



Estes Park • Fort Collins • Longmont • Loveland

Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, Oct. 28, 2021, 9 a.m.

Call to order

1. Consent agenda
 - a. Minutes of the regular meeting of Sept. 30, 2021

Motion to approve

Public comment

Board action items

2. 2021 BKD audit plan
 - a. Audit engagement letter
3. 2022 rate tariff schedules

*Motion to Authorize
Resolution 11-21*

Management presentations

4. Proposed 2022 Strategic Budget – public hearing
5. Rawhide Unit 1 planned major outage update
6. Drake transmission line replacement project
7. CRSP hydropower allocation reduction and rate increase impacts
8. Strategic Planning process

Monthly informational reports

9. Q3 performance dashboard
10. Legal, environmental and compliance report
11. September operating report
12. September financial report
13. September general management report

Strategic discussions

Adjournment



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2021 board meeting planning calendar

Updated Oct. 18, 2021

November 2021

No board of directors meeting

Retirement committee meeting

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	Power market analysis update	DER strategy committee update	October 2021 operating report (November 2021 report, if available)
2021 board contingency appropriation transfer (if required)			October 2021 financial report (November 2021, if available)
Proposed 2022 board of directors regular meeting schedule			General management report

Topics to be scheduled:

- DER strategy committee update (Feb.)
- Chimney Hollow Reservoir tour

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



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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.



Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 10/20/2021

To: Board of directors

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

Subject: **Consent agenda – October**

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 the listed item unless a member of the board removes the item from consent for further discussion.

a) Minutes of the regular meeting of Sept. 30, 2021

Attachment



Estes Park • Fort Collins • Longmont • Loveland

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Sept. 30, 2021

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten¹
Representing Fort Collins: Julie Pignataro²
Representing Longmont: Mayor Brian Bagley³ and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Absent

Mayor Jeni Arndt

Platte River staff

Jason Frisbie (general manager/CEO)
Sarah Leonard (general counsel)
Dave Smalley (chief financial officer and deputy general manager)
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)
Pat Connors (vice president of power supply)
Libby Clark (director of human resources and safety)
Shelley Nywall (director of finance)
Wade Hancock (financial planning and rates manager)
Jason Harris (controller)
Travis Hunter (director of power generation)

Guests

Kevin Gertig (Loveland Water and Power)

Call to order

Chair Hornbacher called the meeting to order at 9:02 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. Director Bernosky

¹ Attended via Zoom Webinar

² Attended via Zoom Webinar; Arrived at 9:40 a.m.

³ Arrived at 9:06 a.m.



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introduced Kevin Gertig who will replace Director Bernosky as Utilities Director at Loveland Water and Power.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of Aug. 26, 2021

Director Bernosky moved to approve the consent agenda as presented. Director Marsh seconded. The motion carried 5-0 via roll call vote.

Public comment

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

Committee reports

2. Retirement committee report

Committee chair Joe Bernosky provided the committee report for the Aug. 26, 2021 meeting. The actuary from Towers Watson reviewed the experience and assumption study, which is conducted every five years. During the August meeting, the actuary compared the actuarial assumptions to actual plan experience and provided recommendations for changes to the assumptions. The actuary presented plan amendment number four to correct an unintended consequence to the beneficiary death benefit resulting from current plan language. The changes modify the result when a participant who is eligible for an early retirement benefit dies while employed and incorporate the early retirement subsidy into the death benefit. The committee recommends approval of plan amendment number four.

The plan's investment consultant, Northern Trust, reported on the plan's performance for the June quarter, highlighting that assets increased \$3.3 million as contributions and market returns exceeded benefit payments. The portfolio return for the second quarter was 5%, which equaled the benchmark, year-to-date, the return was 7.4%, which was 1.4% below the plan's target return of 7.5%. Northern Trust also provided an educational session on the benefits of natural resources as an inflation hedge and explained why the flexshares global upstream natural resources fund is used in lieu of direct commodity exposure.

The next retirement committee meeting is scheduled for Nov. 12, 2021.

Board action items

3. Defined Benefit Plan amendment

Dave Smalley, chief financial officer and deputy general manager, referred to the death benefit amendment mentioned during the retirement committee report and presented the resolution to amend the Defined Benefit Plan. Both staff and the committee recommended approval of the resolution.

Jason Frisbie, general manager and chief executive officer, clarified the special unreduced provision added into the plan for an employee who achieved 20 years of service and those that also qualify for special unreduced retirement could have been affected in the unforeseen occurrence of death while still employed at Platte River. Mr. Smalley further clarified that the special early provision is the ability to retire at age 62 versus 65 with an unreduced benefit if other qualifications are met.

Director Bagley moved to approve Resolution 09-21: Defined Benefit Plan Amendment number 4, as presented. Director Koenig seconded, and the motion carried 6-0 via roll call vote.

4. Clean Energy Plan

Trista Fugate, director of governmental affairs, summarized the Clean Energy Plan (CEP) discussions with the board and the legislative background for Platte River to submit a CEP to the Air Pollution Control Division (APCD). Ms. Fugate noted the enlarged printout of the workbook for the board even though the workbook is in the packet.

Pat Connors, vice president of power supply, outlined the data in the workbook calculating net emissions for 2005 to 2030. He pointed out that the workbook and formulas were not designed by Platte River but were provided by the Colorado Department of Public Health and Environment. He reiterated that the formulas within the workbook are unchangeable and Platte River's data input is in red text.

Director Koenig asked Mr. Connors to define short tons as mentioned in the workbook results. Mr. Connors explained that a short ton is 2,000 U.S. pounds versus the commonly used metric tons, which is 1,000 kilograms. He also explained how short tons and metric tons are used in the details of the safe harbor calculations.

Ms. Fugate reviewed the next steps in the CEP submission process, including evaluation and verification by the APCD, making any modifications requested by the APCD and final verification for filing with the Colorado Public Utilities Commission. Staff recommends approval of the resolution to approve the CEP.

Director Marsh asked which utility claims the CO₂ emissions for purchased power and surplus sales transactions and talked about emissions remaining local. Mr. Frisbie responded that whoever purchases the power will be responsible for the emissions. Chair Hornbacher asked how often Platte River will need to report on the CEP progress. Ms. Fugate responded that an

annual reporting process will begin in 2023 with the APCD. If results show a lack of progress for a couple of years in a row, they will have a rule making by Air Quality Control Commission that will call for us to update the plan. Chair Hornbacher questioned how the next integrated resource plan and possible early closures of Craig Units 1 and 2 would affect the CEP as submitted. Ms. Fugate responded that Platte River will be required to update the CEP only if we are not meeting the goals year over year. Discussion ensued among directors and staff regarding the results of the CEP report.

Director Bagley moved to approve Resolution 10-21: the Clean Energy Plan, as presented. Director Koenig seconded, and the motion carried 7-0 via roll call vote.

Management presentations

5. Reorganization and 2022 staffing requests (presenter: Jason Frisbie and Libby Clark)

Mr. Frisbie provided an overview of the current organizational structure and presented an outline of the internal reorganization to align the structure with strategic initiatives and the board's 2030 resource diversity goals.

Director Koenig thanked staff for following the strategic plan, accomplishing the goals within the strategic plan and supported the additional positions requested because of the successful results Platte River has achieved. Mr. Frisbie explained the past boards' decisions early on with choosing technologies and resources were just as challenging as today's board's decisions about choosing the next era of technologies and resources to meet future needs.

Director Bagley commented on key personnel that move around in the industry and asked how long it took to develop the proposed reorganization. Mr. Frisbie responded that conversations have been going on since the beginning of the year.

Director Koenig commented on terminology used within the industry and asked about the title name changes. Mr. Frisbie responded that the titles reflect their focus within the company.

Director Bergsten commented on the new positions reflecting the advancement direction mentioned in the Resource Diversification Policy and the opportunities for the four owner communities. Mr. Frisbie noted discussions with the board about integration of DERs. Chair Hornbacher commented on the history of Platte River achieving positive results and continuing to achieve goals.

Libby Clark, director of human resources and safety, outlined the position additions for consideration in the proposed 2022 Strategic Budget.

6. 2022 rate tariff schedules (presenters: Shelley Nywall)

Shelley Nywall, director of finance, provided an overview of the 2022 rate tariff schedules that the board will be asked to approve at the October board meeting. She reminded the board that rates will go into effect on Jan. 1, 2022 following approval.

7. Proposed 2022 Strategic Budget work session

(presenters: Shelley Nywall and Jason Harris)

Ms. Nywall introduced the proposed 2022 Strategic Budget, highlighting the major changes to the budget over the past few years.

Jason Harris, controller, presented the proposed 2022 Strategic Budget, outlining the schedule, the process, the document, trends, 2022 overview and the five-year capital forecast.

Director Bernosky expressed concerns with the operation and maintenance (O&M) costs related to cycling Rawhide Unit 1. Mr. Frisbie described the increased wear on equipment Rawhide staff have seen during the current outage inspections related to cycling the unit and how this information will help planning for future O&M costs.

Director Marsh and Chair Hornbacher thanked staff for the enthusiasm towards the budget process and the organized information presented.

Director Bergsten asked about integrating an enterprise resource planning (ERP) system with a customer information system (CIS). Mr. Smalley responded that a CIS option was not included in the current ERP vendor selection process. Director Bergsten referred to the five-year trends slide and asked if we paid someone to take our energy. Mr. Harris responded that Platte River did pay someone to take the energy and it is common to see negative pricing in an organized energy market. Discussion ensued among directors and staff about pricing in the Joint Dispatch Agreement and the Southwest Power Pool.

8. Rawhide Unit 1 planned major outage overview (presenter: Travis Hunter)

Travis Hunter, director of power generation, provided an overview of safety, the schedule and budget for the Rawhide Unit 1 outage, major O&M projects and progress on the major capital projects.

Directors thanked staff at Rawhide for their work and dedication during the planned outage.

Melie Vincent, chief operating officer, introduced Mr. Hunter as Platte River's first Director of Power Generation and thanked his staff for their commitment during the planned major outage.

Monthly informational reports

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

Sarah Leonard, general counsel, offered to answer any questions on the information provided in the board packet. There were no questions from the board.



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10. August operating report (presenter: Melie Vincent)

Ms. Vincent provided the August operating report, highlighting that sales and owner community demand remain above budget for the year. In addition

- Baseload generation was below budget for the month,
- Wind and solar generation were above budget,
- CT generation was above budget,
- Surplus sales were above budget and purchased power was below budget,
- Dispatch costs were above budget due to the CTs' operation and elevated gas prices, and
- Year-to-date results are consistent with August results.

11. August financial report (presenter: Dave Smalley)

Mr. Smalley highlighted the August financial report showing strong results with net income \$18 million above budget, primarily due to revenues from surplus sales and owner community demand. There were no questions from the board.

12. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the Chimney Hollow Reservoir construction progress, the Large Public Power Committee CEO discussion themes during the recent quarterly meeting, and the Western Area Power Administration transmission line to Estes Park. He thanked the Rawhide staff for their dedication to working hard and staying safe throughout the planned major outage.

Roundtable and strategic discussion topics

Adjournment

With no further business, the meeting adjourned at 12:03 p.m. The next regular board meeting is scheduled for Thursday, Oct. 28, 2021 at 9:00 a.m. either virtually or at 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



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Memorandum

Date: 10/20/2021

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: **2021 BKD audit plan**

At the October board meeting, Chris Telli and Anna Thigpen from BKD LLP will discuss the planning and timing of the 2021 annual audit of the financial statements and defined benefit plan and will answer any questions that may arise. Included in the packet are copies of the pre-audit letter and engagement letter describing the scope of services and arrangements proposed for the audit.

There are no governmental accounting standards that are required to be implemented in 2021 and Platte River does not plan early adoption of any future standard.

The board authorized Platte River to enter into a five-year agreement with BKD LLP to provide audit services for 2021-2025 year-end financial results for both the financial statement and defined benefit pension plan audits. The base fee stated in the attached engagement letter is \$94,800 for the combined audit, which represents a 2% increase from 2020 as agreed upon in the five-year agreement. Actual travel costs and administrative fees will be billed separately.

Staff recommends a motion authorizing the board chairman to sign the engagement letter.

Attachments

- BKD pre-audit letter
- BKD engagement letter

October 14, 2021

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

The purpose of this communication is to summarize various matters related to the planned scope and timing for the December 31, 2021 audit of the financial statements of Platte River Power Authority (the Authority).

Please refer to our contract dated October 14, 2021 for additional information and the terms of our engagement.

Overview

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Planned Scope & Timing

Significant Risk Areas

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Board of Directors
 Platte River Power Authority
 October 14, 2021
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Risk Area	Audit Approach
Risk of management override of controls	Review accounting estimates for bias, electronic review of journal entries and evaluate business rationale for unusual transactions
Revenue recognition	Test the cutoff of revenue to determine that the amounts tested are properly recognized
<i>GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements, Regulated Operations, Paragraphs 476-500</i>	Review accounting estimates for bias, review board approval of accounting treatment and test supporting documentation for reasonableness
Capital assets	Review for propriety including accounting for disposals, proper capitalization, reasonableness of depreciation, and completeness
Long-term debt	Review terms of new long-term debt pooled financing agreement for propriety and disclosure

We welcome any input you may have regarding the information discussed above. We also welcome any insight you have related to any other risk areas, or other significant risk areas, that you believe warrant particular attention.

We propose the following timeline:

- Interim fieldwork is scheduled for November 15-17, 2021
- Final fieldwork is scheduled for February 21-March 8, 2022
- Drafts of the financial statements and management letter, together with our letter regarding auditor responsibilities, will be furnished by April 7, 2022
- Final report will be issued by April 14, 2022
- Audit presentation to the board is preliminarily scheduled for April 28, 2022

Our engagement team will be comprised of the following:

- Christopher Telli, Partner
- Anna Thigpen, Director
- Cody Schuldt, Senior Associate

Contacts

We understand the appropriate person in the governance structure with whom to communicate is Mr. David Hornbacher, Chairman of the Board of Directors.

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If for any reason, any member of the Board of Directors would need to contact us, please call Mr. Christopher Telli or Ms. Anna Thigpen, at 303.861.4545.

Accounting & Auditing Matters

The following matters are, in our judgment, relevant to the planned scope of the audit as well as your responsibilities in overseeing the financial reporting process.

- Segregation of duties
- Revenue recognition
- Receivables
- Third-party service providers
- Restricted assets
- Cash and investments
- Electric utility plant
- Debt
- Accrued liabilities
- Pension plan and related accounts
- Regulatory assets and liabilities
- Commitments and contingencies
- Related-party transactions

Consideration of Error or Fraud

One of the most common questions we receive from audit committees is, “How do you address fraud in a financial statement audit?” Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement team brainstorming
 - Discussions include how and where we believe the Authority’s financial statements might be susceptible to material misstatement due to error or fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the Authority could be misappropriated
 - An emphasis is placed on the importance of maintaining the proper state of mind throughout the audit regarding the potential for material misstatement due to error or fraud

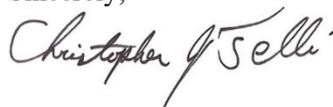
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- Inquiries of management and others
 - Personnel interviewed include the Board Chair, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Controller, and others
 - Inquiries are directed towards the risks of error or fraud and whether personnel have knowledge of any fraud or suspected fraud affecting the Authority
- Reviewing accounting estimates for bias
- Considering the risk that management may attempt to present disclosures to the financial statements in a manner that may obscure a proper understanding of the matters disclosed (for example, by using unclear or ambiguous language)
- Evaluating business rationale for significant unusual transactions
- Evaluating business rationale for significant transactions with related parties
- Incorporating an element of unpredictability into the audit each year

* * * * *

This communication is intended solely for the information and use of those charged with governance, Board of Directors, and management and is not intended to be and should not be used by anyone other than these parties.

Sincerely,



Christopher Telli, CPA
Partner



Anna Thigpen, CPA
Director

October 14, 2021

Mr. David Hornbacher
Chairman of the Board of Directors
Platte River Power Authority
Fort Collins, Colorado 80525-5721

We appreciate your selection of **BKD, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you **Unmatched Client Service**[®]

In addition to the terms set forth in this contract, including the detailed **Scope of Services**, our engagement is governed by the following, incorporated fully by this reference:

- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached **Scope of Services**, our services will include the following:

- Platte River Power Authority
- Audit Services for the year ended December 31, 2021

Engagement Fees

The fee for our services will be \$94,800. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of four (4) percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as software licensing, user access, and research tools, and similar expense items.

Our pricing for this engagement and our fee structure is based upon the expectation that our invoices will be paid promptly. Payment of our invoices is due upon receipt. We will issue progress billings during our engagement.

Additional Costs Related to Implementing New Standards

Assistance and additional time as a result of the adoption of new standards, such as those listed in the attached **New Auditing and Accounting Standards**, are not included within our standard engagement

fees. These fees will be based on time expended and will vary based on the level of assistance and procedures required.

Contract Agreement

Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

BKD, LLP

Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services**, and **Terms and Conditions Addendum** on behalf of Platte River Power Authority.

BY _____
David Hornbacher,
Chairman of the Board of Directors

DATE _____

BY _____
David Smalley,
Deputy Manager and Chief Financial Officer

DATE _____

Approved as to form:

BY _____
Sarah Leonard,
General Counsel

DATE _____

Scope of Services

The following apply for all services:

Assistance Our timely completion of services depends on the assistance you provide us in accumulating information and responding to our inquiries. Inaccuracies or delays in providing this information or the responses may result in untimely filings or inability to meet other deadlines.

Responsibility for Outcomes We may perform additional services for you that are not covered by this contract. You agree to assume full responsibility for the substantive outcomes of the contracted services and for any other services we may provide, including any findings that may result.

You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management's objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions.

We understand you have designated (or will) a management-level individual to be responsible and accountable for overseeing the performance of these services, and you have determined (or will) this individual is qualified to conduct such oversight.

Additional Costs Related to COVID-19 Our fees do not consider additional efforts driven by the SARS-CoV-2 virus and the related COVID-19 (COVID-19) environment. Complexities and uncertainties related to various provisions of new laws and the continued issuance of interpretative and procedural guidance from federal agencies may affect our services. Fees related to COVID-19 activities will be billed based on time expended. Additional efforts or services may include:

- Single Audits or compliance audits for the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) or other COVID-19-related funding programs. If these funding programs will be subject to Single Audit requirements or other compliance audits, we will issue an addendum for those services
- Accounting and auditing issues such as collectability of receivables, inventory valuation, compliance with debt agreements, modification of lease terms, etc.

Audit Services

We will audit the basic financial statements and related notes to the basic financial statements for the following entity:

Platte River Power Authority as of and for the year ended December 31, 2021

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

You have informed us that the audited financial statements are expected to be presented along with management's annual report. Management is responsible for the other information included in the annual report. The other information comprises the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements will not cover the other information, and we will not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Anna Thigpen, Director, will oversee and coordinate the engagement. Christopher Telli, Partner, is responsible for supervising the engagement team and authorizing the signing of reports.

We will issue a written report(s) upon completion of our audit(s), addressed to the following parties:

Entity Name	Party Name
Platte River Power Authority	Board of Directors of Platte River Power Authority

The following apply for the audit services described above:

Our Responsibilities	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). We will exercise professional judgment and maintain professional skepticism throughout the audit.</p> <p>We will identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.</p> <p>We will obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.</p> <p>We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.</p>
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We will also conclude, based on audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Limitations & Fraud

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our understanding of internal control is not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and **BKD, LLP**.

Opinion

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report, or if necessary, withdraw from the engagement.

If we discover conditions that may prohibit us from issuing a standard report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Management and, if applicable, those charged with governance acknowledge and understand their responsibility for the following:

- For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America
- For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

- To provide us with:
 - Access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures
 - Additional information that we may request for the purpose of the audit
 - Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence

**Written
Confirmations
Required**

As part of our audit process, we will request from management and, if applicable, those charged with governance, written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

**Supplementary
Information**

With regard to any supplementary information that we are engaged to report on:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

**Implementation of
New Standards**

Unless indicated in our contract, our services and related fees do not include substantive assistance beyond routine advice related to the adoption of new accounting and reporting standards. Should you require assistance, we will bill you at our standard hourly rates.

**Assistance with
Application of
Standards**

Transactions or changes in business may require you to apply existing standards differently each year, such as when business operations create new revenue streams, operations are discontinued, liquidity or operational challenges are encountered, business combinations are executed, etc. We welcome your questions throughout the year and are happy to provide general guidance and routine support; however, our engagement does not include substantive effort to assist you with applying standards to these circumstances, unless otherwise indicated in the contract.

New Auditing and Accounting Standards

Leases

Governmental Accounting Standards Board Statement No. 87, *Leases*, is effective for fiscal years beginning after June 15, 2021. Early application is encouraged.

Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. We can assist you with the adoption by providing services which may include, but are not limited to:

- Assessing your readiness by assisting with the evaluation of your:
 - Current controls and policies
 - Current internal resources and system capabilities
- Assisting with changes required to adopt Statement No. 87, including:
 - Assisting with information gathering to develop an inventory of all lease agreements, service contracts, and other arrangements that may contain right-to-use lease assets
 - Recommending enhancements to existing controls and policies or suggesting new controls and policies to address Statement No. 87
 - Documenting any changes from your previous lease recognition and reporting methods
 - Drafting the required disclosures

The time it will take to perform the above assistance and our additional audit procedures relating to the adoption of the Statement, and any time to assist you with the adoption, may be minimized to the extent your personnel will be available to provide timely and accurate documentation and information as requested by us.

BKD, LLP Terms and Conditions Addendum

GENERAL

1. **Overview.** This addendum describes **BKD, LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and **BKD, LLP**. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to **BKD, LLP** ("BKD"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent.

We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four (4) years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.
4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay BKD for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of four (4) percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as software licensing, user access, and research tools, and similar expense items.

DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. Unless the parties agree otherwise, the American Arbitration Association ("AAA") will administer any such mediation in accordance with its Commercial Mediation Rules. The mediator will be selected by agreement of the parties. If We cannot agree, a mediator shall be designated by the AAA. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.
6. **Indemnification.** Unless disallowed by law or applicable professional standards, You agree to hold BKD harmless from any and all claims which arise from knowing misrepresentations to BKD, or the intentional withholding or concealment of information from BKD by Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. You also agree to indemnify BKD for any claims made against BKD by third parties, which arise from any wrongful actions of Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. The provisions of this paragraph shall apply regardless of the nature of the claim.
7. **Limitation of Liability.** You agree that BKD's liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply (1) to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of BKD, (2) to any third-party claim against You resulting from Our action or inaction, or (3) if enforcement of this provision is disallowed by applicable law or professional standards.
8. **Waiver of Certain Damages.** In no event shall BKD be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise. This waiver shall not apply to any third-party claim against You resulting from Our action or inaction.
9. **Severability.** If any portion of this contract is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this contract.
10. **Assignment.** You acknowledge and agree that the terms and conditions of this contract shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.
11. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

12. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that BKD has no responsibility to maintain this information. You agree You will not rely on BKD to provide hosting, electronic security, or backup services, *e.g.*, business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from BKD's servers, *i.e.*, BKDconnect, can be terminated at any time and You will not rely on using this to host Your data and records.
13. **BKD Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, We may be requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, BKD will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information. In addition, You agree to compensate or reimburse BKD for all costs and expenses, including reasonable attorney's fees, associated with BKD's compliance with requests or demands for its workpapers or other information related to this engagement, and for any testimony required by summons or subpoena.
14. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes and supplementary information, as appropriate) are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

15. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Subject to the provision in the following sentence, neither You, nor any of Your agents, will copy, electronically store, reproduce, or make available to anyone other than Your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format, or other medium, *provided, however*, that We acknowledge that documents and other materials supplied to You may potentially become public records subject to inspection by outside parties under the Colorado Open Records Act, C.R.S. § 24-72-200.1, et seq., as amended. Unless

proper grounds exist to deny requests to inspect these materials, You may be unable to prevent inspection. We have familiarized Ourselves with the relevant law sufficiently to enable Us to take steps necessary to protect the confidential nature of Our submissions.

REGULATORY

16. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants ("AICPA"), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not apply to the extent necessary only to avoid such prohibition or impairment.
17. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor's report, or reference to Our firm, will not be included in any such offering document without notifying Us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, "**BKD, LLP**, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. **BKD, LLP** also has not performed any procedures relating to this offering document."

18. **BKD Not a Municipal Advisor.** BKD is not acting as Your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to You and does not owe You a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such matters with internal or external advisors and experts You deem appropriate before acting on any such information or material provided by BKD.

TECHNOLOGY

19. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites.
20. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same

force and effect as manual signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in “portable document format” (“.pdf”) or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.

21. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by Us. You consent to Our use of these electronic devices and applications during this engagement.

OTHER MATTERS

22. **Third-Party Service Providers.** BKD may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about You to third-party service providers in serving Your account. BKD maintains, however, internal policies, procedures, and safeguards to protect the confidentiality and security of Your information. In addition, BKD will secure confidentiality agreements with all service providers to maintain the confidentiality of Your information. If We are unable to secure an appropriate confidentiality agreement, You will be asked to consent prior to BKD sharing Your confidential information with the third-party service provider.
23. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to You.
24. **Use of BKD Name.** Any time You intend to reference BKD’s firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.
25. **Praxity.** BKD is an independent accounting firm allowed to use the name “Praxity” in relation to its practice. BKD is not connected, however, by ownership with any other firm using the name “Praxity.” BKD will be solely responsible for all work carried out on Your behalf. In deciding to engage BKD, You acknowledge that We have not represented to You that any other firm using the name “Praxity” will in any way be responsible for Our work.
26. **BKD Status as LLP.** BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners

of **BKD, LLP** have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, for any debts, obligations, or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract, or otherwise.

27. **Entire Agreement.** The contract, including this *Terms and Conditions Addendum* and any other attachments or addenda, encompasses the entire agreement between You and BKD and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and BKD.
28. **Force Majeure.** Neither party (the “excused party”) shall be held responsible for any failure to fulfill its obligations under this contract if such failure was caused by circumstances beyond the excused party’s control.



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 10/20/2021

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: **2022 rate tariff schedules**

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. Staff presented details of changes to the 2022 rate tariff schedules at the August board meeting. The draft 2022 rate tariff schedules and a redline copy were provided in September. Accompanying this memorandum are the following documents as approval of the 2022 tariff schedules is requested at the October board meeting.

Tariff schedules and resolution

- 2022 rate tariff schedules
- Resolution to adopt the 2022 rate tariff schedules

Background information

- Proposed 2022 rate tariff schedule charges whitepaper
- 2022 wholesale rates at a glance

The tariffs include the rate recommendations outlined below. The whitepaper provides more detailed explanations of the rate recommendations.

Firm Power Service

- Rates were adjusted for an average wholesale rate increase of 3.2%.

Standard Offer Energy Purchase

- Avoided energy rate decrease of 4.1%.

Platte River Power Authority

2022 rate tariff schedules

10/20/2021

Staff recommends adoption of the resolution as proposed. If adopted, Platte River will give each owner community written notice of the revised rates not less than 30 days before Jan. 1, 2022, the effective date of the tariffs.

Attachments

- 2022 rate tariff schedules
- Proposed 2022 rate tariff schedule charges whitepaper
- 2022 wholesale rates at a glance
- Resolution



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

2022 Rate Tariff Schedules



Firm Power Service (Tariff FP-22)

Applicability:

The Firm Power Service Tariff (Tariff FP-22) will apply to all firm electric service furnished to an Owner Community for distribution and resale pursuant to its contract with Platte River Power Authority (Platte River), unless the Owner Community purchases a portion of its electricity requirements under another tariff schedule. For the purposes of this tariff the "Owner Communities" means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland.

This tariff will not be available to an Owner Community for service to (a) any retail customer that requests new service entrance capacity of 10,000 kilowatts or greater or (b) any retail customer that has a new load of an unusual nature that cannot be readily served from the Owner Community's distribution system. Electric power and energy services that are provided to an Owner Community for resale to customers that are excluded from service under this tariff will be provided under the terms and conditions of the Large Customer Service Tariff.

Character of Service:

Alternating current 60 hertz; three-phase; delivery at 115 kilovolt or at other voltages subject to conditions as agreed upon; metering at each delivery point.

Monthly Rate:

The Monthly Rate charged to Owner Communities, as approved by the Platte River board of directors, will be as follows:

Owner Community Charge:

Owner Community rate of \$11,520 per month per Owner Community Allocation

Transmission Demand Charge

\$6.62 per kilowatt of Noncoincident Billing Demand

Generation Demand Charge:

Summer Season \$6.10 per kilowatt of Coincident Billing Demand

Nonsummer Season \$4.48 per kilowatt of Coincident Billing Demand

Fixed Cost Energy Charge:

\$0.01572 per kilowatt hour for all energy supplied

Dispatchable Variable Cost Energy Charge:

\$0.01520 per kilowatt-hour for all Dispatchable Energy supplied

Intermittent Energy Charge:

\$0.03200 per kilowatt hour for Owner Community's Allocated Share of Intermittent Energy

Summer / Nonsummer Season:

The Summer Season will be the period June 1 through September 30 of each year. The Nonsummer Season will be the period January 1 through May 31 and October 1 through December 31.

Owner Community Allocation:

The Owner Community Allocation represents each Owner Community's share of Platte River's total Owner Community energy sales over the previous six-year period as determined at the end of the year. The Owner Community Allocation is calculated as the sum of each Owner Community's energy sales over the previous six-year period divided by the total Owner Community energy sales during that time, utilizing the year-end sales values as determined by Platte River. The resulting ratio is multiplied by 100 to create a value to be utilized as the Owner Community Allocation which is multiplied by the Owner Community Charge.

Billing Demand:

The Coincident Billing Demand will be the 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Owner Community receives electric power and energy, measured coincident with the Monthly System Peak Demand for Platte River.

The Monthly System Peak Demand for Platte River will be the maximum coincident sum of the hourly demands for the Owner Communities recorded during the billing month subject to a minimum demand calculation. The minimum demand for the Coincident Billing Demand will be equal to 75 percent of the Owner Community's average maximum Coincident Demand during the three preceding summer periods beginning with the most recent completed year. Each summer period will have one peak Coincident Demand value, which is the peak Coincident Demand value during the summer period. The average is the total of the peak Coincident Demand values for the three preceding summer periods divided by three.

The Noncoincident Billing Demand will be the maximum 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Owner Community receives electric power and energy, without regard to the timing of the Monthly System Peak Demand subject to a minimum demand calculation. The minimum demand for the Noncoincident Billing Demand will be equal to 75 percent of the Owner Community's average maximum Noncoincident Demand during the three preceding annual periods beginning with the most recent completed year. Similarly, each annual period will have one peak Noncoincident Demand value, which is the peak Noncoincident Demand value during that period. The average is the total of the Noncoincident Demand values for the three preceding annual periods divided by three.

Energy:

Intermittent Energy will be the kilowatt-hours supplied to the Owner Communities from Platte River's wind and solar energy resources excluding energy supplied from community solar resources.

Dispatchable Energy will be all kilowatt-hours supplied from all sources that are not Intermittent Energy, including energy supplied from community solar resources.

Owner Community's Allocated Share of Intermittent Energy will be all kilowatt-hours of Intermittent Energy allocated monthly based on each Owner Community's pro rata share of the total kilowatt-hours of electricity sold to all of the Owner Communities for that month.

Standard Offer Energy Purchase (Tariff SO-22)

Applicability:

The Standard Offer Energy Purchase Tariff (Tariff SO-22) is applicable 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 (referred to herein as "Retail Customer"). For the purposes of this tariff the "Owner Communities" means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Terms of service under this tariff are dependent upon the size, type, and ownership of the power production facilities (Power Producer) and Platte River Power Authority (Platte River) reserves the right to review conditions of such service on an annual basis.

Power Producers that have registered with the Federal Energy Regulatory Commission (FERC) production facilities as a Qualifying Facility(ties) as defined in Section 201 of the Public Utilities Regulatory Policies Act (PURPA) are subject to the policies and procedures for PURPA facilities in Platte River's policy "Governing Purchases from PURPA Qualified Facilities", which is incorporated by reference into this tariff.

Regardless of Qualified Facility registration status, Platte River refers to production facilities as follows.

- Small Facility, where the operating maximum capacity of the facilities is less than 1,000 kilowatts (kW), or
- Large Facility, where the operating maximum capacity of the facilities is greater than or equal to 1,000 kilowatts (kW).

For each Small Facility or Large Facility, the Owner Community and/or the Retail Customer will provide the following information to Platte River: (1) maximum output rating of the facility in kilowatts, (2) physical location of the facility (address), (3) expected output of the facility, (4) the date that the facility began operation, (5) type of facility (photovoltaic solar or other noncarbon energy source, reciprocating engine, steam turbine, etc.), (6) type of fuel (if any), and (7) any updates or changes to previously reported information. This information will be provided to Platte River annually by March 31 for facilities installed during the prior calendar year.

Small Facilities:

All production facilities owned by a Retail Customer with a maximum output rating of less than 1,000 kW, either individually or aggregated at a single Retail Customer service address, are herein defined collectively as Small Facilities or individually as a Small Facility.

Platte River will not purchase the energy or capacity of a Small Facility. Any output in excess of the Retail Customer's load will be subject to the net meter policy of the Owner Community where the Retail Customer is located.

Large Facilities:

All generation facilities owned by a Retail Customer having a maximum output rating of 1,000 kW or greater, either individually or aggregated at a single Retail Customer service address, are herein defined collectively as Large Facilities or individually as a Large Facility.

At Platte River's discretion, the terms and conditions for service to Large Facilities may be established by separate contract with the Retail Customer, the Owner Community, and Platte River. Contracts for Large Facilities will be evaluated and negotiated on a case-by-case basis, with details of metering, communications, points of delivery, interconnection, generation

scheduling, ancillary service fees, standby charges, and other issues considered for each specific facility.

Platte River may purchase the output from any Large Facility above the Retail Customer's load requirements, from generation sources, individual or aggregated, located on the Retail Customer's premises. Standby Capacity for any Large Facility will be provided by Platte River and invoiced by the Owner Community.

Standby Capacity is the capacity, required by Platte River, to serve Retail Customer load in the event the Retail Customer's on-site generation fails to operate and is applicable to Large Facilities only. The Standby Capacity is typically equal to the capacity provided by the Retail Customer's on-site generation when it operates. Platte River will consult with the Owner Community in determining the actual quantity of Standby Capacity, measured in kilowatts, for which the Retail Customer will be responsible. The amount of Standby Capacity will not exceed the total available output capability of the Retail Customer's on-site generation equipment. Standby Capacity may be received by the Retail Customer by choice or by default.

Payment for electric energy from Large Facilities may be based on Platte River's avoided energy rate, as follows:

Avoided Energy Rate for Large Facilities:

\$0.01620 per kilowatt-hour for electricity made available to Platte River.

Avoided energy rates are based on Platte River's current portfolio of generation resources and are subject to change on an annual basis, unless otherwise expressly stated in a separate contract with a Retail Customer and as agreed to by Platte River. Platte River will separately calculate its avoided capacity costs.

The capacity value of firm power offered for sale to Platte River during periods where Platte River has no projected needs for additional capacity will be zero dollars (\$0.00). During such periods, a Retail Customer offering to sell firm capacity to Platte River will not be entitled to any capacity payments, and will only be entitled to avoided energy costs, as appropriate for Large Facilities.

Wholesale Transmission Service (Tariff WT-22)

Platte River Power Authority (Platte River) offers transmission service through this Wholesale Transmission Service Tariff (WT-22). Tariff WT-22 does not apply to any entity taking service under Platte River's Firm Power Service Tariff; Standard Offer Energy Purchase Tariff; or Large Customer Service Tariff. Tariff WT-22 may or may not be equivalent to Platte River's open access transmission service tariff (OATT), posted on Platte River's Open Access Same-Time Information System (OASIS) web site.

A summary of the charges follows.

The Real Power Loss factor is 1.48%.

(1) Scheduling, System Control, and Dispatch Service

No charge in addition to that for Transmission Service (items 7 and 8 below).

(2) Reactive Supply and Voltage Control from Generation Sources Service

The charges equal the following:

Yearly	\$1,383.94 per megawatt of Reserved Capacity per year
Monthly	\$115.33 per megawatt of Reserved Capacity per month
Weekly	\$26.61 per megawatt of Reserved Capacity per week
Daily	\$5.32 per megawatt of Reserved Capacity per day
Hourly	\$0.33 per megawatt of Reserved Capacity per hour

(3) Regulation and Frequency Response Service

Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

(4) Energy Imbalance Service

Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

(5) Operating Reserve—Spinning Reserve Service

Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

(6) Operating Reserve—Supplemental Reserve Service

Platte River is not a balancing authority and does not offer this service. Upon written request, Platte River will assist in arranging for the local balancing authority operator to provide this service; however, Platte River makes no representation that the local balancing authority operator can or will provide the service.

(7) Long-Term and Short-Term Firm Point-to-Point Transmission Service

The charges can be up to the following limits:

Yearly delivery	\$75,984.75 per megawatt of Reserved Capacity per year
Monthly delivery	\$6,332.06 per megawatt of Reserved Capacity per month
Weekly delivery	\$1461.25 per megawatt of Reserved Capacity per week
Daily delivery	\$292.25 per megawatt of Reserved Capacity per day
Hourly delivery	\$18.27 per megawatt of Reserved Capacity per hour

(8) Nonfirm Point-to-Point Transmission Service

The charges can be up to the following limits:

Monthly delivery	\$6,332.06 per megawatt of Reserved Capacity per month
Weekly delivery	\$1461.25 per megawatt of Reserved Capacity per week
Daily delivery	\$292.25 per megawatt of Reserved Capacity per day
Hourly delivery	\$18.27 per megawatt of Reserved Capacity per hour

Transmission Revenue Requirement

The charge for Network Integration Transmission Service is calculated pursuant to the Federal Energy Regulatory Commission (FERC) Pro Forma Open Access Transmission Tariff Attachment H based on Platte River's annual transmission revenue requirement of \$41,752,204. This transmission revenue requirement is calculated in accordance with the FERC pro-forma Network Service Rate calculation requirement.

Joint Dispatch Transmission Service

Joint Dispatch Transmission Service is applicable only to load serving entities in the Public Service Company of Colorado (PSCo) Balancing Authority Area that are signatories to a Joint Dispatch Agreement (JDA) under which: (1) participating generating resources of the parties are dispatched as a pool on a least-cost basis respecting transmission limitations; and (2) the Joint Dispatch Transmission Service Customers' respective transmission service providers have provided within their OATT a transmission service schedule for energy dispatched pursuant to the JDA at a rate equal to zero dollars on a nonfirm, as-available basis with the lowest curtailment priority.

Hourly delivery:	\$0.00 per megawatt of Reserved Capacity per hour
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Large Customer Service (Tariff LC-22)

Applicability:

The Large Customer Service Tariff (Tariff LC-22) is available and may be required for firm and interruptible energy furnished by Platte River Power Authority (Platte River) to Owner Communities for resale to Large Customers. For the purposes of this tariff the "Owner Communities" means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Large Customers are end-use customers meeting any of the following criteria:

- Customer requests new service entrance capacity of 10,000 kilowatts (kW) or greater.
- Customer has a new load that cannot be readily served from the Owner Community's distribution system under the Firm Power Service Tariff or its successor due to the unusual nature of the load.
- Customer metered demand is anticipated to reach 1,000 kW at a single site within 12 months of requesting such service as demonstrated to the Owner Community and Platte River's satisfaction; provided, however, that if the metered demand does not reach 1,000 kW within a 12-month time frame, the customer must receive service under another tariff offered by the Owner Community until the metered demand reaches 1,000 kW for a continuous 12-month period.
- Customer with load at a single site with a single meter measuring a minimum metered demand of 1,000 kilowatts (kW) or greater.
- Customer with load at a single site with multiple meters, where the sum of the coincident metered demand for such meters is 1,000 kW or greater.
- Total load for a customer with multiple, non-contiguous sites aggregated under a single Service Agreement with the Owner Community provided that the customer has at least one site where the minimum metered demand is 1,000 kW or greater and all loads are located within the Owner Community's service territory.

Prior to receiving service pursuant to this tariff, the Large Customer must enter into an agreement for electric service (Service Agreement) with the Owner Community in which their load is located. The Service Agreement will identify Platte River as a third-party beneficiary of the Service Agreement. The Service Agreement will address, at a minimum, the following material terms:

- Charge(s) for service, including responsibility for infrastructure costs
- Term of Service Agreement
- Initial date of service under this tariff
- Rate adjustments
- Amount and timing of curtailments or interruptions (if any)
- Standby provisions

Each of these terms and conditions will be established in consultation with Platte River and will be confirmed in a letter from the Platte River General Manager/CEO to the Owner Community. The Owner Community will negotiate the specific form of the Service Agreement with the Large Customer.

Charges for Service:

The monthly charges to an Owner Community for service by Platte River under this tariff will be determined based on the unique load characteristics, service requirements, and related costs to serve the Large Customer and will be approved by the Platte River board of directors.

Adjustment of Charges:

Unless otherwise agreed, adjustments to the charges will be made on an annual basis at a minimum and will reflect actual changes in Platte River's cost of service including, but not limited to, financing costs, fuel (including delivery), operation and maintenance, environmental management, and purchased power.

Character of Service:

Alternating current at approximately 60 hertz; three-phase; delivery at 115 kilovolts or at other voltages subject to conditions as agreed upon; metering at each delivery point.

Metering, Invoicing and Losses:

The Owner Community will provide to Platte River the monthly demand, energy, power factor and other usage characteristics as may be required for billing the Owner Community on a calendar month basis, for the Large Customer usage. The Owner Community should provide this information to Platte River within five business days of obtaining such data. Following its receipt of the monthly billing data for the Large Customer, Platte River will prepare and send to the Owner Community an invoice for the electric power service provided to the Owner Community for the Large Customer, with the appropriate charges.

The Owner Community, at its discretion, may opt to include in the Large Customer's monthly energy usage the distribution losses that occur between the Platte River point of delivery to the Owner Community and the point of delivery to the Large Customer. In such case, the Owner Community will provide to Platte River the total energy usage including losses of the Large Customer and an appropriate charge will be invoiced.

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 charges 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

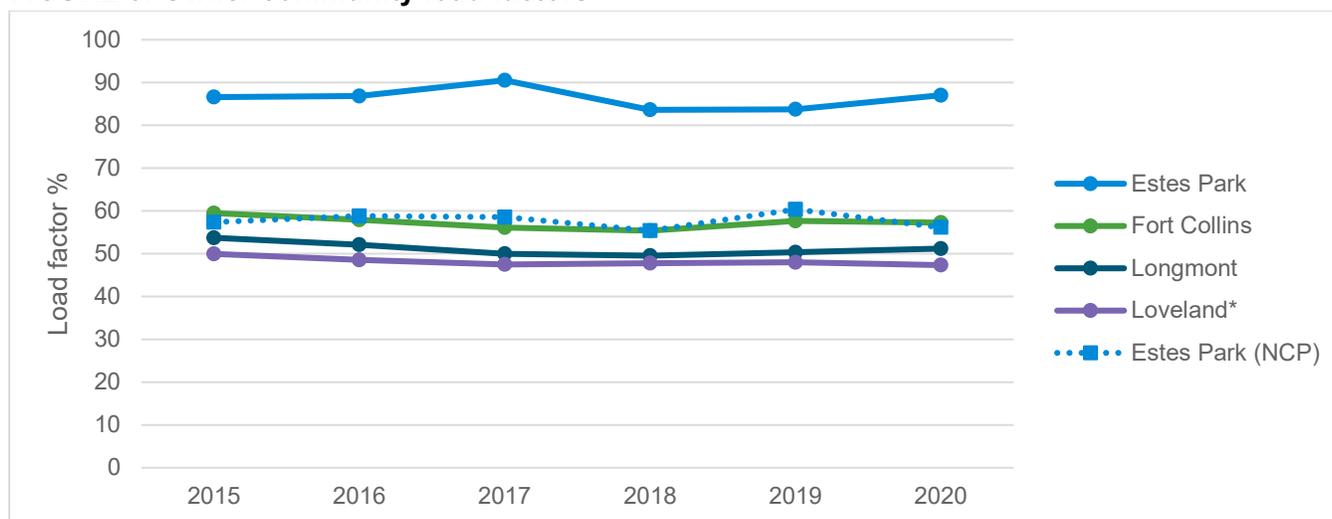


FIGURE 4: Billing demand in excess of metered demand

	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				
Avoided energy rate for large facilities	\$0.01689	\$0.01620	(\$0.00069)	-4.1%



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2022 wholesale rates at a glance

Platte River will increase the average wholesale rate 3.2% in 2022 to achieve rate strategy objectives and to resume long-term rate smoothing. This follows a 1.5% increase in 2021 which was lower than the planned rate increase to provide relief to the owner communities from uncertain economic impacts of the COVID-19 pandemic. In 2020 there was no increase to the average wholesale rate to mitigate the cost shifts amongst the owner communities associated with the transition to the current rate structure. As Platte River moves toward its goal of a 100% noncarbon resource mix, it is critical to resume the long-term rate smoothing strategy.



Reliability



**Environmental
responsibility**



**Financial
sustainability**

Achieving Platte River's core pillars

Platte River is committed to:

- Achieving its Resource Diversification Policy goal of a 100% noncarbon resource mix by 2030, including the planned exit from coal-fired generation by 2030
- Continuing to invest in its generation and transmission assets to maintain system reliability, improve efficiency and to meet regulatory requirements
- Maintaining a strong credit rating, access to low-cost financing and financial sustainability
- Prudently managing expenditures, providing long-term financial sustainability and maintaining competitive rates

Rate strategy objectives

Per its strategic financial plan, Platte River's Board of Directors will maintain long-term financial sustainability by implementing appropriate rates and strategies that:

- Mitigate significant single year rate hikes
- Provide greater rate predictability to aid owner communities with more accurate, long-term planning
- Maintain strong financial position and AA credit rating

Platte River's rate structure improves the value added by Platte River in support of its owner communities and pursues the following objectives of the rate setting policy:

- Offer a desirable portfolio of services and rates that meet owner communities' needs
- Better align wholesale pricing signals with cost of service and owner community retail pricing signals
- Send pricing signals that result in a system benefit

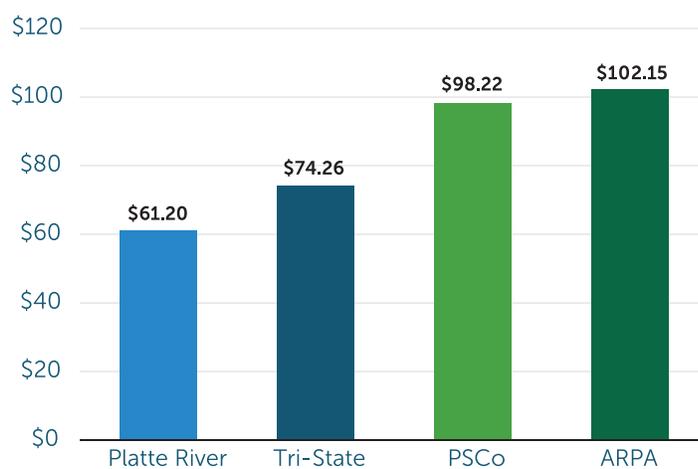
Additionally, the rate structure provides:

- Flexibility to adapt to cost structure changes and integrate noncarbon resource additions
- Incentives to maximize short-term and long-term marginal cost savings that also provide system benefits and revenue stability
- Signals to curb consumption during peak demand periods
- Transparency and increased pricing flexibility at the retail level

Rate competitiveness

Under the direction of the board-approved strategic financial plan, Platte River serves its owner communities with the lowest wholesale rates in Colorado. Platte River's average wholesale rate is 18% lower than the next lowest regional provider.

2021 average wholesale rates (\$/MWh)*



*Wholesale rates through June 2021

Background

A. Platte River Power Authority (Platte River) was formed to provide electric generation and transmission services to the municipalities of Estes Park, Fort Collins, Longmont and Loveland (collectively, the owner communities).

B. The AMENDED CONTRACTS FOR THE SUPPLY OF ELECTRIC POWER AND ENERGY (power supply agreements) dated May 30, 2019 between Platte River and each of the owner communities require Platte River's board of directors (board) to review Platte River's wholesale rates for electric power and energy supplied to the owner communities at least once each calendar year.

C. The power supply agreements require the board, if necessary, to revise rates to produce revenues sufficient (but only sufficient), together with the revenues from all other sources, to (1) meet the cost of operation and maintenance, (2) meet the cost of purchased power, (3) make payments on indebtedness and provide an earnings margin adequate to obtain revenue bond financing on favorable terms, and (4) provide for reasonable reserves.

D. Platte River's management has estimated electric energy sales and the costs of service for 2022 and has submitted to the board a proposed strategic budget for 2022.

E. Platte River's management has advised the board that the tariff schedules as attached, combined with prior period reserves, will provide sufficient revenues to comply with the power supply agreements and Section 6.12 of the General Power Bond Resolution (No. 5-87).

F. Staff recommends the following:

- a. The Firm Power Service Tariff (FP-22) replaces the Firm Power Service Tariff (FP-21)
- b. The Standard Offer Energy Purchase Tariff (SO-22) replaces the Standard Offer Energy Purchase Tariff (SO-21)
- c. The Large Customer Service Tariff (LC-22) replaces the Large Customer Service Tariff (LC-21)

Resolution

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

1. The 2022 Rate Tariff Schedules, as attached, are adopted with all changes effective January 1, 2022; and
2. The general manager is authorized and directed, on behalf of Platte River, to give written notice of the board's action to the owner communities under the power supply agreements and to take any further actions, consistent with this resolution, he determines necessary.

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



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Memorandum

Date: 10/20/2021

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: **Proposed 2022 Strategic Budget – public hearing**

As previewed during the September budget work session, staff anticipated changes to the proposed 2022 Strategic Budget. The changes are based on a revised production cost model and refinements to departmental operations and maintenance expenses and capital projects. The updated budget includes total revenues of \$263.2 million, total expenditures of \$249.4 million and a board contingency appropriation of \$23 million. Net income is projected to be \$19.6 million with fixed obligation charge coverage at 2.22 times.

The budget has been updated to reflect the most current information for revenues and expenditures as listed below.

Amount favorable (unfavorable)	Revenues	Description
\$2.4 M	Sales for resale	The price for surplus sales was updated with the most recent forecast adjusted for Platte River's market. As a result, the average price increased 5.5% to \$27.48 from \$26.04 per MWh and the volume of sales decreased 0.2%, representing a \$2.5 million increase and \$0.1 million decrease, respectively.
\$0.1 M	Other revenues	Minor refinements to owner communities' sales and wheeling revenues to improve accuracy of estimates.
\$2.5 M		Total increase in revenues

Amount favorable (unfavorable)	Operating expenses	Description
(\$0.5 M)	Operating expenses	Various adjustments were made to department budgets based on more accurate information received including additions for salaries and benefits due to the reorganization, nonroutine projects, contracted services, outage accrual and cybersecurity insurance premiums.
(\$0.2 M)	Fuel	Coal and natural gas prices were updated with the latest production cost model run because of market conditions.
(\$0.7 M)		Total increase in operating expenses

Amount favorable (unfavorable)	Capital additions	Description
(\$0.7 M)	SCADA and energy management system	Increased due to project timeline acceleration and scope changes.
(\$0.5 M)	SONET communications system replacement	Increased due to scope changes to the data network which increased cost.
(\$0.3 M)	Capacitor coupled voltage transformer replacements – Dixon Creek Substation	New project to replace the existing 115 kV capacitor coupled voltage transformers as a result of inspection done during routine maintenance.
(\$0.3 M)	Substation asset protection wall – Dixon Creek Substation	New project to construct a vehicular retaining wall within the landscaping of the substation.
(\$58 K)	Perimeter detection system – Longs Peak Substation	New project to install forward looking infrared thermal cameras to detect perimeter breaches.
(\$55 K)	Vehicle fleet replacements	New purchase to replace the electric vehicle at headquarters with an electric vehicle that will have an extended travel range.
(\$54 K)	Transmission control disaster recovery center building modifications	New project to construct a wall between the transmission control room and server room.

Platte River Power Authority
Proposed 2022 Strategic Budget – public hearing
10/20/2021

(\$52 K)	Energy trading software	Increased with additional labor hours expected to complete the project.
(\$38 K)	Goose deterrent system - Rawhide	New project to install goose deterrent devices to keep geese and other birds off the yards and sidewalks.
(\$9 K)	Trailer replacement - headquarters	New purchase to replace a facilities trailer at the end of useful life.
(\$7 K)	Transmission system simulator software licensing	Increased due to a vendor change for improved modeling capabilities.
\$0.2 M	Craig units 1 and 2 projects	Decreased as multiple projects were canceled due to upcoming unit closures.
\$1.4 M	Transformer (Flats) replacement – Rawhide Substation	Decreased due to timeline shift with 2022 only consisting of engineering labor and construction now expected to commence in 2023.
(\$0.4 M)	Total increase in capital additions	

Platte River Power Authority
Proposed 2022 Strategic Budget – public hearing
10/20/2021

The following table summarizes the proposed 2022 Strategic Budget and outlines impacts from the current changes made to the revenue and expenditure categories.

\$ in thousands	Proposed budget	Prices & model update impacts	Other O&M net increase	Capital & depreciation, amortization & accretion impacts*	Favorable (unfavorable) changes	Updated proposed budget
Revenues						
Sales to owner communities	\$ 207,977	\$ 40			\$ 40	\$ 208,017
Sales for resale - long-term	18,687				-	18,687
Sales for resale - short-term	27,144	2,414			2,414	29,558
Wheeling	5,912	18			18	5,930
Interest and other income	978				-	978
Total revenues	\$ 260,698	\$ 2,472			\$ 2,472	\$ 263,170
Operating expenses						
Purchased power	\$ 58,119	\$ (328)	\$ 349		\$ 21	\$ 58,098
Fuel	39,335	(247)	1		(246)	39,581
Production	47,738	(76)	(487)		(563)	48,301
Transmission	18,814		150		150	18,664
Administrative and general	25,624		(49)		(49)	25,673
Distributed energy resources	12,346		(31)		(31)	12,377
Total operating expenses	\$ 201,976	\$ (651)	\$ (67)		\$ (718)	\$ 202,694
Capital additions						
Production	\$ 9,094			\$ 194	\$ 194	\$ 8,900
Transmission	14,498			1,091	1,091	13,407
General	4,909			(1,706)	(1,706)	6,615
Total capital additions	\$ 28,501			\$ (421)	\$ (421)	\$ 28,922
Total operating expenses and capital additions	\$ 230,477	\$ (651)	\$ (67)	\$ (421)	\$ (1,139)	\$ 231,616
Debt expense	\$ 17,787				\$ -	\$ 17,787
Total expenditures	\$ 248,264	\$ (651)	\$ (67)	\$ (421)	\$ (1,139)	\$ 249,403
Contingency appropriation	\$ 23,000				\$ -	\$ 23,000
Total expenditures and contingency	\$ 271,264	\$ (651)	\$ (67)	\$ (421)	\$ (1,139)	\$ 272,403
Net income	\$ 17,864	\$ 1,821	\$ (67)	\$ 5	\$ 1,759	\$ 19,623

*Depreciation, amortization and accretion expense decreased by approximately \$5 K impacting net income.

Attached is the 2022 strategic budget at a glance reflecting the most recent proposed budget. If additional changes arise, the board will be informed as soon as reasonably possible to ensure budget adoption in December.

A public hearing will be held at the October board meeting to receive comments on the proposed 2022 Strategic Budget. Public notice of the hearing was posted in the four owner communities' local newspapers in September. Staff will give a presentation on the changes to the budget at the October board meeting.



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Attachment

- 2022 strategic budget at a glance



2022 strategic budget at a glance

Public hearing

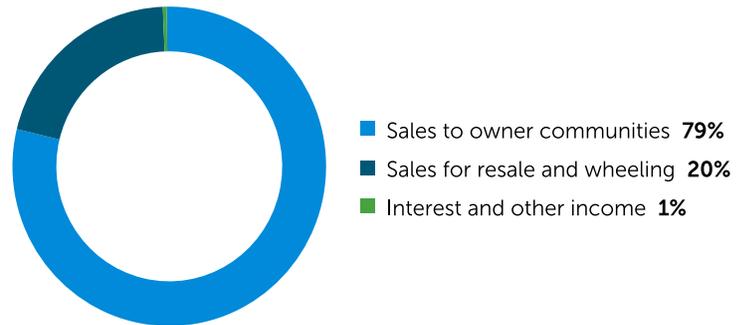
The Platte River Power Authority 2022 Strategic Budget is produced in alignment with the long-range strategic plan, under the direction of the organization’s leadership, to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River’s tactical, operational and capital plans for the coming year.

The foundation for Platte River’s 2022 budget represents ongoing investments to transform the organization based upon its strategic plan and core operations. These are aligned with Platte River’s core pillars of system reliability, environmental responsibility and financial sustainability. The pillars guide the decision-making process that directs the resource allocations, revenues and expenses detailed in the budget.

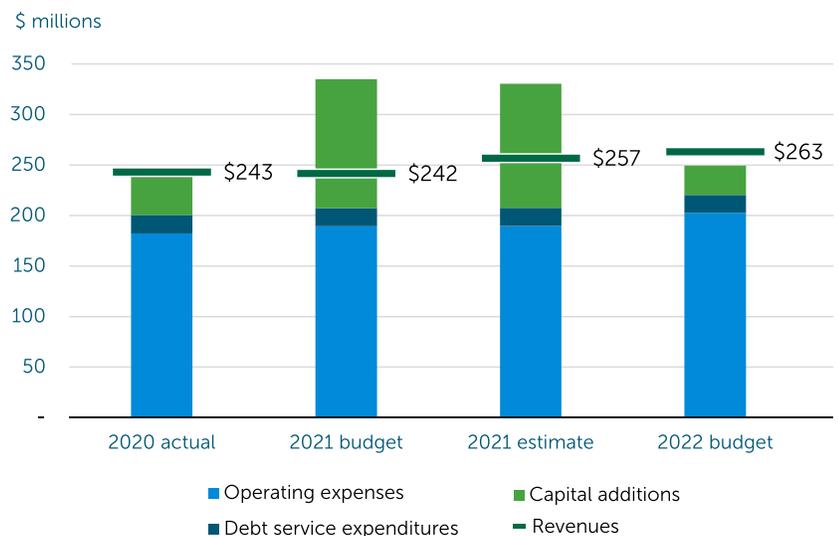
Expenses are managed from a broad perspective with the goal of operating the system in a safe, efficient, compliant and reliable manner while expanding environmental stewardship. Platte River communicates and collaborates with the owner communities to align processes and outcomes to the benefit of all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

Platte River provides stable and financially sustainable wholesale rates – currently the lowest in Colorado. Platte River’s rate philosophy includes implementing incremental increases to its owner communities to provide a more predictable path of smaller, more consistent annual rate increases. The 2022 budget includes a 3.2% wholesale rate increase that will take effect Jan. 1, 2022.

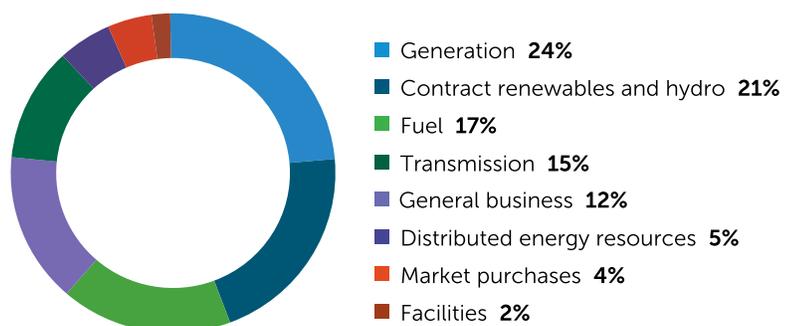
Revenues



Revenues and expenditures



Operating and capital additions



Platte River's core pillars



Reliability



Environmental
responsibility



Financial
sustainability

Strategic initiatives

\$35.9 million, 16% of operating and capital

- Enhanced customer experience, \$13.4 million, 6%
- Communications and community outreach, \$1.8 million, 1%
- Resource diversification and alignment, \$10.5 million, 5%
- Infrastructure advancement and technology development, \$10.2 million, 4%

Activities

- Energy efficiency, administration of audit and rebate programs
- Public engagement, electric vehicle microsite, effective internal and external communications, workforce development
- Creation of transition and integration services division, noncarbon resources, organized energy market evaluation, operational flexibility, distributed energy resources, coal optimization
- Controls systems, substation improvements, airflow spoilers, enterprise resource planning, cybersecurity, Windy Gap Firing Project through construction of the Chimney Hollow Reservoir

Core operations

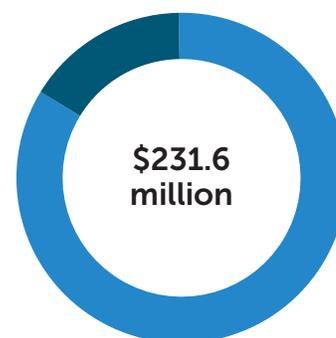
\$195.7 million, 84% of operating and capital

- Generation including fuel, \$107.8 million, 46%
- Transmission, \$29.8 million, 13%
- Purchases including wind, hydropower and solar energy, \$58.1 million, 25%

Activities

- Rawhide Energy Station and Craig Generating Station preventive, proactive maintenance and capital improvements for reliability, efficiency and environmental compliance
- Full year of generation from solar resource added in 2021
- Proactive capital investments including environmental improvements, Hamilton Reservoir dam restoration, pipeline reroute, transmission line rebuild, switchgear and transformer upgrades, safety and HVAC projects
- Staffing additions to support business changes and focus on strategic initiatives

Operating expenses and capital additions



- Core operations **84%**
- Strategic initiatives **16%**





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Memorandum

Date: 10/20/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operating officer
Travis Hunter, director of power generation

Subject: **Rawhide Unit 1 planned major outage update**

Platte River staff will present an update on activities during the Rawhide Unit 1 major outage. The presentation will include updates on both the operations and maintenance (O&M) and capital budgets as well as a status update on all O&M and capital projects.



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Memorandum

Date: 10/20/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operating officer
Darren Buck, director of power delivery

Subject: **Drake transmission line replacement project**

The Drake to Timberline transmission line was built in 1970. Since that time, road and sidewalk improvements have covered the transmission line's foundation and anchor bolts, causing significant footing and foundation damage. As a result, the structural integrity of a two-mile section of the line has deteriorated and that section needs to be rebuilt.

There are 19 structures requiring removal and replacement along East Drake Road. As it is a major road, minimizing community impact is of great importance. The most cost-effective, least disruptive solution is to replace the structures with steel pole construction.

Platte River staff will present additional project highlights including cost estimates and material options during the October board meeting.



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Memorandum

Date: 10/20/2021

To: Board of Directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operating officer
Dave Smalley, chief financial officer and deputy general manager
Carol Ballantine, director of power supply
Shelley Nywall, director of finance

Subject: **CRSP hydropower allocation reduction and rate increase impacts**

At the October board meeting, staff will present the operational and financial impact of a reduced allocation of the Colorado River Storage Project (CRSP) federal hydropower and associated rate increase implemented by the Western Area Power Administration.

The severe ongoing drought in the west caused the Bureau of Reclamation to declare a water shortage on the Colorado River. There are utilities in several states facing cutbacks on their hydropower allocations along with rate increases. As a result, Platte River's current CRSP hydropower allocation will be reduced by approximately 31% and rates will be increased by approximately 12% effective Dec. 1, 2021. This power serves our owner community load. The reduced allocation decreases energy from hydropower and increases our reliance on other resources and purchased power.



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Memorandum

Date: 10/20/2021

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Trista Fugate, director of community and government affairs

Subject: **Strategic Planning process**

At the April board meeting, staff made a presentation outlining the strategic planning process and tactics and provided background information on the 2020 Integrated Resource Plan milestones and path to 2030. This information will be used to inform future strategic discussions. Additionally, staff reviewed where Platte River is with respect to the Resource Diversification Policy goal to proactively work toward a 100% noncarbon resource mix by 2030 while maintaining the three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services.

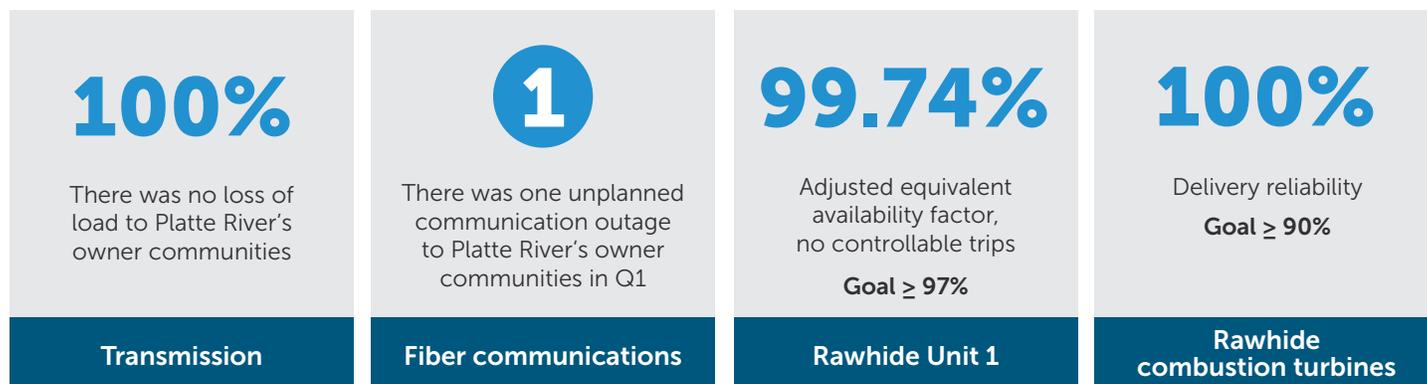
As previously discussed, the Platte River Board and senior leadership team will begin the strategic planning process in early 2022. Initial conversations will center around how each owner community, in collaboration with Platte River, can support the Resource Diversification Policy.

The October board meeting presentation will preview the strategic planning timeline and sequence of events in advance of the January 2022 kick-off.

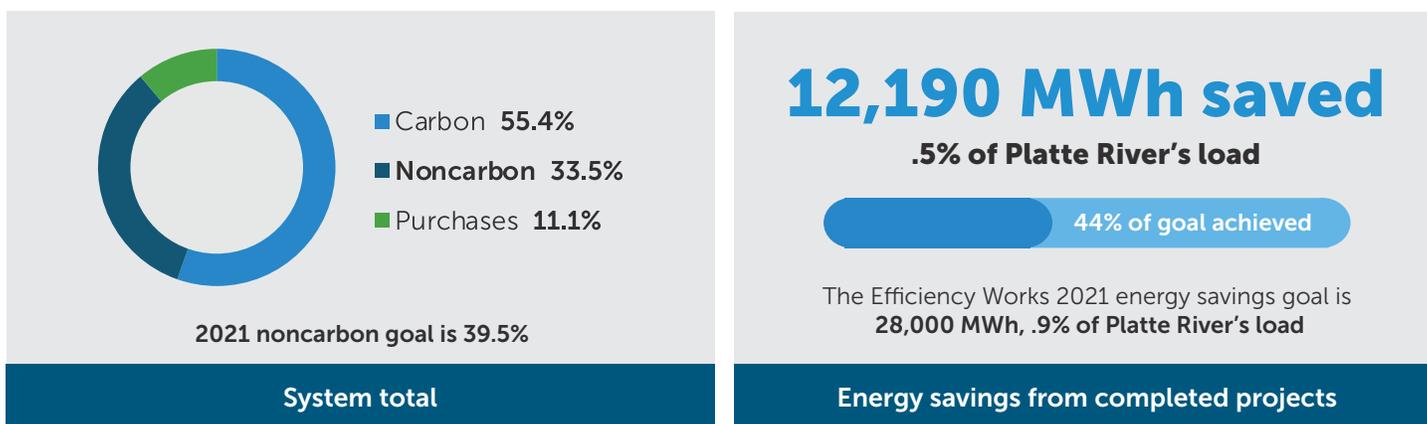
Performance dashboard

Sept. 30, 2021 (YTD)

Reliability



Environmental responsibility



Financial sustainability





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Legal, environmental and compliance report

September 2021





Overview of recent developments

Legal matters

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 due to drier than expected conditions on the Colorado River. The final rate, an increase of approximately 12 percent, was published for comment on Sept. 22, 2021. Platte River filed a short follow-up comment letter on Oct. 6, 2021, seeking to clarify how WAPA intends to apply a proposed Cost Recovery Charge to delivered hydropower. The full report is on [page 3](#) 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. The parties have agreed to a mediation on Dec. 2, 2021 with the goal of resolving the case without additional depositions. The full report is on [page 4](#) of this document.

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

On July 15, 2021, the Federal Energy Regulatory Commission (FERC) issued a wide-ranging advanced notice of proposed rulemaking 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 a more “holistic” and forward-thinking approach. Platte River collaborated with our partners on the Large Public Power Council to submit consolidated comments to FERC on Oct. 12, 2021. The full report is on [page 4](#) of this document.

Environmental matters

Regional Haze Phase 2 rulemaking

The Colorado Department of Public Health and Environment is evaluating facilities that were not included in last year’s regional haze rulemaking for potential controls under the regional haze program. A hearing will be held in November. The combustion turbines located at Rawhide were included in this rulemaking but deemed to be “de minimis” sources with no new proposed controls. Platte River filed a pre-hearing statement on Oct. 7, 2021 but does not anticipate that its turbines will be affected by the rulemaking. The full report is on [page 5](#) of this document.



Compliance matters

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

On Sept. 23, 2021, staff from FERC and the North American Electric Reliability Corporation (NERC) presented to the FERC commissioners its preliminary findings and recommendations from their assessment of bulk-power system operations during the cold weather conditions that occurred in February, which contributed to widespread power outages in the Midwest and south-central states. The full report is on [page 6](#) of this document.

Western Electricity Coordinating Council audit

Platte River is currently participating in a reliability compliance audit with the Western Electricity Coordinating Council (WECC). During the audit process (ending Oct. 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 6](#) of this document.

Monitoring – status unchanged

[Page 7](#) 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.



Active matters

Legal matters

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 14 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).

Platte River submitted a short comment letter on Aug. 30, 2021 supporting WAPA’s initial proposal. On Sept. 22, 2021, WAPA determined the final rates based on the Bureau of Reclamation’s 24-month study results. WAPA hydropower rates will increase by approximately 12 percent. WAPA also proposes to apply the CRC to customers’ hydropower allotments, including both hydropower actually delivered and “firming” or replacement power in case of shortfalls. WAPA would impose the CRC only if certain financial triggers occur.

Current status:

The new rate will go into effect on Dec. 1, 2021. Platte River submitted a second comment letter on Oct. 6, 2021, asking WAPA to reconsider applying the CRC to both delivered and promised hydropower, as that risks double charging the CRC on delivered power. Platte River also sought to clarify that a WAPA customer could elect to receive less hydropower to avoid the CRC. WAPA anticipates that the final rule will be posted in the Federal Register at the end of October, which should include how WAPA plans to apply the CRC.



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.

Depositions are currently underway, but may be paused pending mediation. Gallagher deposed a Platte River representative on Aug. 25, 2021, and has requested the depositions of Jayna Martin, Jason Frisbie and former Platte River employee Roy Steiner. Platte River has taken the depositions of two Gallagher representatives and has requested a third, plus a corporate deposition.

Current status:

The parties are seeking to resolve this lawsuit through mediation, currently scheduled for Dec. 2, 2021. The parties also seek to stay further discovery, including additional expert reports and expert depositions, pending that mediation. If the mediation is unsuccessful, discovery will resume early next year ahead of trial, expected in late spring 2022.

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 FERC'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 unlike FERC's traditional approach—it does not identify 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 rulemaking 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) because of how it could alter regional transmission planning. If the proposals lead to a formal rulemaking, transmission planning and the costs for generators to connect to the transmission grid could change dramatically. 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 or other initiatives that include regional transmission planning and coordination.

Current status:

Platte River worked with its partners in LPPC to develop consolidated comments, which LPPC submitted on behalf of potentially affected members on Oct. 12, 2021. Reply comments will be due on Nov. 8, 2021, after which FERC will evaluate the comments and potentially initiate a formal rulemaking.

Environmental matters

Regional haze phase 2 rulemaking

Background:

Under the Federal Clean Air Act, the state of Colorado must evaluate regional haze in the front range every ten years to determine if reasonable progress is being made to improve visibility. As part of this process, the state requires emitters of nitrogen oxides (a principal contributor to haze) and other emissions to analyze technologies that could reduce those emissions. This includes evaluating the cost of the technology and the useful life of the unit. Rawhide Unit 1 was addressed in an initial rulemaking known as phase 1, along with other coal units slated to close by 2030. The Colorado Department of Public Health and Environment (Health Department) is now addressing the remaining regulated facilities in a separate rulemaking. The combustion turbines located at Rawhide were included in this rulemaking but deemed to be "de minimis" sources, which means that the annual emissions of nitrogen oxides and particulate matter from these units are below a screening threshold of 10 tons per year. The Health Department determined that additional controls are not cost effective (and therefore not feasible) for these turbines and did not propose any new controls.

Current Status:

Platte River requested party status on Sept. 15, 2021 and filed a pre-hearing statement on Oct. 7, 2021. Other parties' alternate proposals sought additional controls at two cement plants and the Suncor refinery. No party submitted an alternate proposal to include Platte River's turbines, so it is unlikely this rulemaking will affect Platte River. The final hearing will be on Nov. 18, 2021.



Compliance matters

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

Background:

On Feb. 16, 2021, FERC and the North American Electric Reliability Corporation (NERC) announced they would open a joint inquiry into the operations of the bulk power system during the extreme winter weather conditions in the Midwest and south-central states. The severe cold weather contributed to power outages affecting millions of electricity customers throughout these regions.

Current Status:

On Sept. 23, 2021, staff from FERC and NERC presented to the FERC commissioners their preliminary findings and recommendations from their assessment of bulk-power system operations during the February cold weather conditions.

The report detailed what occurred during the freeze and outlined nine preliminary recommendations, including suggested changes to the NERC mandatory reliability standards. Platte River staff will continue to monitor and evaluate changes to reliability standards and update its compliance processes as needed.

Western Electricity Coordinating Council audit

Background:

At least once every three years, Platte River must undergo an audit, conducted by the Western Electricity Coordinating Council (WECC), assessing our compliance with NERC reliability standards. WECC audits a designated set of mandatory reliability standards, reviewing the period since Platte River's last WECC audit. The audit includes evidence review, data requests and interviews with Platte River staff. Platte River's most recent audit was in 2017.

Current Status:

Platte River is currently participating in a reliability compliance audit with the WECC (ending Oct. 15, 2021). Over the past six weeks, Platte River staff has submitted evidence files, participated in interviews, and responded to various data requests from WECC's auditors. Within 30 days of audit completion, WECC will give Platte River a final audit report detailing its findings. Platte River staff will update the board after WECC issues its final audit report.



Monitoring – status unchanged

Legal matters

Colorado’s Power Pathway

Discovery is ongoing in the proceeding before the 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

There are no significant new developments since the last report.

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.

Environmental matters

Groundwater and waste management

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

Compliance matters

There are no compliance matters currently in monitoring status.



Recently concluded matters (last three months)

Legal matters

There are no recently concluded legal matters to report this month.

Environmental matters

There are no recently concluded environmental matters to report this month.

Compliance matters

There are no recently concluded compliance matters to report this month.



Platte River
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Operating report

September 2021





September 2021 operating report

Executive summary

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

Rawhide Unit 1 ran well through the beginning of the month and came offline for its planned major outage on Sept. 19. The Craig units had a challenging month, as Craig Unit 1 experienced a 10-day unplanned outage and several curtailments and Craig Unit 2 had a brief unplanned outage as well as a few curtailments.

Wind generation came in below budget, as the result of a 10-day planned outage on the Rawhide – Roundhouse 230 kV generator outlet line, while solar generation came in above budget for the month. Wind and solar generation remain below budget, year to date.

Surplus sales volume came in well below budget, due to higher than anticipated municipal energy sales and lower wind output. Pricing came in significantly above budget for the month, as high natural gas prices increased market prices. Sales volume is below budget, while sales pricing is significantly above budget, year to date.

Purchase volumes came in significantly below budget, due to below budget JDA purchases and having operated the combustion turbines instead of making market purchases during the Rawhide outage. Purchase pricing came in significantly above budget for the month, due to high natural gas and market energy prices. Purchase volume is below budget, while purchase pricing is near budget, year to date.

Dispatch costs came in well above budget, primarily due to above budget bilateral purchases and combustion turbine costs during the Rawhide outage. Dispatch costs are above budget, year to date.

Category	September variance		YTD variance	
Municipal demand	6.2%	●	4.0%	●
Municipal energy	5.9%	●	5.9%	●
Baseload generation	17.0%	●	1.5%	◆
Wind generation	(5.5%)	■	(15.6%)	■
Solar generation	3.2%	●	(7.9%)	■
Surplus sales volume	(14.7%)	■	(8.1%)	■
Surplus sales price	99.3%	●	70.5%	●
Purchase volume	(52.1%)	●	(3.0%)	●
Purchase price	90.0%	■	0.3%	◆
Dispatch cost	12.4%	■	4.5%	■

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

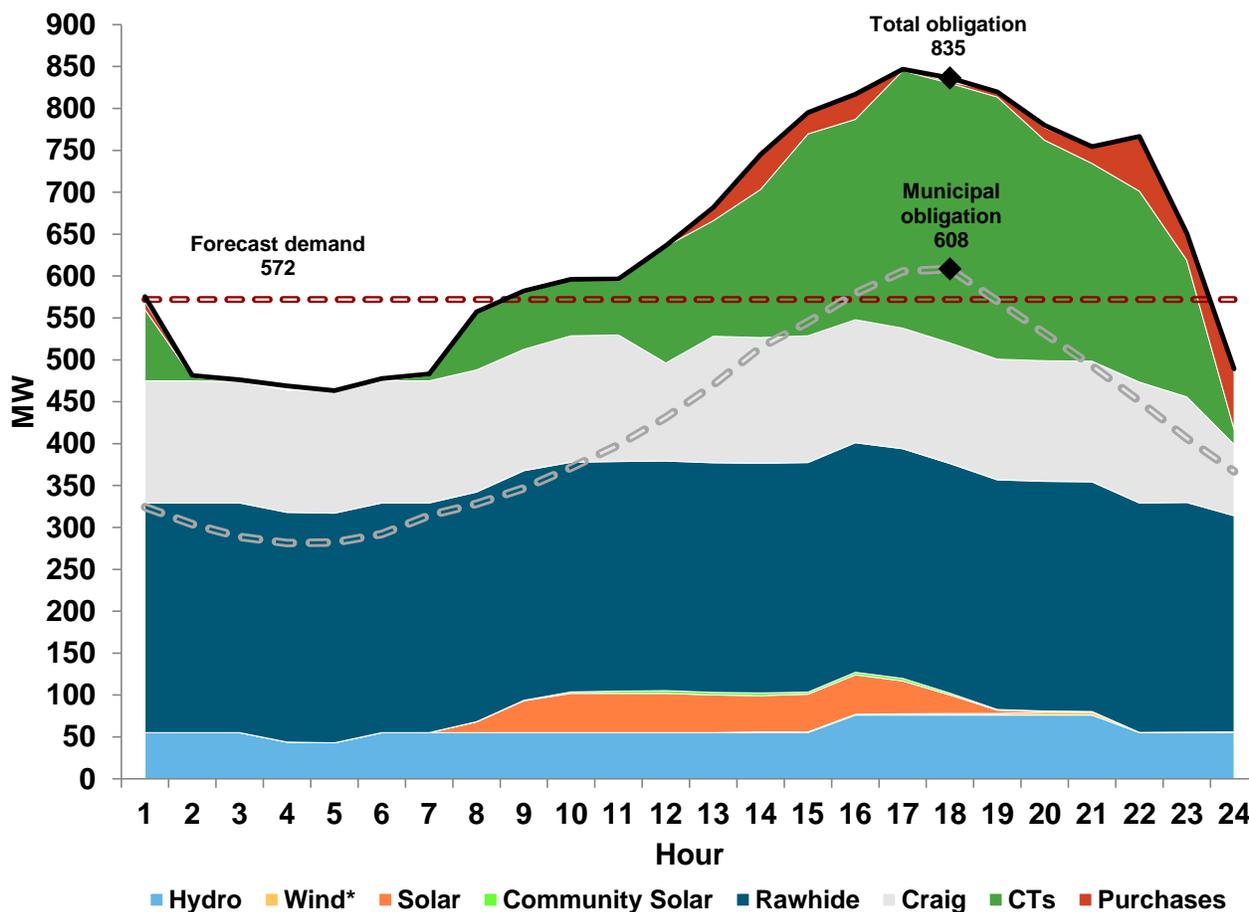
Operational overview

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

2021 goal		September actual		YTD total	
0	●	0	●	0	●

Peak day obligation. Peak demand for the month was 608 megawatts which occurred on Sept. 10, 2021, at hour ending 18:00 and was 36 megawatts above budget. Platte River's obligation at the time of the peak totaled 835 megawatts. Demand response was not called upon at the time of peak.

Peak day obligation: Sept. 10, 2021



*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

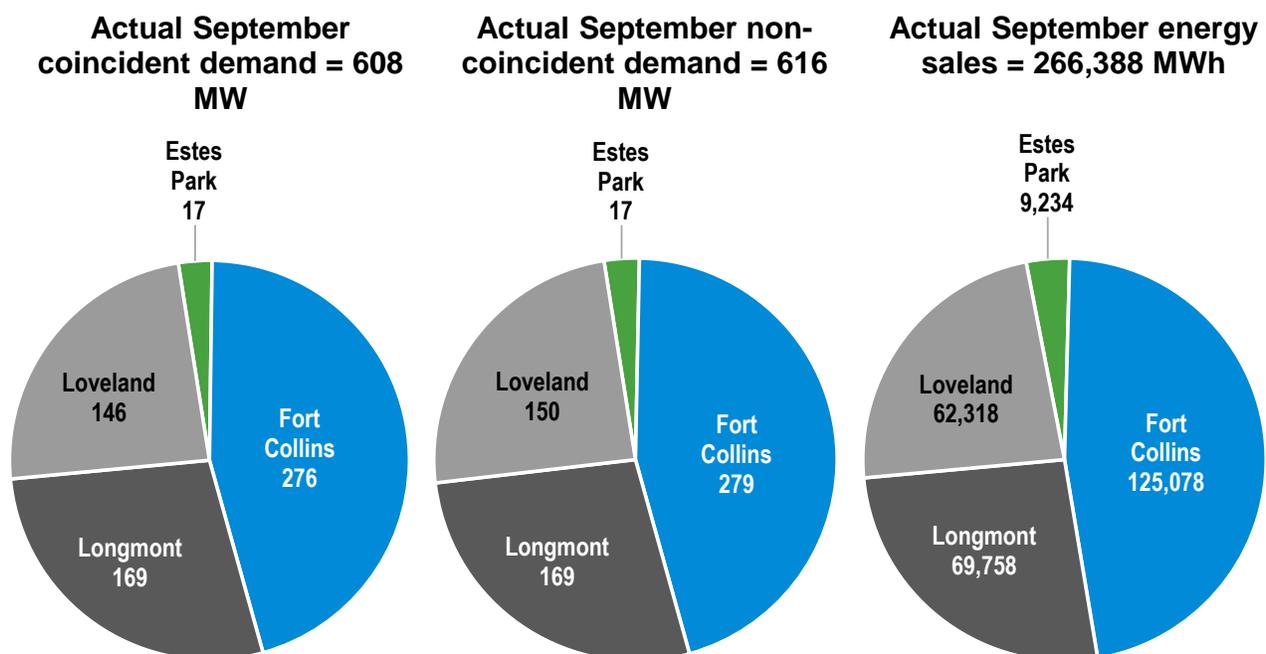
Municipal loads

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

	September budget	September actual	Minimum	Actual variance	
Coincident demand (MW)	572	608	498	6.2%	●
Estes Park	15	17	13	11.6%	●
Fort Collins	261	276	233	5.7%	●
Longmont	155	169	138	9.0%	●
Loveland	141	146	114	3.5%	●
Non-coincident demand (MW)	581	616	503	6.0%	●
Estes Park	17	17	20	1.3%	◆
Fort Collins	262	279	232	6.5%	●
Longmont	155	169	138	8.9%	●
Loveland	146	150	113	2.4%	●
Energy sales (MWh)	251,435	266,388		5.9%	●
Estes Park	8,819	9,234		4.7%	●
Fort Collins	119,611	125,078		4.6%	●
Longmont	63,553	69,758		9.8%	●
Loveland	59,451	62,318		4.8%	●

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

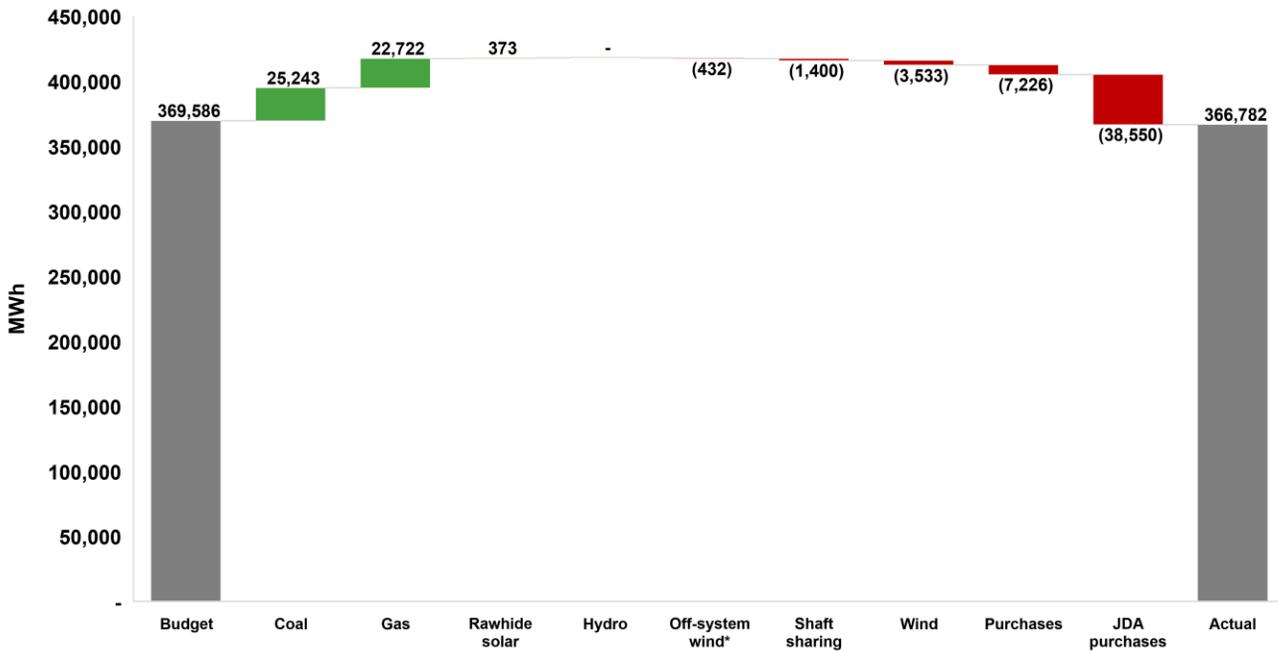
Note: The bolded values above were those billed to the owner communities, based on the maximum of either the actual metered demand or the annual minimum ratchet.



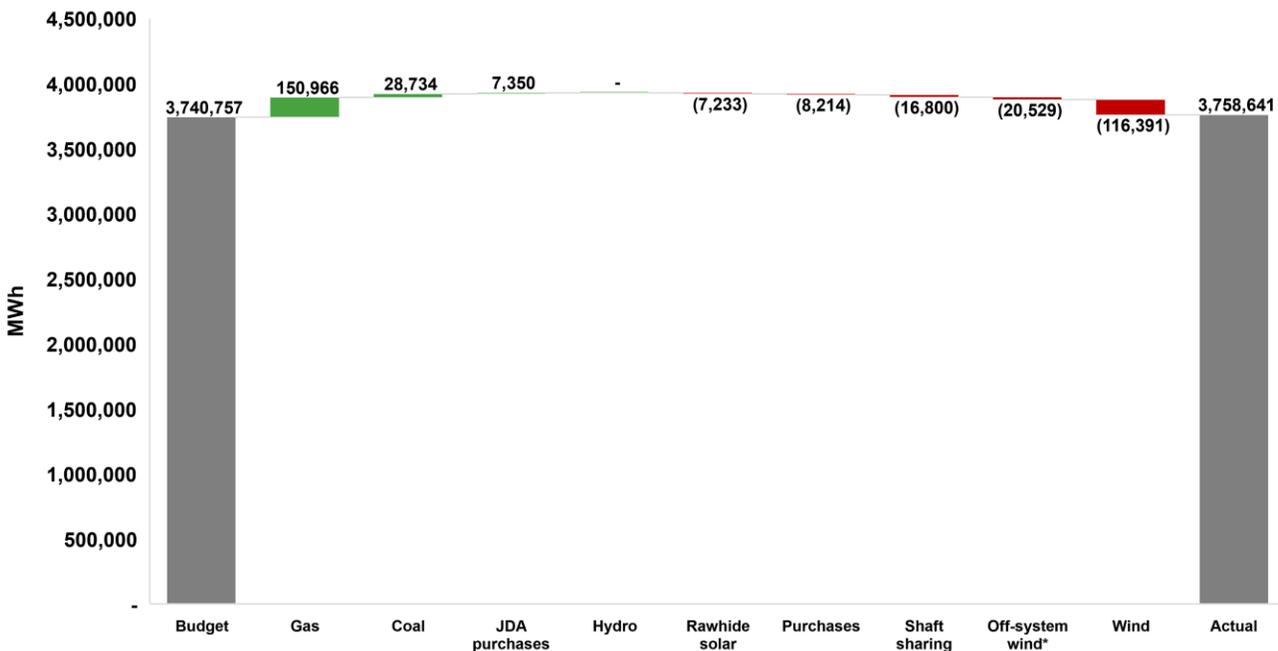
Source of supply variance

The production of energy resources came in near budget for the month of September, primarily due to above budget coal and gas generation having been offset by below budget bilateral purchases and JDA purchases. Resources are slightly above budget, year to date.

September variance in production from energy resources



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

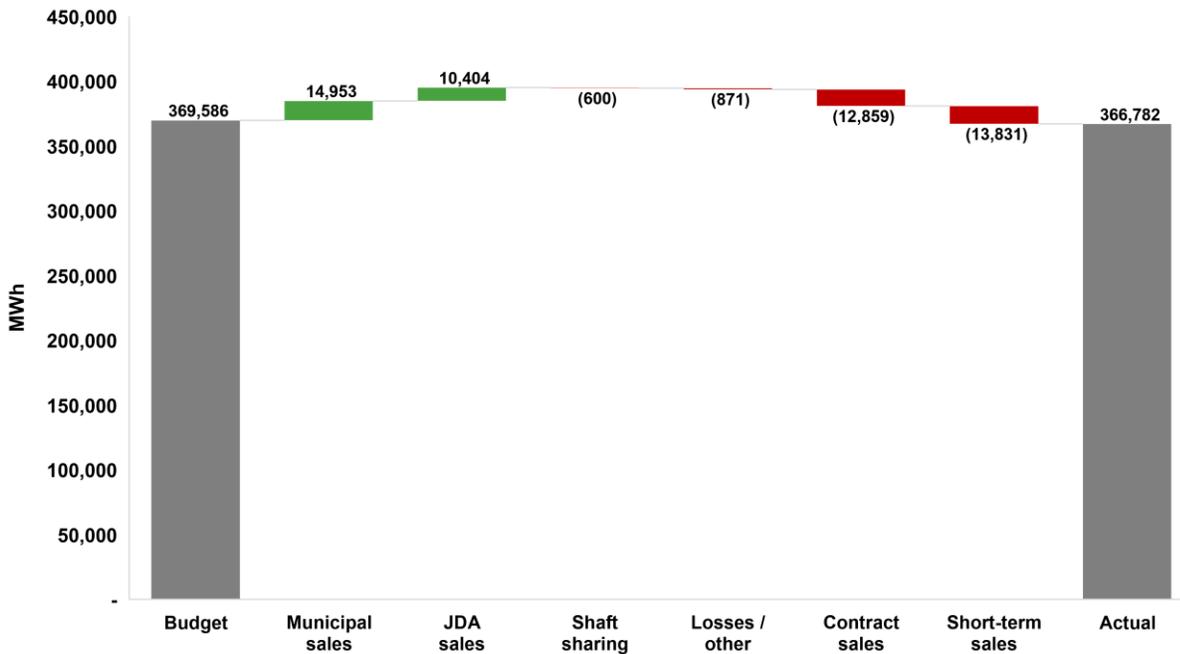


*Off-system wind RECs and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities

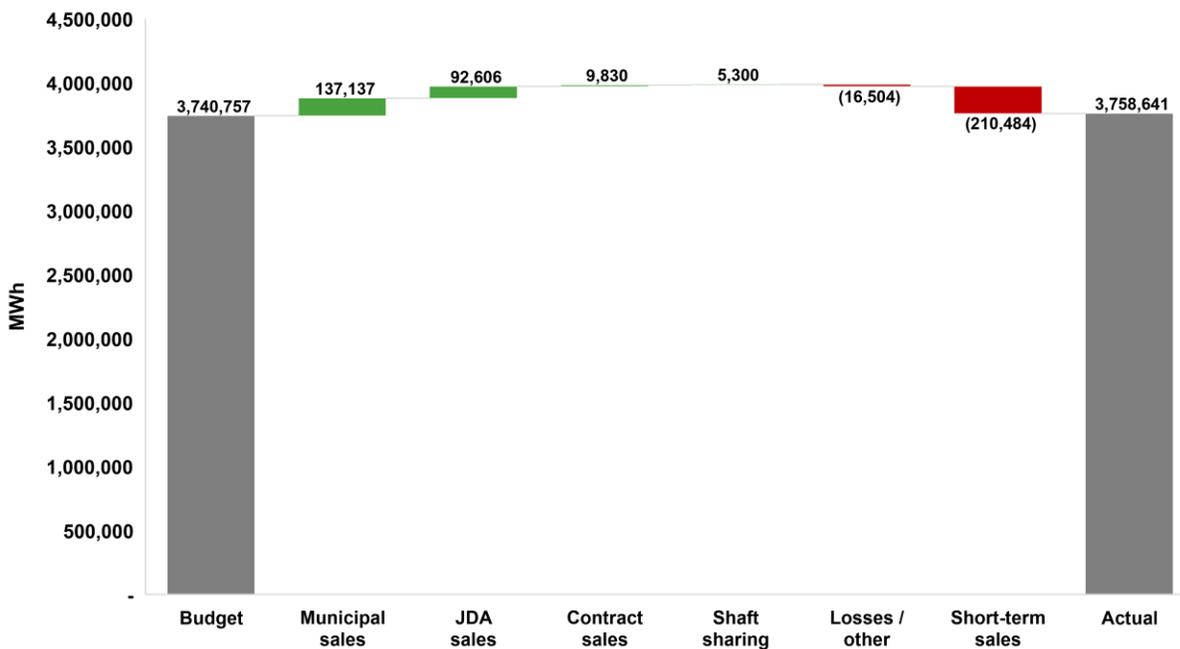
Source of delivery variance

Loads and obligations came in near budget for the month of September, primarily due to above budget municipal sales and JDA sales having been offset by below budget contract sales and short-term sales. Loads and obligations are slightly above budget, year to date.

September variance in deliveries for loads and obligations

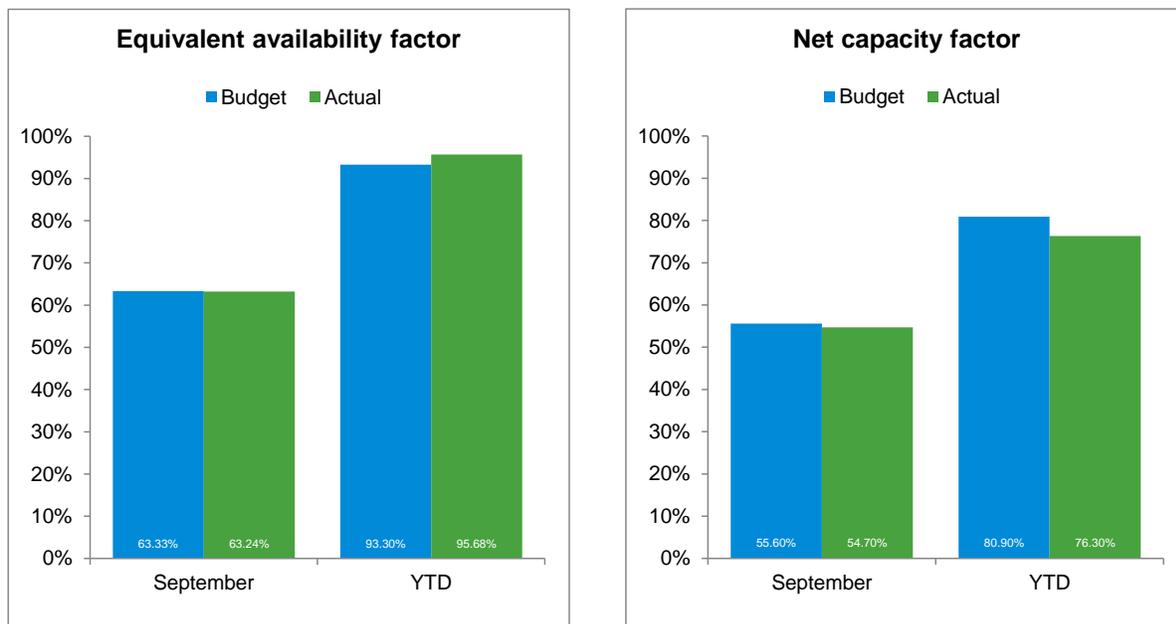


Year-to-date variance in deliveries for loads and obligations

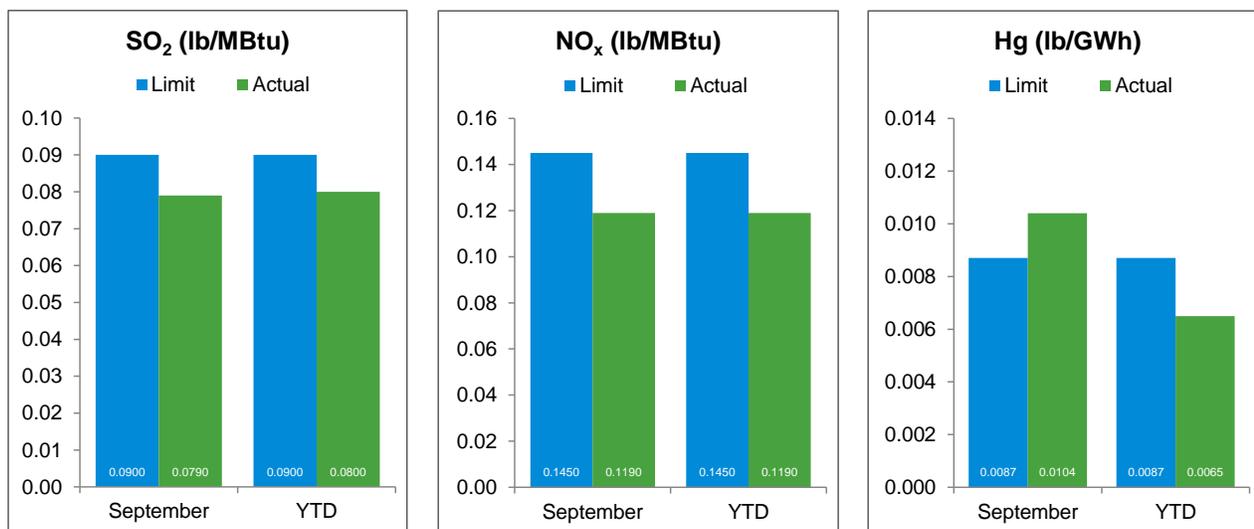


Power generation - Rawhide

Rawhide Unit 1 had an excellent operational month with no outages or curtailments before coming offline for a seven-week planned maintenance outage on Sept. 19. Rawhide equivalent availability factor came in near budget, while net capacity factor came in slightly below budget for the month. Rawhide equivalent availability factor is above budget, while net capacity factor is below budget, year to date.

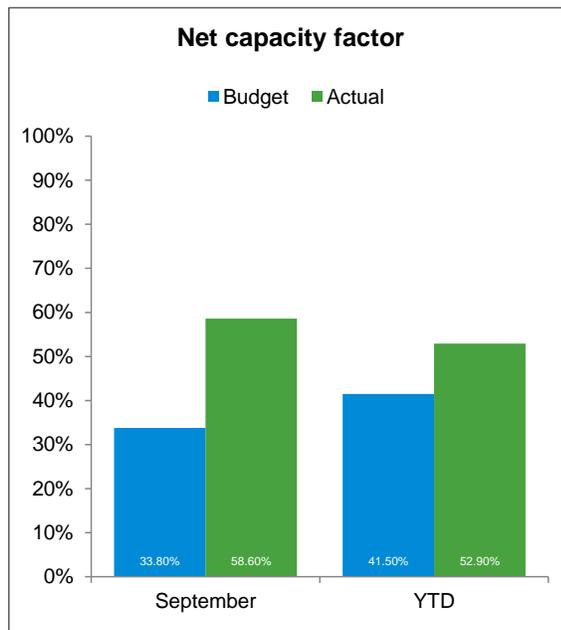
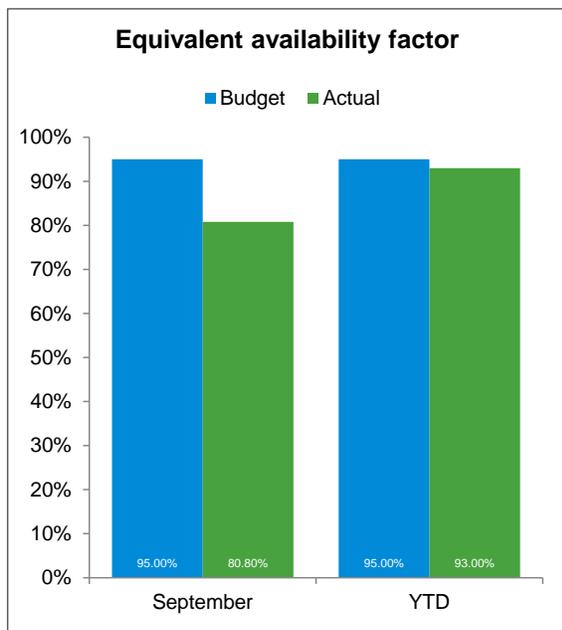


Rawhide SO₂, NO_x and Hg emission levels came in below the rolling 12-month state compliance limits through the month of September. Hg emissions came in above our internal monthly target limit for September as a result of material management leading up to the Rawhide outage. Specifically, the rate of use of the Powder Activated Carbon (PAC) injected into the flue gas to absorb the mercury was reduced slightly in order to extend the existing PAC supply up to the start of the outage.



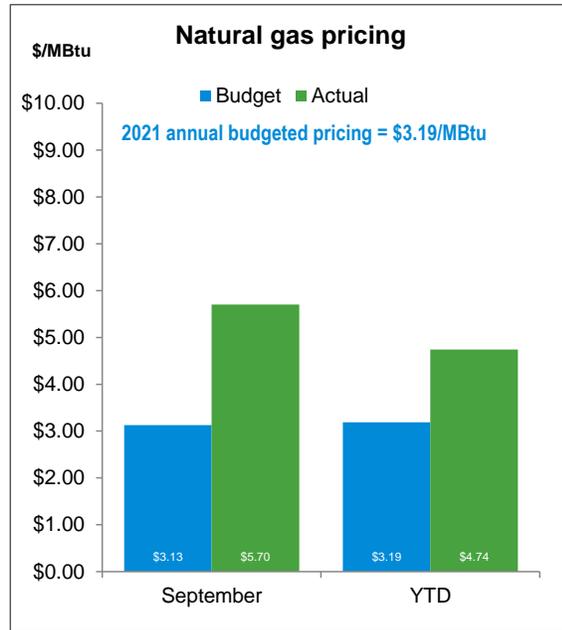
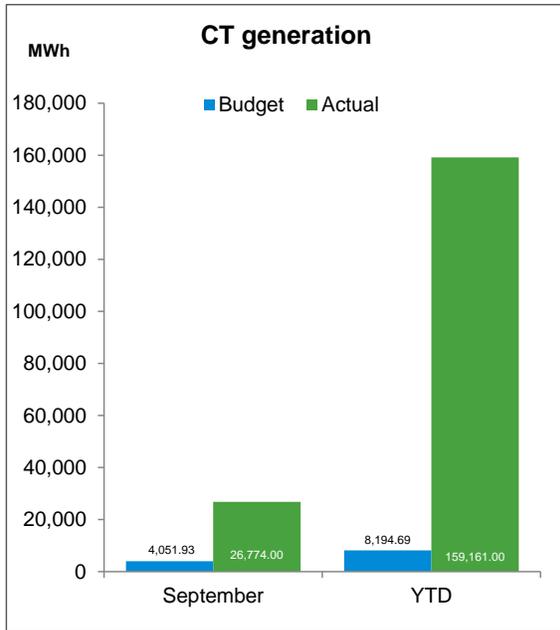
Power generation - Craig

The Craig units had a challenging month, as Craig Unit 1 experienced a 10-day unplanned outage, in early September, which began in late August to repair a feedwater tube leak. Craig Unit 1 also experienced several curtailments during the remainder of the month. Craig Unit 2 experienced a brief unplanned outage as well as a few curtailments during the month. Craig equivalent availability factor came in well below budget, while net capacity factor came in significantly above budget for the month. Craig equivalent availability factor is below budget, while net capacity factor is well above budget, year to date.



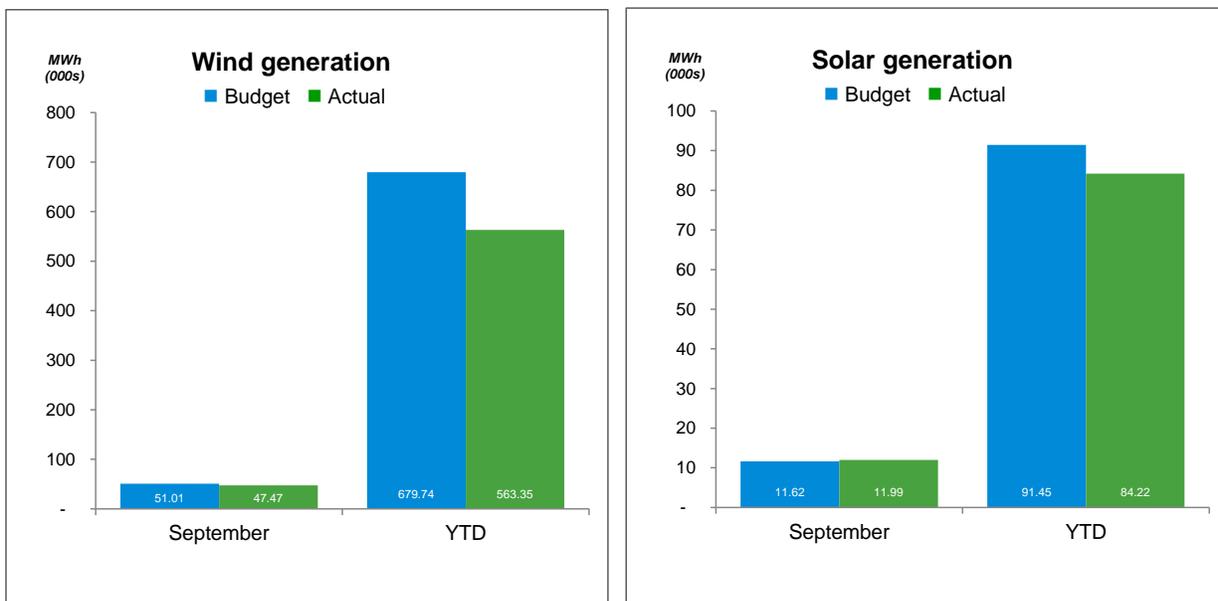
Power generation - CTs

The combustion turbines operated significantly more than forecasted, in order to serve municipal load and provide replacement generation during the Rawhide outage. CT generation and pricing are significantly above budget, year to date.



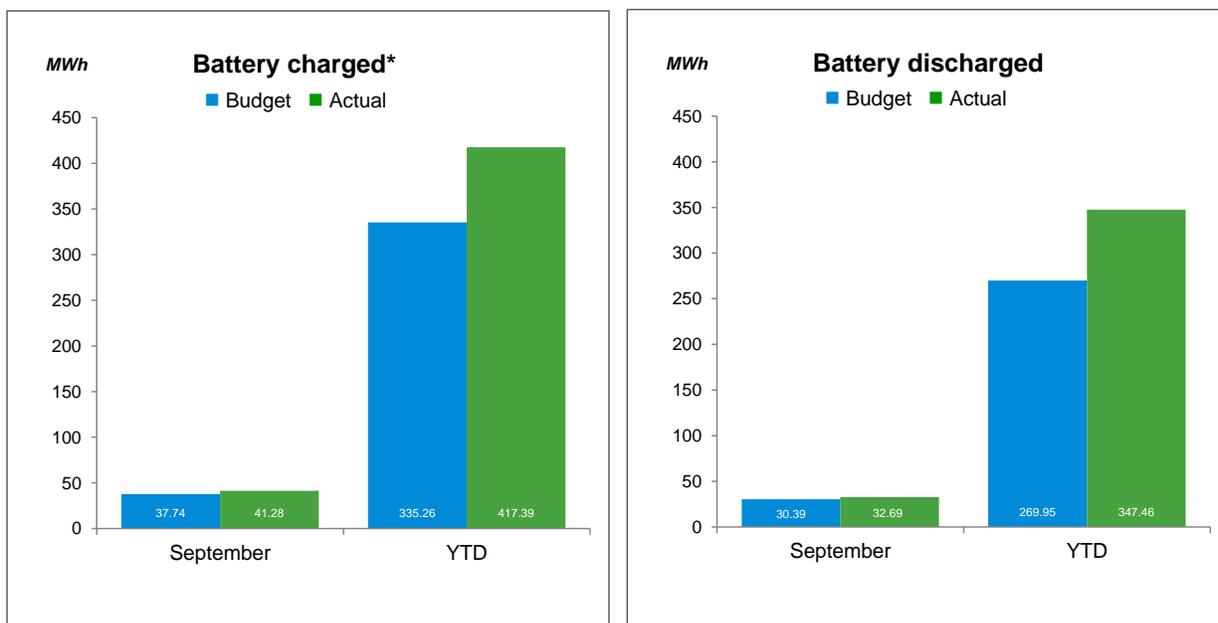
Power generation - renewables serving load

Wind generation came in below budget, as the result of a 10-day planned outage on the Rawhide – Roundhouse 230 kV generator outlet line to install air flow spoilers, while solar generation came in above budget for the month. Wind and solar generation remain below budget, year to date.



Battery

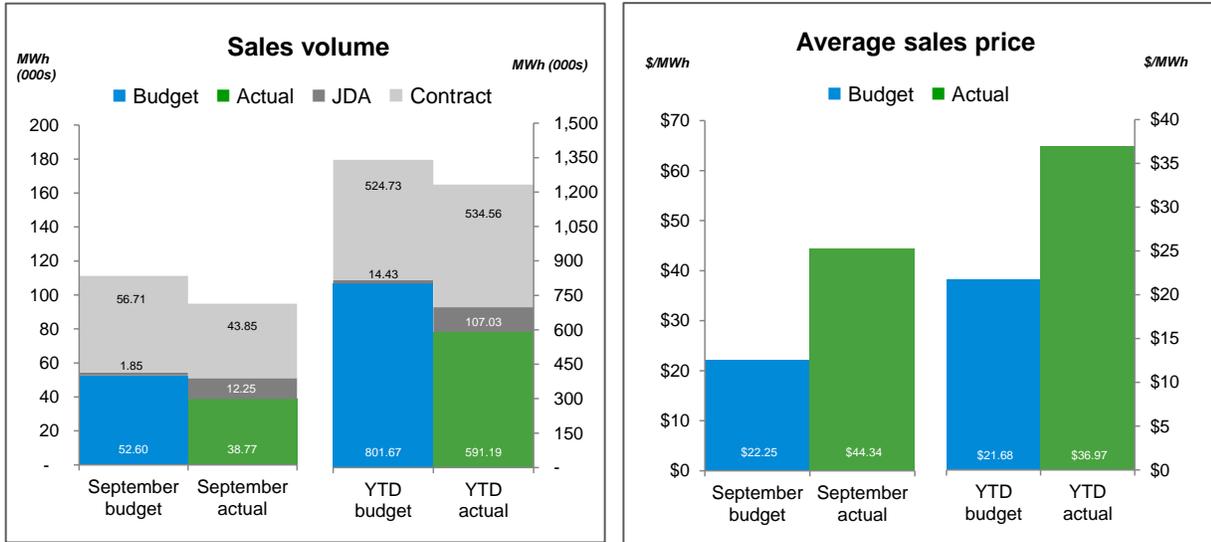
The charging and discharging of the battery associated with the Rawhide Prairie Solar project came in above budget for the month, as the result of the previously implemented automatic daily charging and discharging system. The battery remains well above budget, year to date.



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

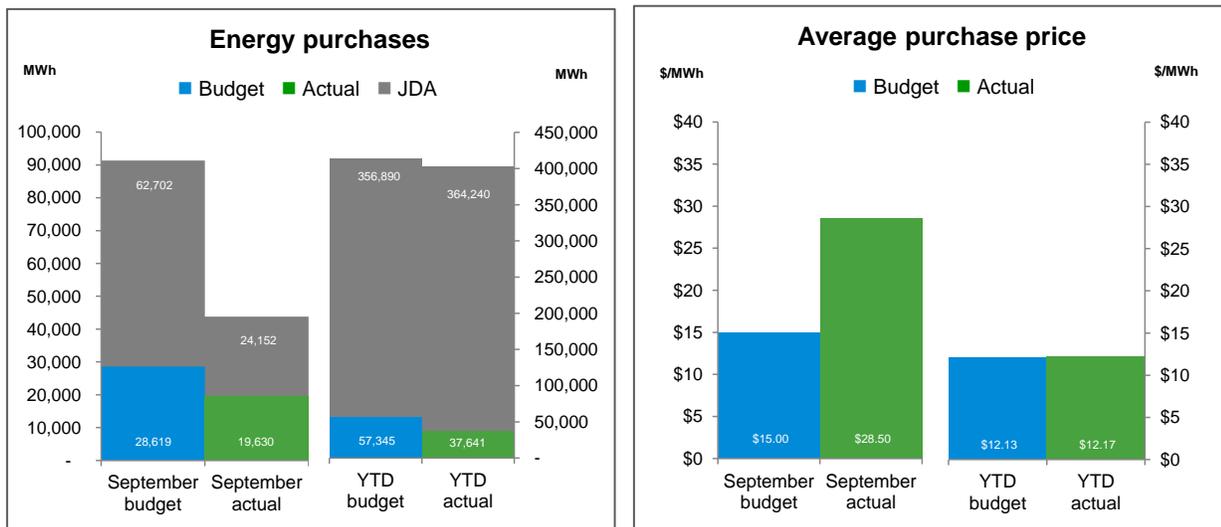
Market sales

Surplus sales volume came in well below budget, due to higher than anticipated municipal energy sales and lower wind output. Pricing came in significantly above budget for the month, as high natural gas prices increased market prices. Sales volume is below budget, while sales pricing is significantly above budget, year to date.



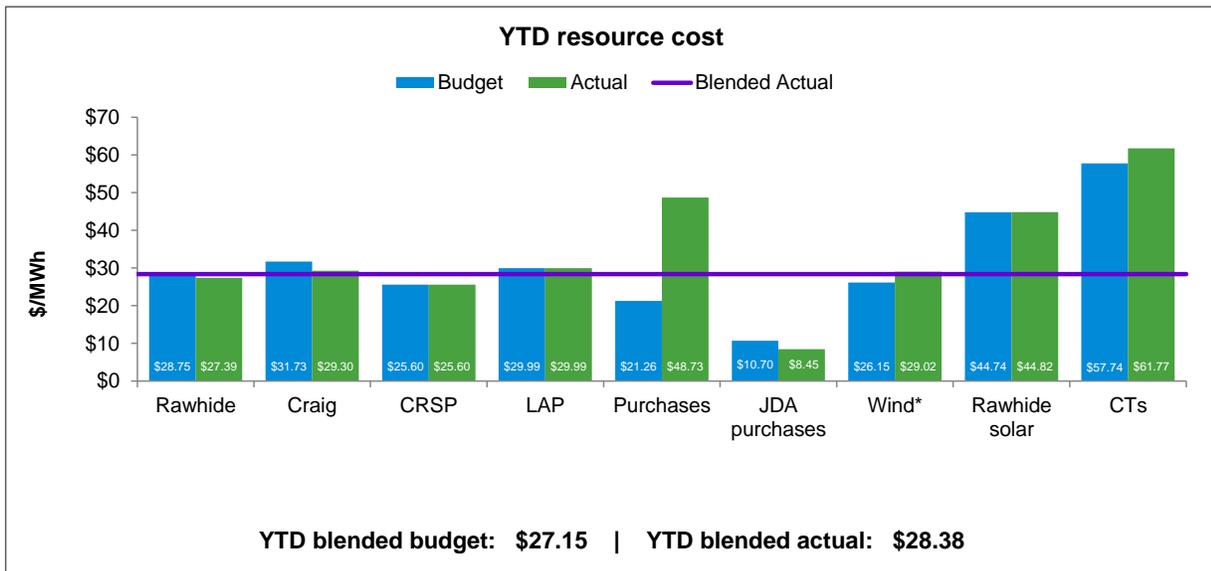
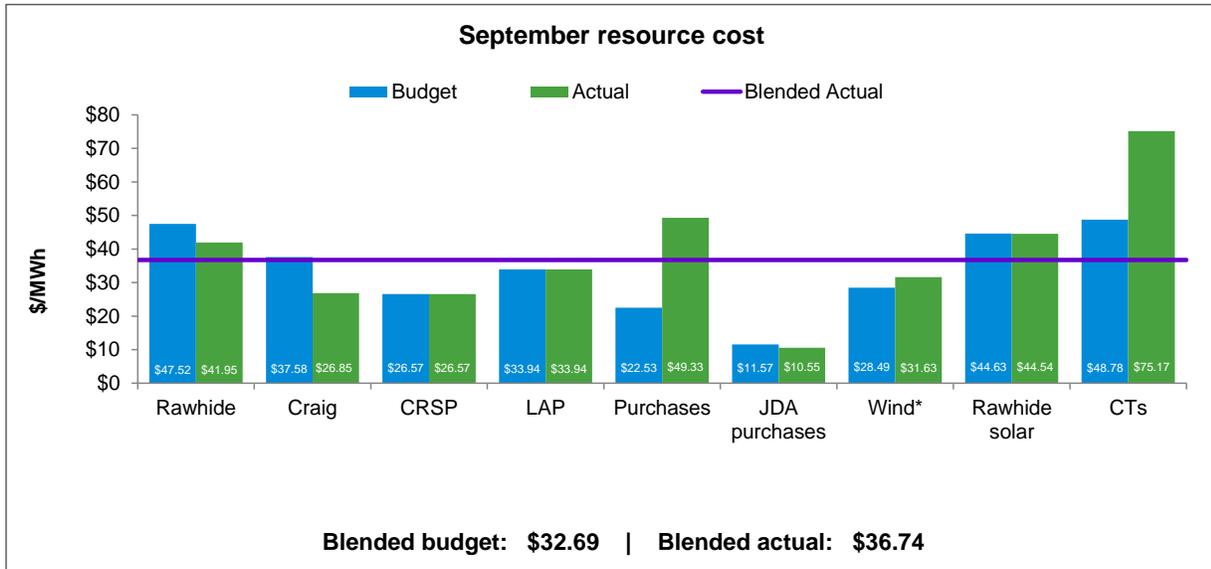
Market purchases

Purchase volumes came in significantly below budget, due to below budget JDA purchases and having operated the combustion turbines instead of making market purchases during the Rawhide outage. Purchase pricing came in significantly above budget for the month, due to high natural gas and market energy prices. Purchase volume is below budget, while purchase pricing is near budget, year to date.



Dispatch cost

Dispatch costs came in well above budget, primarily due to above budget bilateral purchase power and combustion turbine operating costs during the Rawhide outage. 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

- Rawhide Unit 1 came offline for its planned major outage on Sept. 19.
- The air-flow spoiler installation was successfully completed ahead of schedule on the Roundhouse transmission, Rawhide-Ault, and Rawhide-Timberline lines.
- All scheduled community-owned transformer, breaker, relay testing and maintenance work at the Estes Park and Mary's Lake substations was successfully completed.
- Last month saw the highest CT generation on record for the month of September with 27,141 MWh of generation having been produced. The new record surpasses the previous September record of 19,300 MWh produced in 2008.
- On Sept. 30, Tri-State G&T, Inc. reported that a vehicle caused a fault near the Bellvue tap which resulted in the Laporte-Ripple 115 kV line having tripped. The line was restored at 12:39. No Platte River load was dropped during the event.
- The Boyd-Portner 230 kV line tripped on Sept. 15. The trip is suspected to have been caused by bird droppings. The line was returned to service after line patrolling was completed. Bird guards will be added to the line the first week of November.



Platte River
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Financial report

September 2021





Financial highlights year to date

Platte River reported favorable results year to date. Net income of \$32.1 million was favorable by \$19.6 million compared to budget due to above-budget revenues partially offset by above-budget expenses.

The current estimate for year-end net income is \$28.4 million, but ranges from \$25.9 million to \$31.3 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 expense. Other purchases, due to an expected increase in pricing, are anticipated to end the year above budget. Additionally, the Windy Gap Firming Project (Chimney Hollow Reservoir) 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. Projected operating expenses could exceed budget which may require a contingency transfer depending on final results.

Financial projection	YTD result Sept 30, 2021	Overall impact (Oct-Dec)	Total variance	Net income	Variance from budget *
Expected	\$ 19.6	\$ (5.6)	\$ 14.0	\$ 28.4	97%
High	\$ 19.6	\$ (2.7)	\$ 16.9	\$ 31.3	117%
Low	\$ 19.6	\$ (8.1)	\$ 11.5	\$ 25.9	80%

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)	September		Favorable (unfavorable)		Year to date		Favorable (unfavorable)		Annual budget		
	Budget	Actual			Budget	Actual					
Net income	\$ 0.7	\$ 1.9	●	\$ 1.2	171.4%	\$ 12.5	\$ 32.1	●	\$ 19.6	156.8%	\$ 14.4
Bond service coverage	2.60x	3.65x	●	1.05x	40.4%	3.00x	4.52x	●	1.52x	50.7%	2.88x
Fixed obligation charge coverage	1.89x	2.46x	●	.57x	30.2%	2.08x	3.05x	●	.97x	46.6%	2.00x
Budget results											
Total revenues	\$ 19.7	\$ 22.4	●	\$ 2.7	13.7%	\$ 184.0	\$ 205.5	●	\$ 21.5	11.7%	\$ 241.6
Sales to owner communities	16.4	17.3	●	0.9	5.5%	147.3	152.3	●	5.0	3.4%	193.9
Sales for resale - long-term	1.5	1.5	◆	0.0	0.0%	13.7	16.2	●	2.5	18.2%	18.7
Sales for resale - short-term	1.1	2.8	●	1.7	154.5%	16.8	30.8	●	14.0	83.3%	20.9
Wheeling	0.5	0.5	◆	0.0	0.0%	4.7	4.3	■	(0.4)	(8.5%)	6.3
Interest and other income	0.2	0.3	●	0.1	50.0%	1.5	1.9	●	0.4	26.7%	1.8
Total operating expenses	\$ 15.8	\$ 16.8	■	\$ (1.0)	(6.3%)	\$ 143.2	\$ 144.0	◆	\$ (0.8)	(0.6%)	\$ 189.4
Purchased power	4.3	4.3	◆	-	0.0%	41.5	39.2	●	2.3	5.5%	57.2
Fuel	2.3	4.5	■	(2.2)	(95.7%)	27.3	37.8	■	(10.5)	(38.5%)	34.4
Production	4.9	4.0	●	0.9	18.4%	35.6	32.2	●	3.4	9.6%	45.2
Transmission	1.5	1.5	◆	0.0	0.0%	13.9	14.2	■	(0.3)	(2.2%)	18.6
Administrative and general	1.9	2.0	■	(0.1)	(5.3%)	17.1	15.8	●	1.3	7.6%	22.4
Distributed energy resources	0.9	0.5	●	0.4	44.4%	7.8	4.8	●	3.0	38.5%	11.6
Capital additions	\$ 2.6	\$ 3.8	■	\$ (1.2)	(46.2%)	\$ 118.2	\$ 107.3	●	\$ 10.9	9.2%	\$ 127.4

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



Key budget variances year to date

Total revenues

- **Sales to owner communities** were above budget \$5 million. Energy delivered was 5.9% above budget; however, the energy revenues were only 3% above budget or \$2.5 million. The additional energy would have resulted in \$5.1 million more revenue but was offset by \$2.6 million due to the actual intermittent vs. dispatchable energy mix and varying rates. In addition, demand revenues were 4.6% above budget or \$2.5 million. Weather conditions during the year have impacted energy and demand. The owner communities set a new peak of 707 MW on July 28 at 6 p.m.
- **Sales for resale - long-term** were above budget \$2.5 million due to unbudgeted calls upon a capacity contract, partially offset by below-budget sales tied to wind sites experiencing lower generation. Further, energy was not sold under two energy contracts while Rawhide Unit 1 is offline for the scheduled maintenance outage.
- **Sales for resale - short-term** were above budget \$14 million as average prices were 114% above budget, partially offset by 14% below-budget energy volume. Weather conditions during the year have lead to high energy prices.
- **Wheeling** was below budget \$0.4 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 \$0.4 million due to unbudgeted tower leases, liquidated damages from the Rawhide Prairie Solar project and a dividend from Trapper Mine.

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 \$3.9 million below budget. The below-budget expenses include: 1) Windy Gap water expenses, 2) travel and training, 3) non-routine projects, 4) chemicals, 5) ancillary services, 6) IT consulting, 7) miscellaneous Rawhide expenses, 8) Craig operating expenses and 9) other smaller projects. The above-budget expenses include: 1) wheeling expenses, 2) joint facilities and 3) other smaller projects.
- **Distributed energy resources program expenses** were \$3 million below budget primarily due to the unpredictability of the completion of customers' energy efficiency projects. The energy efficiency rebates and incentives will finish the year below budget due to having greater success with the more cost-effective programs.



- **Purchased power expenses** were \$2.3 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 21.1% but was partially offset by 2.1% above-budget volume, which replaced baseload generation. Partially offsetting the below-budget variances were above-budget other supplemental purchases due to the record cold weather in February. Purchased reserves were also above budget due to a higher rate increase than planned from Xcel Energy for Schedule 16 flex reserve service. In addition, owner communities' solar programs were above budget primarily due to higher market prices.
- **Personnel expenses** were below budget \$0.5 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, training of new employees and shift changes to accommodate work load in response to the COVID-19 pandemic.
- **Fuel expenses** were \$10.5 million above budget.
 - Natural Gas** 83% of the overall variance, \$8.7 million above budget. The combustion turbine units were used to meet load requirements and to make sales resulting in above-budget generation.
 - Craig units** 26% of the overall variance, \$2.7 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, \$0.9 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 (Chimney Hollow Reservoir). 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)** - The pooled financing for the project closed in August and is accounted for in the financial statements according to the accounting policy approved by the board in 2020. Associated amortization will be approximately \$0.8 million below budget.



- **Debt** - The outstanding principal for Series II, JJ and KK represents debt associated with transmission assets (\$126.2 million) and the Rawhide Energy Station (\$23.5 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1. The table below shows current debt outstanding.

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	<u>15,522</u>					
Total revenue bonds outstanding	165,267					
Less: due within one year	<u>(11,660)</u>					
Total long-term debt, net	<u>\$ 153,607</u>					

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 September 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. <i>The below-budget funds will be requested to be carried over into 2022.</i>	\$ 6,400	\$ 300	\$ 6,100	\$ 6,100
* 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	\$ 4,608	\$ 1,982	\$ -
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	\$ -



Project (\$ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
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	\$ -
* 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	\$ 693	\$ 380	\$ -
** Airflow spoilers - This project will be below budget due to an estimated reimbursement from a cost sharing agreement entered into during 2021.	\$ 1,310	\$ 1,010	\$ 300	\$ -
* Air heater leakage control and fire protection upgrade - This project will be below budget due to a change in scope. As Rawhide Unit 1 load decreases, the air heater leakage control will not provide the intended outcome as anticipated and will be removed from the project. <i>A portion of the below-budget funds will be requested to be carried over into 2022.</i>	\$ 321	\$ 50	\$ 271	\$ 100
Overhead doors - outbuildings - This project will be below budget due to a vendor delay with materials and supply chain issues. <i>The below-budget funds will be requested to be carried over into 2022.</i>	\$ 699	\$ 512	\$ 187	\$ 187
Craig units 1 and 2 projects - Project expenditures will be below budget due to placing prior period projects into service.	\$ 813	\$ 680	\$ 133	\$ -
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. <i>The below-budget funds will be requested to be carried over into 2022.</i>	\$ 1,073	\$ 963	\$ 110	\$ 110
** SONET communications system replacement - This project will be below budget due to material and supply chain issues. <i>The below-budget funds will be requested to be carried over into 2022.</i>	\$ 312	\$ 206	\$ 106	\$ 106
Above budget projects				
Windy Gap Firming Project (Chimney Hollow Reservoir) - This project will be above budget due to an increase in construction costs and the settlement charge caused from the litigation delay. A settlement was reached in April and the pooled financing closed in August.	\$ 90,725	\$ 92,475	\$ (1,750)	\$ -
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)	\$ -



Project (\$ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
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)	\$ -
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)	\$ -
Delayed projects				
Optical ground wire upgrade - WAPA Valley to Estes Park - This project was delayed due to a change in WAPA's schedule. <i>The below-budget funds will be requested to be carried over into 2022.</i>	\$ 391	\$ -	\$ 391	\$ 391
** Fiber optic cable replacement - Forts Collins Riverside - This project will be below budget due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2022.</i>	\$ 153	\$ -	\$ 153	\$ 153
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

September 2021

Non-GAAP budgetary basis (in thousands)

	Month of September		Favorable (unfavorable)
	Budget	Actual	
Revenues			
<i>Operating revenues</i>			
Sales to owner communities	\$ 16,372	\$ 17,306	\$ 934
Sales for resale - long-term	1,494	1,484	(10)
Sales for resale - short-term	1,142	2,885	1,743
Wheeling	537	490	(47)
Total operating revenues	19,545	22,165	2,620
<i>Other revenues</i>			
Interest income ⁽¹⁾	119	109	(10)
Other income/(loss)	34	165	131
Total other revenues	153	274	121
Total revenues	\$ 19,698	\$ 22,439	\$ 2,741
Expenditures			
<i>Operating expenses</i>			
Purchased power	\$ 4,271	\$ 4,269	\$ 2
Fuel	2,320	4,534	(2,214)
Production	4,907	4,029	878
Transmission	1,509	1,502	7
Administrative and general	1,917	1,961	(44)
Distributed energy resources	901	502	399
Total operating expenses	15,825	16,797	(972)
<i>Capital additions</i>			
Production	1,388	1,631	(243)
Transmission	403	139	264
General	832	1,390	(558)
Asset retirement obligations	-	663	(663)
Total capital additions	2,623	3,823	(1,200)
<i>Debt expense</i>			
Principal	971	972	(1)
Interest expense	521	511	10
Total debt expense	1,492	1,483	9
Total expenditures	\$ 19,940	\$ 22,103	\$ (2,163)
Revenues less expenditures	\$ (242)	\$ 336	\$ 578

⁽¹⁾ Excludes unrealized holding gains and losses on investments.

Schedule of revenues and expenditures, budget to actual

September 2021 year-to-date

Non-GAAP budgetary basis (in thousands)

	September year to date		Favorable	Annual
	Budget	Actual	(unfavorable)	budget
Revenues				
<i>Operating revenues</i>				
Sales to owner communities	\$ 147,303	\$ 152,316	\$ 5,013	\$ 193,909
Sales for resale - long-term	13,748	16,237	2,489	18,664
Sales for resale - short-term	16,791	30,803	14,012	20,906
Wheeling	4,714	4,291	(423)	6,324
Total operating revenues	182,556	203,647	21,091	239,803
<i>Other revenues</i>				
Interest income ⁽¹⁾	1,171	1,106	(65)	1,431
Other income/(loss)	316	749	433	373
Total other revenues	1,487	1,855	368	1,804
Total revenues	\$ 184,043	\$ 205,502	\$ 21,459	\$ 241,607
Expenditures				
<i>Operating expenses</i>				
Purchased power	\$ 41,527	\$ 39,208	\$ 2,319	\$ 57,193
Fuel	27,303	37,851	(10,548)	34,404
Production	35,641	32,253	3,388	45,165
Transmission	13,913	14,178	(265)	18,566
Administrative and general	17,058	15,760	1,298	22,419
Distributed energy resources	7,758	4,770	2,988	11,642
Total operating expenses	143,200	144,020	(820)	189,389
<i>Capital additions</i>				
Production	106,744	99,435	7,309	112,846
Transmission	3,409	1,237	2,172	4,543
General	6,985	5,918	1,067	8,961
Asset retirement obligations	1,073	693	380	1,073
Total capital additions	118,211	107,283	10,928	127,423
<i>Debt expense</i>				
Principal	8,726	8,723	3	11,640
Interest expense	4,911	4,825	86	6,473
Total debt expense	13,637	13,548	89	18,113
Total expenditures	\$ 275,048	\$ 264,851	\$ 10,197	\$ 334,925
Contingency reserved to board	-	-	-	28,000
Total expenditures	\$ 275,048	\$ 264,851	\$ 10,197	\$ 362,925
Revenues less expenditures	\$ (91,005)	\$ (59,349)	\$ 31,656	\$ (121,318)

⁽¹⁾ Excludes unrealized holding gains and losses on investments.

Financial statements

Statements of net position

Unaudited (in thousands)

	September 30	
	2021	2020
Assets		
<i>Electric utility plant, at original cost</i>		
Land and land rights	\$ 19,446	\$ 16,924
Plant and equipment in service	1,436,903	1,415,710
Less: accumulated depreciation and amortization	<u>(893,903)</u>	<u>(894,742)</u>
Plant in service, net	562,446	537,892
Construction work in progress	<u>26,634</u>	<u>61,300</u>
Total electric utility plant	589,080	599,192
<i>Special funds and investments</i>		
Restricted funds and investments	18,016	18,272
Dedicated funds and investments	<u>132,109</u>	<u>92,187</u>
Total special funds and investments	150,125	110,459
<i>Current assets</i>		
Cash and cash equivalents	59,622	39,876
Other temporary investments	37,267	33,268
Accounts receivable - owner communities	17,221	16,910
Accounts receivable - other	7,130	7,066
Fuel inventory, at last-in, first-out cost	10,084	13,529
Materials and supplies inventory, at average cost	15,556	15,105
Prepayments and other assets	<u>3,315</u>	<u>2,534</u>
Total current assets	150,195	128,288
<i>Noncurrent assets</i>		
Regulatory assets	126,933	15,020
Other long-term assets	<u>4,858</u>	<u>13</u>
Total noncurrent assets	131,791	15,033
Total assets	1,021,191	852,972
Deferred outflows of resources		
Deferred loss on debt refundings	4,223	5,245
Pension deferrals	2,024	1,769
Asset retirement obligations	<u>22,539</u>	<u>24,632</u>
Total deferred outflows of resources	28,786	31,646
Liabilities		
<i>Noncurrent liabilities</i>		
Long-term debt, net	153,364	168,213
Other long-term obligations	96,073	-
Net pension liability	15,604	18,679
Asset retirement obligations	29,013	28,522
Other liabilities and credits	<u>6,501</u>	<u>6,219</u>
Total noncurrent liabilities	300,555	221,633
<i>Current liabilities</i>		
Current maturities of long-term debt	11,660	10,815
Current portion of asset retirement obligations	380	3,735
Accounts payable	16,617	12,450
Accrued interest	2,044	2,469
Accrued liabilities and other	<u>3,191</u>	<u>3,270</u>
Total current liabilities	33,892	32,739
Total liabilities	334,447	254,372
Deferred inflows of resources		
Deferred gain on debt refundings	144	-
Regulatory credits	67,644	9,516
Pension deferrals	-	69
Total deferred inflows of resources	67,788	9,585
Net position		
Net investment in capital assets	396,302	424,465
Restricted	15,972	15,803
Unrestricted	<u>235,468</u>	<u>180,393</u>
Total net position	<u>\$ 647,742</u>	<u>\$ 620,661</u>

Statements of revenues, expenses and changes in net position

Unaudited (in thousands)

	Month of September	September year to date		Twelve months ended September 30	
		2021	2020	2021	2020
Operating revenues					
Sales to owner communities	\$ 17,306	\$ 152,316	\$ 149,608	\$ 198,710	\$ 195,719
Sales for resale	4,369	47,040	28,093	57,519	35,853
Wheeling	490	4,291	4,670	5,796	6,161
Total operating revenues	<u>22,165</u>	<u>203,647</u>	<u>182,371</u>	<u>262,025</u>	<u>237,733</u>
Operating expenses					
Purchased power	4,269	39,208	33,161	54,076	43,434
Fuel	4,534	37,851	33,045	46,376	44,502
Operations and maintenance	5,694	46,483	45,595	64,236	60,955
Administrative and general	2,022	15,947	15,127	21,425	20,270
Distributed energy resources	507	4,777	6,850	7,487	10,171
Depreciation and amortization	2,981	24,699	20,778	36,963	27,330
Total operating expenses	<u>20,007</u>	<u>168,965</u>	<u>154,556</u>	<u>230,563</u>	<u>206,662</u>
Operating income	<u>2,158</u>	<u>34,682</u>	<u>27,815</u>	<u>31,462</u>	<u>31,071</u>
Nonoperating revenues (expenses)					
Interest income	96	1,068	2,034	1,513	2,930
Other income	165	749	431	1,139	657
Distribution to owner communities	-	-	-	(1,000)	-
Interest expense	(511)	(4,825)	(5,768)	(6,677)	(7,747)
Amortization of bond financing costs	152	1,372	1,537	1,885	2,072
Net (decrease)/increase in fair value of investments	<u>(174)</u>	<u>(898)</u>	<u>1,010</u>	<u>(1,241)</u>	<u>1,041</u>
Total nonoperating revenues (expenses)	<u>(272)</u>	<u>(2,534)</u>	<u>(756)</u>	<u>(4,381)</u>	<u>(1,047)</u>
Change in net position	<u>1,886</u>	<u>32,148</u>	<u>27,059</u>	<u>27,081</u>	<u>30,024</u>
Net position at beginning of period, as previously reported	<u>645,856</u>	<u>615,594</u>	<u>593,602</u>	<u>620,661</u>	<u>590,637</u>
Net position at end of period	<u>\$ 647,742</u>	<u>\$ 647,742</u>	<u>\$ 620,661</u>	<u>\$ 647,742</u>	<u>\$ 620,661</u>

Statements of cash flows

Unaudited (in thousands)

	Month of September	September year to date		Twelve months ended September 30	
		2021	2020	2021	2020
Cash flows from operating activities					
Receipts from customers	\$ 28,920	\$ 204,539	\$ 182,081	\$ 261,915	\$ 236,393
Payments for operating goods and services	(15,413)	(107,765)	(98,731)	(140,713)	(127,325)
Payments for employee services	(4,646)	(33,787)	(33,814)	(46,670)	(43,404)
Net cash provided by operating activities	8,861	62,987	49,536	74,532	65,664
Cash flows from capital and related financing activities					
Additions to electric utility plant	(1,348)	(13,742)	(30,490)	(19,584)	(42,599)
Payments from accounts payable incurred for electric utility plant additions	(633)	(1,271)	(5,699)	(944)	(7,143)
Proceeds from disposal of electric utility plant	211	264	135	27,302	159
Deposits into escrow for bond defeasance	-	-	(1)	(237)	(1)
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)	(7,917)
Net cash used in capital and related financing activities	(1,770)	(29,199)	(50,323)	(11,467)	(67,811)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	(11,515)	(28,565)	12,008	(44,937)	11,907
Interest and other income, including realized gains and losses	268	1,806	2,444	2,618	3,562
Distribution to owner communities	-	-	-	(1,000)	-
Net cash (used in)/provided by investing activities	(11,247)	(26,759)	14,452	(43,319)	15,469
(Decrease)/increase in cash and cash equivalents	(4,156)	7,029	13,665	19,746	13,322
Balance at beginning of period in cash and cash equivalents	63,778	52,593	26,211	39,876	26,554
Balance at end of period in cash and cash equivalents	\$ 59,622	\$ 59,622	\$ 39,876	\$ 59,622	\$ 39,876
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	\$ 2,158	\$ 34,682	\$ 27,815	\$ 31,462	\$ 31,071
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>					
Depreciation and amortization	2,836	23,537	18,336	34,228	23,769
<i>Changes in assets and liabilities which provided/(used) cash</i>					
Accounts receivable	6,726	281	(483)	(376)	(1,767)
Fuel and materials and supplies inventories	610	2,896	1,279	2,995	3,362
Prepayments and other assets	(461)	(299)	(1,821)	(379)	(4,479)
Deferred outflows of resources	145	(1,482)	(766)	1,838	7,487
Accounts payable	(2,095)	(1,882)	(914)	3,091	2,638
Net pension liability	-	-	-	(3,075)	(5,392)
Asset retirement obligations	(705)	1,800	1,733	(2,863)	2,747
Other liabilities	313	685	566	268	1,547
Deferred inflows of resources	(666)	2,769	3,791	7,343	4,681
Net cash provided by operating activities	\$ 8,861	\$ 62,987	\$ 49,536	\$ 74,532	\$ 65,664
Non cash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	2,019	2,019	944	2,019	944
Additions to regulatory assets through incurrence of other long-term obligations	-	91,226	-	91,226	-
Amortization of regulatory asset (debt issuance costs)	8	73	53	91	71
Amortization of bond premiums and deferred loss on refundings	(161)	(1,446)	(1,590)	(1,976)	(2,143)
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)

	Month of September	September year to date		Twelve months ended September 30	
		2021	2020	2021	2020
Bond service coverage					
Net revenues					
Operating revenues	\$ 22,165	\$ 203,647	\$ 182,371	\$ 262,025	\$ 237,733
Operations and maintenance expenses, excluding depreciation and amortization	17,026	144,266	133,778	193,600	179,332
Net operating revenues	5,139	59,381	48,593	68,425	58,401
Plus interest income on bond accounts, other income and distribution to owner communities ⁽¹⁾	274	1,855	2,493	1,684	3,628
Net revenues before rate stabilization	5,413	61,236	51,086	70,109	62,029
Rate stabilization					
Deposits	-	-	-	-	-
Withdrawals	-	-	-	-	-
Total net revenues	\$ 5,413	\$ 61,236	\$ 51,086	\$ 70,109	\$ 62,029
Bond service					
Power revenue bonds	\$ 1,483	\$ 13,548	\$ 13,669	\$ 18,104	\$ 18,225
Coverage					
Bond service coverage ratio	3.65	4.52	3.74	3.87	3.40
Fixed obligation charge coverage					
Fixed obligation charge coverage					
Total net revenues, above	\$ 5,413	\$ 61,236	\$ 51,086	\$ 70,109	\$ 62,029
Fixed obligation charges included in operating expenses ⁽²⁾	1,202	9,747	7,462	13,319	9,927
Adjusted net revenues before fixed obligation charges	\$ 6,615	\$ 70,983	\$ 58,548	\$ 83,428	\$ 71,956
Fixed obligation charges					
Power revenue bonds, above	\$ 1,483	\$ 13,548	\$ 13,669	\$ 18,104	\$ 18,225
Fixed obligation charges	1,202	9,747	7,462	13,319	9,927
Total fixed obligation charges	\$ 2,685	\$ 23,295	\$ 21,131	\$ 31,423	\$ 28,152
Coverage					
Fixed obligation charge coverage ratio	2.46	3.05	2.77	2.65	2.56

⁽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.



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SEPTEMBER 2021 GENERAL MANAGEMENT REPORT

BUSINESS STRATEGIES

Communications and marketing

Communications staff participated in interviews with three potential candidates to lead the 2022 strategic planning process. Finalist interviews with the senior leadership team will take place in October followed by a selection and contract award. Separately, staff also worked with Inside Information to finalize the community survey for deployment in early October. The survey will continue through the month with data analysis to follow.

Staff concluded the Efficiency Works™ brand marketing campaign. The campaign was designed to elevate community recognition of the Efficiency Works brand and support individual program marketing efforts. Initial results show 5.2 million total impressions and nearly 15,000 clicks on digital ads, which also led to a significant increase in website traffic since the campaign started in April. Staff also created and published the first Efficiency Works e-newsletter and deployed outreach campaigns specifically targeting small and medium businesses and multifamily properties across the four owner communities.

Communications personnel continued work on the history wall that will lead visitors to the Energy Engagement Center (EEC). Staff gathered artifacts to place in key locations along the corridor and finalized content that will appear on interactive displays. Staff also presented initial mockups of the Platte River website refresh to senior leaders. The updated site will go live in late October.

Staff produced regular internal communications including the Power Source, Loo News, NewsFeed and business meeting email, and supported weekly video updates 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 September, staff participated in several online and in-person meetings and events.

Local engagement

- Attended United Way of Larimer County and Fort Collins Chamber CEO event
- Presented to Leadership Northern Colorado cohort
- Attended Town of Severance virtual town board meeting

Legislative and regulatory outreach

- Met with the following state legislators:

- Senator Joann Ginal
- Representative Tracey Bernett
- Representative Cathy Kipp
- Representative Mike Lynch
- Representative Hugh McKean
- Met with Air Pollution Control Division staff to discuss clean energy plan submission

Other activities

- Participated in Colorado Renewable Energy Society's Annual Policy Night virtual event; Senator Chris Hansen and Representative Tracey Bernett presented
- Met with Amy Rosier, vice president of member and government relations at Poudre Valley Rural Electric Association

Additionally, working with contract administration and members of the legal services and business strategies departments, staff conducted four interviews with legislative services consultants. A contract will be awarded in October.

Human resources

Organizational restructure was announced to staff and the Platte River Board of Directors, along with changes to the 2022 salary budget. We engaged Mycoff Fry Partners, our external search firm, to begin the search to fill the chief strategy officer and chief transition and integration officer positions. Candidate applications and initial screening will occur in October, with first round interviews to take place in early to mid November.

Medical and dental benefit renewals were initiated for 2022. Staff will provide an update memorandum for the December board meeting.

Safety

Rawhide safety and operations management teams communicated changes to the lockout/tagout program and delivered refresher training in preparation for the scheduled fall maintenance outage.

The safety team finalized outage safety and COVID protocols ahead of the outage. All protocols were communicated to Rawhide staff.

Additional equipment was moved onsite for landscaping work around the EEC construction project. Subcontractors were cautioned about using the equipment near staff worksites since the recent increase in staff working onsite. There were no recordable injuries on the EEC construction project.

There were no recordable or lost time injuries in September.

Injury statistics	2019 year end	2020 year end	YTD through Sept. 2020	YTD through Sept. 2021
Recordable injury rate	0.85	1.29	1.11	1.09
DART	0.00	0.43	0.56	0.00
Lost time rate	0.00	0.43	0.56	0.00

Energy solutions

Participation in Efficiency Works programs continued to be below pre-pandemic levels but above the lows experienced earlier this year. Staff continued efforts to bolster participation, including increased promotion to customers and a 50% bonus rebate for selected efficiency measures.

Platte River issued a request for proposals for energy advising services for the Efficiency Works Homes program to ensure continued high-quality and competitively priced services. Initially, eight vendors expressed interest in bidding. In September, two of the eight submitted proposals. A team of Platte River and owner community staff is participating in the evaluation and selection process. The goal is to award the contract to a single vendor by early November so work can begin in early 2022.

Through September, Efficiency Works programs achieved energy savings of 12,190 MWh and spent \$5.0 million, including administration costs.

FINANCIAL AND INFORMATION TECHNOLOGY SERVICES

2021 board contingency – operations and maintenance expenses

Platte River has experienced a phenomenal year with increased revenues from the owner communities and market sales. Weather contributed to increased average surplus sales prices starting with the February storm and most recently with the warm weather over the summer. Fuel expense, primarily natural gas, was also above budget to serve the increased sales. As a result, total operating expenses may end the year above budget and a contingency transfer would be required.

The amount of the transfer is unknown, as future results depend on weather, the sales market and finalizing the outage. Staff will provide an estimate at the December board meeting, but the amount of the transfer would be set as a not-to-exceed amount. After year-end close, only the required amount needed will be transferred to the fuel category. This approach prevents moving funds that are not needed. Staff will report the actual amount transferred at the February board meeting.

Proposed 2022 Strategic Budget

A public hearing on the budget will be held at the October board meeting. Public notice of the meeting was given in each of the owner communities' newspapers in September. Staff will present changes to the proposed 2022 Strategic Budget in October with board adoption requested in December.

Below is a condensed schedule of the overall budget process.

March to May	Kickoff presentations and preparation of budget details by departments
May-June	Data compilation, reporting and meetings with division managers
July	Senior leadership and general manager/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

2021 year-end financial audit plan

Earlier this month, staff met with BKD to discuss new accounting pronouncements, significant 2021 activities, and the audit schedule in preparation of the 2021 financial audit to be performed by BKD.

Energy Engagement Center update

The exterior finishes are nearly complete for the EEC construction and crews are working on interior finishes and landscaping. The project is experiencing some materials delays with global shipping issues, but we are working to still complete the project by the end of 2021. The overall project schedule will be evaluated over the next few weeks to determine if schedules need to be revised.



Economic development

Payments for community economic development have been made per the direction given by each owner community. The payments total the budgeted amount of \$100,000; one-half is divided equally between the owner communities and the other is half based on MWh sales during 2020.

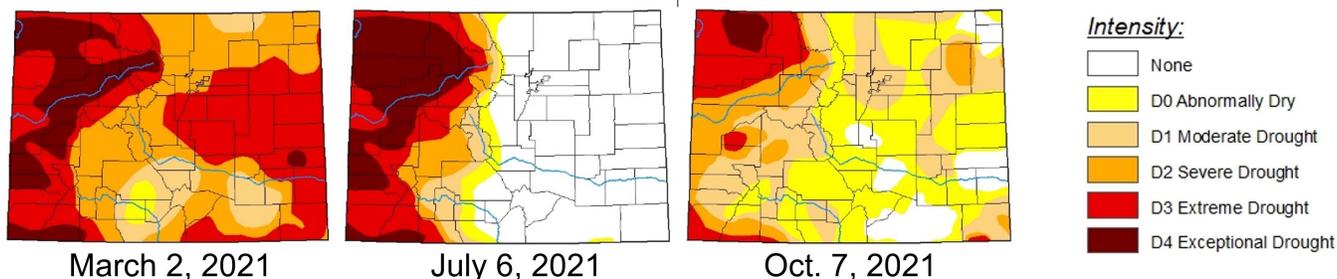
OPERATIONS

Fuels and water

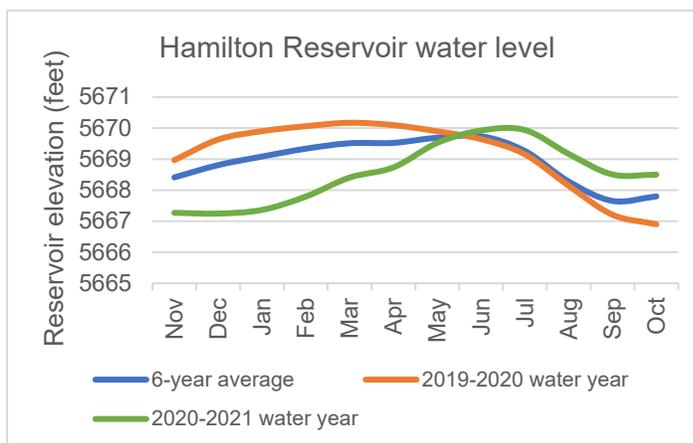
In recent years, the coal market has been characterized by low and stable prices due to the power sector's diminishing reliance on coal-fired generation and low natural gas prices. Since early June, however, prices have risen significantly, recently setting all-time highs for Powder River Basin (PRB) coal, which is the fuel source for Rawhide Unit 1. Several elements are driving prices upward, including increased electricity demand, rising natural gas prices, and severely constrained production capacity at PRB mines. Concurrently, coal demand is on the rise across the country as utilities look to rebuild their stockpiles after relying on coal-fired generation more than anticipated this summer. For Platte River, the impacts will be less significant due to proactive stockpile management and flexible contract terms negotiated with Navajo Transitional Energy Company, Platte River's coal supplier. These will lessen the effects of the recent market volatility for Platte River, but staff will continue to monitor market conditions and take additional action as necessary. At the Craig Generating Station, Platte River's coal supply is provided through Trapper Mine, of which Platte River is a partial owner. Trapper Mine supplies coal on a cost-of-production basis, which avoids the potential impacts of market instability.

From a water supply perspective, the drought continues to be the primary focus of water planning in Colorado. Monitoring hydrologic changes can provide valuable insight into what may lie ahead in the next water year (see images below). Because of dry soil across western Colorado, the 2021 spring runoff was below average despite normal snowpack. Through the spring and early summer, precipitation east of the continental divide eased drought conditions in the eastern half of the state while drought continued to intensify in the west. As summer progressed, a strong monsoon season provided some relief in the mountains and contributed to more balanced moisture levels across the state. Snowfall forecasts for the 2022 water year are currently mixed. If snowpack levels are again near normal this coming winter, this may increase runoff in the spring.

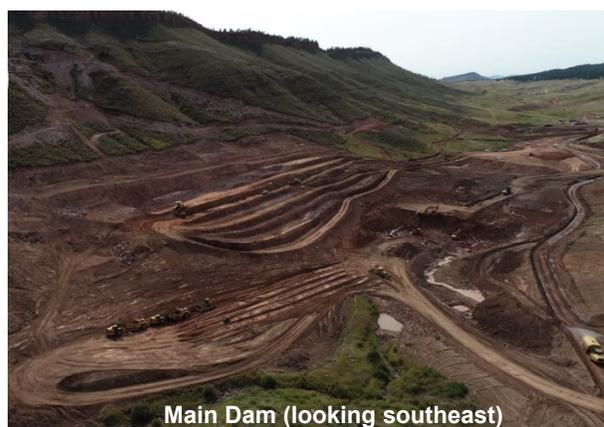
Colorado drought conditions



For Platte River, drought conditions have affected annual operations of Hamilton Reservoir over the past year (see graph). Beginning in October 2020, the combination of increased evaporation from the reservoir with a prolonged pumping maintenance outage reduced water levels to more than a foot below average. This persisted well into 2021. In response, Platte River increased pumping rates whenever possible over the past year to return the reservoir to more typical storage levels. The reservoir has now reached an above-average storage level heading into the 2022 water year, which will provide additional operational assurance and flexibility.



Barnard Construction continues to make progress at Chimney Hollow Reservoir, primarily with excavation activities. At the main dam site, the contractor reached bedrock at the dam midpoint, which allowed blasting operations in the area to begin. Blasting also began at the quarry site where material is initially being produced for roadway construction throughout the site. At the saddle dam site on the south end of the reservoir, bedrock was nearer to the surface than at the main dam site, which has allowed work to progress more quickly. While there have been some small changes identified to date, none have been of particular significance and the project remains on time and on budget.



Main Dam (looking southeast)



Resource planning update

Staff finalized the power supply plan (PSP) and associated budget outlook for 2022 through 2031. This was the last PSP developed using the Aurora model. Future models will be produced using the new Plexos model.

Staff led the analytical work to develop the Clean Energy Plan, which was presented to the board of directors and approved at the September board meeting.

Staff began building a beneficial electrification potential study to help assess increased load due to the potential increase in electric heating using air and ground source heat pumps. Staff also kicked off a study to refine the lifetime cost comparison between aero-derivative gas turbines and reciprocating internal combustion engines to provide backup power for renewables during the next decade.