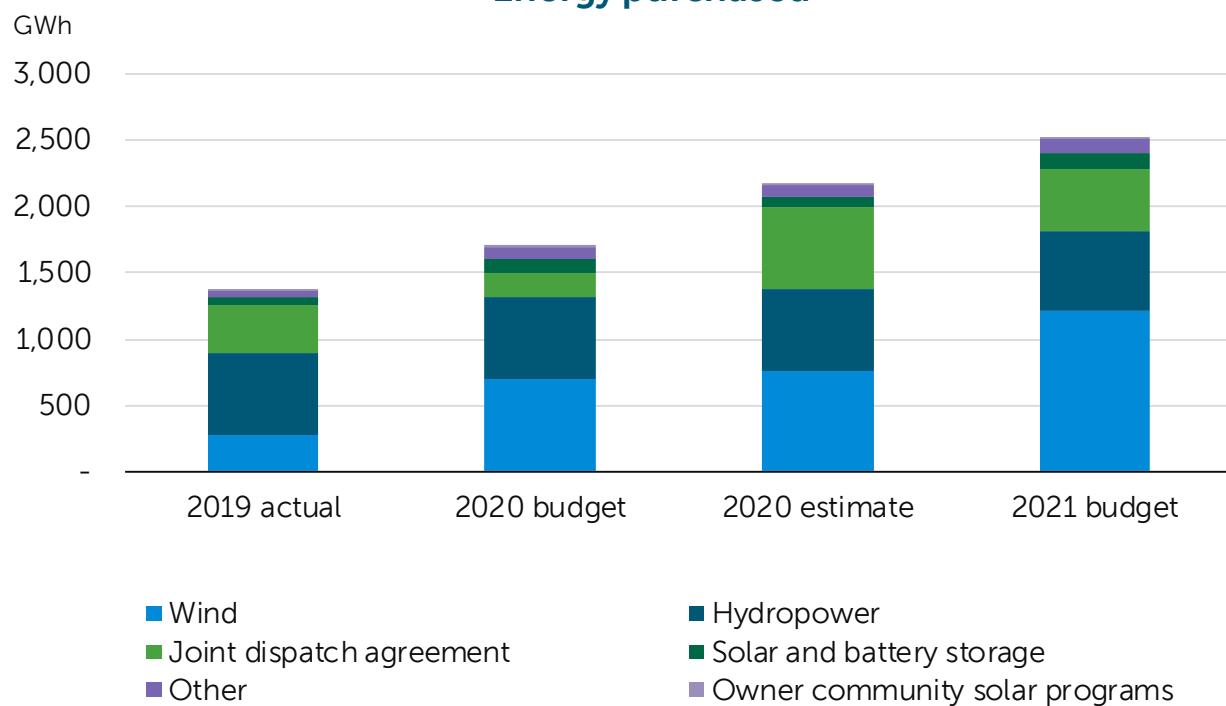
(2) Effective October 2018, Silver Sage energy and the renewable attribute have been sold to a third party and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.

(3) The owner communities retain the renewable attribute.

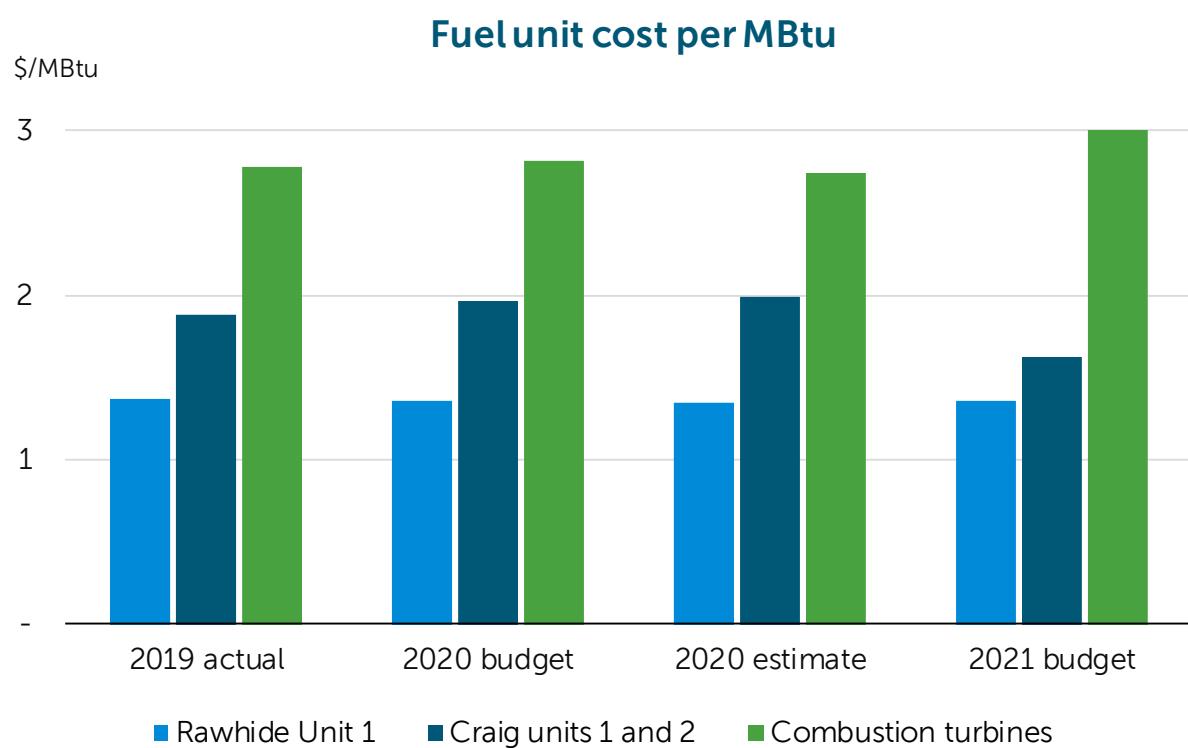
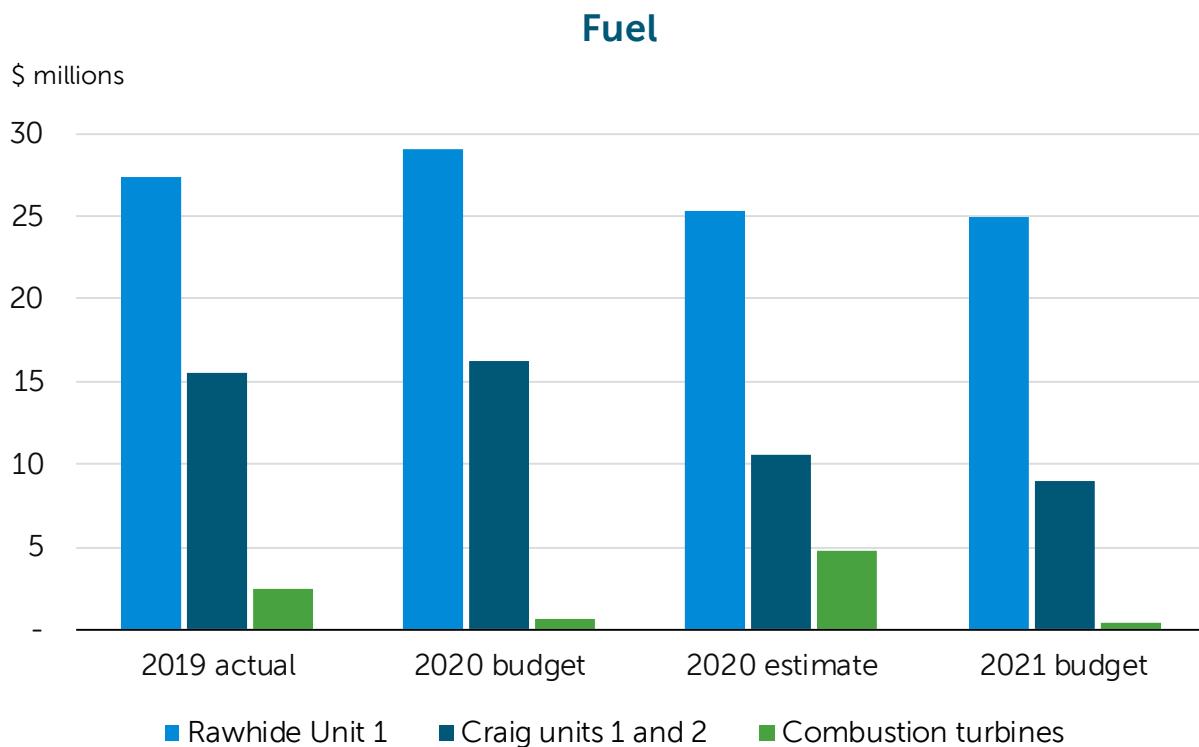
Purchased power



Energy purchased



| Fuel | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|----------------|----------------|------------------|----------------|
| Rawhide Unit 1 | | | | |
| Coal burned (MBtu) | 19,929,344 | 21,390,013 | 18,789,684 | 18,374,244 |
| \$/MBtu | \$ 1.35 | \$ 1.34 | \$ 1.30 | \$ 1.32 |
| Coal expense | \$ 26,864,209 | \$ 28,588,096 | \$ 24,470,631 | \$ 24,237,254 |
| Car lease and other | 5,870 | 18,000 | 750 | 16,800 |
| Oil | 180,256 | 90,000 | 78,185 | 180,000 |
| Fuel ash disposal | (101,749) | (65,000) | (67,425) | (55,000) |
| Fuel handling | 423,729 | 406,447 | 775,697 | 473,785 |
| Testing and analysis | 37,709 | 56,000 | 39,411 | 44,500 |
| Total Rawhide Unit 1 | \$ 27,410,024 | \$ 29,093,543 | \$ 25,297,249 | \$ 24,897,339 |
| Craig units 1 and 2 | | | | |
| Coal burned (MBtu) | 8,292,047 | 8,240,604 | 5,292,105 | 5,578,029 |
| \$/MBtu | \$ 1.85 | \$ 1.91 | \$ 1.93 | \$ 1.55 |
| Coal expense | \$ 15,320,745 | \$ 15,731,481 | \$ 10,212,523 | \$ 8,622,960 |
| Trapper post-mining reclamation | - | 50,000 | - | - |
| Oil | 10,649 | 15,000 | 11,481 | 14,000 |
| Natural gas | 55,244 | 105,000 | 86,414 | 85,000 |
| Fuel handling | 162,448 | 310,134 | 218,547 | 317,830 |
| Total Craig units 1 and 2 | \$ 15,549,086 | \$ 16,211,615 | \$ 10,528,965 | \$ 9,039,790 |
| Rawhide units A, B, C, D and F (combustion turbines) | | | | |
| Gas burned (MBtu) | 877,977 | 229,625 | 1,752,898 | 139,981 |
| \$/MBtu | \$ 2.77 | \$ 2.74 | \$ 2.74 | \$ 3.19 |
| Natural gas expense | \$ 2,429,021 | \$ 628,044 | \$ 4,800,904 | \$ 446,197 |
| Other gas expense | 12,859 | 19,154 | 13,734 | 21,242 |
| Total natural gas | \$ 2,441,880 | \$ 647,198 | \$ 4,814,638 | \$ 467,439 |
| Total fuel | \$ 45,400,990 | \$ 45,952,356 | \$ 40,640,852 | \$ 34,404,568 |

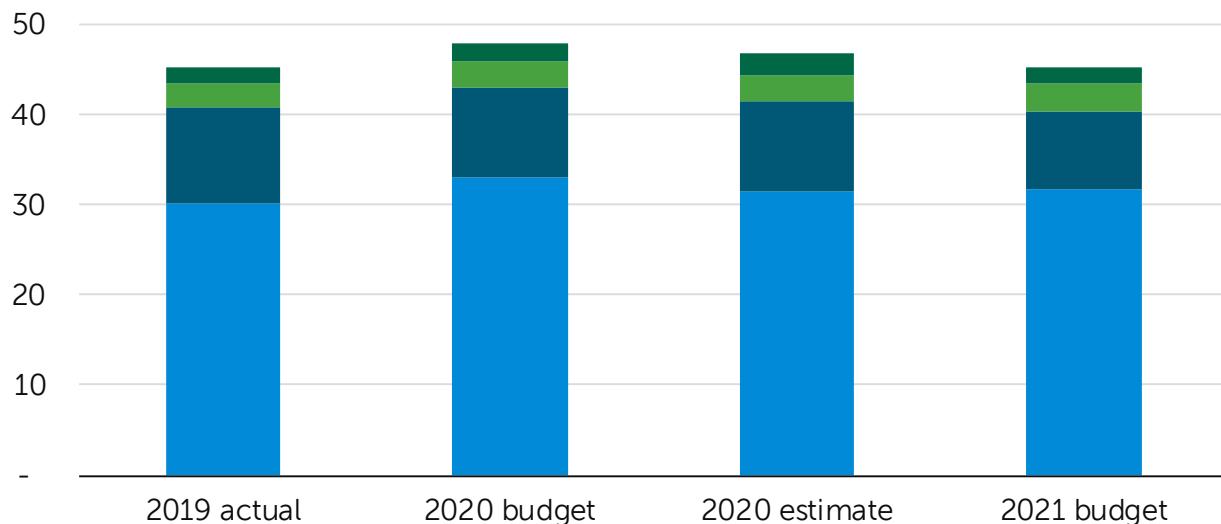


| Production | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|------------------------|------------------------|--------------------------|------------------------|
| Rawhide Unit 1 | | | | |
| Personnel expenses | | | | |
| Regular wages | \$ 10,027,116 | \$ 10,500,593 | \$ 10,034,287 | \$ 10,407,907 |
| Overtime wages | 820,153 | 879,511 | 1,673,637 | 1,446,501 |
| Benefits allocation | 4,759,744 | 5,977,757 | 5,407,641 | 5,634,006 |
| Total personnel expenses | 15,607,013 | 17,357,861 | 17,115,565 | 17,488,414 |
| Operations and maintenance | | | | |
| Office expenses | 17,659 | 22,680 | 14,808 | 27,400 |
| Safety expenses | 96,112 | 99,660 | 42,676 | 115,000 |
| Furniture and equipment | 30,179 | 30,600 | 32,013 | 30,600 |
| Local business expense | 17,331 | 18,850 | 9,422 | 44,700 |
| Postage and deliveries | 9,707 | 9,000 | 15,046 | 12,800 |
| O&M materials and supplies | 4,060,051 | 4,622,715 | 4,682,116 | 6,541,811 |
| Gasoline and diesel | 90,789 | 89,000 | 57,386 | 98,500 |
| Tools and shop equipment | 47,451 | 92,550 | 56,124 | 82,800 |
| Total operations and maintenance | 4,369,279 | 4,985,055 | 4,909,591 | 6,953,611 |
| Contractual services | | | | |
| Contracted services | 4,668,346 | 4,424,563 | 3,735,145 | 11,294,826 |
| Insurance | 623,487 | 707,900 | 692,195 | 786,500 |
| Travel and training expenses | 191,895 | 199,744 | 97,543 | 250,400 |
| Telephone services | 73,829 | 65,259 | 59,348 | 66,482 |
| Utilities | 489,203 | 433,920 | 352,642 | 487,120 |
| Dues, memberships and fees | 49,096 | 53,170 | 52,290 | 46,755 |
| Outage accrual | 3,788,950 | 4,317,808 | 4,317,808 | (7,991,551) |
| Total contractual services | 9,884,806 | 10,202,364 | 9,306,971 | 4,940,532 |
| Windy Gap | | | | |
| Rawhide water expenses | 424,456 | 607,000 | 213,899 | 2,278,712 |
| Total Rawhide Unit 1 production | 30,285,554 | 33,152,280 | 31,546,026 | 31,661,269 |
| Craig units 1 and 2 | | | | |
| Operating expenses | 10,559,465 | 9,891,203 | 9,814,656 | 8,592,051 |
| Fiscal impact payment | 36,217 | 36,217 | 36,217 | 36,217 |
| Total Craig units 1 and 2 production | 10,595,682 | 9,927,420 | 9,850,873 | 8,628,268 |
| Total thermal production | 40,881,236 | 43,079,700 | 41,396,899 | 40,289,537 |
| Rawhide units A, B, C, D and F (combustion turbines) | | | | |
| Regular wages | 397,416 | 406,763 | 454,498 | 425,108 |
| Overtime wages | 75,163 | 47,313 | 102,271 | 37,084 |
| Benefits allocation | 199,914 | 239,091 | 272,964 | 219,948 |
| O&M materials and supplies | 212,091 | 140,501 | 338,226 | 247,610 |
| Tools and shop equipment | - | - | 188 | - |
| Contracted services | 511,669 | 816,584 | 1,005,441 | 354,865 |
| Insurance | 298,939 | 331,400 | 328,434 | 391,900 |

| Production (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|------------------------|------------------------|--------------------------|------------------------|
| Rawhide units A, B, C, D and F (combustion turbines) (continued) | | | | |
| Travel and training expenses | \$ 9,163 | \$ 16,000 | \$ 29,910 | \$ 23,800 |
| Telephone services | 573 | 600 | 478 | 600 |
| Utilities | 548 | 2,000 | 330 | 2,400 |
| Dues, memberships and fees | 6,398 | 6,500 | 880 | 6,500 |
| Total Rawhide units A, B, C, D and F production | 1,711,874 | 2,006,752 | 2,533,620 | 1,709,815 |
| Power operations | | | | |
| Regular wages | 1,523,975 | 1,550,019 | 1,652,474 | 1,611,419 |
| Overtime wages | 38,896 | 61,086 | 52,657 | 85,990 |
| Benefits allocation | 681,080 | 836,788 | 813,267 | 797,975 |
| Local business expense | 1,981 | 2,100 | 2,311 | 1,800 |
| O&M materials and supplies | 884 | 2,325 | 3,034 | 1,625 |
| Craig units 1 and 2 operating expenses | 25,727 | 39,228 | 31,799 | 37,776 |
| Contracted services | 220,384 | 252,140 | 321,606 | 558,352 |
| Travel and training expenses | 68,715 | 42,700 | 17,697 | 55,095 |
| Telephone expenses | 12,258 | 10,852 | 10,528 | 11,696 |
| Dues, memberships and fees | 3,600 | 4,000 | 4,000 | 4,000 |
| Total power operations expenses | 2,577,500 | 2,801,238 | 2,909,373 | 3,165,728 |
| Total production | \$ 45,170,610 | \$ 47,887,690 | \$ 46,839,892 | \$ 45,165,080 |

Production

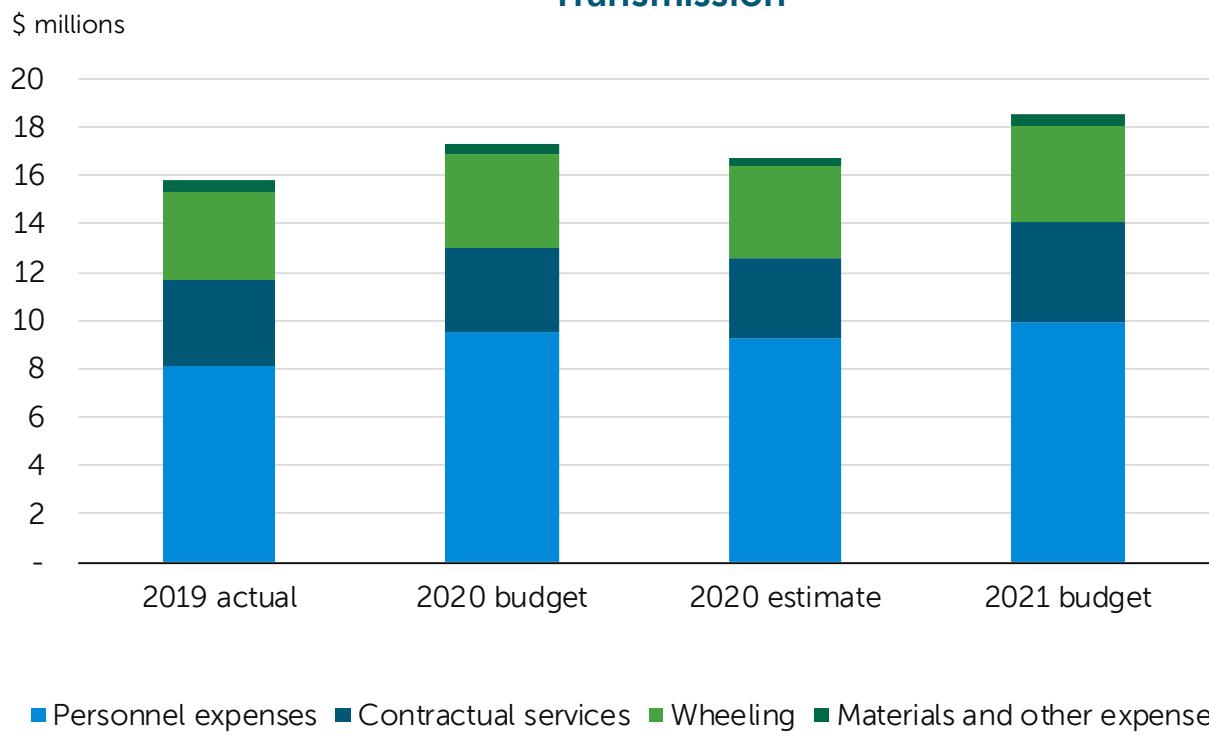
\$ millions



■ Rawhide Unit 1 ■ Craig units 1 and 2 ■ Power operations ■ Combustion turbines

| Transmission | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|------------------------|------------------------|--------------------------|------------------------|
| Personnel expenses | | | | |
| Regular wages | \$ 5,295,739 | \$ 5,877,900 | \$ 5,957,090 | \$ 6,304,380 |
| Overtime wages | 403,223 | 397,733 | 352,598 | 433,492 |
| Benefits allocation | 2,449,666 | 3,277,982 | 2,987,992 | 3,186,070 |
| Total personnel expenses | 8,148,628 | 9,553,615 | 9,297,680 | 9,923,942 |
| Materials and other expenses | | | | |
| Office supplies | 3,183 | 6,050 | (126) | 5,250 |
| Safety expenses | 16,866 | 15,350 | 6,526 | 17,450 |
| Local business expense | 9,580 | 10,766 | 3,358 | 11,466 |
| Postage and deliveries | 486 | 7,000 | 1,587 | 6,504 |
| O&M materials and supplies | 333,700 | 291,041 | 218,540 | 414,904 |
| Gasoline and diesel | 27,810 | 31,800 | 22,147 | 31,800 |
| Tools and shop equipment | 22,600 | 34,000 | 17,170 | 29,000 |
| Computer equipment | 83,764 | 26,100 | 22,366 | 28,100 |
| Total materials and other expenses | 497,989 | 422,107 | 291,568 | 544,474 |
| Contractual services | | | | |
| Contracted services | 2,652,994 | 2,653,109 | 2,590,526 | 3,277,775 |
| Travel and training expenses | 82,787 | 100,690 | 26,996 | 39,683 |
| Telephone services | 55,267 | 60,608 | 54,177 | 53,220 |
| Utilities | 15,045 | 12,120 | 9,456 | 23,750 |
| Dues, memberships and fees | 459,596 | 408,314 | 356,333 | 420,358 |
| Leases and rents | 101,088 | 102,409 | 116,134 | 109,262 |
| Craig units 1 and 2 transmission expenses | 146,202 | 140,789 | 145,265 | 226,035 |
| Total contractual services | 3,512,979 | 3,478,039 | 3,298,887 | 4,150,083 |
| Total operations and maintenance | 12,159,596 | 13,453,761 | 12,888,135 | 14,618,499 |
| Transmission by others | | | | |
| Wheeling expense | | | | |
| Load | 599,379 | 651,178 | 664,605 | 760,752 |
| Spring Canyon Wind Energy Center | 3,028,950 | 3,146,457 | 3,138,518 | 3,133,002 |
| Medicine Bow Wind Project | 37,246 | 32,856 | 20,071 | 53,448 |
| Total wheeling expense | 3,665,575 | 3,830,491 | 3,823,194 | 3,947,202 |
| Total transmission | \$ 15,825,171 | \$ 17,284,252 | \$ 16,711,329 | \$ 18,565,701 |

Transmission



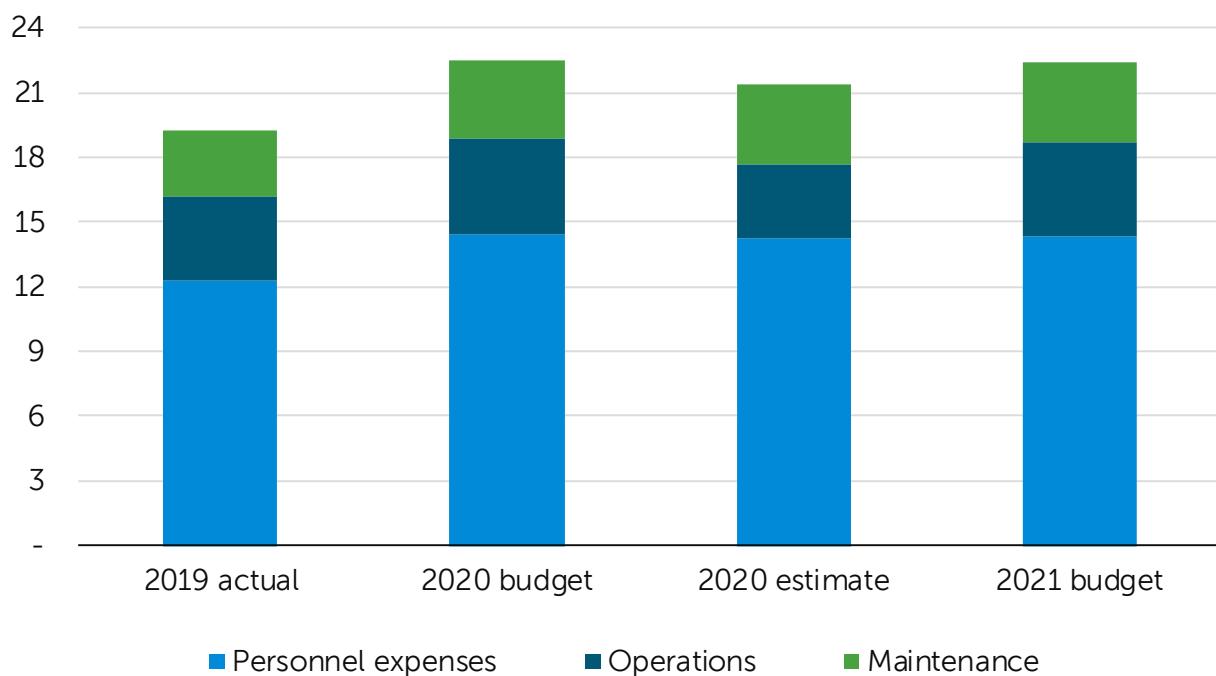
| Administrative and general | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|------------------------|------------------------|--------------------------|------------------------|
| Operations | | | | |
| Personnel expenses | | | | |
| Regular wages | \$ 8,540,104 | \$ 9,458,897 | \$ 9,667,913 | \$ 9,694,422 |
| Overtime wages | 88,090 | 33,264 | 121,388 | 59,100 |
| Benefits allocation | 3,687,707 | 4,926,133 | 4,474,039 | 4,569,516 |
| Total personnel expenses | 12,315,901 | 14,418,294 | 14,263,340 | 14,323,038 |
| Office operations and other expenses | | | | |
| Office expenses | (4,628) | 38,845 | (64,595) | 15,275 |
| Furniture and equipment | 5,712 | 5,500 | 1,328 | 13,000 |
| Local business expense | 134,688 | 127,795 | 69,538 | 157,630 |
| Postage and deliveries | 14,869 | 14,600 | 8,910 | 18,000 |
| Gasoline and diesel | 24,736 | 42,000 | 16,381 | 24,000 |
| Computer equipment | 387,355 | 632,414 | 434,181 | 557,071 |
| Total office operations and other expenses | 562,732 | 861,154 | 465,743 | 784,976 |
| Safety and training expenses | | | | |
| Safety expenses | 10,994 | 6,265 | 10,789 | 9,600 |
| Local business expense | 1,371 | 3,000 | 2,000 | 3,000 |
| Contracted services | 19,971 | 19,875 | 8,583 | 19,625 |
| Travel and training expenses | 325,051 | 343,532 | 222,253 | 350,711 |
| Dues, memberships and fees | 699 | 675 | 549 | 675 |
| Wellness and incentive program | 135,569 | 145,400 | 97,996 | 141,100 |
| Total safety and training expenses | 493,655 | 518,747 | 342,170 | 524,711 |
| Contractual services | | | | |
| Contracted services | 434,837 | 590,815 | 574,264 | 573,155 |
| Travel and training expenses | 47,726 | 99,225 | 28,013 | 76,354 |
| Telephone services | 45,070 | 41,932 | 37,509 | 42,871 |
| Utilities | 191,792 | 131,520 | 165,024 | 175,250 |
| Dues, memberships and fees | 73,452 | 80,668 | 80,282 | 84,013 |
| Other financing expenses | 38,524 | 44,700 | 41,243 | 51,600 |
| Total contractual services | 831,401 | 988,860 | 926,335 | 1,003,243 |
| Insurance | 612,164 | 716,500 | 700,438 | 804,400 |
| Board and enterprise expenses | | | | |
| Local business expense | 12,137 | 8,000 | 8,870 | 9,000 |
| Contracted services | - | - | 20,460 | - |
| Travel and training expenses | 11,852 | 16,500 | 2,553 | 13,500 |
| Dues, memberships and fees | 125,297 | 171,595 | 181,238 | 149,450 |
| Trustees fees | 18,000 | 19,500 | 12,000 | 25,500 |
| Owner community economic development | 100,000 | 100,000 | 100,000 | 100,000 |
| Total board and enterprise expenses | 267,286 | 315,595 | 325,121 | 297,450 |

| Administrative and general (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|--------------------|--------------------|----------------------|--------------------|
| Operations (continued) | | | | |
| Reporting and other expenses | | | | |
| Office expenses | \$ 10,506 | \$ 8,000 | \$ 9,088 | \$ - |
| Local business expenses | 63,847 | 123,500 | 70,497 | 179,445 |
| Contracted services | 137,013 | 209,400 | 153,049 | 220,850 |
| Total reporting and other expenses | 211,366 | 340,900 | 232,634 | 400,295 |
| Planning and customer service expenses | | | | |
| Office expenses | 53 | - | - | - |
| Local business expenses | 1,073 | - | 5,714 | - |
| Contracted services | 823,722 | 619,654 | 404,737 | 524,123 |
| Travel and training expenses | - | - | 1,186 | - |
| Total planning and customer service expenses | 824,848 | 619,654 | 411,637 | 524,123 |
| Compliance expenses | | | | |
| Local business expenses | 297 | 500 | 80 | 400 |
| Computer equipment | 15,238 | - | - | - |
| Contracted services | 32,750 | 33,000 | 14,177 | 24,200 |
| Travel and training expenses | 27,854 | 36,100 | 15,071 | 32,750 |
| Dues, memberships and fees | - | - | - | 375 |
| Total compliance expenses | 76,139 | 69,600 | 29,328 | 57,725 |
| Total administrative and general operations | 16,195,492 | 18,849,304 | 17,696,746 | 18,719,961 |
| Maintenance | | | | |
| Building and grounds maintenance | | | | |
| Furniture and equipment | 30,625 | 15,000 | 14,331 | 6,000 |
| Materials and supplies | 60,469 | 68,969 | 75,289 | 80,780 |
| Tools and shop equipment | 4,514 | 4,900 | 2,153 | 3,600 |
| Contracted services | 207,428 | 433,200 | 569,034 | 315,849 |
| Total buildings and grounds maintenance | 303,036 | 522,069 | 660,807 | 406,229 |
| Computer maintenance | | | | |
| Contracted services | 2,356,083 | 2,748,996 | 2,569,999 | 2,909,659 |
| Total computer maintenance | 2,356,083 | 2,748,996 | 2,569,999 | 2,909,659 |
| Office equipment maintenance | | | | |
| Postage and deliveries | 270 | 1,000 | 385 | 1,000 |
| Telephone services | 19,581 | 17,949 | 19,524 | 19,600 |
| Total office equipment maintenance | 19,851 | 18,949 | 19,909 | 20,600 |
| Vehicle maintenance | | | | |
| Materials and supplies | 14,571 | 18,000 | 13,871 | 15,000 |
| Tools and shop equipment | 12,450 | 16,200 | 10,837 | 16,800 |
| Contracted services | 55,315 | 4,000 | 3,816 | 4,000 |
| Total vehicle maintenance | 82,336 | 38,200 | 28,524 | 35,800 |

| Administrative and general (continued) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|----------------|----------------|------------------|----------------|
| Maintenance (continued) | | | | |
| Security maintenance | | | | |
| Materials and supplies | \$ 29,260 | \$ 18,332 | \$ 29,878 | \$ 20,004 |
| Tools and shop equipment | 3,132 | 2,400 | 2,494 | 2,400 |
| Contracted services | 222,589 | 248,000 | 367,455 | 304,356 |
| Total security maintenance | 254,981 | 268,732 | 399,827 | 326,760 |
| Total administrative and general maintenance | 3,016,287 | 3,596,946 | 3,679,066 | 3,699,048 |
| Total administrative and general | \$ 19,211,779 | \$ 22,446,250 | \$ 21,375,812 | \$ 22,419,009 |

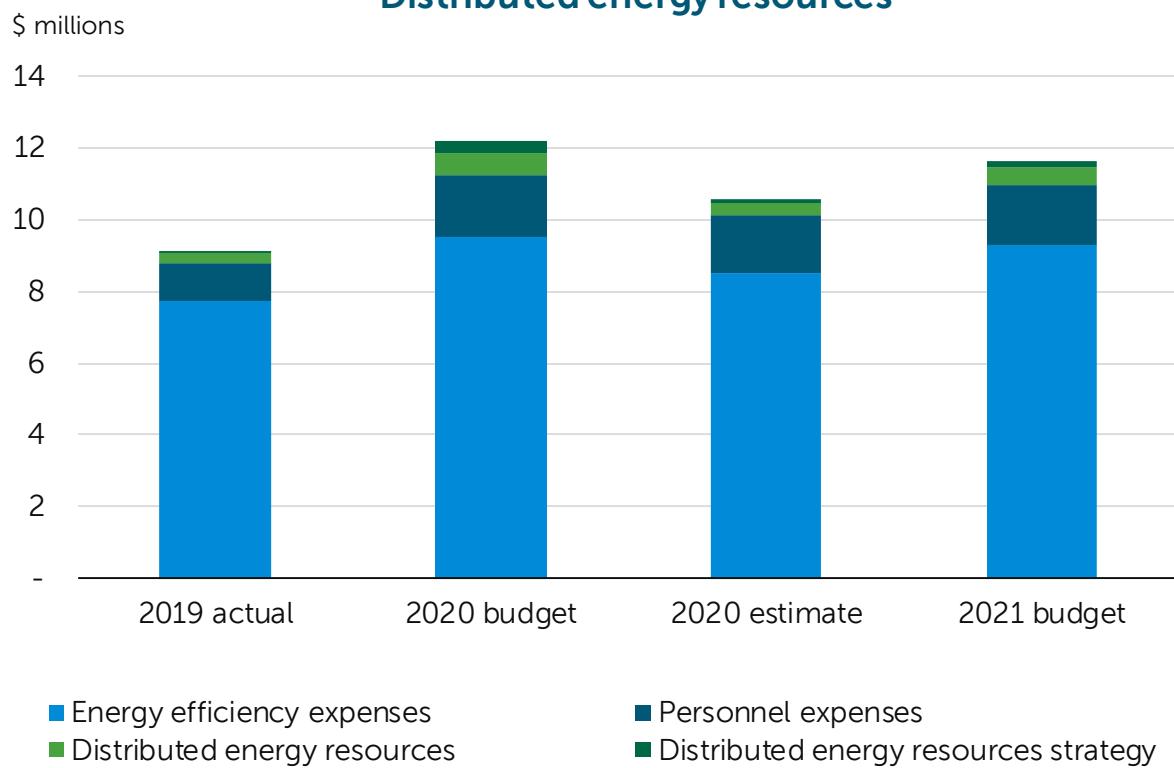
Administrative and general

\$ millions



| Distributed energy resources | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|--|--------------|---------------|---------------|---------------|
| Personnel expenses | | | | |
| Regular wages | \$ 730,856 | \$ 1,163,205 | \$ 1,106,937 | \$ 1,128,200 |
| Benefits allocation | 315,359 | 592,072 | 521,506 | 533,319 |
| Total personnel expenses | 1,046,215 | 1,755,277 | 1,628,443 | 1,661,519 |
| Strategy | | | | |
| Contracted services | 1,242 | 300,000 | 145,388 | 200,000 |
| Total strategy expenses | 1,242 | 300,000 | 145,388 | 200,000 |
| Energy efficiency | | | | |
| Contracted services | 784,868 | 1,449,200 | 867,089 | 1,205,000 |
| Travel and training expenses | 2,168 | - | 507 | - |
| Telephone services | 1,090 | 1,600 | 1,748 | 1,750 |
| Dues, memberships and fees | 7,933 | 8,000 | - | - |
| Rebates/incentives for retail customers | 6,930,850 | 7,557,611 | 7,294,850 | 7,763,250 |
| Audits/assessments for retail customers | - | 490,000 | 343,887 | 335,000 |
| Total energy efficiency expenses | 7,726,909 | 9,506,411 | 8,508,081 | 9,305,000 |
| General | | | | |
| Contracted services | - | 117,500 | 19,582 | 70,000 |
| Telephone services | 434 | 500 | 136 | 500 |
| Dues, memberships and fees | 27,083 | 37,810 | 34,804 | 38,000 |
| Total general expenses | 27,517 | 155,810 | 54,522 | 108,500 |
| Demand response wholesale pilot | | | | |
| Contracted services | 25,000 | 35,000 | 30,834 | 35,000 |
| Rebates/incentives to owner communities | 188,210 | 166,100 | 173,634 | 169,422 |
| Total demand response wholesale pilot expenses | 213,210 | 201,100 | 204,468 | 204,422 |
| Electric vehicles | | | | |
| Contracted services | 32,489 | 148,000 | 37,431 | 113,000 |
| Total electric vehicles expenses | 32,489 | 148,000 | 37,431 | 113,000 |
| Smart thermostat | | | | |
| Contracted services | - | 96,400 | 16,070 | 50,000 |
| Total smart thermostat expenses | - | 96,400 | 16,070 | 50,000 |
| Total distributed energy resources expenses | \$ 9,047,582 | \$ 12,162,998 | \$ 10,594,403 | \$ 11,642,441 |

Distributed energy resources



Capital additions

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

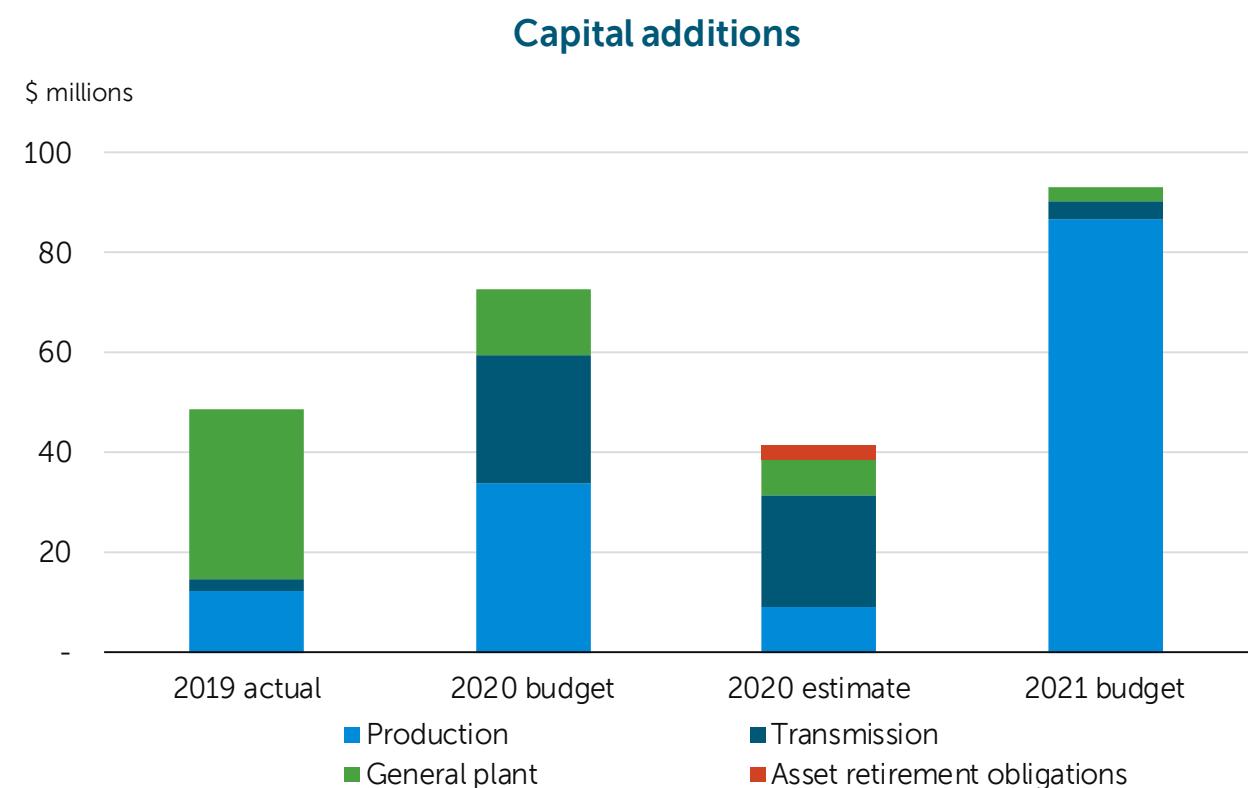
Production capital additions include power plant upgrades, equipment purchases and replacements as well as compliance related projects at the Rawhide and Craig generating stations. Also included in production additions is the Windy Gap Firming Project. Transmission capital additions include transmission lines, substations and supporting equipment. Projects are based on transmission studies and consultation with the owner communities' staff through the joint technical advisory committee. These projects will provide enhanced system reliability and add capacity to serve new and existing loads. General plant capital additions include computer hardware and software, communication equipment, building and grounds modifications, compliance projects and other general plant equipment purchases. Asset retirement obligations include payments to satisfy legally enforceable liabilities associated with the retirement of a tangible capital asset such as an impoundment or electric generation facility.

The five-year capital forecast is developed to outline future investment in capital projects. Capital planning is an ongoing effort as needs change, thus the plan is reviewed and updated three times annually along with financial projections. The plan is the basis for each budget year. Production projects focus on plant equipment improvements, including equipment replacements or enhancements during scheduled maintenance outages, dust collection system replacements, monofill upgrade, water pipeline replacements and fire protection system replacements. Production projects also include environmental, water and fuel handling upgrades. Transmission projects focus on a new substation for a new solar resource (up to 150 MW), transformer replacements, transmission line replacement and include coordinating and planning owner community requests for substation work. Future general plant projects include completion of the EEC, replacing information technology equipment, fiber optic cable and equipment replacements, security improvements and implementing strategic software solutions including energy trading software and an enterprise resource planning system that will benefit the entire organization. Asset retirement obligations consist of backfilling impoundments and seeding soil following closure of the bottom ash transfer impoundments and reclaim pond at Rawhide Energy Station.

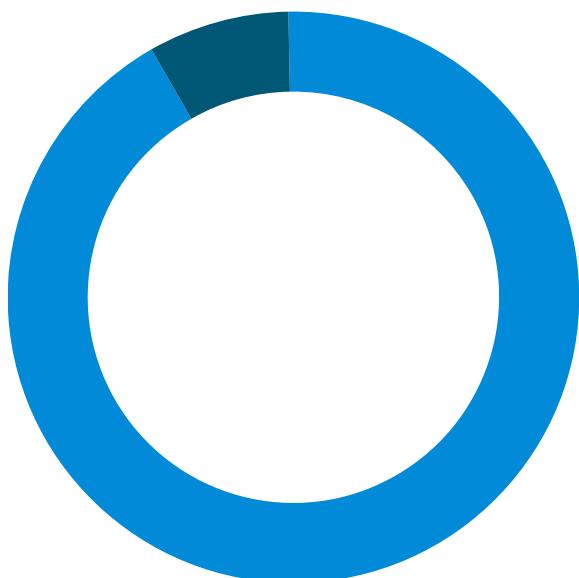
Project management continues to be a focus. In the past few years, emphasis has been placed on resource availability, as well as improving project planning and execution. This process will continue to evolve, striving towards operational excellence. Projects typically experience schedule changes for various reasons, including delays resulting from the COVID-19 pandemic; therefore, a portion of unspent 2020 budget capital additions will be requested to be carried over into the 2021 budget.

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

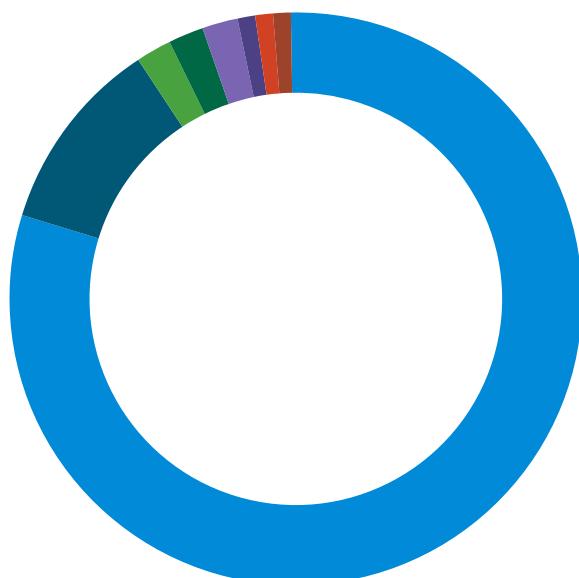
| Capital additions (\$000) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|----------------------------------|------------------------|------------------------|--------------------------|------------------------|
| Production | \$ 12,499 | \$ 34,089 | \$ 9,197 | \$ 86,827 |
| Transmission | 2,234 | 25,340 | 22,423 | 3,386 |
| General plant | 33,895 | 13,345 | 7,236 | 2,987 |
| Asset retirement obligations | - | - | 2,740 | - |
| Total capital additions | \$ 48,628 | \$ 72,774 | \$ 41,596 | \$ 93,200 |



2021 capital additions: \$93.2 million



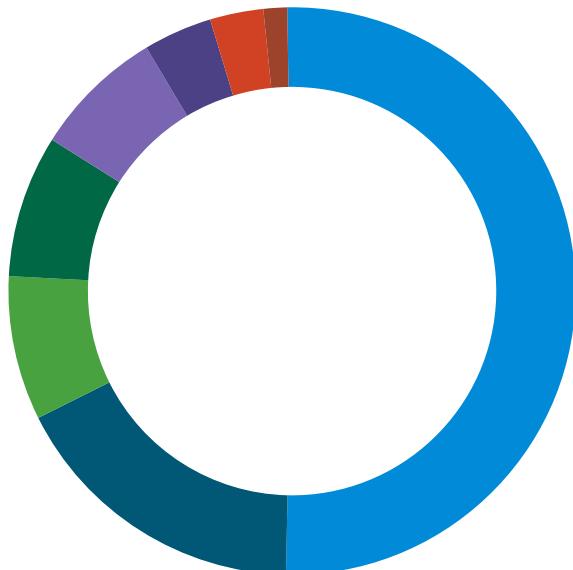
- Strategic initiatives, 92%
- Core operations, 8%



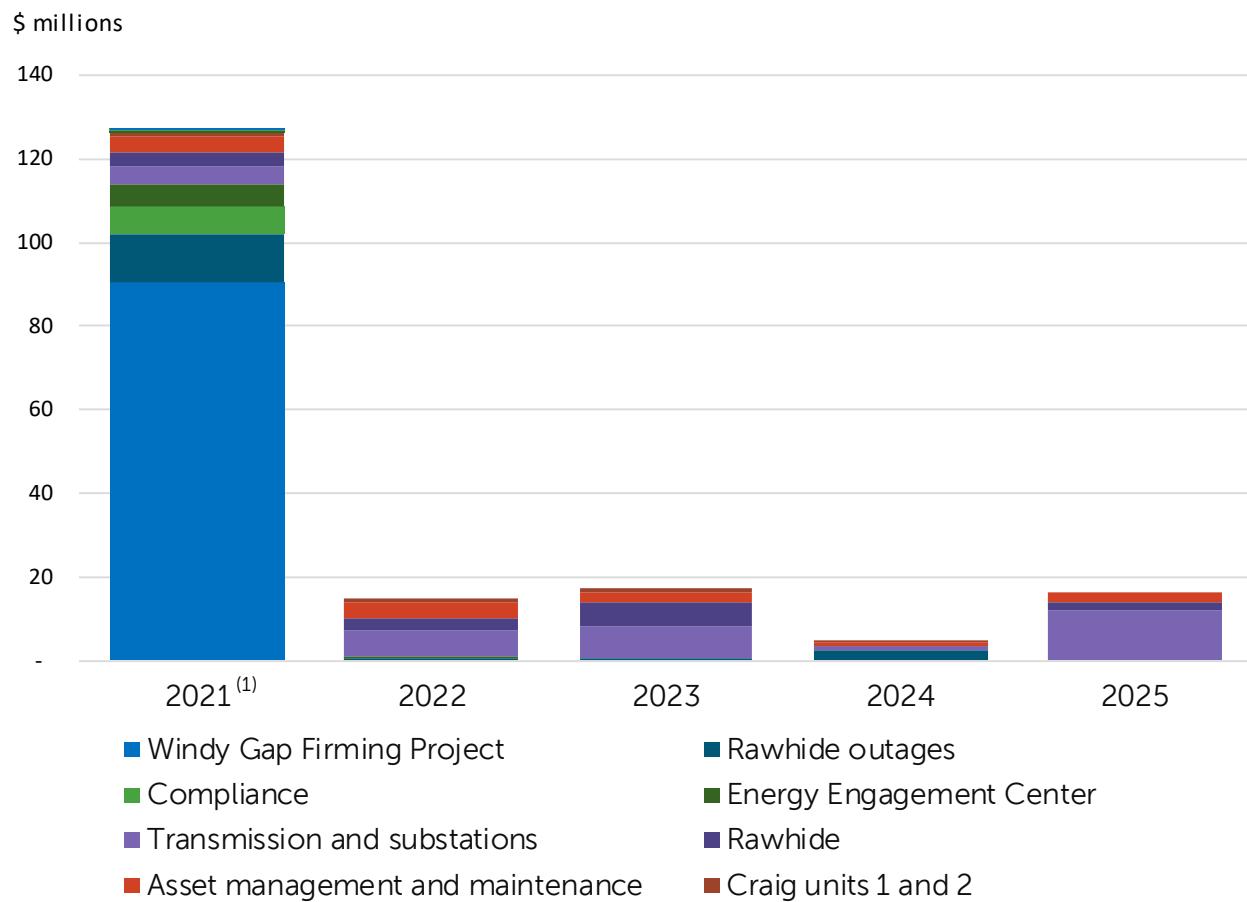
- Windy Gap Firming Project*, 80%
- Strategic*, 11%
- Rawhide outages, 2%
- Transmission and substations, 2%
- Rawhide, 2%
- Asset management and maintenance, 1%
- Craig units 1 and 2, 1%
- Energy Engagement Center*, 1%

* Strategic projects

Capital five-year forecast 2021-2025 \$179.2 million



- Windy Gap Firming Project, 51%
- Transmission and substations, 17%
- Rawhide, 8%
- Rawhide outages, 8%
- Asset management and maintenance, 8%
- Compliance, 4%
- Energy Engagement Center, 3%
- Craig units 1 and 2, 1%



| Production capital additions | 2021 budget | Total cost estimate⁽¹⁾ |
|--|----------------------|--|
| Rawhide projects | | |
| 480 V switchgear replacement and distribution switch upgrade – combustion turbine units ⁽²⁾ | \$ 1,268,801 | \$ 1,748,000 |
| • Autotune lite controls integration - combustion turbine units A-D | 248,700 | 454,000 |
| • Oil mist eliminator - combustion turbine units C-D | 97,626 | |
| • Spray dry absorber dew point approach control | 96,735 | |
| HVAC replacement Warehouse 1 - Rawhide | 90,122 | |
| Station service battery bank replacement - combustion turbine Unit B | 47,829 | |
| Continuous emissions monitoring system programmable logic controllers replacement - Rawhide Unit 1 | 29,244 | |
| Overhead door replacement spray dry absorber building - Rawhide | 20,854 | |
| HVAC replacement continuous emissions monitoring system building - Rawhide | <u>20,435</u> | |
| Total Rawhide projects | <u>1,920,346</u> | |
| Rawhide outage projects | | |
| • Variable frequency drives upgrade - Rawhide Unit 1 ⁽²⁾ | 4,284,757 | 7,033,000 |
| Dust collector upgrade - Rawhide active yard silo ⁽²⁾ | 1,124,957 | 1,309,000 |
| • Reheat surface area addition - Rawhide Unit 1 | 922,512 | |
| • Combustion upgrades - Rawhide Unit 1 ⁽²⁾ | 841,245 | 987,000 |
| Turbine blade replacement - Rawhide Unit 1 ⁽²⁾ | 528,813 | 552,000 |
| • Air heater leakage control and fire protection upgrade | 320,941 | |
| • Automatic coal mill startup and shutdown - Rawhide Unit 1 | 261,400 | |
| Soot blower addition - Rawhide Unit 1 | 199,814 | |
| • Real-time automation controller conversion - Rawhide Unit 1 | 189,831 | |
| Uninterruptible power supply replacement | 130,436 | |
| Soot blower replacement ⁽²⁾ | <u>46,867</u> | 1,498,000 |
| Total Rawhide outage projects | <u>8,851,573</u> | |
| Total Rawhide capital additions | <u>10,771,919</u> | |
| Other production projects | | |
| • Windy Gap Firming Project ⁽²⁾ | 75,302,246 | 119,700,000 |
| Craig units 1 and 2 projects | <u>753,424</u> | |
| Total other production projects | <u>76,055,670</u> | |
| Total production capital additions | <u>\$ 86,827,589</u> | |

| Transmission capital additions | 2021 budget | Total cost estimate⁽¹⁾ |
|---|---------------------|--|
| Transmission projects | | |
| • Airflow spoilers | \$ 1,310,388 | \$ 3,390,000 |
| Oil circuit breaker replacement - Ault Substation 1882 | 640,000 | |
| Transformer T3 replacement - Timberline Substation | 533,412 | 2,852,000 |
| • Metering system modifications | 410,954 | |
| Oil circuit breaker replacement - Ault Substation 1986 | 320,000 | |
| 115 kV transmission line rebuild - Drake transmission line | 63,657 | 7,014,000 |
| • Solar substation 230 kV - new solar project | 31,218 | 6,031,000 |
| • Circuit switcher (T2,T4) addition and relay upgrade - Harmony Substation ⁽²⁾ | 22,684 | 825,000 |
| Station service 230-12.47 kV transformer replacement - Rawhide Substation | 18,953 | 1,899,000 |
| HVAC unit replacements - substations ⁽²⁾ | 16,884 | |
| Sync circuit relay upgrade - Airport Substation | 13,657 | 154,000 |
| Switch 169 and 469 replacement - Loveland East Substation | 3,902 | 114,000 |
| Total transmission capital additions | <u>\$ 3,385,709</u> | |

General plant capital additions

| | | |
|--|----------------------|--------------|
| General plant projects | | |
| • Energy trading software | \$ 1,072,800 | \$ 1,623,000 |
| Overhead doors - outbuildings | 699,494 | |
| • Mezzanine office space - headquarters warehouse | 339,010 | |
| SONET communications system replacement | 280,969 | 1,385,000 |
| Fiber optic cable replacement - Fort Collins Riverside | 152,667 | |
| • Energy Engagement Center ⁽²⁾ | 150,030 | 6,250,000 |
| • Security system - Loveland Substation | 140,736 | |
| • Human resource information system software replacement | 96,361 | |
| • Optical ground wire upgrade - WAPA Valley to Estes Park ⁽²⁾ | 32,453 | 391,000 |
| • Fiber optic patch panel and lateral replacement - Airport Substation | 22,211 | |
| • Enterprise resource planning software | - | |
| Total general plant capital additions | <u>2,986,731</u> | |
| Total capital additions | <u>\$ 93,200,029</u> | |

- Project supports strategic initiative.

(1) If no amount is shown, the 2021 budget amount represents the total project cost estimate.

(2) Projects with estimated unspent 2020 funds that will be requested to be carried over to the 2021 budget.

Production capital additions

Rawhide projects

| | |
|---|--------------|
| 480 V switchgear replacement and distribution switch upgrade – combustion turbine units | \$ 1,268,801 |
|---|--------------|

Project time frame: 2020-2021

Total cost estimate: \$1,748,000

Carryover estimate: \$140,000

Upgrade the 480 V switchgear for each combustion turbine (CT) unit A-D. This project includes the demolition and removal of existing switchgears, installation and commissioning of new switchgears, implementation of an automatic or manual transfer scheme that allows transferring sources with less exposure to electrical hazards, switchgear startup support, setting calculations and testing for installed relays and the connection of applicable points to the existing Ovation control system. Upgrading the 480 V switchgears for CT units A-D will incorporate normal and alternate source breakers with racking capability. Racking capability will allow for routine maintenance to be performed. A relay that will perform switching between normal and alternate sources automatically will also be implemented. This will reduce the exposure of personnel to live equipment during switching operations and equipment downtime if normal source power is lost and alternate power is available. The project also includes adding a 12.47 kV distribution switch to each combustion unit A-D & F to address unsafe incident energy levels under certain conditions.

- Autotune lite controls integration - combustion turbine units A-D

248,700

Project time frame: 2020-2021

Total cost estimate: \$454,000

Install autotune lite system to the recent controls upgrade to the 7EA combustion turbine units. The autotune lite system enables automated combustion tuning to maintain environmental compliance limits under varying ambient conditions (temperature or humidity) or combustion turbine deterioration. Autotune lite will eliminate the need for tuning the combustion turbines for ambient weather. This integration will result in better performance and unit availability in addition to preventing damage to combustion hardware by maintaining safe margins while operating at lower nitrogen oxide limits.

Oil mist eliminator

- Combustion turbine Unit C
- Combustion turbine Unit D

\$ 48,813

48,813

\$ 97,626

Install an automated VFD in the accessory cabinet of CT units C and D as well as a pressure transmitter on the lube oil reservoir to automatically control vapor pressure in the top of the reservoir. In addition, conduit from the vault located under CT units C and D control rooms to the VFD cabinet will be installed. Installing a VFD will eliminate the need for an operator to open and regulate the oil mist eliminator damper valve located at the blower outlet. After installation, the VFD will be controlled with a pressure transmitter through the new Ovation control system making the system more reliable.

| | |
|---|---------------------|
| ● Spray dry absorber dew point approach control | \$ 96,735 |
| Purchase and install three harsh environment humidity sensors configured for continuous indication of dewpoint temperature in the spray dry absorber (SDA) outlet ductwork. In addition, a Primex Technology Site license will be purchased that will enable permanent utilization of intellectual property at Rawhide. SDA dew point approach control has been shown to improve automatic sulfur dioxide emission control while at the same time creating an estimated 10% lime savings. | |
| HVAC replacement Warehouse 1 - Rawhide | 90,122 |
| Replace the roof top air conditioning unit for the office space in Warehouse 1 at Rawhide. The current unit is at the end of its useful life. Replacing the current unit allows for the opportunity to relocate the unit to a better location for maintenance serviceability. The new unit will increase air quality and is expected to improve equipment efficiencies. | |
| Station service battery bank replacement - combustion turbine Unit B | 47,829 |
| Replace the existing station service battery bank for CT Unit B and install new batteries and spill containment. The existing batteries have reached the end of their useful life and are considered vital to the electrical system. If the unit trips and loses auxiliary power, the system is the sole energy source to run oil pumps and other protective equipment until power is otherwise restored. Failure of the batteries to perform during this scenario can result in catastrophic damage to the entire turbine. | |
| Continuous emissions monitoring system programmable logic controllers replacement - Rawhide Unit 1 | 29,244 |
| This project is to replace the obsolete Rawhide Unit 1 stack and inlet continuous emissions monitoring system GE Fanuc processors and Allen Bradley input/output cards with Cemtek's Source Emissions Air Logger control units. The new control units will give technicians more programming flexibility and the ability for easier remote support. | |
| Overhead door replacement spray dry absorber building - Rawhide | 20,854 |
| Replace the northeast overhead door on the ground floor of the SDA building. The existing door is beyond repair and past the end of its useful life. If the need arises to move a large piece of equipment through this door, it is currently inoperable. | |
| HVAC replacement continuous emissions monitoring system building - Rawhide | 20,435 |
| Replace the HVAC unit mounted to the CEMS building at Rawhide. All wall mount HVAC units on-site at Rawhide have been or will be updated to maintain consistency and limit the number of spare parts required. This is the last wall mount unit that has not been replaced. The replacement of the current unit is expected to improve equipment efficiency. | |
| Total Rawhide projects | \$ 1,920,346 |

Rawhide outage projects

- Variable frequency drives upgrade - Rawhide Unit 1 \$ 4,284,757

Project time frame: 2020-2021

Total cost estimate: \$7,033,000

Carryover estimate: \$2,228,000

Install VFD on induced draft fans, boiler feed pumps, condensate pumps and VFD enclosures at outbuildings. As part of the project, new lube oil skids for the induced draft fans and boiler feed pumps will be installed to replace the existing variable speed fluid drives. New power cables and control cables will be installed to integrate systems into the distributed control system. These improvements will save energy and provide benefits such as improved heat rate, management of load changes and a potentially faster ramp rate. The VFD will be purchased in 2020 and installed during the 2021 scheduled maintenance outage.

Dust collector upgrade - Rawhide active yard silo

1,124,957

Project time frame: 2020-2021

Total cost estimate: \$1,309,000

Carryover estimate: \$181,000

Upgrade the upper active yard silo dust collector to be compliant with current regulations set by the NFPA and OSHA. The upgrades include new deflagration relief panels that vent to the outside, a new exhaust fan, new filter housing and bags, and cleaning blowers. Electrical work for the project includes upgrades to wiring, the motor control center buckets and controls updates to the Ovation distributed control system.

- Reheat surface area addition - Rawhide Unit 1 922,512

Increase the boiler reheat surface area by adding up to 12 feet of length to the rear half of the reheat pendants to control reheat steam temperature over a wider load range. With continued renewable generation integration, it is expected that at times Rawhide Unit 1 will be operated at less than 100 MW going forward. At this point, the superheat to reheat steam temperature difference will be outside of the original equipment manufacturer's recommendation (50 °F) unless reheat surface area is added.

● Combustion upgrades - Rawhide Unit 1 \$ 841,245

Project time frame: 2020-2021

Total cost estimate: \$987,000

Carryover estimate: \$68,000

Upgrade two boiler combustion components to provide more operational flexibility. The first upgrade is decoupling and providing individual tilt drives for the underfire air tips. This includes disconnecting the underfire air tilt drives from the burner tilt drives and installing manual tilt linkage levers. Then electric drives will be installed to control the underfire air tilts. The second upgrade moves the secondary air flow measurements from the forced draft fan discharge to the air preheater discharge ducts, which increases accuracy as the variable leakage across the air preheater no longer impacts combustion. In addition, distributed control systems integration and control curve development will be performed as part of the project. A combustion tuner has recommended this upgrade as the underfire air has a significant impact on carbon monoxide emissions. These improvements will also allow better flexibility in coal mill operation providing more heat to the spray dry absorber improving sulfur dioxide emissions control at reduced load.

Turbine blade replacement - Rawhide Unit 1 528,813

Project time frame: 2020-2021

Total cost estimate: \$552,000

Carryover estimate: \$23,000

Replace intermediate pressure turbine blades 1C and 1R on the Rawhide Unit 1 steam turbine. This replacement was a recommendation based on Performance Engineering LLC's steam path audit conducted in 2015. Replacing the damaged blades will restore the steam path and allow Rawhide Unit 1 to regain lost output and heat rate. This project will be completed as part of the 2021 scheduled maintenance outage as the project requires full disassembly to access the turbine rotor.

● Air heater leakage control and fire protection upgrade 320,941

Replace the existing air heater leakage control system with new components including drives, actuators, couplings and sensing probes. The new system is a sensorless design that uses a gearbox to actuate a pushrod that is pinned to the sector plate. Installation is scheduled to take place during the 2021 scheduled maintenance outage. The new system will include new fire detection thermocouples that will replace the original problematic infrared system. Maintenance issues have occurred with the existing system causing it to run fully retracted due to errors, resulting in increased leakage and an increased heat rate. If the system is not upgraded it will become worse in the future as the unit capacity factor decreases due to the unit not running at full load.

- **Automatic coal mill startup and shutdown - Rawhide Unit 1** \$ 261,400

Automate the process of coal mill startup and shutdown that is currently being performed manually by the operations department. This project will include adding the ability of automatic startup and shutdown of any given coal mill, modifications of logic and graphics to add mill sequencing via Ovation sequence function charts, and review of the burner management system to accommodate additional logic being added minimizing safety risks. Generation dispatch will benefit from this project as mill start and stop times will be more predictable. Implementation is scheduled to occur during the 2021 scheduled maintenance outage.

- Soot blower addition - Rawhide Unit 1** 199,814

Install two soot blowers in the boiler back pass at level 10 directly under soot blowers 145 and 146 to help clean the lower economizer bank. Installation of soot blowers to clean the bottom economizer bank will improve heat rate and help better manage the air heater inlet temperature.

- **Real-time automation controller conversion - Rawhide Unit 1** 189,831

Upgrade the current communication methods used between the following protective relays and Ovation: 4160 V switchgear 101 relays, 4160 V switchgear 102 relays and all relays located in the Rawhide Unit 1 protective relay panel. The new system will match the communication design method implemented during the protective relay upgrade on the CTs. This project will bring Unit 1 relay communication up to the same standard that all five CTs have and modernize the way Unit 1 relay data is communicated to Ovation. The benefit of having all relay data concentrated in the same place is it gives staff a more precise troubleshooting tool. A real-time automation controller allows for event analysis at a sampling frequency of 1 millisecond, compared to the current sampling frequency of 1 second. In addition, the real-time automation controller sends an alarm to the control room when communication is lost. This will allow Platte River to increase the maintenance intervals for each protective relay subject to NERC standard PRC-005 from six years to 12 years.

- Uninterruptible power supply replacement** 130,436

Replace the two current uninterruptible power supply units for Rawhide Unit 1 with a more efficient and up to date Eaton 93PM unit. The current system is reaching the end of its useful life and is essential for an effective shutdown of the unit if all other power is lost.

| | |
|--------------------------------|-----------|
| Soot blower replacement | \$ 46,867 |
|--------------------------------|-----------|

Project time frame: 2016-2021

Total cost estimate: \$1,498,000

Carryover estimate: \$30,000

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

| | |
|--------------------------------------|---------------------|
| Total Rawhide outage projects | \$ 8,851,573 |
|--------------------------------------|---------------------|

| | |
|--|----------------------|
| Total Rawhide capital additions | \$ 10,771,919 |
|--|----------------------|

Other production projects

| | |
|-----------------------------|---------------|
| ● Windy Gap Firming Project | \$ 75,302,246 |
|-----------------------------|---------------|

Project time frame: 2001-2025

Total cost estimate: \$119,700,000

Carryover estimate: \$15,422,000

Platte River is participating in the Windy Gap Firming Project storage system as it is necessary to support the long-term, dependable delivery of Platte River's Windy Gap water, which is essential for reliable operation and optimizes Platte River's water resource portfolio. The Windy Gap system currently has very limited water storage capability, putting the availability of Platte River's water resources at risk. There is currently no dedicated storage for Windy Gap water requiring Platte River to find an alternative water supply in both wet and dry years as the Windy Gap water cannot be pumped during wet periods (no storage), or during dry periods (no water in priority to pump). Therefore, this project will provide storage and help ensure a continuous water supply in both wet and dry years. Platte River's share in the project is currently 16,000 acre-feet of the total 90,000 acre-feet of storage. The project is moving into the final design phase and construction is estimated to be complete with the reservoir ready to fill in the spring of 2025. A portion of the funding is planned to be financed through a pooled financing arrangement with the other participants in the project. The amounts shown represent Platte River's share of the project.

Craig units 1 and 2 projects

753,424

The engineering and operating committee approved capital projects for plant improvements and additions at the Craig Generating Station. The budget includes expenses for various projects for Craig units 1 and 2 with significant projects being a coal handling distributed control system Ovation upgrade, power and water cybersecurity suite upgrade, turbine deck new roof overlay and simulator distributed control system Ovation upgrade. The amount shown represents Platte River's ownership share responsibility.

Total other production projects

\$ 76,055,670

Total production capital additions

\$ 86,827,589

Transmission capital additions

Transmission projects

- Airflow spoilers

\$ 1,310,388

Project time frame: 2017-2022

Total cost estimate: \$3,390,000

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

Oil circuit breaker replacement - Ault Substation 1882

640,000

Remove and replace the 230 kV oil circuit breaker at Western Area Power Administration's Ault Substation with a sulphur hexafluoride breaker. The replacement of foundations, disconnect switcher, control panel, power and control cables, current transformers and capacitor coupled voltage transformers are included in the project. Platte River is a party to contract 87-LAO-285 which states Platte River's ownership and financial obligation to the Ault facilities. Platte River is responsible for 100% of the total project cost.

Transformer T3 replacement - Timberline Substation

533,412

Project time frame: 2021-2023

Total cost estimate: \$2,852,000

Replace 230-115 kV autotransformer T3 at Timberline Substation. This project will replace three single-phase units as a single three-phase unit to conform to current design and construction standards. In addition, this project will remove and replace the existing foundations and firewalls from the existing unit, pour the new transformer pad and place oil containment for the new unit. Installation of 230 kV and 115 kV circuit switchers to isolate the unit per current design and construction standards and the replacement of hand operated disconnects 2063, 1063 and 1069 will be included in the scope of the project. The equipment being replaced has reached the end of its useful life.

- Metering system modifications

410,954

Modification will be made to meters in order to meet metering standards required for participation in the California Independent System Operator WEIM. Programming changes will be required on all revenue meters to incorporate changing from 15 minute interval data to 5 minute interval data. This will require replacing existing boundary meters and adding additional individual meters on CT units A-D.

Oil circuit breaker replacement - Ault Substation 1986 \$ 320,000

Remove and replace the 230 kV oil circuit breaker at Western Area Power Administration's Ault Substation with a sulphur hexafluoride breaker. The replacement of foundations, disconnect switcher, control panel, power and control cables, current transformers and capacitor coupled voltage transformers are included in the project. Platte River is a party to contract 87-LAO-285 which states Platte River's ownership and financial obligation to the Ault facilities. Platte River is responsible for 50% of total project cost.

115 kV transmission line rebuild - Drake transmission line 63,657

Project time frame: 2021-2025

Total cost estimate: \$7,014,000

Evaluate project alternatives and determine the best approach to rebuild two miles of the Drake transmission line. Budgeted funds will be used for design work and project evaluation. Inspections completed in 2019 on the 115 kV transmission line located along Drake Road in the City of Fort Collins between the Drake Substation and the Power Trail noted significant corrosion on the base plates, anchor bolts and pole base sections. Rebuilding of the line is necessary to continue safe and reliable operation of the transmission line.

● Solar substation 230 kV - new solar project 31,218

Project time frame: 2021-2023

Total cost estimate: \$6,031,000

Construct a 230 kV substation in order to connect a new photovoltaic solar generation site to the front range transmission system. As part of the project, existing transmission line structures will be modified to route the lines into the new substation. Funds budgeted for 2021 will be used for design work and project evaluation.

● Circuit switcher (T2,T4) addition and relay upgrade - Harmony Substation 22,684

Project time frame: 2021-2022

Total cost estimate: \$825,000

Carryover estimate: \$62,000

Replace the existing T2 and T4 motor operated disconnect switch with a circuit switcher and add dual winding slipover bushing current transformers to transformer T2 and T4. Circuit switcher failure protections, T2 and T4 overcurrent relaying and T2 and T4 bus protection will also be installed. Replacing the motor operated disconnect with a circuit switcher will provide a separation point between the City of Fort Collins and Platte River while also minimizing NERC compliance standards for the City of Fort Collins and providing equipment maintenance benefits for Platte River. Dual winding slipover bushing current transformers need to be added to transformer T2 and T4 in order for the relaying and protection upgrades to be complete. The relay and protection replacement associated with this project will add reliability to the system by upgrading outdated protection elements and adding secondary relaying to important substation components.

Station service 230-12.47 kV transformer replacement - Rawhide Substation \$ 18,953

Project time frame: 2021-2023

Total cost estimate: \$1,899,000

Replace existing 230-12.47 kV transformer at Rawhide Substation, evaluate oil containment and replace existing motor operated disconnect 253. The current Rawhide 230-12.47 kV substation transformer is reaching the end of its useful life. The current unit is the oldest transformer at Rawhide and is critical to support facilities for the startup of Rawhide Unit 1 and provides backup auxiliary power for the combustion turbines.

HVAC unit replacements - substations

16,884

Install HVAC units at Harmony Substation. The units are quickly deteriorating and are at the end of their useful lives and/or have recurring maintenance issues. This replacement is part of a multi-year initiative to replace all units at all substation and auxiliary buildings.

Sync circuit relay upgrade - Airport Substation

13,657

Project time frame: 2021-2023

Total cost estimate: \$154,000

Upgrade existing control schemes at Airport Substation to current Platte River standards. This project includes removing Western Area Power Administration's sync circuit and updating it to include Platte River's standard circuit. Modern schemes are more efficient and reliable.

Switch 169 and 469 replacement - Loveland East Substation

3,902

Project time frame: 2021-2022

Total cost estimate: \$114,000

Replace switch 169 and 469 at Loveland East Substation. The current hand operated disconnect switches were converted from a motor operated disconnect switch. The parts for these switches are no longer available, the micro-ohm readings are trending higher, do not stay aligned, are difficult to adjust and have difficulty opening and closing due to the motor operated gear mechanism turning when the handle rotates.

Total transmission capital additions

\$ 3,385,709

General plant capital additions

General plant projects

- Energy trading software \$ 1,072,800

Project time frame: 2021-2022

Total cost estimate: \$1,623,000

Obtain software to optimize Platte River's participation in the California Independent System Operator WEIM. Software applications include a bid to bill software package, metering, settlement statements and invoices, managing dispute resolution, creating settlement reports, computing WEIM revenues, production cost, and profit and loss analysis.

- Overhead doors - outbuildings 699,494

Install overhead doors on all open garage structures and install four walk-through doors with access control to meet code requirements. The installation of overhead doors will help protect Platte River assets from exposure to inclement weather and significantly increase the ability to store items in secure locations.

- Mezzanine office space - headquarters warehouse 339,010

Construct an additional two offices, one meeting room, mechanical closet, kitchenette and open workstation areas all within the critical infrastructure protection area. In order to make necessary modifications to the headquarters building and maintain workgroups in the same area, the mezzanine office space is needed for the physical security group.

- SONET communications system replacement 280,969

Project time frame: 2016-2021

Total cost estimate: \$1,385,000

Replace obsolete fiber optic SONET equipment. The current system will be replaced with two networks, one dedicated to the ultra-reliable bulk electric system and the second to provide high bandwidth communication to non-bulk electric system internal and external customers. Current equipment has reached the end of its useful life and is no longer supported by the manufacturer. The new equipment will have a 10-year warranty, which will reduce operations and maintenance expenses.

- Fiber optic cable replacement - Fort Collins Riverside 152,667

Replace a section of the Fort Collins backbone between the intersection of Willow and Linden and the Timberline Substation with new cable and slack loops. The existing fiber cable is no longer serviceable or accessible as multiple fiber repairs have shortened the service loops.

| | |
|---|-------------|
| ● Energy Engagement Center | \$ 150,030 |
| Project time frame: | 2019-2022 |
| Total cost estimate: | \$6,250,000 |
| Carryover estimate: | \$4,760,000 |
| Add an additional estimated 6,500 square feet of meeting and conference space onto the east end of the new headquarters campus building. This addition will provide the ability to host large public and regional utility meetings, internal employee functions, and assist in education outreach about energy issues confronting the region and state. | |
| ● Security system - Loveland Substation | 140,736 |
| Install surveillance and intrusion system at a City of Loveland substation. This installation will be done in conjunction with the City of Loveland's separate installation of the new block walls. The project will enable the City of Loveland to monitor the substation with video and radar systems. | |
| ● Human resource information system software replacement | 96,361 |
| Replace the existing human resource information system that is outdated and is limited in functionality. The new system will transform human resource business processes, gain efficiencies and increase reporting capabilities to provide information necessary to make strategic business decisions. The scope of business processes and systems include core human resources, benefits, payroll, time entry, employee self service and manager self service. This project is a result of the delay in the enterprise resource planning project due to the COVID-19 pandemic. | |
| ● Optical ground wire upgrade - WAPA Valley to Estes Park | 32,453 |
| Project time frame: | 2020-2021 |
| Total cost estimate: | \$391,000 |
| Carryover estimate: | \$359,000 |
| Relocate the existing 36 fibers between Flatiron and Estes Park and install additional capacity via a new optical ground wire between Valley and Estes Park substations. The additional fiber will ensure the two pathways are symmetrical allowing for more flexibility in design circuits and additional capacity for future growth. | |
| ● Fiber optic patch panel and lateral replacement - Airport Substation | 22,211 |
| Replace the existing straight tip patch panel at Airport Substation with a new Lucent connector patch panel. This project will also replace the lateral into Airport Substation to increase the fiber strand count to accommodate Western Area Power Administration's connectivity. The existing straight tip patch panels are no longer industry standard and have suffered from years of use which has caused significant signal loss and errors on high bandwidth circuits. | |

● Enterprise resource planning software

\$ -

Project time frame: 2021-TBD

Total cost estimate: TBD

Replace multiple systems that have reached the end of their useful life. The scope of applications to be replaced includes the general ledger, accounting, fixed assets, cash management, purchasing, budgeting, forecasting and reporting systems for financial services, and the materials/maintenance management and fleet tracking systems for facilities and fleet. The new software will allow employees to work more efficiently with access to real-time data needed to make business decisions. In addition, new functionality within the selected system will offer modernized features to employees. After the vendor process review and software recommendation, a budget, scope and schedule will be determined. This project was delayed due to the COVID-19 pandemic and will be resumed. The human resource information system software replacement project was submitted as a result of the delay in this project.

Total general plant capital additions \$ 2,986,731

Total 2021 capital additions \$ 93,200,029

Debt service expenditures

Long-term financial projections in line with SFP financial metrics determine the need and timing of debt financings. Platte River's SFP debt ratio target is 50% or lower. Debt proceeds historically have been used to finance production and transmission assets. Outstanding long-term debt consists of fixed-rate debt issued under Platte River's general power bond resolution. The debt service expenditures include principal repayments and interest expense based on scheduled debt payments. Of the \$148.3 million debt outstanding at the end of 2021, approximately 84% and 16% relate to transmission and Rawhide projects, respectively. The weighted average cost of debt during 2021 is forecast to be approximately 3%.

In the 2020 budget, a new Series KK debt financing of approximately \$100 million was planned for the Windy Gap Firming Project, however the debt financing is planned to be replaced by a pooled financing arrangement expected to occur in 2021. Due to alternate accounting treatment, the debt service payments under the pooled financing will be included in operations and maintenance and not accounted for as debt service. The payments will be considered fixed obligations.

To take advantage of historically low interest rates, Platte River intends to issue taxable Series KK debt during Dec 2020. The debt will be used to advance refund Series II bonds callable on June 1, 2022. Until the bonds are sold, a degree of uncertainty on final principal amounts and interest rates exists.

Platte River is legally required to maintain a power revenue bond service coverage ratio of 1.10 times. To aid in achieving strong long-term financial sustainability, Platte River also maintains a 1.50 times fixed obligation charge coverage ratio as an SFP metric. This metric reclassifies debt-like obligations as fixed obligation charges either related to the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. A minimum 1.50 times ratio provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio requirement, partially fund future capital additions and maintain favorable credit ratings. Platte River is not legally restricted as to the amount of debt that can be issued.

Credit ratings for power revenue bonds

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

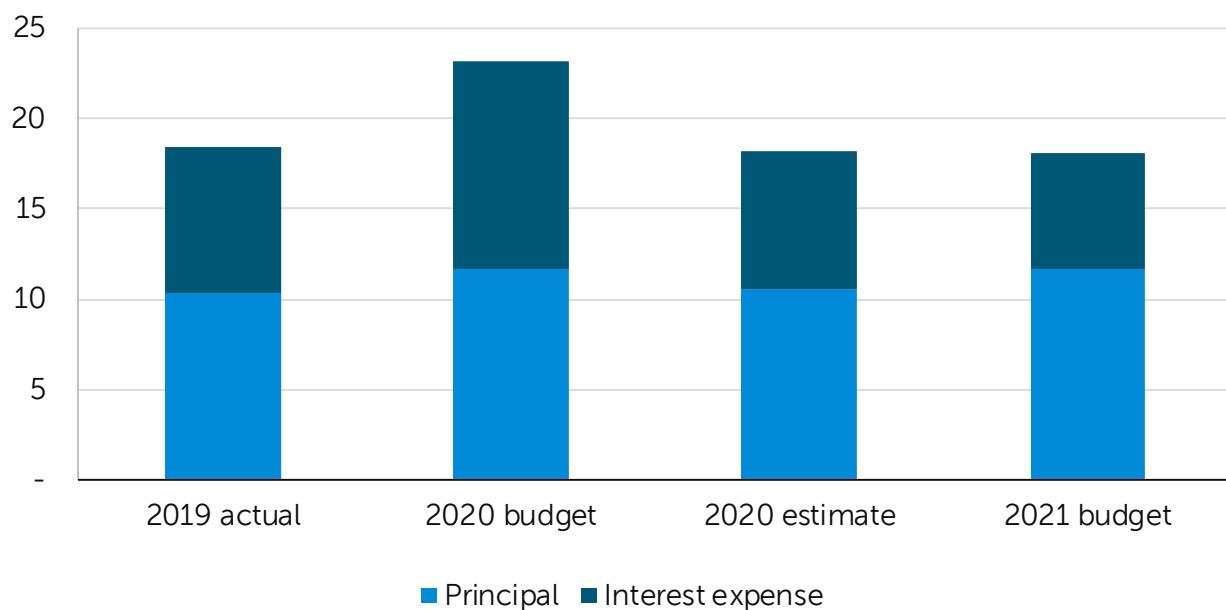
| Bond issue | Moody's | Fitch | S&P |
|------------|------------------|-------|-----|
| Series II | Aa2 | AA | AA |
| Series JJ | - ⁽¹⁾ | AA | AA |

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

| Debt service expenditures (\$'000) | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|---|--------------------|--------------------|----------------------|--------------------|
| Principal | \$ 10,321 | \$ 11,713 | \$ 10,604 | \$ 11,640 |
| Interest expense | 8,129 | 11,397 | 7,620 | 6,473 |
| Total debt service expenditures | <u>\$ 18,450</u> | <u>\$ 23,110</u> | <u>\$ 18,224</u> | <u>\$ 18,113</u> |

Power revenue bond service

\$ millions



| Long-term debt outstanding | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Power revenue bonds | | | | |
| Series II | \$ 25,530,000 | \$ 24,865,000 | \$ 1,410,000 | \$ 720,000 ⁽¹⁾ |
| Series JJ | 143,895,000 | 134,250,000 | 134,250,000 | 124,125,000 ⁽²⁾ |
| Series KK | - | 100,000,000 | 25,445,000 | 25,110,000 ⁽³⁾ |
| Total power revenue bonds | <u>169,425,000</u> | <u>259,115,000</u> | <u>161,105,000</u> | <u>149,955,000</u> |
| Unamortized bond premium | <u>22,321,894</u> | <u>19,109,995</u> | <u>19,109,995</u> | <u>16,129,301</u> |
| Total net long-term debt | <u>\$ 191,746,894</u> | <u>\$ 278,224,995</u> | <u>\$ 180,214,995</u> | <u>\$ 166,084,301</u> |

(1) Series II remaining amount outstanding relates to transmission assets and matures each year through June 1, 2022.

(2) Series JJ remaining amount outstanding relates to transmission assets and Rawhide assets of \$100.6 million (81%) and \$23.5 million (19%), respectively, and matures each year through June 1, 2036.

(3) Series KK remaining amount outstanding relates to transmission assets and matures each year through June 1, 2037.

| Bond service funding | Principal | Interest | Total |
|-----------------------------------|-----------------------|----------------------|-----------------------|
| Deposits in 2020 for 2021 payment | \$ 6,308,750 | \$ 523,714 | \$ 6,832,464 |
| 2021 | 11,640,000 | 6,472,737 | 18,112,737 |
| 2022 | 11,975,833 | 5,920,114 | 17,895,947 |
| 2023 | 12,537,500 | 5,355,155 | 17,892,655 |
| 2024 | 13,127,917 | 4,770,532 | 17,898,449 |
| 2025 | 13,709,583 | 4,155,246 | 17,864,829 |
| 2026-2030 | 57,545,000 | 12,198,873 | 69,743,873 |
| 2031-2035 | 28,585,000 | 4,431,071 | 33,016,071 |
| 2036-2037 | 5,675,417 | 211,602 | 5,887,019 |
| Total bond service funding | \$ 161,105,000 | \$ 44,039,044 | \$ 205,144,044 |

| Bond service coverage | 2019 actual | 2020 budget | 2020 estimate | 2021 budget |
|--|----------------|----------------|------------------|----------------|
| Net revenues | | | | |
| Operating revenues | \$ 229,184,923 | \$ 236,666,914 | \$ 240,406,582 | \$ 239,802,786 |
| Operating expenses, excluding depreciation and amortization | (173,140,729) | (190,332,880) | (185,728,515) | (189,389,488) |
| Net operating revenues | 56,044,194 | 46,334,034 | 54,678,067 | 50,413,298 |
| Plus interest and other income | 4,081,729 | 3,863,351 | 2,838,499 | 1,804,254 |
| Net revenues before rate stabilization | 60,125,923 | 50,197,385 | 57,516,566 | 52,217,552 |
| Rate stabilization | | | | |
| Deposits | - | - | - | - |
| Withdrawals | - | - | - | - |
| Total net revenues | \$ 60,125,923 | \$ 50,197,385 | \$ 57,516,566 | \$ 52,217,552 |
| Bond service | | | | |
| Power revenue bonds | \$ 18,449,686 | \$ 23,110,003 | \$ 18,224,386 | \$ 18,112,737 |
| Coverage | | | | |
| Power revenue bond coverage ratio | 3.26x | 2.17x | 3.16x | 2.88x |
| Fixed obligation charge coverage | | | | |
| Total net revenues, above | \$ 60,125,923 | \$ 50,197,385 | \$ 57,516,566 | \$ 52,217,552 |
| Fixed obligation charges included in operating expenses ⁽¹⁾ | 8,946,294 | 11,197,888 | 10,898,307 | 16,072,361 |
| Adjusted net revenues before fixed obligation charges | \$ 69,072,217 | \$ 61,395,273 | \$ 68,414,873 | \$ 68,289,913 |
| Fixed obligation charges | | | | |
| Power revenue bonds, above | \$ 18,449,686 | \$ 23,110,003 | \$ 18,224,386 | \$ 18,112,737 |
| Fixed obligation charges | 8,946,294 | 11,197,888 | 10,898,307 | 16,072,361 |
| Total fixed obligation charges | \$ 27,395,980 | \$ 34,307,891 | \$ 29,122,693 | \$ 34,185,098 |
| Coverage | | | | |
| Fixed obligation charge coverage ratio | 2.52x | 1.79x | 2.35x | 2.00x |

(1) Fixed obligation charges include debt-like obligations either related to the ownership of resource assets or off-balance-sheet financings. Platte River considers 30% of amounts due for energy under hydropower, solar and wind power purchase agreements and amounts due under pooled financing arrangements to be fixed obligation charges for this purpose.

Budget process

Platte River is a political subdivision of the state of Colorado and is subject to the Local Government Budget Law, C.R.S § 29-1-101, *et seq.* Platte River is not subject to Colorado's Taxpayer's Bill of Rights provisions because it operates as a proprietary fund. Colorado law and Platte River financial policy require an annual budget that is balanced, in that it has sufficient projected revenues and available resources to equal anticipated expenditures. Throughout the budget development process, anticipated revenues and expenditures are monitored to ensure the budget is balanced.

The statutory deadline for submission of Platte River's annual budget to its board of directors is Oct. 15 of each year. By that date, a notice is published in newspapers of general circulation stating that the annual budget is available for inspection by the public. The date and time for the public hearing is also published. The budget document can be found on Platte River's website at <https://www.prpa.org/financial-information> and at Platte River's headquarters at 2000 East Horsetooth Road, Fort Collins, Colorado.

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

Owner communities load forecast

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

Production cost model

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

Personnel budget

The salaries budget is developed in accordance with the board policy on employee total compensation. A market adjustment is typically included in regular wages based

on data from a variety of published sources, both regional general industry and from other utilities. Position step increases, where applicable, are also included in the budget. New positions are requested by department managers who submit a position description and justification. The senior leadership team reviews the requests and decides the positions for the upcoming year based on the greatest need and value to Platte River. As positions become vacant, they are evaluated to determine if replacement is required or if the position can be allocated to another area. All incremental headcount is approved by the board of directors through the budget process. Overtime and capital labor are budgeted by the individual departments as a component of total salaries. The remaining operating salaries are allocated to the functional accounts based on recent historical data. Medical and dental expenses are based on a mid-year projection provided by Alliant Employee Benefits using historical claims and industry cost projections. All projected benefit costs are applied to the budgeted labor charges.

Departmental budgets

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

Craig units 1 and 2 budget

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

Joint transmission

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

Billable projects

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

Capital budget

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

Budget contingency

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

| Year | Contingency appropriation budget (\$000) ⁽¹⁾ | Appropriated amount (\$000) | % | Purpose of transfer |
|------|---|-----------------------------|-----|---|
| 2011 | \$20,000 | \$5,407 | 27% | Cost overruns for the 230 kV transmission capital projects. |
| 2012 | \$20,000 | - | - | |
| 2013 | \$20,000 | - | - | |
| 2014 | \$20,000 | - | - | |
| 2015 | \$20,000 | \$6,640 | 33% | Additional expenditures for several capital projects including the Craig Unit 2 nitrogen oxide removal, the fiber route to Estes Park, and the control room for the digital control system, as well as ancillary services related to additional wind generation. |
| 2016 | \$20,000 | \$1,200 | 6% | Additional expenditures for the initial progress payments for the generator rotor replacement project and the generator stator rewind project completed during the 2018 planned maintenance outage. |
| 2017 | \$20,000 | \$1,100 | 6% | Additional expenditures for the initial progress payments for the bottom ash and reclaim pond project completed during the 2018 planned maintenance outage. |
| 2018 | \$23,000 | - | - | |
| 2019 | \$23,000 | \$1,779 | 8% | Additional expenditures for several capital projects including the Energy Engagement Center, Rawhide variable frequency drive, circuit switcher addition and breaker replacements at Harmony Substation, air compliance database software and vehicle fleet replacements. |
| 2020 | \$26,000 | - ⁽²⁾ | - | |

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

(2) A contingency transfer for capital projects is planned to be requested at the December 2020 board of directors meeting.

Management review

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

Budget document

The strategic budget document is a comprehensive document used by Platte River's management as a planning tool and a means of communicating to the board of directors and the public. The budget document is prepared in compliance with the

Local Government Budget Law of Colorado and is submitted to the state no later than 30 days following the beginning of the fiscal year of the adopted budget. The budget document must show: all proposed expenditures as well as all sources of anticipated income; estimated beginning and ending fund balances; the corresponding actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year; a written budget message; and explanatory schedules or statements. Certain budget figures for the current fiscal year may be reclassified for consistency with the upcoming budget year presentation. These reclassifications have no impact on budgeted amounts and results.

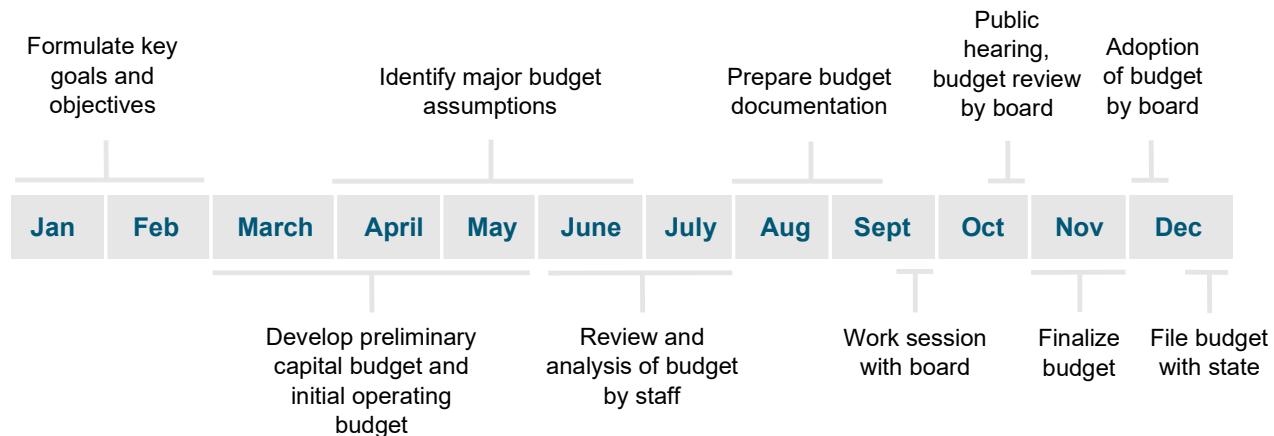
Board review and adoption

The proposed budget is distributed to the board of directors in September and a budget work session is scheduled at the September board meeting. Legal notices are published in the four owner communities' newspapers stating: the budget has been delivered to the board of directors; it is available for public inspection; the date and time of a public hearing which is scheduled at the October board meeting; and that the adoption of the proposed budget will be considered at the December board meeting. Revisions to the budget during the board of directors work session or other revisions arising from unanticipated changes are reviewed with the board of directors at the October board meeting. Final adjustments to the proposed budget may be made before board adoption on Dec. 10, 2020.

Budget amendments

In the event that total revenues or total expenditures deviate from an adopted budget, after considering any resolution for contingency use, a budget amendment may be necessary. Under Colorado law, budget amendments must follow the same annual budget process regarding board meeting notice and public hearing and board adoption.

Budget schedule



Financial governance

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

Fiscal resolution

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

Strategic financial plan

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

Rate requirements and practices

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

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

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

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

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

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

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

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

Additional information about rates is available on Platte River's website at <https://www.prpa.org/rates-information/>.

Financial metrics

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

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

The fixed obligation charge coverage ratio incorporates debt-like obligations either related to the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. Consistent with credit rating agency methodology, Platte River considers 30% of energy purchased under hydropower, solar and wind power purchase agreements to be fixed obligation charges for this purpose.

Integrated resource plan

Critical to the budgeting and rate projection process, an IRP establishes a short-term action plan and long-term resource acquisition trajectory for meeting future electric load. Plans are modeled using a combination of supply-side generation resources and distributed energy resources. Platte River's IRP uses sophisticated modeling of Platte River's unique resources, available technologies and specific constraints, all studied by industry experts using best industry practices to develop supply portfolio options covering a 20-year planning period. The resource portfolio costs include capital, operational, fuel and environmental costs. Community engagement is a significant element within the IRP development process, and Platte River engages with the owner communities on multiple levels to gain public input from as many retail customers as possible on the proposed long-term supply portfolios.

Decisions to invest in and maintain generating resources are significant and complex, with long-range financial and environmental implications that vary widely depending on the resource mix within the selected portfolio. As such, the results of an IRP can have significant impacts on rate requirements as selected resources are factored into rate projections. An IRP is required every five years, with the most recent being submitted in 2020 and covering the planning period from 2020 to 2040.

Additional information about the IRP is available on Platte River's website at <https://www.prpa.org/irp>.

Financial projections and cost of service

Platte River's financial model is designed to provide projections coinciding with resource planning models and the IRP. While the planning horizon typically extends 10 years, functionality exists to evaluate scenarios out 25 years. Key metrics typically identified and reported by the financial model include average rate projections (including annual rate increases) and the SFP metrics. By utilizing the financial model, Platte River obtains forward-looking insight into the impact of IRP portfolios and the possible need to adjust long-term financial plans including debt financing and rate adjustments to ensure objectives of the SFP are met.

The cost of service model determines specific rates charged for the upcoming year's budget. It incorporates budgeted expenses by FERC functional area and determines which specific rate(s) should be used for cost recovery of each expense. The cost of service model is a tool to ensure unbundled transmission and generation rates, including noncarbon pricing, are transparent and aligned with underlying cost structures, leading to system benefits.

Rate stabilization account

Under the general power bond resolution, Platte River has established a rate stabilization reserve account. Deposits to this account are a reduction to current net revenues for purposes of computing bond service coverage. Future withdrawals will increase net revenues for purposes of computing bond service coverage and could

assist Platte River, at such time, in meeting its wholesale rate covenant. Withdrawals from the reserve account have not occurred to meet bond service coverage in Platte River's history and the current rate stabilization reserve account is a balance sheet item of \$21 million. Risk analysis is performed annually to determine the appropriate level to maintain in the account.

Power supply agreements

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

General power bond resolution

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

Bond service coverage

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

Use of restricted and unrestricted resources

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

Investments

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

Risk management

Platte River is committed to enterprise risk management, the process to identify potential events that may affect the ability to meet strategic objectives and manage identified risks appropriately. The risk oversight committee, consisting of the general manager/CEO and the senior leadership team, monitor the risk environment and provide direction for the activities to eliminate, mitigate or transfer, to an acceptable level, the risks that may adversely affect Platte River's ability to achieve its goals. Additionally, the risk oversight committee supports organization-wide efforts to identify, monitor, evaluate, and report risks and risk mitigation strategies. The cornerstone of Platte River's enterprise risk management is the annual risk assessment process; proactively identifying, analyzing and ranking risks to provide the risk oversight committee an annually updated perspective on risks facing Platte River. The enterprise risk management program is continually evolving to incorporate best industry practices.

Platte River maintains several different types of insurance including auto liability, commercial crime, cyber liability, directors and officer's liability, fiduciary liability, excess liability, medical professional, property, employee health and workers' compensation. The aggregate property casualty limits are \$200 million. Platte River self-insures the first \$1 million of general liability exposure with an excess liability policy of \$35 million per occurrence and \$70 million aggregate. Platte River carries directors and officer's liability insurance of \$10 million and the cyber liability limit is \$50 million. A stop loss insurance policy covers medical claims in excess of \$175,000 per participant, limiting Platte River's exposure to significant claims in any given year; however, exceptions can and may be applied by the insurance carrier.

Basis of accounting

Platte River accounts for its financial operations as a proprietary fund and uses the modified accrual basis of accounting for budgetary reporting purposes. Under the modified accrual basis of accounting, certain non-cash items such as depreciation expense for fixed assets, amortization for asset retirement obligations, accrued compensated absences, amortization of bond financing costs and unrealized gains or losses are excluded from budget appropriation. Debt principal is included in the budget under the modified accrual basis of accounting. For financial statement reporting purposes, Platte River uses the full accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Platte River's accounts are maintained in accordance with the Uniform System of Accounts as prescribed by FERC.

As a board-regulated entity, Platte River is subject to the provisions of Governmental Accounting Standards Board Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Regulated Operations, paragraphs 476–500, which requires the effects of the rate making process to be recorded in the financial statements. Accordingly, certain expenses and revenues normally reflected in the statements of

revenues, expenses and changes in net position as incurred are recognized when they are included in Platte River's wholesale rates. Platte River has board approved accounting policies for specific activities following this standard.

Operating revenues and expenses

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

Capital

Capital additions include expenditures of \$5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years.

Expenditures less than \$5,000 are reflected within the operations and maintenance expense budget. The Craig units 1 and 2 capital budget was prepared by the operating agent, Tri-State, and has been approved by the engineering and operating committee of which Platte River is a member. Depreciation is recorded using the straight-line method over the estimated useful lives of the various classes of plant in service. For budgetary reporting, capital additions also include appropriations for asset retirement obligations, discussed further in this section.

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

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

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

Asset retirement obligations

Asset retirement obligations originate when a legally enforceable liability associated with the retirement of a tangible capital asset exists and is reasonably estimable. Following Platte River's adoption of Governmental Accounting Standards Board Statement No. 83, Certain Asset Retirement Obligations, effective for the period ending Dec. 31, 2019, asset retirement obligations are appropriated for budgetary purposes on a cash basis method aligned with when liabilities are anticipated to be settled as retirement activities commence. For financial reporting purposes, the expense of the liabilities is recognized in the period during which the underlying capital asset is being used. This is achieved by recording a deferred outflow of resources equal to the liability which is subsequently recognized as amortization expense during the pre-retirement period. The liability and associated deferred outflow of resources are evaluated annually for inflationary adjustment and changes in estimated costs and adjusted when necessary. Prior to the adoption of this statement, identified asset retirement obligations were appropriated through operations and maintenance expense with no differences in budgetary and financial reporting.

Below is a table that summarizes anticipated asset retirement obligations for financial reporting purposes at the end of 2020, including when amortization is expected to be recognized. Budget appropriation will occur after the amortization period as retirement activities begin.

| Asset retirement obligations | Unamortized deferred outflow of resources as of Dec. 31, 2020 | | | 2021 amortization | Amortization period end date |
|--|---|---------------|--|-------------------|------------------------------|
| | Liability as of Dec. 31, 2020 | | | | |
| Rawhide Unit 1 impoundments | \$ 6,689,912 | \$ 5,060,555 | | \$ 573,332 | 2029 |
| Rawhide Energy Station decommissioning | 15,554,627 | 14,396,509 | | 411,324 | 2055 |
| Craig Energy Station impoundments | 4,417,410 | 3,810,057 | | 491,616 | 2028 |
| Trapper Mine post-mining reclamation | 3,021,753 | - | | - | 2020 ⁽¹⁾ |
| Total asset retirement obligations | \$ 29,683,702 | \$ 23,267,121 | | \$ 1,476,272 | |

(1) The current plan goes through 2020, which is the current length of the contract. With a new contract expected, liability amount and timeframe will change.

Acronyms and terms

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| 2020 estimate | Current estimate of revenues and expenditures to reflect actual revenues and expenditures (January through October) and budget revenues and expenditures (November and December). Some modifications were made to reflect more accurate projections. |
| A&G | Administrative and general. |
| Accrual | An expense is recognized when incurred, before cash is paid out. |
| Amortization | Gradual reduction of book value for a non-depreciable asset. |
| Balanced budget | A budget that has sufficient projected revenues and available resources to equal anticipated expenditures. |
| Bond service | See debt service. |
| Bond service coverage | Net revenues divided by debt service. |
| CAISO | California Independent System Operator – operator and administrator of the WEIM. |
| Capacity factor | The ratio of the average load on a generator for a given period of time to the capacity rating of the generator. |
| Capital and debt management fund | A dedicated fund authorized by Platte River's SFP to be used in managing debt and to provide reserves for future capital additions. |
| Capital expenditure | Expenditures of \$5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years. |
| Contingency | An appropriation of funds to cover unforeseen expenditures which may occur during the budget year. |
| COVID-19 | COVID-19 is an illness caused by a novel coronavirus initially identified on Jan. 7, 2020 and later characterized as a pandemic by the World Health Organization on March 11, 2020, followed by a declaration as a national emergency on March 13, 2020. |
| CRSP | Colorado River Storage Project – division of Western Area Power Administration. |
| CT | Combustion turbine. |
| Debt ratio | Long-term debt, net divided by total electric utility plant plus net working capital, as defined in the general power revenue resolution. |
| Debt service | Bond interest and principal. Also referred to as bond service. |

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| Depreciation | The portion of the cost of a fixed asset expensed to operations to allow for lost usefulness. |
| EEC | Energy Engagement Center. |
| Enterprise resource planning (ERP) | Enterprise resource planning is the integrated management of main business processes, often in real-time and mediated by software and technology. Many ERP software applications exist to help organizations implement resource planning by integrating all of the processes needed to run an organization with a single system. |
| FERC | Federal Energy Regulatory Commission. |
| Fiscal resolution | A resolution that governs the financial transactions of Platte River. |
| Fixed asset | See capital expenditure. |
| Fixed obligation charge coverage ratio | The fixed obligation charge coverage ratio (FOCCR) is a measurement of cash flows and the ability to repay annual debt service costs from recurring revenues net of recurring expenses excluding one-time revenues or extraordinary charges. FOCCR also incorporates debt-like obligations either related to the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. A minimum 1.50 times FOCCR provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio requirement, partially fund future capital additions and maintain favorable credit ratings. |
| General power bond resolution | A resolution for providing the issuance of power revenue bonds. |
| GW | Gigawatt, one thousand megawatts; one million kilowatts. |
| GWh | One gigawatt of power delivered steadily for one hour. |
| HVAC | Heating, ventilation and air conditioning. |
| IRP | Integrated resource plan. |
| kW | Kilowatt; one thousand watts. |
| kW-Mo | The maximum kW reached during a calendar month used for billing demand. |
| kWh | One kilowatt of power delivered steadily for one hour. |
| kV | Kilovolt; one thousand volts. |
| LAP | Loveland Area Projects – division of the Western Area Power Administration. |

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| MBtu | One million Btu. A Btu is a British thermal unit and is the standard unit for measuring quantity of heat energy and represents the amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit. |
| MW | Megawatt; one thousand kilowatts. |
| MWh | One megawatt of power delivered steadily for one hour. |
| NERC | North American Electric Reliability Corporation. |
| Net income | Revenues less operating costs, depreciation, amortization and interest expense. |
| Net position | Difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources. |
| Net revenue | Total revenues less operation and maintenance expenses during a period. |
| NFPA | National Fire Protection Association. |
| O&M | Operations and maintenance. |
| Owner communities | Estes Park, Fort Collins, Longmont and Loveland. The four owner communities of Platte River. |
| Projected | Estimate of revenues and expenditures based on past trends, current economic conditions and future financial forecasts. |
| Rate stabilization fund | An account provided for by Platte River's general power bond resolution and funded or utilized in accordance with Platte River's strategic financial plan. |
| Restricted assets | Cash and investment accounts restricted to use by bond covenants or laws and regulations. |
| Sales for resale – long-term | Sales of energy set forth by a contract with duration greater than one year. |
| Sales for resale – short-term | Sales of electric energy for a period of one year or less. |
| SCADA | Supervisory control and data acquisition. |
| SDA | Spray dry absorber. |
| SFP | Strategic financial plan. |
| SONET | Synchronous optical network. |
| VFD | Variable frequency drives. |

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| WAPA | Western Area Power Administration. |
| WECC | Western Electricity Coordinating Council. |
| WEIM | Western Energy Imbalance Market – operated by CAISO. |
| Wheeling | Use of transmission facilities of other utilities. |



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

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