Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, April 29, 2021, 9 a.m.

Call to order

1. Consent agenda *Motion to approve*
    a. Minutes of the regular meeting of March 25, 2021

Public comment

Board action items

2. 2020 BKD audit report *Motion to approve*
3. Acceptance of 2020 annual report *Motion to accept*

Management presentations

4. Strategic planning and potential goals
5. Resource planning software

Management reports

6. Water Resources Reference document
7. Wholesale rate projections
8. Board meeting governance document

Monthly informational reports

9. Legal, environmental and compliance report
10. March 2021 operating report
11. March 2021 financial report
12. March general management report

Strategic discussions

Adjournment

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2021 board meeting planning calendar

Updated April 12, 2021

May 27, 2021

Retirement committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
Revision to wholesale transmission service (Tariff WT-21)	Wholesale rate projections	DER strategy committee update	Legal, environmental and compliance report
External audit firm selection	Wholesale transmission tariff	WEIM/JDA update	April 2021 operating report
	Synopsis of state legislation of interest		April 2021 financial report
			General management report

June 20-23, 2021

APPA National Conference (Orlando, FL) or virtual event July 13-14, 2021

July 29, 2021

Board action items	Management presentations	Management reports	Monthly informational reports
Retirement committee report	DER strategy committee update	GM/GC annual review policy	Legal, environmental and compliance report
		Clean energy plan	May and June 2021 operating report – mid-year review
			May and June 2021 financial report – mid-year review
			General management report

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Aug. 26, 2021

Retirement committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
	GM/GC annual review policy		Legal, environmental and compliance report
	Wholesale rate projections update and 2022 rate tariff charges		July 2021 operating report
	Clean energy plan		July 2021 financial report
			General management report

Sept. 30, 2021

Board action items	Management presentations	Management reports	Monthly informational reports
Retirement committee report	2022 proposed strategic budget work session	DER strategy committee update	Legal, environmental and compliance report
Clean energy plan	2022 rate tariff schedules		August 2021 operating report
			August 2021 financial report
			General management report

Oct. 28, 2021

Board action items	Management presentations	Management reports	Monthly informational reports
2021 BKD audit plan	2022 proposed strategic budget update – public hearing		Legal, environmental and compliance report
2022 rate tariff schedules	DER strategy committee update		September 2021 operating report
			September 2021 financial report
			General management report

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November 2021

Retirement committee meeting

No board of directors meeting

Dec. 9, 2021

Board action items	Management presentations	Management reports	Monthly informational reports
Retirement committee report		Benefits update	Legal, environmental and compliance report
2022 strategic budget review and adoption			October 2021 operating report (November 2021 report, if available)
2021 board contingency appropriation transfer (if required)			October 2021 financial report (November 2021, if available)
2022 proposed board of directors regular meeting schedule			General management report

Topics to be scheduled:

- Windy Gap Firming Project update – provided by Northern Water
    - Chimney Hollow Reservoir tour
- Staffing update
- IGA between Longmont and Platte River for CIS, technical support services, etc.
- IGA between Fort Collins and Platte River for CIS
- Human Resources Information System (HRIS) implementation
- Clean Energy Plan

This calendar is for planning purposes only and may change at management's discretion.

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2021 board of directors

Owner communities	Term expiration
Town of Estes Park P.O. Box 1200, Estes Park, Colorado 80517	
Mayor Wendy Koenig	April 2024
Reuben Bergsten	December 2024
City of Fort Collins P.O. Box 580, Fort Collins, Colorado 80522	
Mayor Wade Troxell—Chair, Board of Directors	April 2021
Ross Cunniff	April 2021
City of Longmont 350 Kimbark Street, Longmont, Colorado 80501	
Mayor Brian Bagley	November 2021
David Hornbacher—Vice Chair, Board of Directors	December 2022
City of Loveland 500 East Third Street, Suite 330, Loveland, Colorado 80537	
Mayor Jacki Marsh	November 2021
Joseph Bernosky	December 2021

Platte River Power Authority

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Our vision

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

Our mission

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

Our values

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

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

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

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

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

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

Innovation

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

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Memorandum

Date: 4/21/2021

To: Board of directors

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

Subject: **Consent agenda – April**

Staff is requesting approval of the following item on the consent agenda. A supporting document is included for the item. Approval of the consent agenda will approve this item unless a board member removes the item from consent for further discussion.

a) Minutes of the regular meeting of March 25, 2021

Attachment

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Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, March 25, 2021

Attendance

Board members via Zoom Webinar
Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Wade Troxell[1] and Ross Cunniff
Representing Longmont: David Hornbacher and Mayor Brian Bagley[2]
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Platte River staff via Zoom Webinar
Jason Frisbie (general manager/CEO)
Sarah Leonard (general counsel)
Dave Smalley (chief financial officer and deputy general manager)
Alyssa Clemsen Roberts (chief strategy officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance and IT)
Libby Clark (director of human resources and safety)
Paul Davis (energy solutions manager)

Guests via Zoom Webinar
none

Call to order

Chair Troxell called the meeting to order at 9:01 a.m. A quorum of board members was present via roll call, with Chair Troxell present in person while all others attending virtually. The meeting, having been duly convened, proceeded with the business on the agenda. Chair Troxell announced that the Platte River staff continues to keep the board, staff and public safe by hosting a virtual meeting following CDC guidelines.

Action items

1. **Consent agenda**
    a. Approval of the regular meeting minutes of Feb. 25, 2021

Director Koenig moved to approve the consent agenda as presented. Director Bernosky seconded. The motion carried 7-0 via roll call vote.

[1] Attended in person.
[2] Joined via phone at 9:08 a.m.

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Public comment

Chair Troxell opened the public comment section by reading instructions noting that time to accommodate each speaker will be divided equitably by the number of callers wishing to speak at the start of public comment. No members of the public addressed the board.

Committee report

2. Retirement committee report (presenter: Committee Chair Joe Bernosky)

Committee Chair Joe Bernosky provided the retirement committee report from the meeting held on Feb. 25, 2021. He summarized the plan's performance for 2020 provided by the plan's investment consultant, Northern Trust. Assets increased by $6.4 million resulting from a portfolio return of 6.6%, which was well below the custom index return of 14.4%. The plan's underperformance is the result of the portfolio's exposure to high quality, low volatility equities. Northern Trust provided an educational session on global real estate and why the asset class is included in the plan's portfolio. The committee conducted its annual review of the investment consultant and agreed the consultant is meeting expectations.

The retirement committee report was for informational purposes only and no board action was required. The next committee meeting is scheduled for May 27, 2021.

Board action items

3. Executive session – personnel matters

Chair Troxell noted the next item on the agenda is the annual performance review of the general manager and the general counsel. Separately board members received the review materials and compensation information pertinent to each position. Director Hornbacher moved that the board of directors go into executive session for the purposes of considering personnel matters related to the annual review of the performance and compensation of the general manager and the general counsel.

The general counsel advised that an executive session is authorized in this instance by Colorado Revised Statutes, Section 24-6-402(4)(f)(I); provided that no formal action will be taken during the executive session.

Director Marsh seconded, and the motion carried 8-0 via roll call vote.

10-minute break at 11:00 a.m.

4. Reconvene regular session

The chair reconvened the regular session and asked if there was further discussion or action as a result of the executive session.

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Directors discussed the performance of Sarah Leonard, general counsel, in 2020. Director Bagley moved to give Ms. Leonard a one-time cash bonus of $25,200. Director Bergsten seconded. The motion carried 8-0 via roll call vote.

Directors discussed the performance of Jason Frisbie, general manager, in 2020. Director Bernosky moved to change Mr. Frisbie's compensation to 1.2 of the pay range paid retroactively from Jan. 1, 2021, along with a one-time cash bonus of $15,000. Director Bagley seconded. The motion carried 8-0 via roll call vote.

5. Election of chair/vice chair

Chair Troxell noted that the March board meeting may be his last meeting due to Fort Collins elections in April and suggested that the newly elected chair would take over at the end of the April meeting. If the election process goes accordingly and he would no longer be mayor, he will resign as chair, allowing the vice chair to conduct the meeting. Chair Troxell opened the floor for nominations.

Director Bagley nominated Director Hornbacher for chair effective at the conclusion of the April board meeting. Director Bernosky seconded the nomination. Director Marsh noted the historical rotation of chair and vice chair for owner community representation. No further nominations were received. Director Hornbacher accepted the chair nomination.

Director Bagley moved to approve Resolution 03-21; election of board chair David Hornbacher as presented. Director Bergsten seconded. The motion carried 8-0 via roll call vote.

Chair Troxell opened the floor for vice chair nominations. Director Bergsten nominated Director Koenig for vice chair effective at the conclusion of the April board meeting. Director Hornbacher seconded. No further nominations were received.

Director Bergsten moved to approve Resolution 04-21; election of board vice chair Wendy Koenig as presented. Director Hornbacher seconded. Discussion ensued among directors and staff about the rotation of chair/vice chair representation from each owner community. The motion carried 7-1 via roll call vote.

Mr. Frisbie suggested a modification to the agenda to postpone agenda item number 7, Strategic planning and goals, to the April board meeting.

Director Cunniff asked for an update on the goals discussion. Mr. Frisbie asked to address his question during the general management report agenda item.

Management presentations

6. DER strategy committee update (presenter: David Hornbacher)

Committee co-chair David Hornbacher provided an update for the distributed energy resources (DER) strategy stakeholder process and next steps for the committee.

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Chair Troxell commented on what is happening organically within the owner communities with distributed energy and the move towards integrating the system as a whole as well as addressing uncertainties such as tariff structures and commercial/industrial customers wanting to provide energy. Discussion ensued among directors and staff regarding the DER strategy committee and systems integration, the critical nature of the need and costs for systems integration and distributed energy resource management.

7. Strategic planning and goals

Postponed until the April board meeting.

Management reports

8. COVID-19 update (presenter: Libby Clark)

Libby Clark, director of human services and safety, summarized efforts being taken to keep staff safe throughout the COVID-19 pandemic. The board had no questions.

Monthly informational reports

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

Sarah Leonard, general counsel, noted no highlights. The board had no questions.

10. February operating report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the peak demand for the month of February due to the extreme weather during the Valentine's Day weekend. Baseload generation performed well for the month, wind generation was below budget because of icing on the wind turbine blades, Rawhide Prairie Flats solar panel and structure repairs were completed. Surplus sales and purchases were above budget during the Valentine's Day weekend. He noted that the dispatch cost was 1% under budget, a huge testament to operations staffs' commitment to operational excellence. The board had no questions.

11. February financial report (presenter: Dave Smalley)

Mr. Smalley noted a strong financial month driven by above-budget surplus and municipal sales, total revenues above budget and operating costs close to budget. The board had no questions.

12. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted a few items including Platte River winning an award for the 2020 strategic budget, fuels and water update (noting the snowpack and water availability after the recent snow storm), the Windy Gap Firming project status and receiving formal approval of the 2020 Integrated Resource Plan (IRP) from the Western Area Power Association. Mr. Frisbie

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addressed Director Cunniff's request for a goals discussion update and asked Alyssa Clemsen Roberts, chief strategy officer, to discuss the areas of focus for the next strategic planning process. Mr. Frisbie added that the board will take a deeper dive in areas of joint dispatch, DER, Western Energy Imbalance Market, timing of resources in the 2020 IRP portfolio 2, entering into a full energy market, joint utility projects and how staff will track progress on the various aspects.

Director Marsh asked staff to provide a presentation on hydrogen and hydrogen fuel cells. Chair Troxell clarified the request asking if she wants information for hydrogen as a carrier fuel and hydrogen fuel cell as advancing technology. Director Marsh confirmed her request. Director Cunniff thanked the staff for outlining the future process to engage the new board members and goal achievements.

Roundtable and strategic discussion topics

Director Cunniff noted that this may be Chair Troxell's last meeting and thanked him for the time and commitment put forth on the board. Chair Troxell commented on enjoying his service to the community and on the Platte River board. The board commended Chair Troxell for his service to Platte River Power Authority.

Adjournment

With no further business, the meeting adjourned at 12:43 p.m. The next regular board meeting is scheduled for Thursday, April 29, 2021 at 9:00 a.m. either virtually or at the Platte River Power Authority, 2000 E. Horsetooth Road, Fort Collins, Colorado.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this _____ day of_____, 2021.

_____
Secretary

Platte River Power Authority

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Memorandum

Date: 4/21/2021

To: Board of Directors

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

Subject: **2020 BKD audit report**

At the April board meeting, Jodie Cates and Anna Thigpen from BKD will present the results of their audit of the 2020 financial statements and answer any questions the board may have. A motion regarding acceptance of the audit will be requested at the meeting. Tammy Rivera, BKD's new managing partner, will also attend (by video conference) to introduce herself to Platte River and the board.

Attached are copies of the BKD post-audit letter, management representation letter and 2020 audit report.

Attachments

BKD
CPAs & Advisors

1801 California Street, Suite 2900 | Denver, CO 80202-2606
303.861.4545 | Fax 303.832.5705 | bkd.com

Board of Directors and Management
Platte River Power Authority
Fort Collins, Colorado

As part of our audit of the financial statements of Platte River Power Authority (Platte River or the Authority) as of and for the year ended December 31, 2020, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

Platte River's significant accounting policies are described in Note 3 of the audited financial statements. With respect to unusual accounting policies or accounting methods used by Platte River for unusual transactions, we call your attention to the following topics:

- Platte River follows 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, to record certain of its transactions impacted by the rate-making process

Alternative Accounting Treatments

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Accrued maintenance outage costs
- Accrual for incurred but not reported medical claims
- Depreciable lives of plant and equipment in service
- Actuarially determined pension amounts
- Net pension liability and related pension items
- Accrued closure and post closure costs
- Valuation of investments
- Asset retirement obligations

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Determination of fair values

- Net pension liability and related GASB 67 disclosures
- Risks, uncertainties and contingencies

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Proposed Audit Adjustments Recorded

- No matters are reportable

Proposed Audit Adjustments Not Recorded

- No matters are reportable

Auditor's Judgments About the Quality of Platte River's Accounting Principles

During the course of the audit, we made the following observations regarding Platte River's application of accounting principles:

- No matters are reportable

Other Information in Documents Containing Audited Financial Statements

The audited financial statements are included in Platte River's annual report and bond offerings. As part of our procedures, we will read the entire document to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

Consultation with Other Accountants

During our audit we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- No matters are reportable

Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements;* Regulated Operations, paragraphs 476-500
  - Capital asset accounting policy changes
  - Windy Gap Firming Project accounting policy
- Asset retirement obligations

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We orally communicated to management other matters identified during our audit that are not considered material weaknesses or significant deficiencies or included below

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Future Accounting Pronouncements

GASB Statement No. 87, *Leases (GASB 87)*

In response to the challenges arising from COVID-19, on May 7, 2020 GASB approved Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. All statements and implementation guides with a current effective date of reporting periods beginning after June 15, 2018, and later have a one-year postponement.

GASB Statement 87, *Leases* is effective for the Authority for the year ending December 31, 2022. This change is effective immediately. Early application is still encouraged.

* * * * *

This communication is intended solely for the information and use of the Board of Directors and Management and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

April 2, 2021

Platte River Power Authority
2000 East Horsetooth Road
Fort Collins, Colorado 80525-5721

BKD, LLP
Certified Public Accountants
1801 California Street, Suite 2900
Denver, Colorado 80202

The undersigned ("We") are providing this letter in connection with BKD's audit of our financial statement as of and for the years ended December 31, 2020 and 2019.

Our representations are current and effective as of the date of BKD's report: April 2, 2021.

Our engagement with BKD is based on our contract for services dated: October 9, 2020.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to BKD's report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Confirmation of Matters Specific to the Subject Matter of BKD's Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:

    a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

    b. Internal control to prevent and detect fraud.

3. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.

    e. All significant contracts.

4. All transactions have been recorded in the accounting records and are reflected in the financial statements.

5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:

    a. Misappropriation of assets.

    b. Misrepresented or misstated assets, liabilities or net position.

6. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:

    a. Management or employees who have significant roles in internal control, or

    b. Others, where activities of others could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.

8. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

10. Except as reflected in the financial statements, there are no:

    a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

    b. Material transactions omitted or improperly recorded in the financial records.

    c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    d. Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.

    e. Agreements to purchase assets previously sold.

    f. Restrictions on cash balances or compensating balance agreements.

    g. Guarantees, whether written or oral, under which the entity is contingently liable.

11. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

12. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

13. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

14. Adequate provisions and allowances have been accrued for any material losses from:

    a. Uncollectible receivables.

    b. Reducing obsolete or excess inventories to estimated net realizable value.

    c. Sales commitments, including those unable to be fulfilled.

    d. Purchase commitments in excess of normal requirements or above prevailing market prices.

15. Except as disclosed in the financial statements, the entity has:

    a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.

    b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

16. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

17. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

18. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

19. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

20. With regard to deposit and investment activities:

    a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.

    b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

    c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

21. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, and pension information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

22. The participants' data that we provided the Plan's actuary for the purposes of determining the actuarial present value of the accumulated Plan benefits and other actuarially determined amounts in the financial statements were complete.

23. We agree with the actuarial methods and assumptions that the actuary used for funding purposes and determining accumulated Plan benefits and know of nothing that would make such methods or assumptions inappropriate in the circumstances.

24. Except as disclosed in the financial statements, the actuarial methods or assumptions used in calculation amounts recorded or disclosed in the financial statements have not been changed since the previous year.

25. We have reviewed long-lived assets whenever events or changes in circumstances have indicated that the carrying amount of such assets might not be recoverable and have appropriately recorded the adjustment.

26. We have assessed the applicability of other post-employment benefits in conjunction with our actuaries and have determined the impact to be immaterial.

27. We have evaluated and have disclosed to you any asset retirement obligations as required.

28. With regard to supplementary information:

    a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

    b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

    c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period].

    d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate

    e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.

29. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments that could negatively impact the entity's ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, inventory, and other assets; reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans.

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Platte River Power Authority

Independent Auditor's Report and Financial Statements

Dec. 31, 2020 and 2019

Platte River Power Authority

Financial statements

Years ended Dec. 31, 2020 and 2019

Contents

Financial statements

BKD
CPAs & Advisors

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Independent Auditor's Report

Board of Directors
Platte River Power Authority
Fort Collins, Colorado

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Platte River Power Authority (Platte River), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Platte River's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors
Platte River Power Authority

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of Platte River as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Platte River's basic financial statements. The Other Information (Budgetary Comparison Schedule) as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Information (Budgetary Comparison Schedule) has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Denver, Colorado
April 2, 2021

Platte River Power Authority

Management's discussion and analysis *(unaudited)*

Dec. 31, 2020 and 2019

This discussion and analysis provides an overview of the financial performance of Platte River Power Authority for the fiscal years ended Dec. 31, 2020, and Dec. 31, 2019. The information presented should be read in conjunction with the basic financial statements, accompanying notes to the financial statements and required supplementary information.

Platte River is a Colorado political subdivision and a wholesale electricity generation and transmission provider that delivers safe, reliable, environmentally responsible and financially sustainable energy and services to its four owner communities, Estes Park, Fort Collins, Longmont and Loveland, Colorado, for delivery to their utility customers.

Platte River is proactively working towards the goal of reaching a 100% noncarbon resource mix by 2030, while maintaining Platte River's three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services. Advancements in technology and joining an energy market amongst other requirements must occur to achieve the 2030 goal and to successfully maintain Platte River's three pillars. Resource planning and opportunities will be continuously evaluated to add noncarbon resources.

Platte River's power resources include generation from coal and natural gas units, allocations of federal hydropower from Western Area Power Administration (WAPA), wind and solar purchases, joint dispatch agreement purchases, spot market purchases and a forced outage exchange agreement.

- Coal-fired generation includes Rawhide Unit 1 (280 megawatts), located 25 miles north of Fort Collins, and 18% ownership in Craig units 1 and 2 (151 megawatts combined), located in northwest Colorado. Rawhide Unit 1 is scheduled to be retired by Dec. 30, 2029. Craig units 1 and 2 are scheduled to be retired by Dec. 31, 2025 and Sept. 30, 2028, respectively.

- Gas-fired combustion turbines located at Rawhide Energy Station include five simple cycle combustion turbines, which include four GE 7EAs (65 megawatts each) and a GE 7FA (128 megawatts). The combustion turbines are used to meet peak load demand, to provide reserves during outages of the coal-fired units and to make surplus sales.

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

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

- Roundhouse Wind Energy Center (225 megawatts) in Wyoming; contract ends May 31, 2042.

- Spring Canyon Wind Energy Center Phase II and III (60 megawatts) 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 is being sold under a 10-year long-term sales contract that began in 2020. Therefore, the energy 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 megawatts) 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 sales contract. Therefore, it is not delivered to the owner communities.

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

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

  - Rawhide Flats Solar facility (30 megawatts) located at Rawhide; contract ends Dec. 14, 2041.

  - Rawhide Prairie Solar facility (22 megawatts) located at Rawhide; contract ends 20 years from the date of commercial operation which is expected to be early 2021. A battery storage system (2 megawatt-hours) is integrated with this project, which can be discharged once daily at a rate up to 1 megawatt per hour.

- The joint dispatch agreement is between Public Service Company of Colorado, Black Hills Colorado Electric, City of Colorado Springs 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 Public Service Company of Colorado, Black Hills Colorado Electric and Platte River concurrently enter the Western Energy Imbalance Market in April 2022.

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

- Capacity of approximately 3.862 megawatts and 0.445 megawatts 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.

- Platte River has a forced outage exchange agreement with Tri-State Generation and Transmission Association, Inc. (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 up to 100 megawatts of generation on a short-term basis. The agreement is in effect until March 31, 2024.

Platte River operates as a utility enterprise and follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). Platte River has implemented all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements for Platte River and the defined benefit pension plan are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. For the defined benefit pension plan, payments are recognized when due and payable in accordance with the terms of the defined benefit pension plan.

Request for information

This financial report is designed to provide a general overview of Platte River's finances, as well as the defined benefit pension plan's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to David Smalley, chief financial officer and deputy general manager, Platte River Power Authority, 2000 East Horsetooth Road, Fort Collins, Colorado 80525.

Platte River Power Authority

Management's discussion and analysis *(unaudited)*

Dec. 31, 2020 and 2019

Financial summary

Platte River reported income of $22 million in 2020, approximately $11.5 million lower than 2019. The year ended with an increase in operating revenues of $11.6 million, an increase in operating expenses of $21.2 million and an increase in nonoperating expenses, net, of $1.9 million.

2020 was an unprecedented year with the world-wide COVID-19 pandemic. Platte River responded to the pandemic by generating additional revenues from unplanned contract sales and reducing operations and maintenance expenses from what was originally budgeted, as well as delaying capital projects. Despite the pandemic, Platte River had strong financial results in 2020 and had another year of exceptional performance from the production and transmission facilities. As a result, Platte River was able to provide a one-time $1 million owner distribution to the governing body of the owner communities to assist with the COVID-19 pandemic impacts within their communities.

Condensed financial statements

The following condensed statements of net position and condensed statements of revenues, expenses and changes in net position summarize Platte River's financial position and changes in financial position for 2020, 2019 and 2018.

	Dec. 31,		
	2020	**2019**	**2018**
		(in thousands)	
Assets			
Electric utility plant	**$ 603,342**	$ 586,230	$ 563,253
Special funds and investments	**126,237**	119,445	117,135
Current and noncurrent assets	**176,960**	130,724	135,691
Total assets	**906,539**	836,399	816,079
Deferred outflows of resources	**28,052**	31,699	41,384
Liabilities			
Noncurrent liabilities	**215,882**	235,651	254,661
Current liabilities	**32,997**	33,050	40,956
Total liabilities	**248,879**	268,701	295,617
Deferred inflows of resources	**70,118**	5,795	1,787
Net position			
Net investment in capital assets	**392,499**	394,847	352,451
Restricted	**18,521**	17,872	17,784
Unrestricted	**204,574**	180,883	189,824
Total net position	**$ 615,594**	$ 593,602	$ 560,059

Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

Net position

Total net position at Dec. 31, 2020, was $615.6 million, an increase of $22 million over 2019. Total net position at Dec. 31, 2019, was $593.6 million, an increase of $33.5 million over 2018.

Electric utility plant increased $17.1 million during 2020, primarily the result of a $46.6 million increase in plant and equipment in service and a $25.9 million decrease in accumulated depreciation and amortization. Partially offsetting these net increases was a $55.4 million decrease in construction work in progress and a $0.1 million decrease in land and land rights. Platte River implemented a change in estimate to the depreciation method from the group method to the specific identification method to be applied prospectively. As a result, a board of directors approved accounting policy using GASB 62 was implemented to reclass $55.8 million of a net deferred gain on capital retirements to a regulatory credit as described in note 9. Further, another board approved accounting policy reclassed $19.8 million for Windy Gap Firming Project storage rights to a regulatory asset also described in note 9.

In 2019, electric utility plant increased $23 million from 2018, primarily the result of a $17.8 million increase in plant and equipment in service and a $16.6 million increase in construction work in progress. Partially offsetting these increases was an increase of $11.4 million in accumulated depreciation.

Special funds and investments increased $6.8 million during 2020 primarily due to an increase in funds from the additional sales of ten Windy Gap water units for $27 million.

In 2019, special funds and investments increased $2.3 million over 2018 primarily due to an increase in funds from the additional sales of two Windy Gap water units for $5.2 million.

Current and noncurrent assets increased $46.2 million during 2020 primarily due to increases in cash and investment balances as a result of the additional sales of Windy Gap water units, higher surplus sales revenues and lower capital expenditures. Accounts receivable increased as a result of higher surplus sales and outstanding balances at the end of the year. Craig Generating Station fuel inventory levels decreased due to a stockpile sale earlier in the year. In addition, regulatory assets increased primarily due to the regulatory asset for Windy Gap Firming Project storage rights as described in note 9.

In 2019, current and noncurrent assets decreased $5 million from 2018 primarily due to decreases in cash and investment balances as a result of paying expenses accrued at the end of 2018 for the Rawhide Unit 1 scheduled maintenance outage. Accounts receivable decreased as a result of lower surplus sales and outstanding balances at the end of the year. Craig Generating Station fuel inventory levels decreased due to higher generation to manage the stockpile and to meet requirements under a surplus sales contract. Partially offsetting the decreases was an increase in materials and supplies for replenishment of inventory after the Rawhide Unit 1 maintenance outage and completion of capital projects. In addition, regulatory assets increased primarily due to the expense recognition differences related to regulatory pension accounting.

Deferred outflows of resources decreased $3.6 million during 2020 primarily due an updated estimate for impoundment closure costs at Craig Generating Station (asset retirement obligation) as well as a decrease in deferred loss on debt refundings following the partial advance refunding of Series II power revenue bonds through the issuance of Taxable Series KK power revenue bonds as described in note 7.

In 2019, deferred outflows of resources decreased $9.7 million from 2018 primarily due to the deferred amortization for differences between the defined benefit pension plan's expected and actual experience and investment earnings. The deferred outflows of resources for prior years defined benefit pension plan assumption changes decreased as those expenses were fully amortized in 2019. Further, there was a decrease in the unamortized deferred loss on debt refunding.

Noncurrent liabilities decreased $19.8 million during 2020 primarily due to principal retirements of debt, an updated estimate for impoundment closure costs at the Craig Generating Station (asset retirement obligation) and a decrease in the net pension liability primarily due to higher contributions in 2020. Platte River also successfully completed a $25.2 million bond offering, Taxable Series KK, which advance refunded $23.5 million of Series II power revenue bonds as described in note 7.

In 2019, noncurrent liabilities decreased $19 million from 2018 primarily due to principal retirements of debt and a decrease in the net pension liability due to a gain in the market value of assets.

Current liabilities decreased $0.1 million during 2020 primarily due to payments for asset retirement obligations related to the closure of two ash ponds at the Rawhide Energy Station as described in note 8. Partially offsetting the decrease was increases in current maturities of long-term debt following principal retirements and the partial advance refunding of Series II power revenue bonds through the issuance of Taxable Series KK power revenue bonds (note 7) and increases in accrued liabilities and other.

In 2019, current liabilities decreased $7.9 million from 2018 primarily due to a decrease in accounts payable. The scheduled maintenance outage of Rawhide Unit 1 towards the end of 2018 resulted in an increase in the accrual of expenses in 2018 that were paid in 2019. This decrease is partially offset by the current portion of asset retirement obligations related to the planned closure in 2020 of two ash ponds at the Rawhide Energy Station as described in note 8.

Deferred inflows of resources increased $64.3 million during 2020 primarily due to the regulatory credit regarding deferred gains and losses on capital retirements as described in note 9. Additional expenses for the 2021 scheduled maintenance outage of Rawhide Unit 1 were also accrued. In addition, there was an increase in deferred pension contribution expense recognition as actual pension contributions exceeded actuarial pension expenses.

Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

In 2019, deferred inflows of resources increased $4 million over 2018 primarily due to accruing the expenses for the 2021 scheduled maintenance outage of Rawhide Unit 1. In addition, there was a decrease in pension deferrals for the amortization of differences in the defined benefit pension plan's expected and actual experience and actuarial assumptions.

Condensed statements of revenues, expenses and changes in net position

	Years ended Dec. 31,		
	2020	**2019**	**2018**
	(in thousands)		
Operating revenues	**$ 240,749**	$ 229,185	$ 224,114
Operating expenses	**216,154**	194,951	187,711
Operating income	**24,595**	34,234	34,403
Nonoperating expenses, net	**(2,603)**	(691)	(2,046)
Income before contributions	**21,992**	33,543	32,357
Contributions of assets to owner communities	**-**	-	(137)
Change in net position	**21,992**	33,543	32,220
Net position at beginning of year	**593,602**	560,059	527,839
Net position at end of year	**$ 615,594**	$ 593,602	$ 560,059

Changes in net position

Net position increased $22 million in 2020, $11.5 million lower than 2019. There was an increase in operating revenues, operating expenses and nonoperating expenses, net. Net position increased $33.5 million in 2019, $1.3 million higher than 2018. There was an increase in both operating revenues and operating expenses and a decrease in nonoperating expenses, net.

Operating revenues in 2020 increased $11.6 million over 2019.

- Sales to the owner communities decreased $1.9 million from 2019 primarily as the result of a decrease in owner communities energy deliveries of 0.9%. While there was no average wholesale rate increase, 2020 was the first year of a new unbundled and transparent wholesale rate structure.

- Surplus sales revenue (sales for resale and other) increased $13.5 million over 2019 primarily as a result of new short-term and long-term sales contracts. Wheeling revenues increased 8.1% as a result of a rate increase to the transmission tariff, additional point to point service and higher loss charges during a period of elevated energy market prices.

Platte River Power Authority

Management's discussion and analysis *(unaudited)*

Dec. 31, 2020 and 2019

Operating revenues in 2019 increased $7.1 million over 2018.

- Sales to the owner communities increased $1.6 million over 2018 primarily as the result of a 2% increase in wholesale rates partially offset by a decrease in billing demand and owner communities energy deliveries of 1.8% and 1.1%, respectively, from 2018.

- Surplus sales revenue (sales for resale and other) increased $5.5 million over 2018 primarily as a result of short-term sales at higher prices and new long-term sales contracts. Wheeling revenues increased 7.9% as a result of an increase in customer loads and a rate increase to the transmission tariff.

Operating expenses in 2020 increased $21.2 million over 2019.

- Purchased power costs increased $9.6 million over 2019. The increase is due primarily to the commercial operation of the Roundhouse Wind Energy Center and increased generation of existing wind and solar facilities. Purchases made under the joint dispatch agreement also increased purchased power and offset baseload generation.

- Fuel expense decreased $3.8 million from 2019. Fuel expense for Rawhide Unit 1 and the Craig units was $1.5 million and $4.8 million less than 2019, respectively. All coal units were run at lower capacity factors to take advantage of lower cost energy under the joint dispatch agreement. Natural gas expense was $2.5 million higher than 2019 primarily due to higher generation for surplus sales made from the combustion turbine units.

- Operations and maintenance expenses were $2.5 million more than 2019. The increase is due to a minor outage for Rawhide Unit 1 and additional personnel costs as a result of health and safety precautions as a response to the COVID-19 pandemic. Partially offsetting the increases were overall decreases in operating expenses at the Craig units and reductions of expenses in response to the COVID-19 pandemic.

- Administrative and general expenses increased $1.3 million over 2019 primarily due to increased personnel expenses partially offset by reduced expenses in response to the COVID-19 pandemic.

- Distributed energy resources expense increased $0.4 million over 2019 due to program expansion for business and consumer product offerings for energy efficiency programs. Approximately $2 million of additional program expenses were planned for 2020 but were delayed due to the COVID-19 pandemic.

- Depreciation and amortization expense increased $11.2 million over 2019 due to acceleration of expenses as a result of early retirement announcements for all three coal-fired units, project cost overruns on the closure of two ash ponds at the Rawhide Energy Station as described in note 8 and additional expense for deferred gains and losses under the board of directors approved accounting policy using GASB 62 as described in note 9.

Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

Operating expenses in 2019 increased $7.3 million from 2018.

- Purchased power costs for 2019 decreased $2.7 million compared to 2018. The primary reason was in 2018 additional purchases were required for the extension of the Rawhide Unit 1 scheduled maintenance outage.

- Fuel expense increased $3.1 million over 2018. Fuel expense for Rawhide Unit 1 and the Craig units was $3 million and $0.4 million above 2018, respectively. The increase in Rawhide Unit 1's fuel expenses was a result of higher generation, as a nine-week scheduled maintenance outage occurred in 2018. The Craig units' generation was higher to manage coal inventory and to meet requirements of the long-term sales contract. Natural gas expense was $0.3 million lower than 2018 primarily due to lower natural gas prices as generation was higher as a result of load requirements and surplus sales made from the combustion turbine units.

- Operations and maintenance expenses were $5.2 million more than 2018. The increase is due to the Craig units scheduled maintenance outages in 2019. Rawhide Unit 1 also returned to normal operations in 2019 after the 2018 maintenance outage, for which the outage expenses were lower than anticipated.

- Administrative and general expenses increased $2 million over 2018 primarily due to increased technology expenses, resource planning consulting services and personnel expenses.

- Distributed energy resources expense increased $1.3 million over 2018 due to program expansion for business and consumer product offerings for energy efficiency programs.

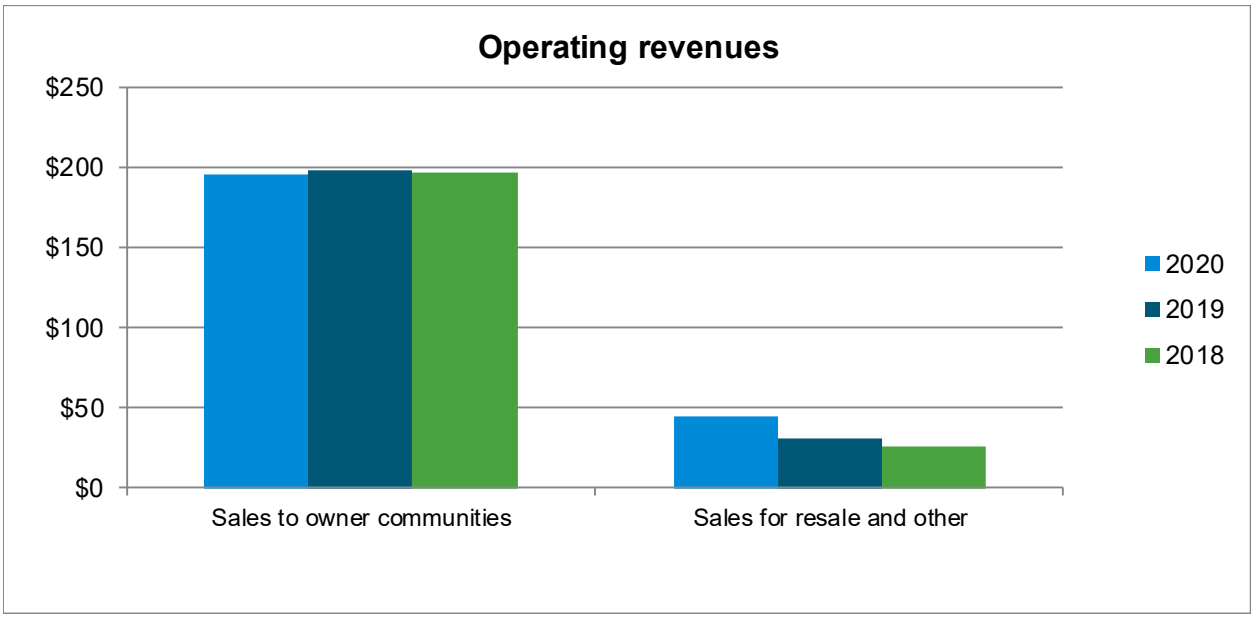
- Depreciation and amortization expense decreased $1.6 million from 2018 due to certain assets at the Rawhide Energy Station reaching the end of their depreciable life and the sale of two additional Windy Gap water units.

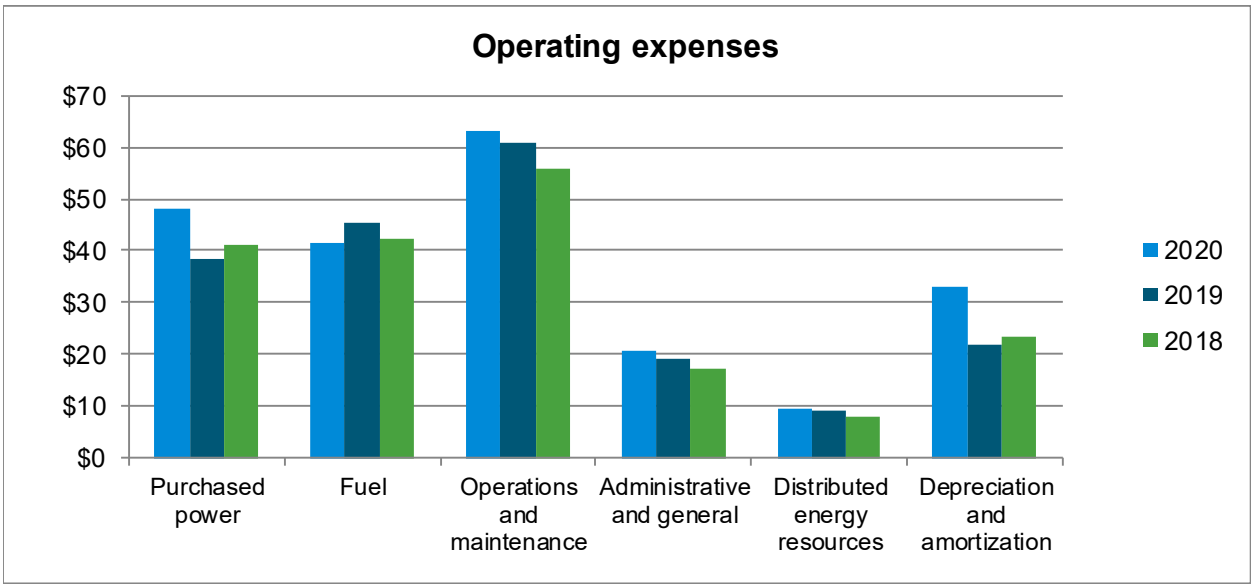
Nonoperating expenses, net, increased $1.9 million in 2020 compared to 2019. The main contributors to the increase were lower interest income, a one-time $1 million owner distribution to the governing body of the owner communities to assist with COVID-19 pandemic impacts within their communities and less of an increase in fair value of investments compared to 2019. Partially offsetting the increase was a decrease in interest expense from ordinary principal retirements and an increase in other income for unplanned lease revenue and receipt of contract liquidated damages.

Nonoperating expenses, net, decreased $1.4 million in 2019 compared to 2018. The main contributors to the decrease were higher interest income, lower interest expense and an increase in fair value of investments. In 2019, cash balances were higher primarily due to the additional sales of Windy Gap water units. Interest expense was lower mainly due to making the final payment on the Series HH power revenue bonds in 2019 and Series GG power revenue bonds were paid off in 2018.

Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

Operating revenues and expenses
(in millions)





Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

Debt ratings

Moody's Investor Service (Moody's) and Fitch Ratings (Fitch) assigned ratings of Aa2 and AA, respectively, to Platte River's Taxable Series KK power revenue bonds issued in December 2020 (note 7). The ratings on Platte River's existing bonds remained unchanged.

Bond issue	Moody's	S&P	Fitch
Power revenue bonds			
Series II	Aa2	AA	AA
Series JJ	N/A	AA	AA
Taxable Series KK	Aa2	N/A	AA

Budgetary highlights

Platte River's board of directors approved the 2020 Strategic Budget with total revenues of $240.5 million, operating expenses of $190.3 million, capital additions of $74 million and debt service expenditures of $23.1 million. The following budgetary highlights are presented on a non-GAAP budgetary basis.

Total revenues of $243.1 million ended the year $2.6 million above budget.

- Sales to owner communities of $196 million were $2.7 million below budget due to below-budget energy deliveries and billing demand.

- Sales for resale and other totaled $44.8 million and were above budget $6.8 million primarily due to several unanticipated short-term and long-term sales contracts and higher than anticipated sales from generation of the combustion turbine units. The increase was due to higher market prices with the rise in demand during record temperatures and wildfires across the west over the summer. Wheeling revenues were $0.3 million above budget due to additional point-to-point sales, higher loss charges during a period of elevated energy market prices and a transmission tariff rate increase in 2020.

- Other revenues, net, of $2.3 million were below budget $1.5 million primarily due to a one-time $1 million owner distribution to the governing body of the owner communities to assist with COVID-19 pandemic impacts within their communities. Additionally, interest income was less than anticipated as a planned debt financing was canceled therefore interest on the proceeds was not earned and overall interest rates were lower than budgeted, partially offset by unbudgeted lease revenue.

Operating expenses of $182.3 million and were $8 million below budget. The largest variances are explained below.

- Purchased power expenses of $48 million were above budget $3.4 million primarily due to purchases made under the joint dispatch agreement because of favorable pricing, which replaced baseload generation. Wind generation was also above budget due to the

early commercial operation date of the Roundhouse Wind Energy Center. Partially offsetting the above-budget variances was below-budget solar generation due to the delay of commercial operation for the Rawhide Prairie Solar project, while operating, did not reach commercial operation in 2020. Hydropower purchases were below budget due to an updated rate from WAPA. Lastly, energy was provided to Tri-State under the forced outage assistance agreement.

- Fuel expenses of $41.6 million were $4.4 million below budget. Rawhide Unit 1 and the Craig units operated at lower than planned loads to accommodate lower-cost energy purchased through the joint dispatch agreement. This resulted in $8.7 million in fuel savings. Partially offsetting the below-budget variance was above-budget natural gas expense of $4.3 million, as the combustion turbines were used to meet load requirements and surplus sales resulting in above-budget generation.

- Production, transmission, administrative and general and distributed energy resources expenses of $92.7 million were $7 million below budget consisting of the items described below.

    - Operations and maintenance expenses were below budget approximately $3.3 million due to projects being completed below budget, expenses not being required and reductions in response to the COVID-19 pandemic.

    - Personnel expenses were below budget $1 million primarily due to lower than anticipated medical and dental claims and lower wages primarily as a result of vacancies, partially offset by additional overtime incurred as a result of health and safety precautions in response to the COVID-19 pandemic.

    - Distributed energy resources program expenses were below budget $2.7 million primarily due to curtailed services and project delays resulting from the COVID-19 pandemic, reduced customer participation and the unpredictability of the completion of customers' energy efficiency projects.

Capital additions of $39.8 million were $34.2 million below budget. This variance was due to construction schedule changes, scope changes, contract delays, internal resource constraints, canceled projects and delays in response to the COVID-19 pandemic. Production additions, transmission additions and general additions were below budget $25.6 million, $3.1 million and $6.6 million, respectively, and asset retirement obligations were $1.1 million above budget. The variance has been carried over to the 2021 Strategic Budget in order to complete the projects.

Debt service expenditures of $18.2 million were $4.9 million below budget due to the cancelation of the debt financing for the Windy Gap Firming Project planned for 2020.

See the budgetary comparison schedule presented as other information as listed in the table of contents.

Platte River Power Authority

Statements of net position

Dec. 31, 2020 and 2019

	Dec. 31, 2020	Dec. 31, 2019
	(in thousands)	
Assets		
Electric utility plant, at original cost (notes 3 and 4)		
Land and land rights	**$ 16,924**	$ 16,997
Plant and equipment in service	**1,407,436**	1,360,820
Less: accumulated depreciation and amortization	**(868,778)**	(894,676)
Plant in service, net	**555,582**	483,141
Construction work in progress	**47,760**	103,089
Total electric utility plant	**603,342**	586,230
Special funds and investments (note 5)		
Restricted funds and investments	**19,044**	18,532
Dedicated funds and investments	**107,193**	100,913
Total special funds and investments	**126,237**	119,445
Current assets		
Cash and cash equivalents (notes 3 and 5)	**52,593**	26,211
Other temporary investments (note 5)	**33,526**	35,310
Accounts receivable—owner communities	**16,149**	16,035
Accounts receivable—other	**8,483**	7,457
Fuel inventory, at last-in, first-out cost	**13,409**	14,185
Materials and supplies inventory, at average cost	**15,127**	15,728
Prepayments and other assets	**1,624**	1,369
Total current assets	**140,911**	116,295
Noncurrent assets		
Regulatory assets (note 9)	**35,385**	14,056
Other long-term assets	**664**	373
Total noncurrent assets	**36,049**	14,429
Total assets	**906,539**	836,399
Deferred outflows of resources		
Deferred loss on debt refundings (note 7)	**4,971**	6,063
Pension deferrals (note 11)	**2,023**	1,769
Asset retirement obligations (note 8)	**21,058**	23,867
Total deferred outflows of resources	**28,052**	31,699

See notes to financial statements.

Platte River Power Authority
Statements of net position
Dec. 31, 2020 and 2019

	Dec. 31, 2020	Dec. 31, 2019
	(in thousands)	
Liabilities		
Noncurrent liabilities (note 6)		
Long-term debt, net (note 7)	**$ 167,208**	$ 181,437
Net pension liability (note 11)	**15,604**	18,679
Asset retirement obligations (note 8)	**26,520**	28,636
Other liabilities and credits	**6,550**	6,899
Total noncurrent liabilities	**215,882**	235,651
Current liabilities		
Current maturities of long-term debt (note 7)	**11,145**	10,310
Current portion of asset retirement obligations (note 8)	**1,073**	1,888
Accounts payable	**17,750**	18,119
Accrued interest	**524**	660
Accrued liabilities and other	**2,505**	2,073
Total current liabilities	**32,997**	33,050
Total liabilities	**248,879**	268,701
Deferred inflows of resources		
Deferred gain on debt refundings	**154**	–
Regulatory credits (note 9)	**69,964**	5,726
Pension deferrals (note 11)	**–**	69
Total deferred inflows of resources	**70,118**	5,795
Net position		
Net investment in capital assets (note 10)	**392,499**	394,847
Restricted	**18,521**	17,872
Unrestricted	**204,574**	180,883
Total net position	**$ 615,594**	$ 593,602

See notes to financial statements.

Platte River Power Authority

Statements of revenues, expenses and changes in net position

Dec. 31, 2020 and 2019

	Years ended Dec. 31, 2020	2019
	(in thousands)	
Operating revenues		
Sales to owner communities	**$ 196,002**	$ 197,974
Sales for resale and other	**44,747**	31,211
Total operating revenues	**240,749**	229,185
Operating expenses		
Purchased power	**48,029**	38,441
Fuel	**41,571**	45,401
Operations and maintenance	**63,348**	60,877
Administrative and general	**20,604**	19,286
Distributed energy resources	**9,560**	9,136
Depreciation and amortization (note 4 and 8)	**33,042**	21,810
Total operating expenses	**216,154**	194,951
Operating income	**24,595**	34,234
Nonoperating revenues (expenses) (notes 5 and 7)		
Interest income	**2,479**	3,610
Other income	**821**	450
Distribution to owner communities	**(1,000)**	–
Interest expense	**(5,570)**	(5,962)
Allowance for funds used during construction	**–**	–
Net increase in fair value of investments	**667**	1,211
Total nonoperating revenues (expenses)	**(2,603)**	(691)
Change in net position	**21,992**	33,543
Net position at beginning of year	**593,602**	560,059
Net position at end of year	**$ 615,594**	$ 593,602

See notes to financial statements.

Platte River Power Authority

Statements of cash flows

Dec. 31, 2020 and 2019

	Years ended Dec. 31, 2020	Years ended Dec. 31, 2019
	(in thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 239,456**	$ 230,667
Payments for operating goods and services	**(131,680)**	(129,498)
Payments for employee services	**(46,696)**	(39,059)
Net cash provided by operating activities	**61,080**	62,110
Cash flows from capital and related financing activities		
Additions to electric utility plant	**(36,005)**	(43,436)
Payments from accounts payable incurred for electric utility plant additions	**(5,699)**	(12,537)
Proceeds from disposal of electric utility plant	**27,174**	5,467
Deposits into escrow for bond defeasance	**(238)**	–
Proceeds from issuance of long-term debt	**243**	–
Principal payments on long-term debt	**(10,310)**	(10,335)
Interest payments on long-term debt	**(7,756)**	(8,172)
Net cash used in capital and related financing activities	**(32,591)**	(69,013)
Cash flows from investing activities		
Purchases and sales of temporary and restricted investments, net	**(4,363)**	(891)
Interest and other income, including realized gains and losses	**3,256**	4,016
Distribution to owner communities	**(1,000)**	–
Net cash (used in)/provided by investing activities	**(2,107)**	3,125
Increase/(decrease) in cash and cash equivalents	**26,382**	(3,778)
Balance at beginning of year in cash and cash equivalents	**26,211**	29,989
Balance at end of year in cash and cash equivalents	**$ 52,593**	$ 26,211

See notes to financial statements.

Platte River Power Authority

Statements of cash flows

Dec. 31, 2020 and 2019

	Years ended Dec. 31, 2020	Years ended Dec. 31, 2019
	(in thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 24,595**	$ 34,234
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	**29,027**	20,691
Changes in assets and liabilities which provided (used) cash		
Accounts receivable	**(1,140)**	1,904
Fuel and materials and supplies inventories	**1,377**	1,088
Prepayments and other assets	**(1,901)**	(2,112)
Deferred outflows of resources	**2,555**	8,539
Accounts payable	**4,059**	(3,091)
Net pension liability	**(3,075)**	(5,392)
Asset retirement obligations	**(2,931)**	1,014
Other liabilities	**150**	1,227
Deferred inflows of resources	**8,364**	4,008
Net cash provided by operating activities	**$ 61,080**	$ 62,110
Noncash capital and related financing activities		
Additions of electric utility plant through incurrence of accounts payable	**$ 1,270**	$ 5,699
Amortization of regulatory assets (debt issuance costs)	**71**	79
Amortization of bond premiums and deferred loss on refundings	**(2,120)**	(2,246)
Net proceeds from refunding bond issuance deposited directly into irrevocable trust	**25,182**	–

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of fiduciary net position
Dec. 31, 2020 and 2019

	Dec. 31, 2020	Dec. 31, 2019
	(in thousands)	
Assets		
Cash equivalents	**$ 1,866**	$ 1,444
Investment income receivable	**-**	2
Investments		
Fixed income securities	**29,055**	32,211
Domestic equity securities	**39,693**	23,660
International equity securities	**29,905**	16,239
Infrastructure	**4,982**	2,836
Natural resources	**3,627**	2,449
Hedge funds	**-**	14,999
Real estate funds	**2,809**	2,690
Reinsurance funds	**919**	3,747
Private equity	**-**	6,135
Total investments	**110,990**	104,966
Total assets	**112,856**	106,412
Net position restricted for pension benefits	**$ 112,856**	$ 106,412

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of changes in fiduciary net position
Dec. 31, 2020 and 2019

	Years ended Dec. 31, 2020	Years ended Dec. 31, 2019
	(in thousands)	
Additions		
Employer contributions	**$ 7,593**	$ 3,649
Investment income		
Net increase in fair value of investments	**4,721**	11,230
Interest and dividends	**2,274**	1,814
Net investment income	**6,995**	13,044
Total additions	**14,588**	16,693
Deductions		
Benefit payments	**8,144**	9,859
Change in plan net position	**6,444**	6,834
Net position restricted for pension benefits		
Beginning net position	**106,412**	99,578
Ending net position	**$ 112,856**	$ 106,412

See notes to financial statements.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

1. Organization

Platte River Power Authority was organized in accordance with Colorado law as a separate governmental entity by the four owner communities of Estes Park, Fort Collins, Longmont and Loveland. Platte River contracted to supply the wholesale electric power and energy requirements of each of these owner communities (except for energy produced by each owner communities' hydro facilities in service at September 1974). These contracts currently extend through Dec. 31, 2060. Each of the four owner communities has a residual interest in Platte River's assets and liabilities upon dissolution, which is proportional to the total revenue received from each owner community since Platte River was organized, less any contributions of assets previously distributed. Based upon electric revenues billed from inception through Dec. 31, 2020, these residual interests are approximately as follows.

	Residual interest
City of Fort Collins	48%
City of Longmont	26%
City of Loveland	22%
Town of Estes Park	4%
	100%

Under Colorado law and the owner community contracts, the board of directors has the exclusive authority to establish the electric rates to be charged to the owner communities. Platte River must follow specified statutory procedures, including public notice and holding a hearing to receive public comments, before adopting an annual budget and implementing any changes in the electric rates.

The defined benefit pension plan is a single-employer defined benefit pension plan included in the financial statements as a fiduciary component unit reported as a pension trust fund in the fiduciary funds statements. Platte River's board of directors is the designated governing body over the defined benefit pension plan and has the authority to amend the defined benefit pension plan. The retirement committee has responsibility for oversight of the defined benefit pension plan's investments. Separate stand-alone financial statements of the defined benefit pension plan are not issued.

2. Operations

Rawhide Energy Station

The Rawhide Energy Station consists of Rawhide Unit 1, a 280 megawatts (net) coal-fired generating facility, a cooling pond, coal-handling facilities, related transmission facilities, five simple-cycle gas-fired combustion turbines and two solar facilities. Natural gas units A through D have a summer peaking capacity of 65 megawatts each and Unit F has a summer peaking capacity of 128 megawatts. Solar facilities include Rawhide Solar Flats (30 megawatts) and Rawhide Prairie Solar (22 megawatts). A battery storage system of 2 megawatt-hours is

integrated with Rawhide Prairie Solar and can be discharged once daily at a rate up to 1 megawatt per hour. The Rawhide Energy Station facilities, except for the solar and battery storage facilities, are wholly owned and operated by Platte River. Rawhide Unit 1 is scheduled to be retired by Dec. 31, 2029.

Yampa project

Platte River owns 18%, or 151 megawatts, of Craig units 1 and 2 of the Yampa Project as a tenant-in-common with four other electric utilities. The current Yampa Project Participation Agreement took effect on April 15, 1992. Craig units 1 and 2 are scheduled to be retired by Dec. 31, 2025 and Sept. 30, 2028, respectively. The Yampa Project consists of 837 megawatts of coal-fired generation and associated transmission plant facilities located near the town of Craig in northwestern Colorado. Platte River's share of the plant investment is included in plant in service, net, in the accompanying statements of net position. Platte River's share of operating expenses of the Yampa Project is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position. Separate financial statements for the Yampa Project are not available. In addition, Platte River and two of the other Yampa Project participants own Trapper Mining, Inc., which owns and operates the adjacent coal mine that supplies Craig units' 1 and 2 fuel needs. One previous cooperative member of Trapper Mining, Inc. was liquidated effective Dec. 31, 2020, increasing Platte River's minority ownership.

Windy Gap water

Under an agreement with the Municipal Subdistrict of Northern Colorado Water Conservancy District, Platte River is entitled to an allocation of the available water from the Windy Gap Project, a water diversion facility completed May 1, 1985. The water is used in operations at the Rawhide Energy Station. Platte River's share of operating expenses of the Windy Gap Project is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position.

3. Summary of significant accounting policies

Reporting entity

For financial reporting purposes, Platte River meets the criteria of an "other stand-alone government." As a municipal utility and a separate governmental entity, Platte River is exempt from taxes on its income. Platte River is also exempt from taxes on its property located in Colorado.

The defined benefit pension plan is a single-employer defined benefit pension plan covering all employees of Platte River hired before Sept. 1, 2010 (note 11). Platte River contributes to the defined benefit pension plan based upon actuarial studies and has primary responsibility for management of the defined benefit pension plan as all retirement plan committee members are appointed by the board of directors. Platte River also provides all accounting, reporting and administrative services to the defined benefit pension plan. Platte River has fiduciary responsibility for the defined benefit pension plan. Accordingly, an evaluation of the defined benefit pension plan using the above considerations results in the inclusion of the defined

benefit pension plan in the accompanying basic financial statements as a fiduciary component unit of Platte River reported as a pension trust fund in the fiduciary funds statements.

Basis of accounting

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

As a board-regulated entity, Platte River is subject to the provisions of GASB 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 recorded various regulatory assets and credits to reflect the rate-making process (note 9).

Budgetary process

A formal budgetary process is required by Colorado State Local Government Law and is utilized as a management control tool. A proposed annual budget must be submitted to the board of directors by Oct. 15 of each year. Following a public hearing, the budget is considered for adoption by the board of directors on or before Dec. 31. Since Platte River operates as an enterprise, it is not subject to Colorado's Taxpayers' Bill of Rights (TABOR) provisions.

Use of estimates

The preparation of financial statements for Platte River and the defined benefit pension plan in conformity with accounting principles generally accepted in the United States of America as prescribed by GASB requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Electric utility plant and depreciation

Electric utility plant is stated at the historical cost of construction and includes expenditures of $5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years. Construction costs include labor, materials, contracted services, and the allocation of indirect charges for engineering, supervision, transportation and administrative expenses. The cost of additions to utility plant and replacement property units is capitalized. Repairs, maintenance and minor replacement costs are charged to expense when incurred.

Depreciation is recorded using the straight-line method over the estimated useful lives of the various classes of plant in service, which range from five to 50 years. Following asset closure announcement, assets are evaluated and estimated useful lives are accelerated, as applicable. Prior to 2020, the original cost of property replaced or retired, and removal costs less salvage, were charged to accumulated depreciation.

Cash and cash equivalents

For purposes of the statements of cash flows, Platte River considers all cash on deposit with financial institutions and highly liquid investments with an original maturity of less than three months, excluding special funds and investments, as cash and cash equivalents. At Dec. 31, 2020 and 2019, cash equivalents consisted of local government investment pools, money market funds and collateralized bank deposit accounts.

Closure and postclosure care costs of disposal facility

Platte River accrues a liability of estimated future closure and postclosure care costs for its Rawhide Energy Station ash disposal facility. The liability is determined by multiplying the estimated closure and postclosure care costs in current dollars by the percentage of the disposal facility's total estimated capacity used through the end of the year.

Asset retirement obligations

An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. In accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations*, Platte River records an asset retirement obligation liability when it has determined that a liability has been incurred based on (a) the occurrence of an external obligating event, such as laws, regulations, contracts or court judgments and (b) an internal obligating event that obligates it to perform asset retirement activities. Platte River updates the asset retirement obligations by inflation or deflation annually and when significant changes occur (note 8).

Long-term debt

The difference between the reacquisition price and the net carrying amount of refunded debt (deferred amount on refundings) in an advance refunding transaction is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the defeased debt or the life of the new debt. The deferred amounts are reported as deferred outflows or inflows of resources.

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.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Compensated absences

Platte River allows employees to accumulate unused vacation and sick leave. Vacation leave may be accumulated to a specified limit, whereas accumulated sick leave is unlimited. Upon retirement or termination of employment, employees are entitled to be paid for a portion of their accumulated unused sick leave. Unused vacation leave is paid in full upon an employee's retirement or termination of employment. Accrued liabilities for compensated absences are valued using the vesting method.

In the financial statements, a portion is estimated of the total unused vacation and sick leave as due within one year with the remainder of the liability recorded as a noncurrent liability (note 6).

Deferred outflows of resources

Deferred outflows consist of unamortized deferred losses on refunding of debt, defined benefit pension plan related deferrals (note 11) and unamortized asset retirement obligations (note 8).

Deferred inflows of resources

Deferred inflows consist of unamortized deferred gains on refunding of debt, unamortized deferred gains and losses on retirement of capital assets (regulatory credit), estimated incremental expenses of scheduled major maintenance outages (regulatory credit) and defined benefit pension plan related deferrals (note 11).

Use of restricted and unrestricted resources

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

4. Electric utility plant

Electric utility plant asset activity for the year ended Dec. 31, 2020, was as follows.

	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
		(in thousands)		
Nondepreciable assets				
Land and land rights	$ 16,997	$ -	$ (73)	**$ 16,924**
Construction work in progress	103,089	37,488	(92,817)	**47,760**
	120,086	37,488	(92,890)	**64,684**
Depreciable assets				
Production plant	945,861	25,679	(19,662)	**951,878**
Transmission plant	373,534	1,249	(485)	**374,298**
General plant	41,425	51,806	(11,971)	**81,260**
	1,360,820	78,734	(32,118)	**1,407,436**
Less accumulated depreciation	(894,676)	(29,027)	54,925	**(868,778)**
Total electric utility plant	$ 586,230	$ 87,195	$ (70,083)	**$ 603,342**

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Electric utility plant asset activity for the year ended Dec. 31, 2019, was as follows.

	Dec. 31, 2018	Increases	Decreases	Dec. 31, 2019
		(in thousands)		
Nondepreciable assets				
Land and land rights	$ 16,997	$ -	$ -	$ 16,997
Construction work in progress	86,457	48,623	(31,991)	103,089
	103,454	48,623	(31,991)	120,086
Depreciable assets				
Production plant	929,788	26,904	(10,831)	945,861
Transmission plant	372,521	1,236	(223)	373,534
General plant	40,721	4,252	(3,548)	41,425
	1,343,030	32,392	(14,602)	1,360,820
Less accumulated depreciation	(883,231)	(20,691)	9,246	(894,676)
Total electric utility plant	$ 563,253	$ 60,324	$ (37,347)	$ 586,230

Platte River used the group depreciation method of accounting prior to 2020. According to FERC accounting guidelines for group depreciation, when an asset is disposed, the book cost along with the cost of removal and salvage proceeds of the asset shall be charged to the applicable accumulated depreciation account and used to calculate a new service value to be amortized over the remaining useful life of the facility. During 2020, Platte River implemented a change in estimate to the depreciation method from the group method to the specific identification method. Under the specific identification method, gains and losses are recognized immediately on the retirement of capital assets. Alternative accounting treatment under board of directors approved policy using GASB 62 (note 9) recognizes the effects of the rate-making process whereby deferred gains and losses on retirements of capital assets may be deferred to future periods. As such, all previously deferred gains and losses on retirements of capital assets were reclassified and are now recorded as a regulatory credit rather than a component of accumulated depreciation causing the significant decrease in accumulated depreciation.

5. Cash and investments

Investment of Platte River's funds is administered in accordance with Colorado law and Platte River's general power bond resolution, fiscal resolution and investment policy. Accordingly, Platte River may only invest in obligations of the United States government and its agencies and other investments permitted under Colorado law. Platte River records its investments at their estimated fair market values. The unrealized holding gains and losses on these investments are included in net increase (decrease) in fair value of investments in the statements of revenues, expenses and changes in net position.

The fair value of investments is presented on the statements of net position as special funds and investments, cash and cash equivalents, and other temporary investments. Special funds and investments are either internally dedicated by board resolution (dedicated funds and

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

investments) or restricted as to use by Platte River's general power bond resolution (restricted funds and investments). The fair value of investments, exclusive of accrued interest of $412,000 and $768,000 as of Dec. 31, 2020 and 2019, respectively, are shown in the following tables.

As of Dec. 31, 2020, Platte River had the following cash and investments and related maturities.

	Investment maturities (in years)		
Cash and investment type	**Fair value**	**Less than 1**	**1-2**
	(in thousands)		
U.S. Treasuries	$ 77,941	$ 28,607	$ 49,334
U.S. Agencies			
FFCB	18,393	4,694	13,699
FHLB	3,070	-	3,070
FHLMC	9,230	9,230	-
FNMA	8,471	8,471	-
Total securities	117,105	51,002	66,103
Certificates of deposit	3,506	3,506	-
Cash and money market funds	4,745	4,745	-
Local government investment pools	86,588	86,588	-
Total cash and investments	$ 211,944	$ 145,841	$ 66,103

Statement of net position presentation of cash, cash equivalents and investments are as follows as of Dec. 31, 2020.

	Fair value	**Accrued interest**	**Total**
	(in thousands)		
Restricted funds and investments	$ 19,022	$ 22	$ 19,044
Dedicated funds and investments	106,936	257	107,193
Cash and cash equivalents	52,593	-	52,593
Other temporary investments	33,393	133	33,526
Total cash and investments	$ 211,944	$ 412	$ 212,356

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

As of Dec. 31, 2019, Platte River had the following cash and investments and related maturities.

Cash and investment type	Fair value	Investment maturities (in years) Less than 1	1-2	2-3
		(in thousands)		
U.S. Treasuries	$ 92,843	$ 37,684	$ 28,492	$ 26,667
U.S. Agencies				
FFCB	13,909	2,202	4,666	7,041
FHLB	6,008	3,001	-	3,007
FHLMC	11,211	7,002	4,209	-
Total securities	123,971	49,889	37,367	36,715
Certificates of deposit	3,425	3,425	-	-
Cash and money market funds	1,642	1,642	-	-
Local government investment pools	51,160	51,160	-	-
Total cash and investments	$ 180,198	$ 106,116	$ 37,367	$ 36,715

Statement of net position presentation of cash, cash equivalents and investments are as follows as of Dec. 31, 2019.

	Fair value	Accrued interest	Total
		(in thousands)	
Restricted funds and investments	$ 18,493	$ 39	$ 18,532
Dedicated funds and investments	100,417	496	100,913
Cash and cash equivalents	26,211	-	26,211
Other temporary investments	35,077	233	35,310
Total cash and investments	$ 180,198	$ 768	$ 180,966

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Platte River and the defined benefit pension plan categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are prices determined using observable inputs other than Level 1 prices such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets; Level 3 inputs are significant unobservable inputs. Platte River, excluding the defined benefit pension plan, had the following recurring fair value measurements as of Dec. 31, 2020.

- U.S. Treasury securities of $77,941,000 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of $39,164,000 are valued using Level 2 inputs

Platte River, excluding the defined benefit pension plan, had the following recurring fair value measurements as of Dec. 31, 2019.

- U.S. Treasury securities of $92,843,000 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of $31,128,000 are valued using Level 2 inputs

Platte River, excluding the defined benefit pension plan, utilizes two local government investment pools for investment, when a high degree of liquidity is prudent. The two pools are Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Statewide Investment Program (CSIP). COLOTRUST is a local government investment pool with a stable net asset value. CSIP is a local government investment pool in which the underlying investments are measured at the investments' net asset value. The State of Colorado Securities Commissioner administers and enforces all Colorado state statutes governing these pools. They operate similarly to a money market fund and each share is equal in value to $1, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency and competitive yields through investment in a diversified portfolio of short-term marketable securities. They may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of the U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as a custodian for the portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the investment pools. The investment pools do not have any limitations or restrictions on participant withdrawals.

As of Dec. 31, 2020 and 2019, all investments of the defined benefit pension plan had a maturity of less than one year or undefined.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

The following table presents the fair value measurements of the defined benefit pension plan's assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at Dec. 31, 2020 and 2019.

Dec. 31, 2020	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(in thousands)		
Investments by fair value level				
Cash equivalents	$ 1,866	$ 68	$ 1,798	$ -
Fixed income	29,055	29,055	-	-
Domestic equity	39,693	39,693	-	-
International equity	29,905	29,905	-	-
Infrastructure	4,982	4,982	-	-
Natural resources	3,627	3,627	-	-
Real estate funds	2,809	2,809	-	-
Reinsurance	919	919	-	-
Total investments by fair value level	$ 112,856	$ 111,058	$ 1,798	$ -

Dec. 31, 2019	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(in thousands)		
Investments by fair value level				
Cash equivalents	$ 1,444	$ -	$ 1,444	$ -
Fixed income	32,211	32,211	-	-
Domestic equity	23,660	-	23,660	-
International equity	16,239	16,239	-	-
Infrastructure	2,836	2,836	-	-
Natural resources	2,449	2,449	-	-
Real estate funds	2,690	2,690	-	-
Reinsurance	3,747	3,747	-	-
Private equity	6,135	-	-	6,135
Total investments by fair value level	$ 91,411	$ 60,172	$ 25,104	$ 6,135
Investments measured at the net asset value (NAV) [1]				
Hedge funds	$ 14,999	$ -	$ -	$ -

[1] Certain investments that are measured using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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For the defined benefit pension plan, where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

As a practical expedient, a government can use the Net Asset Value (NAV) per share for investments in a nongovernmental entity that does not have a readily determinable fair value. The NAV is not permitted for valuation if it is probable the government will sell the investment at a different price. Investments measured at NAV would be excluded from the fair value hierarchy (Level 1, 2 or 3). The valuation method for the defined benefit pension plan's investments measured at the NAV per share (or its equivalent) is presented below as of Dec. 31, 2019. There were no defined benefit pension plan's investments measured at the NAV per share as of Dec. 31, 2020.

Dec. 31, 2019

Hedge funds	Value	Redemption frequency	Redemption notice period
	(in thousands)		
Multi-category	$ 5,335	Monthly – non-redeemable	5 days – non-redeemable
Equity	2,627	Monthly – non-redeemable	5 days – non-redeemable
Credit-driven	3,326	Monthly – non-redeemable	30 days – non-redeemable
Relative value	1,550	Monthly – quarterly	32 days – 120 days
Interest rate driven	869	Quarterly	90 days – 95 days
Managed futures	670	Monthly	17 days
Commodities	198	Quarterly – non-redeemable	95 days – non-redeemable
Global macro	205	Quarterly – non-redeemable	60 days – non-redeemable
Event-driven	219	Annual	61 days
Total hedge funds	$ 14,999		

Asset allocation

All assets of the defined benefit pension plan are invested in a manner consistent with the defined benefit pension plan document, the defined benefit pension plan investment policy statement and any federal, state or IRS laws or regulations. Under Colorado Revised Statutes, the defined benefit pension plan's investments are governed by the Colorado Uniform Prudent Investor Act. The investment policy statement provides an asset allocation strategy to create a broadly diversified portfolio. The strategy is designed to reflect and be consistent with the

objectives expressed in the investment policy statement, subject to the risk tolerance of the retirement committee.

Defined benefit pension plan assets are held by Wells Fargo Bank N.A. (the trustee) under a trust agreement and invested in money market funds, bonds, stock portfolios, infrastructure, natural resources, reinsurance funds or real estate as directed by the retirement committee. Northern Trust Investments (Northern Trust) assists the retirement committee in the oversight of the investment program, as the retirement committee's investment manager. Investment management firms have the responsibility of investing in a specific asset class with full discretionary investment authority subject to the policies and guidelines of the investment policy statement.

The investment mix and percentage allocations were as follows at Dec. 31.

Asset class	2020	2019
Domestic equities	**36%**	23%
International equities	**19%**	12%
Emerging market equities	**8%**	3%
Core fixed income	**15%**	21%
Inflation protection	**0%**	1%
High yield	**11%**	8%
Infrastructure	**4%**	3%
Natural resources	**3%**	2%
Real estate	**3%**	3%
Liquid low correlated hedge	**0%**	14%
Reinsurance	**1%**	4%
Private equity	**0%**	6%

Rate of return

For the years ended Dec. 31, 2020 and 2019, the money-weighted rate of return on defined benefit pension plan investments, net of investment expense, was 6.6% and 13.5%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As a means of limiting its exposure to fair value losses arising from rising interest rates, Platte River's investment policy and Colorado state statutes limit the investment portfolio, excluding the defined benefit pension plan, to maturities of five years or less. Platte River uses a laddered approach to investing funds based on projected cash flows. The assumed maturity date for

callable securities is based on market conditions as of Dec. 31, 2020. If the price of the security is at or above its call price, the security is assumed to be redeemed on its next call date.

The defined benefit pension plan's fixed income assets are invested in a core fixed income fund and a high-yield fixed income exchange traded fund. The funds are managed by Northern Trust. As interest rates rise, the value of a fixed income bond fund is likely to decrease. Securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Given the long-term nature of the defined benefit pension plan, the investment policy statement does not place maturity restrictions on its bond funds.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Platte River's investment policy allows investments in local government investment pools and money market funds. As of Dec. 31, 2020, Platte River maintained investments, excluding the defined benefit pension plan, in funds managed by the local government investment pools COLOTRUST and CSIP. COLOTRUST and CSIP Liquid Portfolios are both rated AAAm by Standard and Poor's Ratings Services (S&P). CSIP's TERM Portfolio is rated AAAf by FitchRatings. Platte River's investments in Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) were rated Aaa by Moody's Investors Service and AA+ by S&P.

The defined benefit pension plan's core fixed income fund portfolio objective, under normal conditions, is to primarily invest up to 80% of its net assets in US dollar-denominated investment grade fixed income securities either directly or indirectly through exchange traded funds (ETFs). The defined benefit pension plan's high yield allocation invests at least 80% of its assets in below investment grade corporate bonds (which are not in default) as rated by at least one nationally recognized statistical rating organization As of Dec. 31, 2020, the defined benefit pension plan's average credit quality for its core fixed income and high yield allocations were AA and B, respectively.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer.

Platte River's investment policy, excluding the defined benefit pension plan, states that assets held in Platte River's funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of Dec. 31, 2020, more than 5% of Platte River's investments were concentrated in FFCB. These investments are 8.7% of Platte River's total investments (including investments held in local government investment pools and certificates of deposit).

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Investments in any one organization that represent 5% or more of the defined benefit pension plan's fiduciary net position (excluding investments issued or explicitly guaranteed by the U.S. government and mutual funds) are separately identified in the following table.

	2020	2019
	(in thousands)	
Blackstone Offshore Partners NT Fund	$ -	$ 14,999
Partners Group Private Equity Master Fund	-	6,135

Custodial credit risk
Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the defined benefit pension plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The defined benefit pension plan's assets are held in trust and the custodial relationship is defined in the defined benefit pension plan documents. At Dec. 31, 2020 and 2019, the defined benefit pension plan did not identify any investments subject to custodial credit risk.

Reinsurance funds risk
The reinsurance investments in the defined benefit pension plan are subject to risks that include natural catastrophes such as hurricane, tornado, or earthquake, as well as non-natural catastrophes such as aviation or shipping disasters. A catastrophic event of a particular magnitude and in a particular geography could cause the investments to lose all or a significant portion of their principal. Reinsurance investments are also subject to underwriting risk of the ceding entity and risks related to imperfect risk models. The investments are also subject to illiquidity risk, as the majority of the investments are illiquid and despite the current expectation that the fund will repurchase 5% of shares each quarter, the fund may elect not to repurchase shares. Other risks include valuation risk, moral hazard risk, reinsurance industry risk, leverage risk, derivative risk, foreign investing risk and currency risk.

Foreign currency risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The defined benefit pension plan has exposure to foreign currency risk through its international equity, emerging markets, global natural resources, global infrastructure, and global real estate allocations. All of which are exchange traded funds. As for the defined benefit pension plan's international and emerging markets equity allocations, the portfolios invest primarily in foreign denominated securities and typically do not hedge currency risk. The remaining allocations primarily invest in both domestic and foreign denominated securities while also not typically hedging currency risk. As of Dec. 31, 2020, foreign non-dollar allocations for the global natural resources allocation were 38.7%, foreign non-dollar allocations for the global infrastructure allocation were 59.4% and foreign non-dollar allocations for the global real estate allocation were 38.7%. Foreign non-dollar allocations for Stoneridge Reinsurance were less than 1% as of

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Oct. 31, 2020. The defined benefit pension plan's investment in international and emerging markets equity mutual funds, as of Dec. 31, 2020 and 2019, was $29.9 million and $16.2 million, respectively.

The defined benefit pension plan's exposure to foreign currency risk in U.S. dollars as of Dec. 31, 2020, is disclosed in the following table.

Currency	Total [1]	International stocks	Fixed income
		(in thousands)	
Argentine peso	$ 88	$ 44	$ 44
Australian dollar	1,319	1,319	-
Bahamian dollar	32	16	16
Bermudian dollar	294	147	147
Brazilian real	182	182	-
Canadian dollar	4,416	3,894	522
Caymanian dollar	211	106	105
Chilean peso	97	97	-
Colombian peso	45	45	-
Czech crown	68	68	-
Danish krone	1,196	1,183	13
Egyptian pound	62	62	-
European euro	8,953	8,058	895
Hong Kong dollar	3,806	3,806	-
Hungarian forint	50	50	-
Indian rupee	633	633	-
Indonesian rupiah	10	10	-
Israeli new shekel	196	196	-
Japanese yen	6,491	6,462	29
Liberian dollar	180	90	90
Malaysian ringgit	493	493	-
Mexican peso	239	239	-
Moroccan dirham	157	157	-
New Zealand dollar	171	171	-
Norwegian krone	35	35	-
Peruvian sol	93	93	-
Philippine peso	173	173	-
Polish zloty	51	51	-
Russian ruble	107	107	-
Singapore dollar	634	634	-
South African rand	146	146	-
South Korean won	1,126	1,126	-
Swedish krona	633	613	20
Swiss franc	2,851	2,851	-
Taiwan dollar	1,526	1,526	-
Thai baht	516	516	-
Turkish new lira	80	80	-
	$ 37,360	$ 35,479	$ 1,881

[1] There was no foreign currency exposure through the reinsurance fund as of Oct. 31, 2020.

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The defined benefit pension plan's exposure to foreign currency risk in U.S. dollars as of Dec. 31, 2019, is disclosed in the following table.

Currency	Total	International stocks	Reinsurance [1]	Private equity
		(in thousands)		
Australian dollar	$ 1,129	$ 1,031	$ -	$ 98
Brazilian real	360	335	-	25
Canadian dollar	1,971	1,946	-	25
Chilean peso	27	27	-	-
Chinese yuan renminbi	963	963	-	-
Colombian peso	14	14	-	-
Czech crown	112	2	-	110
Danish krone	212	169	-	43
Dirham	3	3	-	-
Egyptian pound	8	8	-	-
European euro	8,439	6,686	23	1,730
Hong Kong dollar	768	762	-	6
Hungarian forint	12	12	-	-
Indian rupee	421	243	-	178
Indonesian rupiah	67	67	-	-
Israeli new shekel	137	137	-	-
Japanese yen	4,304	4,298	-	6
Malaysian ringgit	104	104	-	-
Mexican peso	96	96	-	-
New Zealand dollar	90	90	-	-
Norwegian krone	283	240	-	43
Pakistani rupee	21	21	-	-
Peruvian sol	9	9	-	-
Philippine peso	57	57	-	-
Polish zloty	37	37	-	-
Qatari riyal	34	34	-	-
Russian ruble	217	217	-	-
Saudi riyal	63	63	-	-
Singapore dollar	454	436	-	18
South African rand	532	532	-	-
South Korean won	382	382	-	-
Swedish krona	503	484	-	19
Swiss franc	728	720	8	-
Taiwan dollar	80	80	-	-
Thai baht	96	96	-	-
Turkish new lira	32	32	-	-
	$ 22,765	$ 20,433	$ 31	$ 2,301

[1] Foreign currency exposure through the reinsurance fund reported as of Oct. 31, 2019.

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6. Noncurrent liabilities

Noncurrent liability activity for the year ended Dec. 31, 2020, was as follows.

	Dec. 31, 2019	Additions	Reductions	Dec. 31, 2020	Due within one year
			(in thousands)		
Long-term debt, net	$ 191,747	$ 25,230	$ (38,624)	**$ 178,353**	$ 11,145
Other liabilities and credits					
Compensated absences	5,223	1,239	(475)	**5,987**	515
Deposits	1,020	-	(1,020)	**-**	-
Lease advances	587	-	(66)	**521**	66
Yampa employee obligation	422	-	(4)	**418**	-
Disposal facility closure costs	203	2	-	**205**	-
Total other liabilities and credits	7,455	1,241	(1,565)	**7,131**	581
Total noncurrent liabilities	$ 199,202	$ 26,471	$ (40,189)	**$ 185,484**	$ 11,726

Noncurrent liability activity for the year ended Dec. 31, 2019, was as follows.

	Dec. 31, 2018	Additions	Reductions	Dec. 31, 2019	Due within one year
			(in thousands)		
Long-term debt, net	$ 205,474	$ -	$ (13,727)	$ 191,747	$ 10,310
Other liabilities and credits					
Compensated absences	5,180	693	(650)	5,223	490
Deposits	-	1,020	-	1,020	-
Lease advances	653	-	(66)	587	66
Yampa employee obligation	385	37	-	422	-
Disposal facility closure costs	200	3	-	203	-
Total other liabilities and credits	6,418	1,753	(716)	7,455	556
Total noncurrent liabilities	$ 211,892	$ 1,753	$ (14,443)	$ 199,202	$ 10,866

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7. Long-term debt

Long-term debt outstanding as of Dec. 31, 2020 and 2019, consists of the following.

	Interest rate	Dec. 31 2020	Dec. 31 2019
		(in thousands)	
Power revenue bonds (all serial bonds)			
Series II maturing 6/1/2022	4%	**$ 1,410**	$ 25,530
Series JJ maturing 6/1/2036	3.5%–5%	**134,250**	143,895
Taxable Series KK maturing 6/1/2037	1%-1.9%	**25,230**	-
		160,890	169,425
Unamortized bond premium		**17,463**	22,322
Total revenue bonds outstanding		**178,353**	191,747
Less: due within one year		**(11,145)**	(10,310)
Total long-term debt, net		**$ 167,208**	$ 181,437

Fixed rate bond premium costs are amortized over the terms of the related bond issues.

The outstanding balance of Series II are non-callable. Series JJ is callable June 1, 2026. Taxable Series KK is subject to prior redemption, in whole or in part as selected by Platte River, on any date.

Interest expense for the years ended Dec. 31, 2020 and 2019, is comprised of the following.

	2020	2019
	(in thousands)	
Interest	**$ 7,619**	$ 8,129
Amortization of bond related costs	**(2,049)**	(2,167)
Total interest expense	**$ 5,570**	$ 5,962

Calendar year totals for monthly bond service funding requirements per bond resolution for all bonds outstanding, which may differ from actual semi-annual debt service requirements by year, are shown in the table below.

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Year ending Dec. 31	Principal	Interest	Total
		(in thousands)	
Deposits in 2020 for 2021 payment	$ 6,309	$ 524	$ 6,833
2021	11,638	6,359	17,997
2022	11,984	5,803	17,787
2023	12,550	5,233	17,783
2024	13,146	4,642	17,788
2025	13,730	4,022	17,752
2026-2030	57,605	11,563	69,168
2031–2035	28,386	4,042	32,428
2036–2037	5,542	175	5,717
	$ 160,890	$ 42,363	$ 203,253

In December 2020, Platte River issued $25,230,000 Taxable Series KK power revenue bonds at a true interest cost of 1.59%. The bonds were sold at a $195,000 premium, providing total bond proceeds of $25,425,000. Proceeds of $414,000 were used to pay issuance costs and underwriter's fees and $25,011,000 were used to advance refund a portion of the outstanding Series II power revenue bonds. The refunding resulted in an economic gain (net present value savings) of $6,471,000.

The proceeds from the Taxable Series KK power revenue bonds used to advance refund a portion of the outstanding Series II power revenue bonds have been placed in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in Platte River's financial statements. As of Dec. 31, 2020, $23,455,000 of the defeased Series II power revenue bonds remains outstanding.

Bond service coverage

Power revenue bonds are secured by a pledge of the revenues of Platte River after deducting operating expenses, as defined in the general power bond resolution. The power revenue bonds issued by Platte River may be subject to early call provisions. Principal and interest payments are met from net revenues earned from wholesale electric rates charged to the owner communities and others, and from interest earnings.

Under the general power bond resolution, Platte River is required to charge wholesale electric energy rates to the owner communities that are reasonably expected to yield net revenues for the forthcoming 12-month period that are at least equal to 1.10 times total power bond service requirements. 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. The balances in the rate stabilization reserve account at Dec. 31, 2020 and 2019, were $20,410,000 and $20,284,000, respectively, excluding

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accrued interest. The rate stabilization reserve account is included in dedicated funds and investments in the statements of net position.

The following table is a calculation of the power revenue bond coverage ratios for the years ended Dec. 31, 2020 and 2019.

	2020	2019
	(in thousands)	
Bond service coverage		
Net revenues		
Operating revenues	**$ 240,749**	$ 229,185
Operating expenses, excluding depreciation	**183,112**	173,141
Net operating revenues	**57,637**	56,044
Plus interest, other income and distribution to owner communities[1]	**2,322**	4,082
Net revenues before rate stabilization	**59,959**	60,126
Rate stabilization		
Deposits	**-**	-
Withdrawals	**-**	-
Total net revenues	**$ 59,959**	$ 60,126
Bond service		
Power revenue bonds	**$ 18,224**	$ 18,450
Bond service coverage ratio	**3.29**	3.26

[1] Excludes unrealized holding gains and losses on investments.

Arbitrage rebate

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after Aug. 31, 1986, is subject to arbitrage rebate requirements. Interest income on bond proceeds that exceeds the cost of borrowing is payable to the federal government on every fifth anniversary of each bond issue. No arbitrage liability was outstanding as of Dec. 31, 2020 and 2019.

Deferred outflows of resources related to debt

As of Dec. 31, 2020 and 2019, deferred outflows related to debt consisted of the unamortized deferred loss on debt refundings of $4,971,000 and $6,063,000, respectively.

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Deferred inflows of resources related to debt

As of Dec. 31, 2020, deferred outflows related to debt consisted of the unamortized deferred gain on debt refundings of $154,000. There were no deferred inflows of resources related to debt as of Dec. 31, 2019.

8. Asset retirement obligations

Platte River has evaluated its contracts and current regulations associated with tangible capital assets and identified those which meet the requirements for asset retirement obligation recognition under GASB Statement No. 83, *Certain Asset Retirement Obligations* and for which costs are estimable. A brief explanation of each asset retirement obligation is described below.

Asset retirement obligation activity for the year ended Dec. 31, 2020, was as follows.

	Dec. 31, 2019	Additions	Reductions	Dec. 31, 2020	Due within one year
	(in thousands)				
Deferred outflows of resources	$ 23,867	$ 3,923	$ (6,732)	**$ 21,058**	$ -
Liabilities	30,524	3,808	(6,739)	**27,593**	1,073

Asset retirement obligation activity for the year ended Dec. 31, 2019, was as follows.

	Dec. 31, 2018	Additions	Reductions	Dec. 31, 2019	Due within one year
	(in thousands)				
Deferred outflows of resources	$ 23,818	$ 1,168	$ (1,119)	$ 23,867	$ -
Liabilities	29,510	1,168	(154)	30,524	1,888

Rawhide Energy Station decommissioning

As part of the rezoning resolution and Rawhide Energy Station construction agreement with the Board of County Commissioners of Larimer County, the County government has included reclamation or restoration requirements if Platte River abandons the Rawhide site as a location for the generation of electricity. If abandoned, Platte River agrees to remove all above-ground structures, excluding the cooling pond dam and power plant foundations, in accordance with reasonable specifications and procedures to be agreed upon by both parties at time of abandonment.

In 2019, Platte River contracted the services of an independent engineering firm to estimate the asset retirement obligation pertaining to the agreement's reclamation or restoration clause. The third-party report details the cost estimate to decommission and demolish all infrastructure to

grade, except the substation and transmission line, with no concrete foundation removal. The estimate assumes the services will be performed by a contractor instead of its employed workforce. The cost estimate has not been reduced for the potential market value of reusable materials or scrap material nor consider associated recycling costs.

Platte River has recognized its asset retirement liability using the “probable cost” price estimates developed by the third-party engineering firm. Cost estimates were provided with a +/- 30 percent high-low range from the probable cost estimate for decommissioning, demolition and environmental cost categories. The liability and associated deferred outflows of resources will be adjusted for inflation/deflation annually and reviewed for other significant changes.

The amortization period for recognition of the deferred outflow of resources is based on the estimated remaining useful life of the Rawhide Energy Station facility of Dec. 31, 2055.

The liability and associated deferred outflows of resources as of Dec. 31, 2020 and 2019, are shown in the table below.

	2020	**2019**
	(in thousands)	
Deferred outflows of resources	**$ 14,397**	$ 14,525
Noncurrent liability	**15,555**	15,280

Rawhide Energy Station impoundments

Platte River is obligated under state laws and regulations to remove wastes from impoundments at the Rawhide Energy Station and confirm that any environmental impact has been addressed prior to closure. The impoundments include nine phosphorous removal ponds, two ash ponds, one retention pond and a fire training pond used for the generation of electric power and energy and associated uses. Platte River hired a third-party consultant to estimate the closure costs of the impoundments. Following state regulations, the estimate will be updated every five years. As a result, Platte River recognized an asset retirement obligation for the estimated clean closure costs of these impoundments and the amount is adjusted annually for inflation/deflation. These costs are amortized over the estimated remaining useful life of each impoundment or the estimated remaining useful life of the facility, whichever is shorter. Aside from two ash ponds closed in 2020 with final soil backfilling and reseeding activities to complete in 2021, the impoundments are amortized over the estimated useful life of Rawhide Unit 1, which is Dec. 31, 2029. Platte River is in compliance with the financial assurances required by the state.

The liability and associated deferred outflows of resources as of Dec. 31, 2020 and 2019, are shown in the table below.

	2020	**2019**
	(in thousands)	
Deferred outflows of resources	**$ 5,154**	$ 5,315
Noncurrent liability	**6,093**	5,881
Current liability	**1,073**	1,888

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Craig Generating Station

As part of the Yampa Project Amended and Restated Participation Agreement among PacifiCorp, Public Service Company of Colorado, Platte River Power Authority, Salt River Project Agricultural Improvement and Power District and Tri-State Generation and Transmission Association, Inc. ("Participation Agreement"), the participants are under contractual obligations to operate, maintain, replace, remove and provide all Yampa Project capital improvements in compliance with laws, executive orders and regulations applicable to the participants including, but without limitation, the National Environmental Policy Act of 1969, as amended, 36 CFR 800, the Archeological Resources Protection Act of 1979, and 7 CFR Part 1794 (1-1-91). The Participation Agreement shall continue in full force and effect until the last of Craig Generating Station Unit 1 or 2 is retired from service, and all salvage and required site restoration is completed and the participants have paid their respective share of the cost thereof. The participants have undivided ownership interest in Craig units 1 and 2 and the common facilities.

In accordance with the Participation Agreement, Tri-State agreed to be the operating agent. Tri-State has provided Platte River with its asset retirement obligation liability analysis of its best estimate of the current amount most likely to be paid to settle the asset retirement obligation liability based on Financial Accounting Standard Board guidance. The asset retirement obligation is comprised of restoration costs of five dewatering ponds, a high-quality water holding pond and an evaporation pond used for the generation of electric power and energy and associated uses. Platte River's interest in Craig units 1 and 2 represents a minority of the asset retirement obligation. As such, under GASB Statement No. 83 guidance, Platte River's reported liability is dependent on the measurement produced by Tri-State. Platte River receives an annual update for its share of change in cost estimates for the asset retirement obligation from Tri-State and adjusts the liability and future amortization schedule accordingly. Each pond, representing an associated tangible capital asset of the asset retirement obligation liability is amortized until Craig Unit 2 is scheduled to be retired from service, which is Sept. 30, 2028.

Platte River's share of the liability and associated deferred outflows of resources as of Dec. 31, 2020 and 2019, are shown in the table below.

	2020	**2019**
	(in thousands)	
Total member liability	**$ 15,417**	$ 36,161
Platte River's % share	**12%**	12%
Platte River's deferred outflows of resources	**$ 1,507**	$ 4,027
Platte River's liability	**$ 1,850**	$ 4,340

Trapper Mining Inc. reclamation and mine closure

Trapper Mining Inc. is engaged in the business of mining, selling, and delivering coal from the Trapper Mine located near Craig, Colorado, to its members under an agreement with the Craig Generating Station, located adjacent to the Trapper Mine. Trapper Mining Inc. follows Financial Accounting Standard Board guidance and has recorded an asset retirement obligation related to the final reclamation and mine closure based on detailed engineering calculations of the amount and timing of future cash spending for a third party to perform the required work. Per the Final Reclamation Agreement with its members, Trapper Mining Inc., as contractor and Salt River

Project Agricultural Improvement and Power District, Tri-State, PacifiCorp, Platte River, and Public Service Company of Colorado, as payors assume the responsibility for the asset retirement obligation. The acres of mine to be reclaimed and associated costs are reviewed annually, and the costs are allocated to members based on cumulative tons of coal delivered. The coal contract expires Dec. 31, 2025, and the entire amount of the deferred outflows of resources has been previously amortized resulting in no deferred outflows of resources at year end.

The liability as of Dec. 31, 2020 and 2019, is shown in the table below.

	2020	2019
	(in thousands)	
Total member liability	**$ 15,954**	$ 16,589
Platte River's % share	**18.94%**	18.9%
Platte River's liability	**$ 3,022**	$ 3,135

Easement agreements

Platte River is a party to numerous easement agreements related to transmission lines and pipelines. These assets are determined to complete a system, have a perpetual life and are not expected to be retired. The intent is to replace sections of the line, if necessary and not to retire the entire system. Therefore, an asset retirement obligation related to these easements cannot be reasonably estimated.

9. Regulatory assets and deferred inflows of resources related to regulatory credits

For rate-making purposes, Platte River's board of directors approved policies under GASB 62, paragraphs 476-500 related to expenses for pension, debt issuance costs, Rawhide Unit 1 maintenance outages, Windy Gap Firming Project storage rights and deferred gains and losses on capital retirements.

Additional pension funding

Platte River funds its defined benefit pension plan (note 11) based on cost estimates developed on an actuarial basis. In addition to the base contribution, Platte River has an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits. The board of directors approved policy provides for the expense recognition of any additional pension funding charge to be spread over a 10-year period and is included in regulatory assets.

Pension contribution expense recognition

The board of directors approved policy states pension contributions for the defined benefit pension plan will be recorded as pension expense, since the pension contribution amount is known at the time of budget preparation and rate setting. Any difference between pension contribution and pension expense, as calculated by the actuary under GASB 68, will be

classified as either a regulatory asset or a deferred inflow of resources and amortized over a 10-year period beginning the following year. The amortization amount will be included in pension expense along with the pension contribution for each year calculated.

Debt issuance costs

Under GASB 65, debt issuance costs are required to be expensed in the period incurred rather than amortized over the life of the related debt. In order to provide recovery for debt issuance costs through rates, the board of directors approved policy provides for the expense recognition of debt issuance costs to be amortized over the life of the associated debt and included in regulatory assets.

Accrued maintenance outage costs

In accordance with the board of directors approved policy, an accrual for the estimated incremental expenses of future scheduled major maintenance outages is recorded each year. After a Rawhide Unit 1 maintenance outage is completed, the estimated maintenance and replacement power costs for the next major maintenance outage is accrued as a deferred inflow of resources.

Windy Gap Firming Project storage rights

Platte River has an allotment contract for capacity in the Windy Gap Firming Project. Once the firming project is completed, Platte River will obtain a perpetual right for capacity in the firming project. The board of directors approved policy allows Platte River's costs, including payments on a pooled financing arrangement, for the indefinite life storage rights to be recognized ratably over the term of the pooled financing with the unamortized component included in regulatory assets.

Deferred gains and losses on capital retirements

During 2020, Platte River implemented a change in estimate to the depreciation method from the group method to the specific identification method. Under the specific identification method, gains and losses would be recognized immediately on the retirement of capital assets. Alternative accounting treatment under the board of directors approved policy recognizes the effects of the rate-making process whereby deferred gains and losses on retirements of capital assets may be deferred to future periods.

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Regulatory assets and deferred inflows of resources related to regulatory credits as of Dec. 31, 2020, are shown in the tables below.

	Dec. 31, 2019	Additions	Reductions	Dec. 31, 2020
		(in thousands)		
Regulatory assets				
Additional pension funding	$ 2,574	$ 3,092	$ (759)	**4,907**
Pension contribution expense recognition	10,945	-	(978)	**9,967**
Debt issuance costs	537	408	(202)	**743**
Windy Gap Firming Project storage rights	-	19,768	-	**19,768**
Total regulatory assets	$ 14,056	$ 23,268	$ (1,939)	$ 35,385
Deferred inflows of resources				
Regulatory credits				
Accrued maintenance outage costs	$ 4,581	$ 5,162	$ -	**$ 9,743**
Pension contribution expense recognition	1,145	3,398	(127)	**4,416**
Deferred gains and losses on capital retirements	-	55,805	-	**55,805**
Total regulatory credits	$ 5,726	$ 64,365	$ (127)	$ 69,964

Regulatory assets and deferred inflows of resources related to regulatory credits as of Dec. 31, 2019, are shown in the tables below.

	Dec. 31, 2018	Additions	Reductions	Dec. 31, 2019
		(in thousands)		
Regulatory assets				
Additional pension funding	$ 3,324	$ 15	$ (765)	2,574
Pension contribution expense recognition	8,646	3,009	(710)	10,945
Debt issuance costs	616	-	(79)	537
Total regulatory assets	$ 12,586	$ 3,024	$ (1,554)	$ 14,056
Deferred inflows of resources				
Regulatory credits				
Accrued maintenance outage costs	$ 259	$ 4,322	$ -	$ 4,581
Pension contribution expense recognition	1,272	-	(127)	1,145
Total regulatory credits	$ 1,531	$ 4,322	$ (127)	$ 5,726

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

10. Net investment in capital assets

Net investment in capital assets is comprised of the following as of Dec. 31, 2020 and 2019.

	2020	2019
	(in thousands)	
Electric utility plant	**$ 603,342**	$ 586,230
Windy Gap Firming Project storage rights	**19,768**	-
Deferred gains and losses on capital retirements	**(55,805)**	-
Deferred loss on debt refundings	**4,971**	6,063
Deferred gain on debt refundings	**(154)**	-
Long-term debt, net	**(178,353)**	(191,747)
Accounts payable incurred for capital assets	**(1,270)**	(5,699)
Net investment in capital assets	**$ 392,499**	$ 394,847

11. Defined benefit pension plan

Description

The following brief description of the defined benefit pension plan is provided for general information purposes only. Participants and all others should refer to the defined benefit pension plan document for more complete information. Separate stand-alone financial statements of the defined benefit pension plan are not issued.

Effective June 1, 1973, Platte River adopted the defined benefit pension plan. Generally, the defined benefit pension plan is a defined-benefit, single-employer plan covering all regular employees of Platte River hired prior to Sept. 1, 2010. The defined benefit pension plan is closed to new employees hired on or after that date.

The general manager of Platte River is the defined benefit pension plan administrator. The retirement committee, composed of six members (two staff members and four members of the board of directors), meets quarterly and has responsibility for oversight of the defined benefit pension plan's investments. Platte River's board of directors, composed of eight members, is the designated governing body over the defined benefit pension plan and has the authority to amend the defined benefit pension plan as necessary. In 2020, the board appointed a defined benefit plan subcommittee. The subcommittee has the power by unanimous resolution to amend the defined benefit plan. All administrative expenses of the defined benefit pension plan are paid by Platte River.

The defined benefit pension plan has received favorable determination letters from the Internal Revenue Service (the IRS) for the original defined benefit pension plan and subsequent amendments effective through Jan. 1, 2014. Thereafter, the IRS ended the review of amendments and providing determination letters.

Benefits provided

Retirement benefits are based upon years of service rendered and the final average compensation earned by the participant as defined by the defined benefit pension plan document. The defined benefit pension plan provides for 100% vesting after five years of service to all eligible employees.

The defined benefit pension plan provides for normal retirement at age 65. A participant may retire before age 65 after having completed 10 years of credited service and having attained at least age 55, with reduced benefits in accordance with the defined benefit pension plan document. For a participant who commenced employment before Jan. 1, 2008, a special early retirement benefit is available if the participant has completed 13 years of credited service and has attained the ages of 55 through 58 or has completed 20 years of credited service and has attained the age of 55. For a participant who commenced employment on or after Jan. 1, 2008, the participant shall qualify for special early retirement if the participant has completed 20 years of credited service and terminated employment after attaining age 55. Benefits will not be reduced if the participant elects to receive benefits on or after the seventh anniversary of the date the participant is first eligible for the special early retirement benefit. The defined benefit pension plan also provides for a deferred vested retirement income starting at the normal retirement date to participants who choose to leave Platte River prior to normal retirement age.

Participants may elect to receive their benefits by selecting one of the six optional forms of payment including the following: (1) the duration of the participant's life; (2) the duration of the participant's life with a minimum of 10 years certain and any remainder paid to a beneficiary; (3) 50% joint and survivor annuity option; (4) 66-2/3% joint and survivor option with a minimum of 10 years certain and any remainder paid to a beneficiary; (5) 66-2/3% joint and survivor option without 10 years certain; or (6) an actuarially equivalent lump sum payment, when this option is available. Active employees who become totally and permanently disabled may qualify for a vested retirement income at age 65 or an early retirement income at ages 55 through 64 if they have met the requirements for these benefits at the time they initially became disabled. Upon the death of an active or disabled retiree, a benefit in the form of a monthly income is paid to the participant's beneficiary in accordance with the defined benefit pension plan's provisions.

Benefits paid by the defined benefit pension plan are adjusted annually by the change in the consumer price index, subject to a maximum increase of 6% for employees who retired prior to Dec. 6, 1991. Those employees who retired on or after Dec. 6, 1991, receive two-thirds of the change in the consumer price index, up to a maximum of 4%.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Membership
At Dec. 31, participants in the defined benefit pension plan are as follows.

	2020	2019
Retirees and beneficiaries currently receiving benefits	**172**	157
Terminated vested employees not yet receiving benefits	**52**	57
Active plan participants	**90**	102
Total participants	**314**	316

Contributions
All contributions to the defined benefit pension plan are authorized by the board of directors and made by Platte River. Employees are not permitted to make contributions to the defined benefit pension plan. The defined benefit pension plan's funding policy is intended to fund current service costs as they accrue, plus an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits.

Platte River's contributions to the defined benefit pension plan equaling the actuarially determined requirements for the years ended Dec. 31, 2020 and 2019, are as follows.

	2020	2019
	(in thousands)	
Base contribution	**$ 4,501**	$ 3,634
Additional funding	**3,092**	15
Total contributions	**$ 7,593**	$ 3,649

Expenses
Investment manager fees are deducted from investment earnings by the investment management firms.

Additionally, Platte River pays the administrative expenses of the defined benefit pension plan, including actuarial fees, investment consulting fees, trustee fees, auditing expenses and legal fees.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Net pension liability

The net pension liability was measured and determined by actuarial valuations as of Dec. 31, 2020 and 2019, respectively. The components of the net pension liability were as follows.

	2020	2019
	(in thousands)	
Total pension liability	**$ 128,460**	$ 125,091
Plan fiduciary net position	**112,856**	106,412
Platte River's net pension liability	**$ 15,604**	$ 18,679
Plan fiduciary net position as a percentage of the total pension liability	**87.85%**	85.07%

Actuarial assumptions

The total pension liability for the years ended Dec. 31, 2020 and 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement with the exception of salary increases which was 0% in 2021.

Salary increases	3%
Investment rate of return	7.5%
Cost of living	1.5%

Mortality rates for the years ended Dec. 31, 2020 and 2019, were based on the RP-2014 table for males and females combined with the modified MP-2014 projection scale.

The actuarial assumption for the long-term expected rate of return on the defined benefit pension plan investments is established in the investment policy statement approved by the retirement committee. The basis for establishing a rate uses a method in which best-estimate ranges of expected future rates of return net of investment expense are developed for each major asset class. The estimates for each major asset class that are included in the defined benefit pension plan's target asset allocation as of Dec. 31, 2020 and 2019, are summarized in the following table.

Platte River Power Authority
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Dec. 31, 2020 and 2019

Asset class	Target allocation Dec. 31, 2020	Target allocation Dec. 31, 2019	Long-term expected rate of return 2020	Long-term expected rate of return 2019
Domestic equities	**36%**	19%	**6.8%**	6.3%
International equities	**19%**	11%	**7.1%**	6.8%
Emerging market equities	**8%**	5%	**7.6%**	7.8%
Core fixed income	**17%**	26%	**2.6%**	3.5%
Inflation protection	**3%**	5%	**2.4%**	3.3%
High yield	**8%**	4%	**5.3%**	4.3%
Infrastructure	**3%**	1%	**7.3%**	n/a
Natural resources	**3%**	3%	**6.6%**	n/a
Real estate	**2%**	1%	**9.3%**	6.0%
Cash	**1%**	1%	**n/a**	n/a
Liquid low correlated hedge	**0%**	14%	**n/a**	4.3%
Reinsurance	**0%**	5%	**n/a**	6.0%
Private equity	**0%**	5%	**n/a**	8.3%

Discount rate

The discount rate used to measure the total pension liability was 7.5% for the years ended Dec. 31, 2020 and 2019. To determine the projection of cash flows, the following assumptions were made: employer contributions are made throughout the year and, on average, at midyear; all decrement events are assumed to occur in the middle of the year. Based on those assumptions, the defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current defined benefit pension plan members. Therefore, the long-term expected rate of return on defined benefit pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Changes in net pension liability

Changes in the net pension liability for the year ended Dec. 31, 2020, were as follows.

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
	(in thousands)		
Balances at Dec. 31, 2019	$ 125,091	$ 106,412	$ 18,679
Changes for the year			
Service cost	1,364	-	1,364
Interest	9,179	-	9,179
Changes of benefit terms	-	-	-
Differences between expected and actual experience	970	-	970
Employer contributions	-	7,593	(7,593)
Net investment income	-	6,995	(6,995)
Benefit payments	(8,144)	(8,144)	-
Changes of assumptions	-	-	-
Net changes	3,369	6,444	(3,075)
Balances at Dec. 31, 2020	**$ 128,460**	**$ 112,856**	**$ 15,604**

Changes in the net pension liability for the year ended Dec. 31, 2019, were as follows.

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
	(in thousands)		
Balances at Dec. 31, 2018	$ 123,649	$ 99,578	$ 24,071
Changes for the year			
Service cost	1,575	-	1,575
Interest	9,022	-	9,022
Changes of benefit terms	-	-	-
Differences between expected and actual experience	704	-	704
Employer contributions	-	3,649	(3,649)
Net investment income	-	13,044	(13,044)
Benefit payments	(9,859)	(9,859)	-
Changes of assumptions	-	-	-
Net changes	1,442	6,834	(5,392)
Balances at Dec. 31, 2019	$ 125,091	$ 106,412	$ 18,679

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Sensitivity of the net pension liability to changes in the discount rate

The net pension liability at Dec. 31, 2020 and 2019, calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate, is as follows.

	Discount	Net pension liability 2020	2019
		(in thousands)	
1% decrease	6.5%	**$ 27,442**	$ 30,177
Current discount rate	7.5%	**15,604**	18,679
1% increase	8.5%	**5,393**	8,759

Termination

Platte River reserves the right to discontinue its contributions at any time and to terminate the defined benefit pension plan, although it has not expressed any intention to do so. Discontinuance of contributions does not constitute a formal termination of the defined benefit pension plan. In the event that the defined benefit pension plan is formally terminated by Platte River, the net position of the defined benefit pension plan will be distributed in the following order of priority.

a. The minimum required amount to retired or terminated participants whose retirement income payments commenced at least three years prior to the date of termination.

b. Each other active, retired, or terminated participant who, at least three years prior to termination date, had become eligible for benefits.

c. Remaining assets are allocated between participants and beneficiaries in an amount equal to the excess of the amount required to provide the actuarial equivalent single sum value.

Platte River is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and, therefore, is not subject to the pension benefit guaranty provisions of ERISA. Benefits under this defined benefit pension plan are not insured by the Pension Benefit Guaranty Corporation.

Pension expense

The board of directors approved policies under GASB 62, paragraphs 476–500, that allow Platte River to recognize pension expense when recovered through rates rather than recording the amount calculated under GASB 68.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

For the years ended Dec. 31, 2020 and 2019, Platte River recognized pension expense as follows.

	2020	2019
	(in thousands)	
Base contribution	**$ 4,501**	$ 3,634
Additional pension expense amortization (note 9)	**759**	765
Pension contribution expense recognition amortization (note 9)	**851**	583
Total pension expense	**$ 6,111**	$ 4,982

Deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan

At Dec. 31, 2020 and 2019, Platte River reported deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan from the following sources.

Dec. 31, 2020	Deferred outflows of resources	Deferred inflows of resources
	(in thousands)	
Differences between expected and actual experience	**$ 1,176**	**$ -**
Net difference between projected and actual earnings on investments	**847**	**-**
Total	**$ 2,023**	**$ -**

Dec. 31, 2019	Deferred outflows of resources	Deferred inflows of resources
	(in thousands)	
Differences between expected and actual experience	$ 1,671	$ 69
Net difference between projected and actual earnings on investments	98	-
Total	$ 1,769	$ 69

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan as of Dec. 31, 2020, will be recognized as a component of pension expense as follows.

Year ending Dec. 31	
(in thousands)	
2021	1,280
2022	1,519
2023	(969)
2024	193
2025	-
Total	$ 2,023

12. Defined contribution plan

Effective Sept. 1, 2010, the board of directors established the Platte River Power Authority defined contribution plan (in accordance with the Internal Revenue Code Section 401(a)) for all regular employees hired on or after that date. As of Dec. 31, 2020, there were 172 active plan participants. The plan's assets are held in an external trust account and the investments are participant directed.

Based on years of service, Platte River contributed between 5% and 10% of earnings for plan participants. Platte River also contributed to the 401(a) an amount equal to 50% of the participant's contributions to a separate 457(b) plan, taking into account only such participant contributions up to 6% of the participant's earnings. For the years ended Dec. 31, 2020 and 2019, contributions to the 401(a) plan by Platte River, which were recognized as expenses, were $1,443,000 and $1,132,000, respectively. The employer contributions to the 401(a) plan vest 100% after three years. The plan's records are kept on the accrual basis.

13. Insurance programs

Platte River has purchased insurance policies to cover the risk of loss related to various general liability, property loss exposures, and cyber events. The amount of insurance settlements has not exceeded insurance coverage in the past three years. Platte River also provides a self-insured medical and dental plan to its employees. Medical stop-loss insurance has been purchased, which covers losses in excess of $175,000 per person per incident with one isolated claim at $2,000,000 per incident. A liability was recorded for estimated medical and dental claims that have been incurred but not reported. A third-party administrator is used to account for the health insurance claims and provides the estimated medical claims liability based on prior claims payment experience. The medical claims liability is included as a component of accounts payable in the statements of net position.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Changes in the balance of the medical claims liability during 2020 and 2019 were as follows.

	2020	2019
	(in thousands)	
Medical claims liability, beginning of year	**$ 642**	$ 582
Current year claims and changes in estimates	**3,815**	3,961
Claim payments	**(3,905)**	(3,901)
Medical claims liability, end of year	**$ 552**	$ 642

14. Related-party transactions

Certain defined benefit pension plan investments are shares of mutual funds managed by Wells Fargo, the trustee of the defined benefit pension plan. Platte River pays certain expenses of the defined benefit pension plan and performs certain administrative functions at no cost to the defined benefit pension plan.

15. Commitments

Platte River has two long-term purchase power contracts with WAPA. The contract with the Colorado River Storage Project continues through Sept. 30, 2057. The Loveland Area Projects contract continues through Sept. 30, 2054. The federal hydroelectric power received in 2020 provided approximately 19% of the resources needed by Platte River to serve the loads of the four owner community systems. The contract rates and the amount of energy available are subject to change. During 2020, Platte River purchased $16,648,000 under these contracts.

Platte River and two of the other four participants in the Yampa Project own Trapper Mine, the primary source of coal for the Yampa Project. The contract provides for delivery of specified amounts of coal to each Yampa owner through 2025. This contract is subject to price adjustments. During 2020, coal purchases totaled $15,160,000 under this contract.

The Rawhide Energy Station's coal purchase and transportation agreements are under multiple-year contracts. Base prices for these contracts are subject to future price adjustments. During 2020, Platte River paid $24,949,000 for coal delivered under these agreements.

Platte River has committed to purchase Renewable Energy Certificates (RECs) for the years 2020 through 2024 with future payments of $2,150,000. During 2020, Platte River purchased $550,000 under these REC agreements.

Platte River has entered into agreements to purchase renewable wind energy output of 12 megawatts from Silver Sage Windpower Project through 2029, 60 megawatts from Spring Canyon Wind Energy Center Phase II and III through 2039, approximately 6 megawatts from Medicine Bow Wind Project through 2033 and 225 megawatts from Roundhouse Wind Energy Center through 2042. During 2020, Platte River paid $16,593,000 under these renewable wind

energy agreements. Platte River has entered into a long-term agreement with a third party to sell all the output purchased from the Silver Sage Windpower Project through 2029. During 2020, Platte River received $722,000 under this agreement. In addition, 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 the Spring Canyon Wind Energy Center Phase II and III site was sold under a 10-year long-term sales contract beginning in 2020. At the end of the sales contract, the energy will return to Platte River. Platte River received $2,254,000 under this agreement.

Platte River has entered into an agreement to purchase all the output from the 30 megawatts solar photovoltaic power plant, located at the Rawhide Energy Station through 2041. During 2020, Platte River paid $3,365,000 under this agreement.

Platte River has entered into an agreement to purchase all the output from the 22 megawatts solar photovoltaic power plant located at the Rawhide Energy Station. A 2 megawatt-hour battery energy storage project will also be fully integrated with the solar project. The facility generated test energy during 2020 but did not reach commercial operation which is expected in 2021. The contract will be effective for 20 years from the commercial date of operation. During 2020, Platte River paid $176,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 25 megawatts of generation from Craig units 1 and 2 through June 30, 2024. During 2020, Platte River received $4,898,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 25 megawatts of generation from Craig unit 1 and 2 and Rawhide Unit 1 through Dec. 31, 2022. During 2020, Platte River received $5,624,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 65 megawatts of capacity from the combustion turbine units effective Aug. 1, 2020 through Apr. 30, 2025. The agreement also calls for energy, maintenance and start charges when the capacity option is called. During 2020, Platte River received $2,309,000 under this agreement.

16. Risks, uncertainties and contingencies

The owners of the Craig Generating Station, acting through Tri-State as operating agent, have announced that Craig Unit 1 is scheduled to be retired by Dec. 31, 2025 and Craig Unit 2 is scheduled to be retired by Sept. 30, 2028. As of Dec. 31, 2020, the decommissioning and closure costs have not been determined.

In the ordinary course of business, Platte River may be impacted by various legal matters and is subject to legislative, administrative and regulatory requirements relative to environmental issues. Although the outcomes of such matters are not possible to predict, management is aware of no pending legal matters or environmental regulations for which the outcome is likely to have a material adverse effect upon Platte River's operations, financial position or changes in financial position in the near term.

Currently Platte River generates and delivers the majority of its energy from carbon resources. In December 2018, the board of directors passed the Resource Diversification Policy. The policy includes the goal of reaching a 100% noncarbon energy mix by 2030 while maintaining Platte River's "three pillars" of providing reliable, environmentally responsible and financially sustainable electricity and services. The policy acknowledges that several conditions must be met to achieve this goal, including participation in a full energy market, more mature battery storage performance, transmission and distribution infrastructure investments, improved grid management systems and more. Platte River is proactively working to diversify its resource mix to achieve the policy's goal.

Additionally, potential changes in environmental regulations could affect the cost of generation for these facilities or could require significant capital expenditures and therefore materially affect the rates Platte River charges its customers. In 2019, the Colorado General Assembly adopted a "Climate Action Plan" (H.B. 19-1261) which established statewide goals for a 26% reduction in greenhouse gas emissions from 2005 levels by 2025, a 50% reduction by 2030 and a 90% reduction by 2050. In addition, S.B. 19-236 established even more stringent greenhouse gas emission reduction targets for electric utilities, including an 80% reduction from 2005 levels by 2030 and a 100% reduction by 2050. The state is currently developing regulations for these statutes and, during 2020, released a draft roadmap outlining potential policies to meet outlined targets.

Investments of the defined benefit pension plan are subject to various risks, such as interest rate, credit, foreign currency, reinsurance funds and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of investments could occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

Defined benefit pension plan contributions are made, and Platte River's net pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

The defined benefit pension plan is exposed to various risks of loss related to torts. Fiduciary liability insurance coverage is purchased for claims arising from such matters. There have been no significant decreases in insurance coverage.

Economic uncertainties continue to exist as a result of the COVID-19 pandemic which may negatively impact the financial position, results of operations and cash flows of Platte River. Platte River's defined benefit pension plan portfolio includes allocations to various asset classes which have experienced significant volatility. As a result of market conditions, the lump sum distribution option from the defined benefit pension plan was suspended during 2020 then reinstated effective Feb. 3, 2021. Further, the duration of these uncertainties and the ultimate financial impact of the pandemic cannot be reasonably estimated at this time.

Platte River Power Authority
Defined benefit pension plan
Required supplementary information
Schedule of changes in net pension liability and related ratios
Last seven calendar years

	2020	2019	2017	2016	2015	2014	2013
				(in thousands)			
Total pension liability							
Service cost	**$ 1,364**	$ 1,575	$ 1,535	$ 1,616	$ 1,728	$ 1,839	$ 1,885
Interest	**9,179**	9,022	8,740	8,421	8,176	7,665	7,343
Changes of benefit terms	**-**	-	-	-	-	2,397	-
Differences between expected and actual experience	**970**	704	2,088	1,175	(620)	931	(180)
Changes of assumptions	**-**	-	-	-	-	3,661	(574)
Benefit payments	**(8,144)**	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)
Net change in total pension liability	**3,369**	1,442	4,947	4,851	3,866	11,861	4,187
Total pension liability–beginning	**125,091**	123,649	118,702	113,851	109,985	98,124	93,937
Total pension liability–ending (a)	**$ 128,460**	$ 125,091	$ 123,649	$ 118,702	$ 113,851	$ 109,985	$ 98,124
Plan fiduciary net position							
Contributions – employer	**$ 7,593**	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905
Net investment income	**6,995**	13,044	(3,179)	11,289	7,476	(624)	4,658
Benefit payments	**(8,144)**	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)
Net change in Plan fiduciary net position	**6,444**	6,834	(6,017)	11,148	4,970	(1,954)	4,276
Plan fiduciary net position–beginning	**106,412**	99,578	105,595	94,447	89,477	91,431	87,155
Plan fiduciary net position–ending (b)	**$ 112,856**	$ 106,412	$ 99,578	$ 105,595	$ 94,447	$ 89,477	$ 91,431
Net pension liability–ending (a) – (b)	**$ 15,604**	$ 18,679	$ 24,071	$ 13,107	$ 19,404	$ 20,508	$ 6,693
Plan fiduciary net position as a percentage of the total pension liability	**87.85%**	85.07%	80.53%	88.96%	82.96%	81.35%	93.18%
Estimated covered payroll	**$ 13,490**	$ 14,909	$ 15,290	$ 16,215	$ 16,874	$ 17,305	$ 17,951
Net pension liability as a percentage of estimated covered payroll	**115.67%**	125.29%	157.43%	80.83%	114.99%	118.51%	37.28%

Note to schedule

Historical information is not available for the years 2010 through 2012; additional years will be displayed as they become available.

Platte River Power Authority
Defined benefit pension plan
Required supplementary information
Schedule of employer contributions
Last 10 calendar years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
					(in thousands)					
Actuarially determined contribution	**$ 7,593**	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905	$ 4,544	$ 3,561	$ 4,390
Contribution in relation to the actuarially determined contribution	**7,593**	3,649	4,578	6,220	2,912	3,302	3,905	4,544	3,561	4,390
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated covered payroll	**$ 13,490**	$ 14,909	$ 15,290	$ 16,215	$ 16,874	$ 17,305	$ 17,951	$ 18,614	$ 18,766	$ 18,728
Contributions as a percentage of covered payroll	**56.29%**	24.48%	29.94%	38.36%	17.26%	19.08%	21.75%	24.41%	18.98%	23.44%

Notes to schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the calendar year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability, entry age normal
Amortization method	5-year, level dollar, open period
Asset valuation method	4-year smoothed market
Salary increases	3.0%, 10 year average
Increases in retiree benefits – in payment pensioners	If benefits commenced prior to 1/1/92, 2.25% for 2015-2020 and 3% for 2011-2014. If benefits commenced after 12/31/1991, 1.5% for 2015–2020 and 2% for 2011-2014.
Investment rate of return	7.5% for 2016 - 2020; 8% for 2011 – 2015

Platte River Power Authority
Defined benefit pension plan
Required supplementary information

Schedule of investment returns

Last 10 calendar years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual money-weighted rate of return, net of investment expense	**6.6%**	13.5%	(3.1%)	12%	8.5%	(0.7%)	5.4%	16.1%	13.7%	(1.5%)

Platte River Power Authority

Other information

Budgetary comparison schedule *(unaudited)*

	Year ended Dec. 31, 2020		
	Budget	**Actual**	**Variance**
	(in thousands)		
Revenues			
Operating revenues			
Sales to owner communities	$ 198,688	**$ 196,002**	$ (2,686)
Sales for resale and other	37,979	**44,747**	6,768
Total operating revenues	236,667	**240,749**	4,082
Other revenues			
Interest income[1]	3,825	**2,501**	(1,324)
Other income	38	**821**	783
Distribution to owner communities	-	**(1,000)**	(1,000)
Total other revenues	3,863	**2,322**	(1,541)
Total revenues	$ 240,530	**$ 243,071**	$ 2,541
Expenditures			
Operating expenses[2]			
Purchased power	$ 44,599	**$ 48,029**	$ (3,430)
Fuel	45,953	**41,571**	4,382
Production	47,888	**46,502**	1,386
Transmission	17,284	**16,448**	836
Administrative and general	22,446	**20,335**	2,111
Distributed energy resources	12,163	**9,463**	2,700
Total operating expenses	190,333	**182,348**	7,985
Capital additions			
Production	34,089	**8,466**	25,623
Transmission	25,340	**22,289**	3,051
General	13,345	**6,734**	6,611
Asset retirement obligations	1,282	**2,344**	(1,062)
Total capital additions	74,056	**39,833**	34,223
Debt service expenditures[3]			
Principal	11,713	**10,605**	1,108
Interest expense	11,397	**7,620**	3,777
Total debt service expenditures	23,110	**18,225**	4,885
Total expenditures	$ 287,499	**$ 240,406**	$ 47,093
Revenues less expenditures	$ (46,969)	**$ 2,665**	$ 49,634

(1) Interest income excludes unrealized investment holding gains and losses.

(2) Operating expenses do not include depreciation and other nonappropriated expenses.

(3) Debt service expenditures represent monthly principal and interest funding.

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/21/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Alyssa Clemsen Roberts, chief strategy officer

Subject: **Acceptance of 2020 annual report**

The 2020 annual report will be presented during the April board meeting. The annual report contains the independent auditors' report from BKD and overall 2020 financial statements. A PDF version of the report is included in the board packet. A digital version of the report will be available on the Platte River website.

The board will be asked to accept the 2020 annual report during the April board meeting.

Attachment

Platte River Power Authority

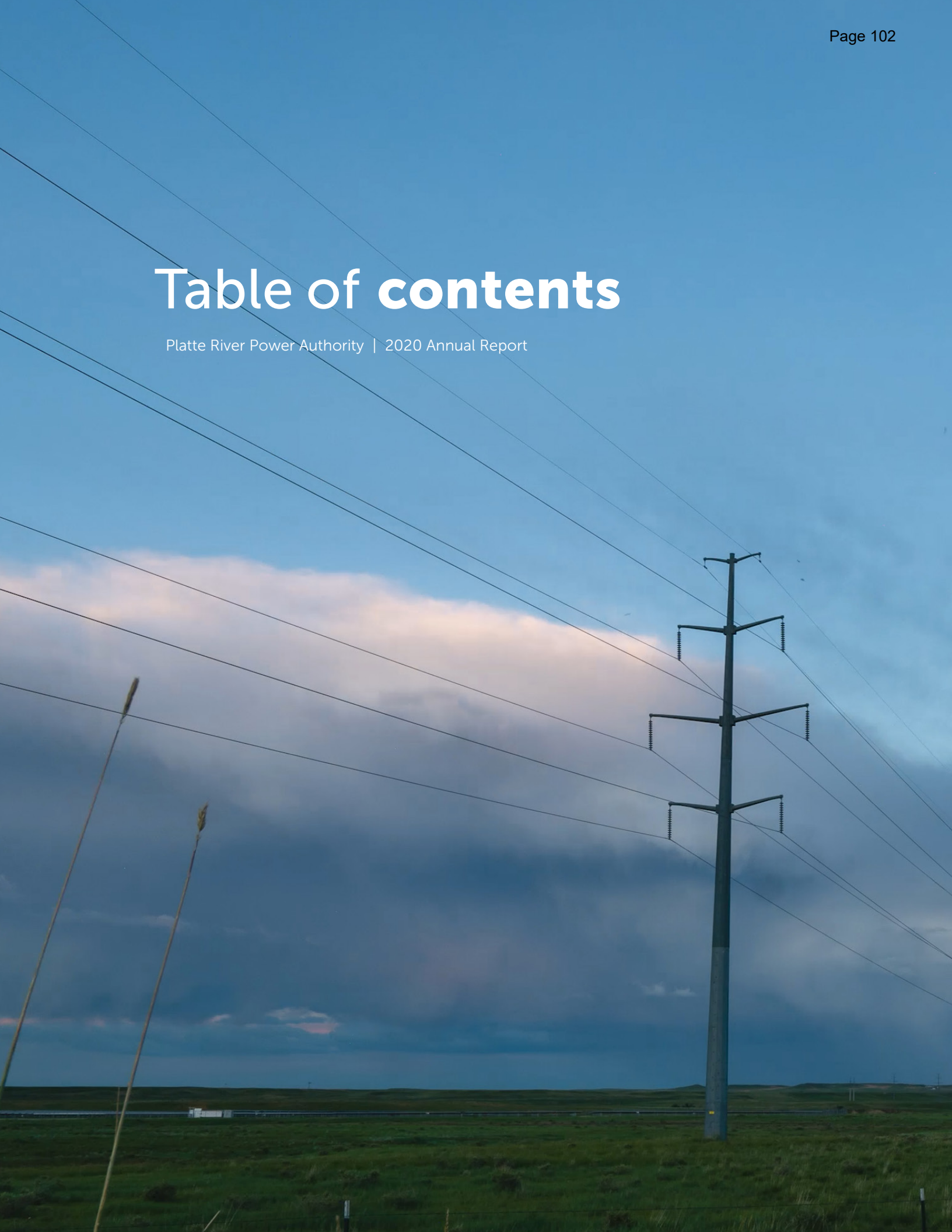
Estes Park • Fort Collins • Longmont • Loveland

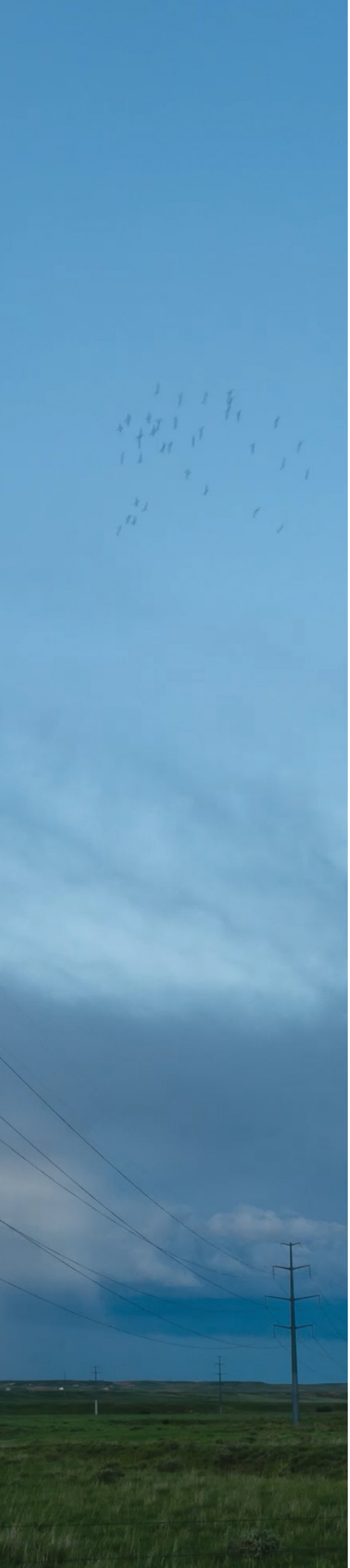
2020 annual report

a year of
RESILIENCE, COMMITMENT & BOLD ACTION

Table of **contents**

Platte River Power Authority | 2020 Annual Report





2020 overview

Significant initiatives

Financials

Letter from **board chair** and **general manager**

2020 was a year of resilience, commitment and bold action for Platte River Power Authority as we navigated the COVID-19 pandemic while moving forward with organizational goals. Our priority throughout the year was to maintain the health and safety of Platte River staff while ensuring a reliable electric system for our owner communities. We have always provided an essential service to our owner communities and electricity became even more critical as many citizens adapted to working and learning from home.

The **resilience** of Platte River staff was critical to maintaining the organization's three pillars during an unprecedented year. The senior leadership team and human resources quickly responded to guidance from local, state and national health agencies and instituted modified work schedules for essential staff and facilitated remote working for those who could perform their duties from home. We transitioned to a virtual format for board meetings to continue moving forward on organizational business and learned how to remotely recruit and hire new staff. Our energy solutions team adapted Efficiency Works programs to continue supporting energy conservation for residents and businesses while maintaining the health and safety of Platte River staff and customers. These programs achieved 26,833 megawatt-hours of energy savings in our owner communities. Virtual alternatives were also launched to maintain the strong culture of Platte River including weekly video updates from the general manager/CEO; monthly business meeting email updates; and a dedicated staff news page on prpa.org for organization updates including photos and stories of how staff were coping with the "temporary normal" brought on by the pandemic.

This challenging year demonstrates both Platte River's **commitment** to our owner communities and the value of public power. As a not-for-profit, community-owned utility, Platte River was in a good position to help our owner communities during the COVID-19 pandemic. We anticipated lower revenues from the owner communities and quickly reduced capital and operations and maintenance spending, added surplus sales and entered into additional capacity contracts. We looked for opportunities to support the owner communities' response to the pandemic by collaborating on how to keep staff safe and sharing

ideas on how to move forward on key goals. We supported owner community broadband initiatives with enhanced fiber infrastructure which played a key role in enabling communities to stay connected. The strong fiber network was also essential during the historic Cameron Peak and East Troublesome fires that threatened emergency communications in Estes Park and Loveland. We reliably provided power by maintaining 100% system availability throughout 2020; not a single outage occurred during the pandemic or fires. Through adaptability and commitment, Platte River was able to provide a one-time $1 million owner distribution to the governing body of the owner communities to assist with the COVID-19 pandemic impacts.

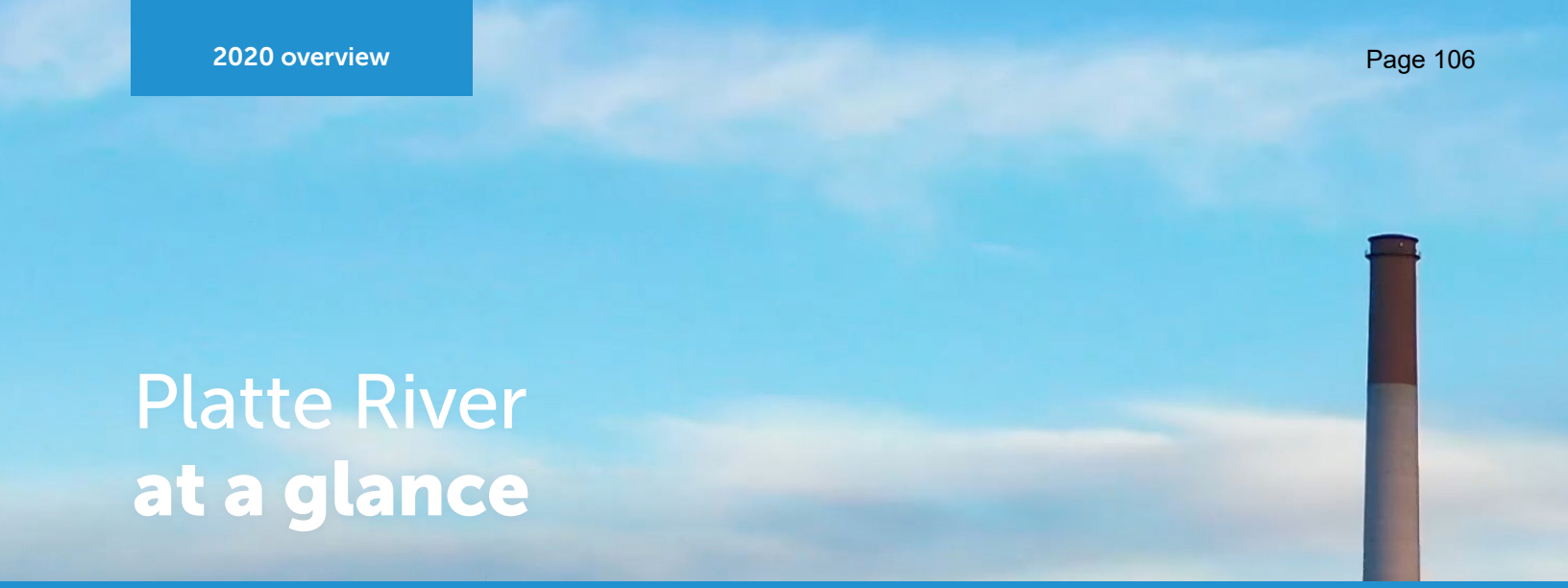
Despite the changes and challenges of the pandemic, Platte River accelerated our commitment to a new energy future through **bold actions** in 2020. We completed construction of a new world-class headquarters campus, which serves as an example of energy efficient design, and invested in plans to construct an Energy Engagement Center that will provide our owner communities with improved access to Platte River board meetings, public events and space to engage with energy policy leaders. We finalized dates for closure of all three coal units in Platte River's resource portfolio and committed to file a clean energy plan to support state mandates. We completed our 2020 integrated resource plan (IRP), a culmination of more than two years of work, which was recognized by state energy officials as the most aggressive noncarbon plan in Colorado. We continue work behind the scenes in preparation for joining the Western Energy Imbalance Market (WEIM) operated by the California Independent System Operator (CAISO). We launched a distributed energy resource (DER) strategy team composed of Platte River and owner community utility staff to explore how we can integrate systems to better balance supply and demand as we transition our energy portfolio. We added 400% more wind energy to the system, constructed another solar project and added a battery storage system. We also signed a contract to add 300% more solar energy to our system by 2023. These actions are significant steps toward achieving the board-adopted Resource Diversification Policy (RDP).

Finally, 2020 was another strong financial year for Platte River as we exceeded all strategic financial metrics and executed a rate restructuring that will result in more transparency, flexibility and system benefits for our owner communities. Net income of $22 million was favorable by $4.8 million compared to budget. Revenues from our owner communities were slightly below budget at 1.4% but were more than offset by a strong surplus sales market, enabling us to exceed total operating revenues by $4.1 million. Additional revenues were generated from unbudgeted contract sales and expenses were reduced in response to the COVID-19 pandemic. We were also able to take advantage of low cost purchased power through the joint dispatch agreement, significantly reducing baseload fuel expense. Other operating expenses and interest expense were below budget, which offset an increase in depreciation and amortization expense. We also had another year of exceptional performance from our production and transmission facilities.

The extraordinary accomplishments of 2020 could not have been realized without the support, leadership and adaptability from our board, ongoing collaboration with our owner communities, and the commitment and resilience of our dedicated staff. As we move forward, we will continue taking bold action to achieve the goals of our owner communities while ensuring reliable, environmentally responsible and financially sustainable generation and transmission of energy and services.

Wade Troxell
Board Chair

Jason Frisbie
General Manager/CEO



Platte River at a glance

Platte River Power Authority is a not-for-profit, community-owned public power utility that generates and delivers safe, reliable, environmentally responsible and financially sustainable energy and services to Estes Park, Fort Collins, Longmont and Loveland, Colo., for delivery to their utility customers.

Headquarters

Fort Collins, Colo.

General manager/CEO

Jason Frisbie

Began operations

1973

Employees

262

2020 peak demand of owner communities

657 MW

2020 deliveries of energy

4,684,993 MWh

2020 deliveries of energy to owner communities

3,165,477 MWh

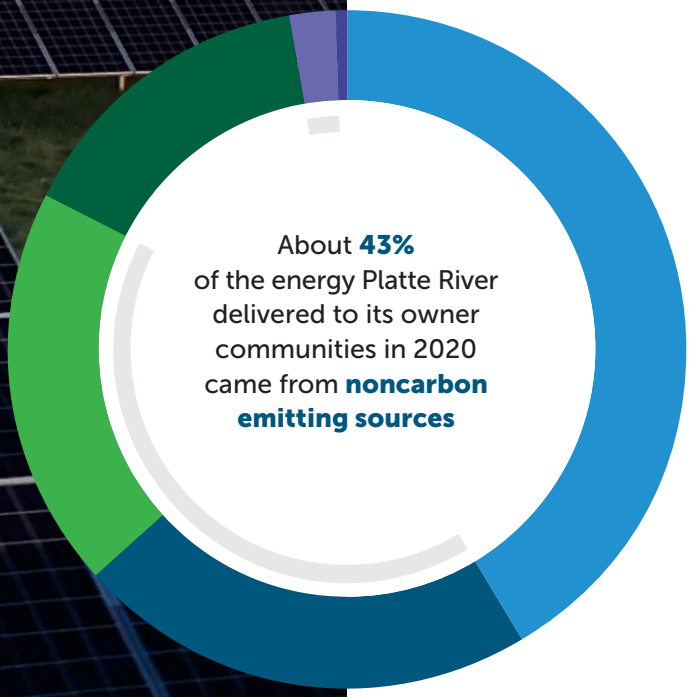
Transmission system

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.

Capacity **and energy**

Resource capacity	MW	
Coal	431	
Natural gas	388	
Hydropower	90	
Wind power [(1)(2)]	303	67
Solar [(1)]	52	22
Total	**1,264**	**998**

(1) For the effective capacity calculation, wind facilities are assigned firm capacity of 22% of their nameplate capacity and solar facilities are assigned 42% of their nameplate capacity. Platte River 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.



2020 deliveries of energy to communities

- Coal **41.5%**
- Wind **22.0%**
- Hydropower **19.2%**
- Purchases **14.7%**
- Solar **2.2%**
- Natural gas **0.4%**

Vision, mission **and values**

Vision

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.

Mission

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

Values

The following values 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.

Innovation

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

Sustainability

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

Respect

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

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.

Operational excellence

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

Service

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

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

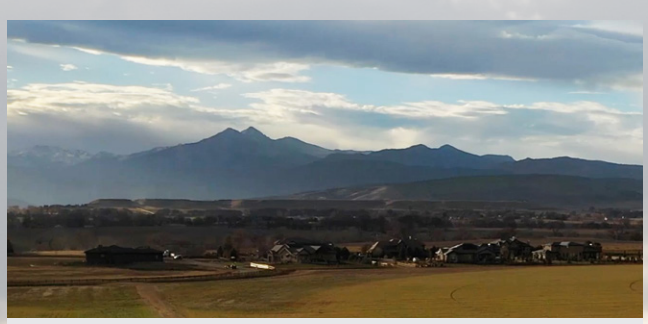
Utility: Estes Park Power and Communications, established in 1945

City of Fort Collins Utilities

City of Fort Collins

Estimated population*: 170,243

Utility: Fort Collins Utilities, established in 1938



CITY OF Longmont Power & Communications

City of Longmont

Estimated population*: 97,261

Utility: Longmont Power & Communications, established in 1912

Loveland Water and Power

City of Loveland

Estimated population*: 78,877

Utility: Loveland Water and Power, established in 1925

* Population data from U.S. Census

Board of **directors**

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

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

Wendy Koenig
Mayor
Town of Estes Park

Reuben Bergsten
Director of utilities
Town of Estes Park

Wade Troxell
Board chair
Mayor
City of Fort Collins

Ross Cunniff
City council member
City of Fort Collins

Brian Bagley
Mayor
City of Longmont

David Hornbacher
Vice chair
Executive director of
Longmont Power
& Communications

Jacki Marsh
Mayor
City of Loveland

Joseph Bernosky
Director of Loveland
Water and Power

Senior **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. Platte River's senior leadership has substantial experience in the utility industry.

Jason Frisbie
General manager/CEO

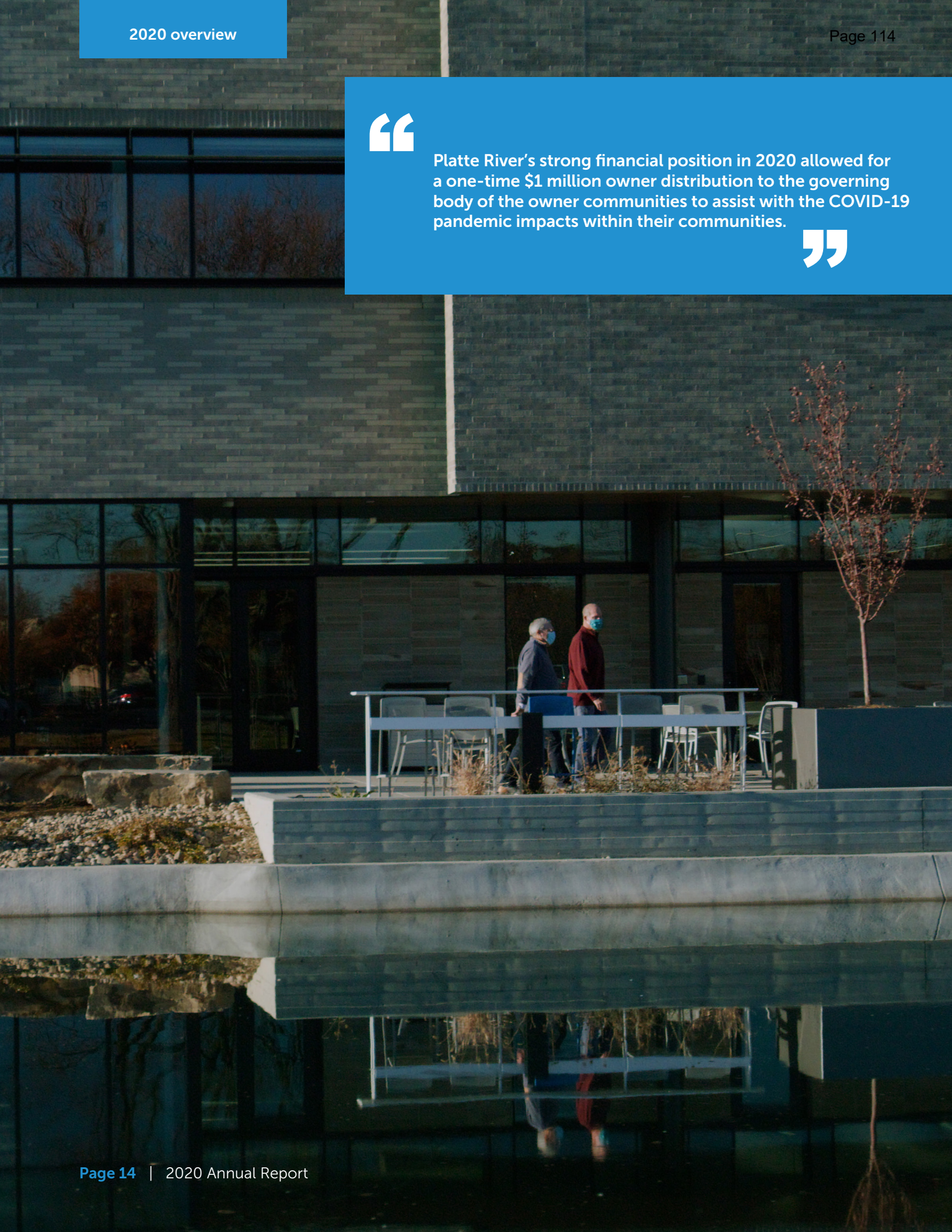
Andy Butcher
Chief operating officer

Alyssa Clemsen Roberts
Chief strategy officer

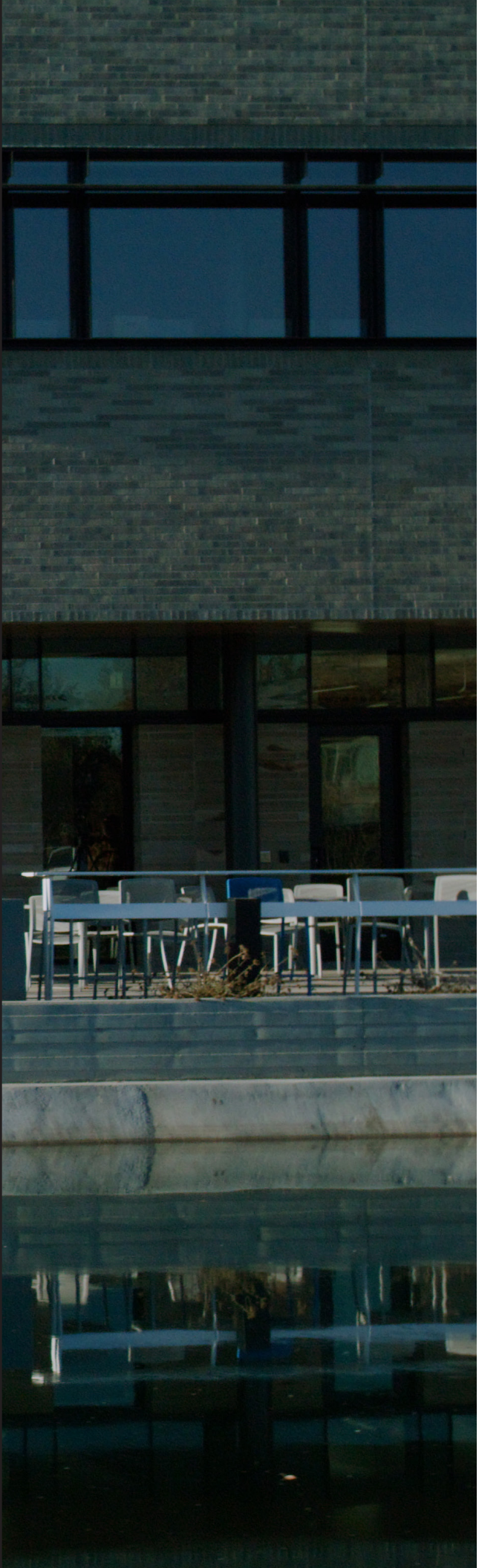
Sarah D. Leonard
General counsel

David Smalley
Chief financial officer/
deputy general
manager

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



> Platte River's strong financial position in 2020 allowed for a one-time $1 million owner distribution to the governing body of the owner communities to assist with the COVID-19 pandemic impacts within their communities.



COVID-19 **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 staff safety, system reliability and financial sustainability. Leadership rapidly designed and implemented processes and protocols to protect staff 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 important for the communities it serves, Platte River's senior leadership team led efforts to minimize financial hardship from the COVID-19 pandemic, which severely impacted economies within the owner communities. Although owner community loads were below budget due to the COVID-19 pandemic, a strong surplus sales market over the summer offset the shortfall in revenue. In response to the pandemic, additional revenues were generated from unbudgeted contract sales, operating expenses were reduced and capital projects were delayed. As a result, Platte River was able to provide a one-time $1 million owner distribution to the governing body of the owner communities to assist with the COVID-19 pandemic impacts within their communities. Expenses and capital projects were also removed from the 2020 budget. A recommended 2.7% wholesale rate increase for 2021 was reduced to 1.5%, while maintaining the board's rate smoothing policy.

Platte River and staff further supported their owner communities by surpassing the annual United Way fundraising goal and by making donations to agencies that support its owner communities during times of crisis.

Significant **initiatives**

Platte River's ongoing collaboration with its owner communities, key industry and stakeholder groups led to significant accomplishments in 2020. The following noteworthy initiatives represents the strategic investment of resources for the long-term benefit of the organization and owner communities. Each aligns with the organization's vision, mission and values, which were born out of the spirit of collaboration that created Platte River in 1973.

Innovative energy solutions

- Distributed generation
- Distributed storage
- Efficiency Works™
- Electric vehicles
- Renewable supply options
- Demand response
- Integrated resource plan

Community responsiveness

- Community relations and communications
- Rates framework

Regional services

- Environmental services
- Customer information system
- Distributed system maintenance
- SCADA services
- Engineering services
- Substation security
- NERC compliance
- Disaster recovery
- Joint dispatch agreement

Joint infrastructure

- Headquarters campus project
- Fiber optics
- Joint Technical Advisory Committee
- Regional water exchange and storage

Integrated **resource plan**

IRP

Following public outreach and board passage of the RDP in 2018, staff initiated the IRP process in 2019 with additional public outreach and extensive internal analyses and third-party studies to evaluate potential supply-side and distributed energy resources to decarbonize Platte River's supply mix as envisioned in the RDP. Reports from the third-party consultants were shared with the public on a microsite – www.prpa.org/irp. In 2020, Platte River staff developed four alternative supply portfolios to cover a wide range of future possibilities for transitioning toward a noncarbon energy future.

Staff planned and conducted extensive outreach to customers within the four owner communities during 2020 to gather input on the four energy mix options. Outreach included a scientific survey of retail customers, focus group meetings in each community and public deliberations before board adoption of the IRP. Due to the outbreak of the COVID-19 pandemic in March, the board delayed public deliberations until August when they were conducted virtually.

During the August and September virtual board meetings, board members again took public comments and deliberated on the four portfolios in detail. In October, the board adopted portfolio 2, which will lead to a minimum 90% noncarbon energy mix by 2030 while maintaining the organization's three pillars of system reliability, environmental responsibility and financial sustainability. This portfolio will form the baseline for future planning. It is flexible and adaptable to achieve higher decarbonization if technology advancements enable it.

Platte River's IRP presents one of the most aggressive noncarbon energy supply plans in Colorado and drew significant praise from leaders throughout the region, including Colorado Gov. Jared Polis, who issued the following statement on the board's adoption of the 2020 IRP:

> "This is the most ambitious level of pollution reduction that any large energy provider in the state has announced, and it sets a new bar for utilities. Today's decision will save Platte River Power Authority customers money with low cost renewables while maintaining reliability, and this type of leadership from our electric utilities is a critical part of our statewide efforts to reduce pollution and fight the climate crisis."

Noncarbon **energy**

Along with the 2020 IRP, Platte River took tangible steps toward attaining a 100% noncarbon energy mix. The steps include:

Rawhide Unit 1 retirement

Following the initial IRP analysis, Platte River's leadership announced Rawhide Unit 1's early retirement to support state regulatory timelines that align with Platte River's broader objectives for a noncarbon future. The coal-fired Unit 1, which has provided Platte River's owner communities with reliable and low-cost baseload energy for more than 30 years, will cease producing electricity by 2030, 16 years before its planned retirement date.

Craig Unit 2 retirement

Working in concert with the Craig Generating Station's ownership partners, Craig Unit 2's retirement plan was finalized and announced in July. Unit 2 will cease energy production in September 2028. Station owners had previously announced Craig Unit 1 will retire from operations by the end of 2025.

Rawhide Prairie Solar

Following a competitive bidding process, construction on the 22 megawatt Rawhide Prairie Solar installation began in early spring 2020. The project will include a 2 megawatt-hour battery component that will enable Platte River to become familiar with the technology before expanding its use in the future. The project began providing test energy during the fall but engineers determined modifications were needed to better protect key components from high winds that frequent the Rawhide Energy Station. Commercial operation began March 2021.

Roundhouse Wind Energy Center

In mid-June, Platte River began receiving energy from the Roundhouse Wind Energy Center, now its largest noncarbon energy resource. Located approximately 10 miles north of the Rawhide Energy Station, the 225 megawatt, 80-turbine wind farm provides energy sufficient to power up to 100,000 homes per year. In addition, Platte River purchased the 230-kilovolt generator outlet line from the project, which carries power from the Roundhouse project to a transmission interconnection at the Rawhide Energy Station, to ensure energy delivery to Platte River's owner communities throughout the 22-year power purchase agreement (PPA).

New solar energy

Platte River and 174 Power Global in December signed a PPA to build the utility's largest and lowest cost solar facility. The proposed Black Hollow Solar facility, when permitted and built, will provide up to 150 megawatts of photovoltaic generating capacity. Located northeast of Black Hollow Reservoir in Weld County, Colo., the project will tie directly into Platte River's transmission system. Permitting efforts will take place through early 2022 with construction potentially beginning in the summer of 2022.

With the approved IRP, Platte River staff will continue to evaluate new, noncarbon generating and energy storage technologies and distributed energy resources to continue advancing toward a 100% noncarbon energy mix while maintaining system reliability and financial sustainability.

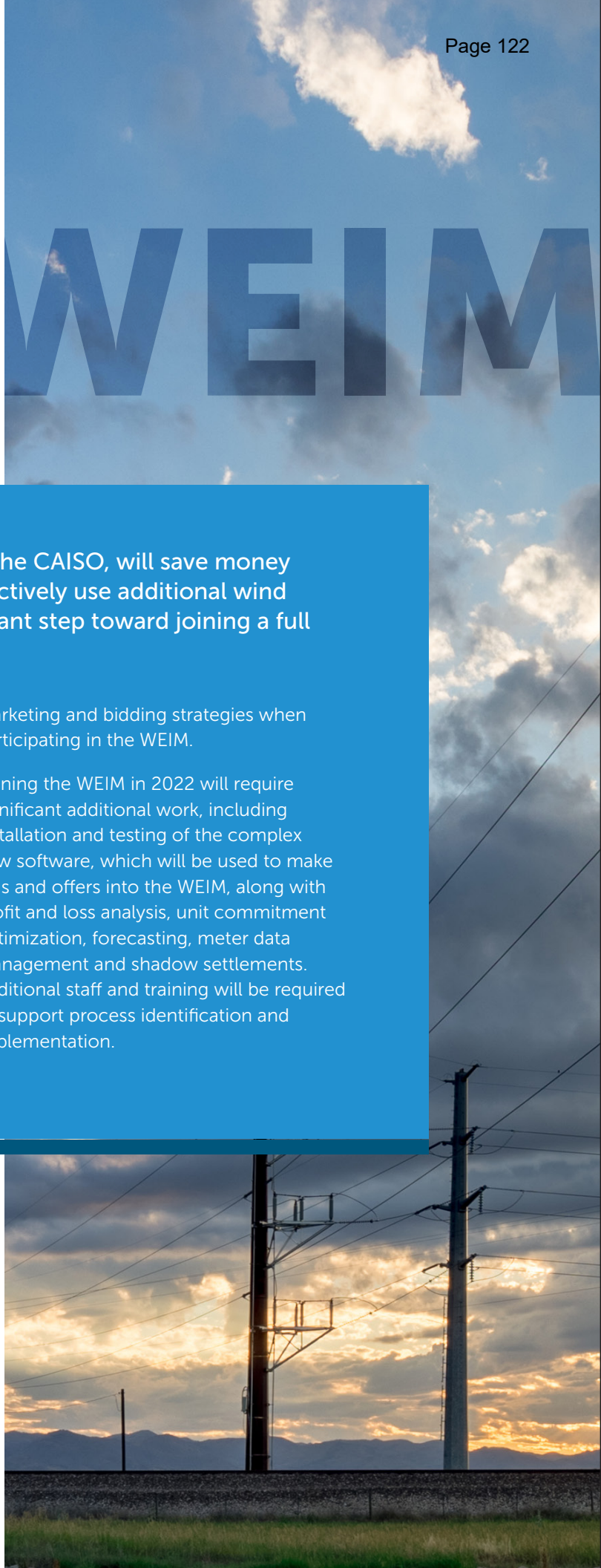
43%

noncarbon energy delivered to the owner communities

225

MW of wind added to Platte River's system

Western Energy Imbalance Market **participation**



Participation in the WEIM, operated by the CAISO, will save money while enabling Platte River to more effectively use additional wind and solar energy, and become a significant step toward joining a full energy market.

Throughout 2020, staff laid groundwork necessary to join the WEIM. The power delivery department leadership provided a model of Platte River's generation and transmission system to CAISO to determine how to best integrate Platte River's system into the larger WEIM system model, for the benefit of all participants. Staff took part in specialized training, required documents were submitted and regular meetings with CAISO began to initiate integration into the WEIM. Near the end of the year, Platte River executed a contract with a software provider, whose system will be used to manage Platte River's marketing and bidding strategies when participating in the WEIM.

Joining the WEIM in 2022 will require significant additional work, including installation and testing of the complex 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. Additional staff and training will be required to support process identification and implementation.

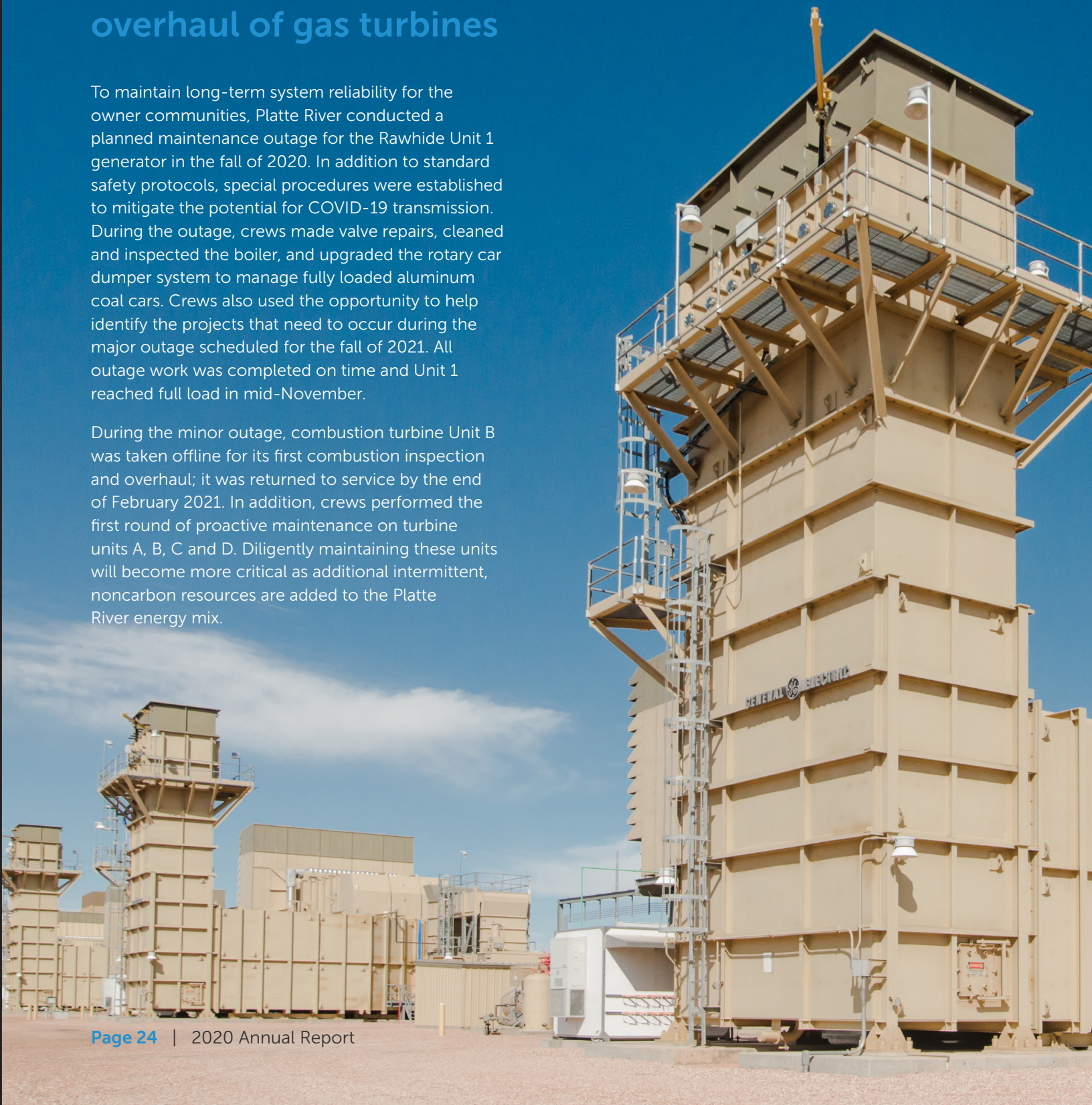

100%
transmission reliability

Rawhide **minor outage**

overhaul of gas turbines

To maintain long-term system reliability for the owner communities, Platte River conducted a planned maintenance outage for the Rawhide Unit 1 generator in the fall of 2020. In addition to standard safety protocols, special procedures were established to mitigate the potential for COVID-19 transmission. During the outage, crews made valve repairs, cleaned and inspected the boiler, and upgraded the rotary car dumper system to manage fully loaded aluminum coal cars. Crews also used the opportunity to help identify the projects that need to occur during the major outage scheduled for the fall of 2021. All outage work was completed on time and Unit 1 reached full load in mid-November.

During the minor outage, combustion turbine Unit B was taken offline for its first combustion inspection and overhaul; it was returned to service by the end of February 2021. In addition, crews performed the first round of proactive maintenance on turbine units A, B, C and D. Diligently maintaining these units will become more critical as additional intermittent, noncarbon resources are added to the Platte River energy mix.



Chimney Hollow **Reservoir Project**

Platte River relies on Windy Gap water for service, process and cooling water needs at the Rawhide Energy Station as well as to fulfill its water exchange requirements under the Reuse Agreement with the City of Fort Collins. The Chimney Hollow Reservoir Project will increase water resource reliability for current and future electric generation operations by providing a firm supply of Windy Gap water.

In a December ruling, a federal lawsuit that has delayed Chimney Hollow construction was dismissed by a U.S. District Court judge, who concluded that the U.S. Bureau of Reclamation and the Army Corps of Engineers were in compliance with federal guidelines when developing the project environmental impact statement and issuing the associated record of decision. Platte River's project allotment includes 16,000 acre-feet of the 90,000 acre-foot reservoir and will provide reliable water supplies for up to a three-year drought period. Since 2017, Platte River has sold 50 Windy Gap units to achieve an optimal balance between Windy Gap units and Chimney Hollow storage. Project funding will be through a combination of cash contributions (proceeds from the sale of 10 Windy Gap units in 2020) and participation in a pooled financing arrangement with other project participants, which itself consists of bond proceeds and a low-cost loan from the Colorado Water Conservation Board.

Distributed energy **resource strategy**

As a significant element within the RDP, the DER strategy development is an initiative critical to attaining a 100% noncarbon energy mix by 2030. DER refers to physical or virtual devices or systems that can be deployed on the electric distribution system or on customer premises that can be used to provide value to all customers. This includes technologies and program approaches that help customers reduce energy use or shift their use of energy to align with times renewable energy supply is more abundant. It also includes programs to encourage adoption of distributed, on-site energy storage, or use of new flexible loads like electric vehicles as well as distributed solar. Leaders from Platte River and the owner communities formed the DER strategy committee to begin formulating a long-term, collaborative approach for DER planning and evaluation, operations and customer programs and business models.

Public participation is an important aspect to the development of the DER strategy and stakeholder input will be gathered throughout the yearlong process. The first community outreach to retail customers and stakeholder organizations occurred during the fall to encourage those most interested in DERs to join in the strategic planning process. More than 400 individuals expressed interest in participating and staying informed about the committee's activities. The committee conducted a survey to refine the vision and guiding principles as well as measure potential interest in specific DERs. Workshops with the participants are planned for early 2021 to further refine the strategy and a final plan will be presented to the Platte River Board of Directors later in 2021.

Community energy savings

26,833

MWh of energy savings (up 7% over 2019)

19,000

metric tons of CO_2 avoided due to energy savings

3.4

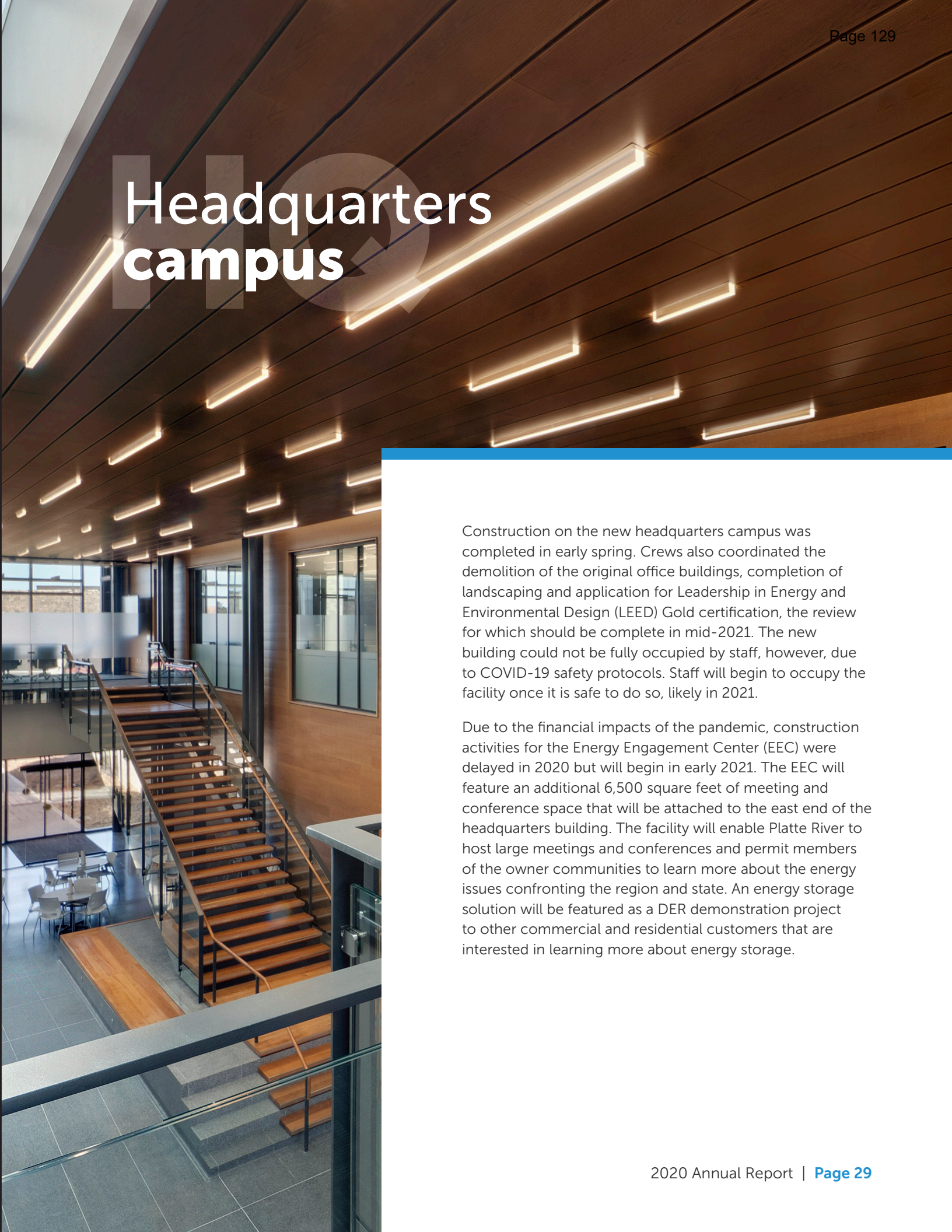
MW demand savings achieved

Outreach and **engagement**

Platte River conducted significant outreach with retail customers, stakeholder groups and community leaders across the owner communities in 2020 to take input on the 2020 IRP. A scientific survey in February and March collected feedback about four potential energy mix options and community focus groups, managed by Colorado State University's Center for Public Deliberation, discussed energy mix options in greater depth. The Platte River Board of Directors took more input during the August and September board meetings before adopting the final IRP.

Overall outreach within the communities grew significantly during 2020, despite COVID-19 pandemic restrictions, through increased use of digital media. Public engagement with social media grew 28% to 68% (depending on platform) and website visits reached 87,686 for the year, nearly double the 2019 total, due primarily to greater interest in the IRP and career opportunities. Platte River continued to transparently engage with the news media, being featured or appearing in more than 180 news stories throughout the year.

Interface with community leaders and stakeholder organizations grew significantly in 2020 compared to previous years, primarily through digital meeting tools. Platte River representatives conducted or participated in nearly 200 meetings with local and state elected officials, regulatory leaders and stakeholders regarding policy issues, projects and the IRP. Platte River received significant support from state and regional leaders for its IRP and its commitment to submit a voluntary clean energy plan.



Headquarters **campus**

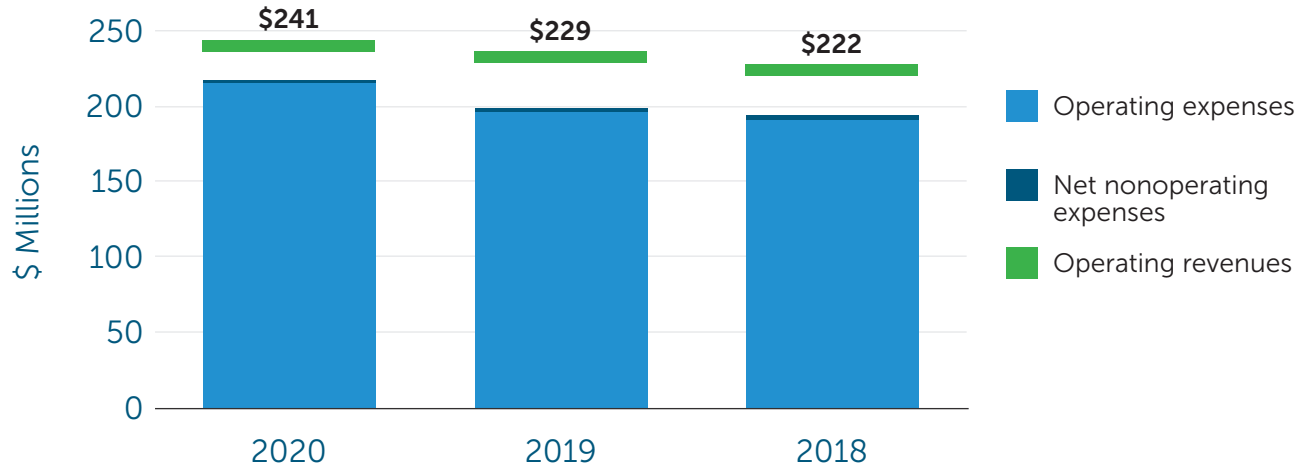
Construction on the new headquarters campus was completed in early spring. Crews also coordinated the demolition of the original office buildings, completion of landscaping and application for Leadership in Energy and Environmental Design (LEED) Gold certification, the review for which should be complete in mid-2021. The new building could not be fully occupied by staff, however, due to COVID-19 safety protocols. Staff will begin to occupy the facility once it is safe to do so, likely in 2021.

Due to the financial impacts of the pandemic, construction activities for the Energy Engagement Center (EEC) were delayed in 2020 but will begin in early 2021. 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 enable Platte River to host large meetings and conferences and permit members of the owner communities to learn more about the energy issues confronting the region and state. An energy storage solution will be featured as a DER demonstration project to other commercial and residential customers that are interested in learning more about energy storage.

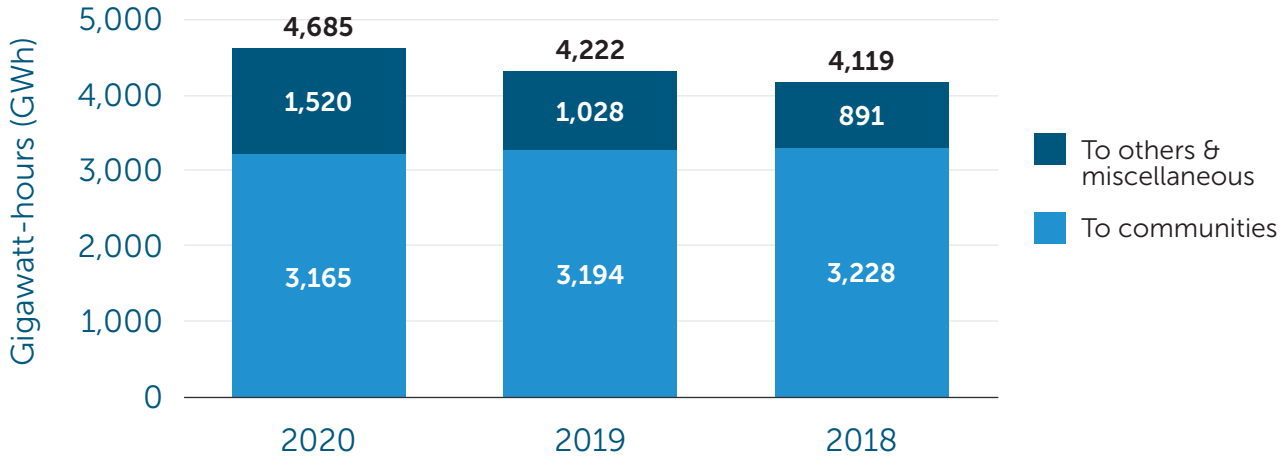
Overall financial results

Platte River's financial position continues to strengthen, and all strategic financial plan metrics were exceeded in 2020. Net income of $22 million was above budget, supporting long-term financial sustainability and helping reduce the amount of future debt financings. The bond service coverage ratio of 3.29 times exceeded the 1.10 times required by bond covenants, providing confidence for Platte River bond holders. Platte River's strong financial position will benefit the owner communities well into the future.

Revenues and expenses



Energy deliveries



Financial highlights

		Year ended December 31,		
		2020	2019	2018
Financial results ($000)				
Operating revenues		$ 240,749	$ 229,185	$ 222,114
Operating expenses		(216,154)	(194,951)	(187,711)
Nonoperating expenses, net		(2,603)	(691)	(2,046)
Income before contributions		$ 21,992	$ 33,543	$ 32,357
Strategic financial plan metrics	**Target minimums**			
Net income ($000)	*3% of projected annual operating expenses*	$ 21,992	$ 33,543	$ 32,357
Fixed obligation charge coverage ratio	*1.5x*	2.43x	2.52x	2.42x
Debt ratio	*< 50%*	21%	24%	26%
Unrestricted days cash on hand	*200*	386	340	362
Selected other data ($000)				
Gross utility plant		$ 1,472,120	$ 1,480,906	$ 1,446,484
Long-term debt		$ 178,353	$ 191,747	$ 205,474
Accumulated net position		$ 615,594	$ 593,602	$ 560,059
Bond service coverage ratio	*1.1x*	3.29x	3.26x	3.06x

Platte River operational data

	Year ended December 31,		
	2020	2019	2018
Peak demand (kW)			
Estes Park	26,850	25,875	27,354
Fort Collins	296,397	300,117	317,117
Longmont	186,223	185,168	185,979
Loveland	160,528	160,994	165,130
Total owner communities' peak demand	669,998	672,154	695,580
Platte River coincident demand	656,620	663,959	688,207
Energy (MWh)			
Estes Park	132,106	136,824	132,723
Fort Collins	1,487,176	1,515,771	1,545,583
Longmont	834,113	816,662	807,218
Loveland	712,082	725,036	743,016
Total owner communities' energy	3,165,477	3,194,293	3,228,540
Sales to other and miscellaneous[1]	1,519,516	1,027,654	890,880
Energy – total system	4,684,993	4,221,947	4,119,420

[1] Includes energy imbalance and exchange agreement settlements.

Energy market statistics

Owner communities combined retail sales[2]	Year ended December 31, 2020	2019	2018
Number of customers (monthly average)			
Residential	148,481	146,228	143,159
Commercial & industrial	19,174	18,838	19,164
Other	295	299	294
Total	167,950	165,365	162,617
Energy sales (MWh)			
Residential	1,197,459	1,137,498	1,142,289
Commercial & industrial	1,875,584	1,968,793	2,004,346
Other	3,625	3,920	3,852
Total	3,076,668	3,110,211	3,150,487
Revenue ($000)			
Residential	$ 136,118	$ 122,898	$ 119,515
Commercial & industrial	161,666	163,527	160,244
Other	550	587	561
Total	$ 298,334	$ 287,012	$ 280,320
Residential averages (annual)			
KWh per customer	8,065	7,779	7,979
Revenue per KWh (cents)	11.37	10.80	10.46
Revenue per customer	$ 916.74	$ 840.45	$ 834.84

[2] Data for most recent year have been compiled from preliminary reports of the owner communities supplied with electric energy by Platte River.

Report of **leadership**

Platte River's leadership is responsible for the preparation, integrity and objectivity of the financial statements and related information included in this annual report. The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America and, where required, reflect amounts based on the best estimates and judgments of leadership.

Platte River maintains a strong internal control structure designed to provide reasonable assurance that transactions are executed in accordance with leadership's authorization, that financial statements are prepared in conformity with GAAP and that assets are safeguarded. Platte River's internal auditor evaluates internal controls for adherence to policies and procedures on an ongoing basis, and reports findings and recommendations for possible improvements to leadership. In addition, the independent auditors consider elements of the internal control system in determining the nature and scope of their audit procedures in performing the annual audit of Platte River's financial statements. The board of directors, whose members are not employees of Platte River, periodically meet with the independent auditors and leadership to discuss the audit scope, audit results and any recommendations to improve the internal control structure. The board of directors directly engages the independent auditors.

David Smalley
Chief Financial Officer/Deputy General Manager

Jason Frisbie
General Manager/CEO

Independent **auditor's report**

Platte River Power Authority

Independent Auditor's Report and Financial Statements

Dec. 31, 2020 and 2019

Platte River Power Authority

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Years ended Dec. 31, 2020 and 2019

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Financial statements

BKD
CPAs & Advisors

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Independent Auditor's Report

Board of Directors
Platte River Power Authority
Fort Collins, Colorado

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Platte River Power Authority (Platte River), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Platte River's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors
Platte River Power Authority

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of Platte River as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Platte River's basic financial statements. The Other Information (Budgetary Comparison Schedule) as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Information (Budgetary Comparison Schedule) has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Denver, Colorado
April 2, 2021

Platte River Power Authority

Management's discussion and analysis *(unaudited)*

Dec. 31, 2020 and 2019

This discussion and analysis provides an overview of the financial performance of Platte River Power Authority for the fiscal years ended Dec. 31, 2020, and Dec. 31, 2019. The information presented should be read in conjunction with the basic financial statements, accompanying notes to the financial statements and required supplementary information.

Platte River is a Colorado political subdivision and a wholesale electricity generation and transmission provider that delivers safe, reliable, environmentally responsible and financially sustainable energy and services to its four owner communities, Estes Park, Fort Collins, Longmont and Loveland, Colorado, for delivery to their utility customers.

Platte River is proactively working towards the goal of reaching a 100% noncarbon resource mix by 2030, while maintaining Platte River's three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services. Advancements in technology and joining an energy market amongst other requirements must occur to achieve the 2030 goal and to successfully maintain Platte River's three pillars. Resource planning and opportunities will be continuously evaluated to add noncarbon resources.

Platte River's power resources include generation from coal and natural gas units, allocations of federal hydropower from Western Area Power Administration (WAPA), wind and solar purchases, joint dispatch agreement purchases, spot market purchases and a forced outage exchange agreement.

- Coal-fired generation includes Rawhide Unit 1 (280 megawatts), located 25 miles north of Fort Collins, and 18% ownership in Craig units 1 and 2 (151 megawatts combined), located in northwest Colorado. Rawhide Unit 1 is scheduled to be retired by Dec. 30, 2029. Craig units 1 and 2 are scheduled to be retired by Dec. 31, 2025 and Sept. 30, 2028, respectively.

- Gas-fired combustion turbines located at Rawhide Energy Station include five simple cycle combustion turbines, which include four GE 7EAs (65 megawatts each) and a GE 7FA (128 megawatts). The combustion turbines are used to meet peak load demand, to provide reserves during outages of the coal-fired units and to make surplus sales.

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

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

  - Roundhouse Wind Energy Center (225 megawatts) in Wyoming; contract ends May 31, 2042.

  - Spring Canyon Wind Energy Center Phase II and III (60 megawatts) 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 is being sold under a 10-year long-term sales contract that began in 2020. Therefore, the energy 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 megawatts) 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 sales contract. Therefore, it is not delivered to the owner communities.

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

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

  - Rawhide Flats Solar facility (30 megawatts) located at Rawhide; contract ends Dec. 14, 2041.

  - Rawhide Prairie Solar facility (22 megawatts) located at Rawhide; contract ends 20 years from the date of commercial operation which is expected to be early 2021. A battery storage system (2 megawatt-hours) is integrated with this project, which can be discharged once daily at a rate up to 1 megawatt per hour.

- The joint dispatch agreement is between Public Service Company of Colorado, Black Hills Colorado Electric, City of Colorado Springs 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 Public Service Company of Colorado, Black Hills Colorado Electric and Platte River concurrently enter the Western Energy Imbalance Market in April 2022.

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

- Capacity of approximately 3.862 megawatts and 0.445 megawatts 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.

- Platte River has a forced outage exchange agreement with Tri-State Generation and Transmission Association, Inc. (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 up to 100 megawatts of generation on a short-term basis. The agreement is in effect until March 31, 2024.

Platte River operates as a utility enterprise and follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). Platte River has implemented all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements for Platte River and the defined benefit pension plan are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. For the defined benefit pension plan, payments are recognized when due and payable in accordance with the terms of the defined benefit pension plan.

Request for information

This financial report is designed to provide a general overview of Platte River's finances, as well as the defined benefit pension plan's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to David Smalley, chief financial officer and deputy general manager, Platte River Power Authority, 2000 East Horsetooth Road, Fort Collins, Colorado 80525.

Platte River Power Authority

Management's discussion and analysis *(unaudited)*

Dec. 31, 2020 and 2019

Financial summary

Platte River reported income of $22 million in 2020, approximately $11.5 million lower than 2019. The year ended with an increase in operating revenues of $11.6 million, an increase in operating expenses of $21.2 million and an increase in nonoperating expenses, net, of $1.9 million.

2020 was an unprecedented year with the world-wide COVID-19 pandemic. Platte River responded to the pandemic by generating additional revenues from unplanned contract sales and reducing operations and maintenance expenses from what was originally budgeted, as well as delaying capital projects. Despite the pandemic, Platte River had strong financial results in 2020 and had another year of exceptional performance from the production and transmission facilities. As a result, Platte River was able to provide a one-time $1 million owner distribution to the governing body of the owner communities to assist with the COVID-19 pandemic impacts within their communities.

Condensed financial statements

The following condensed statements of net position and condensed statements of revenues, expenses and changes in net position summarize Platte River's financial position and changes in financial position for 2020, 2019 and 2018.

	Dec. 31,		
	2020	**2019**	**2018**
		(in thousands)	
Assets			
Electric utility plant	**$ 603,342**	$ 586,230	$ 563,253
Special funds and investments	**126,237**	119,445	117,135
Current and noncurrent assets	**176,960**	130,724	135,691
Total assets	**906,539**	836,399	816,079
Deferred outflows of resources	**28,052**	31,699	41,384
Liabilities			
Noncurrent liabilities	**215,882**	235,651	254,661
Current liabilities	**32,997**	33,050	40,956
Total liabilities	**248,879**	268,701	295,617
Deferred inflows of resources	**70,118**	5,795	1,787
Net position			
Net investment in capital assets	**392,499**	394,847	352,451
Restricted	**18,521**	17,872	17,784
Unrestricted	**204,574**	180,883	189,824
Total net position	**$ 615,594**	$ 593,602	$ 560,059

Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

Net position

Total net position at Dec. 31, 2020, was $615.6 million, an increase of $22 million over 2019. Total net position at Dec. 31, 2019, was $593.6 million, an increase of $33.5 million over 2018.

Electric utility plant increased $17.1 million during 2020, primarily the result of a $46.6 million increase in plant and equipment in service and a $25.9 million decrease in accumulated depreciation and amortization. Partially offsetting these net increases was a $55.4 million decrease in construction work in progress and a $0.1 million decrease in land and land rights. Platte River implemented a change in estimate to the depreciation method from the group method to the specific identification method to be applied prospectively. As a result, a board of directors approved accounting policy using GASB 62 was implemented to reclass $55.8 million of a net deferred gain on capital retirements to a regulatory credit as described in note 9. Further, another board approved accounting policy reclassed $19.8 million for Windy Gap Firming Project storage rights to a regulatory asset also described in note 9.

In 2019, electric utility plant increased $23 million from 2018, primarily the result of a $17.8 million increase in plant and equipment in service and a $16.6 million increase in construction work in progress. Partially offsetting these increases was an increase of $11.4 million in accumulated depreciation.

Special funds and investments increased $6.8 million during 2020 primarily due to an increase in funds from the additional sales of ten Windy Gap water units for $27 million.

In 2019, special funds and investments increased $2.3 million over 2018 primarily due to an increase in funds from the additional sales of two Windy Gap water units for $5.2 million.

Current and noncurrent assets increased $46.2 million during 2020 primarily due to increases in cash and investment balances as a result of the additional sales of Windy Gap water units, higher surplus sales revenues and lower capital expenditures. Accounts receivable increased as a result of higher surplus sales and outstanding balances at the end of the year. Craig Generating Station fuel inventory levels decreased due to a stockpile sale earlier in the year. In addition, regulatory assets increased primarily due to the regulatory asset for Windy Gap Firming Project storage rights as described in note 9.

In 2019, current and noncurrent assets decreased $5 million from 2018 primarily due to decreases in cash and investment balances as a result of paying expenses accrued at the end of 2018 for the Rawhide Unit 1 scheduled maintenance outage. Accounts receivable decreased as a result of lower surplus sales and outstanding balances at the end of the year. Craig Generating Station fuel inventory levels decreased due to higher generation to manage the stockpile and to meet requirements under a surplus sales contract. Partially offsetting the decreases was an increase in materials and supplies for replenishment of inventory after the Rawhide Unit 1 maintenance outage and completion of capital projects. In addition, regulatory assets increased primarily due to the expense recognition differences related to regulatory pension accounting.

Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

Deferred outflows of resources decreased $3.6 million during 2020 primarily due an updated estimate for impoundment closure costs at Craig Generating Station (asset retirement obligation) as well as a decrease in deferred loss on debt refundings following the partial advance refunding of Series II power revenue bonds through the issuance of Taxable Series KK power revenue bonds as described in note 7.

In 2019, deferred outflows of resources decreased $9.7 million from 2018 primarily due to the deferred amortization for differences between the defined benefit pension plan's expected and actual experience and investment earnings. The deferred outflows of resources for prior years defined benefit pension plan assumption changes decreased as those expenses were fully amortized in 2019. Further, there was a decrease in the unamortized deferred loss on debt refunding.

Noncurrent liabilities decreased $19.8 million during 2020 primarily due to principal retirements of debt, an updated estimate for impoundment closure costs at the Craig Generating Station (asset retirement obligation) and a decrease in the net pension liability primarily due to higher contributions in 2020. Platte River also successfully completed a $25.2 million bond offering, Taxable Series KK, which advance refunded $23.5 million of Series II power revenue bonds as described in note 7.

In 2019, noncurrent liabilities decreased $19 million from 2018 primarily due to principal retirements of debt and a decrease in the net pension liability due to a gain in the market value of assets.

Current liabilities decreased $0.1 million during 2020 primarily due to payments for asset retirement obligations related to the closure of two ash ponds at the Rawhide Energy Station as described in note 8. Partially offsetting the decrease was increases in current maturities of long-term debt following principal retirements and the partial advance refunding of Series II power revenue bonds through the issuance of Taxable Series KK power revenue bonds (note 7) and increases in accrued liabilities and other.

In 2019, current liabilities decreased $7.9 million from 2018 primarily due to a decrease in accounts payable. The scheduled maintenance outage of Rawhide Unit 1 towards the end of 2018 resulted in an increase in the accrual of expenses in 2018 that were paid in 2019. This decrease is partially offset by the current portion of asset retirement obligations related to the planned closure in 2020 of two ash ponds at the Rawhide Energy Station as described in note 8.

Deferred inflows of resources increased $64.3 million during 2020 primarily due to the regulatory credit regarding deferred gains and losses on capital retirements as described in note 9. Additional expenses for the 2021 scheduled maintenance outage of Rawhide Unit 1 were also accrued. In addition, there was an increase in deferred pension contribution expense recognition as actual pension contributions exceeded actuarial pension expenses.

Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

In 2019, deferred inflows of resources increased $4 million over 2018 primarily due to accruing the expenses for the 2021 scheduled maintenance outage of Rawhide Unit 1. In addition, there was a decrease in pension deferrals for the amortization of differences in the defined benefit pension plan's expected and actual experience and actuarial assumptions.

Condensed statements of revenues, expenses and changes in net position

	Years ended Dec. 31,		
	2020	**2019**	**2018**
	(in thousands)		
Operating revenues	**$ 240,749**	$ 229,185	$ 224,114
Operating expenses	**216,154**	194,951	187,711
Operating income	**24,595**	34,234	34,403
Nonoperating expenses, net	**(2,603)**	(691)	(2,046)
Income before contributions	**21,992**	33,543	32,357
Contributions of assets to owner communities	**-**	-	(137)
Change in net position	**21,992**	33,543	32,220
Net position at beginning of year	**593,602**	560,059	527,839
Net position at end of year	**$ 615,594**	$ 593,602	$ 560,059

Changes in net position

Net position increased $22 million in 2020, $11.5 million lower than 2019. There was an increase in operating revenues, operating expenses and nonoperating expenses, net. Net position increased $33.5 million in 2019, $1.3 million higher than 2018. There was an increase in both operating revenues and operating expenses and a decrease in nonoperating expenses, net.

Operating revenues in 2020 increased $11.6 million over 2019.

- Sales to the owner communities decreased $1.9 million from 2019 primarily as the result of a decrease in owner communities energy deliveries of 0.9%. While there was no average wholesale rate increase, 2020 was the first year of a new unbundled and transparent wholesale rate structure.

- Surplus sales revenue (sales for resale and other) increased $13.5 million over 2019 primarily as a result of new short-term and long-term sales contracts. Wheeling revenues increased 8.1% as a result of a rate increase to the transmission tariff, additional point to point service and higher loss charges during a period of elevated energy market prices.

Platte River Power Authority

Management's discussion and analysis *(unaudited)*

Dec. 31, 2020 and 2019

Operating revenues in 2019 increased $7.1 million over 2018.

- Sales to the owner communities increased $1.6 million over 2018 primarily as the result of a 2% increase in wholesale rates partially offset by a decrease in billing demand and owner communities energy deliveries of 1.8% and 1.1%, respectively, from 2018.

- Surplus sales revenue (sales for resale and other) increased $5.5 million over 2018 primarily as a result of short-term sales at higher prices and new long-term sales contracts. Wheeling revenues increased 7.9% as a result of an increase in customer loads and a rate increase to the transmission tariff.

Operating expenses in 2020 increased $21.2 million over 2019.

- Purchased power costs increased $9.6 million over 2019. The increase is due primarily to the commercial operation of the Roundhouse Wind Energy Center and increased generation of existing wind and solar facilities. Purchases made under the joint dispatch agreement also increased purchased power and offset baseload generation.

- Fuel expense decreased $3.8 million from 2019. Fuel expense for Rawhide Unit 1 and the Craig units was $1.5 million and $4.8 million less than 2019, respectively. All coal units were run at lower capacity factors to take advantage of lower cost energy under the joint dispatch agreement. Natural gas expense was $2.5 million higher than 2019 primarily due to higher generation for surplus sales made from the combustion turbine units.

- Operations and maintenance expenses were $2.5 million more than 2019. The increase is due to a minor outage for Rawhide Unit 1 and additional personnel costs as a result of health and safety precautions as a response to the COVID-19 pandemic. Partially offsetting the increases were overall decreases in operating expenses at the Craig units and reductions of expenses in response to the COVID-19 pandemic.

- Administrative and general expenses increased $1.3 million over 2019 primarily due to increased personnel expenses partially offset by reduced expenses in response to the COVID-19 pandemic.

- Distributed energy resources expense increased $0.4 million over 2019 due to program expansion for business and consumer product offerings for energy efficiency programs. Approximately $2 million of additional program expenses were planned for 2020 but were delayed due to the COVID-19 pandemic.

- Depreciation and amortization expense increased $11.2 million over 2019 due to acceleration of expenses as a result of early retirement announcements for all three coal-fired units, project cost overruns on the closure of two ash ponds at the Rawhide Energy Station as described in note 8 and additional expense for deferred gains and losses under the board of directors approved accounting policy using GASB 62 as described in note 9.

Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

Operating expenses in 2019 increased $7.3 million from 2018.

- Purchased power costs for 2019 decreased $2.7 million compared to 2018. The primary reason was in 2018 additional purchases were required for the extension of the Rawhide Unit 1 scheduled maintenance outage.

- Fuel expense increased $3.1 million over 2018. Fuel expense for Rawhide Unit 1 and the Craig units was $3 million and $0.4 million above 2018, respectively. The increase in Rawhide Unit 1's fuel expenses was a result of higher generation, as a nine-week scheduled maintenance outage occurred in 2018. The Craig units' generation was higher to manage coal inventory and to meet requirements of the long-term sales contract. Natural gas expense was $0.3 million lower than 2018 primarily due to lower natural gas prices as generation was higher as a result of load requirements and surplus sales made from the combustion turbine units.

- Operations and maintenance expenses were $5.2 million more than 2018. The increase is due to the Craig units scheduled maintenance outages in 2019. Rawhide Unit 1 also returned to normal operations in 2019 after the 2018 maintenance outage, for which the outage expenses were lower than anticipated.

- Administrative and general expenses increased $2 million over 2018 primarily due to increased technology expenses, resource planning consulting services and personnel expenses.

- Distributed energy resources expense increased $1.3 million over 2018 due to program expansion for business and consumer product offerings for energy efficiency programs.

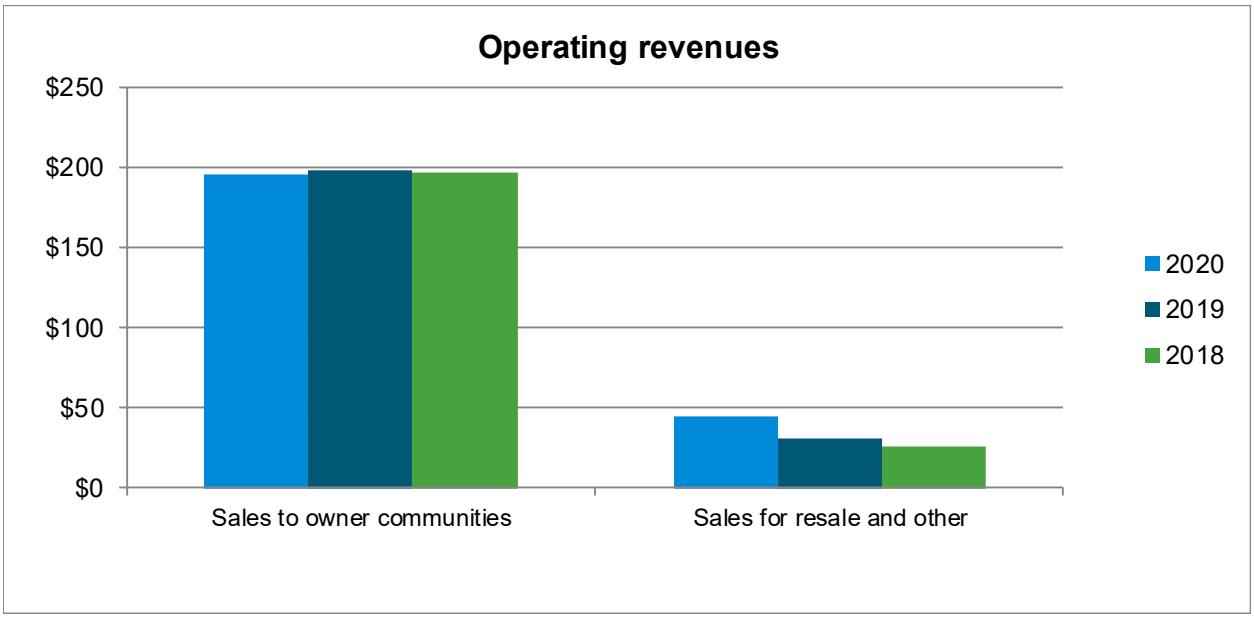
- Depreciation and amortization expense decreased $1.6 million from 2018 due to certain assets at the Rawhide Energy Station reaching the end of their depreciable life and the sale of two additional Windy Gap water units.

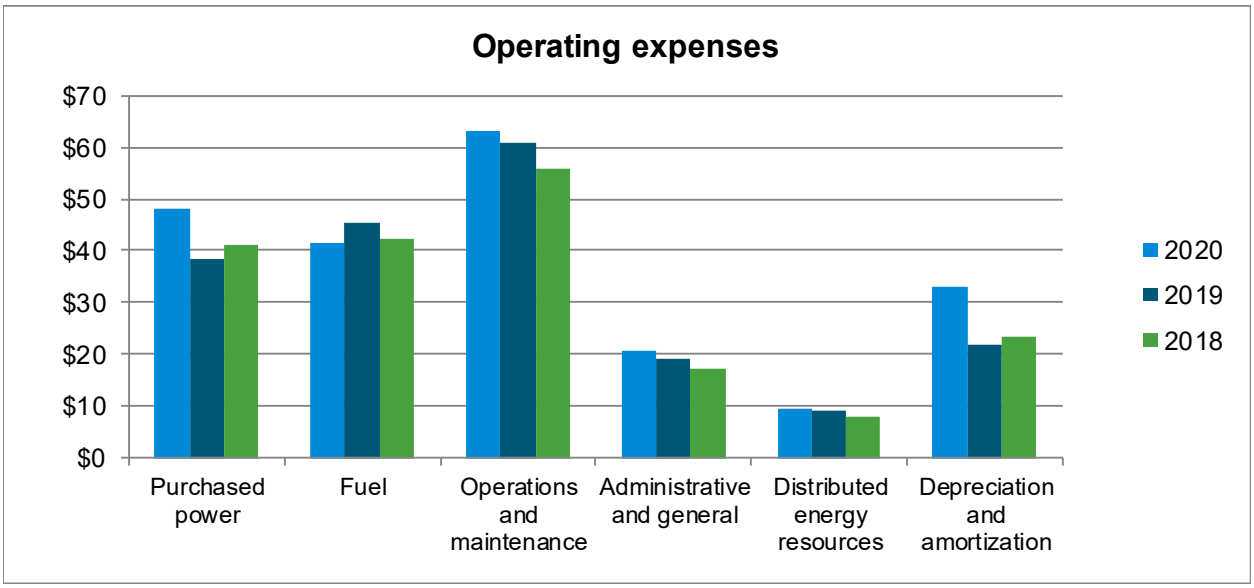
Nonoperating expenses, net, increased $1.9 million in 2020 compared to 2019. The main contributors to the increase were lower interest income, a one-time $1 million owner distribution to the governing body of the owner communities to assist with COVID-19 pandemic impacts within their communities and less of an increase in fair value of investments compared to 2019. Partially offsetting the increase was a decrease in interest expense from ordinary principal retirements and an increase in other income for unplanned lease revenue and receipt of contract liquidated damages.

Nonoperating expenses, net, decreased $1.4 million in 2019 compared to 2018. The main contributors to the decrease were higher interest income, lower interest expense and an increase in fair value of investments. In 2019, cash balances were higher primarily due to the additional sales of Windy Gap water units. Interest expense was lower mainly due to making the final payment on the Series HH power revenue bonds in 2019 and Series GG power revenue bonds were paid off in 2018.

Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

Operating revenues and expenses
(in millions)





Platte River Power Authority
Management's discussion and analysis *(unaudited)*
Dec. 31, 2020 and 2019

Debt ratings
Moody's Investor Service (Moody's) and Fitch Ratings (Fitch) assigned ratings of Aa2 and AA, respectively, to Platte River's Taxable Series KK power revenue bonds issued in December 2020 (note 7). The ratings on Platte River's existing bonds remained unchanged.

Bond issue	Moody's	S&P	Fitch
Power revenue bonds			
Series II	Aa2	AA	AA
Series JJ	N/A	AA	AA
Taxable Series KK	Aa2	N/A	AA

Budgetary highlights
Platte River's board of directors approved the 2020 Strategic Budget with total revenues of $240.5 million, operating expenses of $190.3 million, capital additions of $74 million and debt service expenditures of $23.1 million. The following budgetary highlights are presented on a non-GAAP budgetary basis.

Total revenues of $243.1 million ended the year $2.6 million above budget.

- Sales to owner communities of $196 million were $2.7 million below budget due to below-budget energy deliveries and billing demand.

- Sales for resale and other totaled $44.8 million and were above budget $6.8 million primarily due to several unanticipated short-term and long-term sales contracts and higher than anticipated sales from generation of the combustion turbine units. The increase was due to higher market prices with the rise in demand during record temperatures and wildfires across the west over the summer. Wheeling revenues were $0.3 million above budget due to additional point-to-point sales, higher loss charges during a period of elevated energy market prices and a transmission tariff rate increase in 2020.

- Other revenues, net, of $2.3 million were below budget $1.5 million primarily due to a one-time $1 million owner distribution to the governing body of the owner communities to assist with COVID-19 pandemic impacts within their communities. Additionally, interest income was less than anticipated as a planned debt financing was canceled therefore interest on the proceeds was not earned and overall interest rates were lower than budgeted, partially offset by unbudgeted lease revenue.

Operating expenses of $182.3 million and were $8 million below budget. The largest variances are explained below.

- Purchased power expenses of $48 million were above budget $3.4 million primarily due to purchases made under the joint dispatch agreement because of favorable pricing, which replaced baseload generation. Wind generation was also above budget due to the

early commercial operation date of the Roundhouse Wind Energy Center. Partially offsetting the above-budget variances was below-budget solar generation due to the delay of commercial operation for the Rawhide Prairie Solar project, while operating, did not reach commercial operation in 2020. Hydropower purchases were below budget due to an updated rate from WAPA. Lastly, energy was provided to Tri-State under the forced outage assistance agreement.

- Fuel expenses of $41.6 million were $4.4 million below budget. Rawhide Unit 1 and the Craig units operated at lower than planned loads to accommodate lower-cost energy purchased through the joint dispatch agreement. This resulted in $8.7 million in fuel savings. Partially offsetting the below-budget variance was above-budget natural gas expense of $4.3 million, as the combustion turbines were used to meet load requirements and surplus sales resulting in above-budget generation.

- Production, transmission, administrative and general and distributed energy resources expenses of $92.7 million were $7 million below budget consisting of the items described below.

    - Operations and maintenance expenses were below budget approximately $3.3 million due to projects being completed below budget, expenses not being required and reductions in response to the COVID-19 pandemic.

    - Personnel expenses were below budget $1 million primarily due to lower than anticipated medical and dental claims and lower wages primarily as a result of vacancies, partially offset by additional overtime incurred as a result of health and safety precautions in response to the COVID-19 pandemic.

    - Distributed energy resources program expenses were below budget $2.7 million primarily due to curtailed services and project delays resulting from the COVID-19 pandemic, reduced customer participation and the unpredictability of the completion of customers' energy efficiency projects.

Capital additions of $39.8 million were $34.2 million below budget. This variance was due to construction schedule changes, scope changes, contract delays, internal resource constraints, canceled projects and delays in response to the COVID-19 pandemic. Production additions, transmission additions and general additions were below budget $25.6 million, $3.1 million and $6.6 million, respectively, and asset retirement obligations were $1.1 million above budget. The variance has been carried over to the 2021 Strategic Budget in order to complete the projects.

Debt service expenditures of $18.2 million were $4.9 million below budget due to the cancelation of the debt financing for the Windy Gap Firming Project planned for 2020.

See the budgetary comparison schedule presented as other information as listed in the table of contents.

Platte River Power Authority

Statements of net position

Dec. 31, 2020 and 2019

	Dec. 31, 2020	Dec. 31, 2019
	(in thousands)	
Assets		
Electric utility plant, at original cost (notes 3 and 4)		
Land and land rights	**$ 16,924**	$ 16,997
Plant and equipment in service	**1,407,436**	1,360,820
Less: accumulated depreciation and amortization	**(868,778)**	(894,676)
Plant in service, net	**555,582**	483,141
Construction work in progress	**47,760**	103,089
Total electric utility plant	**603,342**	586,230
Special funds and investments (note 5)		
Restricted funds and investments	**19,044**	18,532
Dedicated funds and investments	**107,193**	100,913
Total special funds and investments	**126,237**	119,445
Current assets		
Cash and cash equivalents (notes 3 and 5)	**52,593**	26,211
Other temporary investments (note 5)	**33,526**	35,310
Accounts receivable—owner communities	**16,149**	16,035
Accounts receivable—other	**8,483**	7,457
Fuel inventory, at last-in, first-out cost	**13,409**	14,185
Materials and supplies inventory, at average cost	**15,127**	15,728
Prepayments and other assets	**1,624**	1,369
Total current assets	**140,911**	116,295
Noncurrent assets		
Regulatory assets (note 9)	**35,385**	14,056
Other long-term assets	**664**	373
Total noncurrent assets	**36,049**	14,429
Total assets	**906,539**	836,399
Deferred outflows of resources		
Deferred loss on debt refundings (note 7)	**4,971**	6,063
Pension deferrals (note 11)	**2,023**	1,769
Asset retirement obligations (note 8)	**21,058**	23,867
Total deferred outflows of resources	**28,052**	31,699

See notes to financial statements.

Platte River Power Authority
Statements of net position
Dec. 31, 2020 and 2019

	Dec. 31, 2020	Dec. 31, 2019
	(in thousands)	
Liabilities		
Noncurrent liabilities (note 6)		
Long-term debt, net (note 7)	**$ 167,208**	$ 181,437
Net pension liability (note 11)	**15,604**	18,679
Asset retirement obligations (note 8)	**26,520**	28,636
Other liabilities and credits	**6,550**	6,899
Total noncurrent liabilities	**215,882**	235,651
Current liabilities		
Current maturities of long-term debt (note 7)	**11,145**	10,310
Current portion of asset retirement obligations (note 8)	**1,073**	1,888
Accounts payable	**17,750**	18,119
Accrued interest	**524**	660
Accrued liabilities and other	**2,505**	2,073
Total current liabilities	**32,997**	33,050
Total liabilities	**248,879**	268,701
Deferred inflows of resources		
Deferred gain on debt refundings	**154**	–
Regulatory credits (note 9)	**69,964**	5,726
Pension deferrals (note 11)	**–**	69
Total deferred inflows of resources	**70,118**	5,795
Net position		
Net investment in capital assets (note 10)	**392,499**	394,847
Restricted	**18,521**	17,872
Unrestricted	**204,574**	180,883
Total net position	**$ 615,594**	$ 593,602

See notes to financial statements.

Platte River Power Authority

Statements of revenues, expenses and changes in net position

Dec. 31, 2020 and 2019

	Years ended Dec. 31, 2020	2019
	(in thousands)	
Operating revenues		
Sales to owner communities	**$ 196,002**	$ 197,974
Sales for resale and other	**44,747**	31,211
Total operating revenues	**240,749**	229,185
Operating expenses		
Purchased power	**48,029**	38,441
Fuel	**41,571**	45,401
Operations and maintenance	**63,348**	60,877
Administrative and general	**20,604**	19,286
Distributed energy resources	**9,560**	9,136
Depreciation and amortization (note 4 and 8)	**33,042**	21,810
Total operating expenses	**216,154**	194,951
Operating income	**24,595**	34,234
Nonoperating revenues (expenses) (notes 5 and 7)		
Interest income	**2,479**	3,610
Other income	**821**	450
Distribution to owner communities	**(1,000)**	–
Interest expense	**(5,570)**	(5,962)
Allowance for funds used during construction	**–**	–
Net increase in fair value of investments	**667**	1,211
Total nonoperating revenues (expenses)	**(2,603)**	(691)
Change in net position	**21,992**	33,543
Net position at beginning of year	**593,602**	560,059
Net position at end of year	**$ 615,594**	$ 593,602

See notes to financial statements.

Platte River Power Authority

Statements of cash flows

Dec. 31, 2020 and 2019

	Years ended Dec. 31, 2020	Years ended Dec. 31, 2019
	(in thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 239,456**	$ 230,667
Payments for operating goods and services	**(131,680)**	(129,498)
Payments for employee services	**(46,696)**	(39,059)
Net cash provided by operating activities	**61,080**	62,110
Cash flows from capital and related financing activities		
Additions to electric utility plant	**(36,005)**	(43,436)
Payments from accounts payable incurred for electric utility plant additions	**(5,699)**	(12,537)
Proceeds from disposal of electric utility plant	**27,174**	5,467
Deposits into escrow for bond defeasance	**(238)**	–
Proceeds from issuance of long-term debt	**243**	–
Principal payments on long-term debt	**(10,310)**	(10,335)
Interest payments on long-term debt	**(7,756)**	(8,172)
Net cash used in capital and related financing activities	**(32,591)**	(69,013)
Cash flows from investing activities		
Purchases and sales of temporary and restricted investments, net	**(4,363)**	(891)
Interest and other income, including realized gains and losses	**3,256**	4,016
Distribution to owner communities	**(1,000)**	–
Net cash (used in)/provided by investing activities	**(2,107)**	3,125
Increase/(decrease) in cash and cash equivalents	**26,382**	(3,778)
Balance at beginning of year in cash and cash equivalents	**26,211**	29,989
Balance at end of year in cash and cash equivalents	**$ 52,593**	$ 26,211

See notes to financial statements.

Platte River Power Authority

Statements of cash flows

Dec. 31, 2020 and 2019

	Years ended Dec. 31, 2020	Years ended Dec. 31, 2019
	(in thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 24,595**	$ 34,234
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	**29,027**	20,691
Changes in assets and liabilities which provided (used) cash		
Accounts receivable	**(1,140)**	1,904
Fuel and materials and supplies inventories	**1,377**	1,088
Prepayments and other assets	**(1,901)**	(2,112)
Deferred outflows of resources	**2,555**	8,539
Accounts payable	**4,059**	(3,091)
Net pension liability	**(3,075)**	(5,392)
Asset retirement obligations	**(2,931)**	1,014
Other liabilities	**150**	1,227
Deferred inflows of resources	**8,364**	4,008
Net cash provided by operating activities	**$ 61,080**	$ 62,110
Noncash capital and related financing activities		
Additions of electric utility plant through incurrence of accounts payable	**$ 1,270**	$ 5,699
Amortization of regulatory assets (debt issuance costs)	**71**	79
Amortization of bond premiums and deferred loss on refundings	**(2,120)**	(2,246)
Net proceeds from refunding bond issuance deposited directly into irrevocable trust	**25,182**	–

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of fiduciary net position
Dec. 31, 2020 and 2019

	Dec. 31, 2020	Dec. 31, 2019
	(in thousands)	
Assets		
Cash equivalents	**$ 1,866**	$ 1,444
Investment income receivable	**-**	2
Investments		
Fixed income securities	**29,055**	32,211
Domestic equity securities	**39,693**	23,660
International equity securities	**29,905**	16,239
Infrastructure	**4,982**	2,836
Natural resources	**3,627**	2,449
Hedge funds	**-**	14,999
Real estate funds	**2,809**	2,690
Reinsurance funds	**919**	3,747
Private equity	**-**	6,135
Total investments	**110,990**	104,966
Total assets	**112,856**	106,412
Net position restricted for pension benefits	**$ 112,856**	$ 106,412

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of changes in fiduciary net position
Dec. 31, 2020 and 2019

	Years ended Dec. 31, 2020	Years ended Dec. 31, 2019
	(in thousands)	
Additions		
Employer contributions	**$ 7,593**	$ 3,649
Investment income		
Net increase in fair value of investments	**4,721**	11,230
Interest and dividends	**2,274**	1,814
Net investment income	**6,995**	13,044
Total additions	**14,588**	16,693
Deductions		
Benefit payments	**8,144**	9,859
Change in plan net position	**6,444**	6,834
Net position restricted for pension benefits		
Beginning net position	**106,412**	99,578
Ending net position	**$ 112,856**	$ 106,412

See notes to financial statements.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

1. Organization

Platte River Power Authority was organized in accordance with Colorado law as a separate governmental entity by the four owner communities of Estes Park, Fort Collins, Longmont and Loveland. Platte River contracted to supply the wholesale electric power and energy requirements of each of these owner communities (except for energy produced by each owner communities' hydro facilities in service at September 1974). These contracts currently extend through Dec. 31, 2060. Each of the four owner communities has a residual interest in Platte River's assets and liabilities upon dissolution, which is proportional to the total revenue received from each owner community since Platte River was organized, less any contributions of assets previously distributed. Based upon electric revenues billed from inception through Dec. 31, 2020, these residual interests are approximately as follows.

	Residual interest
City of Fort Collins	48%
City of Longmont	26%
City of Loveland	22%
Town of Estes Park	4%
	100%

Under Colorado law and the owner community contracts, the board of directors has the exclusive authority to establish the electric rates to be charged to the owner communities. Platte River must follow specified statutory procedures, including public notice and holding a hearing to receive public comments, before adopting an annual budget and implementing any changes in the electric rates.

The defined benefit pension plan is a single-employer defined benefit pension plan included in the financial statements as a fiduciary component unit reported as a pension trust fund in the fiduciary funds statements. Platte River's board of directors is the designated governing body over the defined benefit pension plan and has the authority to amend the defined benefit pension plan. The retirement committee has responsibility for oversight of the defined benefit pension plan's investments. Separate stand-alone financial statements of the defined benefit pension plan are not issued.

2. Operations

Rawhide Energy Station

The Rawhide Energy Station consists of Rawhide Unit 1, a 280 megawatts (net) coal-fired generating facility, a cooling pond, coal-handling facilities, related transmission facilities, five simple-cycle gas-fired combustion turbines and two solar facilities. Natural gas units A through D have a summer peaking capacity of 65 megawatts each and Unit F has a summer peaking capacity of 128 megawatts. Solar facilities include Rawhide Solar Flats (30 megawatts) and Rawhide Prairie Solar (22 megawatts). A battery storage system of 2 megawatt-hours is

integrated with Rawhide Prairie Solar and can be discharged once daily at a rate up to 1 megawatt per hour. The Rawhide Energy Station facilities, except for the solar and battery storage facilities, are wholly owned and operated by Platte River. Rawhide Unit 1 is scheduled to be retired by Dec. 31, 2029.

Yampa project

Platte River owns 18%, or 151 megawatts, of Craig units 1 and 2 of the Yampa Project as a tenant-in-common with four other electric utilities. The current Yampa Project Participation Agreement took effect on April 15, 1992. Craig units 1 and 2 are scheduled to be retired by Dec. 31, 2025 and Sept. 30, 2028, respectively. The Yampa Project consists of 837 megawatts of coal-fired generation and associated transmission plant facilities located near the town of Craig in northwestern Colorado. Platte River's share of the plant investment is included in plant in service, net, in the accompanying statements of net position. Platte River's share of operating expenses of the Yampa Project is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position. Separate financial statements for the Yampa Project are not available. In addition, Platte River and two of the other Yampa Project participants own Trapper Mining, Inc., which owns and operates the adjacent coal mine that supplies Craig units' 1 and 2 fuel needs. One previous cooperative member of Trapper Mining, Inc. was liquidated effective Dec. 31, 2020, increasing Platte River's minority ownership.

Windy Gap water

Under an agreement with the Municipal Subdistrict of Northern Colorado Water Conservancy District, Platte River is entitled to an allocation of the available water from the Windy Gap Project, a water diversion facility completed May 1, 1985. The water is used in operations at the Rawhide Energy Station. Platte River's share of operating expenses of the Windy Gap Project is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position.

3. Summary of significant accounting policies

Reporting entity

For financial reporting purposes, Platte River meets the criteria of an "other stand-alone government." As a municipal utility and a separate governmental entity, Platte River is exempt from taxes on its income. Platte River is also exempt from taxes on its property located in Colorado.

The defined benefit pension plan is a single-employer defined benefit pension plan covering all employees of Platte River hired before Sept. 1, 2010 (note 11). Platte River contributes to the defined benefit pension plan based upon actuarial studies and has primary responsibility for management of the defined benefit pension plan as all retirement plan committee members are appointed by the board of directors. Platte River also provides all accounting, reporting and administrative services to the defined benefit pension plan. Platte River has fiduciary responsibility for the defined benefit pension plan. Accordingly, an evaluation of the defined benefit pension plan using the above considerations results in the inclusion of the defined

benefit pension plan in the accompanying basic financial statements as a fiduciary component unit of Platte River reported as a pension trust fund in the fiduciary funds statements.

Basis of accounting

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

As a board-regulated entity, Platte River is subject to the provisions of GASB 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 recorded various regulatory assets and credits to reflect the rate-making process (note 9).

Budgetary process

A formal budgetary process is required by Colorado State Local Government Law and is utilized as a management control tool. A proposed annual budget must be submitted to the board of directors by Oct. 15 of each year. Following a public hearing, the budget is considered for adoption by the board of directors on or before Dec. 31. Since Platte River operates as an enterprise, it is not subject to Colorado's Taxpayers' Bill of Rights (TABOR) provisions.

Use of estimates

The preparation of financial statements for Platte River and the defined benefit pension plan in conformity with accounting principles generally accepted in the United States of America as prescribed by GASB requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Electric utility plant and depreciation

Electric utility plant is stated at the historical cost of construction and includes expenditures of $5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years. Construction costs include labor, materials, contracted services, and the allocation of indirect charges for engineering, supervision, transportation and administrative expenses. The cost of additions to utility plant and replacement property units is capitalized. Repairs, maintenance and minor replacement costs are charged to expense when incurred.

Depreciation is recorded using the straight-line method over the estimated useful lives of the various classes of plant in service, which range from five to 50 years. Following asset closure announcement, assets are evaluated and estimated useful lives are accelerated, as applicable. Prior to 2020, the original cost of property replaced or retired, and removal costs less salvage, were charged to accumulated depreciation.

Cash and cash equivalents

For purposes of the statements of cash flows, Platte River considers all cash on deposit with financial institutions and highly liquid investments with an original maturity of less than three months, excluding special funds and investments, as cash and cash equivalents. At Dec. 31, 2020 and 2019, cash equivalents consisted of local government investment pools, money market funds and collateralized bank deposit accounts.

Closure and postclosure care costs of disposal facility

Platte River accrues a liability of estimated future closure and postclosure care costs for its Rawhide Energy Station ash disposal facility. The liability is determined by multiplying the estimated closure and postclosure care costs in current dollars by the percentage of the disposal facility's total estimated capacity used through the end of the year.

Asset retirement obligations

An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. In accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations*, Platte River records an asset retirement obligation liability when it has determined that a liability has been incurred based on (a) the occurrence of an external obligating event, such as laws, regulations, contracts or court judgments and (b) an internal obligating event that obligates it to perform asset retirement activities. Platte River updates the asset retirement obligations by inflation or deflation annually and when significant changes occur (note 8).

Long-term debt

The difference between the reacquisition price and the net carrying amount of refunded debt (deferred amount on refundings) in an advance refunding transaction is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the defeased debt or the life of the new debt. The deferred amounts are reported as deferred outflows or inflows of resources.

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.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Compensated absences

Platte River allows employees to accumulate unused vacation and sick leave. Vacation leave may be accumulated to a specified limit, whereas accumulated sick leave is unlimited. Upon retirement or termination of employment, employees are entitled to be paid for a portion of their accumulated unused sick leave. Unused vacation leave is paid in full upon an employee's retirement or termination of employment. Accrued liabilities for compensated absences are valued using the vesting method.

In the financial statements, a portion is estimated of the total unused vacation and sick leave as due within one year with the remainder of the liability recorded as a noncurrent liability (note 6).

Deferred outflows of resources

Deferred outflows consist of unamortized deferred losses on refunding of debt, defined benefit pension plan related deferrals (note 11) and unamortized asset retirement obligations (note 8).

Deferred inflows of resources

Deferred inflows consist of unamortized deferred gains on refunding of debt, unamortized deferred gains and losses on retirement of capital assets (regulatory credit), estimated incremental expenses of scheduled major maintenance outages (regulatory credit) and defined benefit pension plan related deferrals (note 11).

Use of restricted and unrestricted resources

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

4. Electric utility plant

Electric utility plant asset activity for the year ended Dec. 31, 2020, was as follows.

	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
		(in thousands)		
Nondepreciable assets				
Land and land rights	$ 16,997	$ -	$ (73)	**$ 16,924**
Construction work in progress	103,089	37,488	(92,817)	**47,760**
	120,086	37,488	(92,890)	**64,684**
Depreciable assets				
Production plant	945,861	25,679	(19,662)	**951,878**
Transmission plant	373,534	1,249	(485)	**374,298**
General plant	41,425	51,806	(11,971)	**81,260**
	1,360,820	78,734	(32,118)	**1,407,436**
Less accumulated depreciation	(894,676)	(29,027)	54,925	**(868,778)**
Total electric utility plant	$ 586,230	$ 87,195	$ (70,083)	**$ 603,342**

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Electric utility plant asset activity for the year ended Dec. 31, 2019, was as follows.

	Dec. 31, 2018	Increases	Decreases	Dec. 31, 2019
		(in thousands)		
Nondepreciable assets				
Land and land rights	$ 16,997	$ -	$ -	$ 16,997
Construction work in progress	86,457	48,623	(31,991)	103,089
	103,454	48,623	(31,991)	120,086
Depreciable assets				
Production plant	929,788	26,904	(10,831)	945,861
Transmission plant	372,521	1,236	(223)	373,534
General plant	40,721	4,252	(3,548)	41,425
	1,343,030	32,392	(14,602)	1,360,820
Less accumulated depreciation	(883,231)	(20,691)	9,246	(894,676)
Total electric utility plant	$ 563,253	$ 60,324	$ (37,347)	$ 586,230

Platte River used the group depreciation method of accounting prior to 2020. According to FERC accounting guidelines for group depreciation, when an asset is disposed, the book cost along with the cost of removal and salvage proceeds of the asset shall be charged to the applicable accumulated depreciation account and used to calculate a new service value to be amortized over the remaining useful life of the facility. During 2020, Platte River implemented a change in estimate to the depreciation method from the group method to the specific identification method. Under the specific identification method, gains and losses are recognized immediately on the retirement of capital assets. Alternative accounting treatment under board of directors approved policy using GASB 62 (note 9) recognizes the effects of the rate-making process whereby deferred gains and losses on retirements of capital assets may be deferred to future periods. As such, all previously deferred gains and losses on retirements of capital assets were reclassified and are now recorded as a regulatory credit rather than a component of accumulated depreciation causing the significant decrease in accumulated depreciation.

5. Cash and investments

Investment of Platte River's funds is administered in accordance with Colorado law and Platte River's general power bond resolution, fiscal resolution and investment policy. Accordingly, Platte River may only invest in obligations of the United States government and its agencies and other investments permitted under Colorado law. Platte River records its investments at their estimated fair market values. The unrealized holding gains and losses on these investments are included in net increase (decrease) in fair value of investments in the statements of revenues, expenses and changes in net position.

The fair value of investments is presented on the statements of net position as special funds and investments, cash and cash equivalents, and other temporary investments. Special funds and investments are either internally dedicated by board resolution (dedicated funds and

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investments) or restricted as to use by Platte River's general power bond resolution (restricted funds and investments). The fair value of investments, exclusive of accrued interest of $412,000 and $768,000 as of Dec. 31, 2020 and 2019, respectively, are shown in the following tables.

As of Dec. 31, 2020, Platte River had the following cash and investments and related maturities.

	Investment maturities (in years)		
Cash and investment type	**Fair value**	**Less than 1**	**1-2**
	(in thousands)		
U.S. Treasuries	$ 77,941	$ 28,607	$ 49,334
U.S. Agencies			
FFCB	18,393	4,694	13,699
FHLB	3,070	-	3,070
FHLMC	9,230	9,230	-
FNMA	8,471	8,471	-
Total securities	117,105	51,002	66,103
Certificates of deposit	3,506	3,506	-
Cash and money market funds	4,745	4,745	-
Local government investment pools	86,588	86,588	-
Total cash and investments	$ 211,944	$ 145,841	$ 66,103

Statement of net position presentation of cash, cash equivalents and investments are as follows as of Dec. 31, 2020.

	Fair value	**Accrued interest**	**Total**
	(in thousands)		
Restricted funds and investments	$ 19,022	$ 22	$ 19,044
Dedicated funds and investments	106,936	257	107,193
Cash and cash equivalents	52,593	-	52,593
Other temporary investments	33,393	133	33,526
Total cash and investments	$ 211,944	$ 412	$ 212,356

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As of Dec. 31, 2019, Platte River had the following cash and investments and related maturities.

Cash and investment type	Fair value	Investment maturities (in years) Less than 1	1-2	2-3
		(in thousands)		
U.S. Treasuries	$ 92,843	$ 37,684	$ 28,492	$ 26,667
U.S. Agencies				
FFCB	13,909	2,202	4,666	7,041
FHLB	6,008	3,001	-	3,007
FHLMC	11,211	7,002	4,209	-
Total securities	123,971	49,889	37,367	36,715
Certificates of deposit	3,425	3,425	-	-
Cash and money market funds	1,642	1,642	-	-
Local government investment pools	51,160	51,160	-	-
Total cash and investments	$ 180,198	$ 106,116	$ 37,367	$ 36,715

Statement of net position presentation of cash, cash equivalents and investments are as follows as of Dec. 31, 2019.

	Fair value	Accrued interest	Total
		(in thousands)	
Restricted funds and investments	$ 18,493	$ 39	$ 18,532
Dedicated funds and investments	100,417	496	100,913
Cash and cash equivalents	26,211	-	26,211
Other temporary investments	35,077	233	35,310
Total cash and investments	$ 180,198	$ 768	$ 180,966

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Platte River and the defined benefit pension plan categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are prices determined using observable inputs other than Level 1 prices such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets; Level 3 inputs are significant unobservable inputs. Platte River, excluding the defined benefit pension plan, had the following recurring fair value measurements as of Dec. 31, 2020.

- U.S. Treasury securities of $77,941,000 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of $39,164,000 are valued using Level 2 inputs

Platte River, excluding the defined benefit pension plan, had the following recurring fair value measurements as of Dec. 31, 2019.

- U.S. Treasury securities of $92,843,000 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of $31,128,000 are valued using Level 2 inputs

Platte River, excluding the defined benefit pension plan, utilizes two local government investment pools for investment, when a high degree of liquidity is prudent. The two pools are Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Statewide Investment Program (CSIP). COLOTRUST is a local government investment pool with a stable net asset value. CSIP is a local government investment pool in which the underlying investments are measured at the investments' net asset value. The State of Colorado Securities Commissioner administers and enforces all Colorado state statutes governing these pools. They operate similarly to a money market fund and each share is equal in value to $1, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency and competitive yields through investment in a diversified portfolio of short-term marketable securities. They may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of the U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as a custodian for the portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the investment pools. The investment pools do not have any limitations or restrictions on participant withdrawals.

As of Dec. 31, 2020 and 2019, all investments of the defined benefit pension plan had a maturity of less than one year or undefined.

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The following table presents the fair value measurements of the defined benefit pension plan's assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at Dec. 31, 2020 and 2019.

Dec. 31, 2020	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(in thousands)		
Investments by fair value level				
Cash equivalents	$ 1,866	$ 68	$ 1,798	$ -
Fixed income	29,055	29,055	-	-
Domestic equity	39,693	39,693	-	-
International equity	29,905	29,905	-	-
Infrastructure	4,982	4,982	-	-
Natural resources	3,627	3,627	-	-
Real estate funds	2,809	2,809	-	-
Reinsurance	919	919	-	-
Total investments by fair value level	$ 112,856	$ 111,058	$ 1,798	$ -

Dec. 31, 2019	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(in thousands)		
Investments by fair value level				
Cash equivalents	$ 1,444	$ -	$ 1,444	$ -
Fixed income	32,211	32,211	-	-
Domestic equity	23,660	-	23,660	-
International equity	16,239	16,239	-	-
Infrastructure	2,836	2,836	-	-
Natural resources	2,449	2,449	-	-
Real estate funds	2,690	2,690	-	-
Reinsurance	3,747	3,747	-	-
Private equity	6,135	-	-	6,135
Total investments by fair value level	$ 91,411	$ 60,172	$ 25,104	$ 6,135
Investments measured at the net asset value (NAV) [1]				
Hedge funds	$ 14,999	$ -	$ -	$ -

[1] Certain investments that are measured using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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For the defined benefit pension plan, where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

As a practical expedient, a government can use the Net Asset Value (NAV) per share for investments in a nongovernmental entity that does not have a readily determinable fair value. The NAV is not permitted for valuation if it is probable the government will sell the investment at a different price. Investments measured at NAV would be excluded from the fair value hierarchy (Level 1, 2 or 3). The valuation method for the defined benefit pension plan's investments measured at the NAV per share (or its equivalent) is presented below as of Dec. 31, 2019. There were no defined benefit pension plan's investments measured at the NAV per share as of Dec. 31, 2020.

Dec. 31, 2019

Hedge funds	Value	Redemption frequency	Redemption notice period
	(in thousands)		
Multi-category	$ 5,335	Monthly – non-redeemable	5 days – non-redeemable
Equity	2,627	Monthly – non-redeemable	5 days – non-redeemable
Credit-driven	3,326	Monthly – non-redeemable	30 days – non-redeemable
Relative value	1,550	Monthly – quarterly	32 days – 120 days
Interest rate driven	869	Quarterly	90 days – 95 days
Managed futures	670	Monthly	17 days
Commodities	198	Quarterly – non-redeemable	95 days – non-redeemable
Global macro	205	Quarterly – non-redeemable	60 days – non-redeemable
Event-driven	219	Annual	61 days
Total hedge funds	$ 14,999		

Asset allocation

All assets of the defined benefit pension plan are invested in a manner consistent with the defined benefit pension plan document, the defined benefit pension plan investment policy statement and any federal, state or IRS laws or regulations. Under Colorado Revised Statutes, the defined benefit pension plan's investments are governed by the Colorado Uniform Prudent Investor Act. The investment policy statement provides an asset allocation strategy to create a broadly diversified portfolio. The strategy is designed to reflect and be consistent with the

objectives expressed in the investment policy statement, subject to the risk tolerance of the retirement committee.

Defined benefit pension plan assets are held by Wells Fargo Bank N.A. (the trustee) under a trust agreement and invested in money market funds, bonds, stock portfolios, infrastructure, natural resources, reinsurance funds or real estate as directed by the retirement committee. Northern Trust Investments (Northern Trust) assists the retirement committee in the oversight of the investment program, as the retirement committee's investment manager. Investment management firms have the responsibility of investing in a specific asset class with full discretionary investment authority subject to the policies and guidelines of the investment policy statement.

The investment mix and percentage allocations were as follows at Dec. 31.

Asset class	2020	2019
Domestic equities	**36%**	23%
International equities	**19%**	12%
Emerging market equities	**8%**	3%
Core fixed income	**15%**	21%
Inflation protection	**0%**	1%
High yield	**11%**	8%
Infrastructure	**4%**	3%
Natural resources	**3%**	2%
Real estate	**3%**	3%
Liquid low correlated hedge	**0%**	14%
Reinsurance	**1%**	4%
Private equity	**0%**	6%

Rate of return

For the years ended Dec. 31, 2020 and 2019, the money-weighted rate of return on defined benefit pension plan investments, net of investment expense, was 6.6% and 13.5%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As a means of limiting its exposure to fair value losses arising from rising interest rates, Platte River's investment policy and Colorado state statutes limit the investment portfolio, excluding the defined benefit pension plan, to maturities of five years or less. Platte River uses a laddered approach to investing funds based on projected cash flows. The assumed maturity date for

callable securities is based on market conditions as of Dec. 31, 2020. If the price of the security is at or above its call price, the security is assumed to be redeemed on its next call date.

The defined benefit pension plan's fixed income assets are invested in a core fixed income fund and a high-yield fixed income exchange traded fund. The funds are managed by Northern Trust. As interest rates rise, the value of a fixed income bond fund is likely to decrease. Securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Given the long-term nature of the defined benefit pension plan, the investment policy statement does not place maturity restrictions on its bond funds.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Platte River's investment policy allows investments in local government investment pools and money market funds. As of Dec. 31, 2020, Platte River maintained investments, excluding the defined benefit pension plan, in funds managed by the local government investment pools COLOTRUST and CSIP. COLOTRUST and CSIP Liquid Portfolios are both rated AAAm by Standard and Poor's Ratings Services (S&P). CSIP's TERM Portfolio is rated AAAf by FitchRatings. Platte River's investments in Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) were rated Aaa by Moody's Investors Service and AA+ by S&P.

The defined benefit pension plan's core fixed income fund portfolio objective, under normal conditions, is to primarily invest up to 80% of its net assets in US dollar-denominated investment grade fixed income securities either directly or indirectly through exchange traded funds (ETFs). The defined benefit pension plan's high yield allocation invests at least 80% of its assets in below investment grade corporate bonds (which are not in default) as rated by at least one nationally recognized statistical rating organization As of Dec. 31, 2020, the defined benefit pension plan's average credit quality for its core fixed income and high yield allocations were AA and B, respectively.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer.

Platte River's investment policy, excluding the defined benefit pension plan, states that assets held in Platte River's funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of Dec. 31, 2020, more than 5% of Platte River's investments were concentrated in FFCB. These investments are 8.7% of Platte River's total investments (including investments held in local government investment pools and certificates of deposit).

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Investments in any one organization that represent 5% or more of the defined benefit pension plan's fiduciary net position (excluding investments issued or explicitly guaranteed by the U.S. government and mutual funds) are separately identified in the following table.

	2020	2019
	(in thousands)	
Blackstone Offshore Partners NT Fund	$ -	$ 14,999
Partners Group Private Equity Master Fund	-	6,135

Custodial credit risk
Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the defined benefit pension plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The defined benefit pension plan's assets are held in trust and the custodial relationship is defined in the defined benefit pension plan documents. At Dec. 31, 2020 and 2019, the defined benefit pension plan did not identify any investments subject to custodial credit risk.

Reinsurance funds risk
The reinsurance investments in the defined benefit pension plan are subject to risks that include natural catastrophes such as hurricane, tornado, or earthquake, as well as non-natural catastrophes such as aviation or shipping disasters. A catastrophic event of a particular magnitude and in a particular geography could cause the investments to lose all or a significant portion of their principal. Reinsurance investments are also subject to underwriting risk of the ceding entity and risks related to imperfect risk models. The investments are also subject to illiquidity risk, as the majority of the investments are illiquid and despite the current expectation that the fund will repurchase 5% of shares each quarter, the fund may elect not to repurchase shares. Other risks include valuation risk, moral hazard risk, reinsurance industry risk, leverage risk, derivative risk, foreign investing risk and currency risk.

Foreign currency risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The defined benefit pension plan has exposure to foreign currency risk through its international equity, emerging markets, global natural resources, global infrastructure, and global real estate allocations. All of which are exchange traded funds. As for the defined benefit pension plan's international and emerging markets equity allocations, the portfolios invest primarily in foreign denominated securities and typically do not hedge currency risk. The remaining allocations primarily invest in both domestic and foreign denominated securities while also not typically hedging currency risk. As of Dec. 31, 2020, foreign non-dollar allocations for the global natural resources allocation were 38.7%, foreign non-dollar allocations for the global infrastructure allocation were 59.4% and foreign non-dollar allocations for the global real estate allocation were 38.7%. Foreign non-dollar allocations for Stoneridge Reinsurance were less than 1% as of

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Oct. 31, 2020. The defined benefit pension plan's investment in international and emerging markets equity mutual funds, as of Dec. 31, 2020 and 2019, was $29.9 million and $16.2 million, respectively.

The defined benefit pension plan's exposure to foreign currency risk in U.S. dollars as of Dec. 31, 2020, is disclosed in the following table.

Currency	Total [1]	International stocks	Fixed income
		(in thousands)	
Argentine peso	$ 88	$ 44	$ 44
Australian dollar	1,319	1,319	-
Bahamian dollar	32	16	16
Bermudian dollar	294	147	147
Brazilian real	182	182	-
Canadian dollar	4,416	3,894	522
Caymanian dollar	211	106	105
Chilean peso	97	97	-
Colombian peso	45	45	-
Czech crown	68	68	-
Danish krone	1,196	1,183	13
Egyptian pound	62	62	-
European euro	8,953	8,058	895
Hong Kong dollar	3,806	3,806	-
Hungarian forint	50	50	-
Indian rupee	633	633	-
Indonesian rupiah	10	10	-
Israeli new shekel	196	196	-
Japanese yen	6,491	6,462	29
Liberian dollar	180	90	90
Malaysian ringgit	493	493	-
Mexican peso	239	239	-
Moroccan dirham	157	157	-
New Zealand dollar	171	171	-
Norwegian krone	35	35	-
Peruvian sol	93	93	-
Philippine peso	173	173	-
Polish zloty	51	51	-
Russian ruble	107	107	-
Singapore dollar	634	634	-
South African rand	146	146	-
South Korean won	1,126	1,126	-
Swedish krona	633	613	20
Swiss franc	2,851	2,851	-
Taiwan dollar	1,526	1,526	-
Thai baht	516	516	-
Turkish new lira	80	80	-
	$ 37,360	$ 35,479	$ 1,881

[1] There was no foreign currency exposure through the reinsurance fund as of Oct. 31, 2020.

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The defined benefit pension plan's exposure to foreign currency risk in U.S. dollars as of Dec. 31, 2019, is disclosed in the following table.

Currency	Total	International stocks	Reinsurance [1]	Private equity
		(in thousands)		
Australian dollar	$ 1,129	$ 1,031	$ -	$ 98
Brazilian real	360	335	-	25
Canadian dollar	1,971	1,946	-	25
Chilean peso	27	27	-	-
Chinese yuan renminbi	963	963	-	-
Colombian peso	14	14	-	-
Czech crown	112	2	-	110
Danish krone	212	169	-	43
Dirham	3	3	-	-
Egyptian pound	8	8	-	-
European euro	8,439	6,686	23	1,730
Hong Kong dollar	768	762	-	6
Hungarian forint	12	12	-	-
Indian rupee	421	243	-	178
Indonesian rupiah	67	67	-	-
Israeli new shekel	137	137	-	-
Japanese yen	4,304	4,298	-	6
Malaysian ringgit	104	104	-	-
Mexican peso	96	96	-	-
New Zealand dollar	90	90	-	-
Norwegian krone	283	240	-	43
Pakistani rupee	21	21	-	-
Peruvian sol	9	9	-	-
Philippine peso	57	57	-	-
Polish zloty	37	37	-	-
Qatari riyal	34	34	-	-
Russian ruble	217	217	-	-
Saudi riyal	63	63	-	-
Singapore dollar	454	436	-	18
South African rand	532	532	-	-
South Korean won	382	382	-	-
Swedish krona	503	484	-	19
Swiss franc	728	720	8	-
Taiwan dollar	80	80	-	-
Thai baht	96	96	-	-
Turkish new lira	32	32	-	-
	$ 22,765	$ 20,433	$ 31	$ 2,301

[1] Foreign currency exposure through the reinsurance fund reported as of Oct. 31, 2019.

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6. Noncurrent liabilities

Noncurrent liability activity for the year ended Dec. 31, 2020, was as follows.

	Dec. 31, 2019	Additions	Reductions	Dec. 31, 2020	Due within one year
			(in thousands)		
Long-term debt, net	$ 191,747	$ 25,230	$ (38,624)	**$ 178,353**	$ 11,145
Other liabilities and credits					
Compensated absences	5,223	1,239	(475)	**5,987**	515
Deposits	1,020	-	(1,020)	**-**	-
Lease advances	587	-	(66)	**521**	66
Yampa employee obligation	422	-	(4)	**418**	-
Disposal facility closure costs	203	2	-	**205**	-
Total other liabilities and credits	7,455	1,241	(1,565)	**7,131**	581
Total noncurrent liabilities	$ 199,202	$ 26,471	$ (40,189)	**$ 185,484**	$ 11,726

Noncurrent liability activity for the year ended Dec. 31, 2019, was as follows.

	Dec. 31, 2018	Additions	Reductions	Dec. 31, 2019	Due within one year
			(in thousands)		
Long-term debt, net	$ 205,474	$ -	$ (13,727)	$ 191,747	$ 10,310
Other liabilities and credits					
Compensated absences	5,180	693	(650)	5,223	490
Deposits	-	1,020	-	1,020	-
Lease advances	653	-	(66)	587	66
Yampa employee obligation	385	37	-	422	-
Disposal facility closure costs	200	3	-	203	-
Total other liabilities and credits	6,418	1,753	(716)	7,455	556
Total noncurrent liabilities	$ 211,892	$ 1,753	$ (14,443)	$ 199,202	$ 10,866

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7. Long-term debt

Long-term debt outstanding as of Dec. 31, 2020 and 2019, consists of the following.

	Interest rate	Dec. 31 2020	Dec. 31 2019
		(in thousands)	
Power revenue bonds (all serial bonds)			
Series II maturing 6/1/2022	4%	**$ 1,410**	$ 25,530
Series JJ maturing 6/1/2036	3.5%–5%	**134,250**	143,895
Taxable Series KK maturing 6/1/2037	1%-1.9%	**25,230**	-
		160,890	169,425
Unamortized bond premium		**17,463**	22,322
Total revenue bonds outstanding		**178,353**	191,747
Less: due within one year		**(11,145)**	(10,310)
Total long-term debt, net		**$ 167,208**	$ 181,437

Fixed rate bond premium costs are amortized over the terms of the related bond issues.

The outstanding balance of Series II are non-callable. Series JJ is callable June 1, 2026. Taxable Series KK is subject to prior redemption, in whole or in part as selected by Platte River, on any date.

Interest expense for the years ended Dec. 31, 2020 and 2019, is comprised of the following.

	2020	2019
	(in thousands)	
Interest	**$ 7,619**	$ 8,129
Amortization of bond related costs	**(2,049)**	(2,167)
Total interest expense	**$ 5,570**	$ 5,962

Calendar year totals for monthly bond service funding requirements per bond resolution for all bonds outstanding, which may differ from actual semi-annual debt service requirements by year, are shown in the table below.

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Year ending Dec. 31	Principal	Interest	Total
		(in thousands)	
Deposits in 2020 for 2021 payment	$ 6,309	$ 524	$ 6,833
2021	11,638	6,359	17,997
2022	11,984	5,803	17,787
2023	12,550	5,233	17,783
2024	13,146	4,642	17,788
2025	13,730	4,022	17,752
2026-2030	57,605	11,563	69,168
2031–2035	28,386	4,042	32,428
2036–2037	5,542	175	5,717
	$ 160,890	$ 42,363	$ 203,253

In December 2020, Platte River issued $25,230,000 Taxable Series KK power revenue bonds at a true interest cost of 1.59%. The bonds were sold at a $195,000 premium, providing total bond proceeds of $25,425,000. Proceeds of $414,000 were used to pay issuance costs and underwriter's fees and $25,011,000 were used to advance refund a portion of the outstanding Series II power revenue bonds. The refunding resulted in an economic gain (net present value savings) of $6,471,000.

The proceeds from the Taxable Series KK power revenue bonds used to advance refund a portion of the outstanding Series II power revenue bonds have been placed in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in Platte River's financial statements. As of Dec. 31, 2020, $23,455,000 of the defeased Series II power revenue bonds remains outstanding.

Bond service coverage

Power revenue bonds are secured by a pledge of the revenues of Platte River after deducting operating expenses, as defined in the general power bond resolution. The power revenue bonds issued by Platte River may be subject to early call provisions. Principal and interest payments are met from net revenues earned from wholesale electric rates charged to the owner communities and others, and from interest earnings.

Under the general power bond resolution, Platte River is required to charge wholesale electric energy rates to the owner communities that are reasonably expected to yield net revenues for the forthcoming 12-month period that are at least equal to 1.10 times total power bond service requirements. 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. The balances in the rate stabilization reserve account at Dec. 31, 2020 and 2019, were $20,410,000 and $20,284,000, respectively, excluding

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accrued interest. The rate stabilization reserve account is included in dedicated funds and investments in the statements of net position.

The following table is a calculation of the power revenue bond coverage ratios for the years ended Dec. 31, 2020 and 2019.

	2020	2019
	(in thousands)	
Bond service coverage		
Net revenues		
Operating revenues	**$ 240,749**	$ 229,185
Operating expenses, excluding depreciation	**183,112**	173,141
Net operating revenues	**57,637**	56,044
Plus interest, other income and distribution to owner communities[1]	**2,322**	4,082
Net revenues before rate stabilization	**59,959**	60,126
Rate stabilization		
Deposits	**-**	-
Withdrawals	**-**	-
Total net revenues	**$ 59,959**	$ 60,126
Bond service		
Power revenue bonds	**$ 18,224**	$ 18,450
Bond service coverage ratio	**3.29**	3.26

[1] Excludes unrealized holding gains and losses on investments.

Arbitrage rebate

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after Aug. 31, 1986, is subject to arbitrage rebate requirements. Interest income on bond proceeds that exceeds the cost of borrowing is payable to the federal government on every fifth anniversary of each bond issue. No arbitrage liability was outstanding as of Dec. 31, 2020 and 2019.

Deferred outflows of resources related to debt

As of Dec. 31, 2020 and 2019, deferred outflows related to debt consisted of the unamortized deferred loss on debt refundings of $4,971,000 and $6,063,000, respectively.

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Deferred inflows of resources related to debt

As of Dec. 31, 2020, deferred outflows related to debt consisted of the unamortized deferred gain on debt refundings of $154,000. There were no deferred inflows of resources related to debt as of Dec. 31, 2019.

8. Asset retirement obligations

Platte River has evaluated its contracts and current regulations associated with tangible capital assets and identified those which meet the requirements for asset retirement obligation recognition under GASB Statement No. 83, *Certain Asset Retirement Obligations* and for which costs are estimable. A brief explanation of each asset retirement obligation is described below.

Asset retirement obligation activity for the year ended Dec. 31, 2020, was as follows.

	Dec. 31, 2019	Additions	Reductions	Dec. 31, 2020	Due within one year
	(in thousands)				
Deferred outflows of resources	$ 23,867	$ 3,923	$ (6,732)	**$ 21,058**	$ -
Liabilities	30,524	3,808	(6,739)	**27,593**	1,073

Asset retirement obligation activity for the year ended Dec. 31, 2019, was as follows.

	Dec. 31, 2018	Additions	Reductions	Dec. 31, 2019	Due within one year
	(in thousands)				
Deferred outflows of resources	$ 23,818	$ 1,168	$ (1,119)	$ 23,867	$ -
Liabilities	29,510	1,168	(154)	30,524	1,888

Rawhide Energy Station decommissioning

As part of the rezoning resolution and Rawhide Energy Station construction agreement with the Board of County Commissioners of Larimer County, the County government has included reclamation or restoration requirements if Platte River abandons the Rawhide site as a location for the generation of electricity. If abandoned, Platte River agrees to remove all above-ground structures, excluding the cooling pond dam and power plant foundations, in accordance with reasonable specifications and procedures to be agreed upon by both parties at time of abandonment.

In 2019, Platte River contracted the services of an independent engineering firm to estimate the asset retirement obligation pertaining to the agreement's reclamation or restoration clause. The third-party report details the cost estimate to decommission and demolish all infrastructure to

grade, except the substation and transmission line, with no concrete foundation removal. The estimate assumes the services will be performed by a contractor instead of its employed workforce. The cost estimate has not been reduced for the potential market value of reusable materials or scrap material nor consider associated recycling costs.

Platte River has recognized its asset retirement liability using the “probable cost” price estimates developed by the third-party engineering firm. Cost estimates were provided with a +/- 30 percent high-low range from the probable cost estimate for decommissioning, demolition and environmental cost categories. The liability and associated deferred outflows of resources will be adjusted for inflation/deflation annually and reviewed for other significant changes.

The amortization period for recognition of the deferred outflow of resources is based on the estimated remaining useful life of the Rawhide Energy Station facility of Dec. 31, 2055.

The liability and associated deferred outflows of resources as of Dec. 31, 2020 and 2019, are shown in the table below.

	2020	**2019**
	(in thousands)	
Deferred outflows of resources	**$ 14,397**	$ 14,525
Noncurrent liability	**15,555**	15,280

Rawhide Energy Station impoundments

Platte River is obligated under state laws and regulations to remove wastes from impoundments at the Rawhide Energy Station and confirm that any environmental impact has been addressed prior to closure. The impoundments include nine phosphorous removal ponds, two ash ponds, one retention pond and a fire training pond used for the generation of electric power and energy and associated uses. Platte River hired a third-party consultant to estimate the closure costs of the impoundments. Following state regulations, the estimate will be updated every five years. As a result, Platte River recognized an asset retirement obligation for the estimated clean closure costs of these impoundments and the amount is adjusted annually for inflation/deflation. These costs are amortized over the estimated remaining useful life of each impoundment or the estimated remaining useful life of the facility, whichever is shorter. Aside from two ash ponds closed in 2020 with final soil backfilling and reseeding activities to complete in 2021, the impoundments are amortized over the estimated useful life of Rawhide Unit 1, which is Dec. 31, 2029. Platte River is in compliance with the financial assurances required by the state.

The liability and associated deferred outflows of resources as of Dec. 31, 2020 and 2019, are shown in the table below.

	2020	**2019**
	(in thousands)	
Deferred outflows of resources	**$ 5,154**	$ 5,315
Noncurrent liability	**6,093**	5,881
Current liability	**1,073**	1,888

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Craig Generating Station

As part of the Yampa Project Amended and Restated Participation Agreement among PacifiCorp, Public Service Company of Colorado, Platte River Power Authority, Salt River Project Agricultural Improvement and Power District and Tri-State Generation and Transmission Association, Inc. ("Participation Agreement"), the participants are under contractual obligations to operate, maintain, replace, remove and provide all Yampa Project capital improvements in compliance with laws, executive orders and regulations applicable to the participants including, but without limitation, the National Environmental Policy Act of 1969, as amended, 36 CFR 800, the Archeological Resources Protection Act of 1979, and 7 CFR Part 1794 (1-1-91). The Participation Agreement shall continue in full force and effect until the last of Craig Generating Station Unit 1 or 2 is retired from service, and all salvage and required site restoration is completed and the participants have paid their respective share of the cost thereof. The participants have undivided ownership interest in Craig units 1 and 2 and the common facilities.

In accordance with the Participation Agreement, Tri-State agreed to be the operating agent. Tri-State has provided Platte River with its asset retirement obligation liability analysis of its best estimate of the current amount most likely to be paid to settle the asset retirement obligation liability based on Financial Accounting Standard Board guidance. The asset retirement obligation is comprised of restoration costs of five dewatering ponds, a high-quality water holding pond and an evaporation pond used for the generation of electric power and energy and associated uses. Platte River's interest in Craig units 1 and 2 represents a minority of the asset retirement obligation. As such, under GASB Statement No. 83 guidance, Platte River's reported liability is dependent on the measurement produced by Tri-State. Platte River receives an annual update for its share of change in cost estimates for the asset retirement obligation from Tri-State and adjusts the liability and future amortization schedule accordingly. Each pond, representing an associated tangible capital asset of the asset retirement obligation liability is amortized until Craig Unit 2 is scheduled to be retired from service, which is Sept. 30, 2028.

Platte River's share of the liability and associated deferred outflows of resources as of Dec. 31, 2020 and 2019, are shown in the table below.

	2020	**2019**
	(in thousands)	
Total member liability	**$ 15,417**	$ 36,161
Platte River's % share	**12%**	12%
Platte River's deferred outflows of resources	**$ 1,507**	$ 4,027
Platte River's liability	**$ 1,850**	$ 4,340

Trapper Mining Inc. reclamation and mine closure

Trapper Mining Inc. is engaged in the business of mining, selling, and delivering coal from the Trapper Mine located near Craig, Colorado, to its members under an agreement with the Craig Generating Station, located adjacent to the Trapper Mine. Trapper Mining Inc. follows Financial Accounting Standard Board guidance and has recorded an asset retirement obligation related to the final reclamation and mine closure based on detailed engineering calculations of the amount and timing of future cash spending for a third party to perform the required work. Per the Final Reclamation Agreement with its members, Trapper Mining Inc., as contractor and Salt River

Project Agricultural Improvement and Power District, Tri-State, PacifiCorp, Platte River, and Public Service Company of Colorado, as payors assume the responsibility for the asset retirement obligation. The acres of mine to be reclaimed and associated costs are reviewed annually, and the costs are allocated to members based on cumulative tons of coal delivered. The coal contract expires Dec. 31, 2025, and the entire amount of the deferred outflows of resources has been previously amortized resulting in no deferred outflows of resources at year end.

The liability as of Dec. 31, 2020 and 2019, is shown in the table below.

	2020	2019
	(in thousands)	
Total member liability	**$ 15,954**	$ 16,589
Platte River's % share	**18.94%**	18.9%
Platte River's liability	**$ 3,022**	$ 3,135

Easement agreements

Platte River is a party to numerous easement agreements related to transmission lines and pipelines. These assets are determined to complete a system, have a perpetual life and are not expected to be retired. The intent is to replace sections of the line, if necessary and not to retire the entire system. Therefore, an asset retirement obligation related to these easements cannot be reasonably estimated.

9. Regulatory assets and deferred inflows of resources related to regulatory credits

For rate-making purposes, Platte River's board of directors approved policies under GASB 62, paragraphs 476-500 related to expenses for pension, debt issuance costs, Rawhide Unit 1 maintenance outages, Windy Gap Firming Project storage rights and deferred gains and losses on capital retirements.

Additional pension funding

Platte River funds its defined benefit pension plan (note 11) based on cost estimates developed on an actuarial basis. In addition to the base contribution, Platte River has an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits. The board of directors approved policy provides for the expense recognition of any additional pension funding charge to be spread over a 10-year period and is included in regulatory assets.

Pension contribution expense recognition

The board of directors approved policy states pension contributions for the defined benefit pension plan will be recorded as pension expense, since the pension contribution amount is known at the time of budget preparation and rate setting. Any difference between pension contribution and pension expense, as calculated by the actuary under GASB 68, will be

classified as either a regulatory asset or a deferred inflow of resources and amortized over a 10-year period beginning the following year. The amortization amount will be included in pension expense along with the pension contribution for each year calculated.

Debt issuance costs

Under GASB 65, debt issuance costs are required to be expensed in the period incurred rather than amortized over the life of the related debt. In order to provide recovery for debt issuance costs through rates, the board of directors approved policy provides for the expense recognition of debt issuance costs to be amortized over the life of the associated debt and included in regulatory assets.

Accrued maintenance outage costs

In accordance with the board of directors approved policy, an accrual for the estimated incremental expenses of future scheduled major maintenance outages is recorded each year. After a Rawhide Unit 1 maintenance outage is completed, the estimated maintenance and replacement power costs for the next major maintenance outage is accrued as a deferred inflow of resources.

Windy Gap Firming Project storage rights

Platte River has an allotment contract for capacity in the Windy Gap Firming Project. Once the firming project is completed, Platte River will obtain a perpetual right for capacity in the firming project. The board of directors approved policy allows Platte River's costs, including payments on a pooled financing arrangement, for the indefinite life storage rights to be recognized ratably over the term of the pooled financing with the unamortized component included in regulatory assets.

Deferred gains and losses on capital retirements

During 2020, Platte River implemented a change in estimate to the depreciation method from the group method to the specific identification method. Under the specific identification method, gains and losses would be recognized immediately on the retirement of capital assets. Alternative accounting treatment under the board of directors approved policy recognizes the effects of the rate-making process whereby deferred gains and losses on retirements of capital assets may be deferred to future periods.

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Regulatory assets and deferred inflows of resources related to regulatory credits as of Dec. 31, 2020, are shown in the tables below.

	Dec. 31, 2019	Additions	Reductions	Dec. 31, 2020
		(in thousands)		
Regulatory assets				
Additional pension funding	$ 2,574	$ 3,092	$ (759)	**4,907**
Pension contribution expense recognition	10,945	-	(978)	**9,967**
Debt issuance costs	537	408	(202)	**743**
Windy Gap Firming Project storage rights	-	19,768	-	**19,768**
Total regulatory assets	$ 14,056	$ 23,268	$ (1,939)	$ 35,385
Deferred inflows of resources				
Regulatory credits				
Accrued maintenance outage costs	$ 4,581	$ 5,162	$ -	**$ 9,743**
Pension contribution expense recognition	1,145	3,398	(127)	**4,416**
Deferred gains and losses on capital retirements	-	55,805	-	**55,805**
Total regulatory credits	$ 5,726	$ 64,365	$ (127)	$ 69,964

Regulatory assets and deferred inflows of resources related to regulatory credits as of Dec. 31, 2019, are shown in the tables below.

	Dec. 31, 2018	Additions	Reductions	Dec. 31, 2019
		(in thousands)		
Regulatory assets				
Additional pension funding	$ 3,324	$ 15	$ (765)	2,574
Pension contribution expense recognition	8,646	3,009	(710)	10,945
Debt issuance costs	616	-	(79)	537
Total regulatory assets	$ 12,586	$ 3,024	$ (1,554)	$ 14,056
Deferred inflows of resources				
Regulatory credits				
Accrued maintenance outage costs	$ 259	$ 4,322	$ -	$ 4,581
Pension contribution expense recognition	1,272	-	(127)	1,145
Total regulatory credits	$ 1,531	$ 4,322	$ (127)	$ 5,726

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10. Net investment in capital assets

Net investment in capital assets is comprised of the following as of Dec. 31, 2020 and 2019.

	2020	2019
	(in thousands)	
Electric utility plant	**$ 603,342**	$ 586,230
Windy Gap Firming Project storage rights	**19,768**	-
Deferred gains and losses on capital retirements	**(55,805)**	-
Deferred loss on debt refundings	**4,971**	6,063
Deferred gain on debt refundings	**(154)**	-
Long-term debt, net	**(178,353)**	(191,747)
Accounts payable incurred for capital assets	**(1,270)**	(5,699)
Net investment in capital assets	**$ 392,499**	$ 394,847

11. Defined benefit pension plan

Description

The following brief description of the defined benefit pension plan is provided for general information purposes only. Participants and all others should refer to the defined benefit pension plan document for more complete information. Separate stand-alone financial statements of the defined benefit pension plan are not issued.

Effective June 1, 1973, Platte River adopted the defined benefit pension plan. Generally, the defined benefit pension plan is a defined-benefit, single-employer plan covering all regular employees of Platte River hired prior to Sept. 1, 2010. The defined benefit pension plan is closed to new employees hired on or after that date.

The general manager of Platte River is the defined benefit pension plan administrator. The retirement committee, composed of six members (two staff members and four members of the board of directors), meets quarterly and has responsibility for oversight of the defined benefit pension plan's investments. Platte River's board of directors, composed of eight members, is the designated governing body over the defined benefit pension plan and has the authority to amend the defined benefit pension plan as necessary. In 2020, the board appointed a defined benefit plan subcommittee. The subcommittee has the power by unanimous resolution to amend the defined benefit plan. All administrative expenses of the defined benefit pension plan are paid by Platte River.

The defined benefit pension plan has received favorable determination letters from the Internal Revenue Service (the IRS) for the original defined benefit pension plan and subsequent amendments effective through Jan. 1, 2014. Thereafter, the IRS ended the review of amendments and providing determination letters.

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Benefits provided

Retirement benefits are based upon years of service rendered and the final average compensation earned by the participant as defined by the defined benefit pension plan document. The defined benefit pension plan provides for 100% vesting after five years of service to all eligible employees.

The defined benefit pension plan provides for normal retirement at age 65. A participant may retire before age 65 after having completed 10 years of credited service and having attained at least age 55, with reduced benefits in accordance with the defined benefit pension plan document. For a participant who commenced employment before Jan. 1, 2008, a special early retirement benefit is available if the participant has completed 13 years of credited service and has attained the ages of 55 through 58 or has completed 20 years of credited service and has attained the age of 55. For a participant who commenced employment on or after Jan. 1, 2008, the participant shall qualify for special early retirement if the participant has completed 20 years of credited service and terminated employment after attaining age 55. Benefits will not be reduced if the participant elects to receive benefits on or after the seventh anniversary of the date the participant is first eligible for the special early retirement benefit. The defined benefit pension plan also provides for a deferred vested retirement income starting at the normal retirement date to participants who choose to leave Platte River prior to normal retirement age.

Participants may elect to receive their benefits by selecting one of the six optional forms of payment including the following: (1) the duration of the participant's life; (2) the duration of the participant's life with a minimum of 10 years certain and any remainder paid to a beneficiary; (3) 50% joint and survivor annuity option; (4) 66-2/3% joint and survivor option with a minimum of 10 years certain and any remainder paid to a beneficiary; (5) 66-2/3% joint and survivor option without 10 years certain; or (6) an actuarially equivalent lump sum payment, when this option is available. Active employees who become totally and permanently disabled may qualify for a vested retirement income at age 65 or an early retirement income at ages 55 through 64 if they have met the requirements for these benefits at the time they initially became disabled. Upon the death of an active or disabled retiree, a benefit in the form of a monthly income is paid to the participant's beneficiary in accordance with the defined benefit pension plan's provisions.

Benefits paid by the defined benefit pension plan are adjusted annually by the change in the consumer price index, subject to a maximum increase of 6% for employees who retired prior to Dec. 6, 1991. Those employees who retired on or after Dec. 6, 1991, receive two-thirds of the change in the consumer price index, up to a maximum of 4%.

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Membership
At Dec. 31, participants in the defined benefit pension plan are as follows.

	2020	2019
Retirees and beneficiaries currently receiving benefits	**172**	157
Terminated vested employees not yet receiving benefits	**52**	57
Active plan participants	**90**	102
Total participants	**314**	316

Contributions
All contributions to the defined benefit pension plan are authorized by the board of directors and made by Platte River. Employees are not permitted to make contributions to the defined benefit pension plan. The defined benefit pension plan's funding policy is intended to fund current service costs as they accrue, plus an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits.

Platte River's contributions to the defined benefit pension plan equaling the actuarially determined requirements for the years ended Dec. 31, 2020 and 2019, are as follows.

	2020	2019
	(in thousands)	
Base contribution	**$ 4,501**	$ 3,634
Additional funding	**3,092**	15
Total contributions	**$ 7,593**	$ 3,649

Expenses
Investment manager fees are deducted from investment earnings by the investment management firms.

Additionally, Platte River pays the administrative expenses of the defined benefit pension plan, including actuarial fees, investment consulting fees, trustee fees, auditing expenses and legal fees.

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Net pension liability

The net pension liability was measured and determined by actuarial valuations as of Dec. 31, 2020 and 2019, respectively. The components of the net pension liability were as follows.

	2020	2019
	(in thousands)	
Total pension liability	**$ 128,460**	$ 125,091
Plan fiduciary net position	**112,856**	106,412
Platte River's net pension liability	**$ 15,604**	$ 18,679
Plan fiduciary net position as a percentage of the total pension liability	**87.85%**	85.07%

Actuarial assumptions

The total pension liability for the years ended Dec. 31, 2020 and 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement with the exception of salary increases which was 0% in 2021.

Salary increases	3%
Investment rate of return	7.5%
Cost of living	1.5%

Mortality rates for the years ended Dec. 31, 2020 and 2019, were based on the RP-2014 table for males and females combined with the modified MP-2014 projection scale.

The actuarial assumption for the long-term expected rate of return on the defined benefit pension plan investments is established in the investment policy statement approved by the retirement committee. The basis for establishing a rate uses a method in which best-estimate ranges of expected future rates of return net of investment expense are developed for each major asset class. The estimates for each major asset class that are included in the defined benefit pension plan's target asset allocation as of Dec. 31, 2020 and 2019, are summarized in the following table.

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Asset class	Target allocation Dec. 31, 2020	Target allocation Dec. 31, 2019	Long-term expected rate of return 2020	Long-term expected rate of return 2019
Domestic equities	**36%**	19%	**6.8%**	6.3%
International equities	**19%**	11%	**7.1%**	6.8%
Emerging market equities	**8%**	5%	**7.6%**	7.8%
Core fixed income	**17%**	26%	**2.6%**	3.5%
Inflation protection	**3%**	5%	**2.4%**	3.3%
High yield	**8%**	4%	**5.3%**	4.3%
Infrastructure	**3%**	1%	**7.3%**	n/a
Natural resources	**3%**	3%	**6.6%**	n/a
Real estate	**2%**	1%	**9.3%**	6.0%
Cash	**1%**	1%	**n/a**	n/a
Liquid low correlated hedge	**0%**	14%	**n/a**	4.3%
Reinsurance	**0%**	5%	**n/a**	6.0%
Private equity	**0%**	5%	**n/a**	8.3%

Discount rate

The discount rate used to measure the total pension liability was 7.5% for the years ended Dec. 31, 2020 and 2019. To determine the projection of cash flows, the following assumptions were made: employer contributions are made throughout the year and, on average, at midyear; all decrement events are assumed to occur in the middle of the year. Based on those assumptions, the defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current defined benefit pension plan members. Therefore, the long-term expected rate of return on defined benefit pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in net pension liability

Changes in the net pension liability for the year ended Dec. 31, 2020, were as follows.

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
	(in thousands)		
Balances at Dec. 31, 2019	$ 125,091	$ 106,412	$ 18,679
Changes for the year			
Service cost	1,364	-	1,364
Interest	9,179	-	9,179
Changes of benefit terms	-	-	-
Differences between expected and actual experience	970	-	970
Employer contributions	-	7,593	(7,593)
Net investment income	-	6,995	(6,995)
Benefit payments	(8,144)	(8,144)	-
Changes of assumptions	-	-	-
Net changes	3,369	6,444	(3,075)
Balances at Dec. 31, 2020	**$ 128,460**	**$ 112,856**	**$ 15,604**

Changes in the net pension liability for the year ended Dec. 31, 2019, were as follows.

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
	(in thousands)		
Balances at Dec. 31, 2018	$ 123,649	$ 99,578	$ 24,071
Changes for the year			
Service cost	1,575	-	1,575
Interest	9,022	-	9,022
Changes of benefit terms	-	-	-
Differences between expected and actual experience	704	-	704
Employer contributions	-	3,649	(3,649)
Net investment income	-	13,044	(13,044)
Benefit payments	(9,859)	(9,859)	-
Changes of assumptions	-	-	-
Net changes	1,442	6,834	(5,392)
Balances at Dec. 31, 2019	$ 125,091	$ 106,412	$ 18,679

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Sensitivity of the net pension liability to changes in the discount rate

The net pension liability at Dec. 31, 2020 and 2019, calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate, is as follows.

	Discount	Net pension liability 2020	2019
		(in thousands)	
1% decrease	6.5%	**$ 27,442**	$ 30,177
Current discount rate	7.5%	**15,604**	18,679
1% increase	8.5%	**5,393**	8,759

Termination

Platte River reserves the right to discontinue its contributions at any time and to terminate the defined benefit pension plan, although it has not expressed any intention to do so. Discontinuance of contributions does not constitute a formal termination of the defined benefit pension plan. In the event that the defined benefit pension plan is formally terminated by Platte River, the net position of the defined benefit pension plan will be distributed in the following order of priority.

a. The minimum required amount to retired or terminated participants whose retirement income payments commenced at least three years prior to the date of termination.

b. Each other active, retired, or terminated participant who, at least three years prior to termination date, had become eligible for benefits.

c. Remaining assets are allocated between participants and beneficiaries in an amount equal to the excess of the amount required to provide the actuarial equivalent single sum value.

Platte River is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and, therefore, is not subject to the pension benefit guaranty provisions of ERISA. Benefits under this defined benefit pension plan are not insured by the Pension Benefit Guaranty Corporation.

Pension expense

The board of directors approved policies under GASB 62, paragraphs 476–500, that allow Platte River to recognize pension expense when recovered through rates rather than recording the amount calculated under GASB 68.

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For the years ended Dec. 31, 2020 and 2019, Platte River recognized pension expense as follows.

	2020	2019
	(in thousands)	
Base contribution	**$ 4,501**	$ 3,634
Additional pension expense amortization (note 9)	**759**	765
Pension contribution expense recognition amortization (note 9)	**851**	583
Total pension expense	**$ 6,111**	$ 4,982

Deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan

At Dec. 31, 2020 and 2019, Platte River reported deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan from the following sources.

Dec. 31, 2020	**Deferred outflows of resources**	**Deferred inflows of resources**
	(in thousands)	
Differences between expected and actual experience	**$ 1,176**	**$ -**
Net difference between projected and actual earnings on investments	**847**	**-**
Total	**$ 2,023**	**$ -**

Dec. 31, 2019	**Deferred outflows of resources**	**Deferred inflows of resources**
	(in thousands)	
Differences between expected and actual experience	$ 1,671	$ 69
Net difference between projected and actual earnings on investments	98	-
Total	$ 1,769	$ 69

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Dec. 31, 2020 and 2019

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan as of Dec. 31, 2020, will be recognized as a component of pension expense as follows.

Year ending Dec. 31 (in thousands)	
2021	1,280
2022	1,519
2023	(969)
2024	193
2025	-
Total	$ 2,023

12. Defined contribution plan

Effective Sept. 1, 2010, the board of directors established the Platte River Power Authority defined contribution plan (in accordance with the Internal Revenue Code Section 401(a)) for all regular employees hired on or after that date. As of Dec. 31, 2020, there were 172 active plan participants. The plan's assets are held in an external trust account and the investments are participant directed.

Based on years of service, Platte River contributed between 5% and 10% of earnings for plan participants. Platte River also contributed to the 401(a) an amount equal to 50% of the participant's contributions to a separate 457(b) plan, taking into account only such participant contributions up to 6% of the participant's earnings. For the years ended Dec. 31, 2020 and 2019, contributions to the 401(a) plan by Platte River, which were recognized as expenses, were $1,443,000 and $1,132,000, respectively. The employer contributions to the 401(a) plan vest 100% after three years. The plan's records are kept on the accrual basis.

13. Insurance programs

Platte River has purchased insurance policies to cover the risk of loss related to various general liability, property loss exposures, and cyber events. The amount of insurance settlements has not exceeded insurance coverage in the past three years. Platte River also provides a self-insured medical and dental plan to its employees. Medical stop-loss insurance has been purchased, which covers losses in excess of $175,000 per person per incident with one isolated claim at $2,000,000 per incident. A liability was recorded for estimated medical and dental claims that have been incurred but not reported. A third-party administrator is used to account for the health insurance claims and provides the estimated medical claims liability based on prior claims payment experience. The medical claims liability is included as a component of accounts payable in the statements of net position.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2020 and 2019

Changes in the balance of the medical claims liability during 2020 and 2019 were as follows.

	2020	2019
	(in thousands)	
Medical claims liability, beginning of year	**$ 642**	$ 582
Current year claims and changes in estimates	**3,815**	3,961
Claim payments	**(3,905)**	(3,901)
Medical claims liability, end of year	**$ 552**	$ 642

14. Related-party transactions

Certain defined benefit pension plan investments are shares of mutual funds managed by Wells Fargo, the trustee of the defined benefit pension plan. Platte River pays certain expenses of the defined benefit pension plan and performs certain administrative functions at no cost to the defined benefit pension plan.

15. Commitments

Platte River has two long-term purchase power contracts with WAPA. The contract with the Colorado River Storage Project continues through Sept. 30, 2057. The Loveland Area Projects contract continues through Sept. 30, 2054. The federal hydroelectric power received in 2020 provided approximately 19% of the resources needed by Platte River to serve the loads of the four owner community systems. The contract rates and the amount of energy available are subject to change. During 2020, Platte River purchased $16,648,000 under these contracts.

Platte River and two of the other four participants in the Yampa Project own Trapper Mine, the primary source of coal for the Yampa Project. The contract provides for delivery of specified amounts of coal to each Yampa owner through 2025. This contract is subject to price adjustments. During 2020, coal purchases totaled $15,160,000 under this contract.

The Rawhide Energy Station's coal purchase and transportation agreements are under multiple-year contracts. Base prices for these contracts are subject to future price adjustments. During 2020, Platte River paid $24,949,000 for coal delivered under these agreements.

Platte River has committed to purchase Renewable Energy Certificates (RECs) for the years 2020 through 2024 with future payments of $2,150,000. During 2020, Platte River purchased $550,000 under these REC agreements.

Platte River has entered into agreements to purchase renewable wind energy output of 12 megawatts from Silver Sage Windpower Project through 2029, 60 megawatts from Spring Canyon Wind Energy Center Phase II and III through 2039, approximately 6 megawatts from Medicine Bow Wind Project through 2033 and 225 megawatts from Roundhouse Wind Energy Center through 2042. During 2020, Platte River paid $16,593,000 under these renewable wind

energy agreements. Platte River has entered into a long-term agreement with a third party to sell all the output purchased from the Silver Sage Windpower Project through 2029. During 2020, Platte River received $722,000 under this agreement. In addition, 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 the Spring Canyon Wind Energy Center Phase II and III site was sold under a 10-year long-term sales contract beginning in 2020. At the end of the sales contract, the energy will return to Platte River. Platte River received $2,254,000 under this agreement.

Platte River has entered into an agreement to purchase all the output from the 30 megawatts solar photovoltaic power plant, located at the Rawhide Energy Station through 2041. During 2020, Platte River paid $3,365,000 under this agreement.

Platte River has entered into an agreement to purchase all the output from the 22 megawatts solar photovoltaic power plant located at the Rawhide Energy Station. A 2 megawatt-hour battery energy storage project will also be fully integrated with the solar project. The facility generated test energy during 2020 but did not reach commercial operation which is expected in 2021. The contract will be effective for 20 years from the commercial date of operation. During 2020, Platte River paid $176,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 25 megawatts of generation from Craig units 1 and 2 through June 30, 2024. During 2020, Platte River received $4,898,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 25 megawatts of generation from Craig unit 1 and 2 and Rawhide Unit 1 through Dec. 31, 2022. During 2020, Platte River received $5,624,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 65 megawatts of capacity from the combustion turbine units effective Aug. 1, 2020 through Apr. 30, 2025. The agreement also calls for energy, maintenance and start charges when the capacity option is called. During 2020, Platte River received $2,309,000 under this agreement.

16. Risks, uncertainties and contingencies

The owners of the Craig Generating Station, acting through Tri-State as operating agent, have announced that Craig Unit 1 is scheduled to be retired by Dec. 31, 2025 and Craig Unit 2 is scheduled to be retired by Sept. 30, 2028. As of Dec. 31, 2020, the decommissioning and closure costs have not been determined.

In the ordinary course of business, Platte River may be impacted by various legal matters and is subject to legislative, administrative and regulatory requirements relative to environmental issues. Although the outcomes of such matters are not possible to predict, management is aware of no pending legal matters or environmental regulations for which the outcome is likely to have a material adverse effect upon Platte River's operations, financial position or changes in financial position in the near term.

Currently Platte River generates and delivers the majority of its energy from carbon resources. In December 2018, the board of directors passed the Resource Diversification Policy. The policy includes the goal of reaching a 100% noncarbon energy mix by 2030 while maintaining Platte River's "three pillars" of providing reliable, environmentally responsible and financially sustainable electricity and services. The policy acknowledges that several conditions must be met to achieve this goal, including participation in a full energy market, more mature battery storage performance, transmission and distribution infrastructure investments, improved grid management systems and more. Platte River is proactively working to diversify its resource mix to achieve the policy's goal.

Additionally, potential changes in environmental regulations could affect the cost of generation for these facilities or could require significant capital expenditures and therefore materially affect the rates Platte River charges its customers. In 2019, the Colorado General Assembly adopted a "Climate Action Plan" (H.B. 19-1261) which established statewide goals for a 26% reduction in greenhouse gas emissions from 2005 levels by 2025, a 50% reduction by 2030 and a 90% reduction by 2050. In addition, S.B. 19-236 established even more stringent greenhouse gas emission reduction targets for electric utilities, including an 80% reduction from 2005 levels by 2030 and a 100% reduction by 2050. The state is currently developing regulations for these statutes and, during 2020, released a draft roadmap outlining potential policies to meet outlined targets.

Investments of the defined benefit pension plan are subject to various risks, such as interest rate, credit, foreign currency, reinsurance funds and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of investments could occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

Defined benefit pension plan contributions are made, and Platte River's net pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

The defined benefit pension plan is exposed to various risks of loss related to torts. Fiduciary liability insurance coverage is purchased for claims arising from such matters. There have been no significant decreases in insurance coverage.

Economic uncertainties continue to exist as a result of the COVID-19 pandemic which may negatively impact the financial position, results of operations and cash flows of Platte River. Platte River's defined benefit pension plan portfolio includes allocations to various asset classes which have experienced significant volatility. As a result of market conditions, the lump sum distribution option from the defined benefit pension plan was suspended during 2020 then reinstated effective Feb. 3, 2021. Further, the duration of these uncertainties and the ultimate financial impact of the pandemic cannot be reasonably estimated at this time.

Platte River Power Authority
Defined benefit pension plan
Required supplementary information
Schedule of changes in net pension liability and related ratios
Last seven calendar years

	2020	2019	2017	2016	2015	2014	2013
				(in thousands)			
Total pension liability							
Service cost	**$ 1,364**	$ 1,575	$ 1,535	$ 1,616	$ 1,728	$ 1,839	$ 1,885
Interest	**9,179**	9,022	8,740	8,421	8,176	7,665	7,343
Changes of benefit terms	**-**	-	-	-	-	2,397	-
Differences between expected and actual experience	**970**	704	2,088	1,175	(620)	931	(180)
Changes of assumptions	**-**	-	-	-	-	3,661	(574)
Benefit payments	**(8,144)**	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)
Net change in total pension liability	**3,369**	1,442	4,947	4,851	3,866	11,861	4,187
Total pension liability–beginning	**125,091**	123,649	118,702	113,851	109,985	98,124	93,937
Total pension liability–ending (a)	**$ 128,460**	$ 125,091	$ 123,649	$ 118,702	$ 113,851	$ 109,985	$ 98,124
Plan fiduciary net position							
Contributions – employer	**$ 7,593**	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905
Net investment income	**6,995**	13,044	(3,179)	11,289	7,476	(624)	4,658
Benefit payments	**(8,144)**	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)
Net change in Plan fiduciary net position	**6,444**	6,834	(6,017)	11,148	4,970	(1,954)	4,276
Plan fiduciary net position–beginning	**106,412**	99,578	105,595	94,447	89,477	91,431	87,155
Plan fiduciary net position–ending (b)	**$ 112,856**	$ 106,412	$ 99,578	$ 105,595	$ 94,447	$ 89,477	$ 91,431
Net pension liability–ending (a) – (b)	**$ 15,604**	$ 18,679	$ 24,071	$ 13,107	$ 19,404	$ 20,508	$ 6,693
Plan fiduciary net position as a percentage of the total pension liability	**87.85%**	85.07%	80.53%	88.96%	82.96%	81.35%	93.18%
Estimated covered payroll	**$ 13,490**	$ 14,909	$ 15,290	$ 16,215	$ 16,874	$ 17,305	$ 17,951
Net pension liability as a percentage of estimated covered payroll	**115.67%**	125.29%	157.43%	80.83%	114.99%	118.51%	37.28%

Note to schedule

Historical information is not available for the years 2010 through 2012; additional years will be displayed as they become available.

Platte River Power Authority
Defined benefit pension plan
Required supplementary information
Schedule of employer contributions
Last 10 calendar years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
					(in thousands)					
Actuarially determined contribution	**$ 7,593**	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905	$ 4,544	$ 3,561	$ 4,390
Contribution in relation to the actuarially determined contribution	**7,593**	3,649	4,578	6,220	2,912	3,302	3,905	4,544	3,561	4,390
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated covered payroll	**$ 13,490**	$ 14,909	$ 15,290	$ 16,215	$ 16,874	$ 17,305	$ 17,951	$ 18,614	$ 18,766	$ 18,728
Contributions as a percentage of covered payroll	**56.29%**	24.48%	29.94%	38.36%	17.26%	19.08%	21.75%	24.41%	18.98%	23.44%

Notes to schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the calendar year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability, entry age normal
Amortization method	5-year, level dollar, open period
Asset valuation method	4-year smoothed market
Salary increases	3.0%, 10 year average
Increases in retiree benefits – in payment pensioners	If benefits commenced prior to 1/1/92, 2.25% for 2015-2020 and 3% for 2011-2014. If benefits commenced after 12/31/1991, 1.5% for 2015–2020 and 2% for 2011-2014.
Investment rate of return	7.5% for 2016 - 2020; 8% for 2011 – 2015

Platte River Power Authority
Defined benefit pension plan
Required supplementary information

Schedule of investment returns

Last 10 calendar years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual money-weighted rate of return, net of investment expense	**6.6%**	13.5%	(3.1%)	12%	8.5%	(0.7%)	5.4%	16.1%	13.7%	(1.5%)

Platte River Power Authority

Other information

Budgetary comparison schedule *(unaudited)*

	Year ended Dec. 31, 2020		
	Budget	**Actual**	**Variance**
	(in thousands)		
Revenues			
Operating revenues			
Sales to owner communities	$ 198,688	**$ 196,002**	$ (2,686)
Sales for resale and other	37,979	**44,747**	6,768
Total operating revenues	236,667	**240,749**	4,082
Other revenues			
Interest income[1]	3,825	**2,501**	(1,324)
Other income	38	**821**	783
Distribution to owner communities	-	**(1,000)**	(1,000)
Total other revenues	3,863	**2,322**	(1,541)
Total revenues	$ 240,530	**$ 243,071**	$ 2,541
Expenditures			
Operating expenses[2]			
Purchased power	$ 44,599	**$ 48,029**	$ (3,430)
Fuel	45,953	**41,571**	4,382
Production	47,888	**46,502**	1,386
Transmission	17,284	**16,448**	836
Administrative and general	22,446	**20,335**	2,111
Distributed energy resources	12,163	**9,463**	2,700
Total operating expenses	190,333	**182,348**	7,985
Capital additions			
Production	34,089	**8,466**	25,623
Transmission	25,340	**22,289**	3,051
General	13,345	**6,734**	6,611
Asset retirement obligations	1,282	**2,344**	(1,062)
Total capital additions	74,056	**39,833**	34,223
Debt service expenditures[3]			
Principal	11,713	**10,605**	1,108
Interest expense	11,397	**7,620**	3,777
Total debt service expenditures	23,110	**18,225**	4,885
Total expenditures	$ 287,499	**$ 240,406**	$ 47,093
Revenues less expenditures	$ (46,969)	**$ 2,665**	$ 49,634

(1) Interest income excludes unrealized investment holding gains and losses.

(2) Operating expenses do not include depreciation and other nonappropriated expenses.

(3) Debt service expenditures represent monthly principal and interest funding.

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Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/21/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Alyssa Clemsen Roberts, chief strategy officer

Subject: **Strategic planning and goals**

At the February board meeting staff provided a detailed write up about Platte River's current interim goals and the potential for future planning and goals.

Staff will provide a presentation at the April board meeting as well as facilitate a discussion about future planning opportunities.

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/21/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Pat Connors, vice president of power supply

Subject: **Resource planning software**

In early 2020, the resource planning department initiated a process to acquire Platte River's next generation planning software that can efficiently model and evaluate various resource plans, including 100% renewable generation, battery charging and discharging, and distributed energy resources. The criteria used to select the new model included (1) the software's ability to generate a robust solution, (2) its commercial acceptability with many utility users, (3) the availability of sufficient training resources for its customers, and (4) the software's ability to provide sufficient details for budget development and transaction evaluation.

Platte River staff evaluated eleven known resource planning software tools. Following a detailed review, staff selected Plexos because of its ability to provide more efficient deep decarbonization planning. Plexos is an industry-leading software tool with more than 300 users worldwide. Its stochastic optimization around high levels of renewable penetration will help Platte River refine and economically evaluate low-carbon portfolios while incorporating significant distributed energy resources. Additional details on the evaluation and selection of the preferred resource planning solution will be presented at the April board meeting.

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/21/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Heather Banks, fuels and water manager

Subject: **Water Resources Reference document**

The Platte River Power Authority (Platte River) Water Resources Reference Document was originally developed in 2016 as part of an overall assessment of Platte River's water resource assets and to support the development of an official water resources policy. The document provides a brief background on Platte River's water resources, including the history behind Platte River's various assets and operating agreements, a summary of current water-related operations and projects at Platte River, and estimates of Platte River's future water demands and operations. The document is updated annually to include the most current operational data and reflect any changes in Platte River's water policy or asset ownership.

The 2021 Water Resources Reference Document has been updated to include activities through the end of 2020 and is being issued as the fifth edition.

The primary changes in this edition are minor and the highlights include:

- Updated operational activities and data through the 2020 water year (pumping, costs, leasing activities, etc.)
- An update on the current ownership level of Windy Gap Project units (reflecting the sale of 10 Windy Gap units in 2020)
- Updated activities and a status update on the Windy Gap Firming Project
- Additional references to Chimney Hollow Reservoir, as part of the Windy Gap Firming Project (a rebranding effort to start using the Chimney Hollow Reservoir name)
- Minor formatting and language changes and additions throughout the document for better consistency and readability (no change to context)

A copy of the document is included in the April board packet and a printed version is available upon request. Staff will be available to answer any questions at the April board meeting.

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

2021

Platte River Power Authority

Water Resources Reference Document

Fifth edition

Published: April 29, 2021

A report outlining Platte River Power Authority's water supply, background, activity, agreements and operational historical performance.

Platte River Power Authority

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Platte River Water Resources Reference Document

Introduction

The Platte River Power Authority (Platte River) Water Resources Reference Document (Document) was originally drafted in 2016 as part of an overall assessment of Platte River's water resource assets and to support development of an official water resources policy. This Document provides a brief background on water resources at Platte River, including the history behind Platte River's various assets and operating agreements, a summary of current water-related operations and projects at Platte River, and estimates of Platte River's future water demands and operations. This Document is updated annually to include the most current operational data and reflect any changes in Platte River's water policy or asset ownership. While this Document is intended to accurately distill a large volume of information, readers should refer to the underlying reports and agreements for comprehensive details.

Section I – Background and history

1. Why Platte River needs water

Water and energy systems are intrinsically linked. This essential relationship between electricity and water is used in various ways throughout the power sector. Water is required throughout energy production and conversion processes including fuel extraction and processing (fossil and nuclear fuels as well as biofuels), site operations such as dust suppression, fire water and potable water needs, and electricity generation (thermoelectric, hydropower and renewable technologies). This Document focuses on Platte River's water needs for reliable operations.

The Rawhide Energy Station (Rawhide) includes coal, natural gas and solar generation resources. Currently the primary need for water is to support Rawhide Unit 1, a coal-fired unit which uses steam to generate power. Coal-fired electric generation requires a reliable supply of water for a variety of purposes that can be generally grouped into two main categories – cooling water and process water. Before returning to the boiler, steam must be cooled to a liquid after exiting the turbine in the condenser using cooling water. At Rawhide, cooling water is stored in Hamilton Reservoir – a reservoir that covers 500 surface acres and has a capacity of 16,000 acre-feet (af)[1], and consumes an average of 3 million gallons of water per day (approximately 9 acre-feet/day) as evaporation into the atmosphere. Based on pumping data collected over the past 10 years, an average of 3,432 acre-feet of water is needed annually to maintain the reservoir level. However, the annual amount of water pumped can range from 2,500 to 4,500 acre-feet of water. The pumping needed to replenish the water can vary, depending on many conditions including the evaporation rate (affected by air temperature, wind conditions, humidity, reservoir temperature, etc.), precipitation and plant performance. The evaporation rate of a

[1] An acre-foot is 325,851 gallons, or the volume of water that would cover one acre of land to a depth of one foot.

Platte River Power Authority

cooling reservoir is higher than the natural evaporation rate in a regular lake or reservoir, due to the increased temperature of the water. The annual average temperature of Hamilton Reservoir is 70 degrees. In addition, the generally windy conditions at Rawhide also contribute to the increased evaporation rate of Hamilton Reservoir. The water stored in Hamilton Reservoir is treated reusable effluent pumped from the City of Fort Collins' Drake Water Reclamation Facility via a 24-inch pipeline to Rawhide.

When Platte River was first contemplating resource plans in the 1970s, the Rawhide Energy Project Environmental Impact Analysis was completed in 1978 and contemplated various types of cooling systems, including a cooling pond, wet cooling towers, wet/dry cooling towers and dry cooling. Based on water requirements and the total cost for each option at a designed total capacity of 750 megawatts (MW) (three coal units), the decision was made to cool Rawhide Unit 1 with the cooling pond which is now referred to as a cooling reservoir.

In addition to the water used for cooling, water is needed for purposes which treated reusable effluent is unsuitable for, such as boiler water makeup, site service water, fire water and drinking water. This water is called process water and is pumped to Rawhide in a separate 10-inch pipeline directly from Horsetooth Reservoir in an amount of approximately 435 acre-feet per year. In the past, this amount had varied up to 950 acre-feet per year, but conservation efforts and equipment upgrades over the past several years have reduced the amount of process water needed at Rawhide.

Water conservation is a key element of plant operations. All of the water that is used on-site is recycled as much as possible and used in other plant processes. The entire Rawhide site is a zero discharge facility, meaning that the effluent and other plant water is used to extinction. The water that can be used at Rawhide needs to be fully consumable and reusable water which is a very specific type of water under Colorado water law.

2. Water supply sources

Windy Gap Project

Platte River is a participant in the Windy Gap Project, which delivers water from the west slope of Colorado to the Front Range. Platte River originally owned a contract allocation of 160 units (out of a total of 480 units) of the Windy Gap Project and currently owns 110 units. One unit yields 100 acre-feet of water during years of full Windy Gap Project production. Platte River acquired its original allocation of Windy Gap water from three of its owner communities in 1974. These allocations included 40 units from the Town of Estes Park, 80 units from the City of Fort Collins and 40 units from the City of Loveland.

The Windy Gap Project was first contemplated in 1967 when the water rights on the Colorado River were filed. Following the completion and approval of an Environmental Impact Statement (EIS) and acquisition of 23 permits and licenses, the Windy Gap Project construction began in

Platte River Power Authority

July 1981. The project was completed in the spring of 1985 and began delivering water to allottees later that year in July.

The Windy Gap Project consists of a diversion dam on the Colorado River, a 445 acre-foot reservoir, a pumping plant and a six-mile pipeline to Lake Granby. Windy Gap water is pumped to Lake Granby during high flow months, typically April-July. The water is stored in Lake Granby until needed and is subsequently delivered beneath the Continental Divide through the Adams Tunnel under a carriage contract with the U.S. Bureau of Reclamation (Reclamation) for delivery through the Colorado-Big Thompson (C-BT) Project's facilities, including Carter Lake and Horsetooth Reservoir. The Northern Colorado Water Conservancy District (Northern Water) and Reclamation jointly operate and maintain the C-BT Project (maps shown in Appendix A). Northern Water's Municipal Subdistrict (Municipal Subdistrict) is a separate conservancy district which was formed by several municipalities to build and operate the Windy Gap Project. The current Windy Gap Project participants are listed below, with a project map following.

Windy Gap Project participants	Units	Acre-feet (max)	Percentage
Platte River Power Authority	110	12,000	22.9%
City of Longmont	80	8,000	16.7%
City and County of Broomfield	56	5,600	11.7%
City of Greeley	49	4,900	10.2%
City of Loveland	40	4,000	8.3%
City of Boulder	37	3,700	7.7%
Town of Erie	20	2,000	4.2%
Little Thompson Water District	19	1,900	4.0%
Superior Metropolitan District No. 1	15	1,500	3.1%
City of Fort Lupton	13	1,300	2.7%
City of Louisville	9	900	1.9%
Town of Berthoud	8	800	1.7%
Town of Frederick	7	700	1.5%
Town of Firestone	5	500	1.0%
City of Dacono	5	500	1.0%
Town of Estes Park	3	300	0.6%
City of Lafayette	3	300	0.6%
Central Weld County Water District	1	100	0.2%
Total	**480**	**48,000**	**100%**

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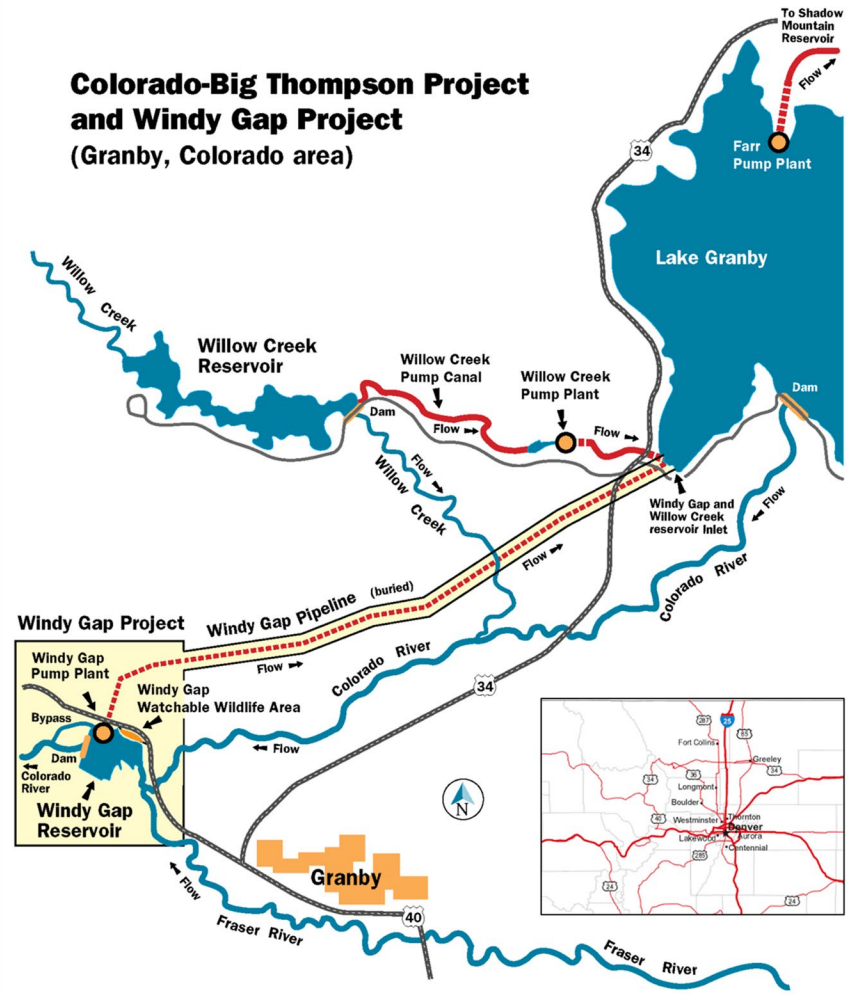

Northern Colorado Water Conservancy District
http://www.northernwater.org/waterprojects/CBTWindyGapmaps.aspx

Windy Gap water is provided as a “contract allotment” from the Municipal Subdistrict. This means that Platte River does not own Windy Gap water rights but has a contractual right to require the Municipal Subdistrict to deliver Windy Gap water to the extent that it is available. For example, during years of full production Platte River’s 110 units can produce up to 11,000 acre-feet of Windy Gap water per year. However, during years with less production, the actual yield will be less. Annual yields may therefore range anywhere from zero acre-feet per unit up to 100 acre-feet per unit.

Platte River Power Authority

A benefit to Municipal Subdistrict allottees is that allotment contract holders are granted total consumptive use of their Windy Gap water. Allottees can use and reuse Windy Gap water because it is imported water not native to the South Platte Basin. After first use within subdistrict boundaries, participants may use, lease, transfer or sell the reuse or successive use rights for the use of return flows within or outside of subdistrict boundaries. This type of fully consumable water is needed at Rawhide, due to the nature of it being a zero-discharge facility.

Typically, Platte River places an annual Windy Gap order of 5,000 to 6,000 acre-feet, of which 4,200 acre-feet is provided to the City of Fort Collins in exchange for reusable effluent, which is pumped to Rawhide for cooling purposes. The balance of the order meets Rawhide's process water needs, augmentation needs, contingency and Windy Gap Project shrink.

Cache la Poudre River decrees

In addition to its Windy Gap allotment, Platte River holds two junior water rights on the Cache La Poudre River which, when in priority, allow Platte River to pump Poudre River water credits to Rawhide in its 24-inch pipeline, via exchange. Below are the specifics of the rights.

Flow rate (cubic feet per second, cfs)[2]	Flow rate conversion to acre-feet (af)/day	Date of adjudication
1.60 cfs	≈ 3.17 af/day	Dec. 31, 1982
15.19 cfs	≈ 30.08 af/day	Dec. 1, 1977

Because these rights are junior (recent) in priority, the water is not available every year and cannot be counted on as a firm, reliable supply. In recent history, the Poudre River decrees have yielded anywhere between 0 and 2,800 acre-feet of water per year and have averaged 1,403 acre-feet over the past 10 years.

3. Water agreements

In addition to the contract allotments for Windy Gap water, Platte River is party to other agreements and decrees that are instrumental to the exchange, receipt and storage of the water used for cooling. There are four key agreements that are fundamental to Platte River's water operations.

Reuse agreement

When the construction of Rawhide was first being contemplated, it was known that the generation station would require water for cooling and other purposes. Platte River recognized the fact that the Front Range of Colorado is an arid region and from day one, a primary

[2] One cubic foot per second (cfs) equals 1.98 acre-feet/day.

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objective was to use water in a responsible and sustainable way. In 1978, an innovative agreement was developed, in which fully consumable and reusable water would first be used by the City of Fort Collins and the reusable return flows, in the form of treated effluent, would be pumped to Hamilton Reservoir at the plant and used for cooling purposes. The purpose of this arrangement was to ensure that Rawhide's use of the water would have no detrimental effect on any existing water user or upon existing water supplies. This innovative use of reusable effluent was incorporated into the original plant design.

The Agreement for the Reuse of Water for Energy Generation (Reuse Agreement) is a three-way agreement between the City of Fort Collins (Fort Collins), Water Supply and Storage Company (WSSC) and Platte River. The agreement and associated Decree W-9322-78 are based on a series of exchanges that use "new foreign water"[3] supplied by Fort Collins and WSSC to produce 4,200 acre-feet of reusable effluent for Platte River's use each year. Under this arrangement, WSSC commits an estimated 4,581 acre-feet of its new foreign water and Fort Collins commits an estimated 3,055 acre-feet of its new foreign water to create a supply of new foreign water of up to 7,636 acre-feet, annually for the plan. The new foreign water is used by Fort Collins to generate reusable effluent return flows of 4,200 acre-feet that are provided to Platte River. To compensate Fort Collins and WSSC for this reusable effluent, Platte River transfers a total of 4,200 acre-feet of Windy Gap water to Fort Collins annually, and subsequently Fort Collins transfers 1,890 acre-feet of C-BT water from the Fort Collins C-BT account to WSSC. Included in WSSC's compensation is a 25% "processing charge" assessed on WSSC by Fort Collins for processing the water contributed by WSSC. In addition, there is an obligation to preserve the historic regimen of the Poudre River by assuring that a continuation of water flows equal to historic return flows. As described in Decree W-9322-78, one method to meet this obligation is to release 550 acre-feet, annually, to the Poudre River. This obligation is split between Fort Collins (467 acre-feet) and Platte River (83 acre-feet).

In addition to the 4,200 acre-feet of effluent provided from the Reuse Agreement, Platte River is also entitled to the return flows from the Windy Gap water supplied to Fort Collins. The estimated return flows from the use of the Windy Gap water are approximately 2,310 acre-feet, or an average of 55%. Consequently, the total water available to Platte River under the Reuse Agreement, prior to the Memorandum of Understanding (MOU) as described below, includes 4,200 acre-feet of reusable effluent plus approximately 2,310 acre-feet of Windy Gap return flows, for a total of 6,510 acre-feet.

Memorandum of understanding

When Anheuser-Busch, Inc., now Anheuser-Busch InBev (AB InBev), located to Fort Collins, it needed approximately 4,200 acre-feet of fully consumable water annually. This was, coincidentally, the same amount of water provided in the Reuse Agreement. Platte River and

[3] New Foreign Water is water introduced into the Cache La Poudre Basin from the Colorado and Michigan River Basins and whose return flows historically have not been used by others, as defined in the agreement.

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Fort Collins entered into an MOU with AB InBev in 1988. The MOU allows Fort Collins to designate up to 4,200 acre-feet of the Windy Gap water owed to Fort Collins under the Reuse Agreement for use by the AB InBev brewery. AB InBev employs a land application to process brewery waste and, therefore, does not send as much wastewater to Fort Collins' Drake Water Reclamation Facility as would an average Fort Collins' customer. This means that when the Windy Gap water is designated to support AB InBev's treated water use, less effluent is produced for Platte River. Under the MOU, Platte River agreed to accept less Windy Gap return flows, approximately 800 acre-feet instead of the approximately 2,310 acre-feet of effluent expected under the Reuse Agreement. In return, AB InBev agreed to pay Platte River's annual variable operating costs on 4,200 acre-feet of Windy Gap water and accepts certain other responsibilities, in the event that Windy Gap water is in short supply. AB InBev also has the option of providing a substitute supply of reusable water instead of Windy Gap effluent. When AB InBev uses all of the 4,200 acre-feet of Windy Gap water, the net result is that Platte River receives reusable water available under the Reuse Agreement and MOU in an amount of approximately 4,200 acre-feet plus 800 acre-feet of return flows from AB InBev, annually. When AB InBev does not use the full 4,200 acre-feet of Windy Gap water, AB InBev can proportionally reduce their 800 acre-foot return flow obligation. The remaining Windy Gap water not used by AB InBev is used by other Fort Collins customers and Platte River receives the generated return flows. Independent of the amount of Windy Gap water actually used by AB InBev under normal reuse operations, AB InBev is still responsible for paying the operating costs on the full 4,200 acre-feet of Windy Gap water. In most years, the total amount of reusable effluent available to Platte River is approximately 5,431 acre-feet per year, as shown in the table below. This is sufficient to meet all of Platte River's cooling water needs for Rawhide, at this time, with some reserve water available for future generation or other uses.

Average annual reusable effluent water available to Platte River

Reusable effluent water sources	Annual quantity (af)	Comments
Reuse agreement exchange	4,200	Contractual quantity
MOU: Windy Gap return flows	1,231	Estimate
Total reusable effluent available	5,431	Estimate

North Poudre storage agreement

Platte River has an agreement with the North Poudre Irrigation Company (North Poudre) that allows Platte River to utilize North Poudre's Fossil Creek Reservoir Inlet Ditch and temporarily store the reusable effluent in Fossil Creek Reservoir, when space is available and would cause no injury to North Poudre. This agreement, which expires in 2024, makes use of exchanges and is necessary to avoid a loss of the treated effluent when it cannot be pumped to Rawhide at the same rate that the effluent is delivered by Fort Collins to the Drake Water Reclamation Facility.

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This agreement allows Platte River to store and withdraw treated effluent from Fossil Creek Reservoir. Upon the expiration of this agreement, Platte River would no longer be able to store and withdraw treated effluent from Fossil Creek Reservoir without a contract extension, but would maintain the perpetual right to use the Fossil Creek Inlet Ditch.

The water held by Platte River in Fossil Creek Reservoir is subject to loss when the reservoir spills which typically happens on an annual basis. To avoid uncompensated loss of this water, the board authorized the lease of unpumped reusable effluent, beginning in 1994. When Platte River leases water out of Fossil Creek Reservoir, a percentage of the proceeds are shared with North Poudre.

Soldier Canyon outlet agreement

Platte River has an agreement with Fort Collins for a portion of the capacity of the Soldier Canyon outlet from Horsetooth Reservoir. This agreement was entered into in 1981 for 3 cfs of capacity, for the purpose of pumping process water from Horsetooth Reservoir to Rawhide via the 10-inch pipeline. The agreement allows Platte River to connect to and operate a tap from the existing Fort Collins raw water delivery system, at a point on the system below where the system connects to the Soldier Canyon outlet from Horsetooth Reservoir. From that point, the water is pumped via Platte River's 10-inch pipeline from the tap to Rawhide.

Other water-related agreements

There are currently two additional water agreements of significance to Platte River.

<u>Larimer County agreement – Strang Gravel Pit augmentation</u>

The Larimer County agreement was entered into in 1993 and allows the county to receive up to 100 acre-feet of reusable effluent provided by Platte River under the MOU for augmentation of the county's Strang Gravel Pit, annually. The county notifies Platte River each year of the actual quantity of water needed for the augmentation requirement. While the request from the county in the agreement is for 100 acre-feet, the actual augmentation needs have typically been less than 12 acre-feet per year.

<u>Carter Lake outlet agreement</u>

The Carter Lake outlet agreement is part of the Southern Water Supply Project and is an allotment contract executed in 1994 that provides Platte River with a delivery capacity of up to 10 cfs[4] from the Carter Lake outlet. In 2001, there was an additional allotment contract of 8 cfs of capacity, bringing the total capacity allotment to 18 cfs[5]. After

[4] The capacity of ten cfs would equate to 19.8 acre-feet/day.
[5] The capacity of 18 cfs would equate to 35.7 acre-feet/day.

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assessing the potential water needs associated with a future generation resource on the southern end of the Platte River system, 13 cfs of outlet capacity was sold to other project participants and 5 cfs[6] of capacity was retained. This capacity is not in use at this time but could be of value for either delivering water to a future generation resource on the southern end of Platte River's system or for leased Windy Gap water to be delivered out of Carter Lake in the future.

Water decrees

There are also a number of water rights and decrees that are instrumental in the exchange, delivery and storage of water for Platte River. Two key decrees are the Reuse Decree which authorizes the exchanges necessary for the Reuse Agreement and the Hamilton Reservoir Storage Decree which allows the storage and operation of the 16,000 acre-foot cooling reservoir at the Rawhide Energy Station. The 24-inch pipeline that supplies water to Hamilton Reservoir has several associated exchange decrees which provide flexibility in pumping water through the pipeline. A complete list of agreements, rights and decrees is shown in Appendix B-1.

4. Current annual water use

Cooling water

Platte River currently uses an annual average of approximately 3,432 acre-feet of reusable effluent for cooling purposes. However, cooling water use at Rawhide can vary from 2,500 to 4,500 acre-feet, annually, depending on weather and operating conditions. Once the effluent is pumped to Rawhide, it is further treated in a phosphorus removal facility at the plant, prior to entering the cooling reservoir.

Augmentation water

Each year, approximately 203 acre-feet of additional reusable effluent is provided to Fort Collins and the Cache La Poudre River, in order to meet augmentation requirements related to the Reuse Agreement, the Rawhide Energy Station property (Rawhide Creek), Platte River's headquarters property (headquarters well), and the Larimer County Augmentation Agreement.

Process water

Platte River also pumps an average of 435 acre-feet of Windy Gap water directly from Horsetooth Reservoir to Rawhide via the 10-inch pipeline from the Soldier Canyon outlet. This water is used for process water at the plant (boiler water, site service water, fire water and drinking water). The treatment system for this water is considered a non-transient, non-

[6] The capacity of five cfs would equate to 9.9 acre-feet/day.

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community public water supply and is regulated by the Colorado Department of Public Health and Environment (CDPHE) under PWSID CO0235668. It is operated by certified Class A and B water treatment and Class 1 distribution system operators.

Platte River's water use summary

Platte River water use	Average annual quantity (af)	Type of water	Comments
Rawhide cooling water: 24-inch pipeline	3,432	Reusable effluent	Estimate based on a 10-year average – includes some 10-inch line water from Horsetooth Reservoir that spilled to reservoir
Augmentation requirements • Reuse Agreement (83 af) • Rawhide Creek (100 af) • HQ well (26 af) • Larimer County Agreement (≈12 af)	203	Reusable effluent	Can vary up to 309 af. The quantity of 203 af is based on the 10-year average amount needed for the HQ well and Larimer County agreement.
Rawhide process water: 10-inch pipeline	435	Windy Gap	10-year average is 435 af (process water only) – does not include any water spilled to the reservoir
Total use	**4,070**		**Total annual average**

A diagram showing the general arrangement for Rawhide water supply and use follows.

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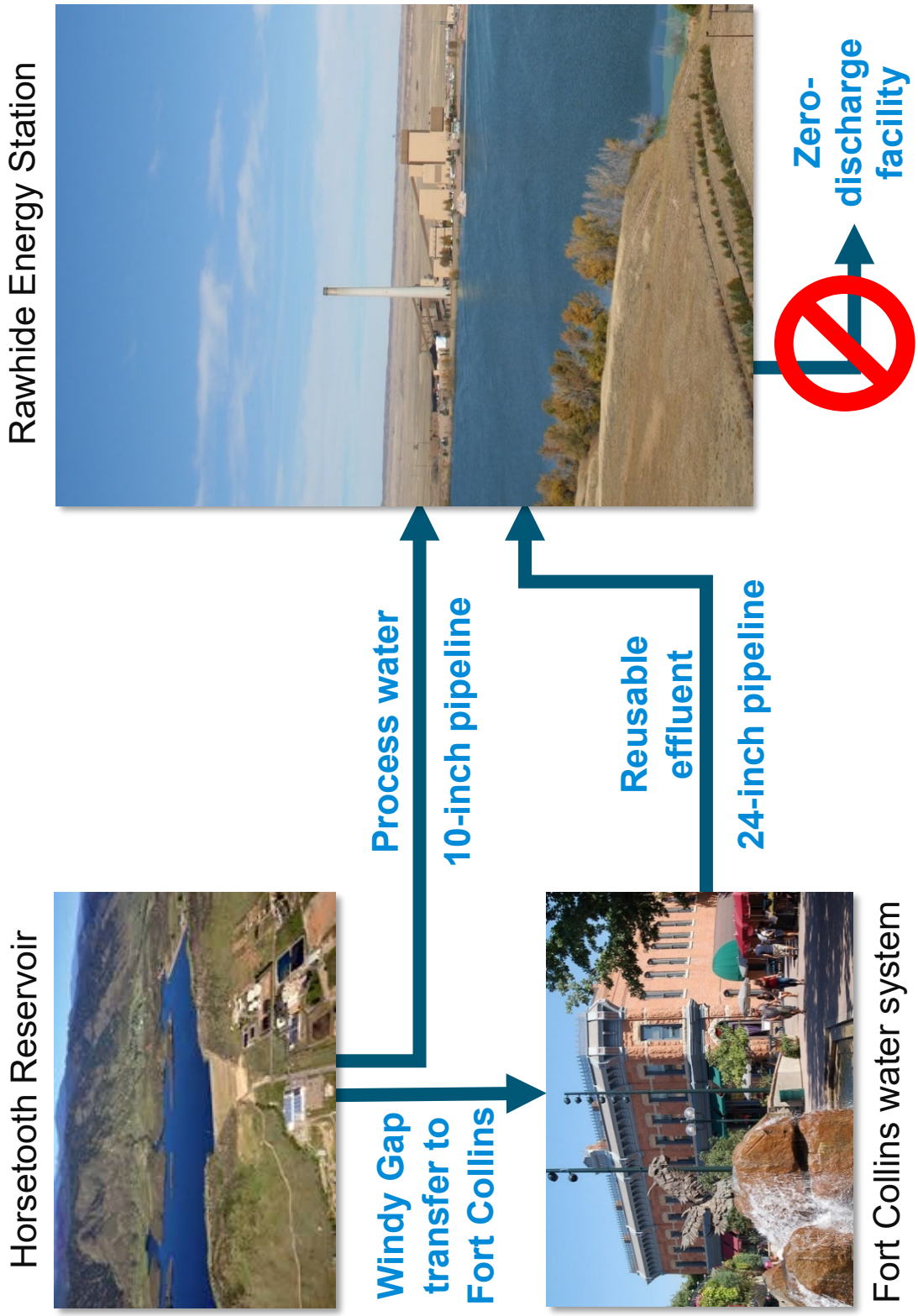
Rawhide Energy Station water supply



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5. Water costs – capital and operating expenses

The following table is a summary of Platte River's average annual water costs. These figures do not include pumping costs through the 24-inch and 10-inch pipelines to Rawhide or the costs to treat water at Rawhide. The amounts shown are Platte River's typical costs, excluding the amounts allocated and charged to AB InBev.

Platte River's net annual water cost summary

Capital costs	Estimated annual amount	Comments
Windy Gap Project debt service	$0	The annual debt service payment was approximately $3,300,000, but the bonds were defeased in 2016. There will be capital costs for the Windy Gap Firming Project (Firming Project), but those bonds have not been issued yet.
Operating costs*		
Windy Gap pumping cost	$14,000	Pumping of up to 500 af annually if Windy Gap Project pumps (approx. $28/af).
Windy Gap carriage costs	$50,895	Carriage costs for use of C-BT system to convey up to 500 af of Windy Gap water annually ($101.79/af**) to Horsetooth Reservoir.
Windy Gap assessment costs (operations and maintenance expenses)	$244,800	Annual assessment of 6,800 af*** of Platte River's 11,000 af allocation. This price is currently set at $36/af of Windy Gap water allocation whether it is pumped or not.
Windy Gap excess capacity charge/in-lieu borrowing charge	$17,304	Assessed on water delivered or exchanged to East Slope ($34.61/af**); up to 500 af
Average operating costs	**$326,999**	**Estimate**
Average total costs	**$326,999**	**Estimate**

* Platte River's net costs are shown, excluding the charges covered by AB InBev through the MOU.

** Cost associated with a new carriage contract with Reclamation that took effect in 2020. An inflationary escalator of 1.79% will be applied annually beginning in 2021.

*** Of Platte River's 11,000 acre-feet, Platte River pays the O&M expenses for 6,800 acre-feet and AB InBev pays for 4,200 acre-feet.

With respect to Windy Gap Project capital costs, the final debt payment made was in 2016. The final payment on the last Windy Gap Project outstanding bonds was originally scheduled to be made in December 2017. However, in March 2016, it was determined that there was enough

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money in project reserve funds to fund an escrow account to retire the principal and interest on the remaining debt when it came due. On April 14, 2016, the outstanding debt was defeased by resolution of the Municipal Subdistrict's Board of Directors. Funding of the escrow account was at the end of April 2016. At that time, the Windy Gap Project bonds were considered to be discharged and the Windy Gap Project free of debt. Since 2017, only the operating costs have been required.

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Section II – Current activity

1. The critical nature of water supply to generation operations and Windy Gap Project performance

Platte River requires a minimum of 4,200 acre-feet of Windy Gap water per year in order to complete the water exchange activities contemplated under the Reuse Agreement and MOU. Without Windy Gap water to exchange, Platte River receives a significantly reduced amount of reusable treated effluent from the Reuse Agreement and MOU. There is also a need for approximately 500 to 600 acre-feet of Windy Gap water each year for direct pumping to Rawhide as service and process water. Both of these sources of water are critical to the reliable operation of Rawhide. An additional complication is that both the cooling water and the process water need to be fully consumable and reusable water under Colorado water law. Historically, Platte River's annual Windy Gap order has been approximately 5,100 acre-feet, based on the following breakdown.

Platte River's average annual water requirements and contractual obligations

Windy Gap Project order components	Average annual quantity (af)
Reuse Plan, contractual requirement	4,200
Process water, 10-inch pipeline pumped to Rawhide	600
Windy Gap Project shrink (a 10% shrink factor is applied to Windy Gap balances in Lake Granby on March 31)	300
Total average annual order	**5,100**

Because Windy Gap water is the primary water source held by Platte River, it is essential that this water be available every year. Although Platte River has always depended heavily on Windy Gap deliveries, during the early years of operation, the volumes delivered to the other project participants were relatively small. Platte River's annual Windy Gap water order of approximately 5,100 acre-feet was the largest order for many of those early years. As the Windy Gap Project began to be more fully utilized, delivery issues emerged. These issues arose not only from the junior nature of the Windy Gap water rights but also from limitations inherent in the C-BT Project through which Windy Gap water is stored and delivered.

There are two primary reasons that Windy Gap Project participants have not been able to rely on Windy Gap water deliveries. In dry years, the Windy Gap water decrees are not in priority and, thus, the Windy Gap Project will not pump. Because of the project's junior water rights, Windy Gap water cannot be diverted in years of low runoff. Counterintuitively, the Windy Gap Project also faces issues during wet years. There have been several years when the Windy Gap Project was in priority to pump but was unable to due to a lack of storage availability. Currently,

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Lake Granby is the only storage available for Windy Gap Project water. However, water conveyed and stored for the C-BT Project has priority over water conveyed and stored for the Windy Gap Project. Therefore, in wet years, when the C-BT system is full, there is no conveyance or storage capacity for Windy Gap Project water. This prevents the Windy Gap Project from storing water in wet years that could be used in subsequent dry years. This lack of storage space during wet periods has occurred numerous times over the life span of the Windy Gap Project and as recently as 2015, 2016, 2017, 2019 and 2020. In addition, if Lake Granby spills due to wet year inflows and there is Windy Gap Project water in storage, it is the first to spill from the reservoir. This happened several times in the late 1990s, in 2011 and 2014, and, most recently, in 2019 when approximately 11,789 acre-feet of stored Windy Gap water spilled because the C-BT system filled and overflowed.

Because the Windy Gap Project is unable to provide reliable yields in both wet and dry years, the project's current firm yield is zero. Firm yield is typically defined as the amount of water that can be delivered on a reliable basis, in all years, and is typically determined by yield in a critical drought period. Specific to the Windy Gap Project, lack of available storage space in wet years also negatively impacts firm yield.

To address the issue of sporadic deliveries, a protocol entitled the "Criteria for Integrated Operations of the Colorado-Big Thompson and Windy Gap Projects" (Integrated Operations), was developed in 1991. Through Integrated Operations, C-BT Project water may be delivered to Windy Gap participants in lieu of Windy Gap water. Replacement of C-BT Project water attributable to such in-lieu deliveries is required from Windy Gap water, pumped in subsequent periods. Windy Gap Project participants who request in-lieu deliveries may be required to incur additional expenses or to make other water available, if needed, to assure that C-BT Project beneficiaries are not injured as the result of such in-lieu deliveries.

In extremely dry years, even Integrated Operations may not allow the use of in-lieu Windy Gap water. This situation occurred during the 2002-2003 water year, when the C-BT system did not have sufficient unallocated reserve water in storage to support the in-lieu program. During that period Platte River had to look elsewhere for water and obtained a lease for reusable water from a Front Range municipality. This water was used for the critical process water needs and enabled Rawhide Unit 1 to continue operations. Fortunately, a large snowfall in March of 2003 provided enough water to enable the Windy Gap Project to pump and Windy Gap water became available. Had this snow event not occurred, it is uncertain how water would have been obtained for Rawhide operations.

The 2012-2013 water year was similar to the extreme dry year of 2002-2003, with no Windy Gap water available in the C-BT system. However, Platte River was able to obtain water utilizing the in-lieu process. Leased C-BT water was used as collateral to provide Windy Gap water for the critical process water. Had the reserves in the C-BT system been depleted, or if C-BT water was unavailable on the rental market, Integrated Operations would not have been an option. In 2012-2013, 2015-2017, 2019 and again in 2020, Platte River and the City of Fort Collins were

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able to work out a special arrangement, during these Windy Gap short periods, to provide water for the MOU and cooling water which was very beneficial to Platte River. The 2012-2013 drought period would have been much more costly to Platte River had this agreement not been in place and had the Windy Gap Project not pumped in the late spring of 2013. This enabled Platte River to revert back to normal operations halfway through the year. Acquiring reusable water through the rental market can be uncertain, unreliable and, at times, very expensive.

Although rental water is easier to acquire in wet years, the availability and pricing is subject to market volatility. Rental water is first sought from the owner communities. However, if water is not available from the owner communities, Platte River will reach out to others for leasing C-BT water. Recently, Platte River secured long-term C-BT lease agreements and rights of first refusal to lease C-BT water when available from other municipalities. These resources provide additional security and are typically sufficient to supply the process water needs at Rawhide.

The following table lists the amount of C-BT water that was used in lieu of Windy Gap water from 2012 through 2020.

Water leased for Platte River use in 2012-2020

Water year	Total C-BT collateral water provided (acre-feet)
2012*	3,518
2013*	1,970
2014	1,071
2015	1,162
2016*	2,196
2017*	2,114
2018 * **	500
2019	1,195
2020	1,775

* Water short years which also included a special arrangement with Fort Collins for the Reuse Agreement.

** Lease option for 500 acre-feet exercised to provide collateral for in-lieu operations but Windy Gap Project pumped and canceled the in-lieu debt.

During its lifetime, the Windy Gap water supply has proven to be less reliable than initially anticipated. Weather conditions such as severe drought or extreme snowpack limit Windy Gap water availability. There have been numerous occasions, including every year from 2016-2021, when Platte River was operating in alternative mode or a “water short” situation (a special arrangement with Fort Collins), which severely limits the ability to produce the water necessary for Rawhide operations. Although Rawhide has never been curtailed due to a lack of water

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supply, continued dependence on weather events to secure Platte River's water supply is not a reliable long-term strategy.

In the original Windy Gap Project EIS, the Windy Gap Project was estimated to yield 48,000 acre-feet per year. Because each unit of Windy Gap water is entitled to 1/480th of the annual yield of the project, a unit was expected to produce a yield of up to 100 acre-feet per year. The actual Windy Gap yield between 1985 and 2020 averaged approximately 13,200 acre-feet per year, versus 48,000 acre-feet per year, which is an average annual yield to the project participants of approximately 25 acre-feet per year for each unit, or 25% of the projected yield of 100 acre-feet per year. However, this actual average yield is somewhat limited due to the demand of the participants being less than available in supply in some years. Because of this, and as stated in the EIS for the Firming Project, a study was conducted to see what the average yield of the Windy Gap Project would have been if Windy Gap unit holders used all available Windy Gap water. In this scenario, it was calculated that the average long-term yield (using hydrology from 1950 to 1996) would have been approximately 55 to 60 acre-feet per unit. It is important to note, however, as stated above, that the firm yield of the project is still considered to be zero.

The chart on the following page shows the historical Windy Gap Project performance and the associated impacts of both wet and dry years, as discussed above.

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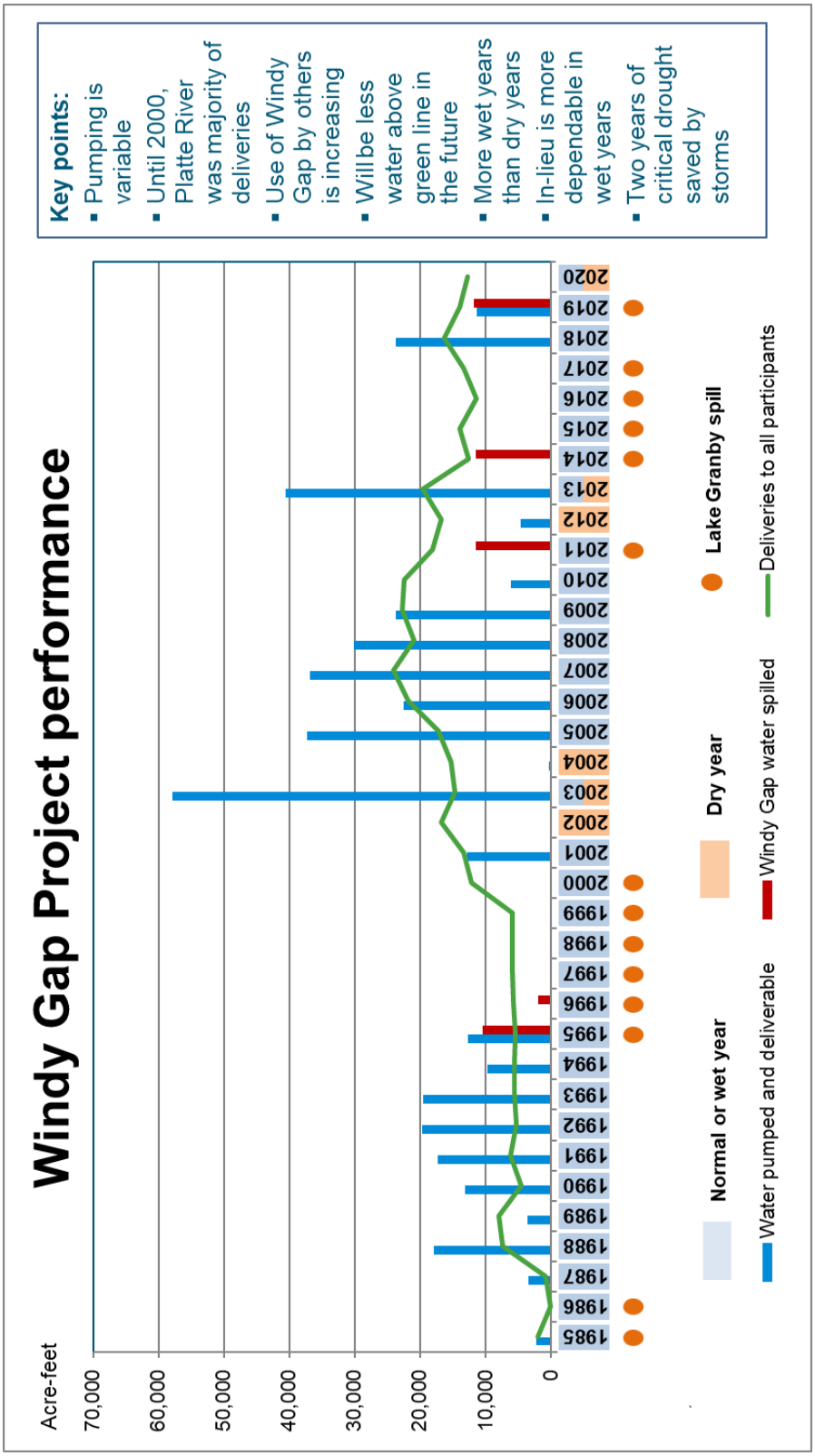

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2. History and status of the Windy Gap Firming Project/Chimney Hollow Reservoir Project

The Windy Gap Project was completed in 1985, and, as noted above, deliverability issues led to the adoption of the Integrated Operations protocols six years later. Participants recognized that Integrated Operations could provide relief, under certain conditions, but would be ineffective during periods of extreme weather. Discussions of a firming project began during the mid-1990s.

At that time, Platte River commissioned a study of water supply alternatives. This study was completed in 1999 and confirmed that participation in the Firming Project was the most effective means to further secure Platte River's water supply. The Firming Project is simply a new reservoir, named the Chimney Hollow Reservoir, into which Windy Gap water would be pumped in wet years and stored for use in dry years when the Windy Gap Project does not pump. Such a storage arrangement would significantly improve operational reliability and reduce water cost volatility. Due to the critical nature of a water supply for Rawhide, a firm yield of water is essential for reliable operations. A firm yield is defined as the maximum quantity of water that can be guaranteed, with some specified degree of confidence, during a specific critical period. In July 2000, Platte River signed an interim agreement with Northern Water and the Municipal Subdistrict to continue its participation in studies of the Firming Project.

Project milestones

2003: A total of 13 Windy Gap water participants began the federal permitting process for the Firming Project in 2003. A report was produced that compared 170 potential firming options.

2005: Reclamation, the lead agency for the project, published the "Purpose, Need and Alternatives" report in 2005. As part of the National Environmental Policy Act (NEPA) process, the Municipal Subdistrict engaged in a collaborative negotiation with west slope entities to develop mitigation and enhancement measures that would offset the environmental impacts of the Firming Project.

2008: A draft EIS was issued by Reclamation in 2008. This report outlined the purpose and need of the project, environmental impacts and proposed mitigation measures.

2009: The Municipal Subdistrict offered benefits to the west slope to facilitate project implementation.

2011: The mitigation and added enhancement measures were reviewed by the Colorado Wildlife Commission as well as the Colorado Water Conservation Board and were unanimously

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accepted in the summer of 2011. Following this, in November 2011, Reclamation published the final EIS.

2012: A 1041 permit was filed with Grand County. Grand County (west slope) and the Municipal Subdistrict's Board of Directors approved agreements to create improvements to the Colorado River. This 1041 permit was approved by Grand County on Nov. 20, 2012. The Northern Water board and Municipal Subdistrict board accepted the permit, in principal, on Nov. 26, 2012. This permit includes an intergovernmental agreement (IGA) that ensures enhancements agreed to during the EIS process will be implemented.

2014: Reclamation issued its Record of Decision (ROD) and signed a carriage contract to transport water to Chimney Hollow Reservoir. Negotiations on the carriage contract, which is an agreement that outlines the terms and conditions for Windy Gap water to be transported through the C-BT system and stored in Chimney Hollow Reservoir, began in late 2013. On Dec. 19, 2014, officials from Northern Water, Northern Water's Municipal Subdistrict and Reclamation signed a new carriage contract and the ROD. The ROD identifies and confirms Chimney Hollow Reservoir as the Firming Project's preferred alternative. The new carriage contract will apply to all Windy Gap water, including the proposed Firming Project water, and the term of the contract has been extended to 2054 which was previously set to expire in 2025. This adds a level of certainty to the entire project for years to come. The ROD was the final approval needed for the NEPA process. The signing of the ROD and the new carriage contract were major milestones for the Firming Project.

2016: The Municipal Subdistrict submitted the application for the 401 water quality certification to the State Water Quality Control Division in late 2015, and the final 401 Certification (certification that the project will comply with applicable water quality standards) was awarded on March 28, 2016.

2017: The U.S. Army Corps of Engineers approved a Section 404 (wetlands mitigation) permit for the project in May 2017. This was the last major federal permit required for construction. In October of 2017, a lawsuit was filed in the U.S. District Court which challenges the adequacy of the environmental reviews and approvals issued by Reclamation and the Army Corps of Engineers. While not named in the original lawsuit as a respondent, the Municipal Subdistrict did intervene in the case in order to be directly involved. The Municipal Subdistrict and the Firming Project participants will monitor the case closely.

2019: Final project design and the associated design review were completed in February 2019. In general, the review team was highly complimentary of the design and offered only minor comments as a result of the review process. After a thorough selection process, a general contractor was selected for the construction of the Chimney Hollow Reservoir Project and pre-construction activities commenced.

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2020: In February 2020 the Colorado Division of Water Resources Dam Safety Division issued the final construction approvals for construction for both the main dam and the saddle dam. In August 2020 the water rights decree was formally stipulated by the Division 5 (Colorado River Basin) water court.

In order to incorporate the Firming Project into the operations of the Windy Gap system, the original water right decree for the Windy Gap Project required an amendment. As part of the process to amend the water right, objectors are given the opportunity to raise any issues or concerns that they may have with the project, from a water rights perspective. The IGA that the Municipal Subdistrict and several west slope parties agreed to, as part of the 1041 permit process, will help ensure that there will be fewer objectors to the application. Within the IGA, the parties agreed to incorporate several mitigation and enhancement projects into the overall Firming Project. In exchange, the west slope entities agreed to support the proposed project and the amendment to the water rights. The water rights amendment was filed in September 2017, and after incorporating input from the west slope parties and going through the legal court process, it was completed by mid-2020.

PFM Financial (PFM) has been contracted by the Municipal Subdistrict to provide municipal advisor (MA) services and investigate the various financing options available for the project. In addition to acting as MA for the overall project, PFM also provides MA services to individual project participants, including Platte River, although these services are provided through a different office than those of the overall project MA team. The primary options that PFM is investigating include individual and group financing. In May 2018, Platte River received a Private Letter Ruling from the IRS which stated that Platte River's arrangement under the MOU will not affect its tax-exempt status for individual or group financing.

In November, allotment contracts between Northern Water and the project participants were finalized and signed. As part of the contract, each participant was asked to indicate a preliminary plan for project financing. However, given the uncertainty of the project schedule at the time, the contract stipulated that participants will be allowed to make changes to their designations once the project financing process is underway. Based on the information received from PFM and an internal staff analysis, Platte River initially elected to finance its portion of the project through $27 million of cash contributions and the remainder through the group financing option. This financing election will be reevaluated once the group financing process is underway.

In December, the 2017 federal lawsuit was dismissed. In its ruling, the court concluded that Reclamation and the Army Corps of Engineers were in compliance with federal law with respect to the project EIS and the issuance of the associated record of decision. Subsequently, in February 2021, Firming Project participants were informed that there would be an appeal of the ruling.

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Throughout 2020, the project construction team worked to complete as many pre-construction activities as possible in advance of full project construction. These activities focused on value engineering initiatives, material submittals and approvals, and the fabrication of long-lead items for construction.

3. Next steps for the Firming Project/Chimney Hollow Reservoir Project

By the end of 2020, the majority of pre-construction activities were completed and the project construction team assumed a standby approach toward the project in anticipation of the resolution of the appeals process. A typical appeal timeline would see the associated legal briefs being filed by mid-2021, oral arguments in the fall of 2021 and a final ruling in early 2022. However, the timeline is subject to a number of factors that could lengthen or shorten the overall schedule.

4. Firming Project schedule

Until the federal appeal is resolved, financing and project construction will be delayed. Once construction activities commence, the project will be complete and ready to begin filling within four years.

5. Determination of firming storage requirements

The Municipal Subdistrict conducted studies, in conjunction with Boyle Engineering, based on each participant's Windy Gap Project allocation, projected Windy Gap water use, the historical hydrology of the C-BT system and Windy Gap Project supply over the past 46 years. In addition, Platte River contracted Heather Thompson, P.E., senior water resource engineer with Ecological Resource Consultants, Inc., to identify Platte River's optimal firming level. This study revealed that 13,000 acre-feet of firming storage would provide the necessary ratio of storage-to-demand to enable Platte River to obtain the annual requirement of Windy Gap water in a reliable manner for a typical year. After further internal evaluation, Platte River staff recommended a reduction in Firming Project participation. On April 16, 2008, Platte River staff recommended to the board of directors that the Firming Project storage level be reduced to 12,000 acre-feet. This level of firming was thought to provide a balanced approach to meeting operational needs while still positioning Platte River to fulfill contractual obligations at reduced costs, based on historical hydrology. The board of directors accepted this recommendation and Platte River's share of the firming storage level was reduced to a participation level of 12,000 acre-feet, which would provide a firm supply of approximately one-third that amount.

In August 2014, Ms. Thompson was contracted to conduct additional modeling analyses in order to evaluate various levels of demand and Windy Gap storage for Platte River. Four different levels of storage were evaluated, ranging from 13,000 acre-feet up to 16,000 acre-feet, as only data for 12,000 acre-feet had previously been modeled. For each level of storage, four

levels of Windy Gap ownership were evaluated including 100, 120, 140 and 160 units. Additionally, a separate analysis was conducted outside of the Firming Project model to determine the demand that could be met under a synthetic two-year and three-year drought, assuming that no Windy Gap water would be pumped for two and three years in a row, respectively. Probability plotting was used to estimate the frequency of these synthetic droughts.

Based on the model results, as well as internal staff research, it became apparent that a participation level of 12,000 acre-feet would have been insufficient to meet the 5,100 acre-feet/year current water resource needs/obligations (listed in § II.1). In July 2016, staff recommended an increase in Firming Project participation to a minimum level of 14,000 acre-feet and up to an optimal level of 16,000 acre-feet. The board of directors approved participation in the Firming Project up to 16,000 acre-feet. In 2017, Platte River's participation increased to 14,136 acre-feet and, in March 2018, Platte River reached a final participation level of 16,000 acre-feet.

In 2020, following the announcement of the planned 2030 Rawhide Unit 1 retirement, and in light of changes in the overall distribution of Windy Gap unit ownership and Firming Project storage levels, Ms. Thompson was asked to revise her previous modeling to include these changes and to evaluate a wider range of unit ownership and storage levels for Platte River. This updated model analysis also incorporates updated operational parameters of the Firming Project which have evolved since the 2014 analyses. The highlights of the model analyses are shown below.

Between the initial study and the update, Platte River completed a series of transactions that decreased its overall Windy Gap ownership from 160 units to 120 units. Consequently, the revised study included ownership levels ranging from 120 units down to 60 units and included Firming Project storage levels between 8,000 acre-feet and 16,000 acre-feet. Hydrologic scenarios included the historic data from the Windy Gap Project site as well as drought conditions where water does not pump for two and three consecutive years. For each modeled combination of unit ownership, storage and drought conditions, the annual firm yield was determined. For drought scenarios, the firm yield represents the amount of water available in each year of the drought period.

Model results indicate that Platte River's current Firming Project participation level of 16,000 acre-feet provides a firm supply sufficient for current operations at Windy Gap unit ownership levels of 80 units and above for historic hydrologic conditions as well as for the 1 in 57-year drought (two consecutive years of no Windy Gap pumping). The 1 in 250-year drought (three consecutive years of no Windy Gap pumping) would result in reduced firm yields and would likely require modified water operations, which could include less pumping to Hamilton Reservoir or leasing additional effluent for pumping. The complete model analysis summary memo and the entire table which shows all the scenarios of firmed water at various storage levels and various ownership units is provided in Appendix B-3.

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Firming Project model analysis (based on 60-120 units)*

Firming Project storage (af)	Windy Gap unit ownership level	Annual firmed Windy Gap (af) *Historic hydrology: 1 in 50 years*	Annual firmed Windy Gap (af) with two years of no pumping *Occurrence interval: 1 in 57 years*	Annual firmed Windy Gap (af) with three years of no pumping *Occurrence interval: 1 in 250 years*
8,000	60 - 100	3,050 - 3,415	2,875 - 2,985	2,060 - 2,140
10,000	60 - 100	3,545 - 4,150	3,365 - 3,735	2,410 - 2,675
12,000	60 - 100	3,955 - 4,750	3,910 - 4,445	2,800 - 3,180
14,000	100 - 120	5,265 - 5,595	4,970 - 5,230	3,560 - 3,745
16,000	60 - 120	4,410 - 6,110	4,410 - 5,755	3,575 - 4,120

* All scenarios are based on the provisions of the updated carriage contract that includes prepositioning, diversion shrink, carryover shrink and environmental impact mitigation measures.

Looking forward, Platte River has begun to assess the water needs associated with its future energy generation mix. Upon the retirement of Rawhide Unit 1, the total water needs at the Rawhide site will likely change, however the magnitude and direction of that change will be unclear until a future generation mix is established. As shown in Appendix B-2, potential water demands for future generation can vary significantly depending on the generation type. As Platte River moves toward implementing a new resource mix, the Firming Project will ensure that water supply will not be a limiting factor in its planning. Ultimately, Chimney Hollow Reservoir will change the total Windy Gap Project's reliable annual total yield from zero acre-feet of water to about 30,000 acre-feet, thus improving the reliability of water deliveries to participating entities. There is a significant value to a firm and reliable water supply, whether it is for immediate needs or future needs.

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6. Firming Project participants

Firming Project participants	WG units	Storage (af)	Percentage of project	Ratio of volume/units *Years to fill**
City and County of Broomfield	56	26,464	29.4%	4.7
Platte River Power Authority	110	16,000	17.8%	1.5
City of Loveland	40	9,587	10.7%	2.4
City of Greeley	49	9,189	10.2%	1.9
City of Longmont	80	8,000	8.9%	1.0
Town of Erie	20	6,000	6.7%	3.0
Little Thompson Water District	19	4,850	5.4%	2.6
Superior Metropolitan District No. 1	15	4,726	5.2%	3.2
City of Fort Lupton	13	1,103	1.2%	0.8
City of Louisville	9	2,835	3.1%	3.2
City of Lafayette	3	900	1.0%	3.0
Central Weld County Water District	1	346	0.4%	3.5
Total	**415**	**90,000**	**100%**	**Avg = 2.56**

* Based on the assumption of full Windy Gap Project pumping and allocation.

7. Firming Project costs

Early estimates of the Firming Project reservoir were based on size and not a specific location. In 2006, the first preliminary estimates were approximately $221 million for the reservoir. Once the EIS process had identified Chimney Hollow as the candidate firming reservoir location, in 2011, the costs were further refined to $275 million for a reservoir size of 87,000 acre-feet. In 2017, the total project estimate was $407 million based on a conceptual engineer estimate, not including escalation or contingency. Currently, the total project cost estimate is $654.5 million based on the final design, and includes mitigation and enhancements, updated construction costs, estimated project escalation costs and owner's cost estimates. With an updated total planned capacity of 90,000 acre-feet of storage, this cost equates to approximately $7,272 per acre foot of storage space. The project cost will continue to fluctuate as the project design is finalized, construction conditions become more certain and legal issues are resolved. Of the current cost estimate, Platte River's current obligation for 16,000 acre-feet of storage is estimated at approximately $116 million, or 17.8% of the total project cost.

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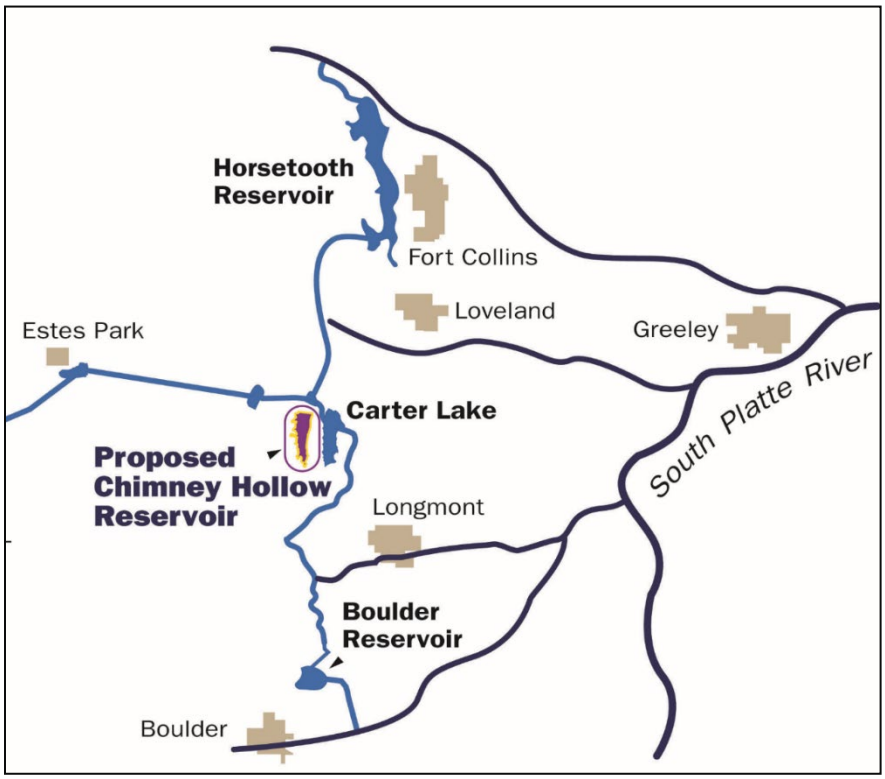
8. Operation of the firming reservoir

Prior to construction of Chimney Hollow, a set of operating guidelines will be developed. At the present time, it is anticipated that Chimney Hollow will fill and discharge water via gravity flow. However, a pumping scenario that includes Flatiron Reservoir, during filling, has been considered as well. The operating guidelines will cover routine operation, scheduling water in and out of Chimney Hollow, and evaporation/seepage loss calculation methodology. A general map of the proposed Chimney Reservoir follows with a more detailed map shown in Appendix A-6.



Northern Colorado Water Conservancy District
http://www.northernwater.org/waterprojects/CBTWindyGapmaps.aspx

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Section III – Water policy and operations

Prior to 2017, Platte River operated without a formal water policy in place. Instead, water management was guided by a series of board resolutions that laid out a general approach for securing water resources, future planning and conducting water transactions.

Board guidance was in the form of direction on topical issues, such as the adoption of resolutions regarding the lease of water or Windy Gap units and the periodic approval of continued participation in the Firming Project. In general, three important principles were evident from board action. These principles included: (a) securing and protecting a water supply sufficient for Platte River's current operational needs, (b) planning for Platte River's future water supply needs while contemplating the future needs of the owner communities, and (c) leveraging the value of water resources through leasing unpumped reusable effluent water and leasing Windy Gap units.

1. Background

a. Securing and protecting a water supply for Platte River's operational needs

As described in § II.1, Platte River has a current water need/obligation of approximately 5,100 acre-feet per year. This water supply adequately meets operational needs when water and weather conditions are normal. In years with extreme wet or dry conditions, the water supply needs have been met either through the leverage achieved from the Windy Gap units, being that Platte River's pro-rata allocation is higher based on contract allotment ownership level, or through alternative arrangements and sources. Participation in the Firming Project will provide additional supply security.

b. Planning for Platte River's future water supply needs

The primary consideration for determining the future at Platte River would be the water requirements associated with future generation resources and what the resource plans forecast for an overall generation portfolio. Additionally, consideration was given to future uncertainties such as climate impacts, future legislation and environmental regulation.

Water requirements for future generation resources. When Rawhide Unit 1 was initially constructed, there were projections for a second and third coal unit at Rawhide. Based on engineering studies at that time, it was determined that each additional unit (Units 2 and 3) would each require 2,030 acre-feet of water each year for cooling and process water, for a total additional requirement of 4,060 acre-feet. Water requirements for future generation are dependent upon location and type of resource.

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A wide variety of power generation methods, ranging from emerging technologies to mature processes, could satisfy Platte River's strategic initiatives and future load growth. Over the past decade, several shifts in the energy industry have arisen that could influence the mix of future resources used by electric utilities to produce power.

A few key events could affect how utilities generate and deliver power to their customers in coming years:

- Potential federal regulation of greenhouse gases
- Decreases in the price of solar generation and wind resources
- Sustained low natural gas prices
- Advancement in battery energy storage
- Growth of distributed energy resources

Platte River has considered a variety of generation technologies in recent planning efforts and through work on its integrated resource plans. In general, most future generation sources would require considerably less water than traditional coal-fired units. More specific research on future resource water requirements will be conducted but the identified reserve of approximately 4,060 acre-feet is expected to be more than adequate to meet the needs of any future resource that Platte River might consider.

General reference data for water consumption for various types of generation is shown in Appendix B-2.

Water for future uncertainties. There are many potential items facing Platte River in the future such as: potential new legislative or regulatory impacts, climate impacts, new water agreements or changes to existing water agreements, water usage, water rights appropriation and others. Additionally, the concept of the energy-water nexus will continue to be evaluated. This concept refers to the relationship between the water used for energy production and the energy consumed to extract, purify, deliver, heat/cool, treat and dispose of water and wastewater. The relationship is not truly a closed loop, as the water used for energy production need not be the same water that is processed using that energy. However, all forms of energy production require some input of water, making the relationship connected and complex. Looking forward, resiliency and the concept of a firm water supply becomes even more important. Platte River's participation in the Firming Project is a prime example of working toward a sustainable water supply and resilient infrastructure.

c. Leveraging the value of water resources through leasing

It has been the practice of Platte River to maximize the value of water resources through leasing activities within limits defined by the board.

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Unpumped reusable effluent water. The most frequent type of water lease Platte River enters into is for unpumped reusable effluent generated under the Reuse Agreement and MOU. The amount of unpumped reusable effluent can vary but averages approximately 1,796 acre-feet annually, based on a typical supply of 5,431 acre-feet and a typical use of 3,635 acre-feet of effluent pumped to Rawhide plus augmentation requirements. Platte River does not deliberately accumulate unpumped water but there is inevitably some water accumulated each year that either can't be pumped or doesn't need to be pumped, with the exception of water short years. Variations in unpumped reusable effluent occur based on the availability of water under the Reuse Agreement, the amount of return flows from Fort Collins and AB InBev and the amount of water needed at Rawhide to maintain the level in the reservoir. The unpumped effluent is stored in Fossil Creek Reservoir, when space is available, and can be stored to pump at a later time. Or, a portion of that reusable effluent may available for lease.

Summary of Platte River's reusable effluent supply and use

Water supply and use – reusable effluent	Annual quantity available (af)	Annual quantity used (af)	Total (af)
Supply			
Reuse Agreement	4,200		
Windy Gap return flows	1,231		
Total supply	**5,431**		
Use			
Pump to Rawhide		3,432	
Augmentations		203	
Total use		**3,635**	
		Unpumped reusable effluent (annual)	**1,796**

*This table reflects normal water use and availability.

Historically, reusable effluent has only had a few markets with modest value, mainly agriculture and industrial augmentation, and for a period, this water gained value for use by the oil and gas industry. Recently, the oil and gas lease market slowed down and lease opportunities have again been focused on more traditional entities.

Platte River has leased reusable effluent to several entities within the northern Front Range of Colorado and lease opportunities are actively pursued when there is the availability of unpumped effluent. Since 1997, Platte River has leased almost 9,000 acre-feet of unpumped reusable effluent. Due to the extreme drought conditions in early 2013, Platte River temporarily ceased leasing reusable effluent to others but did trade reusable effluent for C-BT water that

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was used to produce in-lieu Windy Gap water to be pumped to Rawhide as process water. Leasing unpumped effluent resumed in 2014 but ceased again beginning in 2016 due to a lack of Windy Gap water. The following table provides a history of the leases and their associated revenues. One note of significance is the period of time when there was a high demand in the region for reusable water for use by the oil and gas industry, during the 2012 to 2014 water years. In 2012, Platte River was approached by an oil and gas water provider and was presented with a leasing opportunity. With the approval of the board, Platte River successfully entered into four leases of unpumped reusable effluent water for oil and gas development. The revenues from leasing unpumped effluent for all markets are itemized in the following table and chart.

Platte River's reusable effluent water leases to others – all markets

Windy Gap year	Volume (AF)	Unit price ($/AF)	Total revenues	Comments	Total annual volume (AF)	Total annual revenues
1997	9	$30	$270		9	$270
2001	2,000	$15	$30,000		2,000	$30,000
2006	1,400	$30	$ 42,000		1,400	$42,000
2007	1,000	$47	$ 47,000		1,000	$47,000
2009	1,538	$81	$124,578		1,538	$124,578
2010	163	$119	$19,397		163	$19,397
2011	167	$119	$19,873		167	$19,873
2012	121	$251	$30,371		1,621	$341,771
2012	840	$300	$252,000	Oil & gas		
2012	660	$90	$59,400	Ag/oil & gas partnership		
2013	97	$252	$24,444		297	$176,844
2013	200	$762	$152,400	Oil & gas		
2014	61	$300	$18,300		631	$452,640
2014	570	$762	$434,340	Oil & gas		
2015	67	$300	$20,100		67	$20,100
2016	0	n/a	$0		0	$0
2017	0	n/a	$0		0	$0
2018	0	n/a	$0		0	$0
2019	0	n/a	$0		0	$0
2020	0	n/a	$0		0	$0
				Totals	**8,893**	**$1,274,473**

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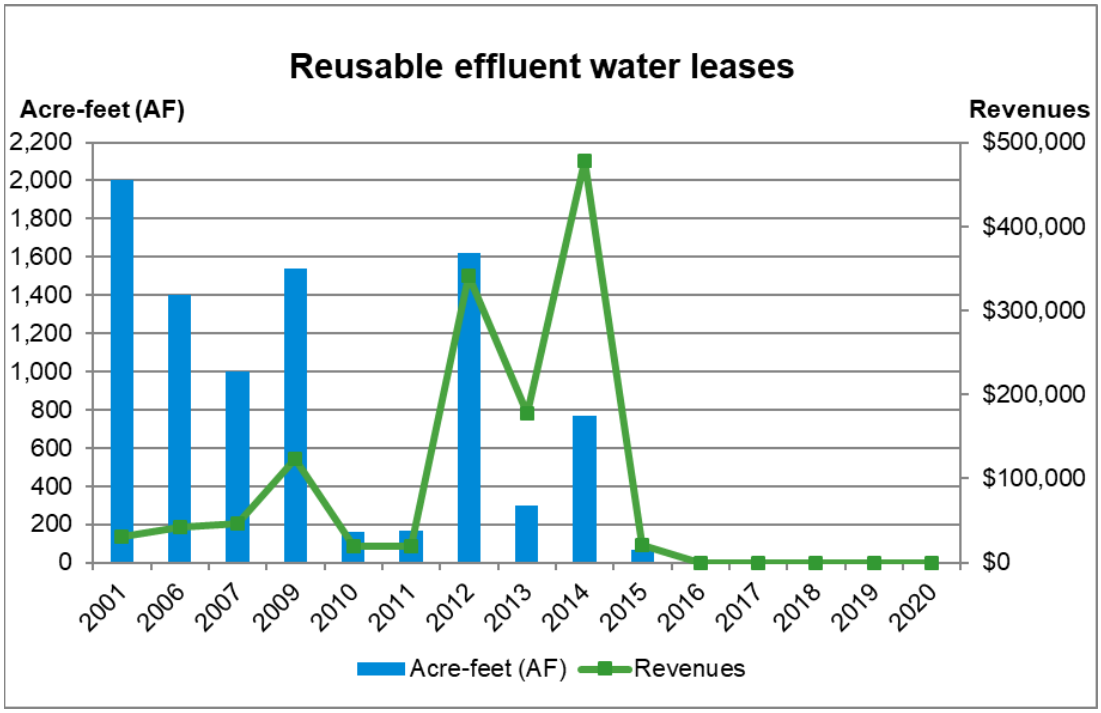

Lease of Windy Gap units. The second and less frequent type of lease is the lease of Windy Gap units. This type of lease involves first-use Windy Gap water that would not otherwise be used for Platte River's current operational needs. The amount of water that each unit produces varies from year to year depending on conditions. It could range anywhere from zero acre-feet up to the full yield of 100 acre-feet per unit.

Operationally, the Windy Gap units are useful to Platte River from a leverage perspective. Without the Firming Project, the firm yield of Windy Gap water is considered to be zero. However, because Platte River owns 110 units of Windy Gap out of a project total of 480 units, it is entitled to 23% of all Windy Gap water available annually, up to the amount of the Platte River order. In years when Windy Gap water is in short supply, this "leverage" helps Platte River meet its annual order.

Despite the benefits of leverage, there is a cost associated with the ownership of the Windy Gap units. Until needed for future use, efforts are made to lease these units to help offset the operational costs of the units and future water related capital costs. Depending on the number of units leased, there is some loss of leverage so that is carefully factored in when making decisions regarding leasing Windy Gap units.

In 2012, Platte River leased 10 Windy Gap units to a Front Range municipality. The lease was for a three-year term with the option of two, one-year extensions, with the approval of Platte River's Board of Directors. Both extensions were executed and the lease was extended through 2017.

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Section IV – Current water policy

First developed in December 2016 and updated in February 2020, Platte River's board-approved Water Resources Policy directs and authorizes the general manager/CEO to:

1. **Maintain adequate water supplies for all existing and projected future operations.**

    a. Maintain Platte River's participation level in the Windy Gap Firming Project at a storage level of 16,000 acre-feet.

    b. Lease water required for Platte River operations and contractual commitments when needed.

    c. Participate in resource planning efforts to incorporate planning for future water needs, with considerations for type and location of future generation resources.

    d. Continue to research and explore alternative water supply opportunities.

    e. Review and modify existing water agreements and pursue new agreements to improve operations, increase reliability and maximize the value of water resources assets.

2. **Manage water as an asset.**

    a. Lease water to others when available (effluent and/or Windy Gap units).

    b. Sell Windy Gap units (maintain a minimum level of 100 units) – compensation may be monetary, may involve storage rights, or may involve some other consideration that provides value to Platte River.

    c. Maintain a minimum of five (5) cfs of Carter Lake Outlet Capacity (may lease as long as five (5) cfs can be made available for operational needs when required).

The complete Water Resources Policy document is included in Appendix C for reference.

This Water Resources Policy positioned Platte River to pursue activities that will increase the reliability of water deliveries to meet contractual commitments as well as the operational need of the organization. In addition, it enabled Platte River to maximize the operational and economic value of its water resources.

In late 2017, Platte River completed a series of transactions that increased its Firming Project capacity from 12,000 acre-feet to 14,136 acre-feet; sold 23 Windy Gap units; secured short-term C-BT lease water options; and generated total income revenue of approximately $39 million. In

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early 2018, Platte River was able to acquire additional storage which resulted in a total and final participation level of 16,000 acre-feet.

In 2019, Platte River completed additional transactions that resulted in the sale of 17 additional Windy Gap units and 13 cfs of surplus Carter Lake outlet capacity. The successful outcome of these agreements also generated additional revenue of approximately $37 million to help offset future Platte River project costs and secured C-BT water lease options, which will provide additional water security until the Firming Project is complete.

In 2020, Platte River completed two transactions, each of which included the sale of five Windy Gap units at a price of $13.5 million. The combined total of $27 million of revenue was earmarked as the cash contribution toward the Firming Project.

Altogether, these water transactions have provided Platte River with the additional storage capacity needed to reduce operational risks during periods of drought, generated revenue of approximately $103 million to offset project costs, and strengthened the relationships and partnerships that Platte River has within the Northern Colorado water community.

In addition and as part of the water supply planning process, Platte River began working with the Burns & McDonnell engineering firm in late 2018 to explore options for additional raw (untreated) process water storage at Rawhide. Recent maintenance operations at the Soldier Canyon outlet and aging infrastructure highlighted Platte River's need for additional on-site storage. The study and the project alternatives report was completed in early 2020. However, with the recent announcement of the retirement of Rawhide Unit 1 by 2030, this project may no longer be needed. The report will be retained in the event that a future need for additional on-site water storage becomes necessary.

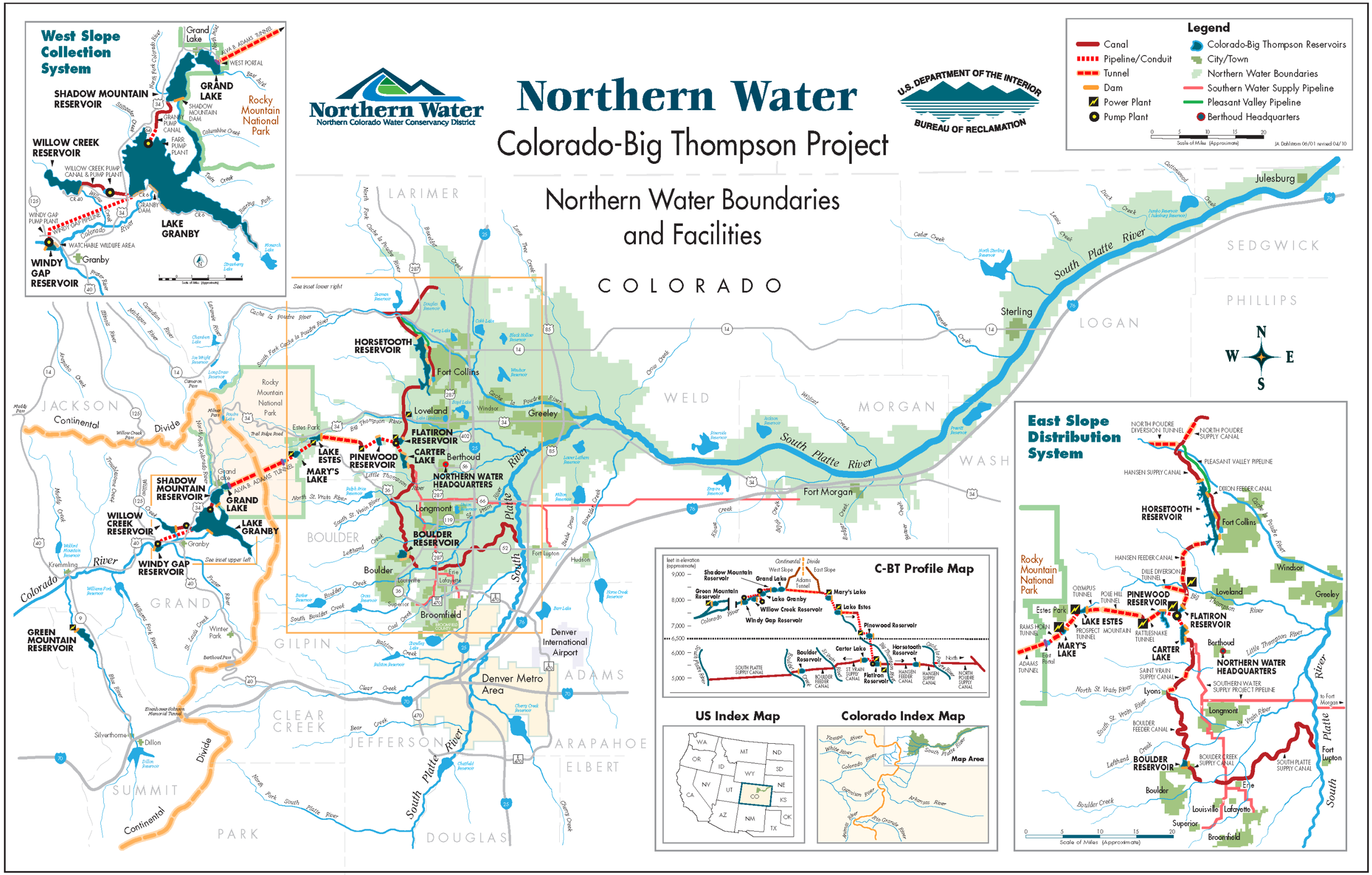
Section V – Going forward

Since the original development of the Water Resources Reference Document in 2016, Platte River has taken steps to actively assess, manage and optimize its water resources portfolio. The most notable result of this effort was the development and adoption of the Water Resources Policy and the resulting series of transactions that included the sale of Windy Gap units and the acquisition of additional storage in the Firming Project/Chimney Hollow Reservoir to reach a final participation level of 16,000 acre-feet. This combination of assets gives Platte River a more balanced and firm water resources portfolio necessary for reliable operations.

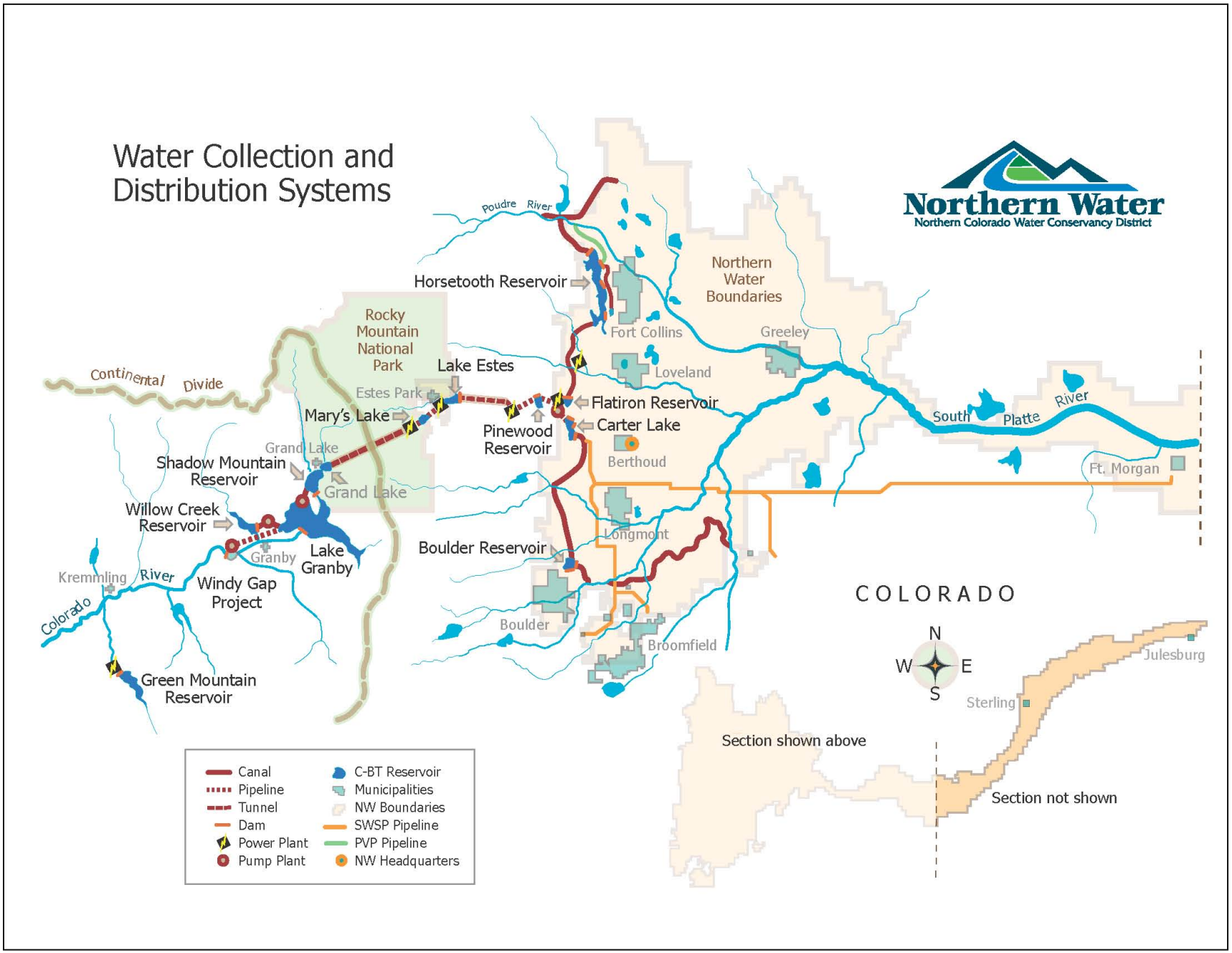
Aside from the Windy Gap Project and the Firming Project, Platte River will continue to assess the various aspects of its water resources portfolio. In particular, the current Fossil Creek Reservoir storage agreement is likely to receive additional consideration in the near term. The Fossil Creek Reservoir storage agreement with North Poudre is set to expire in 2024 and will likely be extended or revised for future operations.

Platte River Power Authority

Appendix A – Maps



Northern Colorado Water Conservancy District
http://www.northernwater.org/waterprojects/CBTWindyGapmaps.aspx



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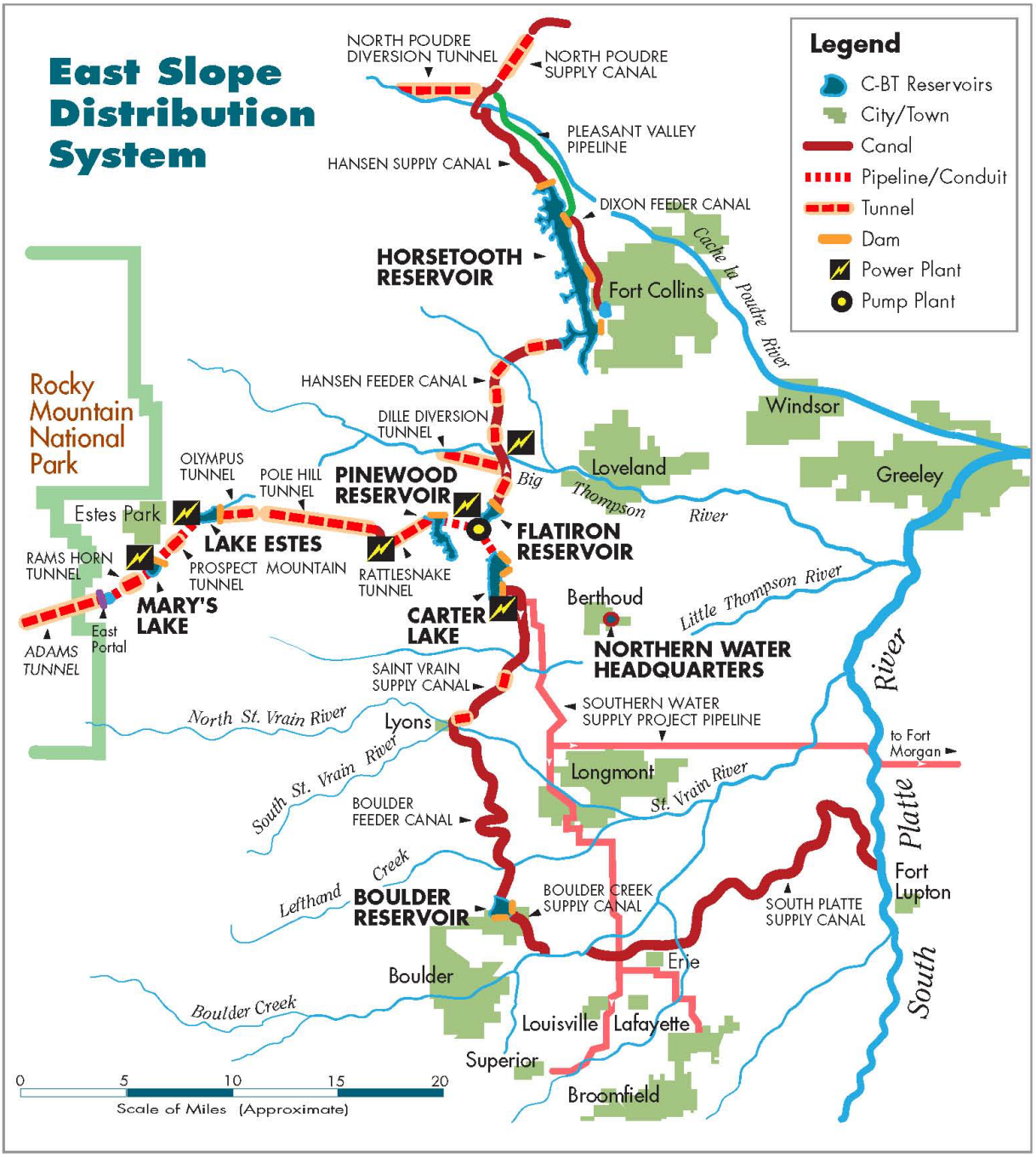

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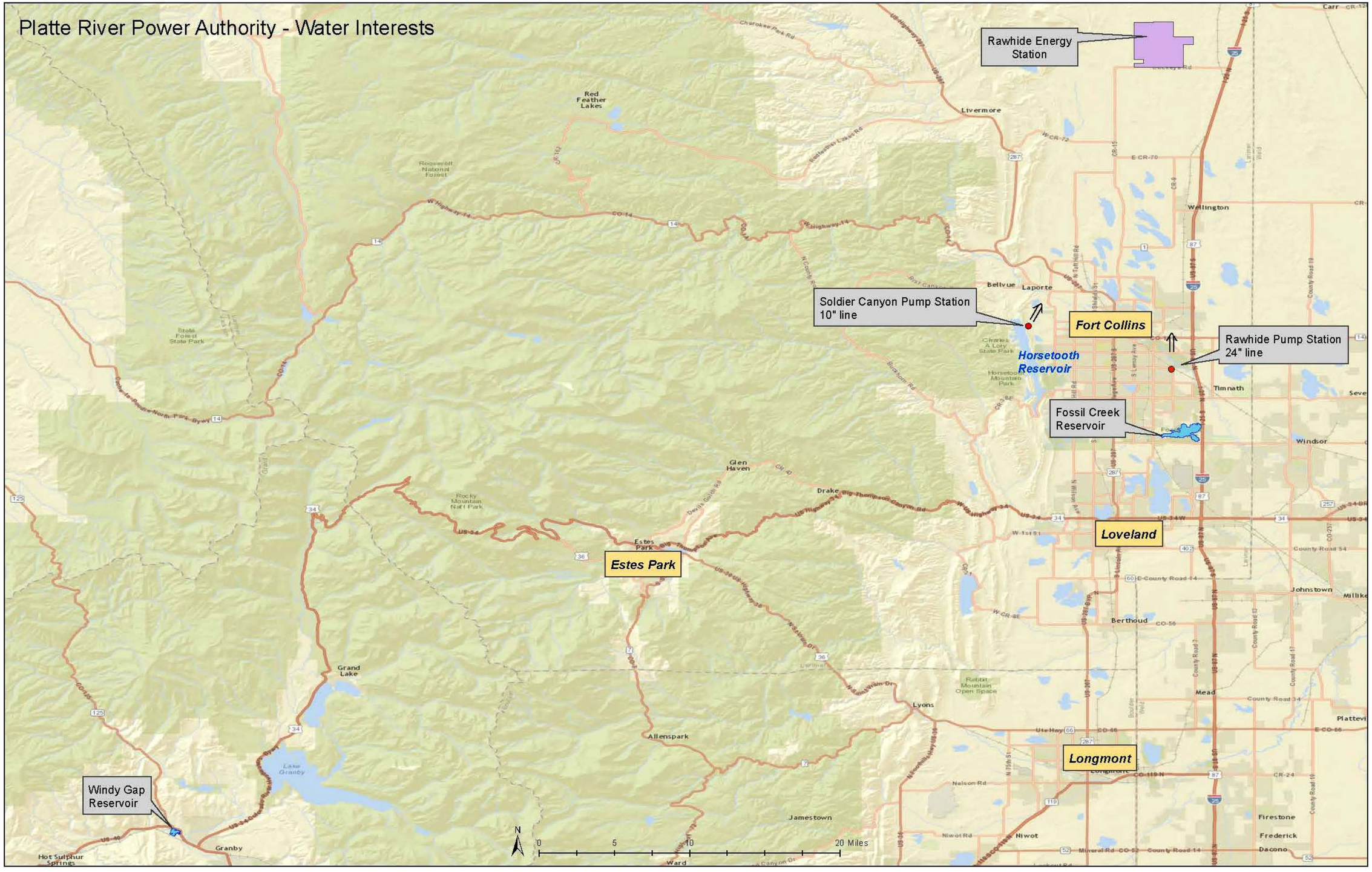
Platte River Power Authority - Water Interests
Rawhide Energy Station
Soldier Canyon Pump Station 10" line
Fort Collins
Horsetooth Reservoir
Rawhide Pump Station 24" line
Fossil Creek Reservoir
Loveland
Estes Park
Longmont
Windy Gap Reservoir
Red Feather Lakes
Livermore
Wellington
Bellvue
Laporte
Timnath
Windsor
Glen Haven
Drake
Berthoud
Johnstown
Grand Lake
Lyons
Mead
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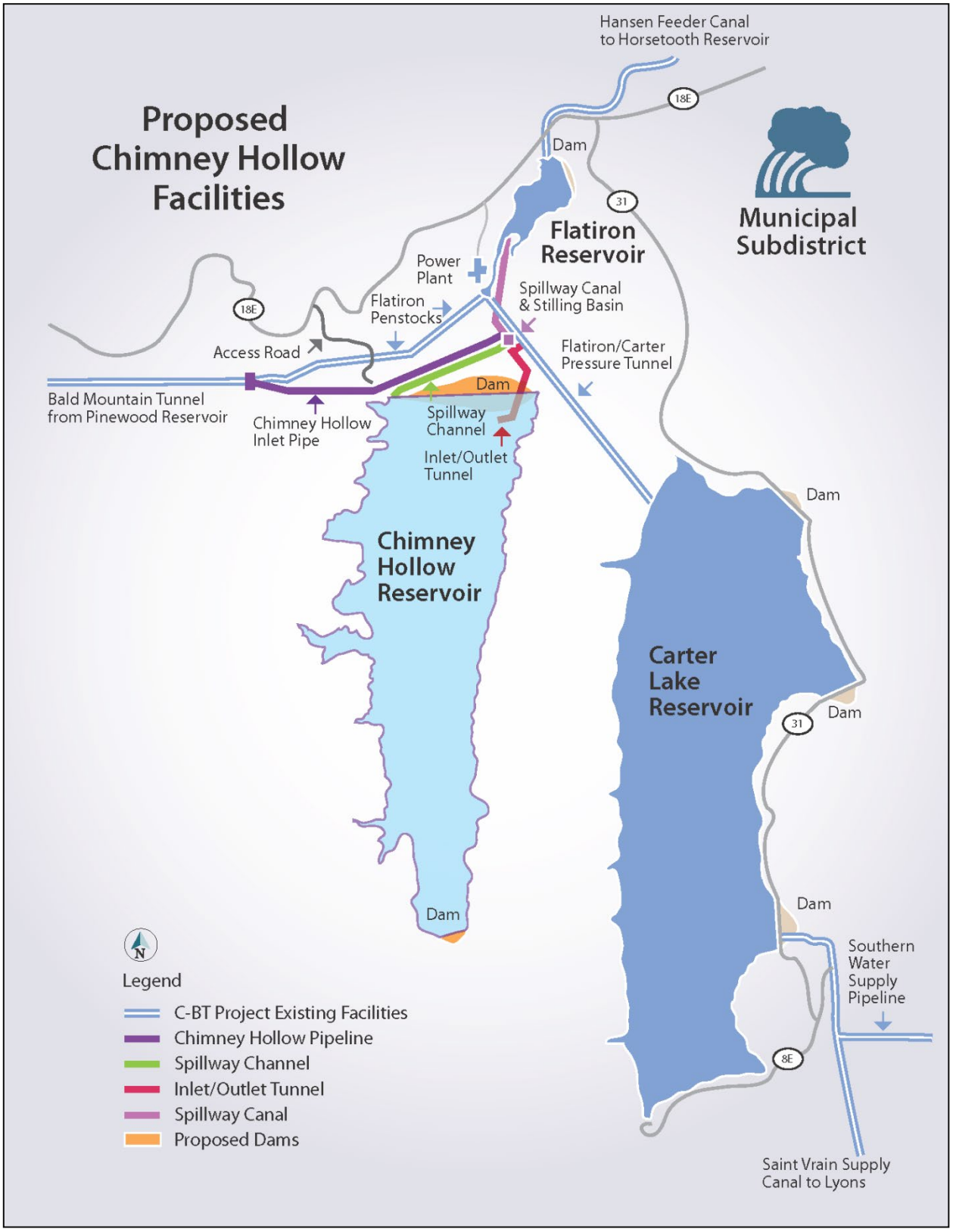

Northern Colorado Water Conservancy District
http://www.northernwater.org/waterprojects/CBTWindyGapmaps.aspx

Platte River Power Authority

Appendix B – Reference materials

Platte River Power Authority water agreements

Agreement	Parties	Description	Starting date	Ending date
Reuse Agreement	Platte River, City of Fort Collins, Water Supply and Storage Company	Agreement is based on a series of exchanges in which Platte River supplies 4,200 af of Windy Gap water in exchange for 4,200 af of effluent (produced by the City of Fort Collins from new foreign water source), plus return flows of the Windy Gap water.	August 1978	In effect as long as water is required for electric generation (either at Rawhide or another location that return flows can be delivered to by Fort Collins).
Memorandum of Understanding (MOU)	Platte River, City of Fort Collins, Anheuser-Busch (AB InBev)	AB InBev can use up to 4,200 af of the Windy Gap water supplied to Fort Collins from Platte River. Platte River will receive the return flows from that use and will be compensated by AB InBev for the variable operation and maintenance costs.	April 1988	In effect as long as the AB InBev Fort Collins brewery and Rawhide Energy Station are operative.
North Poudre Storage Agreement	Platte River, North Poudre Irrigation Company	Allows Platte River to temporarily store reusable effluent in Fossil Creek Reservoir. There has been one amendment to this agreement to facilitate leases and specify accounting of Platte River's water balance in the event of a reservoir spill.	November 1979 1st Amendment: September 2009	Dec. 31, 2024
Soldier Canyon Outlet Capacity	Platte River, City of Fort Collins	Provides Platte River with a 3 cfs tap from the Fort Collins raw water delivery system below the Soldier Canyon outlet from Horsetooth Reservoir.	February 1981	Perpetual so long as water is needed for power generation or related purpose.
Larimer County Augmentation Agreement	Platte River, Larimer County	Larimer County receives up to 100 af of reusable effluent from the MOU annually for augmentation of the County's Strang Gravel pit.	October 1993	Perpetual so long as Platte River's Rawhide Energy Station and the Strang Pit operate.
Carter Lake Outlet Agreement	Platte River, Northern Water	Provides Platte River with the delivery capacity of up to 10 cfs from Carter Lake outlet.	August 1993	Perpetual
Allotment Contract for Additional Carter Lake Outlet Capacity	Platte River, Northern Water	Provides Platte River with an additional 8 cfs capacity from Carter Lake outlet for a total of 18 cfs.	September 2001	Perpetual
Amendment to Allotment Contract for Carter Lake Outlet Capacity	Platte River, Northern Water	Amends the allotment contract to reflect the transfer of 13 cfs capacity to other entities. Platte River's final allocation is 5 cfs in total.	September 2018	Perpetual
Fort Collins Windy Gap Assignment Agreement	Platte River, City of Fort Collins	Assigns Fort Collins 1/6 share of Windy Gap to Platte River	July 1974	Perpetual
Estes Park Windy Gap Assignment Agreement	Platte River, Town of Estes Park	Assigns half of Estes Park 1/6 share of Windy Gap to Platte River	1974	Perpetual
Loveland Windy Gap Assignment Agreement	Platte River, City of Loveland	Assigns half of Loveland's 1/6 share of Windy Gap to Platte River	July 1974	Perpetual
Warren Lake	Platte River, Warren Lake Reservoir Co.	Fractional share as headquarters well back up		

Platte River Power Authority water rights/decrees, conditional exchanges are in blue

Decree	Description of water rights	Uses	Date of appropriation	Volume/flow rate	Outcome of original water court case	Absolute?
W-9322-78	**Reuse component**	"All domestic, municipal, irrigation, and industrial purposes associated with the operation of a power plant and the development and maintenance of lands surrounding the power plan" & "fully consumable" *See Page 9*	December 1977	FC/WSSC - 7636 (average) AF of NFW PRPA - 4200 AF of effluent	Approved	Absolute
	Rawhide Pipeline	Rawhide Pipeline is also referred to as the 24-inch pipeline		15.19 cfs	Conditional	Yes(82CW318)
	Rawhide Reservoir	Rawhide Reservoir is also referred to as Hamilton Reservoir		13,600 AF	Conditional	Yes (83CW126; 87CW078)
	Exchanges **Number correlates with number from pages 30-31 of decree*	For use in the reuse plan (which Court calls an "augmentation plan")				
	-1					
	Long Draw to Joe Wright				Conditional	Yes (83CW126)
	Joe Wright to Long Draw				Conditional	Yes (83CW126)
	-2					
	Long Draw to Horsetooth Reservoir				Conditional	Yes (83CW126)
	Joe Wright to Horsetooth Reservoir				Conditional	Yes (83CW126)
	Horsetooth to Long Draw				Conditional	Yes (83CW126)
	Horsetooth to Joe Wright				Conditional	Yes (83CW126)

Platte River Power Authority water rights/decrees, conditional exchanges are in blue

Decree	Description of water rights	Uses	Date of appropriation	Volume/flow rate	Outcome of original water court case	Absolute?
	-3					
	Joe Wright and:					
	North Poudre Munroe Canal				Conditional	Yes (83CW126)
	Main Canal of North Poudre			50 cfs	Conditional	Yes (03CW324)
	Larimer and Weld Canal				Conditional	
	Larimer County Canal			50 cfs	Conditional	Yes (03CW324)
	Lake Canal				Conditional	
	Greeley No. 2 Canal				Conditional	
	Timnath Reservoir				Conditional	
	Long Draw and:					
	North Poudre Munroe Canal				Conditional	Yes (83CW126)
	Main Canal of North Poudre			50 cfs	Conditional	Yes (03CW324)
	Larimer and Weld Canal				Conditional	
	Larimer County Canal				Conditional	
	Lake Canal				Conditional	
	Greeley No. 2 Canal				Conditional	
	Timnath Reservoir				Conditional	
	Horsetooth and:					
	North Poudre Munroe Canal				Conditional	
	Main Canal of North Poudre				Conditional	
	Larimer and Weld Canal				Conditional	
	Larimer County Canal				Conditional	
	Lake Canal				Conditional	
	Greeley No. 2 Canal				Conditional	
	Timnath Reservoir				Conditional	
	-4					
	All structures above and Rockwell Reservoir				Conditional	
	-5					
	All structures above and Milton Seaman				Conditional	
	All structures above and Barnes Meadow				Conditional	

Platte River Power Authority water rights/decrees, conditional exchanges are in blue

Decree	Description of water rights	Uses	Date of appropriation	Volume/flow rate	Outcome of original water court case	Absolute?
	-6					
	Rawhide Pipeline and Fossil Creek Reservoir				Conditional	Yes (83CW126)
	Rawhide Pipeline and North Poudre No. 5				Conditional	
	Rawhide Pipeline and North Poudre No. 6				Conditional	
	Fossil Creek Reservoir to Rawhide Pipeline				Conditional	Yes (83CW126)
	North Poudre No. 5 to Rawhide Pipeline				Conditional	
	North Poudre No. 6 to Rawhide Pipeline				Conditional	
	Fossil Creek Reservoir to North Poudre No. 5			25 cfs	Conditional	Yes (03CW324)
	Fossil Creek Reservoir to North Poudre No. 6			25 cfs	Conditional	Yes (03CW324)
	North Poudre No. 5 to Fossil Creek Reservoir			25 cfs	Conditional	Yes (03CW324)
	North Poudre No. 6 to Fossil Creek Reservoir			25 cfs	Conditional	Yes (03CW324)
	-7					
	Intake of Rawhide Pipeline to:					
	Lake Canal				Conditional	
	Larimer and Weld Canal				Conditional	
	Timnath Reservoir Inlet				Conditional	
	Larimer County Canal				Conditional	
	North Poudre Canal				Conditional	
	North Poudre No. 6 to:					
	Lake Canal				Conditional	
	Larimer and Weld Canal				Conditional	
	Timnath Reservoir Inlet				Conditional	
	Larimer County Canal				Conditional	
	North Poudre Canal				Conditional	

Platte River Power Authority water rights/decrees, conditional exchanges are in blue

Decree	Description of Water rights	Uses	Date of appropriation	Volume/flow rate	Outcome of original water court case	Absolute?
79CW158	**Rawhide Reservoir, first enlargement**	Same as W-9322-78	Jan. 31, 1979	4200 AF (enlarge from 13,600 AF to 17,800)	Conditional	Yes (89CW144, 1,498 abandoned)
82CW318	**Rawhide Pipeline**	Cooling water and sluice water, stockwater, irrigation and dust suppression	Dec. 31, 1977	15.19 (Absolute)	Absolute	Yes
82CW319	**Rawhide Pipeline enlargement**		June 22, 1982	1.6	Absolute (decree unclear, but application claims absolute)	Yes
83CW126						
	Long Draw Reservoir enlargement	storage for domestic, municipal, irrigation and industrial	Aug. 31, 1965	6,600 AF Absolute	6,600 AF absolute	Yes (89CW144)
	Rawhide Reservoir (under original W-9322-78 Decree	Same as W-9322-78	Dec. 31, 1977	4,436 Absolute 9,164 Conditional	4,436 absolute 9,164 conditional	Yes (83CW126; 87CW078)
	Exchanges **Number correlates with number from pages 30-31 of decree*					
	-1					
	Long Draw to Joe Wright				Absolute	Yes
	Joe Wright to Long Draw				Absolute	Yes
	-2					
	Long Draw to Horsetooth Reservoir				Absolute	Yes
	Joe Wright to Horsetooth Reservoir				Absolute	Yes
	Horsetooth to Long Draw				Absolute	Yes
	Horsetooth to Joe Wright				Absolute	Yes
	-3					
	Long Draw to North Poudre Munroe Canal				Absolute	Yes
	Joe Wright and North Poudre Munroe Canal				Absolute	Yes

Platte River Power Authority water rights/decrees, conditional exchanges are in blue

Decree	Description of water rights	Uses	Date of appropriation	Volume/flow rate	Outcome of original water court case	Absolute?
	-6					
	Rawhide Pipeline and Fossil Creek Reservoir				Absolute	Yes
	Fossil Creek Reservoir and Rawhide Pipeline				Absolute	Yes
85CW219	**Rawhide Reservoir, first enlargement**				2,798 AF conditional 1,498 abandoned	Yes (89CW144, 1,498 abandoned)
87CW078						
	Rawhide Reservoir (under W-9322-78)				9,164 AF absolute	Yes
	All remaining conditional exchanges				Conditional - finding of diligence	
89CW144	**Rawhide Reservoir, first enlargement**				2,708 absolute	Yes
95CW116	**All remaining conditional exchanges**				Conditional - finding of diligence	
03CW324	***Certain exchanges***					
	-2					
	Joe Wright and:					
	Main Canal of North Poudre			50 cfs	Absolute	Yes
	Larimer County Canal			50 cfs	Absolute	Yes
	Long Draw and:					
	Main Canal of North Poudre			50 cfs	Absolute	Yes
	-6					
	Fossil Creek Reservoir to North Poudre No. 5			25 cfs	Absolute	Yes
	Fossil Creek Reservoir to North Poudre No. 6			25 cfs	Absolute	Yes
	North Poudre No. 5 to Fossil Creek Reservoir			25 cfs	Absolute	Yes
	North Poudre No. 6 to Fossil Creek Reservoir			25 cfs	Absolute	Yes
	All other conditional exchanges				Conditional-finding of diligence	

2030 Water consumption projections

The following chart includes three potential options for Platte River's resource mix based on 2019/2020 modeling by Platte River staff. These options were developed for planning purposes and are meant to be representative of potential generation resources and are not intended to be comprehensive in any way.

	Water consumption rate gal/MWhr	Installed capacity MW	Annual capacity factor	Annual generation MWh	Annual water needs for generation (million gallons)	Annual water needs for generation acre-feet	Annual site needs and obligations acre-feet	**Total annual water demand** **acre-feet**
	Option 1: LMS 100 GT and LM6000 CCGT							
Existing CT units	26	388	10%	339,888	9	27		
LMS 100, GT	189	96	10%	84,271	16	49		
LM6000 2X1, CCGT	531	96	70%	589,898	313	961		
Total		**580**			**338**	**1,037**	**1,800**	**2,837**
	Option 2: 7F CCGT							
Existing CT units	26	388	5%	169,944	4	14		
GE 7F CCGT	530	226	60%	1,187,856	630	1,932		
GE 7F CCGT with duct firing	1,251		10%	197,976	248	760		
Total		**614**			**882**	**2,706**	**1,800**	**4,506**
	Option 3: Nuclear							
Existing CT units	26	388	10%	339,888	9	27		
Nuclear	830	200	60%	1,051,200	872	2,678		
Total		**588**			**881**	**2,705**	**1,800**	**4,505**

* Annual site needs and obligations includes 1,800 acre-feet of water for Reuse Plan obligations, potable/process water at Rawhide and maintenance of Rawhide reservoir.

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Technical Memorandum

Date: September 2, 2020

To: Heather Banks, Chris Fields

From: Heather Thompson

Re: WGFP Model Analyses

The following memorandum summarizes additional Windy Gap Firming Project (WGFP) Model analyses that were conducted to evaluate different levels of Windy Gap unit ownership and storage in Chimney Hollow for Platte River Power Authority (Platte River). Five different levels of storage in the proposed Chimney Hollow Reservoir were analyzed for Platte River including 8,000 ac-ft, 10,000 ac-ft, 12,000 ac-ft, 14,000 ac-ft, and 16,000 ac-ft. For each storage amount, ERC analyzed three levels of Windy Gap ownership (i.e. number of Windy Gap units owned by Platte River) including 60 units, 80 units, and 100 units. In addition, an ownership level of 120 units was evaluated for a storage level of 14,000 ac-ft and 16,000 ac-ft since that is Platte River's current Windy Gap unit ownership and subscription to storage in Chimney Hollow. For each combination of storage and ownership, ERC determined Platte River's firm yield, which is the demand that could be met without any shortages throughout the model study period.

WGFP Model Scenario and Assumptions

A detailed description of the WGFP Model is provided in the Windy Gap Firming Project Modeling Report (Boyle 2003) and the Addendum to the WGFP Modeling Report (Boyle 2006). The WGFP Model was relied on to provide hydrologic data and information on firm yield for alternatives analyzed in the WGFP EIS. The model operates on a monthly time step for a study period that extends from 1950 through 1996.

The WGFP Model scenario that was used for this analysis is Chimney Hollow Reservoir with prepositioning under future conditions, which includes reasonably foreseeable future actions. ERC evaluated several storage and ownership levels for Platte River using a similar WGFP Model scenario in 2014. However, since that time there have been several modifications to Windy Gap operating agreements and other participants' Windy Gap ownership and storage levels in Chimney Hollow. The most notable changes that affect the WGFP model are listed below:

- The 1990 Windy Gap Carriage Contract was renegotiated and delivery charges as well as carryover charges for Windy Gap water remaining in Lake Granby each March 31 changed.
- The City of Evans is no longer a participant in the WGFP.
- Several WGFP participants have modified their Windy Gap unit ownership and the storage they have subscribed to in Chimney Hollow.

- Agreements were reached with Grand County and Middle Park Water Conservancy District regarding storage and firming of their Windy Gap water and temperature mitigation.

Key model assumptions that are pertinent to the changes listed above and Platte River's operations are described below.

1. Platte River Demand

Platte River's annual demand was distributed monthly based on Windy Gap delivery data from 2009 through 2011. This data was relied on for modeling completed previously for Platte River in 2014 and the demand distribution was not updated for this effort. It was assumed that 10% of Platte River's annual demand would be delivered each month from March through September and 6% of Platte River's annual demand would be delivered each month during the remaining five months.

2. Platte River's Windy Gap Unit Ownership

Platte River currently owns 120 units Windy Gap units, which entitles Platte River to one-quarter of the Windy Gap water supply. Platte River requested that ERC analyze three different levels of Windy Gap ownership including 100 units, 80 units, and 60 units. For ownership levels less than 120 units, it was assumed that Windy Gap units not used by Platte River were used partially by another entity participating in the firming project and partially by an entity that is not participating in the WGFP. As Platte River's storage was decreased, it was assumed that storage was acquired by another participant so the total size of Chimney Hollow did not change. Approximately 7 of Platte River's Windy Gap units were reallocated to another participant for every 2,000 ac-ft (~300 ac-ft per Windy Gap unit) of firming storage that was reallocated from Platte River to another participant. **Table 1** summarizes the reallocation of Platte River's storage and Wind Gap units to other participants and non-participants for each scenario analyzed.

3. Prepositioning

The WGFP scenario that was evaluated includes prepositioning since the renegotiated Carriage Contract allows for that operating program. With prepositioning, Windy Gap water is not physically delivered through the Adams Tunnel. Instead, C-BT water is delivered into Chimney Hollow Reservoir primarily during the fall and winter to occupy storage space that is not occupied by Windy Gap water. This creates space for Windy Gap water in Granby Reservoir. When Windy Gap water is delivered into Granby Reservoir, the C-BT water in Chimney Hollow Reservoir is exchanged for a like amount of Windy Gap water in Granby Reservoir.

4. Diversion Shrink

Windy Gap Project water is diverted from the Colorado River just downstream of the confluence of the Colorado and Fraser Rivers at Windy Gap Reservoir. In the model, Windy Gap diversions are subject to a 10% "diversion shrink" when water is delivered into Granby Reservoir. The WGFP Model includes the 10%

diversion shrink for all scenarios evaluated. The 10% diversion shrink in the model is similar to the renegotiated Carriage Contract, which includes a 5% diversion shrink on water delivered into Granby Reservoir and another 5% shrink when Windy Gap water is delivered to the East Slope either physically or by exchange via prepositioning. The WGFP model does not have the ability to split losses between water delivered into Granby and water delivered to the East Slope; however, the total loss applied is correct when water is delivered to the East Slope.

5. Carryover Shrink

The previous 1990 Carriage Contract included a 10% carryover shrink assessed on any Windy Gap water remaining in Granby Reservoir on March 31 with the shrink amount credited to the C-BT Project. The renegotiated Carriage Contract reduced the carryover shrink from 10% to 5%. Therefore, the WGFP Model was revised and the carryover shrink was reduced to 5% for all scenarios evaluated.

6. Reintroduction Shrink

In addition to diversion and carryover shrink, the renegotiated Carriage Contract includes reintroduction shrink that is assessed on water that is *physically* delivered from Chimney Hollow when Windy Gap water is reintroduced into the C-BT system after it has been stored in Chimney Hollow. Platte River anticipates taking delivery of their Windy Gap water stored in Chimney Hollow via exchanges whereby C-BT water is released from Horsetooth Reservoir and an equivalent amount of Windy Gap water is booked over from the PRPA's account to the C-BT account in Chimney Hollow Reservoir. The WGFP Model was previously configured so that all deliveries from Chimney Hollow Reservoir to Platte River are physically released from the reservoir. While it is difficult to accurately predict when Windy Gap water would be delivered via exchange versus directly from Chimney Hollow Reservoir, the model was revised so that reintroduction shrink is not charged on deliveries from Chimney Hollow Reservoir since it is anticipated that deliveries to most participants will occur primarily via exchanges.

7. Mitigation Measures

Several mitigation measures have been established to offset or minimize impacts from implementation of the WGFP. The *Fish and Wildlife Mitigation Plan* (FWMP) that was developed by the Subdistrict in cooperation with the Colorado Division of Parks and Wildlife (CDPW) was adopted by the Colorado Wildlife Commission on June 9, 2011 and by the Colorado Water Conservation Board on July 13, 2011. The principal mitigation measure that has the potential to affect Platte River's firm yield is the curtailment of WGFP diversions after July 15 when temperatures in the Colorado River below Windy Gap Reservoir and above the Williams Fork River exceed the chronic or acute temperature standard. To reflect the potential impact of this mitigation measure in the model, each scenario was simulated with Windy Gap pumping curtailed in August. Potential reductions in Windy Gap pumping in July as a result of temperature mitigation would likely be small and infrequent; therefore, no changes were made to reflect temperature mitigation in July in the model.

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8. Agreements with Middle Park Water Conservancy District and Grand County

The Participants have negotiated an agreement with Middle Park Water Conservancy District (MPWCD) and Grand County that would provide firm annual and variable yield to both MPWCD and Grand County. MPWCD's firm annual yield would consist of a combination of 850 ac-ft/yr and 1,450 ac-ft/yr for a total of 2,300 ac-ft/yr. In addition, the agreement allows MPWCD and Grand County to receive "variable yield", defined as a portion of the amount pumped by the WGFP participants. This agreement was not incorporated in the model due to the complexities of the various conditions of the agreement and limitations with the current operating rules available in the model. The model reflects that MPWCD's firm yield is generated by the first 3,000 ac-ft/yr of Windy Gap water pumped. In other words, that yield is not derived from the participant's Windy Gap supplies. This configuration provides a reasonable approximation of the potential impacts on the participant's firm yield since the first 3,000 ac-ft of Windy Gap water pumped is not available to the participants and is used to generate firm yield for MPWCD. Previous analyses conducted for NCWCD to evaluate the effects of this agreement show that Platte River's firm yield is not affected by reductions in their supply associated with variable yield provided to MPWCD and Grand County. Because Platte River has such a large portion of the Windy Gap supply in relation to their firming storage and demand, Platte River is still able to fill their Chimney Hollow Reservoir account in most average and wet years despite potential reductions in their supply associated with this agreement. While previous modeling showed there was no reduction in Platte River's firm yield associated with this agreement at an ownership level of 160 units, the risk of a reduction in firm yield increases at lower ownership levels.

Model Results Summary

Table 2 provides a summary of the results for the model scenarios evaluated. The results presented in **Table 2** are based on a 47-year study period from 1950 through 1996. The critical period for Platte River typically extends from the fall of 1953 when Platte River's account fills through the spring of 1956 when it empties. During this drought, which occurs once in the 47 year study period, model results show there would be no pumping in 1954 and approximately 7,600 ac-ft pumped in 1955.

Model Results for Storage of 16,000 ac-ft

Because several participants' Windy Gap unit ownership and storage levels have changed since modeling work was previously done for Platte River in 2014, ERC completed a revised model run that includes each participant's current Windy Gap ownership and storage levels in Chimney Hollow. The results of this run are shown in **Table 3**.

Platte River's firm yield at its current ownership and storage level is 6,110 ac-ft/yr. Platte River's firm yield at this ownership and storage level was previously estimated to be 5,645 ac-ft/yr in 2014. The increase in firm yield is primarily because a reintroduction shrink of 5% is not charged on Platte River's deliveries in the current version of the model since Platte River anticipates taking delivery of its Windy Gap water

mainly via exchanges, which do not incur a loss. There is also an impact on Platte River's yield due to changes in other non-participants' and participants' Windy Gap ownership levels, storage in Chimney Hollow, and demands. These changes impact each entity's Windy Gap supplies, storage levels in Granby Reservoir and Chimney Hollow, and bookovers that occur among participants and non-participants when Granby Reservoir fills. In addition, C-BT storage contents are different because modifications were made to carryover shrink and reintroduction shrink. Changes in C-BT contents affect the timing and magnitude of spills at Granby Reservoir, which can impact the timing and magnitude of Windy Gap bookovers among participants and non-participants when spills occur. Finally, previous model results at 120 units were interpolated because model runs in 2014 were completed at ownership levels of 100 units and 160 units and the results for intermediate ownership levels were interpolated. Current results at an ownership level of 120 units are more accurate because they are based on a model run as opposed to interpolation.

At lower Windy Gap ownership levels and 16,000 ac-ft of storage, Platte River's firm yield ranges from 4,410 ac-ft/yr at an ownership level of 60 units up to 5,775 ac-ft /yr at an ownership level of 100 units. The firm yield decreases at a higher rate as ownership levels of 100 units and less. At an ownership level of 100 units, the Windy Gap supply is not sufficient to fill Platte River's account at the start of the critical period and as a result the additional storage operates less efficiently. At 16,000 ac-ft of storage, Platte River is supply limited if it reduces the number of units owned to 100 units or less. When Platte River decreases its ownership to 80 units or less, the critical period changes from the 1950's drought to the period from 1961 through 1968, which is a more prolonged dry period with below average Windy Gap diversions. With fewer Windy Gap units, Platte River would be more vulnerable to reductions in firm yield that could potentially occur due to climate change and operations such as those related to the MPWCD and Grand County agreement that are difficult to predict.

Model Results for Storage Level of 14,000 ac-ft

Windy Gap ownership levels of 100 and 120 units were analyzed at 14,000 ac-ft of storage. Platte River's firm yield ranges from 5,265 ac-ft /yr at an ownership level of 100 units up to 5,595 ac-ft /yr at an ownership level of 120 units. At an ownership level of 100 units, the Windy Gap supply is not sufficient to fill Platte River's account at the start of the critical period. At 14,000 ac-ft of storage, Platte River is supply limited if it reduces the number of units owned to 100 units or less.

Model Results for Storage Level of 12,000 ac-ft

At 12,000 ac-ft of storage, Platte River's firm yield ranges from 3,955 ac-ft /yr at an ownership level of 60 units up to 4,750 ac-ft /yr at an ownership level of 100 units. The firm yield decreases substantially as ownership levels are decreased below 100 units. For example, the decrease in yield between 100 units and 80 units is 325 ac-ft/yr whereas the decrease in yield between 80 units and 60 units is 470 ac-ft/yr. At ownership levels of less than 100 units, Platte River is supply limited because its Windy Gap supply is not sufficient to fill its Chimney Hollow account at the start of the critical period and as a result the storage operates less efficiently. When Platte River decreases its ownership to 60 units, the critical period changes from the 1950's drought to the period from 1961 through 1968.

The increase in yield for each additional 20 Windy Gap units is fairly small at ownership levels of about 100 units or higher. That is because Platte River's 12,000 acre-foot storage account is full prior to the critical period at ownership levels greater than 100 units, in which case, Platte River is storage limited and there is little additional Windy Gap supply provided by additional units during the critical period.

Model Results for Storage Level of 10,000 ac-ft

At 10,000 ac-ft of storage, Platte River's firm yield ranges from 3,545 ac-ft/yr at an ownership level of 60 units up to 4,150 ac-ft /yr at an ownership level of 100 units. The firm yield decreases substantially as ownership levels are decreased below 80 units. For example, the decrease in yield between 100 units and 80 units is 250 ac-ft/yr whereas the decrease in yield between 80 units and 60 units is 355 ac-ft/yr. At ownership levels less than 80 units, Platte River is supply limited because its Windy Gap supply is not sufficient to fill their Chimney Hollow account at the start of the critical period. At 80 units, Platte River's account in Chimney Hollow fills at the start of the critical period in 1953; however, it fills one month earlier than it would if Platte River owned 100 units. There would be little incremental yield at ownership levels greater than 100 units.

Model Results for Storage Level of 8,000 ac-ft

At 8,000 ac-ft of storage, Platte River's firm yield ranges from 3,050 ac-ft /yr at an ownership level of 60 units up to 3,415 ac-ft /yr at an ownership level of 100 units. The firm yield decreases substantially as ownership levels are decreased below 80 units. For example, the decrease in yield between 100 units and 80 units is only 75 ac-ft/yr whereas the decrease in yield between 80 units and 60 units is 290 ac-ft/yr. That is because Platte River's account fills at the start of the critical period at ownership levels of 80 and 100 units in which case it is storage limited. However, at an ownership level of 60 units, Platte River's Windy Gap supply is not sufficient to fill its Chimney Hollow account at the start of the critical period.

In summary, given the trade-offs between supply and storage, ERC recommends maintaining a Windy Gap ownership level of 120 units at 14,000 ac-ft or 16,000 ac-ft of storage, 100 to 120 units at 12,000 ac-ft of storage, 80 to 100 units at 10,000 ac-ft of storage and 60 to 80 units at 8,000 ac-ft of storage. The risk of incurring shortages during short, severe droughts is higher if Platte River reduces the number of Windy Gap units it owns. This also applies to potential impacts associated with the agreement with MPWCD and Grand County. The risk of a reduction in firm yield associated with that agreement increases at lower ownership levels.

Synthetic Drought Analysis

A separate analysis was conducted outside of the WGFP Model to determine the demand that could be met under a synthetic two-year and three-year drought assuming that no Windy Gap Water is pumped for two and three years in a row, respectively. While the model shows there are five years during the study period when little to no Windy Gap water was pumped, there are no sequences of back to back years with no Windy Gap pumping. A 2-year period of no Windy Gap pumping has a recurrence interval

of about 1 in 57 years whereas a 3-year period of no pumping has a recurrence interval of about 1 in 250 years.

The firm yield was determined using the modeled contents of Platte River's storage account in July 1953 for each storage and Windy Gap ownership level as the contents at the start of the synthetic drought. This differs from the analysis that was completed in 2014, which assumed that Platte River's account was full at the start of the synthetic drought. This change was made current modeling shows that Platte River's account was often not full at the start of the critical period at lower Windy Gap ownership levels. Another difference with the previous analysis is that the current analysis does not include reintroduction shrink on deliveries out of Platte River's account in Chimney Hollow.

The results of this analysis are presented in **Table 2**. Under a 2-year drought, the firm yield would range from 2,875 ac-ft at a storage level of 8,000 ac-ft up to 5,755 ac-ft at a storage level of 16,000 ac-ft. Under a 3-year drought, the firm yield would range from 2,060 ac-ft at a storage level of 8,000 ac-ft up to 4,120 ac-ft at a storage level of 16,000 ac-ft. At each storage level, the firm yield increases at higher ownership levels because the contents in PRPA's account were higher at the start of the synthetic drought.

Table 1: Distribution of Platte River's Windy Gap Units and Storage

Platte River Storage	Platte River WG Units	Platte River Storage Reallocated to Participants	Platte River WG Units Reallocated to Non-Participants	Platte River WG Units Reallocated to Participants
16,000	120	0	0	0
16,000	100	0	20	0
16,000	80	0	40	0
16,000	60	0	60	0
14,000	120	2,000	0	0[1]
14,000	100	2,000	7	13
12,000	100	4,000	7	13
12,000	80	4,000	27	13
12,000	60	4,000	47	13
10,000	100	6,000	0	20
10,000	80	6,000	20	20
10,000	60	6,000	40	20
8,000	100	8,000	0	20
8,000	80	8,000	13	27
8,000	60	8,000	33	27

Notes:

1: 7 units owned by non-participants were reallocated to a participant to accompany the 2,000 ac-ft of storage that was reallocated from PRPA to another participant.

Table 2: Summary of Windy Gap Firming Project Model Results

Platte River Windy Gap Units	Demand (AF)	No Reintroduction Shrink & Temperature Mitigation[1]		No Reintroduction Shrink & 2-yr Drought with No WG Pumping[2]		No Reintroduction Shrink & 3-yr Drought with No WG Pumping[3]	
		Storage	S:FY Ratio	Storage	S:FY Ratio	Storage	S:FY Ratio
120	6,110	16,000	2.62				
100	5,775	16,000	2.77				
80	5,280	16,000	3.03				
60	4,410	16,000	3.63				
120	5,755			16,000	2.78		
100	5,480			16,000	2.92		
80	5,225			16,000	3.06		
60	4,410[4]			16,000	3.63		
120	4,120					16,000	3.88
100	3,925					16,000	4.08
80	3,740					16,000	4.28
60	3,565					16,000	4.49
120	5,595	14,000	2.50				
100	5,265	14,000	2.66				
120	5,230			14,000	2.68		
100	4,970			14,000	2.82		
120	3,745					14,000	3.74
100	3,560					14,000	3.93
100	4,750	12,000	2.53				
80	4,425	12,000	2.71				
60	3,955	12,000	3.03				
100	4,445			12,000	2.70		
80	4,180			12,000	2.87		
60	3,910			12,000	3.07		
100	3,180					12,000	3.77
80	2,995					12,000	4.01
60	2,800					12,000	4.29
100	4,150	10,000	2.41				
80	3,900	10,000	2.56				
60	3,545	10,000	2.82				
100	3,735			10,000	2.68		
80	3,660			10,000	2.73		
60	3,365			10,000	2.97		
100	2,675					10,000	3.74

Platte River Windy Gap Units	Demand (AF)	No Reintroduction Shrink & Temperature Mitigation[1]		No Reintroduction Shrink & 2-yr Drought with No WG Pumping[2]		No Reintroduction Shrink & 3-yr Drought with No WG Pumping[3]	
		Storage	S:FY Ratio	Storage	S:FY Ratio	Storage	S:FY Ratio
80	2,620					10,000	3.82
60	2,410					10,000	4.15
100	3,415	8,000	2.34				
80	3,340	8,000	2.40				
60	3,050	8,000	2.62				
100	2,985			8,000	2.68		
80	2,985			8,000	2.68		
60	2,875			8,000	2.78		
100	2,140					8,000	3.74
80	2,140					8,000	3.74
60	2,060					8,000	3.88

Notes:

1: No Windy Gap pumping was allowed in August to reflect potential mitigation for temperature standard exceedances.

2: These results were calculated assuming a 2-year drought with no Windy Gap pumping.

3: These results were calculated assuming a 3-year drought with no Windy Gap pumping.

4: The critical period shifts to 1961-1968 when Platte River's ownership drops to 60 units with 16,000 ac-ft of storage, therefore, the firm yield is not impacted if there is no pumping in 1954 and 1955.

Table 3: Model Results for Current Windy Gap Unit Ownership and Storage Levels in Chimney Hollow

Participant	WG Units	Storage (ac-ft)	Storage/WG Unit (ac-ft/unit)	Firm Yield (ac-ft)	S:FY Ratio
Loveland	40	9,587	240	2,820	3.40
Superior	15	4,726	315	1,205	3.92
Greeley	49	9,189	188	2,910	3.16
Longmont	80	8,000	100	3,165	2.53
Broomfield	56	26,464	473	5,455	4.85
Louisville	9	2,835	315	720	3.94
Platte River	120	16,000	133	6,110	2.62
Erie	20	6,000	300	1,575	3.81
CWCWD	1	346	346	83	4.17
Little Thompson	19	4,850	255	1,380	3.51
Ft. Lupton	13	1,103	85	475	2.32
Lafayette	3	900	300	228	3.95
Total	**425**	**90,000**		**26,126**	**3.44**

Platte River Power Authority

Appendix C – Water Resources Policy document

Platte River Power Authority	Policy	Version #: 1.1 Effective date: 02/27/2020 Next review date: 02/27/2023
	TITLE: Water Resources Policy	Page 1 of 3

Purpose:

This policy provides direction to the Platte River General Manager/CEO on activities related to securing a reliable source of water for operations and the management of water rights and resources as an asset of the organization.

Policy:

Water is critical to the reliable operation of the Rawhide Energy Station (Rawhide) and may be necessary for the reliable operation of future generation resources. Platte River's initial ownership of 160 units of the Windy Gap Project (one third of the total project) was anticipated to be sufficient supply for the initial and future needs of the organization. Based on this assumption, and in an effort to make the most efficient and responsible use of water, Platte River entered into several significant water agreements, including but not limited to the Reuse Agreement, the Memorandum of Understanding, the North Poudre Storage Agreement, the Soldier Canyon Outlet Agreement and the Carter Lake Outlet Agreement. These agreements are discussed in detail in the **Platte River Power Authority Water Resources Reference Document.**

Operational history has revealed the limitations of the Windy Gap Project; it is often constrained by the junior priority of its water rights as well as by the project's dependence on the use of Colorado-Big Thompson infrastructure for storage and delivery of water. While ownership of a significant number of Windy Gap units proved advantageous during periods in which the Windy Gap Project failed to fully deliver water, the Windy Gap Firming Project will offer greater reliability than unit ownership alone. Moreover, growth in the Northern Colorado region has placed increased pressure on water resources and necessitates more active management of the Platte River water resources as an asset of the organization and member communities. By participating in the Windy Gap Firming Project, Platte River will reduce its overall need for Windy Gap Project units and gain flexibility to manage the units as an asset in future water resources operations.

It is the intent of the board that this policy will position Platte River to pursue activities that will: increase the reliability of water deliveries to meet contractual commitments and the operational needs of the organization; and, maximize the operational and economic value of its water resources, which include but are not limited to Windy Gap units, outlet capacity, storage allocations in the Windy Gap Firming Project, and treated effluent received through the operation of water exchanges.

Consequently, the General Manager/CEO is instructed to:

1. Maintain adequate water supplies for all existing and projected future operations. To do so, the General Manager/CEO is authorized to:
    a. Maintain Platte River's participation level in the Windy Gap Firming Project at a storage level of 16,000 acre feet.

b. Lease water required for Platte River operations and contractual commitments as needed.
c. Participate in Platte River's resource planning efforts to incorporate planning for future water needs, with considerations for type and location of future generation resources.
d. Continue to research and explore alternative water supply opportunities.
e. Review and modify existing water agreements and pursue new agreements to improve operations, increase reliability, and maximize the value of water resources assets.

2. Manage water as an asset. To do so, the General Manager/CEO is authorized to:
   a. Lease water:
      i. Lease reusable effluent
         - Water that cannot be pumped or exchanged from Fossil Creek Reservoir is at risk of uncompensated loss. Pumping activity should be managed to minimize storage of effluent, but Platte River will also be proactive in the markets through which any at-risk water may be leased.
      ii. Lease of Windy Gap units
         - Leases of Windy Gap units can be of any duration and/or quantity, so long as Platte River maintains control of a minimum of one hundred (100) units.
      iii. The General Manager/CEO will inform the board of leasing activity.
   b. Sell Windy Gap Units:
      i. Platte River may sell Windy Gap units, so long as Platte River maintains control of a minimum of one hundred (100) units.
      ii. Compensation may be monetary, may involve water storage rights, or may involve other forms of consideration that provide value.
      iii. The General Manager/CEO will inform the board of any sale of Windy Gap units.
   c. Sell/Lease Carter Lake outlet capacity
      i. Maintain a minimum of five (5) cfs of Carter Lake outlet capacity.
      ii. Platte River may lease Carter Lake outlet capacity, so long as five (5) cfs can be made available for operational needs when required.
      iii. The General Manager/CEO will inform the board of the sale or lease of Carter Lake outlet capacity.

Platte River Power Authority	Policy	Version #: 1.1 Effective date: 02/27/2020 Next review date: 02/27/2023
	TITLE: Water Resources Policy	Page 3 of 3

Document owner: Fuels and Water Manager DocuSigned by: Heather Banks 2/19/2020 729E0E33705D448...	**Effective date:** 02/27/2020
Authority: Board of Directors DS AW	**Review frequency:** Every 3 years
Counsel review: General Counsel DocuSigned by: Craig Johnson 2/19/2020 B45DA35C964B47C...	**Review date:** 02/27/2023

Implementing parties and assigned responsibilities:

The General Manager/CEO will have primary responsibility for implementation.

Associated Items (if applicable):

Platte River has prepared, and annually updates, the **Platte River Power Authority Water Resources Reference Document.** This reference provides a detailed explanation of Platte River's water resources and infrastructure, the operational uses of water, and the underlying agreements that support our water portfolio and define the rights and obligations associated with our water assets. The **Water Resources Reference Document** forms the underpinnings for this policy.

Definitions (if applicable):

Version	Date	Action	Author	Change tracking (new, review, revision)
Original	12/08/2016	Original policy by Board Resolution 24-16	Heather Banks	Original
1.1	02/27/2020	Updated to AP style and revised to account for current asset ownership	Heather Banks	Revision

Platte River Power Authority

Appendix D – Glossary

Glossary of water terms

for Platte River Water Resources Reference Document

A

Acre-foot: The volume of water that would cover one acre of land to a depth of one foot.

Augmentation: A requirement to put water into the stream to prevent reductions in streamflow caused by pumping a well (or some other water use) from affecting the amount of water available to water rights on that stream and the remainder of the stream system.

C

C-BT: Colorado Big Thompson Project. The Colorado-Big Thompson Project collects water from the upper Colorado River basin on the West Slope and delivers the water beneath the Continental Divide to Colorado's East Slope. The C-BT Project uses a complex system of reservoirs, pump plants, tunnels, pipelines and power plants and relies on two basic forces of nature: melting snow and gravity. After flowing through the power system, water is stored in three East Slope terminal reservoirs: Horsetooth Reservoir west of Fort Collins; Carter Lake southwest of Berthoud; and Boulder Reservoir northeast of Boulder.

CFS: Cubic feet per second. One CFS equals 1.98 acre-feet per day.

Chimney Hollow Reservoir Project: The central component of the Windy Gap Firming Project, Chimney Hollow Reservoir is the result of a collaborative effort by 12 project participants to improve the reliability of the Windy Gap Project. The reservoir will be located just west of Carter Lake in Larimer County and its 90,000 acre-feet of dedicated storage capacity will supply a reliable 30,000 acre-feet of water each year to project participants. This project will not take water away from irrigated agriculture or other users, but will utilize the existing water rights currently associated with The Windy Gap Proejct.

Colorado Water Division 1: One of seven water divisions in the state of Colorado. Division 1 includes the South Platte River Basin, the Republican River Basin and the Laramie River Basin. Geographically, Division 1 is located in the northeast quadrant of Colorado.

Cooling water: reusable effluent stored in Hamilton Reservoir that is used to cool Rawhide Unit 1.

E

EIS: Environmental Impact Statement – a document prepared to describe the impacts on the environment as a result of a proposed action. It also describes impacts of alternatives as well as plans to mitigate the impacts.

F

Firm water: Firm water can be relied upon and is available even during a drought.

Fully consumable water: Water that can be used and reused to extinction. This is imported, non-native water in which the return flows have not been historically relied upon.

I

Integrated Operations: A protocol in which C-BT Project water may be delivered to Windy Gap participants in-lieu of Windy Gap water when it isn't available. Replacement of C-BT water is required from Windy Gap water pumped in subsequent periods.

M

Municipal Subdistrict: It is a separate conservancy district within the Northern Colorado Water Conservancy District. It was formed by several municipalities to build and operate the Windy Gap Project.

N

New foreign water: Water that is introduced into the Cache La Poudre Basin from the Colorado and Michigan River Basins and whose return flows historically have not been used by others.

Northern Water: Northern Colorado Water Conservancy District. Along with the USBR, jointly operates and maintains the C-BT Project.

P

Process water: Windy Gap water that is used at Rawhide for the purpose of service water, boiler water, fire water and other plant processes in which reusable effluent would not be appropriate.

R

Reclamation: United States Bureau of Reclamation

Return flows: As pertaining to the Reuse Agreement, wastewater collection and return flow includes wastewater collected from domestic, commercial and industrial users, treated at wastewater-treatment facilities, and returned to the hydrologic system or released for reuse as reclaimed wastewater (reusable effluent). This is typically an average of 55% of the original quantity of water first used by the municipality.

Reusable effluent: Fully consumable water that has been used first through a municipality and then treated in a water reclamation facility. This water can be used to extinction.

W

Windy Gap Firming Project: A project designed to firm the supply of Windy Gap water by creating a storage reservoir along the Front Range. The Firming Project (of which Chimney Hollow Reservoir is the major component), was reviewed and approved under the National Enviornmental Policy Act, state and local approvals and requirements, plus substantial negotiations, and will result in robust mitigation, enhancments and protection for fish, wildlife and the environment, to address the project's impacts. Windy Gap water will be pumped into Chimney Hollow Reservoir in wet years and stored for use in dry years when the Windy Gap Project does not pump.

Windy Gap Project: The Windy Gap Project consists of a diversion dam on the Colorado River, a 445-acre-foot reservoir, a pumping plant, and a six-mile pipeline to Lake Granby. Windy Gap water is pumped and stored in Lake Granby before it is delivered to water users via the Colorado-Big Thompson Project's East Slope distribution system.

Windy Gap unit: A Windy Gap unit is equivalent to 100 acre-feet of water during years of full Windy Gap production.

WSSC: Water Supply and Storage Company

Platte River Power Authority

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Memorandum

Date: 4/21/2021

To: Board of Directors

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

Subject: **Long-term rate projections**

Platte River staff prepared the attached long-term rate projections whitepaper to give the board the latest average wholesale rate increase forecast from 2022 through 2031 and background information regarding rates.

At the May board meeting, staff will provide an accompanying long-term rate projection presentation. No formal action is required at this time.

Attachments

Long-term rate projections

White paper by Platte River Power Authority

Overview

Platte River's policy is to establish service offerings and supporting rate structures that complement the strategic objectives, underlying policies, and values of the organization. Platte River's tariffs and charges are established to achieve Strategic Financial Plan (SFP) targeted financial metrics. This white paper gives the board of directors (board) the long-term rate projections and background information regarding rates.

In August 2020, the board received the smoothed long-term wholesale rate projection of 3.0% annual increases from 2022 through 2026, followed by 2.0% increases from 2027 through 2030. Since that time the 2031 rate projection has increased approximately 4%, primarily the result of lower assumed surplus sales revenue due to anticipated lower regional prices as renewable generation increases. Additional rate drivers include increases for projected Xcel Energy ancillary service expense based on their latest tariff filing, depreciation expense and annual staffing additions. Partially offsetting increased rate pressure is higher interest income due to an updated interest rate forecast. As a result, the latest smoothed long-term wholesale rate projection indicates 3.2% annual rate increases from 2022 through 2026 followed by 2.9% increases from 2027 through 2030 and 1.2% in 2031. Factors driving rate pressure from 2022 to 2031 are discussed later in this whitepaper.

Many utilities are experiencing financial and rate pressures from the February 2021 weather event. Platte River is not experiencing any rate pressure from this event as a result of planning efforts and Platte River's reliable electric system.

The allocation of individual Firm Power Service charges and other tariff updates will be provided following the initial 2022 budget process at the August 2021 board meeting.

Rate projections

In December 2018, the board unanimously adopted the resource diversification policy, which states the goal of reaching a 100% non-carbon resource mix by 2030 provided that it can be

accomplished in a manner that maintains Platte River's three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services. Platte River recently completed its 2020 integrated resource plan (IRP) process to study and analyze paths to achieve the resource diversification policy goal. The 2020 IRP was completed following extensive community outreach and was approved by Western Area Power Administration in February 2021.

The latest dispatch resource model case provides the foundation of the long-term rate projections. This case will be used to develop the initial 2022 budget and includes the same generation portfolio represented in the approved 2020 IRP. The latest modeling assumptions have been updated with the latest load, market, resource dispatch, and financial projections. Between the 2021 budget and 2031 projections, approximately 32.3% rate pressure exists to achieve SFP minimums. Current assumptions are shown in Figure 1. The significant rate drivers from 2021 to 2031 are detailed below:

Rate relief

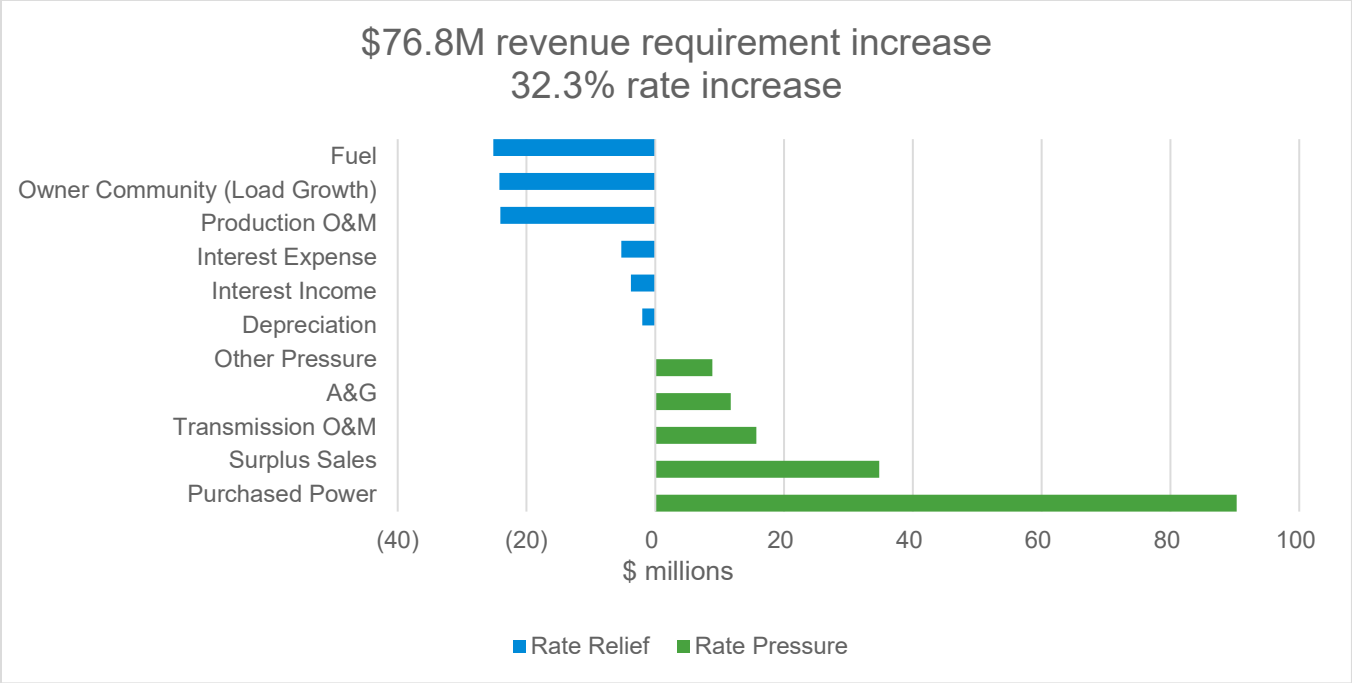
- Fuel expense decreases are attributable to the retirement of Craig Unit 1 in 2025, Craig Unit 2 in 2028 and Rawhide Unit 1 in 2029, saving approximately $34 million of coal-fired fuel expense in 2030, contributing to the net fuel expense decrease of 73%. The coal-fired fuel expense decrease is offset partially due to assumed natural gas inflation and increased natural gas generation to maintain system reliability.
- Sales to the owner communities are projected to increase, absent rate increases, due to 1.2% average annual load growth.
- Production operation and maintenance (O&M) decreases include the reduction of Craig units and Rawhide Unit 1 expenses due to unit retirements. The expense decrease is partially offset by increased combustion turbine O&M and projected Windy Gap Firming Project expenses.
- Interest expense decreases are due to lower outstanding debt as debt issuances mature.
- Interest income increases are due to upwardly revised assumed rate of return and higher cash balances.

Rate pressure

- Purchased power expense increases are due to replacing coal-fired energy with intermittent wind and solar energy purchases, battery storage capacity, additional reserve charges to integrate wind, as well as inflation adjustments for hydropower.

- Transmission O&M increases include inflation and expense for ancillary services related to additional intermittent wind and solar resources.
- Surplus sales revenue decreases are the result of reduced short-term sales and the expiration of contract sales, primarily a result of the retirement of the coal-fired units. Offsetting the decrease is an increase in transmission revenue.
- Administrative and general expenses include general inflation and staffing increases.
- Distributed energy resource (DER) investment continues to expand.
- Emissions expenses begin in 2025 by applying per ton charge to all carbon resources.

Figure 1: Rate drivers - 2021 budget vs 2031 projections



Average wholesale rate recommendation and long-term projections

In recent years, except 2020 due to varying owner community impacts of the transition to the current rate structure, the board has approved annual rate increases to smooth projected future increases and avoid significant single/multiple year rate hikes while also providing greater rate certainty to the owner communities. For 2021, the board approved a 1.5% increase, less than the smooth trajectory, to provide relief considering the full economic impacts of the COVID-19 pandemic were unknown, and federal, state and local governments had taken action to lessen citizens' financial burden. Uncertainty still exists with the COVID-19

pandemic. In developing future budgets, Platte River will continue to prudently manage expenditures while pursuing strategic initiatives including the board-adopted resource diversification policy goal of achieving a 100% non-carbon resource mix by 2030.

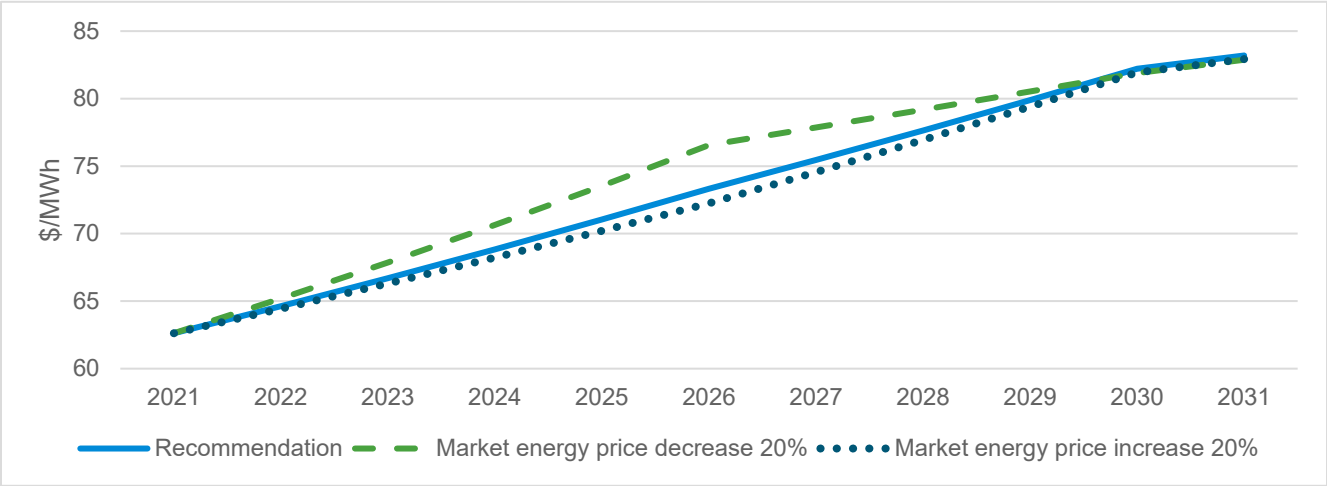
Figure 2 displays the recommended 3.2% average wholesale rate increase in 2022 and upper and lower sensitivity bandwidths, established assuming market prices for energy increase or decrease 20%. The bandwidths serve to highlight the varying rate pressure due to market price volatility. Following the retirement of the coal units, energy available for surplus sales decreases considerably, thus decreasing Platte River's sensitivity to market prices, explaining the convergence of rates post coal retirements.

The recommended case projects sustained and stable increases through 2031. The recommended rate trajectory provides financial flexibility, requiring less debt by building a cash reserve to fund capital investment including anticipated capacity expansion projects in the 2030 timeframe.

Figure 2: Rate increase projections

Case	2022	2026 cumulative	2031 cumulative
Recommendation 3.2% (2022 – 2026), 2.9% (2027 – 2030), 1.2% (2031)	3.2%	17.1%	32.9%
Rate sensitivities due to market prices			
1. Market energy price increase 20% 2.9% (2022–2026), 3.2% (2027–2030), 1.2% (2031)	2.9%	15.4%	32.4%
2. Market energy price decrease 20% 4.1% (2022–2026), 1.7% (2027–2030), 1.2% (2031)	4.1%	22.3%	32.4%

Figure 3: Average wholesale rate



Modeling assumption uncertainties

Significant uncertainty exists with key variables and assumptions. Changes are anticipated which will impact 2022 and long-term projections. Potential assumption changes include, but are not limited to, the items detailed below. As assumptions change, projections will be modified. Rate impacts for each following year are reviewed and submitted to the board for their consideration annually.

Category	Explanation
Capital forecast	The model incorporates the most recent Long-term capital forecast, including deferment of various capital projects to mitigate the financial impacts of the COVID-19 pandemic. Revisions to the capital forecast will be integrated once available. Large renewable integration transmission projects outside of base resource modeling assumptions, such as the Colorado Power Pathways project, are not included.
Coal inventory sales	In 2021, excess coal inventory was sold at Craig. To maximize the value of assets, other coal inventory sales opportunities will be considered as coal-unit retirements near.

Category	Explanation
Commodity prices	The Power Supply Plan, which includes the hourly dispatch modeling and associated costs, is updated regularly throughout the year. Updates include Rawhide Unit 1 and the Craig units fuel assumptions, as well as market prices for electricity and natural gas. The updates change economic dispatch impacting fuel, variable O&M purchased power and surplus sales.
Decommissioning	Craig decommissioning expenses are based on previous studies. New analysis is expected to begin in 2021, concluding in 2022, providing updated expenses and an associated schedule. While Rawhide Unit 1 is projected to retire by 2030, assumptions include decommissioning the entire Rawhide Energy Station in 2055 and associated decommissioning expenses accrued through 2055. If the decommissioning date shifts, expenses will be revised accordingly.
DER strategy	DER, a collaborative process among the owner communities and Platte River, will be increasingly important to the ability of Platte River and its owner communities to achieve non-carbon goals. Wide-spread adoption of DER is expected to provide benefits for the electric system and retail customers. Specific DER programs have not yet been established.
Emissions expense	Rate projections assume the implementation of the Clean Power Plan (or similar form of regulation) beginning in 2025. There is significant uncertainty regarding the implementation of emission regulations and the associated future costs. Modeling assumptions include a tax applied to 100% of CO_2 emissions.
Generation resource additions	Modeling assumptions include the following capacity additions. Changes to capacity will impact future results. • Solar: 150 MW (2023) and 300MW (2030) • Natural gas RICE units: 104 MW (2030)

Category	Explanation
	• Wind: 100 MW (2029) and 100 MW (2030) • Battery storage: 100 MW (2029) and 200 MW (2030)
IRP	The IRP was completed in 2020 and approved by Western Area Power Administration in February 2021. The next IRP is planned for completion in 2024. The board will provide direction throughout the IRP process. Resource modeling assumption revisions will impact future rate projections.
Load forecast	The load forecast is updated at least annually. Energy growth is lower than previous forecasts and includes adjustments for impacts due to the COVID-19 pandemic.
Organized energy markets	Platte River is scheduled to join the Western Energy Imbalance Market in 2022. Rate projections do not currently include long-term costs and benefits associated with participation in a fully integrated “day 2” market due to the lack of data.
Pandemic/COVID-19	Uncertainty still exists with the COVID-19 pandemic. In developing the 2022 annual budget, Platte River will continue to be cautious and conservative while still pursuing long-term strategic objectives. Significant changes in year over year budgeted amounts are not expected, outside of non-routine projects that were planned or support strategic initiatives or are needed as a result of 2020 deferrals.
Resource diversification policy	In December 2018 the board adopted a policy with a goal for Platte River to reach a 100% non-carbon resource mix by 2030, provided it can be accomplished while maintaining Platte River’s three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services. Future decisions to achieve this goal will impact results.

Category	Explanation
Staffing additions	The model contains estimates for future staffing additions, including salary and benefits expenses, through 2029. These assumptions will be further analyzed and revised accordingly.
Surplus sales	In addition to electricity market commodity price risk, hourly dispatch modeling market depth assumptions (ability to sell excess, must-take generation) are reviewed and updated regularly throughout the year. As Platte River transitions to a more intermittent resource portfolio the ability to sell surplus energy significantly impacts wholesale rate projections.

Rate strategy objectives

In 2020, Platte River transitioned to the current rate structure, which the board adopted following the rate strategy and rate design study. As part of the study, the rate setting reference document established the following objectives:

- 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

Key takeaways following the first full year of implementation are as follows:

- The rate structure provided the flexibility to adapt and integrate cost structure changes including the Roundhouse Renewable Energy Project and Rawhide Prairie Solar.
- The unbundled seasonal generation charge and non-seasonal transmission charge are based on a minimum billing demand to emphasize the efficient use of infrastructure to maximize short-term and long-term marginal cost savings, providing a system benefit. Additionally, the minimum billing demands are providing revenue stability. While demand loads in 2020 varied from budget 3.5%, demand revenues varied only 0.4%.

- The rate structure incentivizes improvement in load factor. There is a direct correlation among the owner communities between efficient load factors and lower average rates.
- Separate energy charges for dispatchable fixed and variable costs, as well as intermittent (wind and solar) variable costs, increase transparency and allow for greater pricing flexibility at retail. Because rates are established based on budget projections, the forecasting and performance of intermittent energy is more highly correlated to budget accuracy than in the past.

While the current rate structure has thus far met the rate setting guiding objectives, as the electric industry, Platte River and the owner communities continue to evolve, staff will regularly reevaluate the rate structure's ability to continue meeting the rate setting objectives.

Achieving strategic initiatives

Platte River's board-approved SFP provides direction for the organization to create long-term financial sustainability, manage financial risk, and support Platte River's mission, vision and values. The priorities of the SFP are to generate adequate cash flows, maintain access to low-cost capital, provide wholesale rate stability and maintain sufficient liquidity for operational stability.

The board implements appropriate rate increases and rate smoothing strategies that achieve SFP metrics and balance the following:

- Avoiding significant single/multiple year rate hikes by smoothing rates over multiple years.
- Providing greater rate predictability to aid owner communities and customers with more accurate, long-term planning.

Rate increases support Platte River's ability to maintain a strong financial position and its AA credit rating, as well as reduce future debt financings. Over the long term, rate increases fund continued general infrastructure investment, portfolio diversification, general inflationary expenses and market-based assumptions.

Preventive and predictive maintenance strategies and proactive capital investments are prioritized to provide long-term system benefits and efficiencies. Investments will continue in the existing power generation and electrical transmission assets to maintain operational efficiency and to proactively address federal and state regulatory requirements. On behalf of its

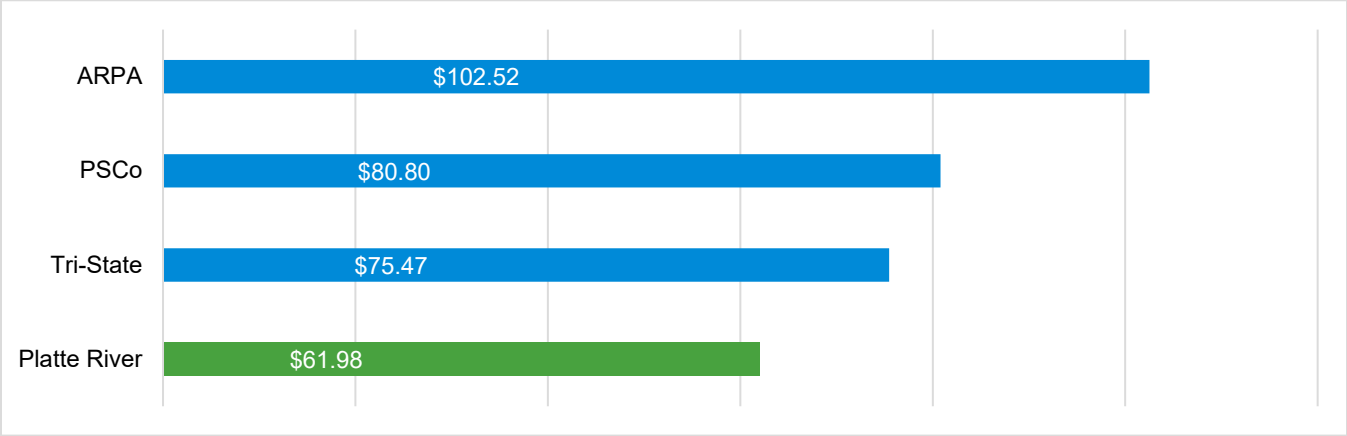
owners, Platte River plans to expand its investment in intermittent resources, such as wind and solar, DER, other generating capacity as needed, and exit coal-based generation. Platte River is committed to managing costs and providing long-term financial sustainability.

Platte River will continue to proactively work toward the goal of reaching a 100% non-carbon resource mix, provided it can be accomplished while maintaining the three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services.

Rate competitiveness

The direction provided by the board and the SFP position Platte River to offer highly competitive rates. Wholesale rates for energy provided to Platte River's owner communities for like service are the lowest in Colorado; 18% lower than the next-lowest regional provider in 2019.

Figure 5: 2019 average wholesale rate comparison ($/MWh)



* 2020 average wholesale rate information is not yet available.

Schedule

At the May board meeting, staff will present the information detailed in this whitepaper. Staff is requesting direction from the board regarding the recommendation to implement a 3.2% average wholesale rate.

In August, staff will provide the updated 2022 rate tariff charges followed by the draft 2022 rate tariff schedules in September. In October, staff will ask the board to adopt the 2022 rate tariff schedules with a Jan. 1, 2022 effective date.

Staff encourages and is available to support wholesale rate communications to stakeholders as requested by the owner communities. For additional current rates information, please visit www.prpa.org/wholesale-rates.

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/21/2021

To: Board of directors

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

Subject: **Board meeting governance document**

With half of Platte River's board positions turning over this year, it is a good time to refresh the board meeting governance document that has been part of board orientation packets for several years.

An updated version of the document is attached. We will highlight areas where we have suggested changes from the previous document. We have also included the previous document for reference.

Attachments

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Updated board meeting governance document

Leadership

Officers

Under the Organic Contract, Platte River must have at least five officers, consisting of a chair, vice chair, secretary, treasurer, and general manager. The chair and vice chair must be board members. The Organic Contract specifies the basic duties of each officer, but the board may also prescribe additional duties to any officer.

Chair

The chair has the following privileges and duties:

1. Meeting director. The chair presides at all meetings of the board. The chair seeks to clarify any pending actions before the board votes. The chair is encouraged to restate motions, announce expectations for the meeting agenda, and recommend to the board the proper procedure for a particular course of action.
2. Parliamentarian. The chair is the meeting parliamentarian and decides all questions of process and procedure. The chair may consult with general counsel or administrative staff to assist in applying the rules of order. The board as a whole can appeal the chair's ruling.
3. Facilitator. The chair should generally encourage other board members to propose or second motions and lead initial discussions. The chair has the same rights as other board members to present and second motions and participate in board deliberations.

Vice chair

In the absence of the chair (or if the chair is unable or refuses to act) the vice chair performs the duties of the chair and, when so acting, has all the powers and restrictions that apply to the chair.

General manager and chief executive officer

The general manager is Platte River's principal executive officer, with full responsibility for its planning, operations, and administrative affairs according to policies and programs approved by the board.

Treasurer

The treasurer serves as Platte River's financial officer and, as provided in the board-adopted fiscal resolution (and subject to law), is responsible for the receipt, custody, investment, and disbursement of Platte River's funds and securities and for other duties incident to the office of treasurer.

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Secretary

The secretary maintains Platte River's official records, including all resolutions and regulations approved by the board, the minutes of board meetings, and a register of the names and addresses of directors and officers. The secretary also issues notices of board meetings and attests and affixes the corporate seal to Platte River documents.

Leadership team

The leadership team for the board is composed of the chair and vice chair. Ahead of board meetings the leadership team coordinates with the general manager/CEO and general counsel to review and provide direction on the pending and future agendas. Individual members of the leadership team may reach out to other individual board members ahead of meetings to discuss agenda items or other issues, but all outside-of-meeting conversations about Platte River business must be limited to two board members (because three or more would trigger open meetings and notice requirements). The leadership team may perform other responsibilities as directed by the board. Historically, the board has tried to rotate chair and vice chair responsibilities to provide opportunities for representatives from each of the owner communities to serve in leadership capacities. In selecting the chair and vice chair, the board should consider length of service (past and anticipated) to help maintain continuity and share institutional knowledge and qualifications for the unique responsibilities of these offices.

Committees

1. Defined Benefit Retirement Committee. Section 8.1 of the Platte River Defined Benefit Plan establishes a Defined Benefits Retirement Committee of six members, four of whom must be board members and two of whom must be members of Platte River's senior management. Under the plan, the general manager and the chief financial officer serve as the senior management representatives. Board representatives to the Defined Benefit Retirement Committee are nominated and elected at annual board meetings.

2. Audit committee. The board serves as Platte River's audit committee.

3. Other committees. The board may form additional temporary or standing committees of board members with assigned areas of responsibility, but committees made up of less than all board members cannot exercise board decision-making power.

Board member conduct

Fiduciary duties

Neither the Organic Contract nor Platte River's governing statutes specify the duties board members owe to Platte River. Under the Colorado Corporate Code, a corporation's board members have duties of good faith and loyalty to the organization—that is, to act in a manner they reasonably believe to be in the best interest of the entity, with the same care a prudent

person would use in similar circumstances. At a minimum, board members should: (1) avoid conflicts of interest and (2) make informed decisions. A personal conflict of interest exists when a board member (or someone close to the board member) stands to benefit (financially or possibly in other ways) from a matter coming before the board. This has rarely come up for Platte River board members, but were it to arise, the board member should promptly consult with general counsel.

In making informed decisions, board members can rely on information provided by staff or outside experts as long as they have no reason to believe the information is not reliable. Board members must not disclose Platte River confidential information they receive in their capacities as board members.

Board members may also encounter conflicts if they participate in multiple governing bodies. Serving on multiple bodies is not by itself a conflict of interest, but in their capacities as directors of Platte River, board members must act in Platte River's best interests. Should a board member confront the potential for divided loyalties in a matter that comes before the board, he or she should disclose the potential conflict to the rest of the board and abstain from voting on that matter.

Ethical duties

Board members must adhere to the rules of conduct and ethical principles Colorado law has established for local government officials (such as Colorado Revised Statutes §§ 24-18-101, *et seq*.). Board members should consult with general counsel if they have questions about these rules.

Communications on behalf of Platte River

Whether communicating through social media, media interviews or in other ways, board members must abide by the laws, policies, fiduciary duties and ethical obligations that govern them as board members. Individual board members should refrain from making public statements of opinion on behalf of Platte River. If a board member feels the need to comment publicly, best practices are to provide a disclaimer, such as "these statements reflect my personal views, not those of Platte River or its board of directors."

Meeting logistics

Notice

Notices of meetings must be posted on the Platte River website no less than 24 hours ahead of each board meeting, but at least seven days' prior notice is preferable. Agendas are posted when available.

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Place and time

At each December board meeting, the board establishes the date and location of the annual and regular meetings for the next year. Notices of all meetings are posted in newspapers within the owner communities during January.

Meeting agenda

1. Procedures for setting the agenda. The general manager/CEO is responsible for setting board meeting agendas, with input from the board. Each board meeting packet includes a planning calendar. The planning calendar generally identifies planned agenda items for each meeting through the end of the calendar year. Board members are encouraged to provide input to staff on future agenda items at each meeting. Even if not included on the planning calendar, items may be added to meeting agendas as necessary.

2. Standard order of the agenda. The standard agenda order is:

   - Call to order
   - Consent agenda, including approving minutes
   - Public comment
   - Committee reports
   - Board action items
   - Management presentations
   - Management reports
   - Monthly informational reports
   - Strategic discussions
   - Adjournment

   In general, significant matters will be introduced in the “management reports” section of the agenda and may be expanded upon at later meetings as “management presentations.” When formal action is required, the final step will be a “board action item.”

3. Modifying the agenda. Once a meeting has convened, the board may modify the agenda by motion (which requires a second and affirmative vote of the board).

Distribution of meeting materials

1. Board meeting agenda and materials (in hardcopy form if requested) will be distributed to each board member (and posted to Platte River’s website) at least seven days before each board meeting.
2. Visual material supporting presentations will be posted to Platte River’s website at least two days before each board meeting.

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3. Confidential material will be distributed to board members with a “CONFIDENTIAL” designation (and, when circulated by email, with “#PRIVATE” in the subject line). When possible, the confidential materials will be distributed with the board packet, either in hard copy or electronically as requested.

Rules of order

The basic rules of order for Platte River board meetings are summarized in Attachment A to this document.

Public hearings

When conducting a public hearing the chair must describe the purpose of the public hearing and state any procedural rules for identifying witnesses and length of comments. The chair will open the record and accept public comment. The chair may exercise control of the hearing and may rule comments out of order and make other rulings to ensure orderly conduct of the hearing. Once members of the public have been allowed to comment the chair will close the record and move to other business.

Public comment guidelines

Public comment at board meetings is at the board’s discretion, rather than a legal requirement.

Generally, public comment will be limited to 30 minutes, with each speaker limited to three minutes.

When the number of speakers exceeds 10, speaking time is shared equally (30 minutes divided by the number of speakers). When there are more than 30 speakers, anyone unable to speak before time expires may submit comments by email.

The board chair may permit exceptions.

Executive session

The Colorado Open Meetings Law allows the board to convene executive sessions in certain limited circumstances, such as discussions of transactions or matters subject to ongoing negotiations, conferences with legal counsel to receive legal advice, discussions of security arrangements or matters required to be kept confidential by law, and personnel matters. The general counsel can provide guidance about whether an executive session is permitted for a particular matter.

1. Vote necessary. Two-thirds of the quorum present must vote yes to convene an executive session for any of the purposes allowed by law.
2. Form of motion. Without compromising the purpose of the executive session, the motion must set forth in detail the matters to be discussed during the executive session, including the specific sections of the Colorado Open Meetings Law that authorize the executive session.
3. No formal action. The board may not take any formal action or adopt any proposed policy, position or resolution during an executive session.

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4. Audio recording of executive session. Platte River must record all discussions in executive session (except when the discussions are privileged attorney-client communications). Audio recordings must be retained for at least 90 days.
5. Confidentiality. All board members and any others present in an executive session must protect the confidentiality of information gained in executive session (except as otherwise authorized by the board, required or permitted by judicial order, or required or permitted by law).

Special meetings

Under section 2.3.9 of the Organic Contract, any director (including the chair) may call a special board meeting.

Meeting minutes

Minutes must be taken at any public board meeting at which the board may or does adopt any proposed policy, position, resolution or take other formal action. This includes regular, annual and special board meetings, as well as study sessions and board retreats (if there is the potential for formal action).

As noted above, Platte River must record executive sessions.

Other board responsibilities

Continuity of management

If the general manager/CEO resigns or retires, the chair is responsible for (1) communicating (through one-on-one outreach) the situation to the other board members and seeking their input on the process to replace the general manager/CEO, and (2) placing an agenda item on the next available board meeting agenda, including a special meeting if necessary, to determine a replacement process.

If the general manager/CEO position will be vacant for a time, the board must appoint an interim general manager (as provided in section 2.4.3(v) of the Organic Contract). The deputy general manager serves as general manager/CEO until the board can appoint an interim general manager.

Representation of Platte River

The board will make an appointment if a membership organization or related business organization requires a board member to represent Platte River's interests. Otherwise, the general manager appoints employees of Platte River to participate in industry-related organizations.

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Organic Contract

Attachment B to this document summarizes Organic Contract provisions that may bear on meeting procedures and board member responsibilities.

Attachment A

Board meeting basic rules of order

These basic rules of order govern annual, regular and special board meetings. These rules of order are based upon Robert's Rules of Order, Newly Revised, but have been modified as necessary to conform to existing board practices and the Organic Contract. For example, while passage of some motions listed below requires a two-thirds vote under Robert's Rules of Order, under the Organic Contract all board motions, except a motion to go into executive session, require the affirmative vote of only a majority of the directors present (provided a quorum is present). The Organic Contract also defines the procedure to resolve a deadlock.

If there is a question of procedure not addressed by these rules, the chair may refer to Robert's Rules of Order for clarification or direction, but following Robert's Rules of Order is not mandatory. These rules govern if they conflict with Robert's Rules of Order, but if they conflict with the Organic Contract, the Organic Contract governs.

1. Main motions

a. Main motions are used to bring business before the board for consideration and action.

b. A main motion can be introduced only if no other motion or business is pending.

c. All main motions require a second and may be adopted by majority vote of the directors present at a meeting at which a quorum is present, except a motion to go into executive session, which requires a two-thirds vote of those present.

d. Any director may make or second a main motion, including the chair.

e. After a motion has been made and seconded, the chair will allow time for discussion.

f. A main motion is debatable and may be amended.

2. Subsidiary motions

Subsidiary motions may apply to another motion to modify it, delay action on it, or dispose of it. The forms of subsidiary motions are as follows:

a. <u>Motion to amend</u>. The point of a motion to amend is to modify the wording and, within certain limits, the meaning of a pending motion before the pending motion itself is acted upon.

   1. A motion to amend, once seconded, is debatable and may itself be amended once.
   2. Once a motion to amend has been seconded and debated, it is decided before the main motion is decided.
   3. Rejection of a motion to amend leaves the pending main motion worded as it was before the amendment was offered.
   4. Certain motions to amend are improper and the chair may so determine.

- An amendment must be “germane” to be in order. To be germane, an amendment must in some way involve the same question that is raised by the motion to which it is applied. An amendment that is not germane to the original motion is improper.
- A motion that would make the adoption of the amended question equivalent to a rejection of the original motion is improper.
- A motion that would make the question as amended identical with, or contrary to, one previously decided by the board during the same session, or previously considered and still not finally decided, is improper.

5. A director’s vote on an amendment does not obligate the director to vote in a particular way on the motion to which the amendment applies.

b. Motion to postpone to a certain time.

1. A question may be postponed either to consider it at a more convenient time or because debate has shown reasons to delay a decision until later.
2. This motion can be made regardless of how much debate there has been on the motion it proposes to postpone.
3. A motion to postpone can be debated only to the extent necessary to enable the board to determine whether the main motion should be postponed and, if so, to what date or time.
4. Similarly, a director can move to amend a motion to postpone only to change the date or time to which the main motion should be postponed.

3. Friendly amendments

A “friendly” amendment is a change in the wording that enhances and strengthens the original motion. Friendly amendments acceptable to those who made and seconded the main motion do not require a second and are permissible any time before a vote is taken on motions to amend the main motion.

4. Withdrawal of a motion

After a motion has been seconded and stated by the chairperson it belongs to the board as a whole. The maker must request the board’s permission to withdraw the motion. If one or more board members object to the request, a majority of the board must consent to the withdrawal of the motion.

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Attachment B

Excerpts from the Organic Contract

The following summarizes Organic Contract provisions that may bear on meeting procedures and board member responsibilities:

1. Number and selection of directors. Each owner community is represented by two board members. The mayor of each owner community is designated as a board member. Any mayor may designate some other member of the owner community's governing body to serve in place of the mayor. The governing body of each owner community appoints one additional board member. (Organic Contract sections 2.3.1 and 2.3.2)

2. Terms of directors. The mayor of each owner community, or the member of the owner community's governing body designated by the mayor, serve as a director throughout his or her term as mayor. The terms of the appointed directors are staggered. Each appointed director serves a term of four years from the date the director's predecessor's term expired. (Organic Contract section 2.3.3)

3. Removal of directors. A mayor must relinquish his or her seat on the board upon leaving the office of mayor. A member of the owner community's governing body designated to serve in place of a mayor may be removed at any time by the mayor, with or without cause. Any director appointed by the governing body of an owner community may be removed at any time by the governing body, with or without cause. (Organic Contract section 2.3.4)

4. Compensation. Directors do not receive compensation for board service but may be reimbursed their actual expenses to attend board meetings and for expenses otherwise incurred on behalf of Platte River. (Organic Contract section 2.3.6)

5. Annual meetings. An annual board meeting must be held within the first 120 days in each year, within Fort Collins at a place designated in the notice of the meeting. The purpose of the annual meeting is to elect officers, pass upon reports for the preceding fiscal year, and transact other business that comes before the board. (Organic Contract section 2.3.7)

6. Regular meetings. The board may provide for the time and place for regular meetings by resolution without notice to the directors other than the resolution adopting the meeting schedule. (Organic Contract section 2.3.8)

7. Special meetings. The chair or any director may call a special board meeting. The secretary must notify each director not less than seven days and not more than 35 days before the date fixed for the special meeting. Special meetings are held at the time and place (within Colorado) determined by the chair or the director calling the meeting. (Organic Contract section 2.3.9). Note that by statute notice periods may be as short as 24 hours. Occasionally special meetings may be scheduled on notice shorter than seven days. This is typical for special meetings to authorize bond issuances.

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8. Notice of meetings. Notice of the annual board meeting or any special board meeting must be delivered to each director either personally or by mail, not less than seven days and not more than 35 days before the date fixed for the meeting. (Organic Contract section 2.3.10)

9. Waiver of notice. A director may waive any required meeting notice by written waiver. A director's attendance at any board meeting constitutes the director's waiver of notice of the meeting (except if the director attends the meeting for the purpose of objecting to the transaction of business because the meeting was not properly convened). (Organic Contract section 2.3.11)

10. Quorum. The presence of five directors constitutes a quorum to transact business. The act of a majority of the directors present at a meeting with a quorum present is the act of the board. (Organic Contract section 2.3.12)

11. Attendance by teleconference. Directors may attend and fully participate in any meeting by teleconference. (Organic Contract section 2.3.13)

12. Vote in case of deadlock. If the board is deadlocked and unable to obtain a majority vote (provided a quorum is present), any director may require a "weighted vote." For a weighted vote, each director is assigned voting power equal to one-half of the following ratio:

    a. The dollar amount of electric power and energy purchased from Platte River during the 12-month period ending with the close of the billing period for the month two months before the month of the deadlocked meeting and paid for by the owner community appointing the director

    divided by

    b. The dollar amount of the electric power and energy purchased from Platte River and paid for by all owner communities during the same 12-month period.

    (Organic Contract section 2.3.14)

13. Duties. The board's duties include the following:
    - governing the business and affairs of Platte River
    - exercising the powers of Platte River
    - complying with the Colorado Local Government Budget Law
    - adopting a fiscal resolution
    - obtaining the services of independent certified public accountants to examine the financial records and accounts of Platte River on an annual basis and to provide a report to the board
    - keeping minutes of board proceedings.

    (Organic Contract section 2.3.15)

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14. Officers. The officers of Platte River consist of a chair, vice chair, secretary, treasurer, general manager and any other officers and assistant officers the board may authorize to perform duties as assigned by the board. The chair and vice chair must be board members. The other officers of Platte River need not be board members. (Organic Contract section 2.4)

Platte River Power Authority	Process	Version #: 2.0 Next Review Date: 08/2021
	TITLE: Board meeting governance document	Page 1 of 10

Owner: General Counsel DS SDL	**Original Effective Date:** 08/31/2017
Authority: Board of Directors	**Current Effective Date:** 08/29/2019
Review Frequency: Every two years	**Next Review Date:** 08/2021

Purpose:

The purpose of this document is to organize in one location board-created guidance for the conduct of meetings. Additionally, portions of the Organic Contract relevant to the meetings and responsibilities of the board are included for ready reference.

Process:

Agenda/board materials/notices

1. Procedures for setting the agenda. The general manager/CEO is responsible for setting the agenda with input from the board. A planning calendar is included in each board meeting packet. The planning calendar generally identifies planned agenda items of significance for each meeting through the end of the calendar year. Board members are encouraged to provide input to staff regarding future agenda items at each meeting. Items not included on the planning calendar may be added to meeting agendas as necessary.

2. Standard order of the agenda. The standard order of the agenda is as follows:

   - Call to Order;
   - Consent agenda, including approval of minutes;
   - Public comment;
   - Committee reports;
   - Board action items;
   - Management presentations;
   - Management reports;
   - Monthly informational reports;
   - Strategic discussions;
   - Adjournment

   As a general process, issues will be introduced in the “management reports” section of the agenda and may be expanded upon at later meetings during the “management presentations” section of the agenda. As a final, step issues may appear as “board action items” if formal action is required.

3. Modification of the agenda. Either at the commencement or during the meeting, a modification to the agenda requires a motion, second and affirmative vote of the board.

4. Distribution of the agenda and board materials for annual and regular meetings.

   a. The agenda and board materials, in hardcopy form if so requested, will be distributed to each board member seven (7) days prior to each board meeting. These materials shall also be posted to Platte River's website seven (7) days prior to each board meeting.
   b. Visual material supporting presentations will be posted to the website two (2) days prior to each board meeting.
   c. Confidential material will be distributed to board members with a "CONFIDENTIAL" designation. When possible, the confidential materials will be distributed with the board packet, either hard copy or electronically as requested.

5. Notices. Notices of meetings will be posted on the Platte River website no less than 24 hours prior to the meeting and efforts will be made to post all meetings seven (7) days prior to the meeting. Agendas will be posted when available.

Meeting dates and locations

The date and location of the annual and regular meetings will be established by the board for the next year at each December board meeting. Once adopted, legal notices of all meetings are posted in newspapers within the owner municipalities during January.

Special meetings

Special meetings may be called pursuant to Section 2.3.9 of the Organic Contract.

Leadership team

The leadership team of the board shall be composed of the chair and vice chair. Prior to board meetings the leadership team will coordinate with the general manager/CEO to review the agenda and provide any direction concerning the pending and future agendas. Bearing in mind the requirements of the open meetings statutes, members of the leadership team may reach out to board members prior to meetings to discuss any issues pertinent to the agenda. The leadership team may perform other responsibilities as directed by the board.

The leadership team is composed of the chair and vice chair, and the make-up of the leadership team may change as a result of elections that occur at the annual meeting. Subject to the provisions of the Organic Contract, it is the general intent and past practice of the board to appoint members to these positions in a manner that provides an opportunity for representatives of each of the member municipalities to serve in a leadership capacity for roughly equivalent periods.

Minutes

1. Minutes shall be taken of any public meeting at which the adoption of any proposed policy, position, resolution or formal action occurs or could occur, including regular, annual and special meetings of the board as well as study sessions or board retreats.

2. An audio recording shall be made of discussions that occur in an executive session (except when the discussions constitute a privileged attorney-client communication). The recording shall be retained for at least ninety (90) days after the date of the executive session.

Committees

1. Defined Benefit Retirement Committee. The Platte River Power Authority Defined Benefit Plan (Section 8.1) provides for a Defined Benefits Retirement Committee of six members, four of whom shall be members of the board, and two of whom shall be senior members of Platte River's management. The Plan specifies that the general manager and the chief financial officer shall serve as the senior management representatives. Board representatives to the Defined Benefit Retirement Committee will be appointed through nomination and election at the annual meeting.

2. Audit committee. The board serves as the audit committee.

3. Ad hoc committees. Ad hoc committees may be formed as necessary by action of the board for the purpose of advising the board on any matter within the area of assigned responsibility. Members of an ad hoc committee will be appointed by the board.

Chair

The chair shall have the following privileges and duties:

1. Chair to direct meeting. The chair acts as the director of, and shall preside at, all meetings of the board. The chair shall seek to clarify the actions pending before the board during a meeting and prior to a vote. The chair is encouraged to restate motions, announce expectations for the meeting agenda, and recommend to the board the proper procedure for a particular course of action.

2. Chair as parliamentarian. The chair is the meeting parliamentarian and shall decide all questions of process and procedure. The chair may consult with the general counsel or administrative staff to assist in rendering decisions regarding the application of the rules of order. Rulings of the chair are subject to appeal by board action.

3. Chair as facilitator of discussion. As the meeting director, the chair should generally encourage and enlist other board members to propose or to second motions and to lead initial discussions. Provided, however, that the chair is entitled to the same rights as other board members regarding the presentation of motions, seconding motions, and debate.

Basic rules of order for annual, regular and special board meetings

The following commonly used rules of order will govern the conduct of board business at annual, regular and special board meetings. These rules of order are based upon Robert's Rules of Order, Newly Revised, and have been modified as necessary to conform to existing practices of the board and to the requirements of the Organic Contract. For example, while a two-thirds vote is necessary for the passage of some motions listed below under Robert's Rules of Order, all motions of the board, except a motion to go into executive session, may be adopted upon approval of a majority of the directors present at a meeting at which a quorum is present. The Organic Contract also defines the procedure to be followed in the event of a deadlock.

If there is a question of procedure not addressed by these rules, the chair may refer to Robert's Rules of Order for clarification or direction, however, adherence to Robert's Rules of Order shall not be mandatory. In the event of any conflict between these rules of order and Robert's Rules of Order, these rules of order shall prevail. In the event of any conflict between these rules of order and the Organic Contract, the Organic Contract shall prevail.

1) MAIN MOTIONS

   a. Main motions are used to bring business before the board for consideration and action.
   b. A main motion can be introduced only if no other motion or business is pending.
   c. All main motions require a second and may be adopted by majority vote of the directors present at a meeting at which a quorum is present, except that a motion to go into executive session requires a two-thirds vote of those present.
   d. A main motion may be made or seconded by any director, including the chairperson.
   e. After a motion has been made and seconded, the chair will allow time for discussion.
   f. A main motion is debatable and may be amended.

2) SUBSIDIARY MOTIONS

Subsidiary motions may be applied to another motion for the purpose of modifying it, delaying action on it, or disposing of it. The forms of subsidiary motions are as follows:

a. Motion to amend. The point of a motion to amend is to modify the wording and, within certain limits, the meaning of a pending motion before the pending motion itself is acted upon.

   i. A motion to amend, once seconded, is debatable and may itself be amended once.
   ii. Once a motion to amend has been seconded and debated, it is decided before the main motion is decided.
   iii. Rejection of a motion to amend leaves the pending main motion worded as it was before the amendment was offered.
   iv. Certain motions to amend are improper and may be ruled as such by the chair.
      - An amendment must be “germane” to be in order. To be germane, an amendment must in some way involve the same question that is raised by the motion to which it is applied. An amendment that is not germane to the original motion is improper.
      - A motion that would make the adoption of the amended question equivalent to a rejection of the original motion is improper.
      - A motion that would make the question as amended identical with, or contrary to, one previously decided by the assembly during the same session, or previously considered and still not finally decided is improper.
   v. A director’s vote on an amendment does not obligate the director to vote in a particular way on the motion to which the amendment applies.

b. Motion to postpone to a certain time. This is the motion by which action on an agenda item or a pending motion can be put off to a definite day, meeting or hour, or until after a certain event has occurred.

   i. A question may be postponed either so that it may be considered at a more convenient time, or because debate has shown reasons for holding off a decision until later.
   ii. This motion can be moved regardless of how much debate there has been on the motion it proposes to postpone.
   iii. A motion to postpone can be debated only to the extent necessary to enable the board to determine whether the main motion should be postponed and, if so, to what date or time.
   iv. Similarly, it is amendable only as to the date or time to which the main motion should be postponed.

3) FRIENDLY AMENDMENTS. A “friendly” amendment is a change in the wording that enhances and strengthens the original motion. Friendly amendments acceptable to the maker and the seconder of the main motion do not require a second and are permissible at any time before a vote is taken on motions to amend the main motion.

4) WITHDRAWAL OF A MOTION. After a motion has been seconded and stated by the chairperson it belongs to the board as a whole, and the maker must request the board's permission to withdraw their own motion. If one or more board members object to the request, a majority of the board must consent to the withdrawal of the motion.

Conduct of public hearings

When conducting a public hearing the chair will describe the purpose of the public hearing and state any procedural rules concerning identification of witnesses and length of comments. The chair will open the record and accept public comment. The chair may exercise control of the hearing and may rule comments out of order and/or make other rulings to ensure the regular conduct of the hearing. Once members of the public have been allowed to comment the chair will close the record and move to other business.

Executive sessions

The Colorado Open Meetings Law permits the board to go into executive session in certain limited circumstances, such as discussions of transactions or matters subject to ongoing negotiation, conferences with legal counsel for the purpose of receiving legal advice, discussions of security arrangements or matters required to be kept confidential by law, and personnel matters. The general counsel will provide the board guidance as to whether an executive session is permitted for a particular matter.

1) Vote necessary. A regular or special meeting may be recessed into executive session by the affirmative vote of two-thirds (2/3) of the quorum present for any of the purposes set forth in statute.

2) Form of motion. Without compromising the purpose of the executive session, the motion for an executive session shall set forth in detail the specific matter to be discussed during the executive session, including the specific citation to the provision of State statute authorizing the board to meet in an executive session.

3) No formal action. No formal action or adoption of any proposed policy, position or resolution shall occur during an executive session.

4) Record of executive session. An audiotape recording shall be made of discussions that occur in an executive session, except when discussions constitute a privileged attorney-client communication. The recording shall be retained for at least ninety (90) days after the date of the executive session by Platte River's internal records department.

5) Confidentiality. Except as authorized by the board, as required or permitted by judicial order, or as otherwise required or permitted by law, no participant in any executive session shall reveal any information gained as a result of the session.

Representation of Platte River – As necessary, the general manager shall appoint employees of Platte River to represent the interests of Platte River in membership organizations or related business organizations. The board will make an appointment if a member of the board is required to represent the interests of Platte River in a membership organization or related business organization.

Authority to approve contracts – Unless authorization and/or execution of an agreement requires board approval, the general manager or his/her delegate is authorized to approve all contracts entered in the normal course of business.

Code of conduct – ethics

1. Statutory guidance. Board members shall adhere to the rules of conduct and ethical principles for local government officials set forth in Colorado Revised Statutes (See C.R.S. §24-18-101, *et seq*.). A board member may consult with the general counsel on questions regarding the application of these rules.

2. Participation on multiple governing bodies. A board member's participation or membership on other governing bodies or boards does not create *per se* a conflict of interest for such board member. Accordingly, a board member serving on multiple governing bodies or boards shall not generally be required to refrain from participating in any matter before the board which may affect the interests of a member municipality or another board. In the event that individual board members may, from time to time, determine on a case-by-case basis, that a particular circumstance does create a conflict of interest under the then current provisions of law, such board members should abstain from any such decision.

3. Statements on behalf of Platte River. Individual board members should refrain from making public statements of opinion on behalf of Platte River or suggesting or representing that their personal opinions reflect the policy of Platte River. Unless specifically authorized to do so, individual members should not use Platte River marks or logos in any electronic or written communications.

Continuity of management

In the event of the resignation or retirement of the general manager/CEO, it is the responsibility of the chair to 1) communicate individually with each of the board members to ensure they are fully informed of the situation and to ascertain any thoughts or direction concerning the process for replacing the general manager/CEO, and 2) place an agenda item

on the next available board meeting agenda, including a special meeting if necessary, to determine a replacement process.

If there will exist a period during which the position of general manager/CEO will be vacant an interim general manager will be appointed by the board pursuant to Section 2.4.3 (v) of the Organic Contract. During any vacancy that occurs prior to the identification of an interim general manager, the deputy general manager will function as general manager/CEO.

Organic Contract

The following is a brief summary of procedural and substantive issues that are addressed in the Organic Contract and which may bear upon the procedures for meetings:

1. Number and selection of directors. Each municipality shall be represented by two (2) members of the board. The mayor of each of the municipalities is designated as a board member and shall serve contemporaneously with their service as mayor. Any mayor may designate some other member of the governing board of such municipality to serve as a director in place of the mayor. The governing body of each of the municipalities shall appoint one (1) additional member to the board. See Section 2.3.1 and 2.3.2 of the Organic Contract.

2. Terms of directors. The mayor of each municipality, or the member of the municipality's governing board designated by the mayor, shall serve as a director for the same period of time that the mayor serves as mayor of that municipality. The terms of the appointed directors are staggered. Each appointed director serves a term of four (4) years from the date of the expiration of the term for which the director's predecessor was appointed. See Section 2.3.3 of the Organic Contract.

3. Removal of directors. A mayor will relinquish their seat on the board upon vacating the office of mayor. A member of the municipality's governing board designated to serve in place of a mayor may be removed at any time by the mayor, with or without cause. Any director appointed by the governing board of a municipality may be removed at any time by such governing board, with or without cause. See Section 2.3.4 of the Organic Contract.

4. Compensation. Directors shall not receive compensation for their services, but may be reimbursed their actual expenses for attendance at meetings of the board and for expenses otherwise incurred on behalf of the Authority. See Section 2.3.6 of the Organic Contract.

5. Annual meetings. An annual meeting of the board shall be held within the first 120 days in each year at such place in Fort Collins as designated in the notice of the meeting. The purpose of the annual meeting shall be to elect officers, to pass upon

reports for the preceding fiscal year, and to transact such other business as may come before the meeting. See Section 2.3.7 of the Organic Contract.

6. Regular meetings. The board may provide for the time and place for the holding of regular meetings by resolution without notice to directors other than the resolution adopting the meeting schedule. See Section 2.3.8 of the Organic Contract.

7. Special meetings. Special meetings of the board may be called by the chairperson or any director. The secretary shall provide notice of such meeting to each director not less than seven (7) days, nor more than thirty-five (35) days, before the date fixed for the special meeting. Special meetings shall be held at such time and place (within Colorado) as shall be determined by the chairperson or the director calling the meeting. See Section 2.3.9 of the Organic Contract. Note that by statute notice periods may be as short as 24 hours. Occasionally special meetings may be scheduled on notice shorter that seven (7) days, and this is typical of special meetings associated with bond issuances.

8. Notice of meetings. Electronically posted notice of the annual or of any special meeting of the board shall be delivered to each director not less than seven (7) days, nor more than thirty-five (35) days, before the date fixed for such meeting, either personally or by email. See Section 2.3.10 of the Organic Contract.

9. Waiver of notice. A director may waive any notice required to be given to such director in writing. Attendance of a director at any board meeting shall constitute a waiver by such director of notice of the meeting (except when the director attends the meeting for the purpose of objecting to the transaction of business because the meeting was not properly convened). See Section 2.3.11 of the Organic Contract.

10. Quorum. The presence of five (5) directors shall constitute a quorum for the transaction of business. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board. See Section 2.3.12 of the Organic Contract.

11. Attendance by teleconference. Directors may attend and fully participate in any meeting through electronic teleconferencing. See Section 2.3.13 of the Organic Contract.

12. Vote in case of deadlock. In the event the board, at a meeting at which a quorum is present, is deadlocked and unable to obtain a majority vote of the directors present concerning a matter being considered for action, any director may require a “weighted vote.” A weighted vote shall then be taken with each director’s vote being given one half the proportion which:

a. The dollar amount of electric power and energy purchased from Platte River during the twelve (12) month period ending with the close of the billing period for the month two months prior to the month of the deadlocked meeting and paid for by the municipality appointing such director bears to
b. The dollar amount of the electric power and energy purchased from Platte River and paid for by the municipalities during said twelve (12) month period.

See Section 2.3.14 of the Organic Contract.

13. Duties. The duties of the board of directors include the following: governing the business and affairs of Platte River; exercising the powers of Platte River; complying with Colorado Local Government Budget Law; adopting a fiscal resolution; obtaining the services of independent certified public accountants to examine the financial records and accounts of Platte River on an annual basis, and to provide a report to the board; and to keep minutes of board proceedings. See Section 2.3.15 of the Organic Contract.

14. Officers. The officers of Platte River shall be a chairperson, vice chairperson, secretary, treasurer, general manager and such other officers and assistant officers as may be authorized by the board to perform duties as assigned by the board. The chairperson and vice chairperson shall be board members. The other officers of Platte River are not required to be board members. See Section 2.4 of the Organic Contract.

Implementing parties and assigned responsibilities:

General counsel and board of directors

Associated documents:

Platte River Power Authority Organic Contract
Robert's Rules of Order, Newly Revised

Definitions and acronyms:

NA

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Legal, environmental and compliance report

March 2021

Platte River Power Authority

Overview of recent developments

Legal matters

Rawhide Prairie solar and storage power purchase agreement

The project developer completed repairs, remediation, and testing for previous wind damage to this project. The project achieved commercial operation on March 19, 2021. The full report is on page 2 of this document.

Colorado's Power Pathway motion for permissive intervention (new item)

Platte River has intervened on behalf of Public Service Company of Colorado's Application for a Certificate of Public Convenience and Necessity for its proposed $1.7 billion transmission project in eastern Colorado, known as Colorado's Power Pathway. The full report is on page 3 of this document.

Environmental matters

Title V air permit renewal for Rawhide Unit 1

Platte River worked with Colorado Department of Public Health and Environment to renew its Title V air permit for Rawhide Unit 1. The public comment period for the renewed permit ran from Feb. 9 to March 11, 2021. No one submitted comments. The full report is on page 4 of this document.

Compliance matters

There are no new compliance-related developments to report since the March 2021 board meeting.

Monitoring – status unchanged

Page 5 of this document provides a list of matters previously reported but unchanged since our last report.

Recently concluded matters

Page 7 of this document provides a list of matters that have concluded within the last three months.

Platte River Power Authority

Active matters

Contractual matters

Rawhide Prairie solar and storage power purchase agreement

Background:

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

Platte River and the project developer later agreed to increase the capacity of the project from 20 MW to 22 MW. Platte River and the project developer signed an amendment to the Solar Purchase Agreement on Aug. 29, 2019. The project developer has obtained all the necessary government permits, and construction is complete.

The project developer sold its ownership interest in the project to a subsidiary of Greenbacker Renewable Energy Company, LLC (Greenbacker). The project developer will continue to provide operations and maintenance services for the project.

Current status:

The project developer completed repairs, remediation, and testing for previous wind damage to the project. Although actual field conditions cannot be replicated exactly—time in service will be the final test of the project developer's wind damage remediation—both Platte River's and Greenbacker's independent engineering consultants were satisfied with the project developer's corrective action.

The project achieved commercial operation on March 19, 2021.

Platte River Power Authority

Legal issues – litigation of interest to Platte River

Colorado's Power Pathway motion for permissive intervention (new item)

Background:

On March 2, 2021, Public Service Company of Colorado (PSCo) filed an Application for Public Convenience and Necessity (CPCN) with the Colorado Public Utilities Commission (Commission) to construct Colorado's Power Pathway 345 kV Transmission Project (Pathway Project). The Pathway Project is a proposed 560-mile, 345 kV double-circuit network transmission system between four existing substations and three new substations, to be located in eastern Colorado from approximately Pueblo to St. Vrain.

Platte River, along with Black Hills Energy and Colorado Springs Utilities, is a potential partner in the Pathway Project and discussions are underway with PSCo regarding the potential scope of Platte River's participation. Meanwhile, Platte River has intervened at the Commission in support of the CPCN on general policy grounds, including the need for additional transmission to support intermittent renewable generation as proposed in Platte River's 2020 Integrated Resource Plan.

Current status:

Platte River filed its intervention to support PSCo's Application for a CPCN on April 15, 2021. The Commission has ordered that all parties wishing to intervene do so by May 10, 2021, after which the Commission will make its decision on the CPCN.

Platte River Power Authority

Environmental matters

Title V air permit renewal for Rawhide Unit 1

Background:

Sources with operating emissions units are required to renew their Title V operating permits every five years under the federal Clean Air Act and Colorado law. Over the past two years Platte River has been working with the Colorado Department of Public Health and Environment to renew its Title V air permit for Rawhide Unit 1. The renewed permit includes language to coordinate regulatory requirements with new definitions and includes language to incorporate the planned closure of Rawhide Unit 1 by Dec. 31, 2029, which is federally enforceable under the regional haze rule. Otherwise, the permit conditions are mostly unchanged.

Current Status:

The public comment period for the renewed permit ran from Feb. 9 to March 11, 2021. No one submitted public comments. The permit now goes to the United States Environmental Protection Agency Region 8, where we expect approval. The next Title V permit renewal (for Platte River's gas-fired units) will be in 2022.

Compliance matters

Other than Platte River's upcoming audit for compliance with North American Electric Reliability Corporation, there are no currently active compliance-related matters to report.

Platte River Power Authority

Monitoring – status unchanged

Legal matters

Gallagher litigation

There are no significant new developments in this matter since our last report. We anticipate documents to be released and witness statements to be taken in May or June, at which time we will update the board.

Public Service Company of Colorado filing with the Federal Energy Regulatory Commission to modify rates and terms for ancillary services

Platte River intends to participate actively in the settlement process and collaborate with other aligned intervenors (such as Black Hills Colorado and Colorado Springs Utilities) to seek a comprehensive settlement to address concerns about the rates and terms for Schedule 16 and viable means for interested customers to self-supply some of the flex reserve capacity needed to regulate wind within PSCo's balancing authority area.

FERC order on PJM Interconnection, LLC to expand minimum offer price rule

There have been no new filings or actions related to this case since our last report.

Grand Lake clarity National Environmental Policy Act process

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

Save the Colorado, *et al.* v. United States Bureau of Reclamation (Windy Gap Firming Project litigation)

This item will be updated at the April or May board meeting.

Save the Colorado v. Bureau of Reclamation (Glen Canyon Dam)

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

El Paso Electric Co. v. Federal Energy Regulatory Commission

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

Western wholesale market activities

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

Platte River Power Authority

Environmental matters

Groundwater and waste management

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

Regional haze phase 2 rulemaking

We will continue to monitor the rulemaking, with a hearing expected in November 2021.

Compliance matters

North American Electric Reliability Corporation onsite audits

Due to the ongoing pandemic, the North American Electric Reliability Corporation (NERC) has deferred onsite audits, certifications, and training activities until July 2021.

Weather event inquiry (Feb. 13-15, 2021)

On Feb. 16, 2021, the Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC) announced they will open a joint inquiry into the operations of the bulk power system during the recent extreme winter weather conditions in the Midwest and south-central states. The severe cold weather contributed to power outages affecting millions of electricity customers throughout these regions.

In the days ahead, FERC and NERC will begin the formal inquiry, working with other federal agencies, states, regional entities and utilities to identify problems with the performance of the bulk power system and, where appropriate, solutions to address those issues.

Platte River Power Authority

Recently concluded matters (last three months)

Legal matters

D.C. Circuit Court of Appeals overturns Affordable Clean Energy Rule

On Jan. 19, 2021, in *American Lung Association, et al. v. EPA*, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) overturned the Environmental Protection Agency's (EPA's) Affordable Clean Energy (ACE) Rule, which sought to replace the Clean Power Plan. Both rules sought to regulate carbon dioxide emissions from existing electric generating units under Section 111(d) of the Clean Air Act.

The majority opinion rejected the EPA's interpretation in the ACE Rule, finding that the Clean Air Act does not unambiguously limit the best system of emissions reduction to measures taken "inside the fence" at the regulated source. The court vacated all three of the EPA's actions in the ACE Rule and remanded the matter to the EPA for action consistent with its opinion. The court also rejected the EPA's policy-based arguments against allowing averaging and trading or co-firing biomass as compliance measures.

The D.C. Circuit's rejection of the ACE Rule will allow the new Administration to begin crafting a replacement rule without having to first rescind the ACE rule. This may allow the EPA to move more quickly to develop a new rule to address greenhouse gas emissions from electric generating units. The last report on this matter was in the February 2021 board packet.

Trapper Mine ownership

In December 2020, Tri-State Generation and Transmission Association, Inc. sold its ownership share of Trapper Mine to the remaining mine owners. Although no longer a mine owner, Tri-State will continue as operating agent for the Craig Generating Station. The last report on this matter was in the February 2021 board packet.

Southwest Power Pool Western Energy Imbalance Service filing

On Dec. 23, 2020, FERC issued an order approving the Southwest Power Pool's revised filing for the Western Energy Imbalance Service (WEIS) market. The WEIS market began operations on Feb. 1, 2021. The last report on this matter was in the February 2021 board packet.

Western Area Power Administration tariff revisions

In connection with the start-up of the Southwest Power Pool's Western Energy Imbalance Service Market, the Western Area Power Administration (WAPA) modified its open access transmission tariff. Although WAPA's tariff is not regulated by the Federal Energy Regulatory Commission (FERC), WAPA made a non-jurisdictional filing with FERC asking FERC to find that WAPA's tariff satisfies reciprocity standards. FERC denied WAPA's request. The last report on this matter was in the February 2021 board packet.

Platte River Power Authority

Environmental matters

Colorado Air Quality Control Commission regional haze rule phase 1 and greenhouse gas regulation

Background:

Under the Federal Clean Air Act, the state of Colorado must evaluate regional haze in the front range every ten years to determine if reasonable progress is being made to improve visibility. As part of this process, the state requires emitters of nitrogen oxides (a principal contributor to haze) and other emissions to analyze technologies that could reduce those emissions. This includes evaluating the cost of the technology and the useful life of the unit. The state's analysis for Platte River's Rawhide Unit 1 included the unit's proposed retirement by Dec. 31, 2029.

On Nov. 20, 2020, the Colorado Air Quality Control Commission (Air Commission) made a "final preliminary decision" to adopt the alternative proposal of the National Parks Conservation Association and the Sierra Club, which would require closure of various coal-fired units, including Rawhide Unit 1, by Dec. 31, 2028. Platte River joined with other Colorado utilities to object to the decision and move for reconsideration on the basis that the new closure dates exceeded the Air Commission's authority to regulate regional haze. On Dec. 18, 2020, the Air Commission rejected the previous "preliminary final decision" and unanimously adopted the utilities' proposed retirement dates for the regional haze rule. The Air Commission's decision makes the Dec. 31, 2029, proposed closure date for Rawhide Unit 1 enforceable.

The events surrounding this decision also raised questions about the Air Commission's process and procedures, which are likely to be revised in the upcoming year. Platte River has also committed, through public statements, to file a Clean Energy Plan with the state of Colorado under greenhouse gas laws enacted through Senate Bill 19-236 and House Bill 19-1261. Colorado environmental groups continue to propose aggressive measures to reduce greenhouse gases, including a proposed cap-and-trade program presented by the Environmental Defense Fund to the Air Pollution Control Division in January 2021, which was rejected by the Air Commission in February 2021 by a 7-1 vote. The last report on this matter was in the February 2021 board packet.

Compliance matters

There are no recently concluded compliance matters to report this month.

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Operating report

March 2021

Platte River Power Authority

March 2021 operating report

Executive summary

Municipal demand came in below budget, while energy came in above budget for the month, as the result of the peak day having occurred on a Saturday and abnormally cool temperatures. Municipal demand is on budget while energy is above budget, year to date.

Baseload generating units had an excellent month, with no unplanned outages or curtailments.

Wind generation came in significantly below budget for the month, due to a six-day outage on the Roundhouse generator outlet transmission line, as the result of line galloping during the storm on March 14 and 15. Solar generation came in on budget, as the Rawhide Prairie Solar project was declared commercially operational on March 19. Wind and solar generation are well below budget, year to date.

Surplus sales volume came in significantly below budget, due to high regional wind production and soft market conditions as the result of surplus generation in the region. Pricing came in above budget for the month, due to an increase in on-peak sales and a decrease in off-peak sales. Sales volume is well below budget, while sales pricing is significantly above budget, year to date.

Purchase volumes came in significantly above budget, while purchase pricing came in well below budget for the month, as the result of above budget JDA purchases made at below budget prices which resulted from high wind output, in early March, and fewer outages on regional generating units. Purchase volume is significantly above budget, while purchase pricing is near budget, year to date.

Dispatch costs came in above budget for the month, primarily due to above budget Craig costs, wind costs and CT costs. Dispatch costs are near budget, year to date.

Category	March variance		YTD variance	
Municipal demand	(6.5%)	■	0.5%	◆
Municipal energy	5.4%	●	5.9%	●
Baseload generation	(17.7%)	■	(9.3%)	■
Wind generation	(37.0%)	■	(20.5%)	■
Solar generation	0.5%	◆	(12.9%)	■
Surplus sales volume	(37.2%)	■	(20.8%)	■
Surplus sales price	2.5%	●	33.8%	●
Purchase volume	296.3%	■	135.9%	■
Purchase price	(23.9%)	●	(0.8%)	◆
Dispatch cost	2.7%	■	(0.2%)	◆

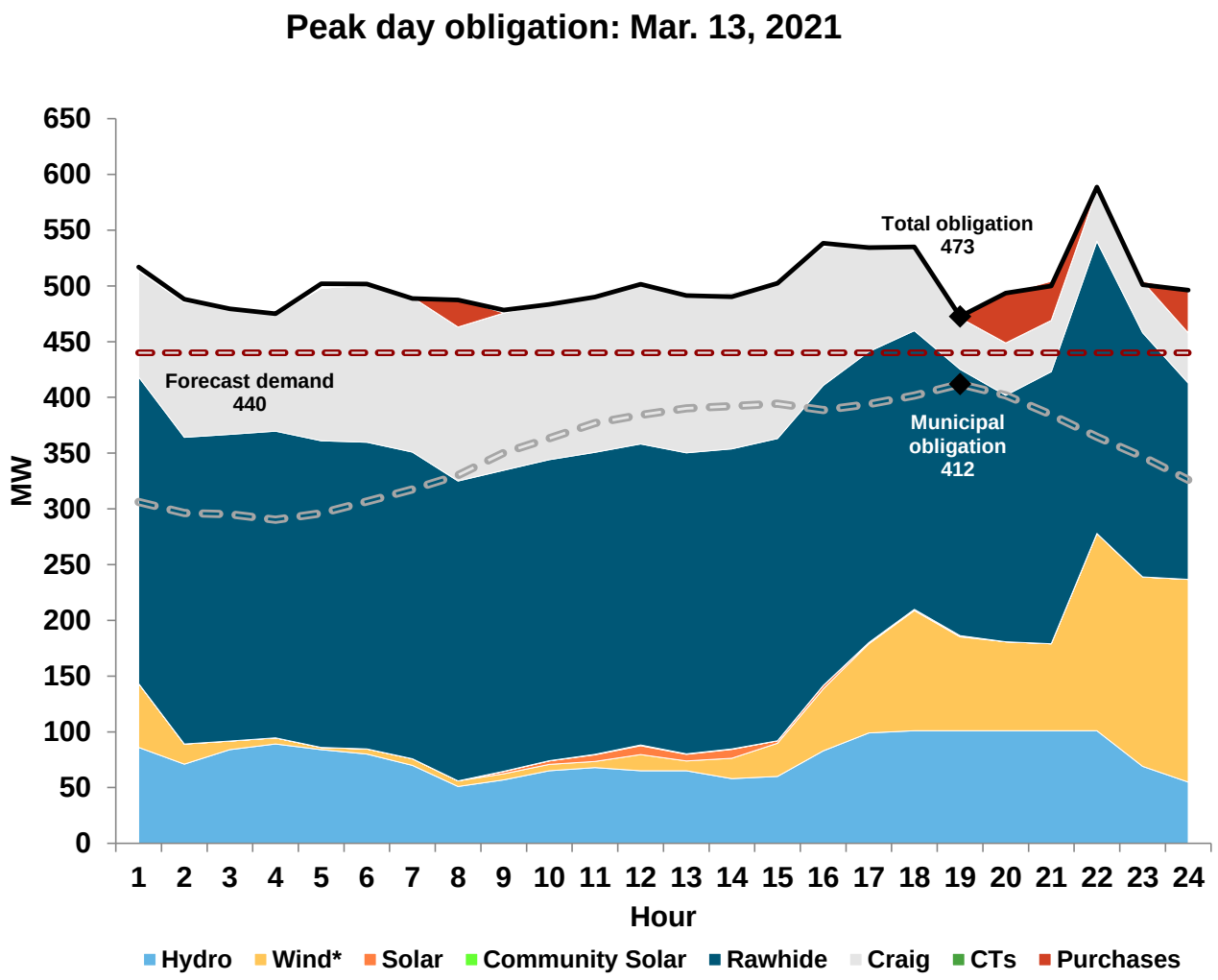
Variance key: Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <-2%

Operational overview

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

2021 goal	March actual	YTD total
0 ●	0 ●	0 ●

Peak day obligation. Peak demand for the month was 412 megawatts which occurred on March 13, 2021, at hour ending 19:00 and was 28 megawatts below budget. Platte River's obligation at the time of the peak totaled 473 megawatts. Voltage reduction was not called upon at the time of the peak.



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

Municipal loads

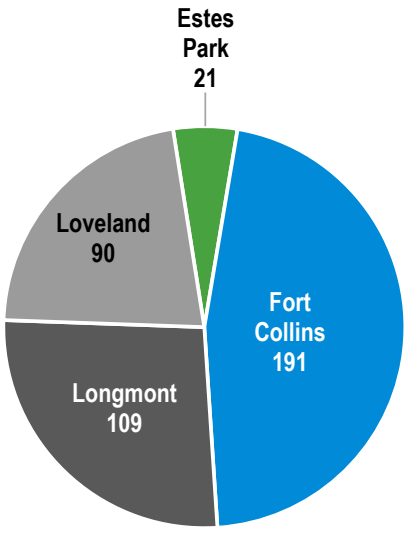
Municipal demand came in below budget, while energy came in above budget for the month, as the result of the peak day having occurred on a Saturday and abnormally cool temperatures. Municipal demand is on budget while energy is above budget, year to date.

	March budget	March actual	Minimum	Actual variance	
Coincident demand (MW)	440	412	498	(6.5%)	■
Estes Park	20	**21**	13	5.3%	●
Fort Collins	210	191	**233**	(9.4%)	■
Longmont	109	109	**138**	0.1%	◆
Loveland	100	90	**114**	(10.0%)	■
Non-coincident demand (MW)	445	413	503	(7.2%)	■
Estes Park	21	**22**	20	3.2%	●
Fort Collins	210	191	**232**	(9.4%)	■
Longmont	110	109	**138**	(0.1%)	◆
Loveland	104	91	**113**	(12.2%)	■
Energy sales (MWh)	245,262	258,496		5.4%	●
Estes Park	11,131	12,975		16.6%	●
Fort Collins	116,826	121,039		3.6%	●
Longmont	61,431	67,157		9.3%	●
Loveland	55,875	57,324		2.6%	●

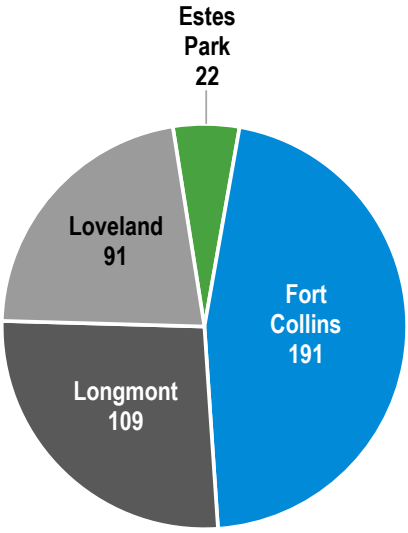
Variance key: Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <-2%

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

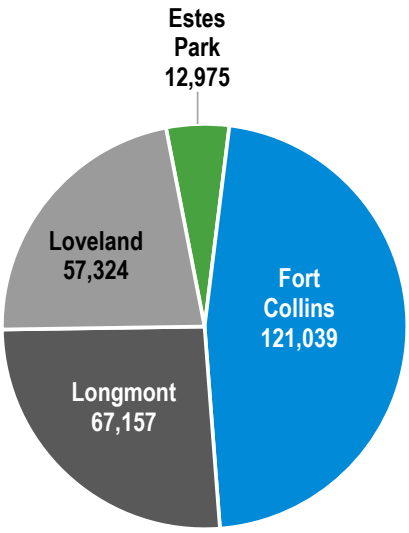
Actual March coincident demand = 412 MW



Actual March non-coincident demand = 413 MW



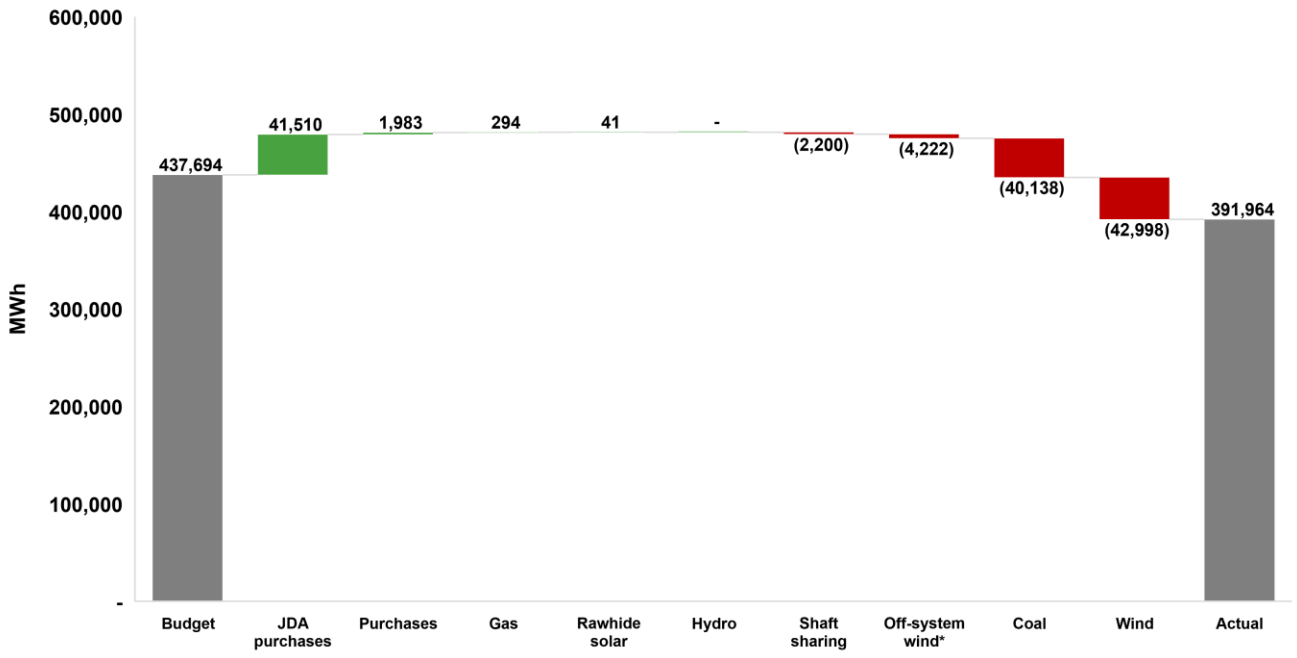
Actual March energy sales = 258,496 MWh



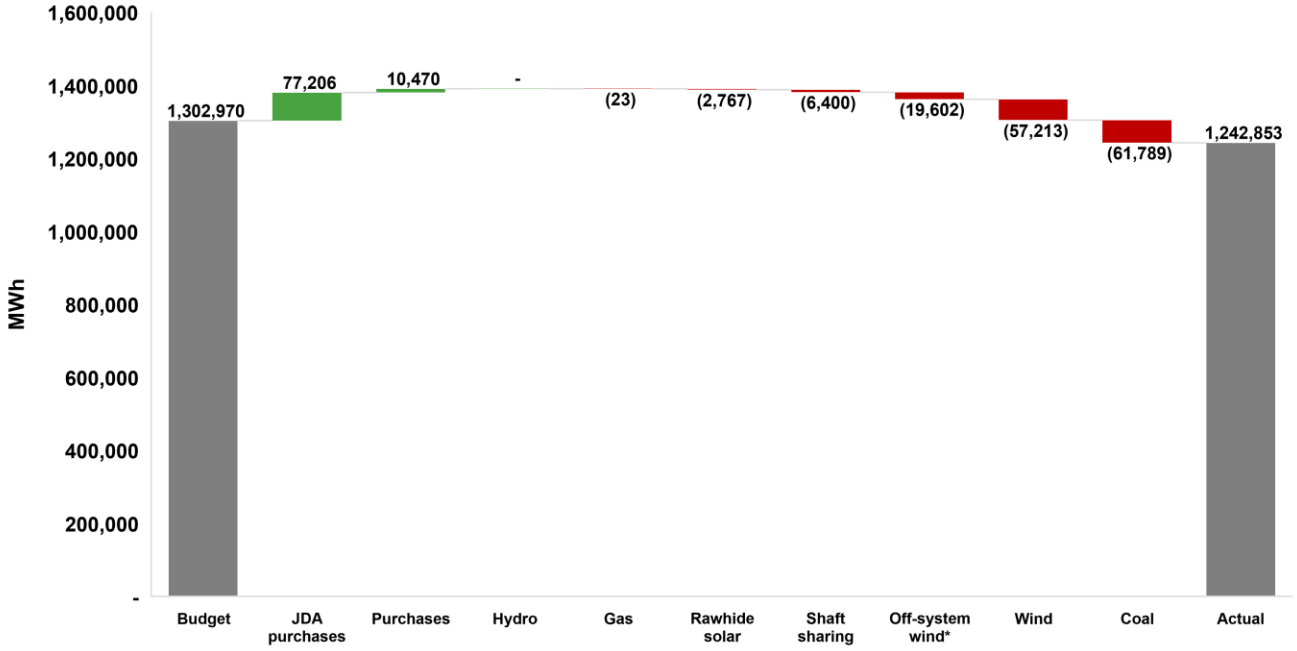
Source of supply variance

The production of energy resources came in well below budget for the month of March, primarily due to below budget wind output and baseload generation having been displaced by JDA purchases. Resources are below budget, year to date.

March variance in production from energy resources



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

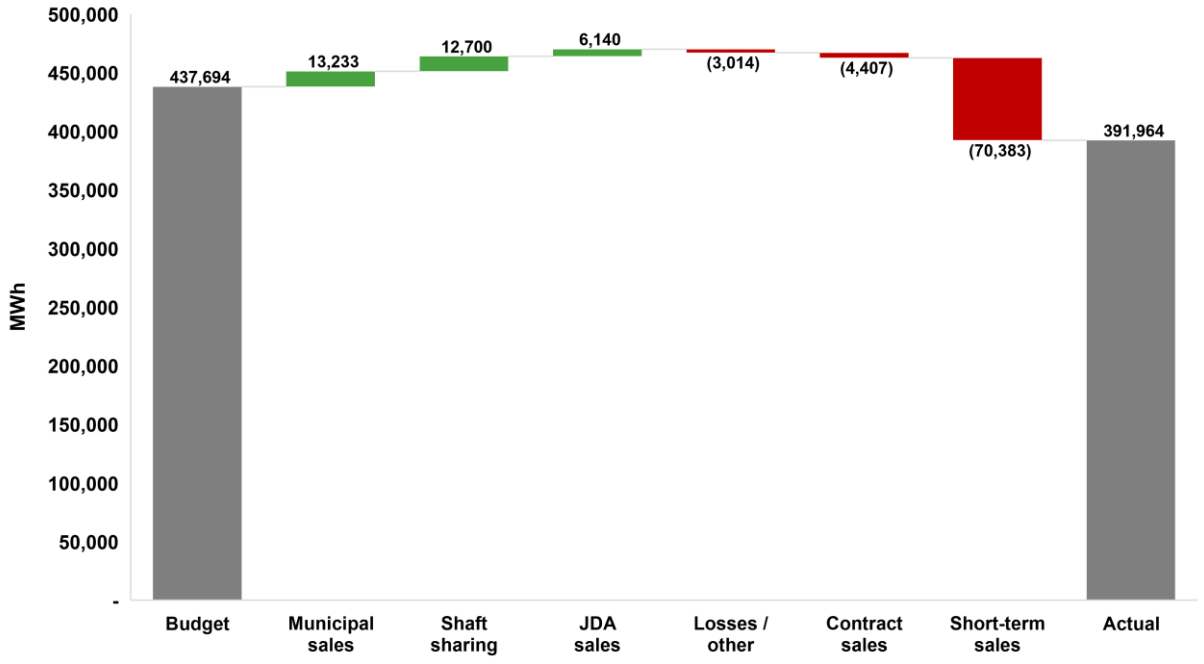


*Off-system wind RECs and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities

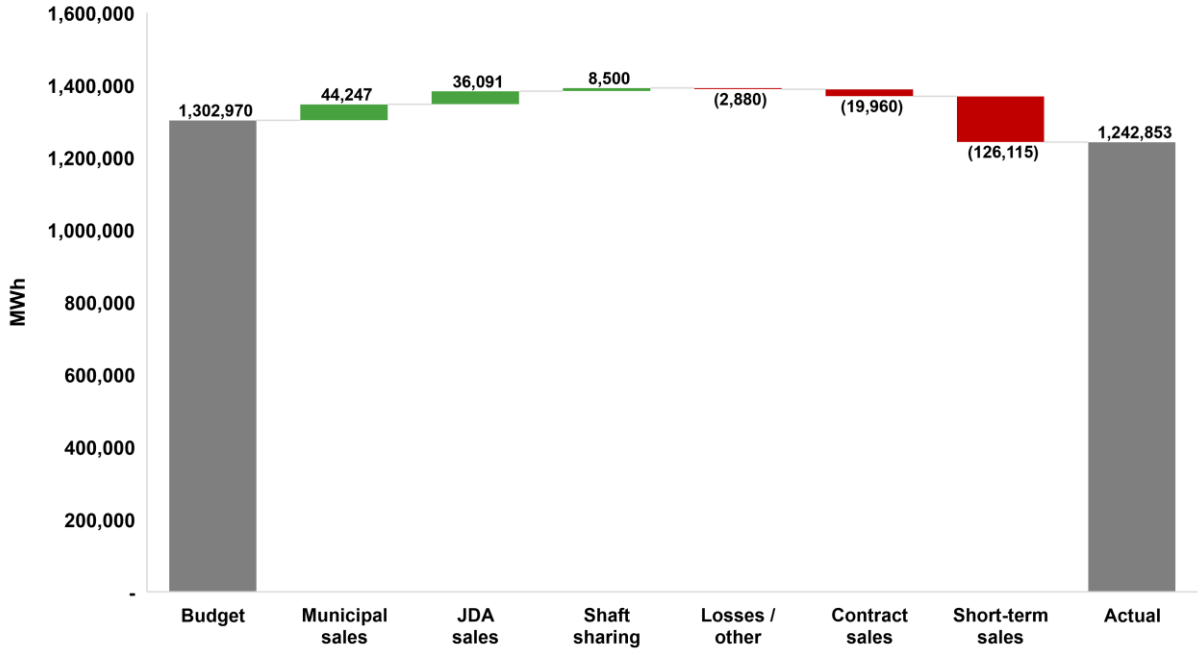
Source of delivery variance

Loads and obligations came in well below budget for the month of March, primarily due to below budget short-term sales which resulted from below budget Roundhouse wind generation and soft market conditions. Loads and obligations are below budget, year to date.

March variance in deliveries for loads and obligations

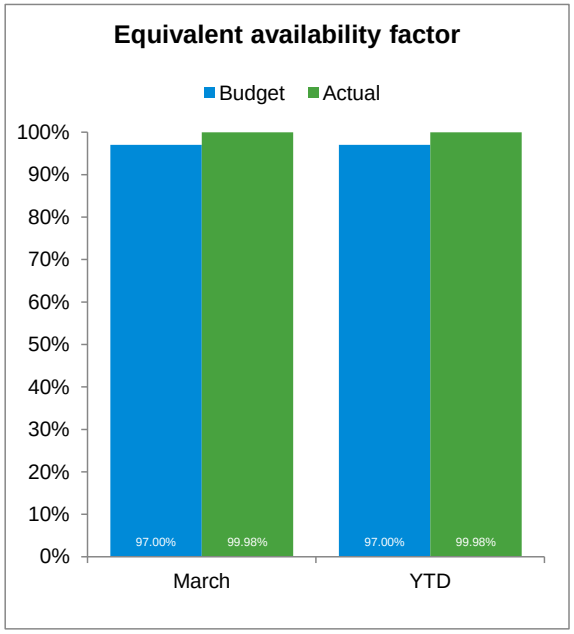


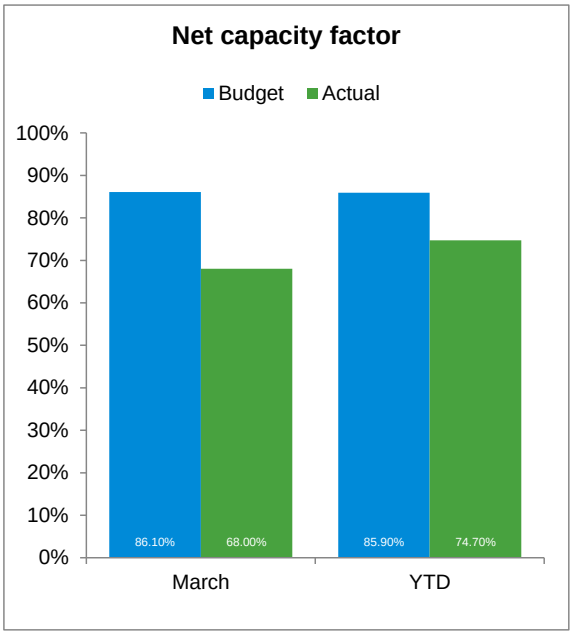
Year-to-date variance in deliveries for loads and obligations



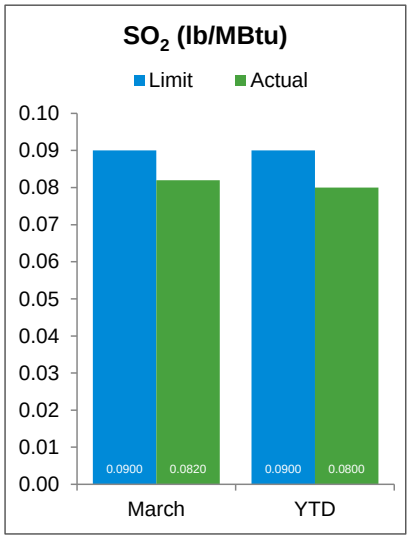
Power generation - Rawhide

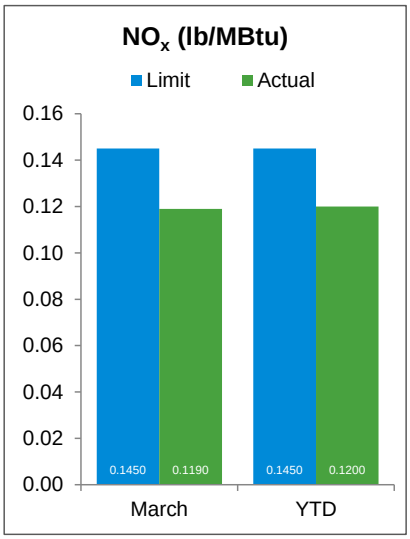
Rawhide had an excellent operational month, with no outages or curtailments. Rawhide equivalent availability factor came in above budget for the month, while net capacity factor came in well below budget, as the result of having been dispatched down in JDA. Rawhide equivalent availability factor is above budget, while net capacity factor is well below budget, year to date.

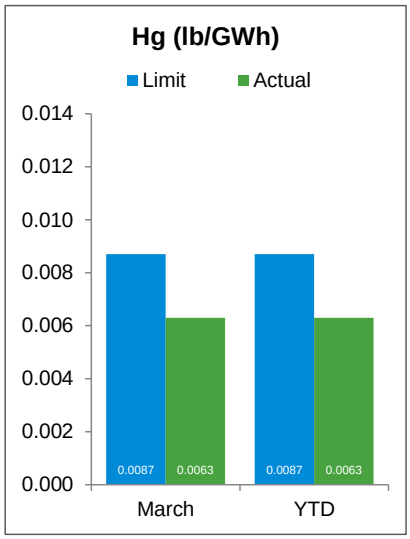




Rawhide emission levels were below compliance limits for the month of March.

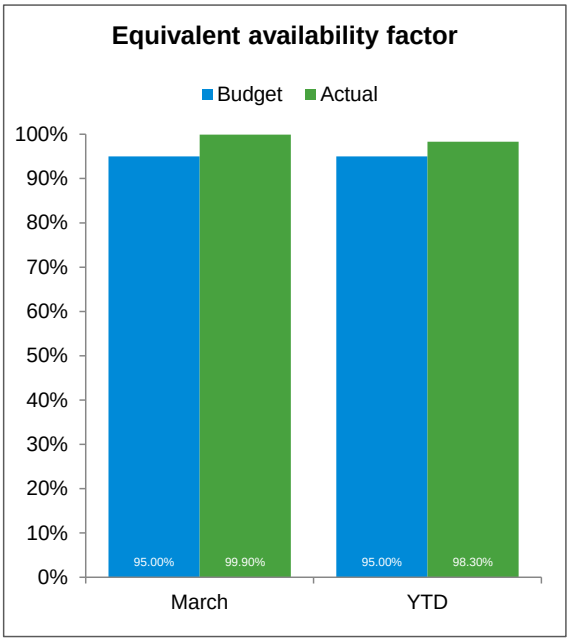


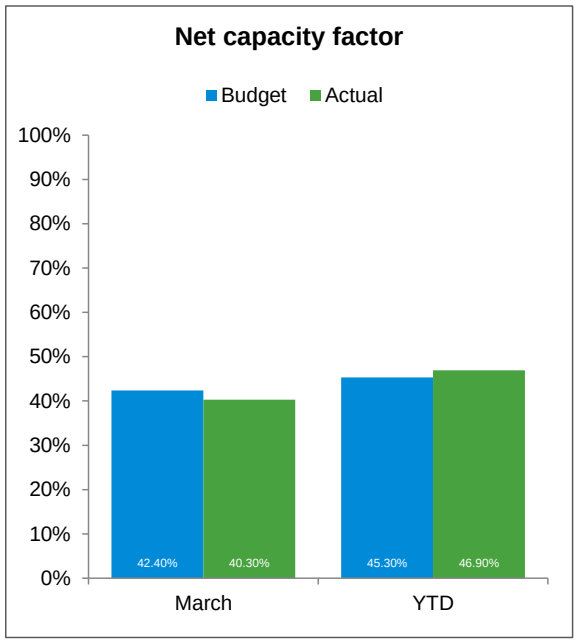




Power generation - Craig

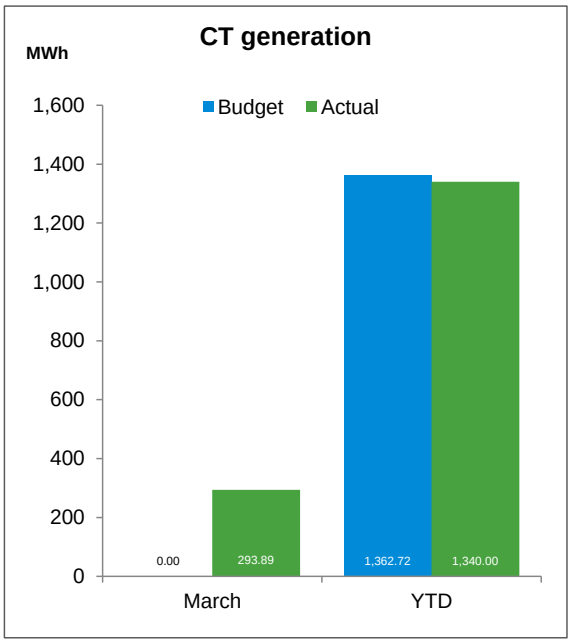
Craig units 1 and 2 had an excellent operational month, with no outages or curtailments. Craig equivalent availability factor came in above budget for the month, while net capacity factor came in below budget, as the result of having been dispatched down in JDA. Craig equivalent availability factor and net capacity factor are above budget, year to date.

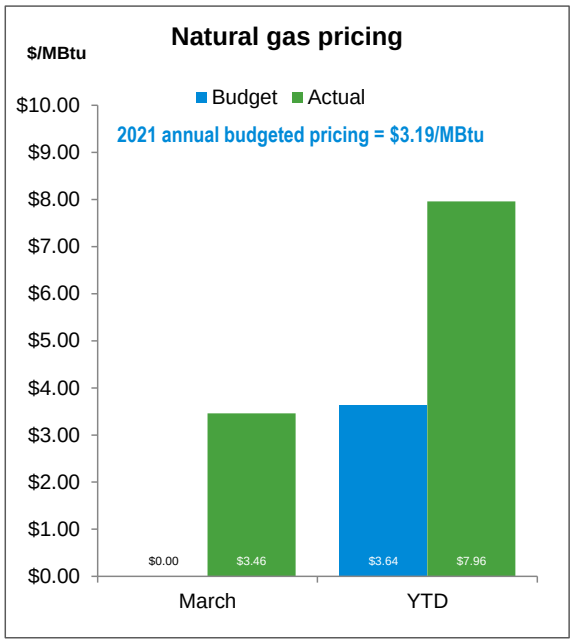




Power generation - CTs

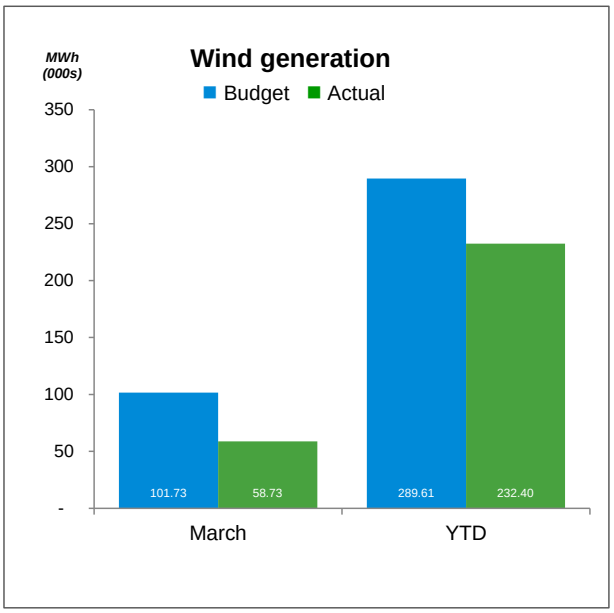
CT Unit B was run for testing purposes, after the completion of its extended planned outage. CT generation is near budget, while pricing is significantly above budget, year to date.

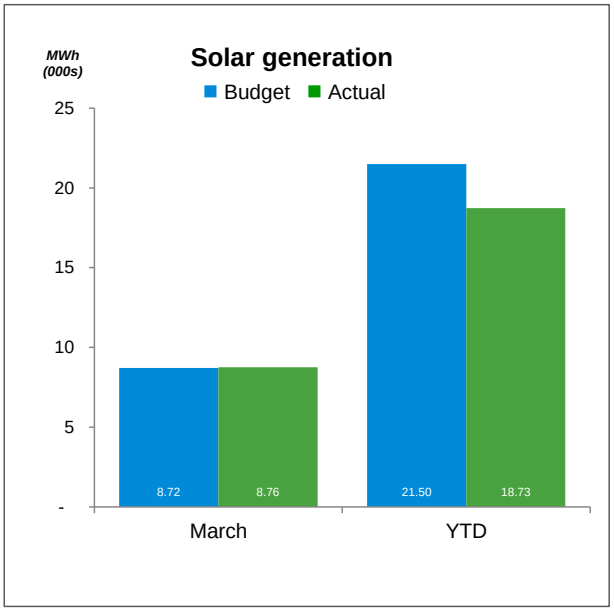




Power generation - renewables serving load

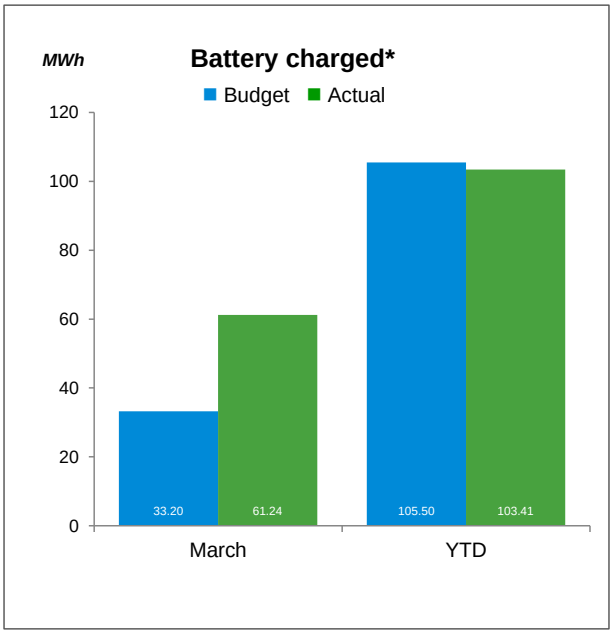
Wind generation came in significantly below budget for the month, due to a six-day outage on the Roundhouse generator outlet transmission line, as the result of line galloping during the storm on March 14 and 15. Solar generation came in on budget, as the Rawhide Prairie Solar project was declared commercially operational on March 19. Wind and solar generation are well below budget, year to date.

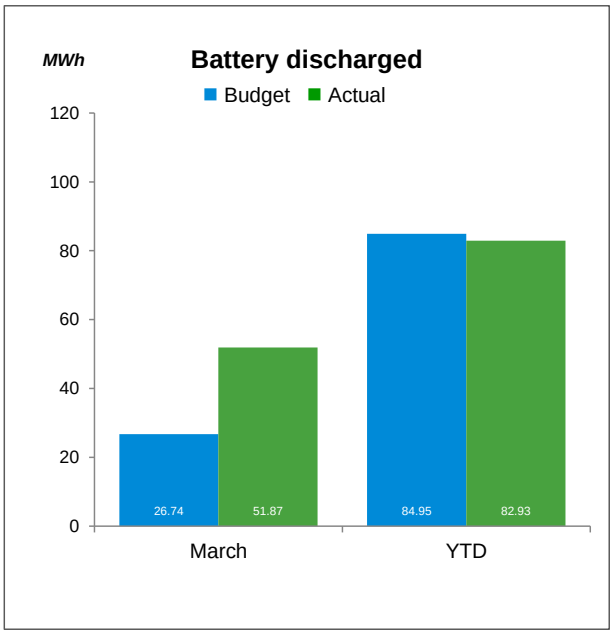




Battery

The battery associated with the Rawhide Prairie Solar project came in above budget and is near budget, year to date.

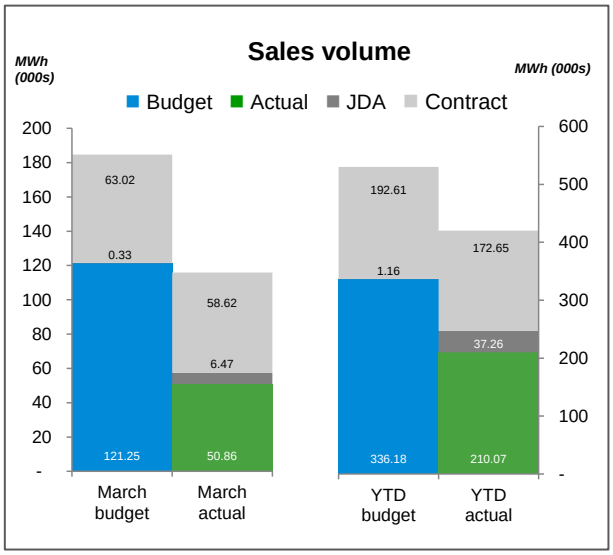


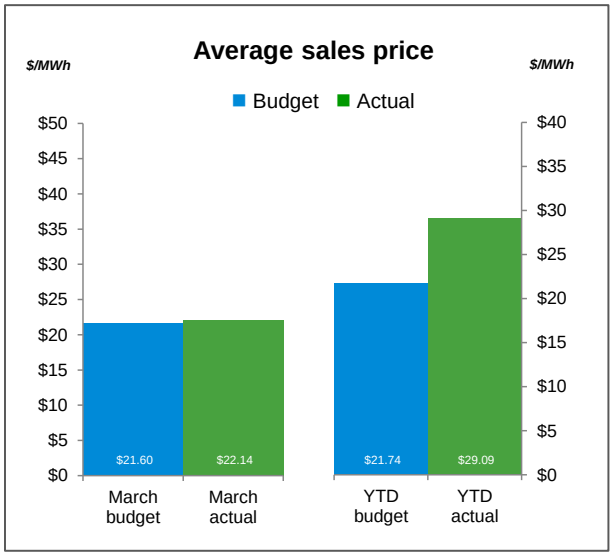


*The 2 MWh battery is charged using energy generated by the Rawhide Prairie Solar project

Market sales

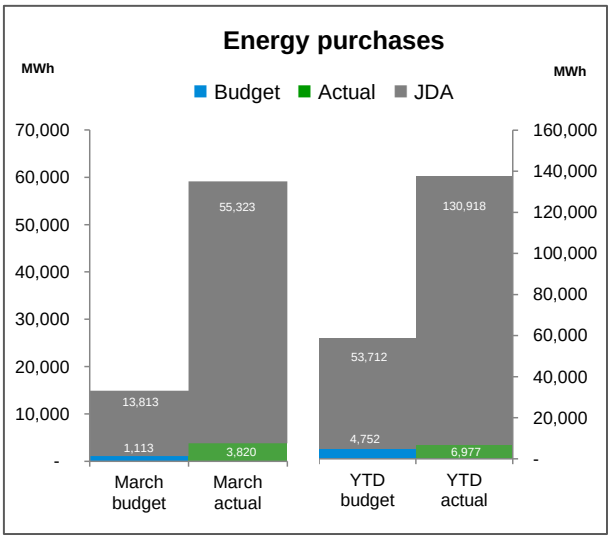
Surplus sales volume came in significantly below budget, due to high regional wind production and soft market conditions as the result of surplus generation in the region. Pricing came in above budget for the month, due to an increase in on-peak sales and a decrease in off-peak sales. Sales volume is well below budget, while sales pricing is significantly above budget, year to date.

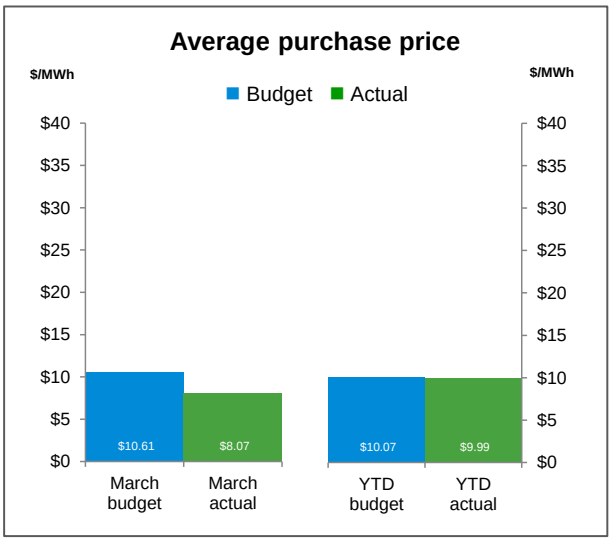




Market purchases

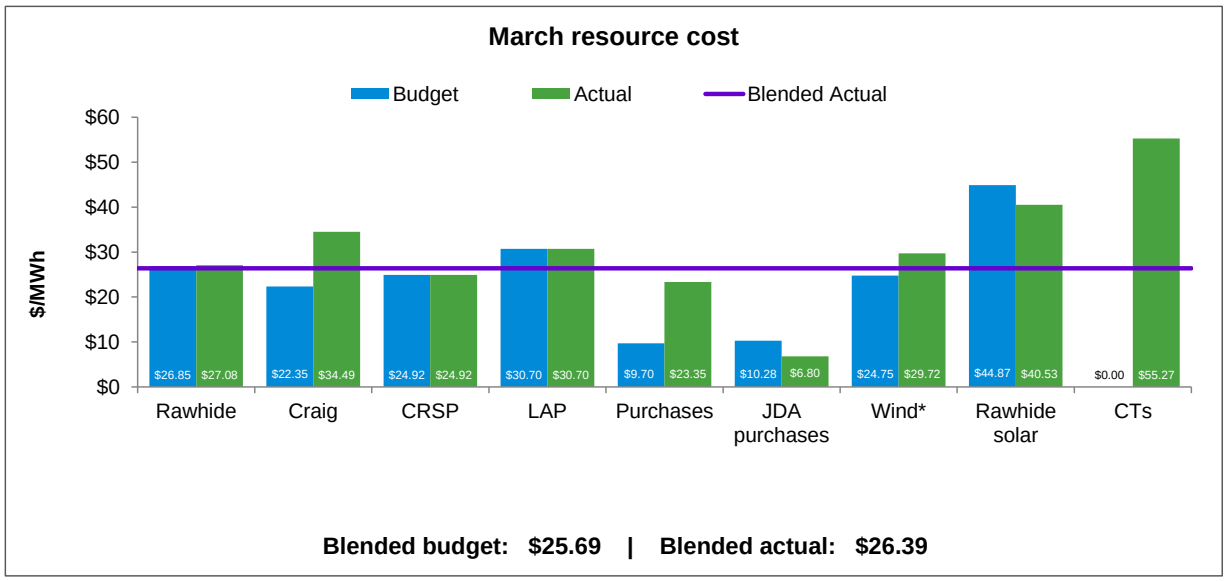
Purchase volumes came in significantly above budget, while purchase pricing came in well below budget for the month, as the result of above budget JDA purchases made at below budget prices which resulted from high wind output, in early March, and fewer outages on regional generating units. Purchase volume is significantly above budget, while purchase pricing is near budget, year to date.

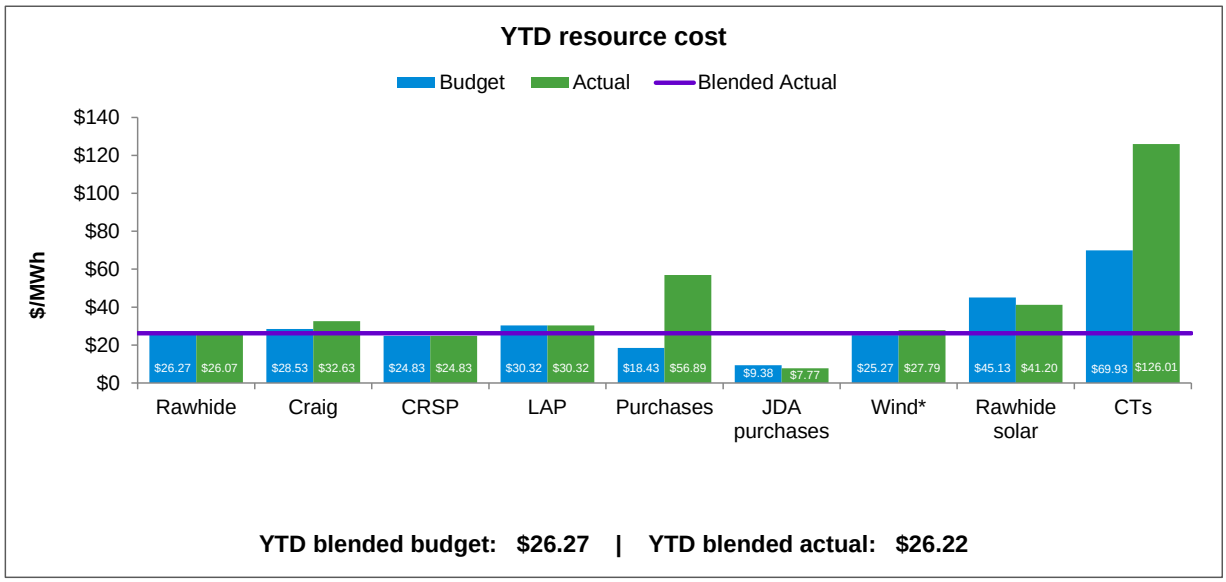




Dispatch cost

Dispatch costs came in above budget for the month, primarily due to above budget CT costs, Craig costs and wind costs. Dispatch costs are near budget, year to date.





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

Power delivery

Major system operations projects benefitting the municipalities:

Location	Estimated finish date	Status	Description
Fort Collins	March 2021	99% complete	Harmony circuit breaker replacements and circuit switcher additions, T1 and T3
Longmont	April 2021	100% complete	County Line Substation, T3 transformer addition for Longmont
Rawhide	April 2021	100% complete	22 MW Rawhide Prairie Solar 34 kV feeder breaker 302 addition
Linden Tech	May 2021	75% complete	Linden circuit switcher additions, T1 & T2

Events of significance

- A new circuit switcher for Linden Tech T1 was completed and placed into service.
- Construction began on the new Energy Engagement Center at Platte River headquarters.
- The City of Loveland's transformers were permanently de-energized at the Loveland West Substation.
- The Rawhide Prairie Solar project and the 2 MWh Tesla battery associated with the project were declared commercially available, on March 19.
- On March 14 through March 15, several lines tripped during the winter storm, as the result of line galloping, although it did not result in loss of load to any of the owner communities.

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Financial report

March 2021

Platte River Power Authority

Financial highlights year to date

Platte River reported favorable results year to date. Net income of $7.6 million was favorable by $4.8 million compared to budget due to above-budget revenues and below-budget expenses.

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

Key financial results ($ millions)	March Budget	March Actual		Favorable (unfavorable)		Year to date Budget	Year to date Actual		Favorable (unfavorable)		Annual budget
Net income/(loss)	$ 0.7	$ 1.0	●	$ 0.3	42.9%	$ 2.8	$ 7.6	●	$ 4.8	171.4%	$ 14.4
Bond service coverage	2.45x	2.74x	●	.29x	11.8%	2.60x	3.69x	●	1.09x	41.9%	2.88x
Fixed obligation charge coverage	1.76x	2.02x	●	.26x	14.8%	1.85x	2.52x	●	.67x	36.2%	2.00x
Budget results											
Total revenues	$ 20.3	$ 18.7	■	$ (1.6)	(7.9%)	$ 60.7	$ 62.0	●	$ 1.3	2.1%	$ 241.6
Sales to owner communities	15.5	15.2	◆	(0.3)	(1.9%)	46.6	47.1	◆	0.5	1.1%	193.9
Sales for resale - long-term	1.6	1.5	■	(0.1)	(6.3%)	4.9	4.5	■	(0.4)	(8.2%)	18.7
Sales for resale - short-term	2.5	1.2	■	(1.3)	(52.0%)	7.1	8.2	●	1.1	15.5%	20.9
Wheeling	0.5	0.5	◆	0.0	0.0%	1.5	1.5	◆	0.0	0.0%	6.3
Interest and other income	0.2	0.3	●	0.1	50.0%	0.6	0.7	●	0.1	16.7%	1.8
Total operating expenses	$ 16.6	$ 14.4	●	$ 2.2	13.3%	$ 48.8	$ 44.9	●	$ 3.9	8.0%	$ 189.4
Purchased power	5.0	4.2	●	0.8	16.0%	14.9	14.1	●	0.8	5.4%	57.2
Fuel	2.8	2.9	■	(0.1)	(3.6%)	9.2	9.2	◆	0.0	0.0%	34.4
Production	3.8	3.7	●	0.1	2.6%	11.5	10.4	●	1.1	9.6%	45.2
Transmission	1.6	1.4	●	0.2	12.5%	4.8	4.8	◆	0.0	0.0%	18.6
Administrative and general	2.5	1.6	●	0.9	36.0%	6.2	4.8	●	1.4	22.6%	22.4
Distributed energy resources	0.9	0.6	●	0.3	33.3%	2.2	1.6	●	0.6	27.3%	11.6
Capital additions	$ 3.9	$ 2.8	●	$ 1.1	28.2%	$ 8.7	$ 3.6	●	$ 5.1	58.6%	$ 127.4

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

Key budget variances year to date

Total revenues

- **Sales to owner communities** were above budget $0.5 million. Energy revenues were $0.4 million or 1.5% and demand revenues were $0.1 million or 0.9% above budget due to record cold temperatures in February.
- **Sales for resale - long-term** were below budget $0.4 million primarily due to below-budget wind generation which is sold under long-term contracts.
- **Sales for resale - short-term** were above budget $1.1 million as average prices were 57.1% above budget, partially offset by 26.7% below-budget energy volume. Record cold weather in February lead to high energy prices.
- **Interest and other income** was above budget $0.1 million due to unbudgeted tower leases and liquidated damages from the Rawhide Prairie Solar project. In addition, buffalo proceeds and expenses were more favorable than anticipated. Partially offsetting the above-budget variance was timing of fiber revenues.

Platte River Power Authority

Total operating expenses

- **Several expenses** resulted in $2.4 million below budget variance due to timing or expenses not being required at this time. The below-budget expenses include: 1) software maintenance, 2) non-routine projects, 3) chemicals, 4) travel and training and 5) other smaller projects. The above-budget expenses include: 1) wheeling expenses and 2) inventory write-offs.
- **Purchased power expenses** were $0.8 million below budget. Wind and solar generation was below budget, and energy was provided to Tri-State under the forced outage assistance agreement. Partially offsetting the below-budget variances were above-budget purchases made under the joint dispatch agreement because of favorable pricing, which replaced baseload generation. Other supplemental purchases were above budget due to the record cold weather in February. Lastly, purchased reserves were above budget due to a higher rate increase than planned from Xcel Energy for Schedule 16 flex reserve service.
- **Distributed energy resources program expenses** were $0.6 million below budget primarily due to the unpredictability of the completion of customers' energy efficiency projects.
- **Personnel expenses** were below budget $0.1 million due to lower than anticipated medical and dental claims. Partially offsetting the below-budget variance were above-budget wages as a result of separation payouts and additional overtime incurred as a result of staff shortages and separating employees into teams and shift changes to accommodate work load in response to the COVID-19 pandemic.

Other financial information

- **Accounting policies** - Presentation of certain items in the statement of net position reflect treatment of two accounting policies adopted during 2020 for a change in depreciation method and treatment of the Windy Gap Firming Project. As a result of these policies, certain amounts historically considered electric utility plant are now reclassified as regulatory assets and regulatory credits, resulting in significant variances from prior year reporting.
- **Debt** - The outstanding principal for Series II, JJ and KK represents debt associated with the Rawhide Energy Station ($24.6 million) and transmission assets ($136.3 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1. The table below shows current debt outstanding.

Platte River Power Authority

Series	Debt outstanding $/thousands	Par issued $/thousands	True interest cost	Maturity date	Callable date	Purpose
Series II - February 2012	$ 1,410	$ 65,475	3.2%	6/1/2022	N/A	$30M new money for transmission projects & refund remaining of Series EE ($4.6M NPV/10.9% savings)
Series JJ - April 2016	134,250	$ 147,230	2.2%	6/1/2036	6/1/2026	$60M new money for Rawhide & transmission projects & refund portion of Series HH ($13.7M NPV/12.9% savings)
Series KK - December 2020	25,230	$ 25,230	1.6%	6/1/2037	N/A*	Refund a portion of Series II ($6.5M NPV/27.6% savings)
Total par outstanding	160,890					
Unamortized bond premium	16,735					
Total revenue bonds outstanding	177,625					
Less: due within one year	(11,145)					
Total long-term debt, net	$ 166,480					

Fixed rate bond premium costs are amortized over the terms of the related bond issues.

*Series KK is subject to prior redemption, in whole or in part as selected by Platte River, on any date.

Capital additions (year-end estimates as of March 2021)

The projects listed below are projected to end the year with a budget variance of more than $100,000. In addition, the amounts below are costs for 2021 and may not represent the total cost of the project. Further changes to capital projections are anticipated and staff will continue to monitor spending estimates to ensure capital projects are appropriately funded.

Project ($ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
Below budget projects				
Windy Gap Firming Project - This project will be below budget as a result of an appeal to the federal court decision causing a construction delay. *The below-budget funds will be requested to be carried over into 2022.*	$ 90,725	$ 1,256	$ 89,469	$ 89,469
Above budget projects				
Dust collector upgrade - Rawhide active yard silo - This project will be above budget as new equipment is required due to new National Fire Protection Association rules. The exhaust fan will also be moved inside, resulting in additional costs.	$ 1,308	$ 1,587	$ (279)	$ -
Delayed projects				
Security system - Loveland Substation - This project was delayed due to uncertainties in the City of Loveland's overall plan for substation security. *The below-budget funds will be requested to be carried over into 2022.*	$ 141	$ -	$ 141	$ 141
Security system - Loveland Crossroads Substation - This project was delayed due to uncertainties in the City of Loveland's overall plan for substation security. *The below-budget funds will be requested to be carried over into 2022.*	$ 125	$ -	$ 125	$ 125

* Project details or amounts have changed since last report.

** Project is new to the report.

Budget schedules

Schedule of revenues and expenditures, budget to actual

March 2021

Non-GAAP budgetary basis (in thousands)

	Month of March		Favorable
	Budget	**Actual**	(unfavorable)
Revenues			
Operating revenues			
Sales to owner communities	$ 15,500	**$ 15,228**	$ (272)
Sales for resale - long-term	1,622	**1,534**	(88)
Sales for resale - short-term	2,528	**1,196**	(1,332)
Wheeling	511	**497**	(14)
Total operating revenues	20,161	**18,455**	(1,706)
Other revenues			
Interest income[1]	132	**134**	2
Other income	45	**111**	66
Total other revenues	177	**245**	68
Total revenues	$ 20,338	**$ 18,700**	$ (1,638)
Expenditures			
Operating expenses			
Purchased power	$ 4,989	**$ 4,249**	$ 740
Fuel	2,839	**2,875**	(36)
Production	3,826	**3,688**	138
Transmission	1,551	**1,372**	179
Administrative and general	2,476	**1,634**	842
Distributed energy resources	900	**610**	290
Total operating expenses	16,581	**14,428**	2,153
Capital additions			
Production	2,482	**2,254**	228
Transmission	380	**91**	289
General	1,018	**416**	602
Asset retirement obligations	-	**6**	(6)
Total capital additions	3,880	**2,767**	1,113
Debt expense			
Principal	968	**967**	1
Interest expense	565	**556**	9
Total debt expense	1,533	**1,523**	10
Total expenditures	$ 21,994	**$ 18,718**	$ 3,276
Revenues less expenditures	$ (1,656)	**$ (18)**	$ 1,638

[1] Excludes unrealized holding gains and losses on investments.

Schedule of revenues and expenditures, budget to actual

March 2021 year-to-date

Non-GAAP budgetary basis (in thousands)

	March year to date		Favorable	Annual
	Budget	**Actual**	(unfavorable)	budget
Revenues				
Operating revenues				
Sales to owner communities	$ 46,610	**$ 47,148**	$ 538	$ 193,909
Sales for resale - long-term	4,905	**4,518**	(387)	18,664
Sales for resale - short-term	7,105	**8,185**	1,080	20,906
Wheeling	1,544	**1,535**	(9)	6,324
Total operating revenues	60,164	**61,386**	1,222	239,803
Other revenues				
Interest income[1]	403	**402**	(1)	1,431
Other income	187	**264**	77	373
Total other revenues	590	**666**	76	1,804
Total revenues	$ 60,754	**$ 62,052**	$ 1,298	$ 241,607
Expenditures				
Operating expenses				
Purchased power	$ 14,903	**$ 14,064**	$ 839	$ 57,193
Fuel	9,233	**9,261**	(28)	34,404
Production	11,495	**10,394**	1,101	45,165
Transmission	4,816	**4,773**	43	18,566
Administrative and general	6,145	**4,806**	1,339	22,419
Distributed energy resources	2,188	**1,601**	587	11,642
Total operating expenses	48,780	**44,899**	3,881	189,389
Capital additions				
Production	5,393	**2,550**	2,843	112,846
Transmission	1,718	**186**	1,532	4,543
General	1,608	**868**	740	8,961
Asset retirement obligations	-	**6**	(6)	1,073
Total capital additions	8,719	**3,610**	5,109	127,423
Debt expense				
Principal	2,905	**2,902**	3	11,640
Interest expense	1,697	**1,669**	28	6,473
Total debt expense	4,602	**4,571**	31	18,113
Total expenditures	$ 62,101	**$ 53,080**	$ 9,021	$ 334,925
Contingency reserved to board	-	**-**	-	28,000
Total expenditures	$ 62,101	**$ 53,080**	$ 9,021	$ 362,925
Revenues less expenditures	$ (1,347)	**$ 8,972**	$ 10,319	$ (121,318)

[1] Excludes unrealized holding gains and losses on investments.

Financial statements

Statements of net position

Unaudited (in thousands)

	March 31 2021	March 31 2020
Assets		
Electric utility plant, at original cost		
Land and land rights	**$ 19,446**	$ 16,997
Plant and equipment in service	**1,429,992**	1,375,362
Less: accumulated depreciation and amortization	**(877,567)**	(893,935)
Plant in service, net	**571,871**	498,424
Construction work in progress	**24,471**	87,520
Total electric utility plant	**596,342**	585,944
Special funds and investments		
Restricted funds and investments	**23,824**	23,468
Dedicated funds and investments	**107,172**	92,029
Total special funds and investments	**130,996**	115,497
Current assets		
Cash and cash equivalents	**57,094**	38,856
Other temporary investments	**37,267**	32,360
Accounts receivable - owner communities	**15,194**	15,058
Accounts receivable - other	**7,016**	6,926
Fuel inventory, at last-in, first-out cost	**14,357**	16,696
Materials and supplies inventory, at average cost	**15,207**	15,314
Prepayments and other assets	**4,318**	3,511
Total current assets	**150,453**	128,721
Noncurrent assets		
Regulatory assets	**36,361**	14,376
Other long-term assets	**5**	14
Total noncurrent assets	**36,366**	14,390
Total assets	**914,157**	844,552
Deferred outflows of resources		
Deferred loss on debt refundings	**4,722**	5,791
Pension deferrals	**2,024**	1,769
Asset retirement obligations	**20,763**	24,260
Total deferred outflows of resources	**27,509**	31,820
Liabilities		
Noncurrent liabilities		
Long-term debt, net	**166,480**	180,634
Net pension liability	**15,604**	18,679
Asset retirement obligations	**26,520**	28,636
Other liabilities and credits	**6,534**	6,908
Total noncurrent liabilities	**215,138**	234,857
Current liabilities		
Current maturities of long-term debt	**11,145**	10,310
Current portion of asset retirement obligations	**1,066**	2,541
Accounts payable	**16,214**	16,219
Accrued interest	**2,193**	2,639
Accrued liabilities and other	**3,223**	2,742
Total current liabilities	**33,841**	34,451
Total liabilities	**248,979**	269,308
Deferred inflows of resources		
Deferred gain on debt refundings	**151**	-
Regulatory credits	**69,373**	7,036
Pension deferrals	**-**	69
Total deferred inflows of resources	**69,524**	7,105
Net position		
Net investment in capital assets	**388,799**	397,984
Restricted	**21,631**	20,829
Unrestricted	**212,733**	181,146
Total net position	**$ 623,163**	$ 599,959

Statements of revenues, expenses and changes in net position

Unaudited (in thousands)

	Month of March	March year to date 2021	March year to date 2020	Twelve months ended March 31 2021	Twelve months ended March 31 2020
Operating revenues					
Sales to owner communities	**$ 15,228**	**$ 47,148**	$ 46,471	$ 196,678	$ 198,279
Sales for resale	**2,730**	**12,703**	7,039	44,236	23,140
Wheeling	**497**	**1,535**	1,440	6,272	5,798
Total operating revenues	**18,455**	**61,386**	54,950	247,186	227,217
Operating expenses					
Purchased power	**4,249**	**14,064**	11,149	50,944	38,701
Fuel	**2,875**	**9,261**	9,679	41,152	43,850
Operations and maintenance	**5,120**	**15,297**	16,215	62,430	61,928
Administrative and general	**1,665**	**4,947**	4,873	20,678	19,358
Distributed energy resources	**614**	**1,608**	1,829	9,339	9,659
Depreciation and amortization	**2,620**	**7,759**	5,939	34,863	22,758
Total operating expenses	**17,143**	**52,936**	49,684	219,406	196,254
Operating income	**1,312**	**8,450**	5,266	27,780	30,963
Nonoperating revenues (expenses)					
Interest income	**133**	**407**	828	2,058	3,512
Other income	**111**	**264**	117	967	416
Distribution to owner communities	**-**	**-**	-	(1,000)	-
Interest expense	**(556)**	**(1,669)**	(1,979)	(7,310)	(8,002)
Amortization of bond financing costs	**152**	**457**	512	1,995	2,131
Net (decrease)/increase in fair value of investments	**(110)**	**(340)**	1,613	(1,286)	2,400
Total nonoperating revenues (expenses)	**(270)**	**(881)**	1,091	(4,576)	457
Change in net position	**1,042**	**7,569**	6,357	23,204	31,420
Net position at beginning of period, as previously reported	**622,121**	**615,594**	593,602	599,959	568,539
Net position at end of period	**$ 623,163**	**$ 623,163**	$ 599,959	$ 623,163	$ 599,959

Statements of cash flows

Unaudited (in thousands)

	Month of March	March year to date 2021	March year to date 2020	Twelve months ended March 31 2021	Twelve months ended March 31 2020
Cash flows from operating activities					
Receipts from customers	**$ 21,718**	**$ 64,049**	$ 56,471	$ 247,034	$ 226,564
Payments for operating goods and services	**(11,252)**	**(37,980)**	(34,173)	(135,485)	(126,854)
Payments for employee services	**(3,344)**	**(10,099)**	(10,811)	(45,985)	(40,244)
Net cash provided by operating activities	**7,122**	**15,970**	11,487	65,564	59,466
Cash flows from capital and related financing activities					
Additions to electric utility plant	**(1,222)**	**(2,065)**	(2,584)	(33,951)	(37,135)
Payments from accounts payable incurred for electric utility plant additions	**(271)**	**(1,271)**	(5,699)	(2,806)	(4,909)
Proceeds from disposal of electric utility plant	**53**	**53**	1	27,226	229
Deposits into escrow for bond defeasance	**-**	**-**	-	(238)	-
Proceeds from issuance of long-term debt	**-**	**-**	-	243	-
Principal payments on long-term debt	**-**	**-**	-	(10,310)	(10,335)
Interest payments on long-term debt	**-**	**-**	-	(7,756)	(8,172)
Net cash used in capital and related financing activities	**(1,440)**	**(3,283)**	(8,282)	(27,592)	(60,322)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	**(1,634)**	**(8,835)**	8,498	(21,696)	10,855
Interest and other income, including realized gains and losses	**240**	**649**	942	2,962	3,890
Distribution to owner communities	**-**	**-**	-	(1,000)	-
Net cash (used in)/provided by investing activities	**(1,394)**	**(8,186)**	9,440	(19,734)	14,745
Increase in cash and cash equivalents	**4,288**	**4,501**	12,645	18,238	13,889
Balance at beginning of period in cash and cash equivalents	**52,806**	**52,593**	26,211	38,856	24,967
Balance at end of period in cash and cash equivalents	**$ 57,094**	**$ 57,094**	$ 38,856	$ 57,094	$ 38,856
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	**$ 1,312**	**$ 8,450**	$ 5,266	$ 27,780	$ 30,963
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization	**2,522**	**7,465**	5,675	30,817	21,377
Changes in assets and liabilities which provided/(used) cash					
Accounts receivable	**3,021**	**2,421**	1,509	(227)	(296)
Fuel and materials and supplies inventories	**(521)**	**(1,028)**	(2,097)	2,447	(474)
Prepayments and other assets	**(1,211)**	**(1,788)**	(2,121)	(1,569)	(2,746)
Deferred outflows of resources	**98**	**295**	(394)	3,243	7,956
Accounts payable	**1,121**	**(1,856)**	993	1,211	718
Net pension liability	**-**	**-**	-	(3,075)	(5,392)
Asset retirement obligations	**(6)**	**(6)**	653	(3,590)	1,667
Other liabilities	**337**	**717**	693	173	1,353
Deferred inflows of resources	**449**	**1,300**	1,310	8,354	4,340
Net cash provided by operating activities	**$ 7,122**	**$ 15,970**	$ 11,487	$ 65,564	$ 59,466
Noncash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	**$ 1,591**	**$ 1,591**	$ 2,807	$ 1,591	$ 2,807
Amortization of regulatory asset (debt issuance costs)	**8**	**24**	18	77	75
Amortization of bond premiums and deferred gain/loss on refundings	**(161)**	**(482)**	(530)	(2,072)	(2,206)
Net proceeds from refunding bond issuance deposited directly into irrevocable trust	**-**	**-**	-	25,182	-

Note: Certain previously stated line items have been reclassified to reflect final audited financial statement presentation.

Schedule of net revenues for bond service and fixed obligations

Unaudited (in thousands)

Bond service coverage	Month of March	March year to date 2021	March year to date 2020	Twelve months ended March 31 2021	Twelve months ended March 31 2020
Net revenues					
Operating revenues	**$ 18,455**	**$ 61,386**	$ 54,950	$ 247,186	$ 227,217
Operations and maintenance expenses, excluding depreciation and amortization	**14,523**	**45,177**	43,745	184,543	173,496
Net operating revenues	**3,932**	**16,209**	11,205	62,643	53,721
Plus interest income on bond accounts, other income and distribution to owner communities [1]	**245**	**666**	958	2,028	3,956
Net revenues before rate stabilization	**4,177**	**16,875**	12,163	64,671	57,677
Rate stabilization					
Deposits	-	-	-	-	-
Withdrawals	-	-	-	-	-
Total net revenues	**$ 4,177**	**$ 16,875**	$ 12,163	$ 64,671	$ 57,677
Bond service					
Power revenue bonds	**$ 1,523**	**$ 4,571**	$ 4,557	$ 18,239	$ 18,316
Coverage					
Bond service coverage ratio	**2.74**	**3.69**	2.67	3.55	3.15

	Month of March	March year to date 2021	March year to date 2020	Twelve months ended March 31 2021	Twelve months ended March 31 2020
Fixed obligation charge coverage					
Total net revenues, above	**$ 4,177**	**$ 16,875**	$ 12,163	$ 64,671	$ 57,677
Fixed obligation charges included in operating expenses [2]	**1,087**	**3,509**	2,509	12,034	9,103
Adjusted net revenues before fixed obligation charges	**$ 5,264**	**$ 20,384**	$ 14,672	$ 76,705	$ 66,780
Fixed obligation charges					
Power revenue bonds, above	**$ 1,523**	**$ 4,571**	$ 4,557	$ 18,239	$ 18,316
Fixed obligation charges	**1,087**	**3,509**	2,509	12,034	9,103
Total fixed obligation charges	**$ 2,610**	**$ 8,080**	$ 7,066	$ 30,273	$ 27,419
Coverage					
Fixed obligation charge coverage ratio	**2.02**	**2.52**	2.08	2.53	2.44

[1] Excludes unrealized holding gains and losses on investments.

[2] 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 to be fixed obligation charges for this purpose.

Platte River Power Authority

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General management report

March 2021

Platte River Power Authority

Business strategies

Communications and marketing

Staff delivered approximately 60 solar- and battery-powered car kits to middle schools that will participate in the NoCo Time Trials and conducted a virtual training workshop for the teams' coaches. Races will be held at 10 participating schools in late April with a virtual award ceremony following in May.

Platte River issued two news releases during the month. The first to announce the board's new chair and vice chair and the second to announce the commercial operations of the Rawhide Prairie Solar installation. Platte River's communications, proactively calling for conservation during the Valentine's weekend cold snap, drew continued interest from the media as natural gas utilities began to seek cost recovery for significant price spikes.

Staff finalized and deployed assets for the Efficiency Works brand marketing campaign that began in late March. The campaign, which will reach retail customers through a variety of digital platforms and radio, is designed to elevate community recognition of the Efficiency Works brand and support individual program marketing efforts. Other Efficiency Works program marketing emphasized expansion of the brand's digital footprint across new and existing platforms.

In addition to regular internal communications from the Power Source, NewsFeed and business meeting email, staff continued to support updates from human resources concerning COVID-19 safety protocols and weekly video messages from the general manager/CEO.

Community and government affairs

Staff continues to build and fortify relationships with stakeholders by expanding engagement with community partners and organizations. In March, staff participated in several online meetings and events.

Local engagement

- Attended four city council and town board meetings, work sessions, listening sessions
- Attended eight chamber committee and council meetings, events
- Participated in Coffee with the CEO – Larimer County United Way

Legislative outreach

- Met with staff from Senator Bennet's office
- Met with Senator Chris Hansen
- Participated in three town halls hosted by members of Platte River's congressional delegation and state legislators
- Participated in five state agency and commission meetings (Air Quality Control Commission, Colorado Department of Public Health & Environment – Air Pollution Control Division)
- Attended state transportation and energy committee meeting regarding SB21-072

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Other activities

- Represented Platte River at Colorado Association of Municipal Utilities legislative committee meeting
- Represented Platte River at American Public Power Association's legislative rally and legislative and resolutions committee meeting

Clean Energy Plan update

During the 2019 legislative session, Colorado adopted SB19-236, which directed regulated utilities to submit a Clean Energy Plan (CEP) as part of their next electric resource plan filing with the Colorado Public Utilities Commission (PUC). The legislation also allows for voluntary CEP filings by non-regulated electric utilities, such as Platte River.

Also during the 2019 legislative session, Colorado adopted HB19-1261. In addition to setting economy-wide Greenhouse Gas (GHG) emissions reduction targets for Colorado, this legislation created a mechanism by which utilities with an approved CEP can attain regulatory certainty with the Air Quality Control Commission (AQCC) through 2030, commonly referred to as the "safe harbor" provision. In order to achieve safe harbor, a utility must demonstrate an 80% reduction of GHG emissions over 2005 levels.

After a lengthy stakeholder process, the CEP guidance document and associated workbook were presented to both the PUC and AQCC, with the AQCC approving two resolutions in support of it at its January meeting.

Following the Western Area Power Association's approval of our 2020 Integrated Resource Plan in February, Platte River formed a CEP internal work group to draft our CEP submission. This work group will coordinate with Air Pollution Control Division staff over the coming months to finalize Platte River's CEP so that it may be presented to the Platte River Board at its August meeting with approval at the September board meeting.

Human resources

The human resources team completed three full days of training for its human resource information system (HRIS) implementation. The introduction to the HRIS, Dayforce, was communicated to the organization.

Phone screens were completed for the talent acquisition specialist opening and virtual panel interviews were scheduled to meet the goal of filling this position quickly as it will support other organizational recruitments.

Initial return to work plans are being developed for later in 2021. Communication to staff encouraging COVID-19 vaccination has been well received and employees are in the process of getting vaccinated.

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Safety

There was one recordable injury (sprained ankle) and no lost time injuries in March. The staff member rolled their ankle on Rawhide grounds and received temporary restrictions.

On March 24, the Loveland fire department responded to a transformer on fire at the Horseshoe Substation located in Loveland. There were no injuries to city or Platte River staff. Platte River safety staff serviced the substation's used fire extinguishers the following day.

Safety staff supported CT outage schedules with respective teams without incident. Additionally, safety staff will participate in the return to work planning at Rawhide prior to the major outage scheduled for this fall.

Interviews were conducted for the open safety specialist position at Rawhide.

Injury statistics	2019 year end	2020 year end	YTD through March 2020	YTD through March 2021
Recordable injury rate	0.85	1.29	0.00	1.60
DART	0.00	0.43	0.00	1.60
Lost time rate	0.00	0.43	0.00	0.00

Emergency Response Team

The emergency apparatus rebranding project at Rawhide began in March and is 90% complete.

Subject matter experts have been acquired for onsite ERT trainings to resume beginning in May.

Energy Engagement Center construction

There were no recordable injuries at the Energy Engagement Center. Safety staff is regularly visiting the construction site to monitor activities to ensure work is being completed safely.

Energy solutions

Although in-person services are on hold and will remain as such until COVID-19 transmission risk drops to acceptable levels, Efficiency Works continues to provide virtual advising services, rebates for efficiency upgrades and delivery of efficient products that customers can self-install.

Efficiency Works Business launched a revamped Building Tune-up program in March. This program provides technical support and incentives to grow cost effective energy savings from the business sector through improved performance of heating, ventilating and air conditioning equipment and retro

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commissioning services. The launch of this program is the result of 18 months of work planning and piloting that was performed in collaboration with owner community staff, our consultants, local service providers and customers.

Through March, Efficiency Works programs achieved energy savings of 5,470 MWh and spent $1.5 million, including administration costs.

Distributed energy resource strategy committee

The DER committee and subcommittees continue their work to develop a DER strategy, with a goal to finalize the strategy in the June 2021 time frame. Current efforts are focused on completing a DER initiative evaluation framework and drafting “solution charters” that are intended to guide how Platte River and the owner communities can collaborate to improve integration of DERs into planning and program development.

The DER committee also prepared for a third round of stakeholder engagements that will consist of two virtual workshops scheduled for April 14 and 20. Results of these workshops will be shared in a future update to the board.

Financial and information technology services

2021 capital – board contingency

Capital projects are tracked closely throughout the year and revisions are expected as projects’ scope and schedules change, and new projects arise. At this time, capital expenditures are expected to be approximately $89.4 million below budget at the end of the year. The majority of the below budget funds relate to the delay of the Windy Gap Firming Project as a result of the Notice to Appeal filed by the plaintiffs in the litigation of the project.

Some projects will not be completed during 2021 and the remaining funds for those projects, approximately $89.7 million, will need to be carried over into 2022. These projects, including the Windy Gap Firming Project, are summarized in the financial report included in the board packet. Thus far in 2021, several additional requests for funds have occurred due to changes in the schedule and scope of projects. As a result of the need to carry over funds to 2022, current estimates show $0.4 million may be required as a budget contingency appropriation to cover the additional capital project expenses.

Further changes to capital projections are anticipated and staff will continue to monitor spending estimates to determine the appropriate amount needed. Project managers are continuously improving work planning and budgeting by better aligning scope, schedules and available resources. The following table represents the estimates for capital expenditures as of March 31, 2021.

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Capital summary	$ million
2021 capital budget	$ 127.4
Estimated capital expenses at 03/31/2021	38.1
Under budget variance	$ 89.3
Estimated capital carryovers from 2021 to 2022	(89.7)
Estimated contingency transfer request	**$ (0.4)**

Financial auditor selection

Platte River's board has retained BKD LLP (BKD) as its external financial auditors since 2006, with the acquisition of Grant Thornton LLP, the current auditors at that time. The current contract has expired with the 2020 financial audit. Throughout the years, BKD has provided exceptional service and has extensive experience in the industry. Regular partner rotation on the engagement enhances auditor independence, objectivity and professional skepticism.

As it is the responsibility of the board to select an audit firm, staff will be seeking direction from the board at the April meeting whether a request for proposal (RFP) is preferred. If an RFP is not initially preferred, staff proposes BKD present renewal options to the board at the May meeting. At the May meeting the board can elect to extend the agreement with BKD or if unsatisfied with contract terms the board can instruct staff to conduct an RFP. The RFP process would include board interviews with final audit firms.

Insurance renewal

The Information Security and Data Privacy policy renewed with AEGIS and Lloyd's of London syndicates for the policy period of March 19, 2021, to March 19, 2022. The Information Security and Data Privacy policy provides coverage for cyber related events impacting both Platte River operations and third parties. The cyber policy has a $500 thousand deductible and $50 million limit of liability.

Rates meeting – owner community and Platte River staffs

Rate staffs from the owner communities and Platte River periodically meet to improve collaboration on various rate issues. In April, staffs met to discuss retail net metering programs, long-term wholesale rate projections, and 2022 minimum billing demands and owner allocations. Legal staffs were present for this meeting to gain a mutual understanding of the various net metering programs throughout the owner communities.

Certificate of non-default filing

As required by Platte River's General Power Bond Resolution No. 5-87, a certificate of non-default, along with a certificate of insurance compliance and 2020 audited financial statements, will be filed by April 30 with Platte River's bond trustee, Wells Fargo Bank.

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Market manipulation audit

Platte River's manager of internal audit completed the semi-annual market manipulation audit for 2020. The auditor noted no indications of market manipulation but made recommendations for internal control improvements, which will be implemented by departmental staff.

IT disaster recovery and business continuity workshop

IT engaged InfoTech to perform a disaster recovery and business continuity workshop in February. The workshop's goal was to identify any gaps between our IT disaster recovery capabilities and the business units' service continuity requirements and create a plan to close those gaps. The workshop's outcome is a roadmap that establishes our future disaster recovery direction. We will use the roadmap to develop project plans and schedules to meet the organizations disaster recovery objectives.

Energy Engagement Center

Construction is progressing well and on schedule. The significant March snowstorm did cause a couple of days delay, but crews were prepared for the storm and have worked to make up the lost time. Footings and foundation walls have been poured and crews are now working to backfill the areas and prepare for under-slab utilities. Significant coordination efforts are underway to install a Tesla Powerwall system within the new conference center as well as a larger energy storage system located just outside the new addition.

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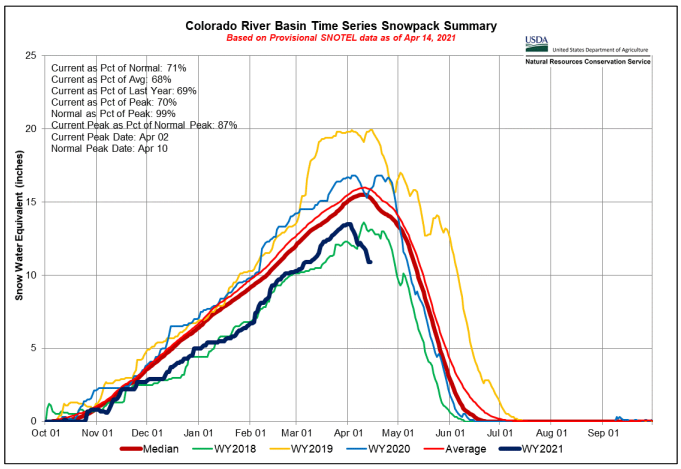
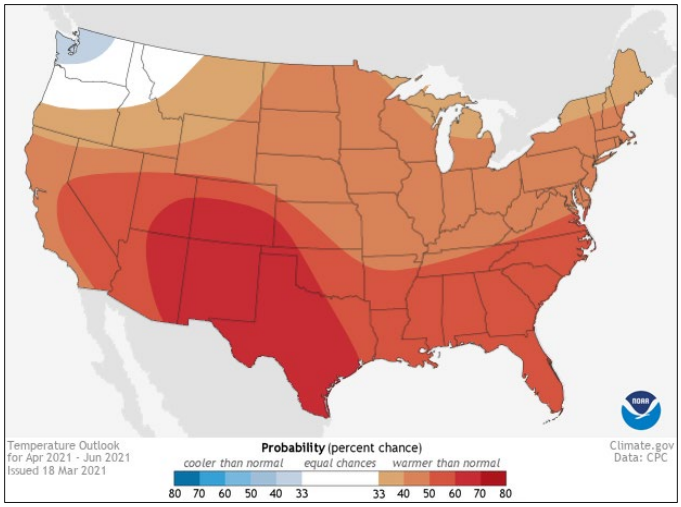
Operations

Fuels and water





Snowpack in the upper Colorado River basin has lagged the long-term average, since late November 2020 (see chart). Despite having made significant gains in February and March, the snow totals appear to have peaked in early April at 87% of average. Next, the collective eye of regional water managers will be on the progression of the runoff season, which influences the quantity of water that can be collected in the Colorado-Big Thomson (C-BT) system as well as pumped by the Windy Gap project. Current forecasts (see map) indicate that temperatures are expected to be above average during the snowmelt season, potentially indicating an accelerated runoff pattern and a reduced volume of available runoff.

The most recent modeling by Northern Water suggests that pumping is likely for the Windy Gap project this year. If that is the case, pumped water will be allocated according to the operating rules of the project, with an initial allocation of water distributed to West Slope entities and the remaining balance of pumped water distributed to project participants on a pro-rata basis, according to Windy Gap unit ownership. Early estimates indicate that 18,000 acre-feet of total project pumping would provide Platte River with sufficient water supply for its 2021 water year operations. Higher amounts of pumping would be stored in Lake Granby for use in subsequent years. If the Windy Gap project does not pump this year, or if pumping is insufficient to cover the entirety of Platte River's needs, staff will work to secure sufficient rental water for the remainder of the 2021 water year. The C-BT quota was recently established at 70%, which typically coincides with a sufficiently supplied rental market, but the availability in this specific season is still yet to be determined.

The Windy Gap Firming Project (Chimney Hollow Reservoir Project) remains in the appeal process from the federal lawsuit, originally filed in 2017 and favorably ruled on by the federal district court in December 2020. During the appeal process, efforts will continue on the project financing component and any additional pre-construction activities and document review which can be accomplished at this

time. All preparations will be made to ensure that project construction can begin once the appeal process ends.

Resource planning update

Resource planning staff is training to use the new Plexos model while populating it with Platte River data and verifying the results. Staff is also developing data output templates to provide information for budget and rate projections. The process is expected to be completed within the next two months, in time for the July budget update.

Staff has developed an optimal hydropower dispatch schedule to be shared with the Western Area Power Administration in an effort to better align hydropower energy use with Platte River's load and Joint Dispatch Agreement pricing. A dashboard that displays our real-time generation was recently developed and highlights production from renewable resources. The dashboard updates data every five minutes.

Rawhide Prairie Solar project update

The design upgrades engineered to address the high wind damage were reviewed by third-party engineering consultants. All modifications were installed, inspected and approved as having met the contractual requirements to be deemed commercially operational. The Rawhide Prairie Solar project was therefore declared commercially operational on March 19.