Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, August 26, 2021, 9 a.m.

Call to order

1. Consent agenda — *Motion to approve*
    a. Minutes of the regular meeting of July 29, 2021

Public comment

Board action items

2. Craig accounting policy — *Resolution 07-21*
3. General manager/general counsel annual review policy — *Resolution 08-21*

Management presentations

4. Wholesale rate projections update and 2022 rate tariff charges
5. Surplus sales impacts
6. Clean Energy Plan
7. Chimney Hollow Reservoir pooled financing results

Monthly informational reports

8. Legal, environmental and compliance report
9. July operating report
10. July financial report
11. July general management report

Strategic discussions

Adjournment

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2021 board meeting planning calendar

Updated Aug. 16, 2021

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	Staffing update	August 2021 operating report
Pension plan changes			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

November 2021

Retirement committee meeting

No board of directors meeting

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Dec. 9, 2021

Board action items	Management presentations	Management reports	Monthly informational reports
Retirement committee report	Inside Information community survey	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:

- Chimney Hollow Reservoir tour
- 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

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—Vice Chair, Board of Directors	April 2024
Reuben Bergsten	December 2024
City of Fort Collins P.O. Box 580, Fort Collins, Colorado 80522	
Mayor Jeni Arndt	April 2023
Julie Pignataro	April 2023
City of Longmont 350 Kimbark Street, Longmont, Colorado 80501	
Mayor Brian Bagley	November 2021
David Hornbacher—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: 8/18/2021

To: Board of directors

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

Subject: **Consent agenda – August**

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

a) Minutes of the regular meeting of July 29, 2021

Attachment

Platte River Power Authority

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Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, July 29, 2021

Attendance

Board members via Zoom Webinar
Representing Estes Park: Mayor Wendy Koenig
Representing Fort Collins: Mayor Jeni Arndt and Julie Pignataro[1]
Representing Longmont: David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Absent
Mayor Brian Bagley
Reuben Bergsten

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)
Melie Vincent (chief operating officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance and IT)
Trista Fugate (director of community and government affairs)
Paul Davis (energy solutions manager)
Jason Harris (controller)
Libby Clark (director of human resources and safety)

Guests via Zoom Webinar
Tim McCollough (deputy director of light and power, Fort Collins)
Jared Leader (SEPA)

Call to order

Chair Hornbacher called the meeting to order at 9:00 a.m. A quorum of board members was present via roll call. The meeting, having been duly convened, proceeded with the business on the agenda. Chair Hornbacher announced that the Platte River staff decided to hold a hybrid meeting having support staff and the public attend via Zoom Webinar. Jason Frisbie, general manager and chief executive officer, introduced Melie Vincent, chief operating officer, and thanked Alyssa Clemsen Roberts, chief strategy officer, for her time at Platte River Power

[1] Arrived at 9:07 a.m.

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Authority. Sarah Leonard, general counsel, introduced Jennifer Hammitt, senior counsel.

Action items

1. Consent agenda

a. Approval of the regular meeting minutes of May 27, 2021

Director Bernosky moved to approve the consent agenda as presented. Director Koenig seconded. The motion carried 6-0 via roll call vote.

Public comment

Chair Hornbacher 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. One member of the public addressed the board regarding the dashboard provided in the packet.

Committee reports

2. Retirement committee report (presenter: committee chair Joe Bernosky)

Committee chair Joe Bernosky provided a summary of the May 27 committee meeting, noting that Towers Watson provided a review of the plan's actuarial valuation report providing the required funding contribution for 2022. Northern Trust reported on the plan's performance for the March 2021 quarter and presented an update on the firm's asset and liability study. No board action was required, and the next committee meeting is scheduled for August 26.

Mr. Frisbie reminded Directors Marsh and Arndt of the retirement committee orientation scheduled for August 4. Director Marsh asked to attend in person.

Board action items

3. Executive session

Director Koenig moved that the board go into executive session for the purpose of receiving legal advice about the proposed Black Hollow solar project.

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

Director Bernosky seconded, and the motion carried 6-0 via roll call vote.

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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. No further discussion or action was taken by the board.

Management presentations

5. WEIM update (presenter: Melie Vincent)

Melie Vincent, chief operating officer, presented the historical timeline leading Platte River to consider moving into the Western Energy Imbalance Market (WEIM), regional changes causing Platte River to reconsider, the options and risks associated with each and next steps to selecting a market by the end of 2021.

Mr. Frisbie added background history to the Mountain West Transmission Group and explained how changing balancing authorities would affect the system and Platte River.

6. DER strategy (presenter: Tim McCollough)

Tim McCollough, committee co-chair and deputy director of light and power with the City of Fort Collins, presented the overview of efforts by city staff, Platte River staff and community members formulating goals, guiding principles and framework to develop the Distributed Energy Resources (DER) strategy as the five utilities move into the next phase.

Director Bernosky thanked staff for their work, especially the City of Loveland staff, adding that October will be his last board meeting and staffs' commitment towards the DER strategy will continue. He asked the board to consider all costs that the individual utilities will need to invest throughout the process, ultimately passing onto their customers.

Director Koenig added that staff in Estes Park is excited to continue the DER conversation.

Director Marsh asked if there are any roadblocks prohibiting the committee from moving forward and how each city is doing working towards the DER strategy. Chair Hornbacher commented on the strong demonstration of commitment by the four owner communities' staff and Platte River over the course of the last year working together and learning the process to move the strategy forward. Mr. McCollough responded that the committee's work thus far was outlining how to evaluate programs, not to evaluate actual resources, and focused on creating a strategy to engage the next phase of evaluation. Mr. Frisbie reminded the board that the four owner communities formed Platte River to take advantage of economies of scale, noting that it will be relevant in deploying DER strategies moving forward and how it benefits the entire system. Mr. McCollough added that the committee learned a lot about how the current structures, technologies and rates will need to adapt, and working together is imperative.

Discussion ensued among directors and staff about how the DER strategy will affect the owner communities' current system structure while balancing the addition of new technologies and how implementing DER resources will require investments in the future.

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Director Arndt thanked the staff for working through the challenges new programs bring forward.

Management reports

7. Craig decommissioning accounting policy (presenter: Dave Smalley)

Dave Smalley, chief financial officer and deputy general manager, discussed the GASB 62 accounting policy associated with decommissioning the Craig units 1 and 2 and amortizing costs. He outlined the draft policy, the whitepaper explaining when Platte River adopted certain accounting practices for rate setting purposes and decommissioning costs and a draft resolution included in the board packet for the board to approve. Staff recommends the board adopt the accounting policy during the August board meeting.

Director Marsh asked if similar decommissioning studies have been completed on Rawhide Unit 1. Mr. Smalley responded that there is a requirement through the county to provide a refurbishing plan for when the site is abandoned and Platte River has started accruing those expenses, currently estimated at about $15 million. He noted that the difference is the legally enforceable requirement does not occur until there is no generation at the site and the costs are being amortized through 2055, which is the current estimated life of the gas peaking units at the site.

8. Clean energy plan (presenter: Trista Fugate)

Trista Fugate, director of community and government affairs, provided an update on the clean energy plan (CEP) and timeline for submission. Staff will present the draft CEP workbook at the August board meeting and will seek approval at the September board meeting to submit the plan to the Air Pollution Control Division by Dec. 31, 2021.

Director Arndt complimented staff for being proactive in taking voluntary actions.

Ms. Clemsen Roberts thanked the board for their commitment and support throughout the CEP process. Mr. Frisbie noted the CEP report is complex and staff will present the summary of the report at the August board meeting.

9. Legislative session recap (presenter: Trista Fugate)

Ms. Fugate summarized the first regular legislative session that adjourned *sine die* on June 8, focusing on bills that directly affect Platte River.

Director Arndt mentioned the executive order from Governor Polis in reference to HB21-1266 and asked Ms. Fugate to address how that impacts the content of HB21-1266. Ms. Fugate referred to the cap and trade element within the bill and noted Governor Polis speaking against establishing a cap and trade program, also prohibiting state staff from working on this program. Director Marsh asked Platte River staff to attend a city council meeting to provide a recap. Ms. Clemsen Roberts recommended that Ms. Fugate provide a memorandum with information on the bills passed for board members to share with councils instead of presenting. Director

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Bernosky added that members of Colorado Association of Municipal Utilities can look to that association to provide greater detail to the councils.

10. GM/GC annual review policy (presenter: Libby Clark)

Libby Clark, director of human resources and safety, outlined the proposed policy changes to the GM/GC annual review policy and results from the executive compensation survey. Ms. Clark recommended the addition of a third market salary survey to the compensation considerations. Staff will return to the August board meeting for approval of the proposed policy changes outlined on the memorandum within the July board packet.

Chair Hornbacher asked if the general counsel had reported directly to the general manager in the past and how other companies within the Large Public Power Council (LPPC) handle the general counsel performance reviews. Ms. Clark responded that the general counsel as well as outside counsel has reported directly to the general manager in the past and said that many members within LPPC have the same reporting relationship that staff is recommending. Most of the LPPC members continue to have board involvement in the recruiting process, same as when Sarah Leonard was hired.

Director Koenig supported the staff recommendations and commented on it being the standard way of evaluations in the industry. Director Marsh did not support the general manager being responsible for the general counsel annual performance review and salary adjustments. The board supported adding the Mercer compensation survey to the market-based compensation practices and methodology resources.

Monthly informational reports

11. Q2 performance dashboard (presenter: Jason Frisbie)

Mr. Frisbie provided an overview of the information represented within the Q2 performance dashboard, noting the communications issue and the CT unit startup reliability metric, and explained the difference between the noncarbon percentages. He thanked staff for their work creating the performance dashboard.

Director Pignataro asked how surplus sales energy changes the percentages provided to the owner communities. Mr. Frisbie explained that almost all renewable energy is delivered to the owner communities and the majority of surplus sales comes from Platte River's dispatchable resources.

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

Sarah Leonard, general counsel, highlighted the Western Area Power Administration's (WAPA) update on page 81 of the board packet. The board thanked staff for the report and had no questions.

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13. May and June operating report (presenter: Melie Vincent)

Ms. Vincent provided the May and June performance results noting that May experienced very mild weather and June was hot. She said year-to-date results continue to remain strong for municipal demand and energy, however, the renewable resources continue to perform below budget. The board had no questions.

Mr. Frisbie pointed to the dispatch cost charts within the operating reports and how Ms. Leonard's update on WAPA's hydro allocations and cost increases will affect the blended actual price per megawatt hour.

Chair Hornbacher asked about the new peak set recently. Mr. Frisbie stated that the new owner community peak of 715 MW was set at 6:00 p.m. on July 28. Discussion ensued among directors and staff of regional sales, significant weather events and reliability. Mr. Frisbie complimented staffs' dedication and work in the control rooms and Rawhide staff for keeping the system running smoothly.

14. May and June financial report (presenter: Dave Smalley)

Mr. Smalley highlighted May and June financial results, focusing on favorable results with operating expenses below budget and revenues at budget for May. June showed results above budget in revenues, driven by municipal demand and energy and surplus sales. The board had no questions.

15. General management report (presenter: Jason Frisbie)

Mr. Frisbie reported on the return to work phase 1 for headquarters, the Chimney Hollow Reservoir pooled financing and groundbreaking event and Platte River being able to pump 15,000-acre feet of Windy Gap water to help with current water supply needs.

Roundtable and strategic discussion topics

Adjournment

With no further business, the meeting adjourned at 12:01 p.m. The next regular board meeting is scheduled for Thursday, August 26, 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: 8/18/2021

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: **Accounting policy – GASB 62 adoption**
Craig units 1 and 2 decommissioning cost accrual policy

At the July board meeting staff provided a whitepaper and presented the accounting policy to accrue decommissioning costs for the coal-fired Craig units 1 and 2 at the Craig Generating Station. This policy is for rate making purposes and applies alternative accounting treatment using GASB 62.

Staff recommends approval of the accounting policy as outlined in the attached policy and resolution.

Attachments

- Craig accounting policy
- Resolutions 07-21: Craig accounting policy

Platte River Power Authority	Policy	Version #: 1.0 Original Effective Date: 01/01/2022 Next Review Date: 01/01/2027
	Craig units 1 and 2 decommissioning accrual policy	Page 1 of 3

Purpose:

The purpose of this policy is to establish accounting treatment for the accrual of decommissioning costs of the coal-fired Craig units 1 and 2 at the Craig Generating Station. Craig Unit 1 is expected to be retired by Dec. 31, 2025 and Craig Unit 2 by Sept. 30, 2028. Platte River will be responsible for its participant share of the decommissioning expenses. The actual decommissioning activities and cash outlay is expected to take place after 2030 when Tri-State Generation and Transmission Association, Inc.'s Craig Unit 3 is retired, but the timing may be modified if the Yampa participants agree to a different schedule.

The accounting treatment detailed in this policy is to accrue for decommissioning costs over a period of time to smooth the rate impact.

Policy:

This policy describes the accounting treatment for the accrual of decommissioning costs of the coal-fired Craig units 1 and 2.

Decommissioning cost estimate

The initial decommissioning cost estimate will be established from Public Service Company of Colorado's decommissioning study performed in 2014. The original amount will be escalated using Colorado Department of Public Health and Environment's published inflation rate to bring the cost to an estimated value at Dec. 31, 2020, then the 2020 inflation rate will be used each year thereafter to value the cost in 2028. Under this method, Platte River's share of the initial estimated decommissioning cost is $16.5 million in 2028.

Going forward, the cost estimate will be updated annually for changes in the inflation rate and changes in cost estimates including results from a new decommissioning study, if applicable. If requirements under GASB Standard No. 83 *Certain Asset Retirement Obligations* (GASB 83) are met at some point in the future, Platte River will convert these costs to an asset retirement obligation and follow GASB 83 accounting. If that occurs, this accounting policy would no longer apply.

Accrual period

The initial accrual period will be Jan. 1, 2022 through Sept. 30, 2028, the estimated closure date of Craig Unit 2. The accrual period will be adjusted if a different decommissioning schedule is agreed upon by the Yampa participants.

Accretion expense and regulatory liability

The total cost will be recognized ratably over the initial accrual period starting Jan.1, 2022 through Sept. 2028, the estimated closure date of Craig Unit 2. The amount will be debited to accretion expense and reported within the depreciation, amortization and accretion category on the statement of revenues, expenses and changes in net position. The liability will be credited

and classified on the statement of net position as a regulatory credit under deferred inflows of resources.

Any difference between the actual costs incurred for decommissioning and the accrued liability is charged or credited to expense at the time the decommissioning activities occur.

As discussed with Platte River's auditors, this policy accords with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, Regulated Operations, paragraph 476-500, which allows certain expenses or revenues to be recognized when included in wholesale rates charged to the owner communities rather than when normally recorded.

Implementing Parties and Assigned Responsibilities:

The Controller reviews this policy and brings necessary revisions before the Platte River Board of Directors for approval.

Associated Items (if applicable):

Accounting policy – GASB 62 Craig units 1 and 2 decommissioning cost accrual policy white paper
Craig units 1 and 2 decommissioning accounting treatment procedure
Resolution No. 07-21

Definitions (if applicable):

Document Owner: Controller	**Original Effective Date**: 01/01/2022
Authority: Board of Directors	**Review Frequency:** Every 5 years
Counsel Review: General Counsel	**Current Effective Date:** 01/01/2022

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0		Board resolution 07-21	Shelley Nywall	New

RESOLUTION NO. 07-21

Background

A. Platte River Power Authority (Platte River) staff has provided explanatory materials and a proposed policy to establish accounting treatment for the accrual of decommissioning costs of the coal-fired Craig units 1 and 2 at the Craig Generating Station.

B. The proposed accounting policy, as proposed by staff, relies on Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements* (GASB 62), to ensure that costs related to Platte River assets are properly recovered in Platte River's wholesale rates to its owner communities.

C. The board has determined that the proposed accounting policy is in the best interests of Platte River and consistent with Platte River's obligations under the Master Power Bond Resolution and its strategic financial plan.

Resolution

The board of directors of Platte River Power Authority therefore resolves that the Craig units 1 and 2 decommissioning accrual policy, in the form attached to this resolution, is hereby adopted.

AS WITNESS, I have signed 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: 8/18/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Libby Clark, director of human resources and safety

Subject: **Resolution to change general manager annual performance review process**

As presented and discussed during the July board meeting, staff proposed changes to the general manager annual performance review process board policy. The proposed changes are consistent with the practices of several of Platte River's peer organizations in the Large Public Power Counsel.

Summary of changes include:

- General manager will be responsible for conducting the annual review of the general counsel.
- General manager will be responsible for determining the salary and any applicable salary adjustments for the general counsel in alignment with the board's employee total compensation policy regarding market-based compensation practices and methodology.

These changes to the processes are listed in the attached resolution for board approval.

In addition to the changes to the policy, it is recommended that the responsibility for governmental affairs by the general counsel be rescinded, as this responsibility has shifted to the chief strategy officer.

Also presented and discussed during the July board meeting, staff recommended including an additional compensation survey match, specifically Mercer, to determine the salary range for the general manager. This data will be used in conjunction with the American Public Power Association and Hometown Connections surveys currently used to determine compensation for the general manager.

Attachments

- General manager annual performance review process policy
- Resolution general manager annual performance review process policy

Platte River Power Authority	Policy	Version #: 4.0 Original effective date: 03/27/2014 Next review date: 10/30/2022
	TITLE: General manager annual performance review process	Page 1 of 3

Purpose:

The purpose of this policy is to establish the process by which the board of directors provides performance feedback to the general manager. The intent of such feedback is to help ensure that the general manager is aware of the board's expectations and to provide the support needed to be successful in their job.

Policy:

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

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

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

The board may provide performance feedback to the general manager using the feedback surveys, the appointee's annual reports, direct board discussion or other means that appropriately reflect job performance. Copies of all written feedback will be provided to each direct report. The general manager shall prepare a written, memo-style annual report including a self-evaluation prior to any performance discussions with the board. The general manager will include his annual performance appraisal with general counsel as part of his report to the board. In all situations, the board is committed to following Platte River's Equal Opportunity Policy [Handbook] and will not discuss, allude to or be influenced by non-job-related factors.

As part of the annual performance review process, the board will review the salary of the general manager and shall determine any applicable adjustments. This review should be conducted in a manner consistent with the board's employee total compensation policy regarding market-based compensation practices and methodology. The board may direct staff to either use the existing internal market survey process or may choose to use an external third-party vendor to evaluate the market practices and current pay levels for the position. In either case, the market survey

should reflect a broad cross section of similarly situated generation and transmission utilities. Any changes in pay resulting from the survey should be communicated to the general manager during the March board meeting.

Implementing parties and assigned responsibilities:

The board of directors is responsible for carrying out this policy and may delegate actions under this policy through the general manager to internal Platte River staff.

The board chair and vice chair, in conjunction with the general manager, are responsible for identifying the appropriate internal support staff to assist with the process, for working with all board members to determine the content and audience for any performance feedback survey, and to direct staff regarding any desired market survey to help determine compensation.

Associated items (if applicable):

Employee total compensation policy originally adopted by the board on March 28, 2013.
Platte River's Employee Handbook

Definitions (if applicable):

Document owner: Director of human resources and safety	**Original effective date:** 03/27/2014
Authority: Board of directors	**Review frequency:** Annually
Counsel review: General counsel	**Current effective date:** 08/26/2021

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0	03/27/2014	Original policy - board Resolution No. 06-14	Karin Hollohan	New
2.0	10/29/2015	Revised by board of directors - Resolution No. 12-15	Karin Hollohan	Revision
3.0	02/25/2016	Revised by board of directors - Resolution No. 01-16	Karin Hollohan	Revision
3.1	10/30/2020	Placed on new template and reviewed	Libby Clark	Review
4.0	08/26/2021	Revised by board of directors - Resolution No. 08-21	Libby Clark	Revision

RESOLUTION NO. 08-21

Background

A. The annual performance review process for the Platte River Power Authority (Platte River) general manager and general counsel has evolved over time. Currently, the board of directors (board) reviews the performance and compensation of the general manager and general counsel at each March board meeting, consistent with the policy on general manager and general counsel annual performance review process most recently approved by the board in February 2016 (Current Review Policy).

B. The board continues to assess the general manager and general counsel performance review process to make it as effective as possible in furthering Platte River's mission, vision and values, clearly communicating expectations and supporting general manager and general counsel job success.

C. In March 2017, by Resolution No. 03-17, the board established that Platte River's general counsel would have dual reporting responsibilities to the board and the general manager and that the board would be responsible for reviewing the general counsel's performance, with input from the general manager. Resolution No. 03-17 also gave the general counsel responsibility for governmental affairs, but this responsibility has since been shifted to the chief strategy officer.

D. Because the general manager works closely with general counsel on a day-to-day basis and is better positioned to support and assess general counsel performance, and the general counsel serves as a member of Platte River's executive team as well as legal counsel, the general manager has recommended, and the board concurs, that responsibility for the general counsel's performance and compensation review should be shifted from the board to the general manager.

E. Investing the general manager with responsibility for general counsel performance and compensation review is consistent with practices at most of Platte River's peer organizations in the Large Public Power Council.

F. The general manager will, as part of the general manager's annual performance review process, continue to report to the board on the general counsel's performance.

RESOLUTION NO. 08-21

Resolution

The board of directors of Platte River Power Authority therefore resolves that:

1. The Current Review Policy is rescinded and replaced by the policy on general manager annual performance review process in the form attached to this resolution.
2. The portion of Item 4 of Resolution No. 03-17 that assigns responsibility for governmental affairs to the general counsel, as well as all of Item 6 are rescinded.

AS WITNESS, I have signed 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: 8/18/2021

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: **Proposed 2022 rate tariff schedule charges**

Platte River staff prepared the attached proposed 2022 rate tariff schedule charges whitepaper which includes the 2022 proposed Firm Power Service tariff charges and the Standard Offer Energy Purchase tariff avoided energy rate for large facilities.

At the August board meeting, staff will provide an accompanying presentation of the whitepaper material. No formal action is required at this time.

Attachment

- Wholesale rate projections update and 2022 rate tariff charges whitepaper

Proposed 2022 rate tariff schedule charges

White paper by Platte River Power Authority

Overview

It is the policy of Platte River to establish service offerings and supporting rate structures that complement the strategic objectives, underlying policies, and values of the organization. Platte River's tariffs and charges are established to achieve Strategic Financial Plan (SFP) targeted financial metrics.

Under the Amended Contracts for the Supply of Electric Power and Energy between Platte River and each of the four owner communities, Platte River's board of directors is required to review the rate for electric power and energy furnished to the owner communities at least once each calendar year.

The board was provided the long-term rate projections whitepaper and the long-term rate projections presentation in April and May respectively. In May, the board provided direction to include a 3.2% average wholesale rate increase in the 2022 budget representing a return to rate smoothing. In 2020, no rate increase was implemented to mitigate cost shifts associated with the transition to the current rate structure. In 2021, a 1.5% increase was approved, which was less than was projected for long-term smoothing, due to the uncertainty of COVID-19 and its impacts on the owner communities.

The 2022 proposed Firm Power Service tariff charges and the Standard Offer Energy Purchase tariff avoided energy rate for large facilities are described in this whitepaper. There are no changes to the Wholesale Transmission Service tariff and the Large Customer Service changes are under separate contract.

The Firm Power Service tariff charges have been updated (Appendix 1) to reflect cost of service based on the 2022 preliminary budget. The changes to the individual charges will have varying impacts to each owner community (Figure 2) due to each owner community's unique load characteristics. The projected overall impact has been provided to the Utility Directors and owner community rate staffs.

Firm Power Service (Tariff FP-22)

Figure 1 includes a high-level summary of the cost components of each charge. The charges are unbundled into Platte River's business functions: owner community services, transmission and generation. Charges have been unbundled further by fixed and variable costs. Variable charges are unbundled further by resource type: dispatchable and intermittent.

Figure 1: Firm power service cost components

Monthly charge	Cost Category	Cost allocations
Owner charge	Fixed	Administrative & general, distributed energy resources, debt coverage margin
Demand charges		
Transmission	Fixed	Administrative & general, operations & maintenance, debt, debt coverage margin
Generation	Fixed	Administrative & general, fixed operations & maintenance, debt, debt coverage margin, reserves, surplus sales margin credit, hydro demand, baseload, combustion turbine
Energy charges		
Dispatchable fixed	Fixed	Administrative & general, fixed operations & maintenance, debt, debt coverage margin, reserves, surplus sales margin credit, hydro demand, baseload
Dispatchable variable	Variable	Fuel, hydro energy, variable operations & maintenance, purchased power, wheeling
Intermittent variable	Variable	Purchase power agreements, ancillary services, project associated transmission

The individual charges are changing due to the proposed average wholesale rate increase and cost of service updates among the different charges. Notable changes from 2021 to 2022 include, but are not limited to, the following:

- Increased ancillary service charges from Xcel Energy to integrate wind
- Increased Distributed Energy Resources investment

- Absence of a planned Rawhide Unit 1 major maintenance outage
- Reduced energy and increased hydro power rates for Colorado River Storage Project
- Increased personnel additions
- Updated market price assumptions
- Addition of the Windy Gap Firming Project asset

Pending board direction and barring any significant unanticipated events, the recommended rates in Appendix 1 will remain unchanged and will be Platte River's recommendation for the October adoption of the tariffs, effective Jan. 1, 2022.

The impact of the recommended 3.2% average wholesale rate increase and the recommended charges from Appendix 1 vary among the owner communities based on their unique load characteristics. Figure 2 below shows the 2022 estimated impact of the rate changes relative to the 2021 budget.

The significant drivers of the varying owner community rate impacts are the transmission and generation minimum billing demand. One of Platte River's rate setting goals is to send a signal that results in a system benefit, which includes short-term marginal costs savings (avoiding expensive purchases or generation at time of peak) and long-term marginal cost savings (delaying or avoiding future capital investment, such as new generation or transmission resources). The minimum billing demands concentrates the signal to avoid consumption at time of peak, which is the summer season peak for generation, and the annual peak for transmission regardless of season. To lower annual billing demands, the owner communities should try to lower annual coincident and noncoincident peak demand.

The owner communities with the lowest average rate (Figure 2), also have the highest load factors (Figure 3) and the lowest billing demand in excess of metered demand (Figure 4). Load factor improvements can lower the average rate. Improvements in billing demand, relative to the other owner communities, can lower an owner community's rate increase relative to the average, as shown by Fort Collins and Longmont. As individual owner communities lower billing demands, the associated cost recovery will shift proportionally.

Figure 2: Owner community impact

	Estes Park	Fort Collins	Longmont	Loveland*	Platte River
2021 budget ($/MWh)	$59.90	$61.79	$64.38	$65.03	$62.62
2022 recommendation ($/MWh)	$62.17	$63.51	$66.29	$67.58	$64.62
Total rate impact	3.8%	2.8%	3.0%	3.9%	3.2%

**Loveland excludes large customer*

FIGURE 3: Owner community load factors

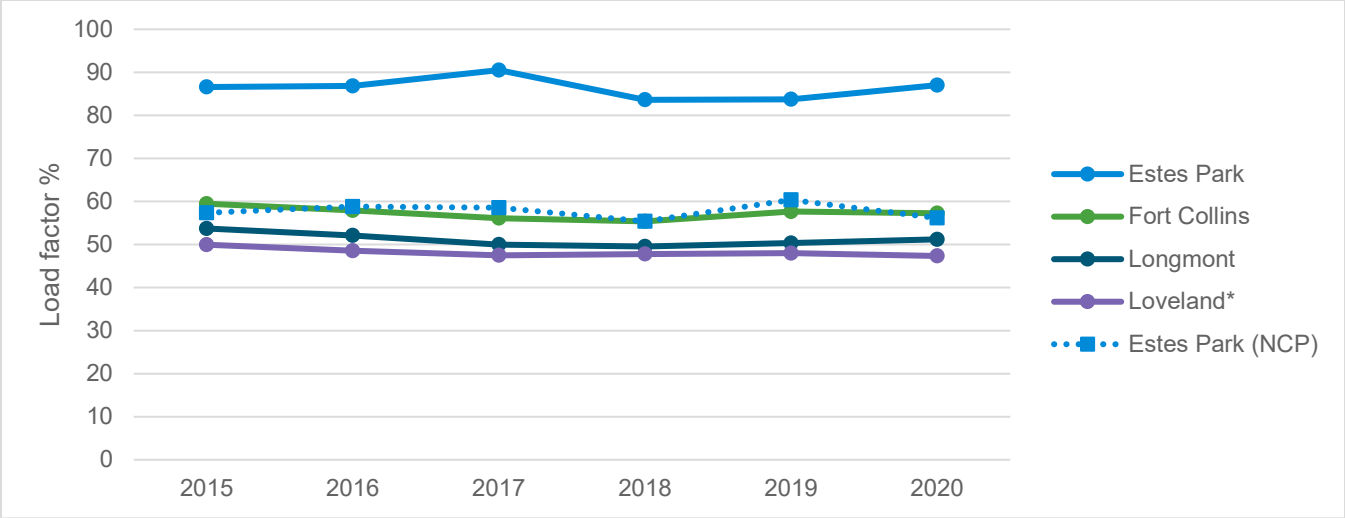

FIGURE 4: Billing demand in excess of metered demand

	Estes Park	Fort Collins	Longmont	Loveland*
Generation demand				
2022	0.2%	3.7%	9.7%	10.5%
2021	0.0%	5.5%	11.4%	10.8%
Favorable/(Unfavorable)	(0.2%)	1.8%	1.7%	0.3%
Transmission demand				
2022	4.7%	3.4%	9.5%	10.3%
2021	4.7%	5.2%	11.2%	10.2%
Favorable/(Unfavorable)	0.0%	1.8%	1.7%	(0.1%)

Standard Offer Energy Purchase (Tariff SO-22)

The Standard Offer Energy Purchase tariff rate applies to the purchase of available electricity from power production facilities owned and operated by a retail customer that are electrically connected to and served by an owner community's distribution system. No customers currently receive service under this tariff.

The avoided energy rate for large facilities is based on an hourly resource model marginal cost analysis of coal-fired generation, natural gas-fired generation and market purchases to serve the balance of load after 'must-take' energy projections, including hydro, renewables and joint dispatch agreement energy. The avoided energy rate for large facilities is decreasing 4.1% from $0.01689 to $0.01620. The rate decrease is due to the increased frequency of Rawhide Unit 1 as the marginal cost resource. Unlike 2021, there is no Rawhide Unit 1 major maintenance outage in 2022. This also contributes to fewer hours of the more expensive natural gas combustion turbines and market purchase costs are projected to be the marginal resources.

Wholesale Transmission Service (Tariff WT-22)

The Wholesale Transmission Service tariff under which Platte River offers transmission service to third parties is reviewed and updated on an annual basis in the second quarter after the audited year-end financial results are available. This ensures the rate reflects the most recent

costs of operation and maintenance and actual transmission usage. The board most recently adopted revisions to the Wholesale Transmission Service (Tariff WT-22) in May; therefore, charges will remain unchanged. This tariff is effective June of each year.

Large Customer Service (Tariff LC-22)

Charges under this tariff are established through a separate contract.

Schedule

Staff will present the information detailed in this whitepaper at the August board meeting.

In September, staff will provide the draft 2022 rate tariff schedules. In October, staff will ask the board to approve 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 rates information, please visit www.prpa.org/wholesale-rates.

APPENDIX 1

Rate tariff schedule rates

Firm Power Service charges	2021	2022 recommendation	$ change	% change
Owner community charge	$10,546	$11,520	$974	9.2%
Demand charges				
Transmission	$6.14	$6.62	$0.48	7.8%
Generation: Summer	$5.90	$6.10	$0.20	3.4%
Generation: Non-summer	$4.45	$4.48	$0.03	0.7%
Energy charges				
Fixed cost	$0.01462	$0.01572	$0.00110	7.5%
Dispatchable variable cost	$0.01511	$0.01520	$0.00009	0.6%
Intermittent	$0.03088	$0.03200	$0.00112	3.6%

Standar Offer Energy Purchase	2021	2022 recommendation	$ change	% change
Avoided energy rate for large facilities	$0.01689	$0.01620	($0.00069)	-4.1%

Platte River Power Authority

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Memorandum

Date: 8/18/2021

To: Board of Directors

From: Jason Frisbie, general manager and chief executive officer
Dave Smalley, chief financial officer and deputy general manager
Melie Vincent, chief operating officer

Subject: **Elimination of non-firm surplus sales from CO_2 emitting resources**

The attached whitepaper analyzes the impact to Platte River of eliminating non-firm surplus sales from CO_2 emitting resources, specifically coal-fired and natural gas generation. This analysis was prepared in response to a board request.

At the August board meeting, staff will present the whitepaper material. No formal action is required at this time.

Attachment

- Elimination of non-firm surplus sales from CO_2 emitting resources whitepaper

Elimination of non-firm surplus sales from CO_2 emitting resources

White paper by Platte River Power Authority

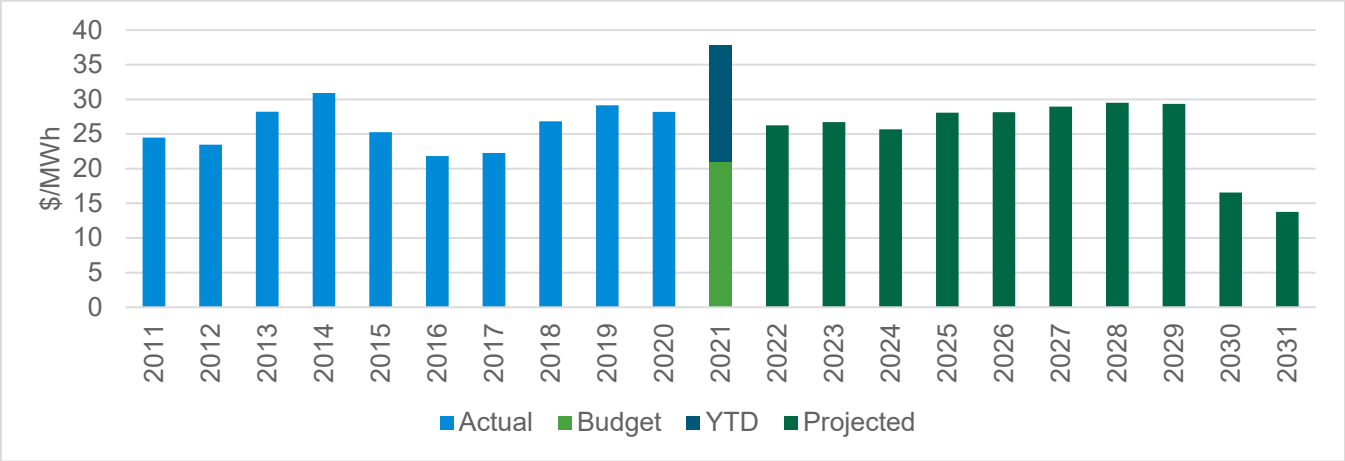
The purpose of this whitepaper and analysis is to communicate to the board the estimated impacts of eliminating non-firm surplus sales from CO_2 emitting generation resources, specifically coal-fired and natural gas generation, also referred to as thermal generation.

Overview

Platte River safely provides reliable, environmentally responsible and financially sustainable energy and services to the owner communities of Estes Park, Fort Collins, Longmont and Loveland. When financially advantageous, operationally feasible and reliable, generation in excess of owner community needs is sold to other regional utilities; this is referred to as surplus sales and is a standard industry practice. Margin from surplus sales reduces Platte River's revenue requirement and benefits the owner communities through lower rates. Surplus sales can be either contracted through long-term agreements or non-firm short-term agreements.

Regional resource availability and commodity market conditions influence the pricing for Platte River surplus generation. These factors, along with weather conditions, create price volatility in the non-firm sales market. Figure 1 demonstrates Platte River's historic and projected annual average non-firm surplus sales prices. Additionally, Figure 1 highlights the 2021 intra-year volatility between budget and year-to-date prices.

Figure 1: Historic and projected surplus sales price



Platte River's board of directors approved the zero-coal portfolio of the 2020 Integrated Resource Plan (IRP) which allows the progressive retirement of coal generation during this decade to further the Resource Diversification Policy goal of 100% non-carbon resource mix by 2030. As coal units retire and the generation portfolio evolves, surplus energy sales and the revenue associated with these sales drop significantly by 2030 (Figure 2) as well as Platte River stack CO_2 emissions (Figure 3).

Figure 2: Projected surplus sales

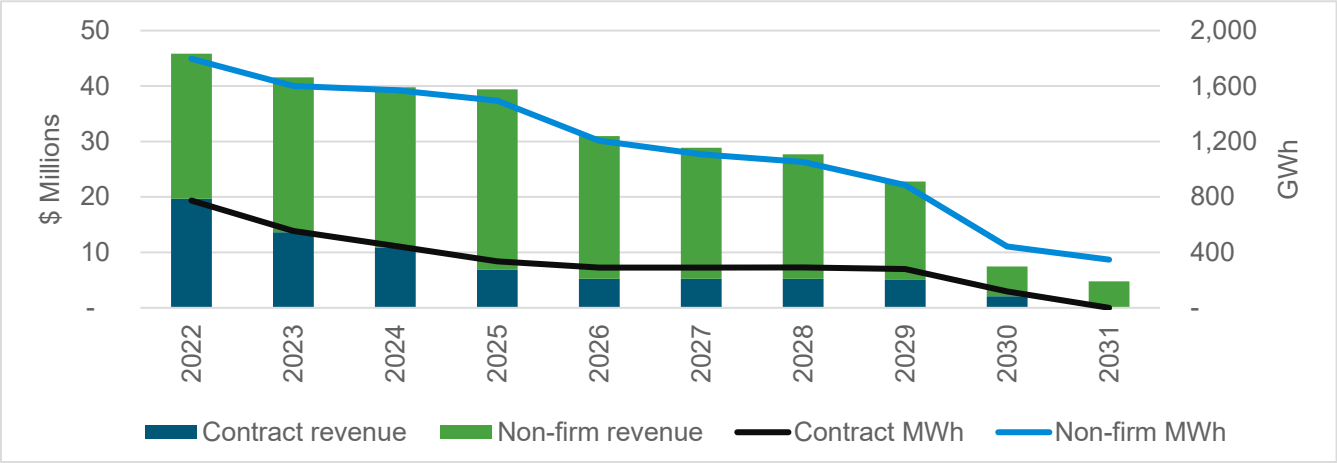
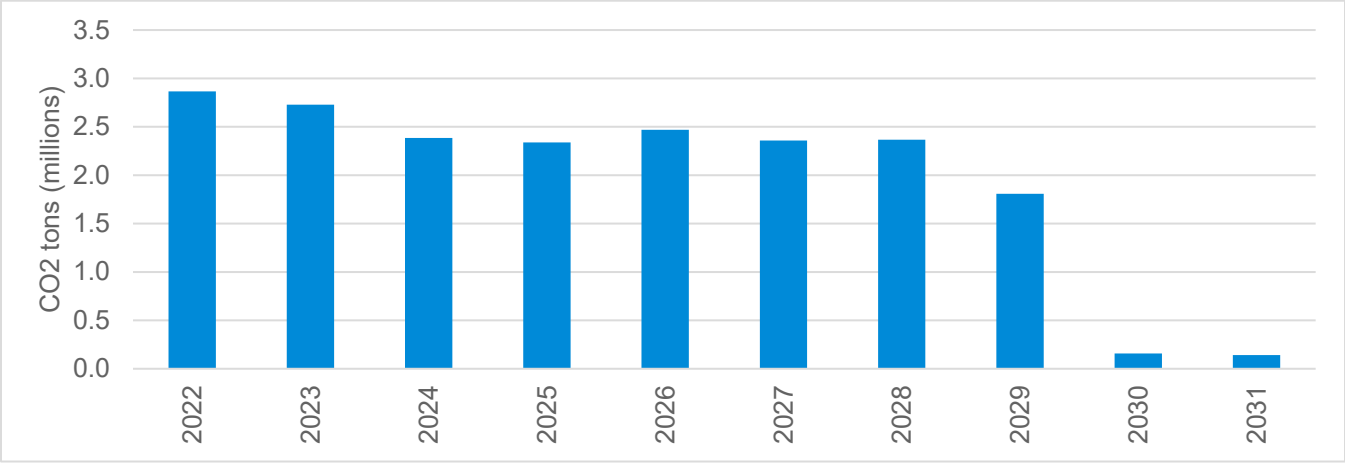


Figure 3: Platte River stack CO_2 emissions



Platte River expects to join a Regional Transmission Organization (RTO) before 2029. To integrate renewables and maintain system reliability, becoming an active RTO participant is critical to achieving the Resource Diversification Policy goal. RTO market participants must offer the full capability of their generation fleets. This in effect eliminates Platte River's ability to prohibit non-firm thermal sales under an RTO market construct.

Analysis

The analysis to eliminate non-firm surplus sales from CO_2 emitting generation resources is based on the most recent power supply plan and hourly dispatch model used to develop the 2022 budget. Base rate projections used in the cases differ from those included in the April 2021 board whitepaper on long-term rate projections due to the revised budget and power supply plan estimates. As a result, the rate forecast was updated and the revisions are discussed in the financial impacts section of this whitepaper.

The analysis compares the revised base projections to a case that eliminates future non-firm surplus sales from CO_2 emitting resources. Following are analysis assumptions for the comparative case that eliminates CO_2 emitting non-firm surplus sales:

- CO_2 emitting generating resources include all coal-fired and natural gas-fired generation.
- Non-firm surplus sales are not eliminated. Surplus renewable energy is sold when available and operationally feasible.

- Committed sales and sales made in the intra-hour Joint Dispatch Agreement (JDA) are not eliminated.

A summary of the projected emissions, financial and operational impacts follow.

Emissions impacts

Elimination of Platte River's surplus sales from thermal generation between 2022 through 2031 reduces sales 6.4 million MWh (Figure 4) and reduces Platte River stack CO_2 emissions five million tons.

Figure 4: Platte River non-firm surplus sales

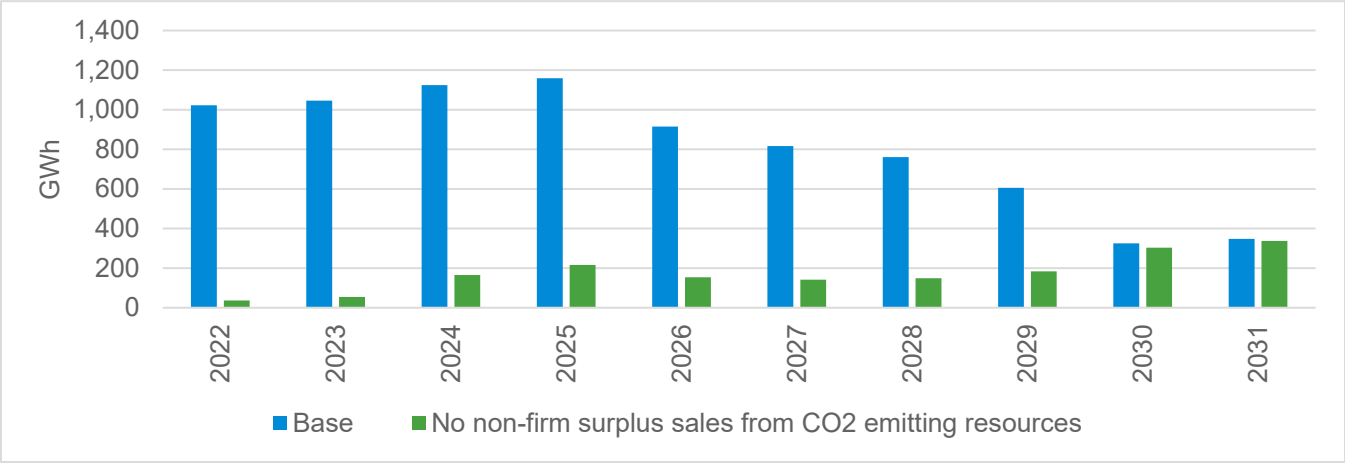
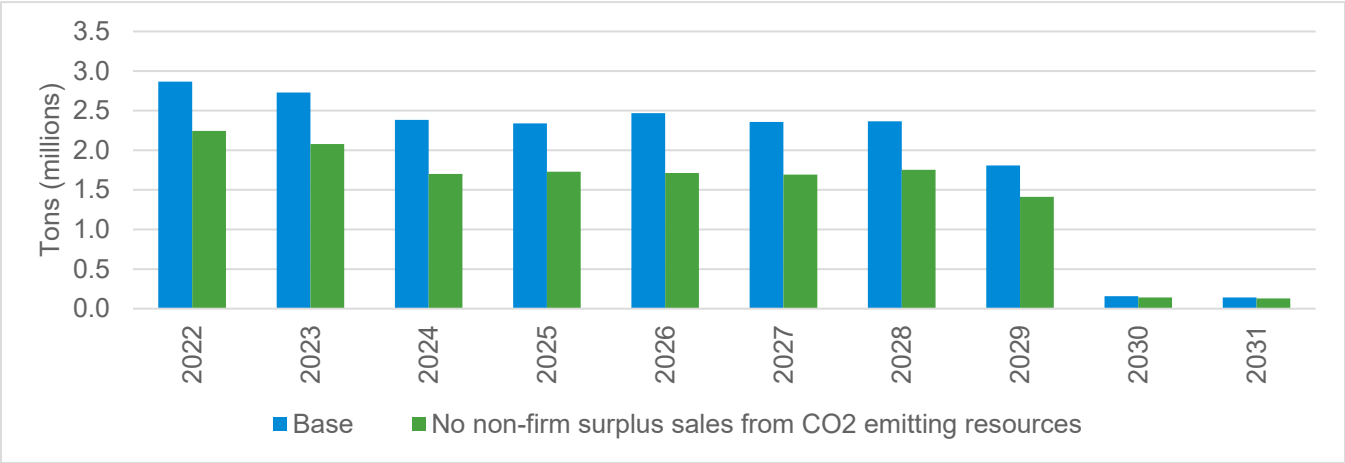
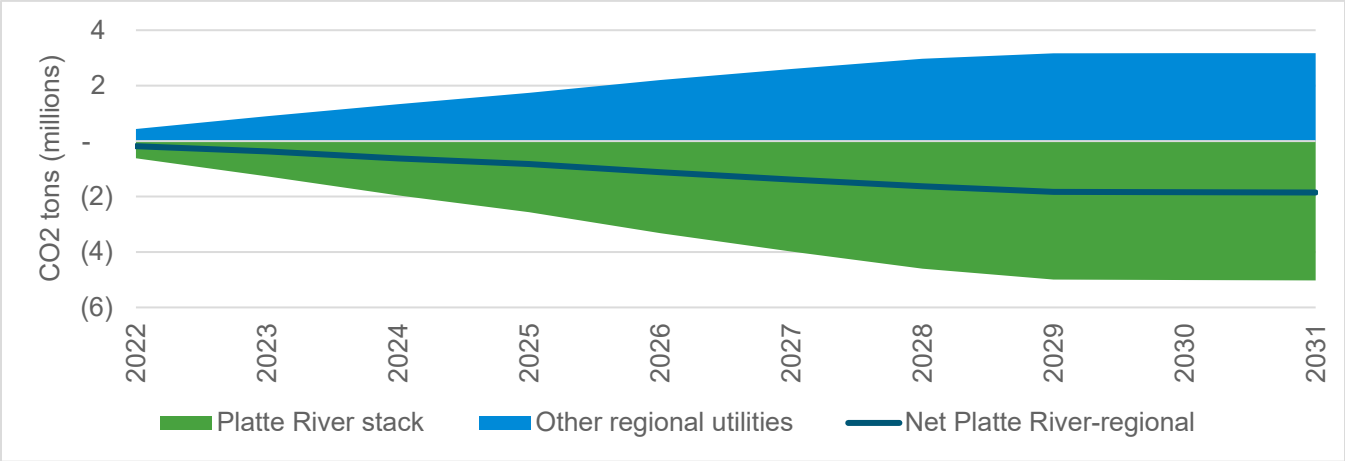


Figure 5: Platte River stack CO_2 emissions



If Platte River does not sell this energy, it must be replaced by the buyers in the region with a mix of regional resources. Using a projected regional CO_2 emission rate, the net emission reduction in the atmosphere is not five million tons, but rather 1.9 million tons. Figure 6 shows annual CO_2 reductions from Platte River thermal resources and the marketplace net reduction.

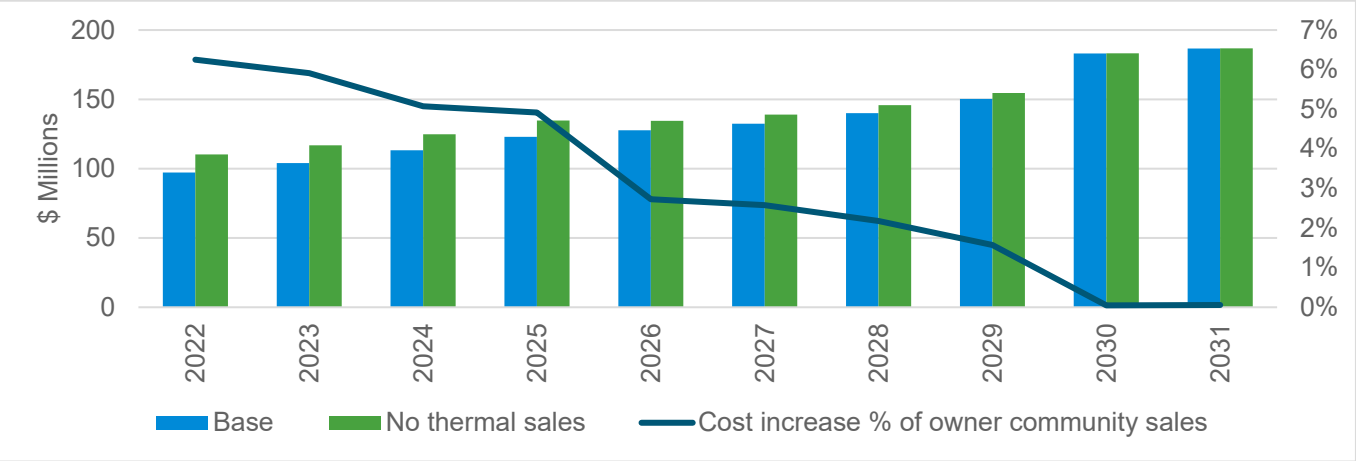
Figure 6: Net regional CO_2 emissions



Financial impacts

Non-firm surplus sales are projected to generate 15.4% of Platte River's operating revenues through 2025. As retirement of coal-fired resources begins in 2026, the diminishing surplus generation available for sale and decreasing market prices lower the portion of total revenues generated by surplus sales, decreasing to 1.6% in 2031. Eliminating thermal non-firm surplus sales reduces total surplus sales revenues $191.8 million, partially offset by fuel expense, emissions expense and variable operations and maintenance expense savings for a net system operating cost increase of $72.9 million. The net impact is approximately $13.0 million in the first year, representing 6.3% of 2022 projected owner community revenues. Figure 6 highlights the net system operating cost increase from the elimination of non-firm surplus sales margin.

Figure 7: System operating cost



The loss of non-firm surplus sales revenues and associated margin creates additional rate pressure relative to the recommended case. Additional rate increases are required due to the increase in net operating costs and to achieve strategic financial plan targets and financial results similar to the base case. As shown in Figure 8, the case eliminating non-firm surplus sales from CO_2 emitting resources requires a 10.0% rate increase in 2022, versus the proposed 3.2% increase in the base case. Subsequent annual rate increase percentages are slightly lower than the base case, while the average rate remains higher throughout the planning horizon.

For a representative comparison within this analysis, the latest revised base case projections are used. The base case was updated for the most recent estimates for the items listed below. As a result, the long-term rate projections are higher than those included in the April long-term rate projections whitepaper. Models will be refined further prior to the next official rate forecast in the spring of 2022.

- Reduced energy and increased hydropower rates for Colorado River Storage Project based on recent projections from the Western Area Power Administration
- Increased purchased power prices for future solar projects

Figure 8: Rate projections, incremental and cumulative

	Cumulative		
	2022	2026	2031
Updated base case projections: August 2021 3.2% (2022), 3.8% (2023 – 2026), 2.6% (2027 – 2030), 1.0% (2031)	3.2%	19.8%	34.1%
Elimination of non-firm surplus sales from CO_2 emitting resources 10.0% (2022), 3.2% (2023 – 2026), 1.7% (2027 – 2030), 1.0% (2031)	10.0%	24.8%	34.8%
April 2021 recommendation 3.2% (2022 – 2026), 2.9% (2027 – 2030), 1.2% (2031)	3.2%	17.1%	32.9%

Operational impacts

Prohibiting non-firm thermal sales will have a direct impact on resource planning, system operation and future RTO market participation.

Resource planning

As discussed previously in this paper, eliminating non-firm surplus sales from CO_2 emitting resources will result in a loss of $72.9 million in net revenue over the study period. The loss equates to either significant rate increases or large reductions in cash reserves. Decreases in cash reserves for immediate, short-term CO_2 reductions hamper Platte River's ability to invest in future innovations that may have greater and more lasting impact on CO_2 emission reductions.

System operation

Platte River uses its thermal fleet to balance load and complement intermittent renewable generation in real time, ensuring system reliability across the region. Good utility practice is to provide surplus generation to counterparties as needed. Should Platte River refuse to grant access to surplus thermal generation, Platte River may find counterparties less willing to

respond to Platte River calls for additional generation, potentially compromising Platte River's ability to maintain reliability.

Financial risks also exist due to refusing real-time surplus sales. If Platte River does not balance the system during the hour from its own resources, Platte River will have to pay counterparties or the balancing authority for that service, potentially at a significantly higher cost.

RTO market participation

Platte River expects to join an RTO before 2029, likely within the next five years. RTO markets commit and dispatch generation for the economic benefit and reliability of the RTO footprint, independent of a utility's native load needs. Accordingly, market participants must offer the full capability of their generation fleets. Withholding generation from the market can result in perceived market manipulation and is therefore prohibited by market rules. This in effect eliminates Platte River's ability to prohibit non-firm thermal sales under an RTO market construct.

Summary

The elimination of non-firm surplus sales from CO_2 emitting resources prior to the retirement of coal-fired resources would reduce Platte River's projected CO_2 emissions five million tons over the planning horizon. However, the regional net CO_2 reduction would be less significant, 1.9 million tons, as other regional utilities would continue to meet their load obligations through other means. In addition, eliminating non-firm surplus sales from thermal resources would also create immediate rate pressure to achieve strategic financial plan metrics and financial results similar to the base case. Prohibiting non-firm thermal sales would impair Platte River's ability to maintain long term optionality as technologies and innovations emerge that could have larger and more lasting impacts on reducing CO_2 emissions. Reliability, a core pillar, would also be negatively impacted. Finally, following the eventual membership in an RTO, elimination of surplus thermal sales will not be permitted.

While Platte River could reduce regional CO_2 emissions, based on the analysis, staff does not recommend any changes to the current practice of selling non-firm surplus sales from CO_2 emitting resources. Platte River will continue to analyze, adapt and implement varying strategies as deemed appropriate in pursuit of the Resource Diversification Policy goal.

Platte River Power Authority

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Memorandum

Date: 8/18/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operations officer
Pat Connors, vice president of power supply
Trista Fugate, director of community and government affairs

Subject: **Clean Energy Plan**

Staff provided the board with background information on the Clean Energy Plan (CEP) and Platte River's CEP submission methodology at the July board meeting.

At the August board meeting, staff will present key findings and calculations of the CEP workbook for the board's review and will be seeking its approval at the September board meeting. Please note: the CEP workbook, which contains multiple formula-driven worksheets, is not included in the August board meeting packet; it will be provided at the September board meeting.

Following the board's approval, the plan will be submitted to the Air Pollution Control Division for evaluation and verification.

Attachment

- Draft resolution for clean energy plan approval in September

RESOLUTION NO. XX-21

Background

A. The Colorado legislature established laws to promote reduction of greenhouse gas emissions, including House Bill 19-1261, Senate Bill 19-236 and House Bill 21-1266 (the emissions reductions laws).

B. Under the emissions reductions laws, Platte River Power Authority (Platte River) may voluntarily file a “clean energy plan” with the Colorado Public Utilities Commission that shows how Platte River will reduce its carbon emissions by 80% (compared to 2005 levels) by 2030. If Platte River files a voluntary clean energy plan, the emissions reductions laws provide for a “safe harbor” from any additional mandatory emissions reductions that might otherwise be imposed by the Colorado Air Quality Control Commission.

C. House Bill 19-1261 and Senate Bill 19-236 require a voluntary clean energy plan to be approved by a vote of the submitting entity’s governing body.

D. House Bill 21-1266 establishes a clean energy plan filing deadline of December 31, 2021.

E. Staff has updated the board periodically on Platte River’s process to develop a clean energy plan and has prepared and presented to the board a proposed clean energy plan that complies with the emissions reductions laws and applicable guidance and requirements of the Colorado Department of Public Health and Environment.

Resolution

The board of directors of Platte River Power Authority therefore resolves that the clean energy plan, in the form presented at this meeting, is approved.

AS WITNESS, I have signed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 30th day of September, 2021.

_____

Secretary

Platte River Power Authority

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Memorandum

Date: 8/18/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Dave Smalley, chief financial officer and deputy general manager
Julie Depperman, director of treasury services

Subject: **Financing update – issuance of Windy Gap Firming bonds**

On Aug. 12, the Municipal Subdistrict, Northern Colorado Water Conservancy District (the subdistrict) sold approximately $170 million of Windy Gap Firming Project Senior Revenue Bonds using a negotiated sale process. Goldman Sachs & Co. LLC was the lead underwriter and PFM Financial Advisors LLC were the municipal advisors for the transaction. The bonds were rated Aa2 by Moody's Investors Service, Inc. and AA by Standard & Poor's Global Ratings, Inc.

The pooled financing included seven participants, of which Platte River was the largest participant with a 36% share. In combination with the senior financing, Platte River is participating in the Colorado Water Conservation Board subordinate loan to fund its portion of the project. The 30-year subordinate loan has an interest rate of 2.08%.

At the August board meeting, staff will provide a brief summary of the bond transaction.

Platte River Power Authority

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Legal, environmental and compliance report

July 2021

Platte River Power Authority

Overview of recent developments

Legal matters

Federal Energy Regulatory Commission Advance Notice of Proposed Rulemaking – Regional Transmission Planning (new item)

On July 15, 2021, the Federal Energy Regulatory Commission (FERC) issued an advanced notice of proposed rulemaking (ANOPR) addressing regional transmission planning, cost allocation and generator interconnection. Comments are due Oct. 12, 2021. FERC requests input on various proposals for interconnecting new renewable resources, bringing additional generation to population centers, and managing lengthy generator interconnection queues. While Platte River is not FERC-jurisdictional, we are closely following this ANOPR with our partners in the Large Public Power Council due to its potential effects on regional transmission planning. The full report is on page 3 of this document.

Western Area Power Administration Rate Order 199

On June 28, 2021, the Western Area Power Administration (WAPA) published Proposed Rate Order No. WAPA-199 for notice and comment, to increase its firm power rates by roughly 11 percent due to drier than expected conditions on the Colorado River. The comment period ends Aug. 31, 2021. Platte River legal, water, and generation staff are evaluating the proposed rate change to determine the potential effects on Platte River and to decide whether Platte River should comment on the proposed rate. The full report is on page 4 of this document.

Gallagher litigation

Platte River filed a lawsuit against its former benefits provider, Gallagher Benefits Services, Inc. (Gallagher), claiming Gallagher failed to adequately advise Platte River with respect to insurance needs and exposure to large long-term medical claims. Discovery is ongoing. All relevant documents have been reviewed and released, and paper discovery is complete. Platte River's initial expert report is now due Oct. 8, 2021. Gallagher will depose a Platte River representative on Aug. 25, 2021, and Platte River will depose Gallagher employees in September. The full report is on page 4 of this document.

Environmental matters

There are no recent environmental developments to report.

Platte River Power Authority

Compliance matters

Western Electricity Coordinating Council audit

Platte River submitted its initial evidence package to the Western Electricity Coordinating Council (WECC) on August 5. During the audit process (Oct. 4–15, 2021) WECC will audit Platte River for compliance with a designated set of mandatory reliability standards, reviewing the period since Platte River's last WECC audit in 2017. The full report is on page 5 of this document.

Monitoring – status unchanged

Page 6 of this document provides a list of matters previously reported but unchanged since our last report.

Recently concluded matters

Page 8 of this document provides a list of matters that have concluded within the last three months.

Platte River Power Authority

Active matters

Legal matters

Federal Energy Regulatory Commission Advance Notice of Proposed Rulemaking – Regional Transmission Planning

Background:

On July 15, 2021, the Federal Energy Regulatory Commission (FERC) issued a wide-ranging advanced notice of proposed rulemaking (ANOPR) addressing regional transmission planning, cost allocation and generator interconnection (Docket No. RM21-17). FERC seeks input on a menu of proposals and potential reforms, intended to reflect the Commission's thinking that a more "holistic" approach is needed for transmission planning, cost allocation and generator interconnection processes, with an eye toward planning "the grid for the future." FERC requests input on proposals for interconnecting new renewable resources, bringing additional generation to population centers, and managing lengthy generator interconnection queues.

The ANOPR is quite unlike FERC's traditional approach, in that it does not proceed from an identified set of facts supporting the proposed changes. Rather, it assumes needed transmission is not being built, and asks a series of questions about suggested changes to the Order No. 1000 processes for regional transmission planning. These questions, and industry's responses, will likely inform any future formal notice of proposed rulemaking proposing to change the current process for better regional coordination and integration of renewable resources.

While Platte River is not FERC-jurisdictional, we are closely following this ANOPR with our partners in the Large Public Power Council (LPPC) due to its potential effects on regional transmission planning. If the proposals lead to a formal notice of proposed rulemaking, it could fundamentally restructure how transmission is planned and the cost generators incur to connect new generation to the transmission grid. Platte River will be affected by these changes, especially in light of our partnerships with investor-owned utilities and potential entry into an organized wholesale market, which could include regional transmission planning and coordination.

Current status:

Comments on the ANOPR are due on Oct. 12, 2021; reply comments are due Nov. 8, 2021. Platte River will work with its partners in LPPC to develop comments, which LPPC will probably submit on a consolidated basis on behalf of potentially affected members. After the ANOPR process is complete, Platte River, coordinating with LPPC, will monitor further developments.

Platte River Power Authority

Western Area Power Administration Rate Order 199

Background:

On June 28, 2021, the Western Area Power Administration (WAPA) published a notice of Proposed Salt Lake City Area Integrated Projects Firm Power Rate and Colorado River Storage Project Transmission and Ancillary Services Rates – Rate Order No. WAPA-199 for comment. This rate order proposes to increase firm power rates by roughly 11 percent due to current and anticipated Colorado River conditions. Specifically, in late 2020, hydrologic forecasts for the Colorado River continued to decline, projecting 2021 to be one of the, if not the, driest years in history. According to WAPA, because of this market prices in the West have continued to rise, affecting WAPA's purchased power expenses and the Upper Colorado River Basin Fund solvency. But even apart from market conditions, WAPA has less hydropower to sell and so must raise its rates to fully recover its operating costs (which do not decline when sales decline).

The proposed rate will supersede Rate Order No. WAPA-190, which took effect Oct. 1, 2020, and was a five-year rate. WAPA-199 is a two-year rate, proposed to become effective Dec. 1, 2021. WAPA also proposes changes to its Cost Recovery Charge (CRC), which would allow them to implement the CRC at any time during the year. There are no changes proposed to the existing rate for transmission services and ancillary services (other than to align effective dates).

Current status:

The consultation and comment period ends Aug. 31, 2021. Platte River legal, water, and generation staff are currently evaluating the proposed rate change to determine the potential effects on Platte River and to decide whether Platte River should comment on the proposed rates.

Gallagher litigation

Background:

Platte River is coordinating with outside counsel on a lawsuit against its former benefits provider, Gallagher Benefits Services, Inc. (Gallagher), claiming Gallagher failed to adequately advise Platte River with respect to insurance needs and exposure to large long-term medical claims. Platte River filed its complaint against Gallagher and several of its employees on July 21, 2020. Gallagher attempted to remove the case to federal court, but in October 2020 the federal court sent the case back to state court.

The individual defendants filed motions to dismiss the claim against them, which the court granted on Feb. 3, 2021. The parties exchanged their initial disclosures on March 1, 2021. These disclosures identify key documents and witnesses in the case. The parties have also exchanged written discovery and released relevant records. Gallagher identified nine current and former Platte River employees as potential witnesses, including Jason Frisbie, but has so far scheduled only one deposition.

Platte River Power Authority

Current status:

All relevant documents have been reviewed and released, and paper discovery is complete. Gallagher currently plans to take the deposition of a Platte River representative on Aug. 25, 2021. Platte River has scheduled depositions of three Gallagher representatives in September and October. Our initial expert report deadline was extended to Oct. 8, 2021, and will include deposition testimony.

Environmental matters

There are no recent environmental developments to report.

Compliance matters

Western Electricity Coordinating Council audit

On Aug. 5, 2021, Platte River submitted its initial evidence package to the Western Electricity Coordinating Council (WECC) for our upcoming compliance audit. WECC audits Platte River for compliance with mandatory reliability standards at least every three years. Platte River's upcoming audit, scheduled for Oct. 4–15, 2021, will be conducted remotely via video and conference calls due to COVID-19. The audit scope includes 16 reliability standard requirements covering various aspects of critical infrastructure protection and operations and planning. WECC will begin reviewing the evidence, scheduling interviews and submitting data requests in the coming weeks.

Platte River Power Authority

Monitoring – status unchanged

Legal matters

Colorado's Power Pathway

Discovery is ongoing in the proceeding before the Colorado Public Utilities Commission. There are no significant new developments since the last report.

Public Service Company of Colorado filing with the Federal Energy Regulatory Commission to modify rates and terms for ancillary services

Platte River is participating actively in the settlement process and collaborating with other aligned intervenors (such as Black Hills Colorado and Colorado Spring Utilities). We 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 the balancing authority area operated by Public Service Company of Colorado.

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 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 other 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 this 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 has deferred onsite audits, certifications, and training activities through the end of 2021.

Weather event inquiry (Feb. 13-15, 2021)

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

Platte River Power Authority

Recently concluded matters (last three months)

Legal matters

Save the Colorado, *et al.* v. United States Bureau of Reclamation (Windy Gap Firming Project litigation)

Background:

As a member of the Municipal Subdistrict of the Northern Colorado Water Conservancy District, Platte River is a participant in the Windy Gap Firming Project (Firming Project), which seeks to secure delivery of water from the Western Slope to the Front Range. The centerpiece of the Firming Project is Chimney Hollow Reservoir, a 90,000-acre-foot reservoir adjacent to Carter Lake, which will store water delivered from the Colorado River and certain tributaries for future use by Platte River and the other project participants.

The Firming Project was permitted by the United States Bureau of Reclamation (Bureau) and the Army Corps of Engineers after an extensive environmental review under National Environmental Policy Act (NEPA). On Oct. 26, 2017, several environmental groups filed a legal action challenging the adequacy of the NEPA review and seeking to invalidate the permits for the project. On Dec. 10, 2020, the District Court for the District of Colorado decided in favor of the defendant agencies. On Feb. 8, 2021, Save the Colorado and the other environmental plaintiffs appealed the District Court's ruling in favor of the project to the Tenth Circuit.

On April 21, 2021, the parties announced that they had reached a settlement, concluding the litigation. The Firming Project will pay $15 million to the Grand Foundation for environmental activities, and the project will break ground to begin construction of Chimney Hollow Reservoir in 2021.

Environmental matters

Air Quality Control Commission procedural rules revision

Background:

The Colorado Air Quality Control Commission (Air Commission) sought to revise its procedural rules to improve access to rulemakings and clarify procedures for alternate proposals. These revisions included changes to the process for submitting alternate proposals during a rulemaking, clarification that non-parties may not take discovery, and changes to the timeline for adjudicatory hearings. The revised rules also included a new party status, that of "flexible party," which was intended to remove procedural burdens to participation. Flexible parties would not have had to strictly adhere to procedural rules and could not present alternate proposals, but could take a position on other parties' proposals and present conceptual ideas the Air Commission could consider in later rulemakings if properly presented.

Platte River Power Authority

Platte River is a member of the Colorado Utilities Coalition for Clean Air (Coalition), along with Colorado Springs Utilities, Public Service Company of Colorado, and Tri-State Generation and Transmission Association. The Coalition has been generally supportive of the proposed procedural changes in its filings, but included suggested changes to further streamline rulemakings and improve due process.

Current Status:

On July 12, the Colorado Air Pollution Control Division (Air Division) moved to postpone the procedural revisions for rulemakings until it can determine the effect of newly passed legislation, House Bill 21-1266 (the Environmental Justice Act). Platte River, with its Coalition partners, asked to continue the rulemaking rather than postpone indefinitely but did not oppose the Air Division's motion. On July 15, 2021, by a 7-2 vote, the Air Commission granted the Air Division's motion and dismissed the proposed procedural rules for rulemaking hearings. The Air Commission directed the Air Division to return with a new proposal by December 2022 for hearing sometime in 2023, and may require other reports and milestones in the interim, incorporating specific outreach to disproportionately impacted communities. The Air Commission approved the Air Division's proposed revisions to the adjudicatory hearing procedures, 9-0.

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. The public comment period for the renewed permit ran from Feb. 9 to March 11, 2021. No one submitted public comments.

Current Status:

The Unit 1 Title V permit was published on May 3, 2021 and went into effect on June 1. The next Title V permit renewal (for Platte River's gas-fired units) will be in 2022.

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

July 2021

Platte River Power Authority

July 2021 operating report

Executive summary

Municipal demand and energy came in above budget, as the result of abnormally warm temperatures throughout the month of July. Municipal demand and energy are above budget, year to date.

Rawhide Unit 1 had an excellent operational month, with no outages or curtailments. Craig Unit 1 had several curtailments throughout the month, in addition to an outage to repair a feedwater tube leak which began the last week of the month. Craig Unit 2 had a few curtailments and a brief one-day outage to replace a faulty block valve.

Wind generation came in below budget for the month, as the result of lower than anticipated wind speeds and the long-term outage of one of the 82 turbines at the Roundhouse facility. Solar generation came in above budget, as the result of greater than expected solar radiance. Wind and solar generation remain well below budget, year to date.

Surplus sales volume came in well above budget, due to contract energy sales. Pricing came in significantly above budget for the month, as the result of the contract sales and a stronger than anticipated bilateral market. Sales volume is well below budget, while sales pricing is significantly above budget, year to date.

Purchase volumes came in significantly below budget, as the result of above budget market prices which reduced both market and JDA purchases. Purchase volume is well above budget, while purchase pricing is well below budget, year to date.

Dispatch costs came in well above budget, primarily due to the above budget CT operating costs and purchase costs incurred to support monthly sales. Dispatch costs are above budget, year to date.

Category	July variance		YTD variance	
Municipal demand	7.9%	●	3.7%	●
Municipal energy	6.8%	●	5.9%	●
Baseload generation	2.4%	●	1.0%	◆
Wind generation	(6.9%)	■	(18.6%)	■
Solar generation	5.8%	●	(12.6%)	■
Surplus sales volume	21.8%	●	(10.3%)	■
Surplus sales price	183.0%	●	56.4%	●
Purchase volume	(36.4%)	●	10.5%	■
Purchase price	9.1%	■	(10.0%)	●
Dispatch cost	11.2%	■	2.5%	■

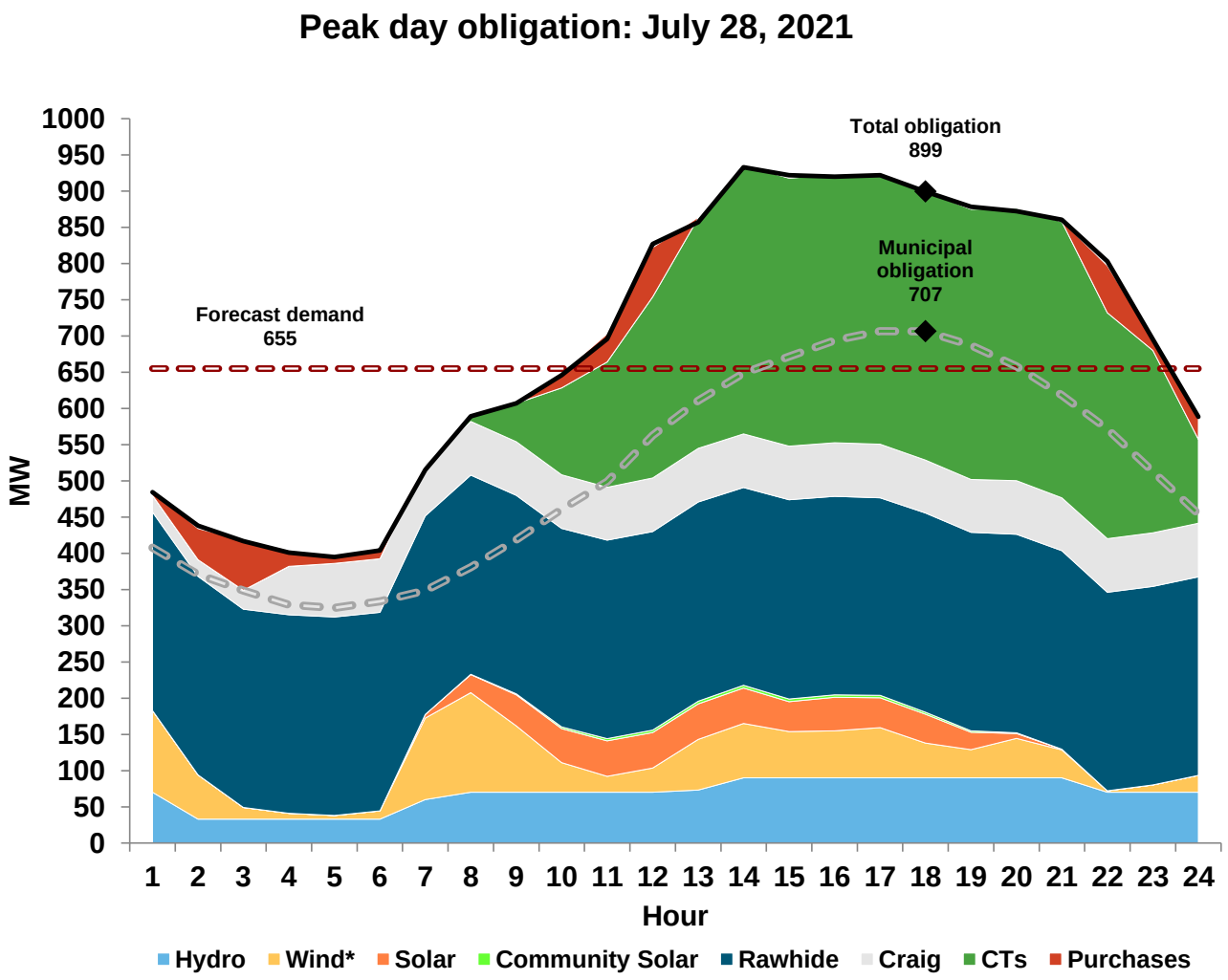
Variance key: Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <-2%

Operational overview

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

2021 goal		July actual		YTD total	
0	●	0	●	0	●

Peak day obligation. Peak demand for the month was 707 megawatts which occurred on July 28, 2021, at hour ending 18:00 and was 52 megawatts above budget, setting a new all-time system peak. Platte River's obligation at the time of the peak totaled 899 megawatts. Demand response was 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

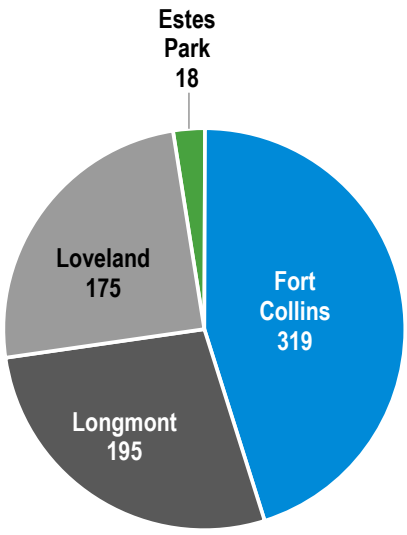
Municipal demand and energy came in above budget, as the result of abnormally warm temperatures throughout the month of July. Municipal demand and energy are above budget, year to date.

	July budget	July actual	Minimum	Actual variance	
Coincident demand (MW)	655	707	498	7.9%	●
Estes Park	17	**18**	13	4.2%	●
Fort Collins	300	**319**	233	6.3%	●
Longmont	178	**195**	138	9.3%	●
Loveland	160	**175**	114	9.7%	●
Non-coincident demand (MW)	661	709	503	7.2%	●
Estes Park	18	18	**20**	1.3%	◆
Fort Collins	300	**319**	232	6.2%	●
Longmont	179	**197**	138	10.4%	●
Loveland	165	**175**	113	6.3%	●
Energy sales (MWh)	305,094	325,993		6.8%	●
Estes Park	10,248	10,300		0.5%	◆
Fort Collins	143,163	150,335		5.0%	●
Longmont	79,175	87,766		10.9%	●
Loveland	72,508	77,591		7.0%	●

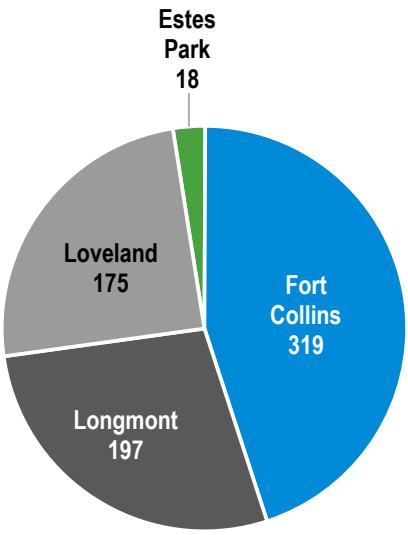
Variance key: Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <-2%

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.

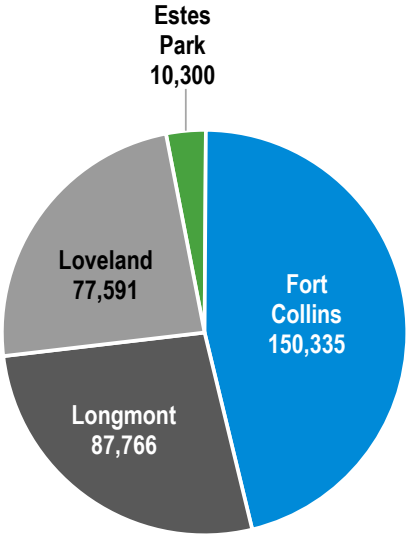
Actual July coincident demand = 707 MW



Actual July non-coincident demand = 709 MW



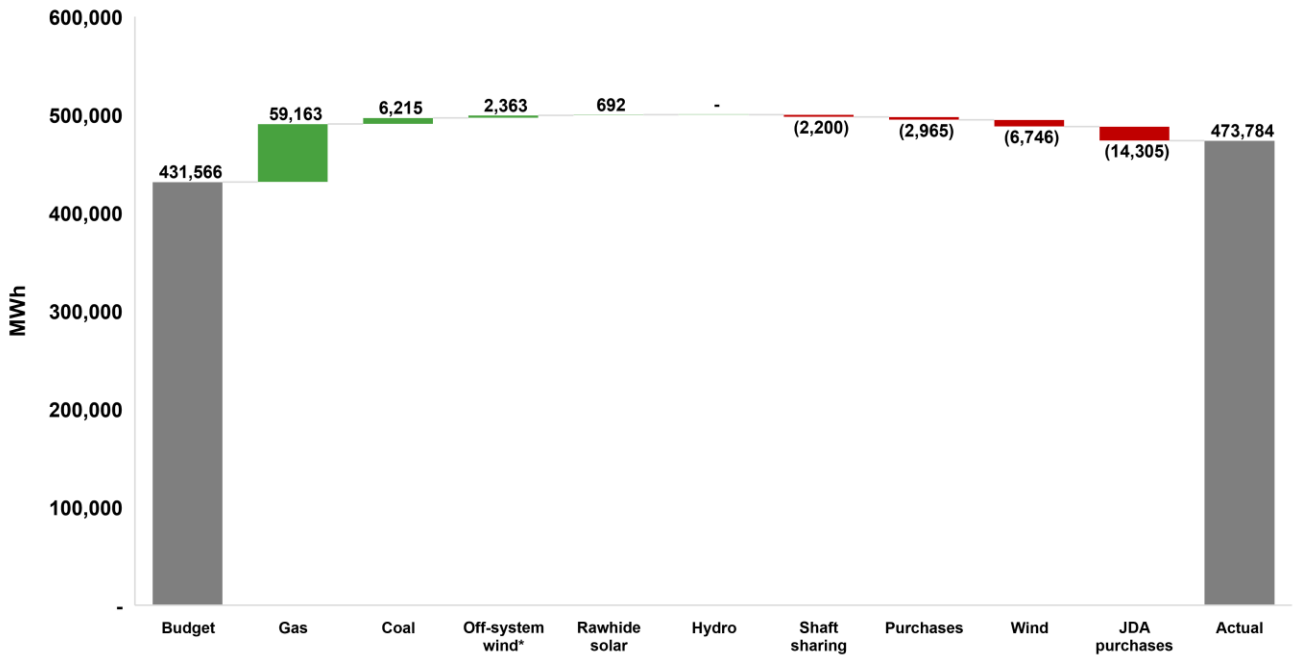
Actual July energy sales = 325,993 MWh



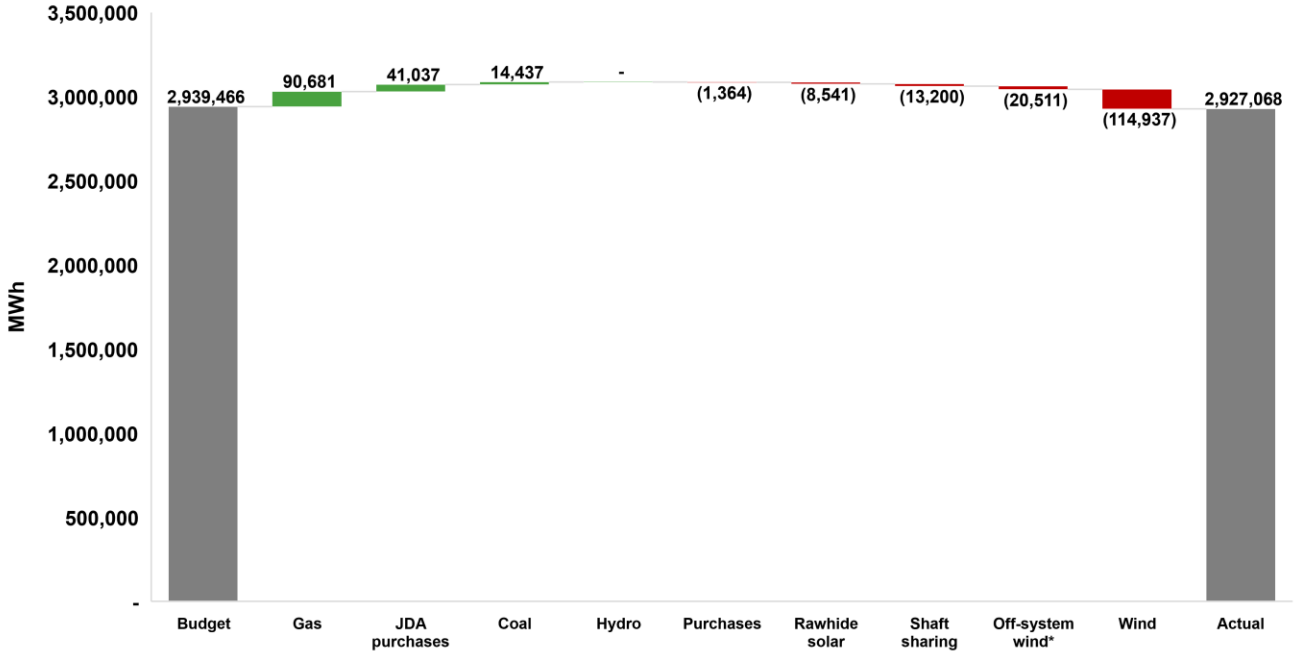
Source of supply variance

The production of energy resources came in above budget for the month of July, primarily due to above budget gas generation which resulted from running the CT units to support contract sales and the higher than anticipated municipal load. Resources are near budget, year to date.

July variance in production from energy resources



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

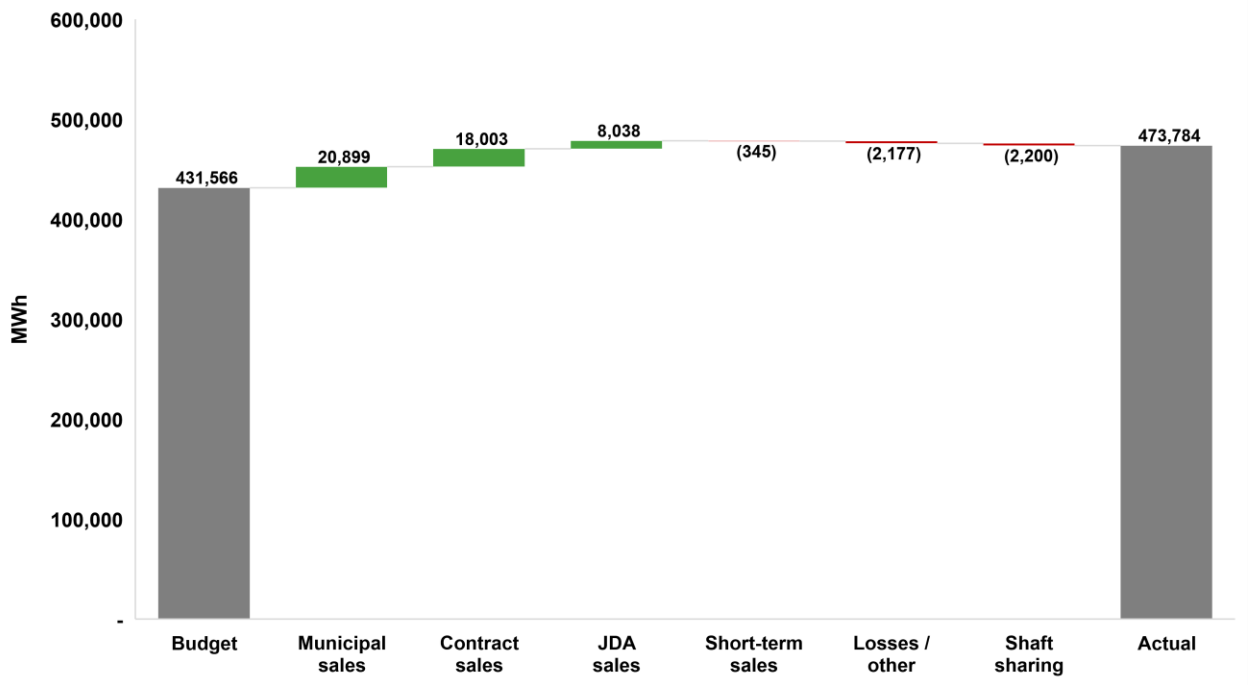


*Off-system wind RECs and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities

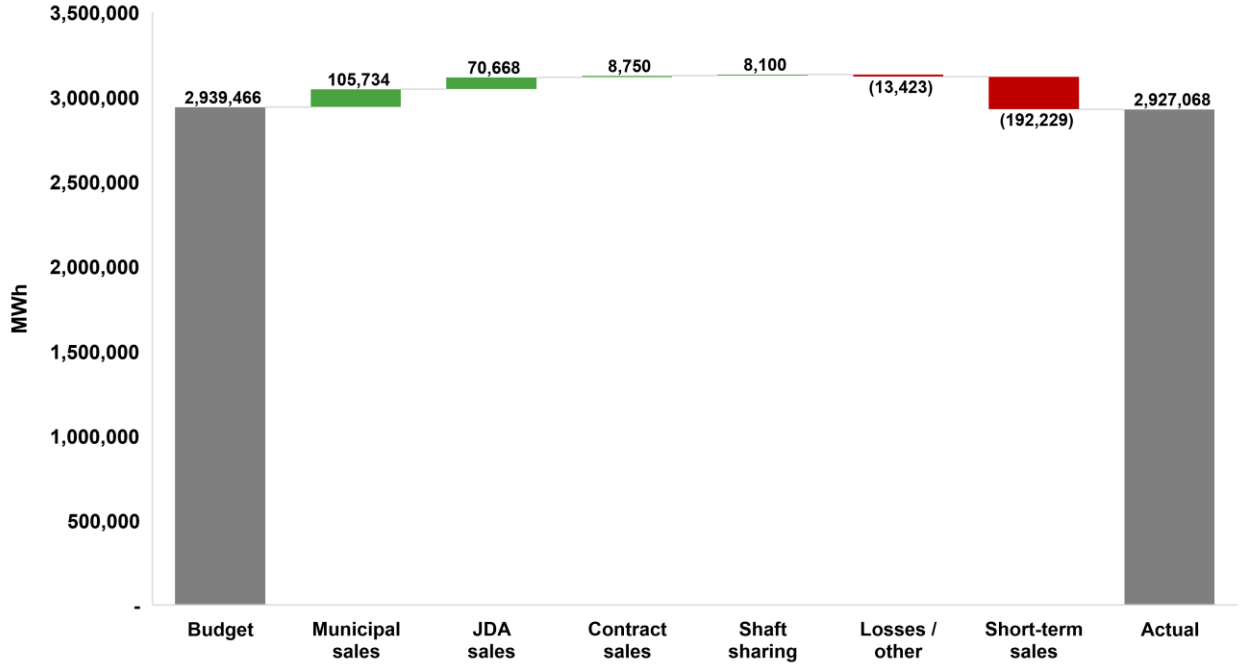
Source of delivery variance

Loads and obligations came in above budget for the month of July, primarily due to above budget municipal sales, contract sales and JDA sales. Loads and obligations are near budget, year to date.

July variance in deliveries for loads and obligations

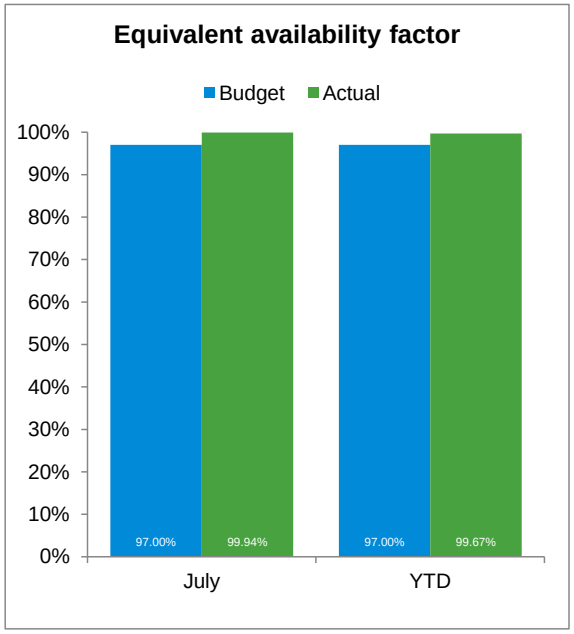


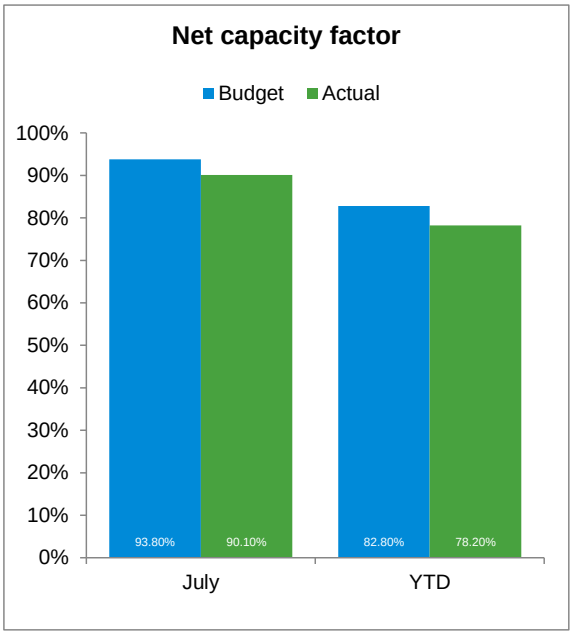
Year-to-date variance in deliveries for loads and obligations



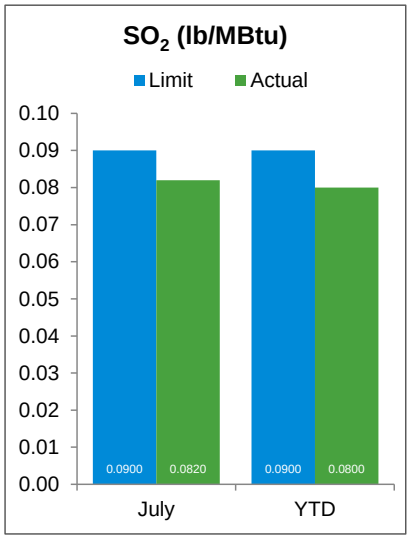
Power generation - Rawhide

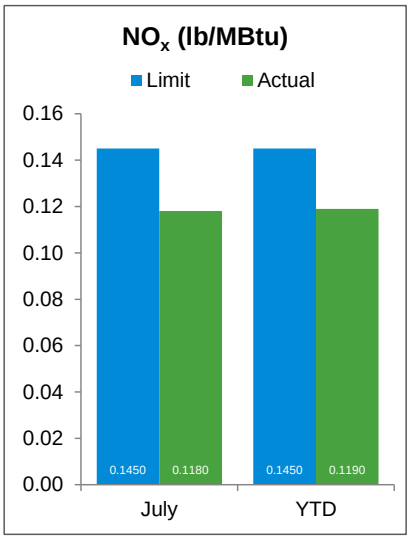
Rawhide Unit 1 had an excellent operational month with no outages or curtailments. Rawhide equivalent availability factor came in above budget for the month, while net capacity factor came in below budget. Rawhide equivalent availability factor is above budget, while net capacity factor is below budget, year to date.

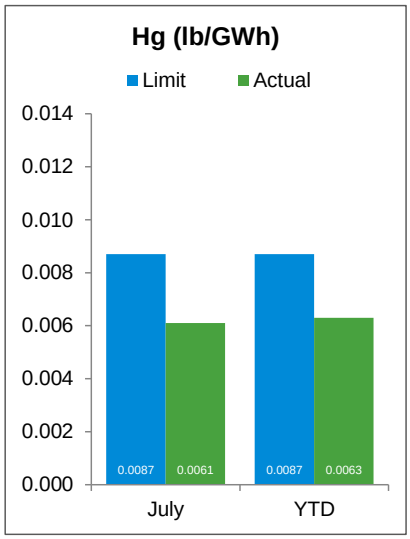




Rawhide emission levels were below compliance limits for the month of July.

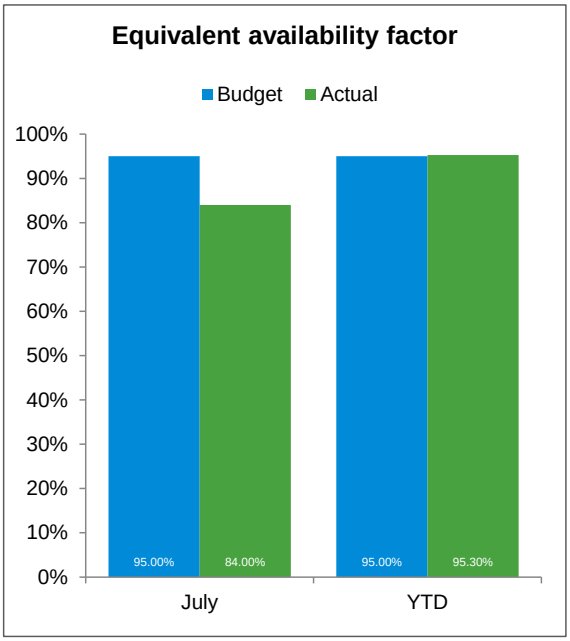


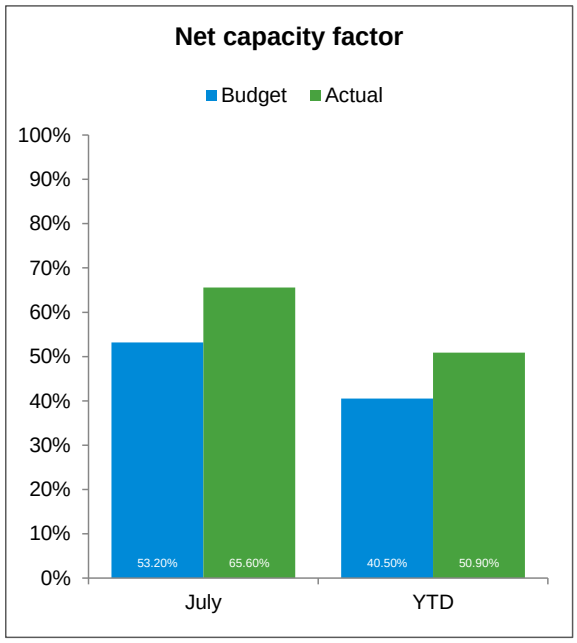




Power generation - Craig

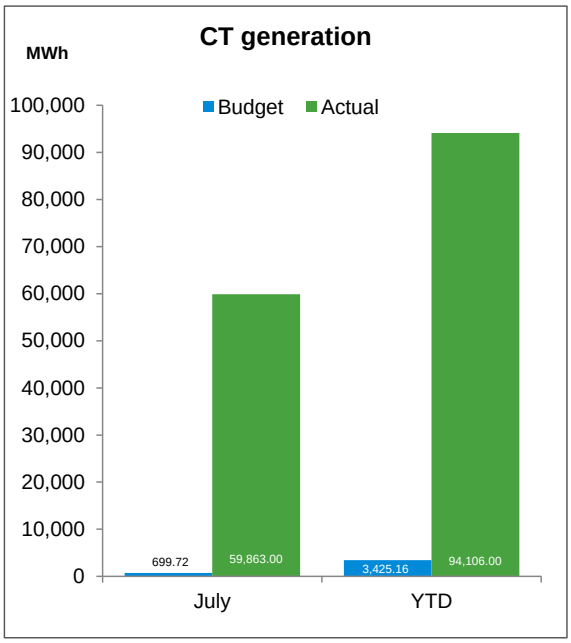
Craig Unit 1 had several curtailments throughout the month, in addition to an outage to repair a feedwater tube leak which began the last week of the month. Craig Unit 2 had a few curtailments and a brief one-day outage to replace a faulty block valve. Craig equivalent availability factor came in well below budget for the month, while net capacity factor came in well above budget. Craig equivalent availability factor is slightly above budget, while net capacity factor is well above budget, year to date.

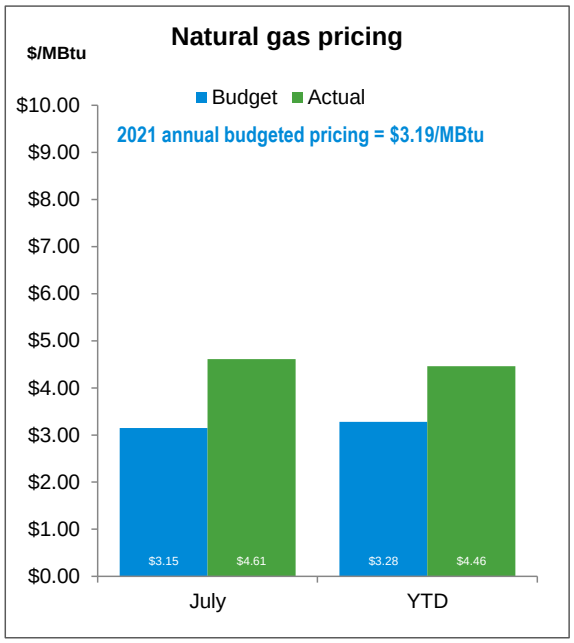




Power generation - CTs

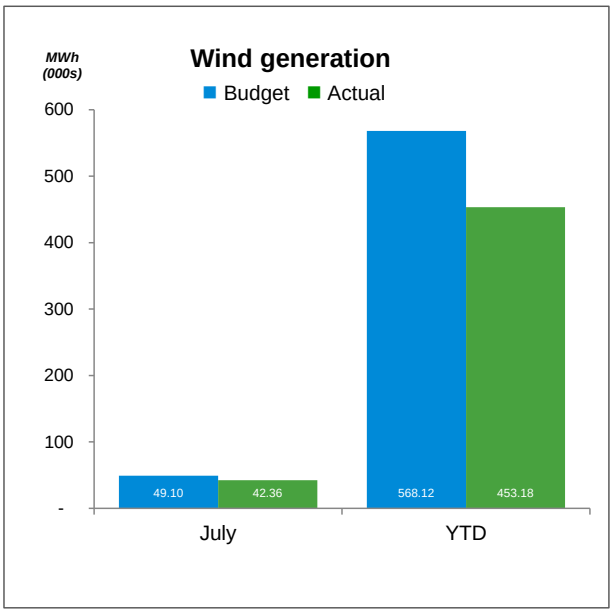
The combustion turbines operated significantly more than forecasted, in order to facilitate off-system and contract sales. CT generation and pricing are significantly above budget, year to date.

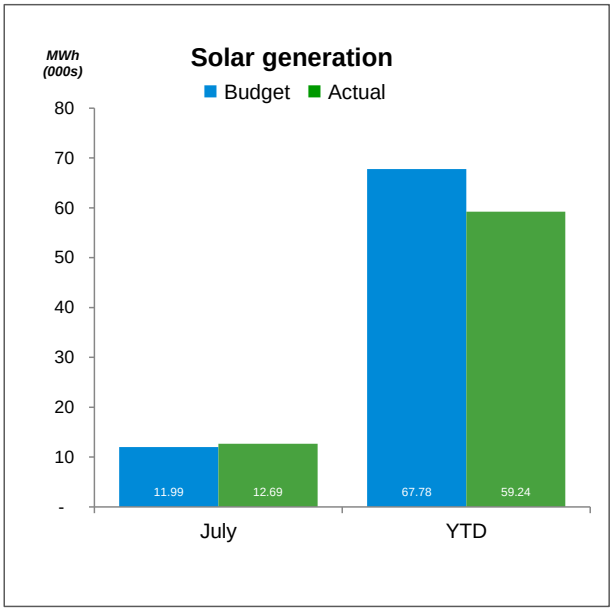




Power generation - renewables serving load

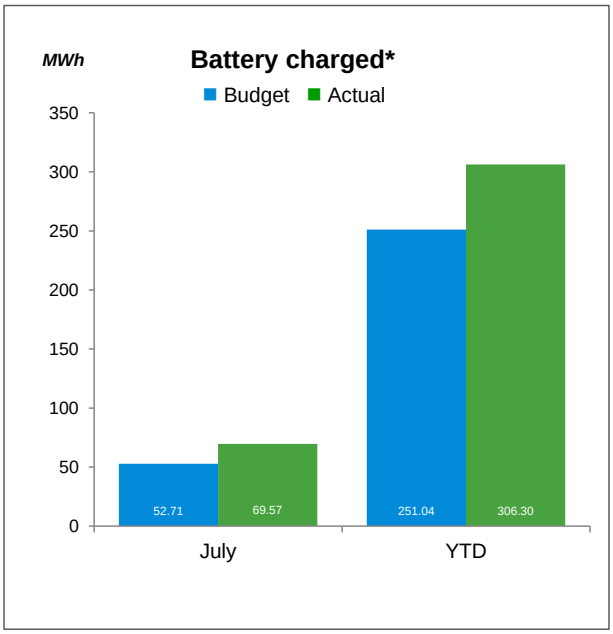
Wind generation came in below budget for the month, as the result of lower than anticipated wind speeds and the long-term outage of one of the 82 turbines at the Roundhouse facility. Solar generation came in above budget, as the result of greater than expected solar radiance. Wind and solar generation remain well below budget, year to date.

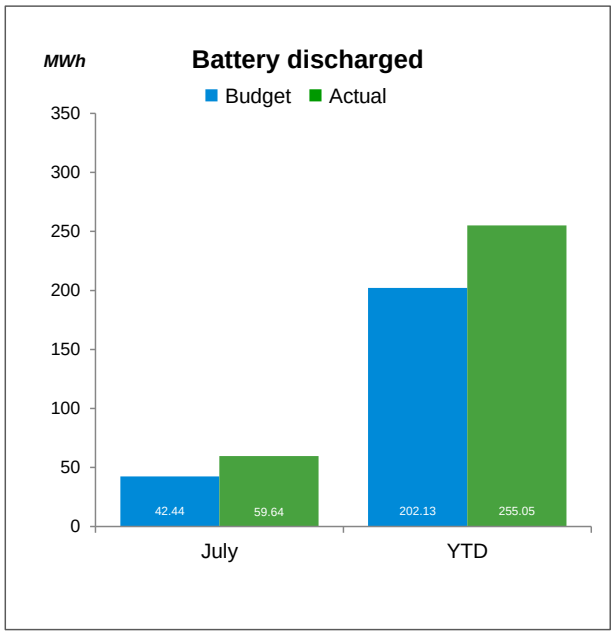




Battery

The charging and discharging of the battery associated with the Rawhide Prairie Solar project came in significantly above budget for the month, as the result of the previously implemented automatic daily charging and discharging system. The battery remains well above budget, year to date.

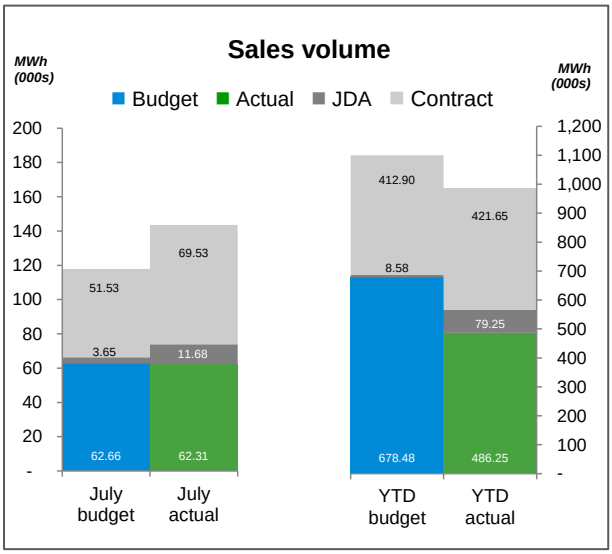


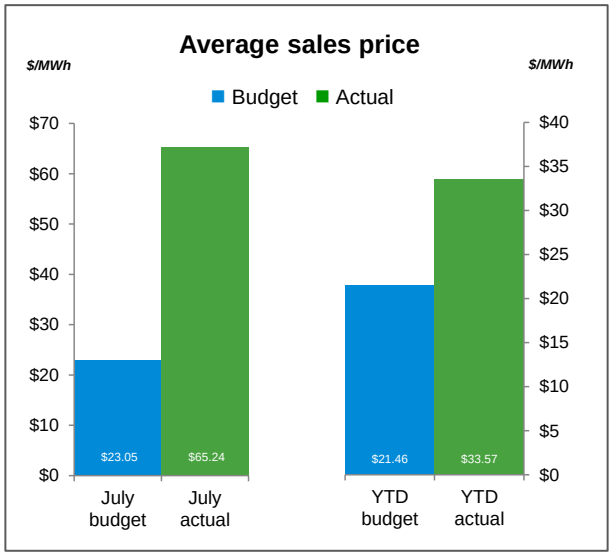


*The 2 MWh battery is charged using energy generated by the Rawhide Prairie Solar project

Market sales

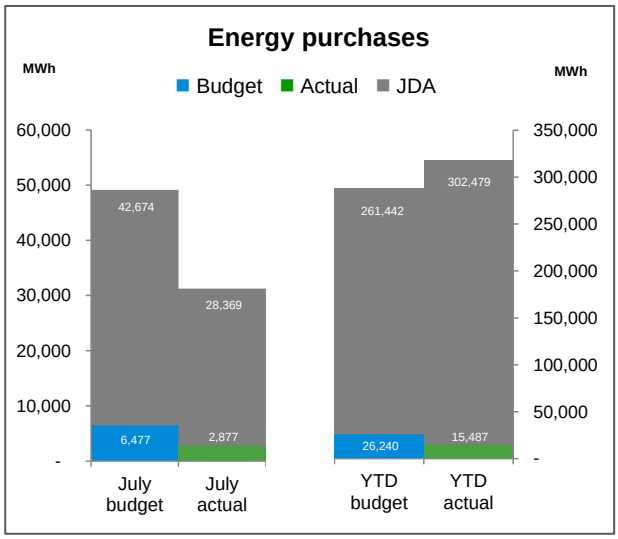
Surplus sales volume came in well above budget, due to contract energy sales. Pricing came in significantly above budget for the month, as the result of the contract sales and a stronger than anticipated bilateral market. Sales volume is well below budget, while sales pricing is significantly above budget, year to date.

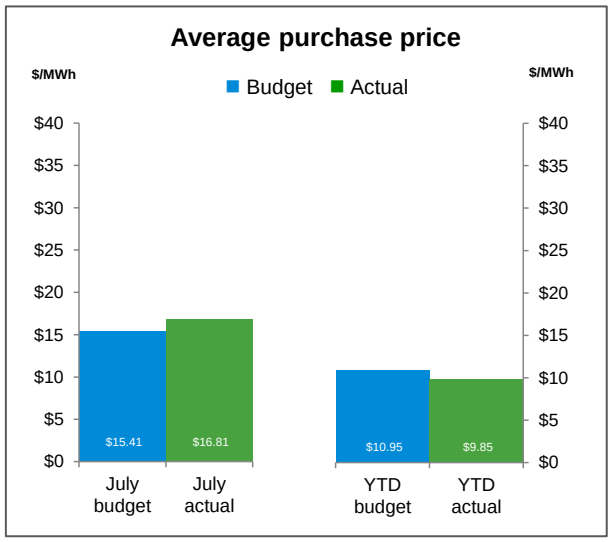




Market purchases

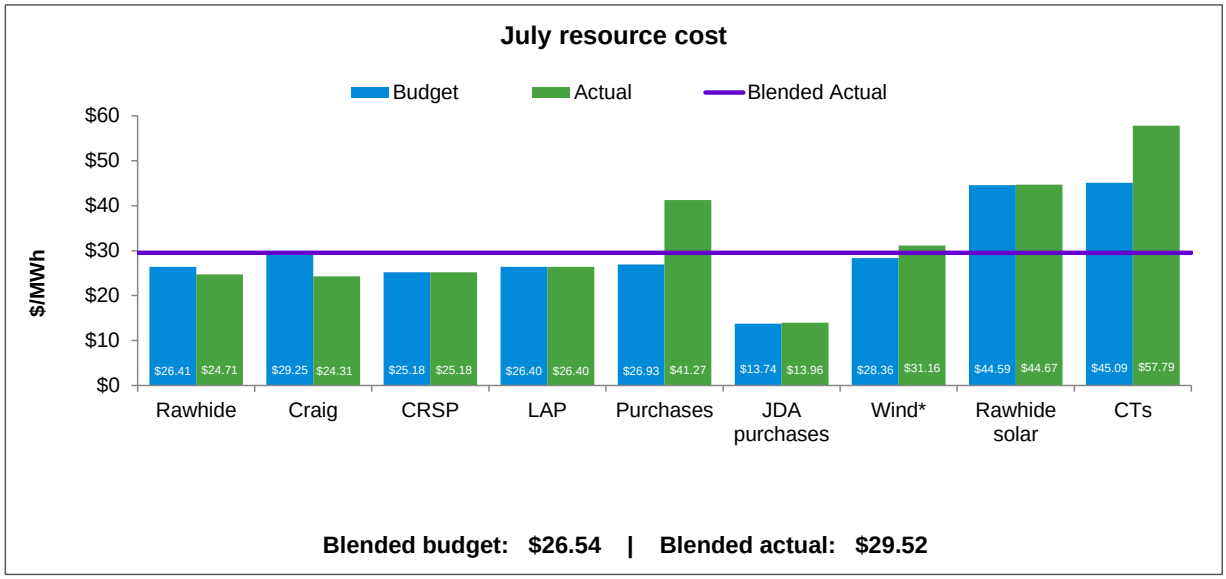
Purchase volumes came in significantly below budget, as the result of above budget market prices which reduced both market and JDA purchases. Purchase volume is well above budget, while purchase pricing is well below budget, year to date.

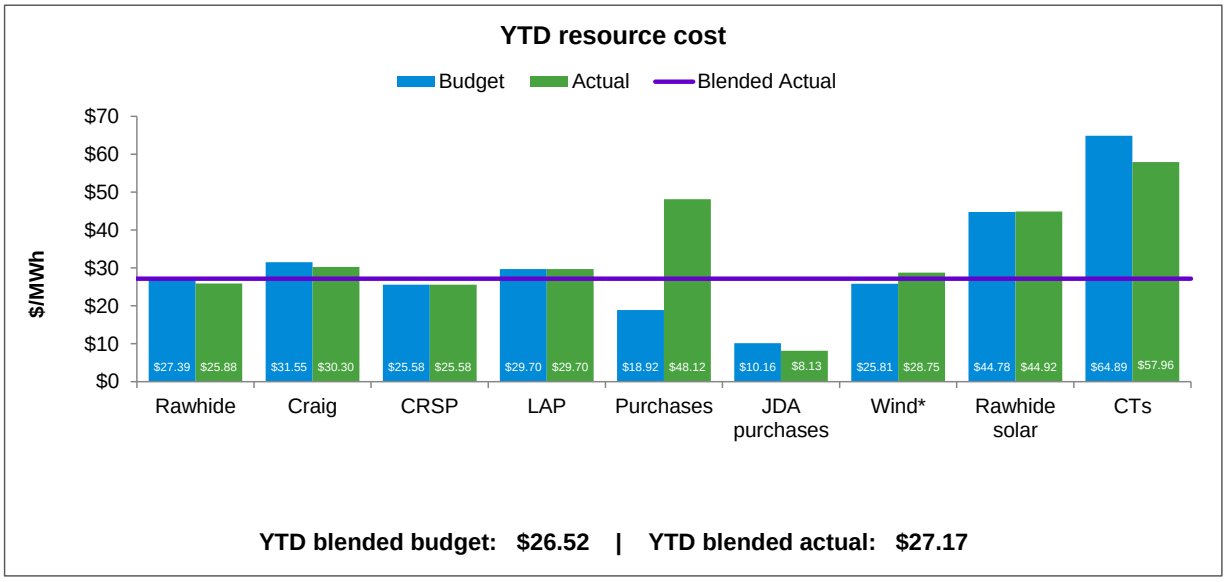




Dispatch cost

Dispatch costs came in well above budget for the month, primarily due to the above budget CT operating costs and purchase costs incurred to support monthly sales. Dispatch costs are above 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

Events of significance

- The Poudre, Linden Tech, Airport, Gateway, and Longs Peak substations have all been migrated to the new ICON equipment from legacy SONET for SCADA system communications.
- On July 28, at hour ending 18:00, Platte River reached a new all-time system peak, exceeding the previously set peak of 693.019 MW from June 2021. At the time of the July 28 peak, municipal load was 706.778 MW.
- On the evening of July 27, Fort Collins lost approximately 2 MWh of load from HY-T2 which caused Platte River's headquarters campus to lose power. Critical loads, however, remained online through the on-site battery backup and generator.
- July 28 also represented the highest single day of combined Rawhide Unit 1 and CT generation in history, with 11,223 MWh produced. This surpassed the previous record of 10,868 MWh set on Aug. 19, 2020. CT generation on this day, alone, totaled 4,623 MWh, which surpassed the previous CT record set on Aug. 18, 2020, when 4,512 MWh was produced.

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Financial report

July 2021

Platte River Power Authority

Financial highlights year to date

Platte River reported favorable results year to date. Net income of $23.4 million was favorable by $14.3 million compared to budget due to above-budget revenues and below-budget expenses.

The current estimate for year-end net income is $24 million, but ranges from $21.3 million to $27.2 million. The expected projection includes overall higher operating revenues due to higher sales for resale and sales to owner communities. Current sales for resale were higher than anticipated due to weather and general market conditions and are anticipated to end the year above budget. Wind generation continues to be under budget leading to lower purchased power costs. Other purchases, due to an expected increase in pricing, are anticipated to end the year above budget. Additionally, the Windy Gap Firming Project was delayed resulting in lower current depreciation and amortization expenses, but recognition of additional deferred losses through the end of this year will cause depreciation and amortization to end the year above budget. The high and low projections are based on higher variability in revenues and expenses than the expected projection.

Financial projection	YTD result Jul 31, 2021	Overall impact (Aug-Dec)	Total variance	Net income	Variance from budget *
Expected	$ 14.3	$ (4.7)	$ 9.6	$ 24.0	67%
High	$ 14.3	$ (1.5)	$ 12.8	$ 27.2	89%
Low	$ 14.3	$ (7.4)	$ 6.9	$ 21.3	48%

Amounts above are in millions

*Net income budget = $14.4 million

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

Key financial results ($ millions)	July Budget	July Actual		Favorable (unfavorable)		Year to date Budget	Year to date Actual		Favorable (unfavorable)		Annual budget
Net income	$ 2.8	$ 8.6	●	$ 5.8	207.1%	$ 9.1	$ 23.4	●	$ 14.3	157.1%	$ 14.4
Bond service coverage	4.04x	8.04x	●	4.0x	99.0%	2.92x	4.31x	●	1.39x	47.6%	2.88x
Fixed obligation charge coverage	2.72x	5.32x	●	2.60x	95.6%	2.03x	2.95x	●	.92x	45.3%	2.00x
Budget results											
Total revenues	$ 22.5	$ 30.3	●	$ 7.8	34.7%	$ 142.2	$ 154.8	●	$ 12.6	8.9%	$ 241.6
Sales to owner communities	19.0	20.2	●	1.2	6.3%	112.6	115.8	●	3.2	2.8%	193.9
Sales for resale - long-term	1.4	2.5	●	1.1	78.6%	10.8	12.3	●	1.5	13.9%	18.7
Sales for resale - short-term	1.5	7.0	●	5.5	366.7%	14.0	22.0	●	8.0	57.1%	20.9
Wheeling	0.5	0.5	◆	0.0	0.0%	3.6	3.3	■	(0.3)	(8.3%)	6.3
Interest and other income	0.1	0.1	◆	0.0	0.0%	1.2	1.4	●	0.2	16.7%	1.8
Total operating expenses	$ 16.5	$ 18.6	■	$ (2.1)	(12.7%)	$ 111.1	$ 109.2	◆	$ 1.9	1.7%	$ 189.4
Purchased power	4.3	4.2	●	0.1	2.3%	32.9	30.4	●	2.5	7.6%	57.2
Fuel	3.7	7.0	■	(3.3)	(89.2%)	21.1	27.5	■	(6.4)	(30.3%)	34.4
Production	4.1	3.5	●	0.6	14.6%	27.0	24.4	●	2.6	9.6%	45.2
Transmission	1.5	1.5	◆	0.0	0.0%	10.9	11.2	■	(0.3)	(2.8%)	18.6
Administrative and general	1.9	1.8	●	0.1	5.3%	13.4	12.0	●	1.4	10.4%	22.4
Distributed energy resources	1.0	0.6	●	0.4	40.0%	5.8	3.7	●	2.1	36.2%	11.6
Capital additions	$ 3.2	$ 2.2	●	$ 1.0	31.3%	$ 113.1	$ 11.0	●	$102.1	90.3%	$ 127.4

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

Platte River Power Authority

Key budget variances year to date

Total revenues

- **Sales to owner communities** were above budget $3.2 million. Energy delivered was 5.9% above budget; however, the energy revenues were only 2.2% above budget or $1.4 million. The additional energy would have resulted in $3.9 million but was offset by $2.5 million due to the actual intermittent vs. dispatchable energy mix and varying rates. In addition, demand revenues were 4.3% above budget or $1.8 million. Weather conditions during the year have impacted energy and demand. The owner communities set a new peak load of 707 MW on July 28 at 6 p.m.
- **Sales for resale - long-term** were above budget $1.5 million primarily due to unbudgeted calls upon a capacity contract, partially offset by below-budget wind generation sold under long-term contracts.
- **Sales for resale - short-term** were above budget $8 million as average prices were 91.7% above budget, partially offset by 17.7% below-budget energy volume. Weather conditions during the year have lead to high energy prices.
- **Wheeling** was below budget $0.3 million primarily due to a correction to the prior year's transmission rate resulting in a refund to third-party customers using Platte River's transmission system. Platte River's new wholesale transmission rate also decreased.
- **Interest and other income** was above budget $0.2 million due to unbudgeted tower leases and liquidated damages from the Rawhide Prairie Solar project. Partially offsetting the above-budget variance was timing of fiber revenues.

Total operating expenses

- **Several expenses** were below budget due to timing of expenses or expenses not being required at this time. The net impact was $3.3 million below budget. The below-budget expenses include: 1) Windy Gap water expenses, 2) chemicals, 3) travel and training, 4) non-routine projects, 5) ancillary services, 6) IT consulting, 7) IT hardware and software maintenance and 7) other smaller projects. The above-budget expenses include: 1) wheeling expenses, 2) joint facilities and 3) other smaller projects.
- **Purchased power expenses** were $2.5 million below budget. Wind and solar generation were below budget, and net energy was provided to Tri-State Generation and Transmission Association, Inc. under the forced outage assistance agreement. Purchases made under the joint dispatch agreement were also below budget due to favorable pricing as average prices were below budget 20% but was partially offset by 16% above-budget volume, which replaced base load generation. Partially offsetting the below-budget variances were above-budget other supplemental purchases due to the record cold weather in February. In addition, 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 $2.1 million below budget primarily due to the unpredictability of the completion of customers' energy efficiency projects.

Platte River Power Authority

- **Personnel expenses** were below budget $0.4 million due to lower than anticipated medical and dental claims and fewer contributions made to the defined contribution pension plan as a result of vacancies and employee forfeitures. In addition, regular wages were below budget primarily due to vacancies. Partially offsetting the below-budget variance were unbudgeted payouts to employees under the gainshare program 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.
- **Fuel expenses** were $6.4 million above budget.
  Natural Gas 76% of the overall variance, $4.9 million above budget. The combustion turbine units were used to meet load requirements and to make sales resulting in above-budget generation.
  Craig units 33% of the overall variance, $2.1 million above budget. Generation was above budget due to weather conditions resulting in increased loads, unprecedented energy prices and lower renewable generation than anticipated. Price was above budget due to a lower than anticipated volume of coal sold and due to an updated price from Trapper Mine. In addition, layers from inventory were burned at a higher cost.
  Rawhide Unit 1 (9%) of the overall variance, $0.6 million below budget. Generation was below budget due to operating at lower loads to take advantage of lower cost energy under the joint dispatch agreement. Price was below budget due to favorable coal and transportation prices.

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.
- **Windy Gap Firming Project (Chimney Hollow Reservoir)** - Due to the delay in the capital project discussed in the capital section, the associated pooled financing and amortization of the project is also delayed. Project costs will be updated after the receipt of final closing information of the pooled financing that occurred in August.
- **Debt** - The outstanding principal for Series II, JJ and KK represents debt associated with the Rawhide Energy Station ($23.5 million) and transmission assets ($126.2 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1. The table below shows current debt outstanding.

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Series	Debt outstanding $/thousands	Par issued $/thousands	True interest cost	Maturity date	Callable date	Purpose
Series II - February 2012	$ 720	$ 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	124,125	$ 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	24,900	$ 25,230	1.6%	6/1/2037	N/A*	Refund a portion of Series II ($6.5M NPV/27.6% savings)
Total par outstanding	149,745					
Unamortized bond premium	15,764					
Total revenue bonds outstanding	165,509					
Less: due within one year	(11,660)					
Total long-term debt, net	$ 153,849					

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 July 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				
Monofill upgrade - Rawhide - This project will be below budget due to a delay, as the project will be re-designed for cost savings, product availability issues and to allow additional time to ensure quality of work and supply delivery. In addition, the original project was designed prior to the announcement of the Rawhide Unit 1 closure and will now be revised to reduce overall project scope. The re-design will be submitted for review by the Colorado Department of Public Health and Environment. Current year funds will be used to conduct preparation work and electrical installation. *The below-budget funds will be requested to be carried over into 2022.*	$ 6,400	$ 1,000	$ 5,400	$ 5,400
Variable frequency drive upgrade - Rawhide Unit 1 - This project will be below budget as outbuildings to house the variable frequency drives (VFDs) will no longer be needed and existing cable can be used. In the design phase, space was found to house the VFDs inside the existing building.	$ 6,590	$ 4,607	$ 1,983	$ -
Combustion upgrades - Rawhide Unit 1- This project will be below budget due to a change in scope. Various items were removed from the project following the preliminary design evaluation due to the Rawhide Unit 1 closure announcement.	$ 926	$ 526	$ 400	$ -
Metering system modifications - This project will be below budget as a less expensive alternate design modification will meet the energy imbalance market metering requirements. At budget submission, metering requirements were not known and Platte River anticipated a higher cost alternative.	$ 411	$ 25	$ 386	$ -

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Project ($ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
Bottom ash transfer impoundments and reclaim pond closure - This project will be below budget due to final vendor project costs being lower than originally anticipated. The majority of final costs are for backfilling and reseeding.	$ 1,073	$ 738	$ 335	$ -
Energy trading software - This project will be below budget due to a delay in entering the California energy imbalance market. As a result, Platte River will be evaluating organized energy market options. *The below-budget funds will be requested to be carried over into 2022.*	$ 1,073	$ 866	$ 207	$ 207
** **Craig units 1 and 2 projects** - Project expenditures will be below budget due to placing prior period projects into service.	$ 813	$ 680	$ 133	$ -
Above budget projects				
Windy Gap Firming Project - This project was delayed due to an appeal to the federal court decision causing a construction delay. In April, a settlement was reached and the financing and construction is expected to commence in 2021. This project will be above budget due to an increase in construction estimates and the settlement. The pooled financing is expected to close in August.	$ 90,725	$ 94,196	$ (3,471)	$ -
Reheat surface area addition - Rawhide Unit 1 - This project will be above budget as welding costs and steel prices were underestimated. Additional work will also be needed to move the soot blowers and cut new access doors.	$ 923	$ 1,842	$ (919)	$ -
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)	$ -
* **Controls upgrade to Ovation - Owl Creek gas yard** - This project will be above budget as a communication tower is needed for sufficient bandwidth connectivity to communicate between the Owl Creek Station and Rawhide.	$ 281	$ 525	$ (244)	$ -
Out-of-budget projects				
52G breaker replacement - combustion turbine units A-D - This project will replace each generator breaker to increase the availability and start reliability of the combustion turbines. The project will also address known safety issues with the existing breakers.	$ -	$ 265	$ (265)	$ -
Interface to CAISO automatic dispatch system - This project will develop and implement hardware and software systems that directly integrate the energy market's control system to the Platte River generators. The system will allow the market dispatch signaling to directly control the generator production levels. This project was initiated for the California energy imbalance market but can be used in any market and will be used in the interim to support JDA setpoint signals.	$ -	$ 220	$ (220)	$ -

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Project ($ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
Backup system replacement - This project will refresh existing backup system storage nodes as the existing nodes are reaching capacity. The growth in new applications, required servers and the amount of data stored has surpassed historical patterns and growth estimates.	$ -	$ 180	$ (180)	$ -
Coal mill inert steam system modifications - Rawhide Unit 1 - This project will modify the existing coal mill inert steam system to become operational for mill fire protection which is needed as the unit load continues to fluctuate.	$ -	$ 174	$ (174)	$ -
Automated dispatch signal to Ovation - Rawhide - This project is required for an organized energy market and will allow units to respond to five minute dispatch signals for generation as well as signals to initiate startup and shutdown.	$ -	$ 139	$ (139)	$ -
Canceled projects				
Soot blower addition - Rawhide Unit 1 - This project was canceled following preliminary design evaluation. The manufacturer determined that a new soot blower will not be as effective as originally anticipated in the proposed space and was determined to not be economical following the Rawhide Unit 1 closure announcement.	$ 200	$ -	$ 200	$ -
Security system - Loveland Substation - This project was canceled due to the City of Loveland electing to perform the work themselves.	$ 141	$ -	$ 141	$ -
Security system - Loveland Crossroads Substation - This project was canceled due to the City of Loveland electing to perform the work themselves.	$ 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

July 2021

Non-GAAP budgetary basis (in thousands)

	Month of July		Favorable
	Budget	**Actual**	(unfavorable)
Revenues			
Operating revenues			
Sales to owner communities	$ 18,967	**$ 20,166**	$ 1,199
Sales for resale - long-term	1,407	**2,538**	1,131
Sales for resale - short-term	1,472	**6,988**	5,516
Wheeling	541	**518**	(23)
Total operating revenues	22,387	**30,210**	7,823
Other revenues			
Interest income[1]	124	**116**	(8)
Other income/(loss)	18	**38**	20
Total other revenues	142	**154**	12
Total revenues	$ 22,529	**$ 30,364**	$ 7,835
Expenditures			
Operating expenses			
Purchased power	$ 4,297	**$ 4,214**	$ 83
Fuel	3,665	**6,964**	(3,299)
Production	4,075	**3,490**	585
Transmission	1,548	**1,513**	35
Administrative and general	1,909	**1,804**	105
Distributed energy resources	1,012	**610**	402
Total operating expenses	16,506	**18,595**	(2,089)
Capital additions			
Production	1,984	**1,422**	562
Transmission	99	**48**	51
General	892	**761**	131
Asset retirement obligations	269	**-**	269
Total capital additions	3,244	**2,231**	1,013
Debt expense			
Principal	971	**972**	(1)
Interest expense	521	**511**	10
Total debt expense	1,492	**1,483**	9
Total expenditures	$ 21,242	**$ 22,309**	$ (1,067)
Revenues less expenditures	$ 1,287	**$ 8,055**	$ 6,768

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

Schedule of revenues and expenditures, budget to actual

July 2021 year-to-date

Non-GAAP budgetary basis (in thousands)

	July year to date		Favorable	Annual
	Budget	**Actual**	(unfavorable)	budget
Revenues				
Operating revenues				
Sales to owner communities	$ 112,587	**$ 115,783**	$ 3,196	$ 193,909
Sales for resale - long-term	10,780	**12,243**	1,463	18,664
Sales for resale - short-term	13,958	**22,029**	8,071	20,906
Wheeling	3,631	**3,315**	(316)	6,324
Total operating revenues	140,956	**153,370**	12,414	239,803
Other revenues				
Interest income[1]	944	**897**	(47)	1,431
Other income/(loss)	271	**493**	222	373
Total other revenues	1,215	**1,390**	175	1,804
Total revenues	$ 142,171	**$ 154,760**	$ 12,589	$ 241,607
Expenditures				
Operating expenses				
Purchased power	$ 32,918	**$ 30,339**	$ 2,579	$ 57,193
Fuel	21,060	**27,465**	(6,405)	34,404
Production	26,971	**24,396**	2,575	45,165
Transmission	10,890	**11,217**	(327)	18,566
Administrative and general	13,412	**12,020**	1,392	22,419
Distributed energy resources	5,809	**3,723**	2,086	11,642
Total operating expenses	111,060	**109,160**	1,900	189,389
Capital additions				
Production	103,975	**6,352**	97,623	112,846
Transmission	2,835	**767**	2,068	4,543
General	5,187	**3,848**	1,339	8,961
Asset retirement obligations	1,073	**7**	1,066	1,073
Total capital additions	113,070	**10,974**	102,096	127,423
Debt expense				
Principal	6,784	**6,780**	4	11,640
Interest expense	3,869	**3,803**	66	6,473
Total debt expense	10,653	**10,583**	70	18,113
Total expenditures	$ 234,783	**$ 130,717**	$ 104,066	$ 334,925
Contingency reserved to board	-	**-**	-	28,000
Total expenditures	$ 234,783	**$ 130,717**	$ 104,066	$ 362,925
Revenues less expenditures	$ (92,612)	**$ 24,043**	$ 116,655	$ (121,318)

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

Financial statements

Statements of net position

Unaudited (in thousands)

	July 31 2021	July 31 2020
Assets		
Electric utility plant, at original cost		
Land and land rights	**$ 19,446**	$ 16,924
Plant and equipment in service	**1,435,186**	1,415,152
Less: accumulated depreciation and amortization	**(887,971)**	(889,868)
Plant in service, net	**566,661**	542,208
Construction work in progress	**24,440**	40,350
Total electric utility plant	**591,101**	582,558
Special funds and investments		
Restricted funds and investments	**15,054**	15,224
Dedicated funds and investments	**122,260**	92,247
Total special funds and investments	**137,314**	107,471
Current assets		
Cash and cash equivalents	**56,868**	45,421
Other temporary investments	**35,269**	32,772
Accounts receivable - owner communities	**20,101**	19,749
Accounts receivable - other	**13,232**	7,455
Fuel inventory, at last-in, first-out cost	**10,127**	13,738
Materials and supplies inventory, at average cost	**15,499**	14,968
Prepayments and other assets	**3,068**	2,767
Total current assets	**154,164**	136,870
Noncurrent assets		
Regulatory assets	**36,002**	14,805
Other long-term assets	**12**	12
Total noncurrent assets	**36,014**	14,817
Total assets	**918,593**	841,716
Deferred outflows of resources		
Deferred loss on debt refundings	**4,390**	5,427
Pension deferrals	**2,023**	1,769
Asset retirement obligations	**22,828**	23,685
Total deferred outflows of resources	**29,241**	30,881
Liabilities		
Noncurrent liabilities		
Long-term debt, net	**153,849**	168,748
Net pension liability	**15,604**	18,680
Asset retirement obligations	**29,164**	28,522
Other liabilities and credits	**6,512**	5,876
Total noncurrent liabilities	**205,129**	221,826
Current liabilities		
Current maturities of long-term debt	**11,660**	10,815
Current portion of asset retirement obligations	**1,066**	2,540
Accounts payable	**18,410**	14,050
Accrued interest	**1,022**	1,235
Accrued liabilities and other	**2,679**	2,829
Total current liabilities	**34,837**	31,469
Total liabilities	**239,966**	253,295
Deferred inflows of resources		
Deferred gain on debt refundings	**146**	-
Regulatory credits	**68,686**	8,637
Pension deferrals	**-**	69
Total deferred inflows of resources	**68,832**	8,706
Net position		
Net investment in capital assets	**397,012**	406,247
Restricted	**14,031**	13,989
Unrestricted	**227,993**	190,360
Total net position	**$ 639,036**	$ 610,596

Statements of revenues, expenses and changes in net position

Unaudited (in thousands)

	Month of July	July year to date 2021	July year to date 2020	Twelve months ended July 31 2021	Twelve months ended July 31 2020
Operating revenues					
Sales to owner communities	**$ 20,166**	**$ 115,783**	$ 112,747	$ 199,037	$ 197,237
Sales for resale	**9,526**	**34,272**	17,246	55,598	28,431
Wheeling	**518**	**3,315**	3,424	6,067	5,890
Total operating revenues	**30,210**	**153,370**	133,417	260,702	231,558
Operating expenses					
Purchased power	**4,214**	**30,339**	25,395	52,974	41,244
Fuel	**6,964**	**27,465**	23,511	45,525	43,607
Operations and maintenance	**4,912**	**35,501**	35,996	62,853	61,498
Administrative and general	**1,742**	**12,146**	11,731	21,019	20,204
Distributed energy resources	**606**	**3,725**	5,398	7,887	10,234
Depreciation and amortization	**2,970**	**18,741**	14,187	37,595	24,301
Total operating expenses	**21,408**	**127,917**	116,218	227,853	201,088
Operating income	**8,802**	**25,453**	17,199	32,849	30,470
Nonoperating revenues (expenses)					
Interest income	**109**	**873**	1,679	1,673	3,158
Other income	**38**	**493**	185	1,128	410
Distribution to owner communities	**-**	**-**	-	(1,000)	-
Interest expense	**(511)**	**(3,803)**	(4,533)	(6,890)	(7,832)
Amortization of bond financing costs	**152**	**1,067**	1,195	1,922	2,086
Net increase/(decrease) in fair value of investments	**36**	**(641)**	1,269	(1,243)	1,595
Total nonoperating revenues (expenses)	**(176)**	**(2,011)**	(205)	(4,410)	(583)
Change in net position	**8,626**	**23,442**	16,994	28,439	29,887
Net position at beginning of period, as previously reported	**630,410**	**615,594**	593,602	610,597	580,709
Net position at end of period	**$ 639,036**	**$ 639,036**	$ 610,596	$ 639,036	$ 610,596

Statements of cash flows

Unaudited (in thousands)

	Month of July	July year to date 2021	July year to date 2020	Twelve months ended July 31 2021	Twelve months ended July 31 2020
Cash flows from operating activities					
Receipts from customers	**$ 24,215**	**$ 145,252**	$ 129,909	$ 254,799	$ 230,753
Payments for operating goods and services	**(8,625)**	**(78,976)**	(74,468)	(136,186)	(124,408)
Payments for employee services	**(3,767)**	**(25,345)**	(26,253)	(45,789)	(41,835)
Net cash provided by operating activities	**11,823**	**40,931**	29,188	72,824	64,510
Cash flows from capital and related financing activities					
Additions to electric utility plant	**(100)**	**(8,893)**	(7,752)	(36,244)	(27,114)
Payments from accounts payable incurred for electric utility plant additions	**(1,093)**	**(1,271)**	(5,699)	(2,174)	(7,007)
Proceeds from disposal of electric utility plant	**-**	**53**	135	27,091	265
Deposits into escrow for bond defeasance	**-**	**-**	-	(238)	-
Proceeds from issuance of long-term debt	**-**	**-**	-	243	-
Principal payments on long-term debt	**-**	**(11,145)**	(10,310)	(11,145)	(10,310)
Interest payments on long-term debt	**-**	**(3,305)**	(3,958)	(7,102)	(7,916)
Net cash used in capital and related financing activities	**(1,193)**	**(24,561)**	(27,584)	(29,569)	(52,082)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	**(14,546)**	**(13,485)**	15,757	(33,606)	12,219
Interest and other income, including realized gains and losses	**148**	**1,390**	1,849	2,798	3,537
Distribution to owner communities	**-**	**-**	-	(1,000)	-
Net cash (used in)/provided by investing activities	**(14,398)**	**(12,095)**	17,606	(31,808)	15,756
(Decrease)/increase in cash and cash equivalents	**(3,768)**	**4,275**	19,210	11,447	28,184
Balance at beginning of period in cash and cash equivalents	**60,636**	**52,593**	26,211	45,421	17,237
Balance at end of period in cash and cash equivalents	**$ 56,868**	**$ 56,868**	$ 45,421	$ 56,868	$ 45,421
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	**$ 8,802**	**$ 25,453**	$ 17,199	$ 32,849	$ 30,470
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization	**2,826**	**17,868**	13,462	33,432	22,457
Changes in assets and liabilities which provided/(used) cash					
Accounts receivable	**(5,995)**	**(8,701)**	(3,711)	(6,129)	(612)
Fuel and materials and supplies inventories	**2,233**	**2,910**	1,207	3,080	3,993
Prepayments and other assets	**29**	**(216)**	(1,828)	(289)	(3,464)
Deferred outflows of resources	**145**	**(1,771)**	182	602	8,482
Accounts payable	**3,232**	**(334)**	(544)	4,269	1,364
Net pension liability	**-**	**-**	-	(3,075)	(5,392)
Asset retirement obligations	**-**	**2,637**	539	(832)	1,553
Other liabilities	**60**	**134**	(229)	513	1,142
Deferred inflows of resources	**491**	**2,951**	2,911	8,404	4,517
Net cash provided by operating activities	**$ 11,823**	**$ 40,931**	$ 29,188	$ 72,824	$ 64,510
Non cash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	**2,264**	**2,264**	2,174	2,264	2,174
Amortization of regulatory asset (debt issuance costs)	**8**	**57**	41	86	72
Amortization of bond premiums and deferred loss on refundings	**(161)**	**(1,124)**	(1,236)	(2,008)	(2,158)
Net proceeds from refunding bond issuance deposited directly into irrevocable trust	**-**	**-**	-	25,182	-

Schedule of net revenues for bond service and fixed obligations

Unaudited (in thousands)

Bond service coverage	Month of July	July year to date 2021	July year to date 2020	Twelve months ended July 31 2021	Twelve months ended July 31 2020
Net revenues					
Operating revenues	**$ 30,210**	**$ 153,370**	$ 133,417	$ 260,702	$ 231,558
Operations and maintenance expenses, excluding depreciation and amortization	**18,438**	**109,176**	102,031	190,258	176,787
Net operating revenues	**11,772**	**44,194**	31,386	70,444	54,771
Plus interest income on bond accounts, other income and distribution to owner communities [1]	**154**	**1,390**	1,888	1,824	3,603
Net revenues before rate stabilization	**11,926**	**45,584**	33,274	72,268	58,374
Rate stabilization					
Deposits	-	-	-	-	-
Withdrawals	-	-	-	-	-
Total net revenues	**$ 11,926**	**$ 45,584**	$ 33,274	$ 72,268	$ 58,374
Bond service					
Power revenue bonds	**$ 1,483**	**$ 10,583**	$ 10,632	$ 18,175	$ 18,226
Coverage					
Bond service coverage ratio	**8.04**	**4.31**	3.13	3.98	3.20

	Month of July	July year to date 2021	July year to date 2020	Twelve months ended July 31 2021	Twelve months ended July 31 2020
Fixed obligation charge coverage					
Total net revenues, above	**$ 11,926**	**$ 45,584**	$ 33,274	$ 72,268	$ 58,374
Fixed obligation charges included in operating expenses [2]	**932**	**7,397**	5,773	12,659	9,613
Adjusted net revenues before fixed obligation charges	**$ 12,858**	**$ 52,981**	$ 39,047	$ 84,927	$ 67,987
Fixed obligation charges					
Power revenue bonds, above	**$ 1,483**	**$ 10,583**	$ 10,632	$ 18,175	$ 18,226
Fixed obligation charges	**932**	**7,397**	5,773	12,659	9,613
Total fixed obligation charges	**$ 2,415**	**$ 17,980**	$ 16,405	$ 30,834	$ 27,839
Coverage					
Fixed obligation charge coverage ratio	**5.32**	**2.95**	2.38	2.75	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

Estes Park • Fort Collins • Longmont • Loveland

JULY 2021 GENERAL MANAGEMENT REPORT

BUSINESS STRATEGIES

Communications and marketing

Communications worked with contract administration to issue requests for proposals (RFP) on July 28 to selected service providers to manage the strategic planning process scheduled to begin later this year; proposals are due on Sept. 1. The team also worked on a draft contract for a selected vendor to conduct a survey among all four owner communities in support of the strategic planning process. The survey, which will be conducted by Inside Information, will take place during the September-October timeframe.

Staff deployed new assets for the Efficiency Works brand marketing campaign, which has reached the screens of nearly three million potential viewers. The campaign is designed to elevate community recognition of the Efficiency Works brand and support individual program marketing efforts. Marketing staff also refreshed collateral pieces and worked on informational videos that will be deployed on Efficiencyworks.org.

In addition to regular internal communications from the Power Source, NewsFeed and business meeting email, staff continued to provide communications support for the rollout of Dayforce, the new human resource information system. Staff also developed and deployed communications tactics to support return-to-work activities. Staff continued support for the 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 July, staff participated in several online meetings and events.

Local engagement

- Attended three city council and town board meetings, board/commission meetings

Legislative outreach

- Met with legislative lobbyist for end of session wrap up
- Met with Air Pollution Control Division staff to discuss House Bill 21-1266
- Attended the Air Quality Control Commission July monthly meeting

Other activities

- Participated in two Western Area Power Administration public forums
- Participated in American Public Power Association virtual conference activities
- Met with representatives from the Colorado Solar and Storage Association

Additionally, working with contract administration, on July 28 staff issued an RFP to selected service providers for legislative services (i.e., contract lobbyist); proposals are due on Aug. 26. A new contract

is expected to be in place by Nov. 1.

Human resources

Dayforce, the new human resource information system, was implemented July 18. Training was provided to all staff and post go-live challenges were addressed in real time.

Phase 1 return-to-work activities for headquarters staff began the last week of July and will continue through the end of August.

Safety

The Rawhide safety staff returned to work at full capacity. All necessary Rawhide and headquarters staff have been registered for NFPA 70E electrical training.

Staff worked with the operations department to revise and finalize the hazardous energy control program. The safety team partnered with an external vendor to assist with conducting required new employee health testing.

Headquarters safety staff provided an ergonomics training video for the new sit/stand workstations and conducted safety orientation as part of the staff return-to-work orientation.

There were no recordable or lost time injuries for July.

Injury statistics	2019 year end	2020 year end	YTD through July 2020	YTD through July 2021
Recordable injury rate	0.85	1.29	0.70	0.72
DART	0.00	0.43	0.70	0.00
Lost time rate	0.00	0.43	0.70	0.00

Emergency Response Team (ERT)

ERT staff sourced a new web-based firefighter and emergency medical services certification and training records system to ensure records retention compliance.

Energy Engagement Center (EEC) construction

The EEC project sustained its first recordable injury when a contractor, not wearing PPE, pulled tape off a piece of conduit when his hand slipped and his thumb struck a metal stud. The employee received four stitches and was placed on light duty. The contractor did return to work but not at the EEC site.

Safety staff observed several subcontract employees not wearing safety glasses and escalated the observation to FCI Constructors. The issue was corrected immediately.

Energy solutions

Efficiency Works continued to experience reduced customer participation, although the participation rate increased from the lows seen earlier this year. Several initiatives contributed to and are expected

to continue this trend. On-site services like efficiency assessments, advising and direct installation of efficiency improvements resumed June 1 after a 14-month pause due to COVID-19. These services support a growing pipeline of new projects over the long term.

A 50% bonus rebate for select efficiency measures is being offered through the Efficiency Works Business program. This is intended to prompt efficiency upgrades that have experienced sustained low participation in the past. The Community Efficiency Grant, which offers higher incentives to businesses and multifamily facilities that serve income-qualified customers, is achieving greater participation from this segment than in previous years.

Platte River issued an RFP for energy advising services for the Efficiency Works Homes program. This is intended to ensure Efficiency Works and its customers continue to receive high-quality and competitively priced services. In addition, the RFP will identify a single vendor that can provide capacity to meet the large number of assessments performed within the program and that can support program innovation.

Through July, Efficiency Works programs achieved energy savings of 10,470 MWh and spent $3.8 million, including administration costs.

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 $2.9 million below budget at the end of the year. Some projects will not be completed during 2021 and the remaining funds for those projects, approximately $5.6 million, will need to be carried over into 2022. 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 $2.7 million may be required as a budget contingency appropriation to cover the additional capital project expenses. However, further changes to capital projections are anticipated and staff will continue to monitor spending estimates to determine the appropriate amount needed. Details of these changes in capital projects are also summarized in the financial report included in the board packet. 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 July 31, 2021.

Capital summary	**$ million**
2021 capital budget	$ 127.4
Estimated capital expenses at 07/31/2021	124.5
Under budget variance	$ 2.9
Estimated capital carryovers from 2021 to 2022	(5.6)
Estimated contingency transfer request	**$ (2.7)**

2022 budget update

Budget review sessions were held with management and the preliminary budget will be submitted to the board in September. Below is a condensed schedule to show the overall budget process.

March to May	Kickoff presentations and preparation of budget details by departments
June	Data compilation, division budget reviews and reporting
July	Senior leadership and GM/CEO budget review
August	Refine budget and document preparation
September	Budget work session with board
October	Public hearing and board review of budget modifications
November	Prepare final budget document
December	Final budget review with board and request adoption

Moffat County Impact Assessment Paid

A payment to Moffat County of $36,216 was made in August. The payment is in accordance with the Intergovernmental Fiscal-Impact Reimbursement Agreement signed with Moffat County in 1993. It represents the financial impact to the County for Platte River's ownership share of the Yampa Project based on number of employees working at the Craig Station. Under the agreement, the payment amount is adjusted every five years based on property valuations and county mill levies. The next calculation will be completed in 2024.

Energy Engagement Center (EEC) update

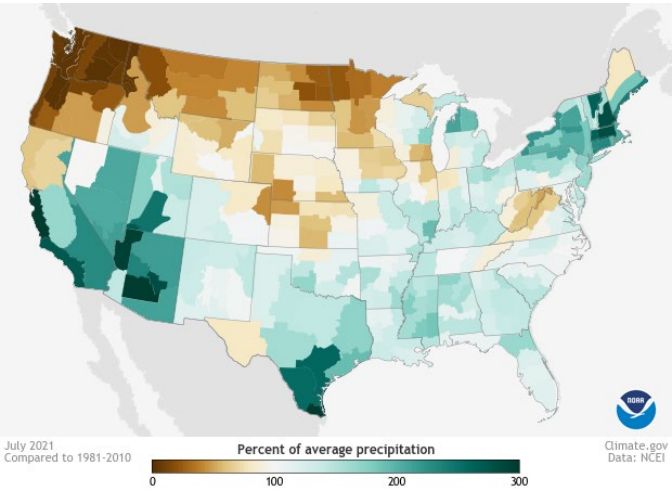
Construction continues to progress on the Energy Engagement Center. Crews have completed masonry, interior framing and most of the HVAC ductwork. Next, crews will be working on window installation, hanging drywall and mechanical and electrical work will be performed on the interior of the space. Material supply chain delays have been one of the largest challenges, however we are still on track for an estimated completion of the project in December 2021.

Enterprise resource planning (ERP) project update

Platte River has identified an actionable ERP strategy with three possible ERP software solutions. The solution selected will allow Platte River staff to gain efficiencies, automate routine manual processes and view actionable data in real time. Existing software solutions and added features will be explored for finance and asset management. In August, the project team will view vendor demonstrations and begin the evaluation process.

OPERATIONS

Fuels and water



Despite significant monsoonal moisture blanketing the basin in July (see image), drought conditions continue to plague the Colorado River from its headwaters in Grand County to the U.S. - Mexico border. Following a snowmelt season that saw much of the runoff absorbed by the parched soils in the basin rather than flowing downstream, Lake Powell has dropped to the lowest level recorded since its initial filling in 1980. In an effort to curb the decline and in line with the Drought Response Operations Agreement developed with Upper Basin states in 2019, the U.S. Bureau of Reclamation has started to deliver 181,000 acre-feet of supplemental water to Lake Powell from reservoirs in Wyoming, Colorado, and New Mexico. Additional measures, such as mandatory water restrictions, are likely in Lower Basin states as early as next year. Similar restrictions in Upper Basin states that could affect the Windy Gap project will depend on the states' ability to continue to make downstream deliveries in accordance with the Colorado River Compact.

After more than 20 years of planning and preparation, the Northern Colorado Water Conservancy District and the Chimney Hollow Reservoir project participants celebrated groundbreaking on August 6. While some staging operations and site preparation work has begun, full-scale construction operations are scheduled to begin August 16, once the pooled financing bond sale is complete and the corresponding proceeds are in place. Construction is estimated to take four years. The first 18 months will be focused on foundation excavation and preparation at the main dam, in addition to construction of the inlet tunnel, spillway, and saddle dam. As the main dam takes shape and for the project to remain on schedule, 100-ton dump trucks will haul material from the on-site quarry to the dam at two-minute intervals, twenty hours a day, for over two-and-a-half years. When the dam is built, it will rise about 350 feet above the valley floor. The dam incorporates a technology common in Europe but less so in the United States. Its water-sealing core will consist of a ribbon of hydraulic asphalt instead of a clay core like the Carter Lake and Horsetooth Reservoir dams. Geologists discovered there was not enough high-quality clay material within the footprint of Chimney Hollow Reservoir, and instead of bringing it in from elsewhere, they chose the hydraulic asphalt core. The dam's rock-fill shoulders will use material mined from the reservoir footprint, which will reduce costs and pollution and increase storage capacity. Upon completion, Chimney Hollow Reservoir will be the largest reservoir constructed in the United States in the past 25 years and will provide Platte River and the other project participants with a reliable water supply.

Resource planning update

Staff finalized the power supply plan in support of the 2022 budget, which included a sensitivity showing the impact of eliminating the sales of surplus thermal generation from 2022-2030.

Work on the Clean Energy Plan (CEP) continued, with staff having developed a range of CO_2 emissions between 2022-2030. The range will be used in the filing of the CEP, in compliance with state legislation, following board approval at the September board meeting.

Staff continues to calibrate the Plexos model, which will replace the Aurora model for resource planning, and plans to put it into production later this fall.