



Estes Park • Fort Collins • Longmont • Loveland

Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525

Thursday, Aug. 25, 2022, 9 a.m.

Call to order

1. Consent agenda
 - a. Minutes of the regular meeting of July 28, 2022

Motion to approve

Public comment

Management presentations

2. Wholesale rate projections update and 2023 rate tariff charges
3. Power markets – present and future
4. Distributed Energy Resources update
5. Regional messaging strategies and concepts

Management reports

6. Proposed Family and Medical Leave Insurance program

Monthly informational reports

7. Legal, environmental and compliance report
8. July 2022 transition and integration report
9. July 2022 operating report
10. July 2022 financial report
11. July general management report

Strategic discussions

Adjournment



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2022 board meeting planning calendar

Updated August 16, 2022

Sept. 29, 2022

Board action items	Management presentations	Management reports	Monthly informational reports
	2023 proposed strategic budget work session	Distributed renewable generation opportunities	Legal, environmental and compliance report
	2023 rate tariff schedules	Staffing update (memo only)	August 2022 operating report
	Proposed Family and Medical Leave Insurance program update		August 2022 financial report
Committee reports	Deferred revenue and expense policy		August 2022 transition and integration report
Retirement committee report			General management report

Oct. 27, 2022

Board action items	Management presentations	Management reports	Monthly informational reports
2022 FORVIS financial audit plan	2023 proposed strategic budget update – public hearing		Q3 performance dashboard
2023 rate tariff schedules			Legal, environmental and compliance report
Proposed Family and Medical Leave Insurance program approval			September 2022 operating report
Deferred revenue and expense policy			September 2022 financial report
			September 2022 transition and integration report
			General management report



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November 2022

Retirement committee meeting

No board of directors meeting

Dec. 8, 2022

Board action items	Management presentations	Management reports	Monthly informational reports
2023 strategic budget review and adoption		Benefits update (memo only)	Legal, environmental and compliance report
2022 budget contingency appropriation transfer (if required)		DER strategy committee update	October 2022 operating report (November 2022 report, if available)
2023 proposed board of directors regular meeting schedule			October 2022 financial report (November 2022, if available)
			October 2022 transition and integration report
Committee reports			General management report
Retirement committee report			

Topics to be scheduled:

- Chimney Hollow Reservoir tour
- Resolution to support system integration

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

2022 board of directors

Owner communities

Term expiration

Town of Estes Park
P.O. Box 1200, Estes Park, Colorado 80517

Mayor Wendy Koenig
Reuben Bergsten—Chair, Board of Directors

April 2024
December 2024

City of Fort Collins
P.O. Box 580, Fort Collins, Colorado 80522

Mayor Jeni Arndt
Kendall Minor

April 2023
December 2026

City of Longmont
350 Kimbark Street, Longmont, Colorado 80501

Mayor Joan Peck
David Hornbacher

November 2023
December 2022

City of Loveland
500 East Third Street, Suite 330, Loveland, Colorado 80537

Mayor Jacki Marsh
Kevin Gertig—Vice Chair, Board of Directors

November 2023
December 2025



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Our vision

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

Our mission

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

Our values

Safety

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

Integrity

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

Service

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

Respect

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

Operational excellence

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

Sustainability

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

Innovation

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



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Memorandum

Date: 8/16/2022

To: Board of directors

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

Subject: August consent agenda

Staff requests approval of the following item on the consent agenda. The supporting document is included for the item listed below. Approval of the consent agenda will approve the item unless a member of the board removes the item from consent for further discussion.

- Minutes of the regular meeting of July 28, 2022

Attachment



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Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, July 28, 2022

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig¹ and Reuben Bergsten
Representing Fort Collins: Mayor Arndt² and Kendall Minor³
Representing Longmont: Mayor Joan Peck and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

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)
Raj Singam Setti (chief transition and integration officer)
Eddie Gutiérrez (chief strategy officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance and IT)
Mitch Tomaier (IT systems administrator)
Josh Pinsky (IT service desk technician II)
Shelley Nywall (director of finance)
Heather Banks (fuels and water manager)
Wade Hancock (financial planning and rates manager)

Guests

None

Call to order

Chair Bergsten called the meeting to order at 9:01 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 Bergsten announced that the Platte River board meetings are now open for the public to attend in person but staff will continue to offer a hybrid meeting option for those who wish to attend via Zoom Webinar. Angela Walsh, board secretary, introduced Josh Pinsky, IT service desk technician, who will be assisting with the board meetings.

¹ Attended online

² Attended online

³ Arrived at 9:23



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Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of May 26, 2022

Director Marsh moved to approve the consent agenda as presented. Director Peck seconded. The motion carried 7-0.

Public comment

Chair Bergsten 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 asked to address the board.

Committee reports

2. Retirement committee report

Committee Chair Dave Hornbacher summarized the meeting held on May 26, 2022.

The actuary from Willis Towers Watson provided a review of the plan's actuarial valuation report, which contains the required funding contribution for 2023. The actuary explained that the IRS imposes limits on benefits paid from qualified retirement plans and suggested a plan amendment to clarify that benefits subject to the IRS limit will be adjusted annually as the IRS limit is indexed. The committee agreed that the clarification is needed in the plan and the actuary will bring the plan amendment to the August committee meeting for approval. If approved, the board will be asked to approve the amendment in September. Towers Watson also presented an option available to government entities allowing for payment of benefits above the IRS benefit limit.

The plan's investment consultant, Northern Trust, reported on the plan's performance for the March 2022 quarter.

Committee Chair Hornbacher noted that the committee conducted its annual review of the investment consultant, evaluating Northern Trust's performance based on criteria included in the scope of services for the agreement between Northern Trust and Platte River. The committee agreed the consultant is meeting expectations.

The next retirement committee meeting is scheduled for Aug. 25, 2022.

3. Retirement subcommittee action

Committee Chair Hornbacher explained that in March 2020 a subcommittee was formed consisting of the Committee Chair (currently Mr. Hornbacher), Jason Frisbie as the plan

administrator and Dave Smalley, chief financial officer to monitor the impact on plan assets from the downturn in the financial markets to determine if temporary suspension of the lump sum option would be necessary. The subcommittee has the power by unanimous resolution to amend the defined benefit plan, which includes suspending and reinstating the plan participants' option to receive lump sum distributions at retirement.

On June 16, 2022 the subcommittee met and by unanimous resolution suspended the lump sum distribution option prospectively. The subcommittee will continue to monitor plan assets and the markets to determine when to reinstate the lump sum option. No board action was requested.

Board action items

4. Executive session

Chair Bergsten noted the next item on the agenda was to discuss a matter that may be subject to negotiations on the proposed water rights exchange between Platte River and the City of Greeley. Director Gertig moved that the board of directors go into executive session for the purpose of discussing confidential elements of the proposed water rights exchange between Platte River and the City of Greeley.

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

Director Hornbacher seconded, and the motion carried 7-0.

Reconvene regular session

The chair reconvened the regular session and asked for roll call. The next item on the agenda followed discussion during the executive session.

5. Water rights exchange approval (presenter: Heather Banks)

Heather Banks, fuels and water manager, summarized the information provided to the board during the April and May board meetings. The board had no questions.

Director Hornbacher moved to approve the water rights exchange with the City of Greeley as presented. Director Koenig seconded, and the motion carried 8-0.

Jason Frisbie, general manager and CEO, noted that if any substantial terms change in the agreement, staff will update the board.

Management presentations

6. Rates forecast update (presenter: Dave Smalley)

Dave Smalley, chief financial officer and deputy general manager, presented a follow up overview of the long-term rate pressure, rate increase and recommendations previously presented during the May board meeting and staff meetings with the individual cities' staff. Although Mr. Smalley presented a staff recommendation, he requested no formal action from the board.

Chair Bergsten asked how staff projects a zero percent rate increase post 2030. Mr. Smalley explained that inflation is considered for wages and O&M expenses, but a significant number of our generation resources will be in fixed priced contracts that do not escalate. He added that built into the forecasts are assumptions on beneficial electrification increasing loads, which helps keep rate pressure down. Staff continuously revises projections with the latest information to make forecasting as accurate as possible.

Mr. Frisbie remarked that beneficial electrification adds to Platte River's energy load requirements but does not increase demand. Chair Bergsten noted the complication of forecasting the unknowns 10 years out and that the success of the integration and transition division will impact the loads moving forward. Mr. Frisbie commented on forecasts being a snapshot in time with information and projections constantly changing, so the resource planning team reevaluates modeling on a monthly basis. The various unknowns such as long-duration storage and gas prices will change the assumptions in future forecasts.

Mr. Smalley provided an overview of how rates have changed since last fall, including the impacts from the resource plan update (RP22). Mr. Frisbie noted the rate mitigation effect of maximizing low-cost renewable projects like Roundhouse Wind to help reduce average costs given that previous renewable energy projects had higher costs.

Director Hornbacher observed the difference of the 2020 Integrated Resource Plan (IRP) to the current RP22 and how different it could look for the 2024 IRP. Mr. Frisbie highlighted the work by the transition and integration division to further reduce carbon and maintain reliability while keeping costs down. Raj Singam Setti, chief transition and integration officer, noted that future technology will help decrease the need for dispatchable gas, further reducing carbon emissions while maintaining reliability. Director Marsh asked for a comparison of costs to other communities in Colorado. Discussion ensued among directors and staff regarding reliability concerns and options for maintaining reliability as the generation portfolio continues to evolve.

Director Koenig asked for staff to explain why residential solar challenges the utilities' costs and reliability. Mr. Singam Setti responded that he would cover that issue in greater detail in the next presentation but said Platte River and the distribution utilities need to plan properly to manage the additional resources with storage to maintain reliability and use meter information to accurately track load behavior. Mr. Frisbie noted a misperception of what services Platte River provides and a collaborative process for communication strategies with the owner communities to align efforts to further reduce carbon and manage costs. Director Minor commented on

working with each owner community to tailor the message for each of their customers. Eddie Gutiérrez, chief strategy officer, commented on collaborating on how we communicate the complex, granular details in transitioning our portfolio while providing educational opportunities in the region.

Mr. Smalley described the revenue deferral accounting policy and other possible actions to reduce rate pressure. Director Peck commented on the importance of communication within the owner communities and asked about community growth and interest in residential solar. Mr. Smalley noted that rates would be higher if Platte River sells fewer megawatt hours to the owner communities. He explained that adding more residential solar increases the need for additional dispatchable resources to stabilize the system, causing more rate pressure. Mr. Singam Setti commented that residential solar load remains on the system, because whenever solar panels do not generate the utility system must still serve the full household load. Staff anticipates about 90 MWs of distributed generation throughout the owner communities by 2030.

Mr. Frisbie described how California and Hawaii have struggled with residential solar and the need for dispatchable energy and how to compensate for the intermittent energy while maintaining a stable system. Director Marsh noted that utilities do not charge enough for basic costs for residential solar. Mr. Frisbie observed that residents without solar subsidize the residential solar for others; costs are not spread out equitably. Director Arndt commented on the difficulty mayors experience in communicating the counter intuitive thought processes in generation planning with residential solar. Director Gertig commented on data supporting the rate increases for Platte River and owner community staff working on managing the other rate pressures separate from Platte River's rate increase. He said he fully supports a unified voice and messaging to support rate increases necessary to accomplish the 2030 goals.

Mr. Smalley added that the board will receive the official wholesale rate recommendations for 2023 at the August board meeting.

Director Marsh commented on average consumption in homes in kilowatts used for each degree of temperature increase and the effect on rates. Mr. Frisbie said every degree increase in temperature equals 10 more megawatts of load to serve for Platte River. Director Peck stressed the importance of advanced metering infrastructure to control the use of energy in each house. Discussion ensued among directors and staff on what resources and tools are needed for the future management of the system as a whole.

Five-minute break at 11:14 a.m.

7. Foundational DER implementation (presenter: Raj Singam Setti)

Mr. Singam Setti presented the plan for building a strong foundation to implement distributed energy resources (DER) and integration of infrastructure to help build a virtual power plant.

Chair Bergsten commented on the time it takes to build a physical power plant and the virtual power plant will also take time to build. Director Minor encouraged communicating out into the community with education on how all customers can help Platte River and the owner communities reach the 2030 goal together. Mr. Singam Setti reiterated the importance of



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communication and planning together to make the virtual power plant an integrated asset. Director Hornbacher noted the success of Platte River is the success of each community and the link between the two is DER.

8. Market selection (presenter: Melie Vincent)

Melie Vincent, chief operating officer, presented the narrowed-down list of market options under consideration for Platte River.

Director Minor asked if Platte River is required to have a certain amount of spinning reserves available at all times while in a market. Ms. Vincent responded that the market optimizes the ancillary services needed for the stability of the grid with the least expensive options.

Mr. Singam Setti added that the whole Southwest Power Pool market is required to carry the spinning reserves and all participants share the costs. Participants benefit by not carrying a specific quantity of spinning reserves because the reserves are determined and carried on a system-wide basis. Discussion ensued among directors and staff on spinning reserves, the capabilities of utilities to provide spinning reserves and other factors the market evaluates for costs of spinning reserves.

Chair Bergsten asked how long it will take to establish certainty moving into the market and how each owner community can maximize the benefits of a market. Ms. Vincent noted the advantages of already having the tariff and "rules of the road" and referred to FERC order 2222, which specifically outlines what is required for DERs and how they participate in an organized market. Mr. Singam Setti added there is a second FERC order, 841, that addresses energy storage participation in organized markets. Discussion ensued among directors and staff on operating within the market, future presentations on risk management and designing a system to function the way that is needed to be successful in a market.

Management Reports

9. Distributed Energy Resources update (presenter: Raj Singam Setti)

Due to time limitations, Mr. Frisbie summarized the update, noting staff will provide a presentation at the August board meeting.

10. PURPA update – information only (presenter: Sarah Leonard)

Sarah Leonard, general counsel, provided an overview of the recent change to Public Utility Regulatory Policies Act Title 1 regarding retail entities and discussed how it will affect Loveland, Longmont and Fort Collins and recommended the board members touch base with their internal legal counsel.

Monthly informational reports

11. Q2 performance dashboard (presenter: Jason Frisbie)

Mr. Frisbie provided highlights from the Q2 performance dashboard.

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

Ms. Leonard highlighted the U.S. Supreme Court case *West Virginia vs. the Environmental Protection Agency*. The court ruled that the Environmental Protection Agency does not have Congressional authority to limit emissions at existing power plants through generation shifting to cleaner sources (“beyond the fence line”). Ms. Leonard confirmed that this decision will not change Platte River’s commitment to carbon reduction. She also mentioned that Platte River recently submitted its verified Clean Energy Plan to the Colorado Public Utilities Commission.

13. May/June transition and integration report (presenter: Raj Singam Setti)

Due to time limitations, Mr. Frisbie summarized the report. There were no questions from the board.

14. May/June operating report (presenter: Melie Vincent)

Due to time limitations, Mr. Frisbie summarized the operating report. There were no questions from the board.

15. May/June financial report (presenter: Dave Smalley)

Due to time limitations, Mr. Frisbie summarized the financial report and previewed the strong July results. Chair Bergsten complimented the operational staff who maintain the systems to serve load efficiently. There were no questions from the board.

16. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the Estes Park transmission line rebuild (which begins Monday, Aug. 1), the employee picnic invitation for the board, and the American Public Power Association National Conference participation. He also thanked Mitch Tomaier, IT systems administrator, for his commitment to the board throughout the pandemic to keep board meetings going successfully online and in person. There were no questions from the board.

Roundtable and strategic discussion topics



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Adjournment

With no further business, the meeting adjourned at 12:39 p.m. The next regular board meeting is scheduled for Thursday, Aug. 25, 2022 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 _____, 2022.

Secretary



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Memorandum

Date: 8/16/2022

To: Board of Directors

From: Jason Frisbie, general manager and chief executive officer
Dave Smalley, chief financial officer and deputy general manager
Shelley Nywall, director of finance
Wade Hancock, financial planning and rates manager

Subject: **Proposed 2023 tariff schedule charges**

Platte River staff prepared the attached proposed 2023 rate tariff schedule charges white paper, which includes the 2023 proposed Firm Power Service tariff charges and the Standard Offer Energy Purchase tariff avoided energy rate.

The 2023 average wholesale rate recommendation is a 5.0% increase, which assumes the board adopts the accounting deferred revenue and deferred expense policy later in 2022. This accounting policy helps reduce rate pressure during the resource transition plan period with greater long-term rate stability.

Staff also recommends the current dispatchable variable and intermittent charges be combined into a single variable cost energy charge beginning in 2023. By combining the variable energy charges, Platte River assumes the risk of intermittent generation variances and associated costs, not the owner communities. This will help reduce purchased power expense budget uncertainty for the owner communities. The owner communities will continue to receive their load ratio allocations of delivered intermittent energy.

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

Attachment

Proposed 2023 tariff schedule charges

White paper by Platte River Power Authority

It is Platte River's policy 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.

In recent years the board has approved annual rate increases to smooth projected future increases and avoid significant single or multiple year rate hikes while also providing greater rate certainty to the owner communities. However, in 2020 there was no rate increase to accommodate the transition to the current rate structure. For 2021, the board approved a 1.5% increase, less than the smooth trajectory, to provide relief because the full economic impacts of the COVID-19 pandemic were unknown. In 2022, rates increases returned to the long-term smoothing trajectory with an 3.2% increase. The 2023 average wholesale rate recommendation is a 5.0% increase, which assumes the board adopts the accounting deferred revenue and deferred expense policy later in 2022. This accounting policy helps reduce rate pressure during the resource transition plan period with greater long-term rate stability.

The Firm Power Service tariff charges have been updated (Appendix) to reflect cost of service based on the 2023 preliminary budget and incorporate Platte River's long-term rate smoothing strategy. Due to the intermittent nature of renewable generation, staff recommends the current dispatchable variable and intermittent charges be combined into a single variable cost energy charge beginning in 2023. By combining the variable energy charges, Platte River assumes the risk of intermittent generation variances and associated costs, not the owner communities. This will help reduce purchased power expense budget uncertainty for the owner communities. The owner communities will continue to receive their load ratio allocations of delivered intermittent energy.

The changes to the individual Firm Power Service tariff charges will have varying impacts to each owner community (Figure 1) due to each owner community's unique load characteristics. The projected overall impacts of the forecasted average rate, load growth and total revenues collected have been provided to the Utility Directors and owner community rate staffs.

The 2023 proposed Firm Power Service tariff charges and the Standard Offer Energy Purchase tariff avoided energy rate for large facilities are described in this white paper. There are no changes to the Wholesale Transmission Service. The Large Customer Service charges are established under a separate contract.

Proposed 2023 rate tariff schedule charges overview

Platte River's revenue requirement and 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.

Firm Power Service charges (Tariff FP-23)

The individual charges are changing due to the proposed average wholesale rate increase, cost of service updates among the different charges and changes to projected energy and demand growth. Significant changes from 2022 to 2023 include, but are not limited to, the following:

- Increased distributed energy resources investment
- Increased operations and maintenance expenses
- Increased fuel expense for coal and natural gas
- Increased personnel additions
- Updated market price assumptions

Pending board direction and barring any significant unanticipated events, the recommended rates in Appendix will remain unchanged and will be Platte River's recommendation for the October adoption of the tariffs, to be effective Jan. 1, 2023.

Following is an overview of the firm power service charges.

Owner charge

The owner charge is a monthly flat rate multiplied by each owner's share of Platte River's owner community kilowatt hour sales based on the six most recent year-end values. The owner charge is intended to recover fixed costs including distributed energy resources, which are long-term behavioral shifting programs. The six-year period allows owner communities to see change over time, without dramatically impacting year-to-year changes.

Demand charges

The demand charges are unbundled between transmission and generation and employ minimum billing demands designed to address owner community demand fluctuations to provide greater monthly invoice stability for each owner community as well as revenue certainty for Platte River. The minimum billing demands also emphasizes the efficient use of infrastructure to maximize short-term marginal cost 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 concentrate the signal to reduce consumption at time of peak, giving the owner communities a greater financial incentive to lower peaks during months with high demands, with less financial incentives to lower peaks during nonpeak months.

Energy charges

The energy charges are unbundled into fixed and variable components. The fixed energy charge is a transparent mechanism to highlight to cost of firm-energy service. As discussed previously, due to the intermittent nature of renewable generation, staff recommends the dispatchable variable and intermittent charges be combined into a single variable cost energy charge in the 2023 rate tariff schedules. By combining the variable energy charges, Platte River assumes the risk of intermittent generation variances and associated costs, not the owner communities. Monthly invoices will continue to display load share intermittent energy delivered and indicative cost to allow for flexible service offerings to retail customers.

Figure 1 includes a high-level summary of the cost components of each charge.

Figure 1: Firm power service cost components

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

Owner community impacts

The impact of the recommended 5.0% average wholesale rate increase and the recommended charges from the Appendix vary among the owner communities based on their unique load characteristics, including projected load growth among the owner communities. The change in the total invoice for each owner community will not be the same as the average rate increase. Forecasted demand and energy growth increases the projected total amount invoiced more than the average rate increase. Figure 2 below shows the 2023 estimated impact of the rate changes relative to the 2022 Strategic Budget.

Following are the significant drivers of the varying owner community rate impacts:

- Transmission and generation minimum billing demand
- Energy consumption
- Load factors

The minimum billing demands concentrate 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. The lower annual coincident and noncoincident peak demand results in lower annual billing demands. Improvements in billing demand, relative to the other owner communities, can also lower an owner community's rate increase relative to the average. As individual owner communities lower billing demands, the associated cost recovery will shift proportionally.

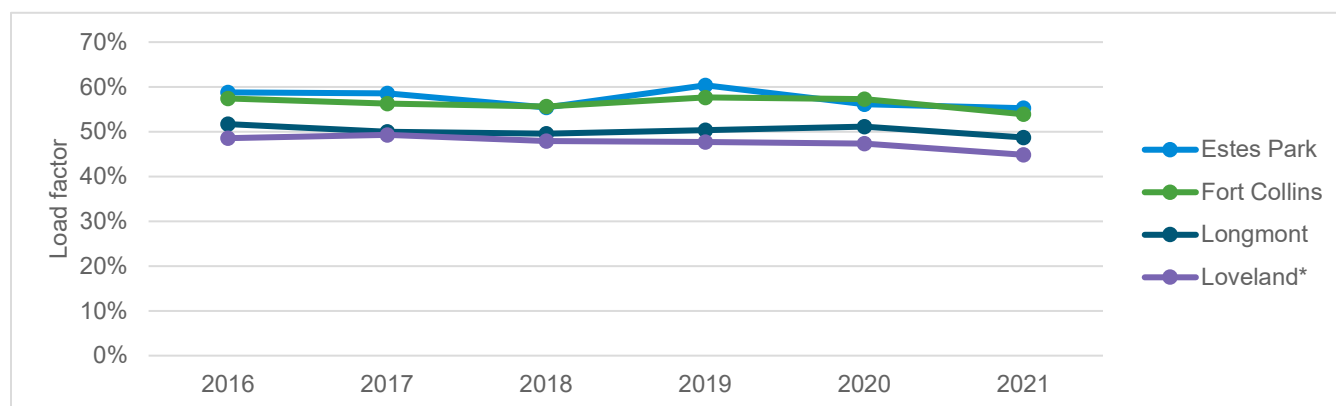
Total energy consumption increases can create downward pressure on the average rate by spreading fixed costs over more energy.

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 is a measure of electric system efficiency.

Figure 2: Owner community impact

		Estes Park	Fort Collins	Longmont	Loveland*	Platte River
2022	Revenues (millions)	\$8.5	\$96.8	\$54.8	\$48.0	\$208.0
	Energy sales (GWh)	136.2	1,523.7	826.5	732.1	3,218.5
	Average rate (\$/MWh)	\$62.17	\$63.51	\$66.29	\$65.55	\$64.63
2023	Revenues (millions)	\$9.1	\$103.8	\$59.2	\$52.0	\$224.1
	Energy sales (GWh)	139.9	1,558.1	852.0	751.4	3,301.4
	Average rate (\$/MWh)	\$64.91	\$66.60	\$69.47	\$69.26	\$67.88
	Average \$/MWh change	4.4%	4.9%	4.8%	5.7%	5.0%

*Loveland includes large customer; otherwise Loveland's rate impact would be 6%.

FIGURE 3: Owner community noncoincident peak load factors

*Loveland excludes large customer

FIGURE 4: Billing demand in excess of metered demand

	Estes Park	Fort Collins	Longmont	Loveland*
Generation demand				
2022	0.2%	3.8%	10.8%	11.7%
2023	0.1%	3.3%	10.7%	12.4%
Favorable/(Unfavorable)	0.1%	0.5%	0.1%	(0.7%)
Transmission demand				
2022	4.9%	3.5%	10.5%	11.4%
2023	4.0%	3.2%	10.8%	12.9%
Favorable/(Unfavorable)	0.9%	0.3%	(0.3%)	(1.5%)

Standard Offer Energy Purchase (Tariff SO-23)

The Standard Offer Energy Purchase tariff rate applies to the purchase of available electricity from power production facilities that have registered with the Federal Energy Regulatory Commission as Qualifying Facilities under the Public Utility Regulatory Policies Act and are electrically connected to Platte River's transmission system or the distribution system of one of Platte River's owner communities. No customers currently receive service under this tariff.

The avoided energy rate 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 hydropower, renewables and joint dispatch agreement energy. The avoided energy rate for large facilities is increasing 25.5% from \$0.01620 to \$0.02033. The rate increased primarily due to higher fuel and market price projections. There was also increased frequency of combustion turbines and market purchases as the marginal cost resource.

Wholesale Transmission Service (Tariff WT-23)

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-23) in May; therefore, charges will remain unchanged. This tariff is effective June of each year.

Large Customer Service (Tariff LC-23)

Charges under this tariff are established through a separate contract.

Schedule

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

In September, staff will provide the draft 2023 rate tariff schedules. In October, staff will ask the board to approve the 2023 rate tariff schedules with a Jan. 1, 2023, 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

Rate tariff schedule charges

Firm Power Service charges	2022	2023 recommendation	\$ change	% change
Owner community charge	\$11,520	\$13,229	\$1,709	14.8%
Demand charges				
Transmission	\$6.62	\$6.72	\$0.10	1.5%
Generation: summer	\$6.10	\$6.15	\$0.05	0.8%
Generation: nonsummer	\$4.48	\$4.60	\$0.12	2.7%
Energy charges				
Fixed cost	\$0.01572	\$0.01586	\$0.00014	0.9%
Dispatchable variable cost	\$0.01520			
Intermittent	\$0.03200			
Variable	\$0.02067*	\$0.02273	\$0.00206	10.0%

* The 2022 variable charge is informational only for comparison to the proposed 2023 variable cost energy charge

Standard Offer Energy Purchase	2022	2023 recommendation	\$ change	% change
Avoided energy rate	\$0.01620	\$0.02033	\$0.0413	25.5%



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 8/16/2022

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operating officer
Raj Singam Setti, chief transition and integration officer

Subject: **Power markets - present and future**

Platte River staff will provide an overview of various energy market structures, including bilateral, joint dispatch, real-time imbalance and two-day markets operated by regional transmission organizations. The objective is to introduce the board to the concepts, responsibilities and functions associated with each market type. In addition, staff will present the personnel, tools and resources needed to participate in a market.

This presentation is for informational purposes only and no board action will be requested during the August meeting.



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Memorandum

Date: 8/16/2022

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Raj Singam Setti, chief transition and integration officer
Paul Davis, distributed energy resources manager

Subject: **Distributed Energy Resources update**

A distributed energy resource (DER) update was provided in a memorandum for the July board packet. The memorandum focused on the integration of DERs through recent and ongoing collaboration between Platte River and the staff of its owner communities.

Platte River staff will give a presentation and answer questions on this topic at the August board meeting. This presentation is for informational purposes only and no board action will be requested during the August meeting.



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Memorandum

Date: 8/16/2022

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Eddie Gutiérrez, chief strategy officer

Subject: Regional messaging strategies and concepts

Continuing the board's discussion on message consistency and discipline, Eddie Gutiérrez will present concepts for a unified, collaborative approach to regional marketing strategies and overall message alignment among our owner communities. This presentation will inform directors on how working together can create a strong baseline to educate the value proposition of our resource diversification. Draft concepts will outline a potential communications strategy that highlights the benefits of investments in large-scale solar, wind and energy storage while maintaining system reliability.

This presentation is for informational purposes only and no board action will be requested during the August meeting.



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 8/16/2022

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Eddie Gutiérrez, chief strategy officer
Sarah Leonard, general counsel
Libby Clark, director of human resources and safety
Caroline Schmiedt, senior counsel

Subject: **Proposed Family and Medical Leave Insurance program**

Platte River continuously monitors local, state and federal employment requirements to ensure Platte River complies with the law. In 2020, Colorado voters passed Proposition 118, paving the way for a Paid Family and Medical Leave Insurance (FAMLI) program. Platte River plans to offer family leave benefits that exceed those under the FAMLI program. This would require Platte River to formally opt out of the FAMLI program.

Background

FAMLI provides a portion of the employee's wages paid through the program when facing life circumstances - like growing a family or caring for a loved one with a serious health condition - that paid leave makes more manageable. The FAMLI program begins with employers and employees funding the program starting in January 2023. Benefits of the program will be available in January 2024. FAMLI premiums are set to 0.9% of an employee's wage, with 0.45% paid by the employer and 0.45% paid by the employee. In 2024, the maximum weekly benefit will be \$1,100.

Unique to local government entities, FAMLI provides options for participation. These options include participating in FAMLI, declining all participation or declining employer participation. Platte River, as a political subdivision of the state of Colorado, can choose any of these options.

Platte River benefit offerings

In 2022, Platte River conducted an all-inclusive total rewards strategy review including an employee compensation study and benefits review. The benefits review includes both medical and non-medical benefit plan updates. As result of this work, Platte River plans to implement a paid family leave program

like FAML I but provide 100% paid leave for employees meeting eligibility criteria. This benefit provides greater value to employees than FAML I. For this reason, Platte River staff recommends opting out of FAML I entirely. Opting out of FAML I will require a board vote.

Possible timeline of activities

Date	Milestone
September board meeting	Presentation and questions/answers on program options
October board meeting	Vote to opt out of FAML I
Before Jan. 1, 2023	If opting out, notify FAML I division of vote to decline participation

Staff requests only board feedback at this meeting. Staff will not request board action until the October meeting.



Platte River
Power Authority

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Legal, environmental and compliance report

July 2022





Overview of recent developments

Legal matters

Western Area Power Administration Rate Order 202

On May 25, 2022, the Western Area Power Administration issued Rate Order 202, proposing additional rate increases for firm electric service and surplus sales. The new rates will take effect Jan. 1, 2023. The new rate would be in place until Dec. 31, 2027 or until there is a new rate order. The proposed rates are approximately 16.5% higher than current rates. Public comments on the proposed rate increase are due Aug. 23, 2022. The full report is on page [3](#) of this document.

El Paso Electric Co. v. Federal Energy Regulatory Commission

This lawsuit concerns an appeal from a Federal Energy Regulatory Commission (FERC) decision approving cost allocation provisions of the WestConnect Planning and Participation Agreement, which allow non-FERC jurisdictional utilities to opt out of cost allocation for regional transmission projects. The parties (including Platte River) to this appeal negotiated a settlement, which they filed, but FERC has not yet approved it. The Fifth Circuit has scheduled oral argument in this case for October. The full report is on page [3](#) of this document.

Environmental matters

Subpart YYYY formaldehyde rule for turbines

On March 9, 2022, the United States Environmental Protection Agency (EPA) lifted an 18-year stay of a 2004 rule establishing standards for formaldehyde emissions from stationary combustion turbines (CT units). This means CT units installed after 2003 (which include Platte River's Units D and F) must demonstrate compliance with a 91 parts per billion threshold for formaldehyde emissions. The EPA will not accept results from testing without an approved petition to show how emissions will be monitored. Platte River initially submitted its petition in May and will re-submit it this month with minor changes to conform to EPA's national approach. Platte River anticipates the EPA will issue a decision soon. The full report is on page [4](#) of this document.

Compliance matters

There are no new compliance matters to report.

Grant opportunities

There are no new developments on grant opportunities to report.



Monitoring – status unchanged

Page 5 of this document provides a list of matters previously reported but unchanged since our last report.

Recently concluded matters

Page 7 of this document provides a list of matters that have concluded within the last three months.



Active matters

Legal matters

Western Area Power Administration Rate Order 202

On May 25, 2022, the Western Area Power Administration (WAPA) issued Rate Order 202, proposing additional rate increases for firm electric service and surplus sales. The previous rate orders governing these formula rates expire on Dec. 31, 2022 and new rates will take effect Jan. 1, 2023. The new rates would be in place until Dec. 31, 2027 or until there is a new rate order. The proposed rates are approximately 16.5% higher than current rates.

The rate increases cover higher operation, maintenance, and replacement expenses, including expenses related to a new Mt. Elbert powerplant, increased costs for purchased power (including from 2021's Winter Storm Yuri event), expenses related to market volatility and expenses related to the loss of balancing authority revenue after WAPA joins the Western Energy Imbalance Service (WEIS) market. They also include a proposed "drought adder" that will allow WAPA to increase its formula rates for one-year cycles to recover drought costs.

Public comments on the proposed rate increase are due Aug. 23, 2022. Platte River generation and legal staff will submit comments on behalf of Platte River. We also plan to provide input on comments from the Loveland Area Customer Association and other partners, if possible, to ensure Platte River's interests and those of its customers are adequately represented.

El Paso Electric Co. v. Federal Energy Regulatory Commission

Background:

Federal Energy Regulatory Commission (FERC) Order 1000, issued in 2011, requires FERC-jurisdictional utilities to create regional transmission planning organizations to plan transmission expansions and allocate costs to the beneficiaries of the new transmission projects. Although Platte River is not subject to FERC jurisdiction, Platte River is a party to the WestConnect Planning and Participation Agreement along with other FERC-jurisdictional and non-jurisdictional utilities in the planning region (Arizona, Colorado, Nevada, New Mexico, Utah and Wyoming).

The pending lawsuit concerns the cost allocation provisions of the Planning and Participation Agreement, which allow non-FERC jurisdictional utilities (Coordinating Transmission Owners or CTOs) to opt out of cost allocation for regional transmission projects. In December 2018, El Paso Electric Co. and several other FERC-jurisdictional utilities filed appeals in the Fifth Circuit Court of Appeals (Fifth Circuit) challenging FERC's approval of the WestConnect cost allocation provisions. The appeals claim CTOs' ability to opt out of cost allocation could impose unjust and unreasonable rates on FERC-jurisdictional participants.



Platte River took part in settlement negotiations between the jurisdictional and non-jurisdictional utilities to modify the cost allocation and governance provisions of the Planning and Participation Agreement, and the utilities agreed on settlement principles. On Nov. 20, 2019, the Fifth Circuit stayed the case to allow the utilities to incorporate the settlement principles into tariff language. On Feb. 16, 2022, the FERC-jurisdictional utilities filed a full settlement agreement with FERC. But on Feb. 24, 2022, the Fifth Circuit denied a motion to continue the stay and ordered briefing to resume. The CTOs filed an intervenor brief on June 24, 2022.

Current Status:

FERC has still not approved the settlement. The Fifth Circuit has scheduled oral argument for the week of Oct. 3, 2022. Platte River is working with outside counsel and other CTOs to support the settlement at the Fifth Circuit, and will update the board when either FERC or the Fifth Circuit acts.

Environmental matters

Subpart YYYY formaldehyde rule for turbines

Background:

On March 9, 2022, the United States Environmental Protection Agency (EPA) lifted an 18-year stay of a 2004 rule establishing standards for formaldehyde emissions from stationary combustion turbines (CT units). This means CT units installed after 2003 must demonstrate compliance with a 91 parts per billion threshold for formaldehyde emissions (Formaldehyde Rule). Sources have 180 days, or until Sept. 5, 2022, to demonstrate compliance.

Platte River has two turbines affected by this rule: Units D and F. The Formaldehyde Rule requires owners of CT units without an emissions control technology known as an “oxidation catalyst” to petition the EPA for alternative monitoring or controls. The EPA will not accept results from testing performed on units without oxidation catalysts without an approved petition. Neither of Platte River’s affected CT units have oxidation catalysts. Platte River must therefore petition the EPA for approval of its proposal to have no further controls with enough time to conduct testing and meet the compliance deadline.

Platte River submitted an initial petition on May 27, 2022, and conducted its formaldehyde testing in late July. The formaldehyde testing showed that both Units D and F were well under the compliance limit.

Current Status:

On Aug. 1, 2022, the EPA asked Platte River to re-submit its petition with a new format and statutory citation to conform to its nationwide standard. Platte River anticipates the EPA will make a final decision on our petition and testing plan soon after we re-submit the petition.



Compliance matters

There are no active compliance related matters to report.

Grant opportunities

There are no active grant opportunities to report.



Monitoring – status unchanged

Legal matters

Colorado's Power Pathway

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

Public Service Company of Colorado settlement on rates and terms for ancillary services

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

Contractual arrangements for Platte River to provide technical support services to owner communities

The proposed technical support services agreement between Platte River and Loveland will be heard at the Loveland city council on Aug. 16, 2022. Platte River is working with the other owner communities to update agreements as needed.

Western wholesale market activities

On June 28, 2022, the PUC issued a Notice of Proposed Rulemaking to implement Senate Bill 21-072, a 2021 bill requiring PUC-jurisdictional transmission utilities to participate in organized wholesale markets by 2030. Although Platte River is not directly affected by this proposed rule, the rule will likely shape how PSCo and others participate in the WEIS or other markets, including a regional transmission organization. Platte River will closely watch the rulemaking and other market developments in the West.

Federal Energy Regulatory Commission Notices of Proposed Rulemaking – Regional Transmission Planning and Generator Interconnection Reform

There are no new developments in this matter.

Save the Colorado v. Bureau of Reclamation (Glen Canyon Dam)

There are no new developments in this matter.

Environmental matters

There are no environmental related matters being monitored this month.



Compliance matters

There are no compliance related matters being monitored this month.

Grant opportunities

There are no grant related opportunities being monitored this month.



Recently concluded matters (last three months)

Legal matters

There are no recently concluded legal matters to report.

Environmental matters

Platte River Clean Energy Plan Submission

On June 27, 2022, Platte River submitted its Clean Energy Plan (CEP) to the PUC in an informational docket. On June 29, 2022, the Division filed to affirm its verification of the voluntary CEPs as submitted. Under the governing legislation, a Division-verified CEP is “deemed approved” when submitted to the PUC by July 1, 2022. Platte River does not anticipate further proceedings at the PUC, which does not have jurisdiction over Platte River or other voluntary filers.

Supreme Court Decision in *West Virginia v. EPA*

On June 30, 2022, the Supreme Court held, in a 6-3 decision, that the EPA did not have authority to require power plants to shift generation to renewables under Clean Air Act Section 111d. The Court applied the “major questions doctrine” to find the EPA could not use long-existing statutory language in a novel way to issue a rule that would broadly affect the entire electricity industry. In the absence of any new federal law granting the EPA broader authority, the EPA must instead look to measures that existing fossil-fuel-fired electric generating units can implement at the source, such as co-firing or carbon capture, and not attempt to regulate “beyond the fenceline.”

The EPA plans to propose a new rule to regulate power plant greenhouse gas emissions under Section 111d in 2023. The scope of this rule may be narrower than previously anticipated due to the *West Virginia v. EPA* decision. But Platte River’s commitment to greenhouse gas reduction and shifting generation to renewables reflects the board’s resource diversification policy and Colorado state law more so than federal regulation. So the Supreme Court’s decision does not change Platte River’s commitments.

Compliance matters

There are no recently concluded compliance matters.

Grant opportunities

There are no recently concluded grant opportunities.



Platte River
Power Authority

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Transition and integration report

July 2022



Resource Integration

The new Inflation Reduction Act of 2022 (IRA 2022) will impact pricing for power purchase agreements. As a result, Platte River staff requested the top three bidders from our current solar request for proposals to refresh prices within two weeks. The team is also evaluating the impacts of IRA 2022 on resource integration, geo-location, and tax credits for emerging technologies like hydrogen and beneficial electric load.

	2023	2024	2025	2026	2027	2028	2029	2030
Resources								
Rawhide1	278	278	278	278	278	278	278	
Craig units 1&2	151	151	151	74	74	74		
Peaking capacity	388	388	388	388	388	388	388	388
Existing wind	231	231	231	231	231	231	225	285
Existing solar	52	52	52	52	52	52	52	52
New solar			150		150			
New wind				125		100		100
New storage				100		100		
New dispatchable capacity						166		

DER system integration

Platte River and its owner communities share a vision of integrating Distributed Energy Resources (DER) into the electric system through collaboration and coordination between the owner communities and Platte River to provide value to all customers.

The DER planning forecast shown in the table below indicates anticipated DER magnitude. Planning is underway to develop solutions that make these resources integral parts of the electric system. This work is taking place through the DER Committee and DER Planning and Programs teams, which include leadership and staff from Platte River and each owner community.

We have initiated a project to develop a roadmap for systems Platte River and its owner communities will need to enable DER integration. This roadmap will consider not only each utility's current systems but also how these systems support our ability to provide broad system benefits and value to customers. A DER management system (DERMS) is expected to be a core enabling system. Therefore, we anticipate issuing a request for information (RFI) to DERMS vendors to assess and confirm current capabilities. Pending the results of the roadmap and RFI, we may move to a second phase of the project that will focus on procurement and implementation of a DERMS.

DER planning forecast (noncoincident MW)

	2023	2024	2025	2026	2027	2028	2029	2030
Distributed Generation	38	46	55	64	72	79	85	90
Electric vehicles	10	12	16	21	27	35	44	55
Building electrification (winter)	0	1	1	3	5	8	13	20
Demand response	0	2	5	10	15	23	30	30

Data Science/Predictive Analytics

Platte River staff met with leading data science service providers to evaluate data engineering and data science capabilities. We plan to have a data science service provider help develop a platform to receive advanced metering infrastructure (AMI) data from member communities and identify data-driven solutions using the AMI data.



Platte River
Power Authority

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Operating report

July 2022



Executive Summary

Owner community load

Demand was near budget and energy was above budget for the month of July, as the result of several days of abnormally warm weather. Year to date, owner community demand is above budget and energy is near budget. The overall net variable cost to serve owner community load was above budget due to above budget purchased power pricing and higher than anticipated natural gas pricing. Year to date, the net variable cost to serve load is below budget.

Thermal resources

Rawhide Unit 1 had an exceptional month with no curtailments or unplanned outages. As a result, equivalent availability factor was above budget and net capacity factor was slightly above budget. Year to date, Rawhide equivalent availability and net capacity factors are below budget.

Craig Unit 1 experienced several curtailments during the month due to scrubber issues, an overheated fan, and ambient temperature derates. Craig Unit 2 had several curtailments due to induced draft fan and primary air fan issues, as well as baghouse problems. The unit also had two unplanned outages, for approximately three days each, for tube leak repairs. Craig equivalent availability factor was below budget and net capacity factor was slightly above budget for the month. Year to date, Craig equivalent availability factor is below budget and net capacity factor is above budget.

The combustion turbines were run to cover load, facilitate sales, comply with annual linearity and relative accuracy and testing audit requirements, and to provide shaft sharing. Equivalent availability factor for the units was below budget and net capacity factor was significantly above budget for the month. Year to date, CT equivalent availability factor is below budget and net capacity factor is above budget.

Renewable resources

Both wind and solar generation came in above budget for the month. Net capacity factors for both wind and solar generation are above budget for the month and remain above budget year to date. The battery associated with the solar farm was charged and discharged daily throughout the month.

Surplus sales

Surplus sales volume was above budget and pricing was significantly above budget for both bilateral and joint dispatch sales. Overall surplus sales volume is below budget and sales pricing is above budget, year to date.

Purchased power

Overall purchased power volume was significantly below budget for the month, with most energy purchases having been made through joint dispatch. Purchased power pricing was above budget for the month. Purchased power volume is well below budget and purchase pricing is above budget, year to date.

Total resources

Total blended resource costs, including both variable and fixed costs, were above budget for the month as all resources came in above budget except natural gas. However, natural gas costs were still well above the blended resource cost for the month. Total blended resource costs are above budget, year to date.

Variances

Category	July variance		YTD variance	
Owner community demand	1.4%	◆	3.7%	●
Owner community energy	2.4%	●	0.9%	◆
Wind generation	6.8%	●	8.4%	●
Solar generation	7.4%	●	8.5%	●
Net variable cost to serve owner community load	(5.1%)	■	7.2%	●

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

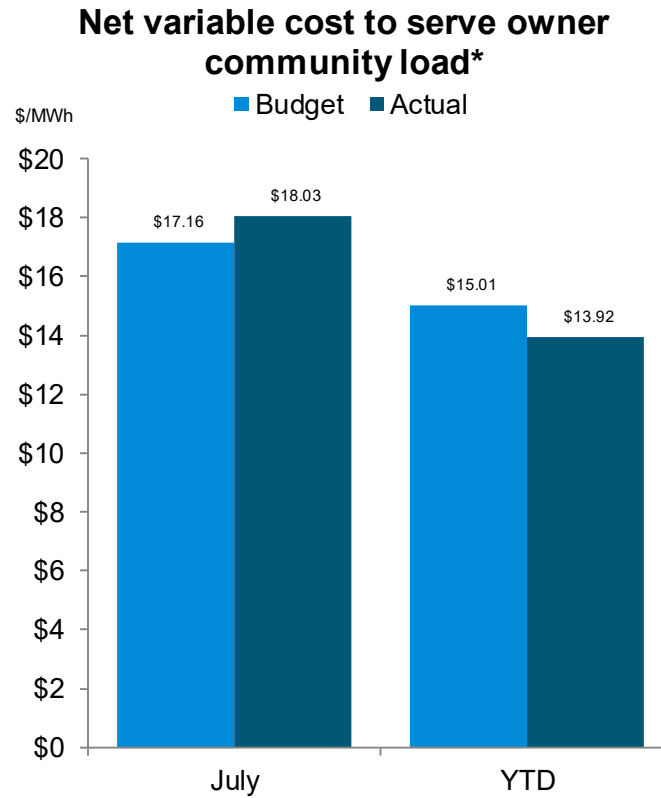
Loss of load

System disturbances

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

2022 goal		July actual		YTD total	
0	●	0	●	0	●

Net variable cost to serve owner community load



* The net variable operating cost to serve owner community load is equal to the sum of fuel, renewable purchases, energy purchases less surplus energy sales. The net variable cost is divided by total owner community load to determine average net variable cost to serve owner community load.

Events of significance

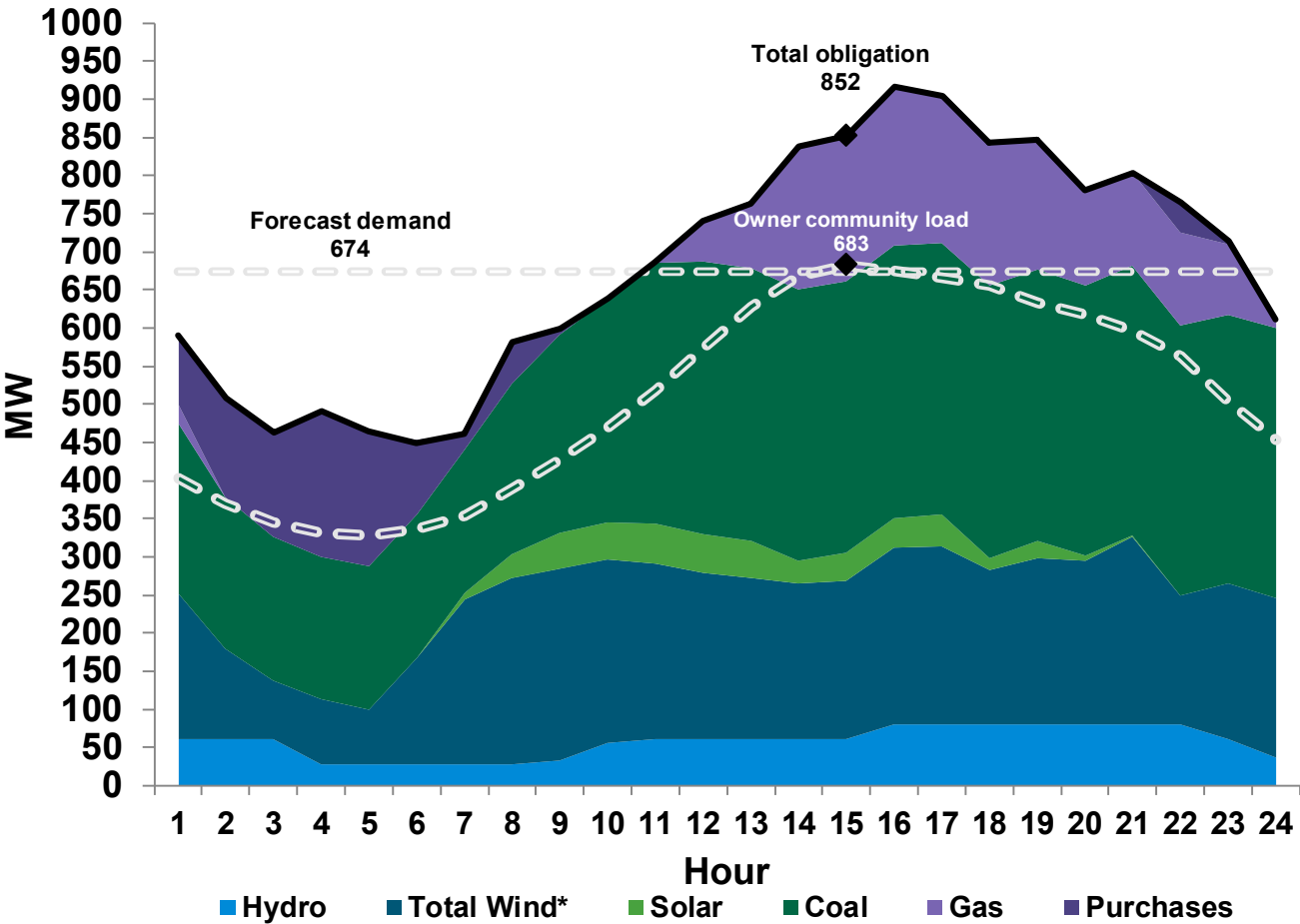
- There were 69 switching events scheduled in July.
- Transmission power system operators participated in 2,144 phone and radio interactions.
- Combustion turbines were run over a two-week period to successfully complete a linearity and relative accuracy test audit on each of the gas units.
- The Craig – Ault 345 kV line tripped and reclosed on both July 1 and July 4. No cause was given, and no loss of load was experienced by the owner communities on either date.
- The Fort St Vrain – Isabelle (Niwot) 230 kV line tripped on July 12. Storms were reported in the area and the line tested bad. Public Service Company of Colorado (PSCo) crews responded, and the line was returned to service on July 13.
- Gas prices were higher and more volatile than anticipated during the month of July. Staff experienced a first, when it was uncertain as to whether gas could even be purchased. Gas scarcity is not uncommon in the winter but is not typical during summer months.
- Craig Unit 3 tripped during valve tests on July 30. The Laramie River Station (LRS) – Ault 345 kV line tripped shortly thereafter, causing LRS Unit 3 to trip due to the bus configuration. The line was returned to service within the hour. An event such as this one highlights how quickly regional events can occur.
- A grassfire was reported on the north end of Wellington, on July 9, on land where the Craig – Ault 345 kV line crosses through. Western Area Colorado Missouri (WACM) disabled reclosing on the line while the fire was active, and the line remained in service. Fire can have a negative impact on the transmission system. If this line had tripped or had to be taken out of service, import capability into the front range would have been reduced during a period of high load.
- The Rogers Road transformer 2 tripped on July 23 due to an owner community lock-out. Approximately 4.3 MW of load was dropped, though load was restored shortly thereafter. Neutral overcurrent and sudden pressure alarms were received but no sudden pressure flags were triggered. The transformer remained out of service until further inspections could be conducted. The transformer returned to service on July 28. Lightning was suspected to have been the cause of the trip.

Peak day

Peak day obligation

Peak demand for the month was 683 megawatts which occurred July 18, 2022, at hour ending 15:00 and was 9 megawatts above budget. Platte River’s obligation at the time of the peak totaled 852 megawatts. Demand response was not called upon at the time of peak, but it was called upon later that day.

Peak day obligation: July 18, 2022



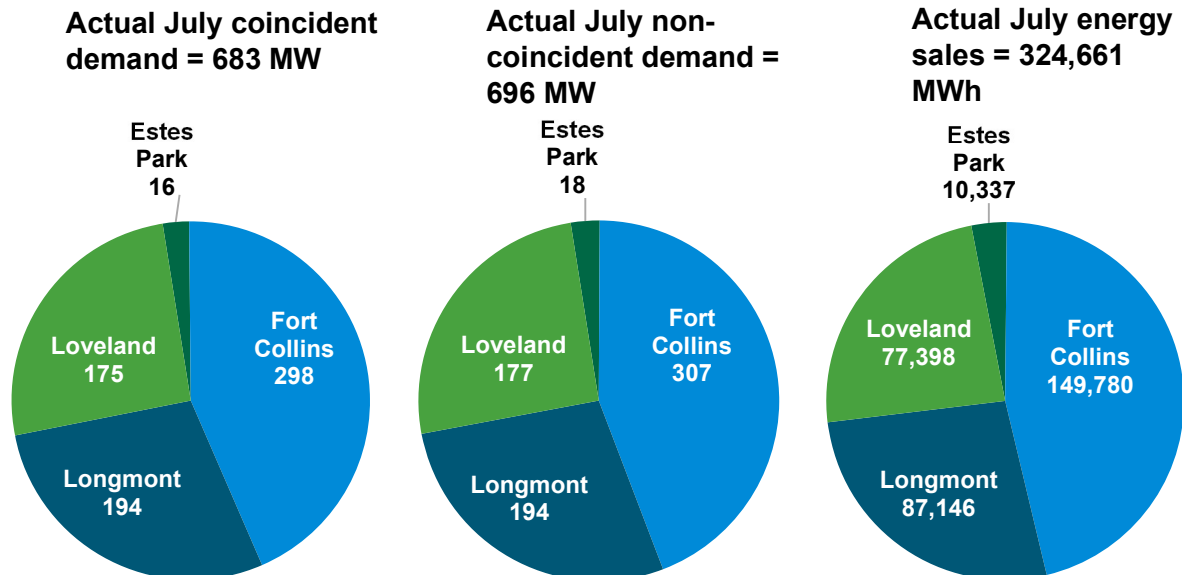
* Some off-system wind renewable energy credits and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.

Owner community loads

	July budget	July actual	Minimum	Actual variance	
Coincident demand (MW)	674	683	496	1.3%	◆
Estes Park	18	16	14	(11.1%)	■
Fort Collins	305	298	229	(2.3%)	■
Longmont	188	194	139	3.2%	●
Loveland	163	175	114	7.4%	●
Non-coincident demand (MW)	678	696	502	2.7%	●
Estes Park	18	18	20	0.0%	◆
Fort Collins	305	307	229	0.7%	◆
Longmont	188	194	139	3.2%	●
Loveland	167	177	114	6.0%	●
Energy sales (MWh)	316,936	324,661		2.4%	●
Estes Park	10,420	10,337		(0.8%)	◆
Fort Collins	148,239	149,780		1.0%	◆
Longmont	84,232	87,146		3.5%	●
Loveland	74,045	77,398		4.5%	●

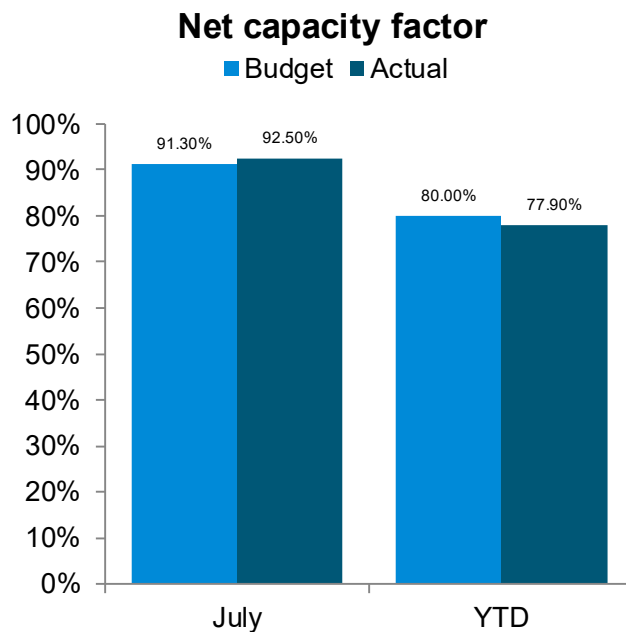
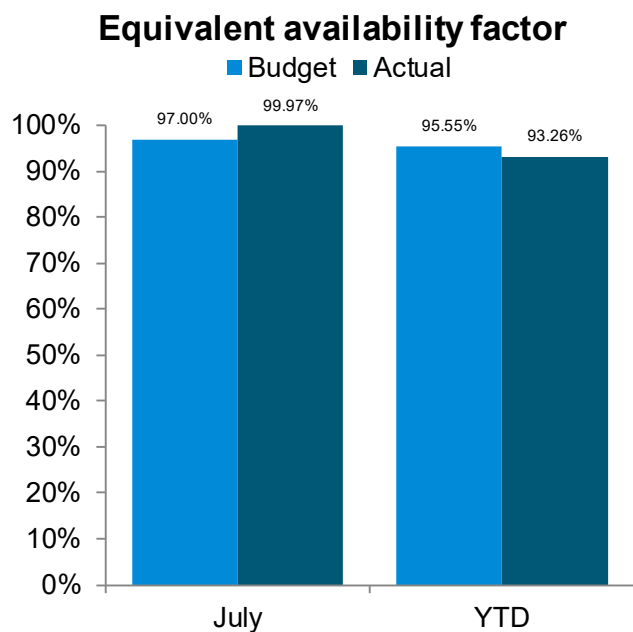
Variance key: Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <-2%

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.

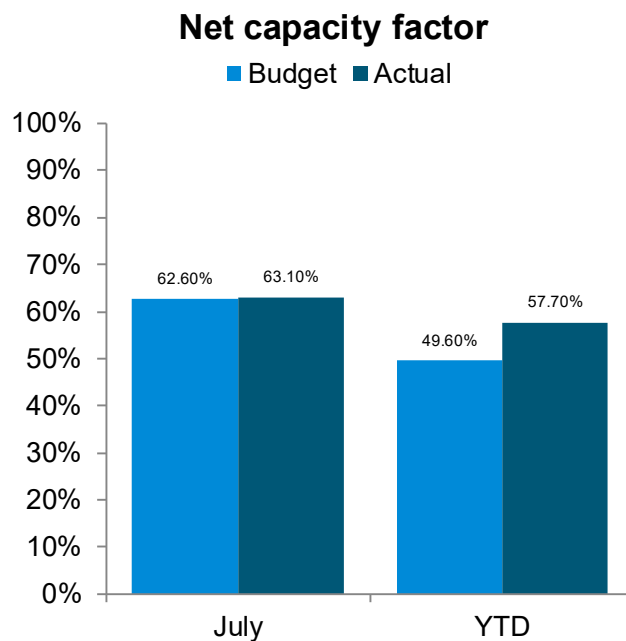
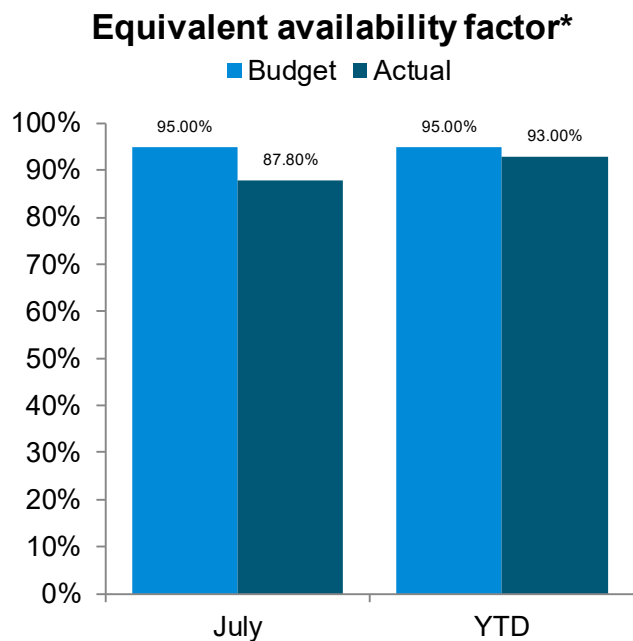


Thermal resources

Power generation - Rawhide

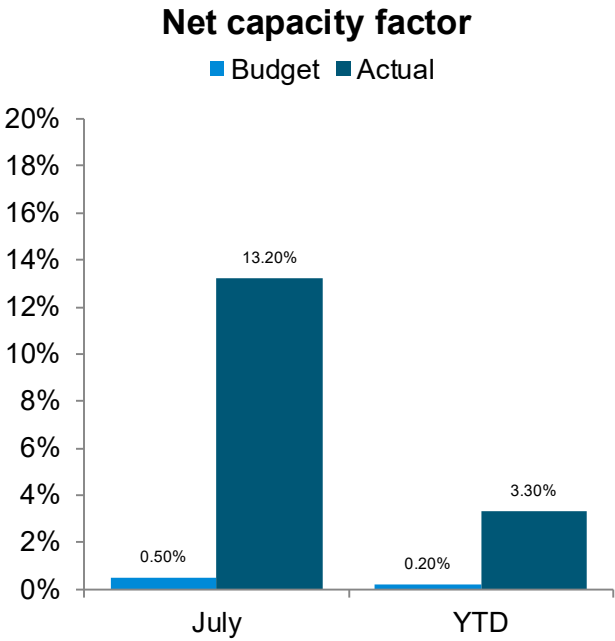
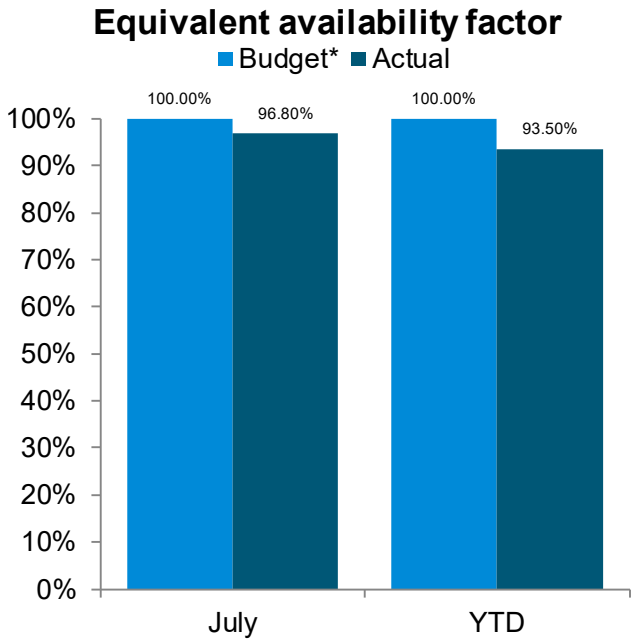


Power generation - Craig



* Estimated due to a delay of the actual results

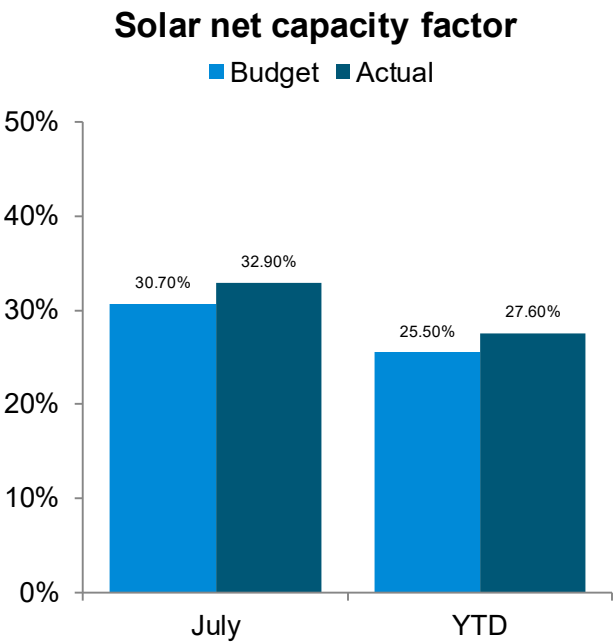
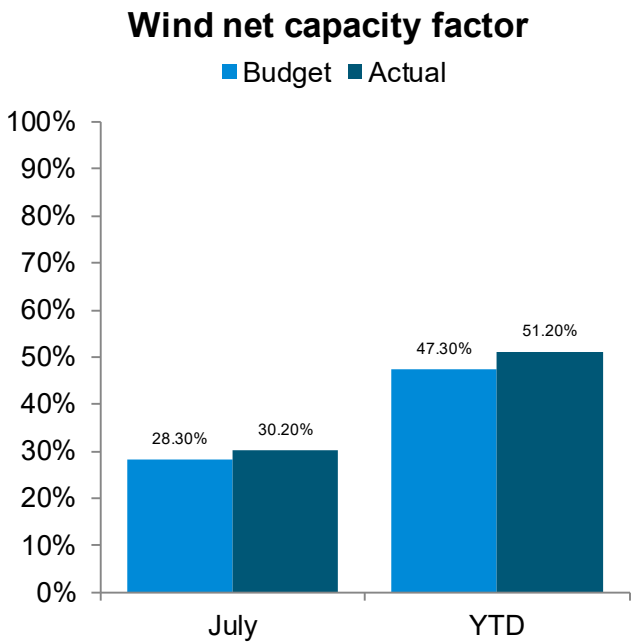
Power generation – combustion turbines



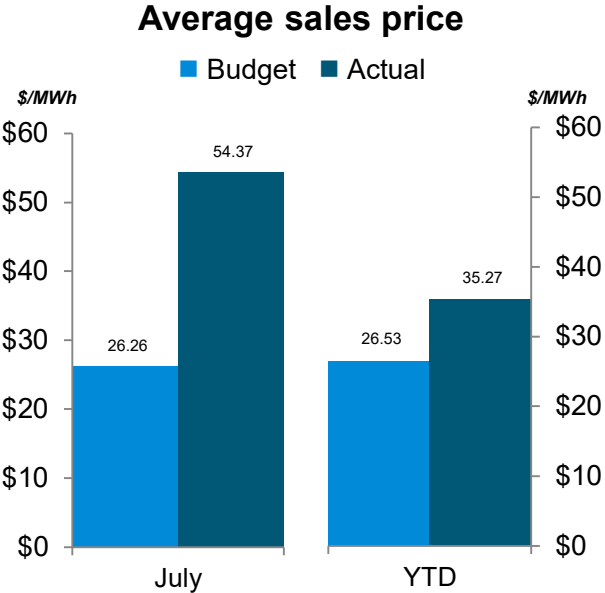
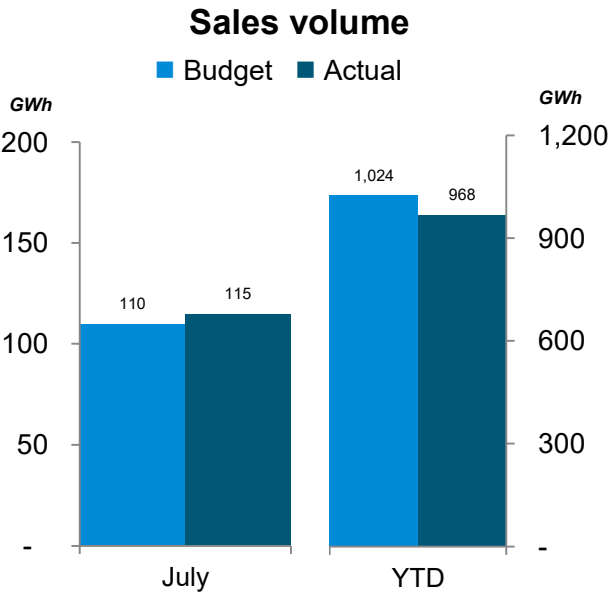
* No budgeted outages

Renewable resources

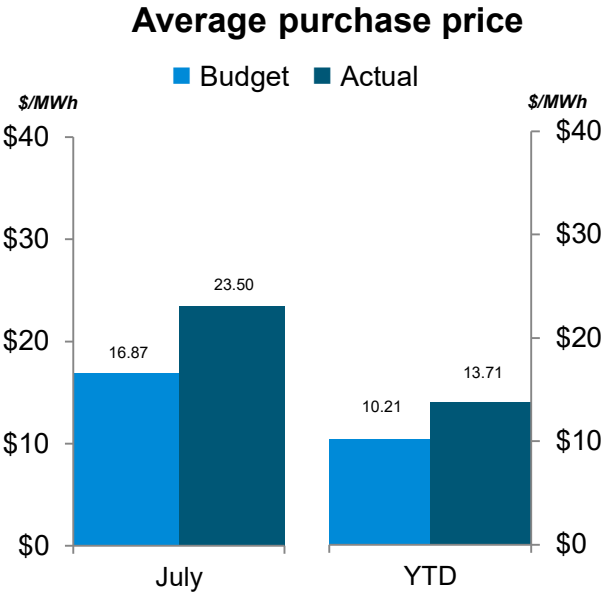
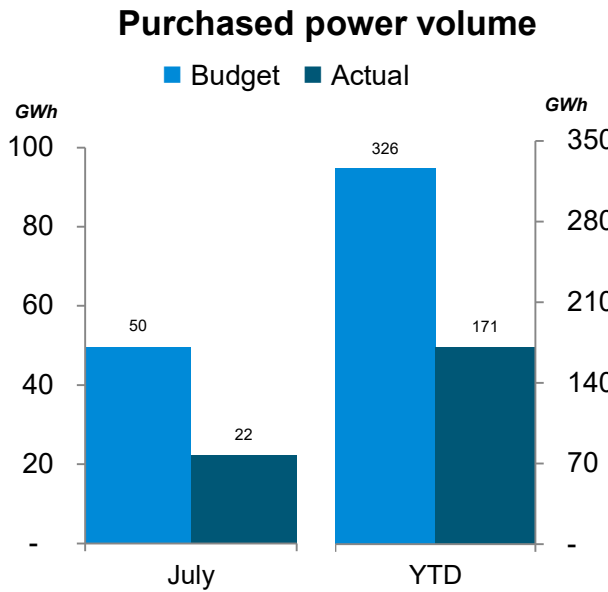
Power generation – wind and solar production



Surplus sales

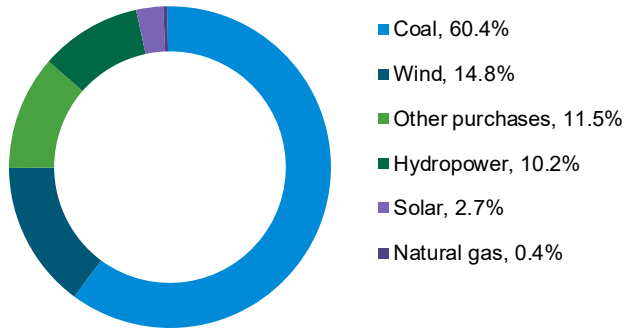


Purchase power

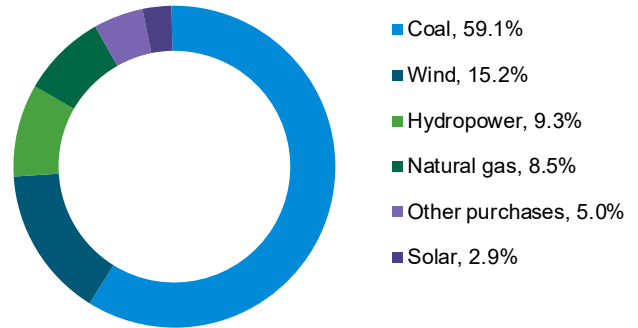


Total resources

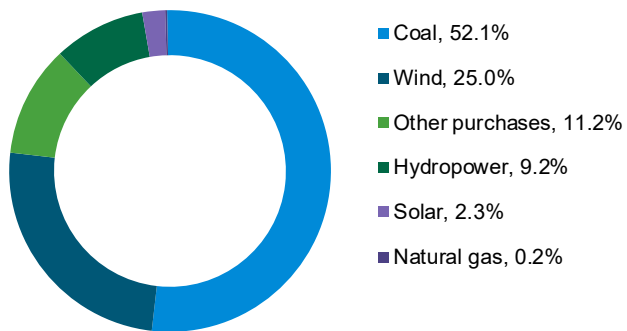
July generation budget



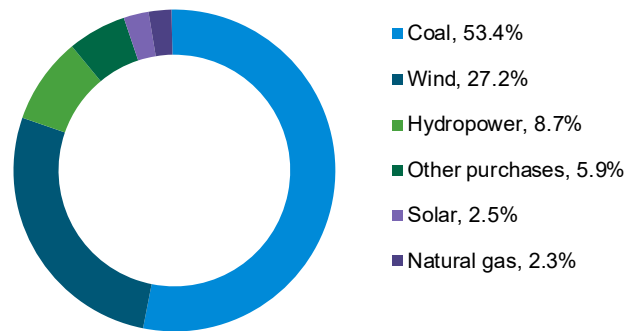
July generation actual

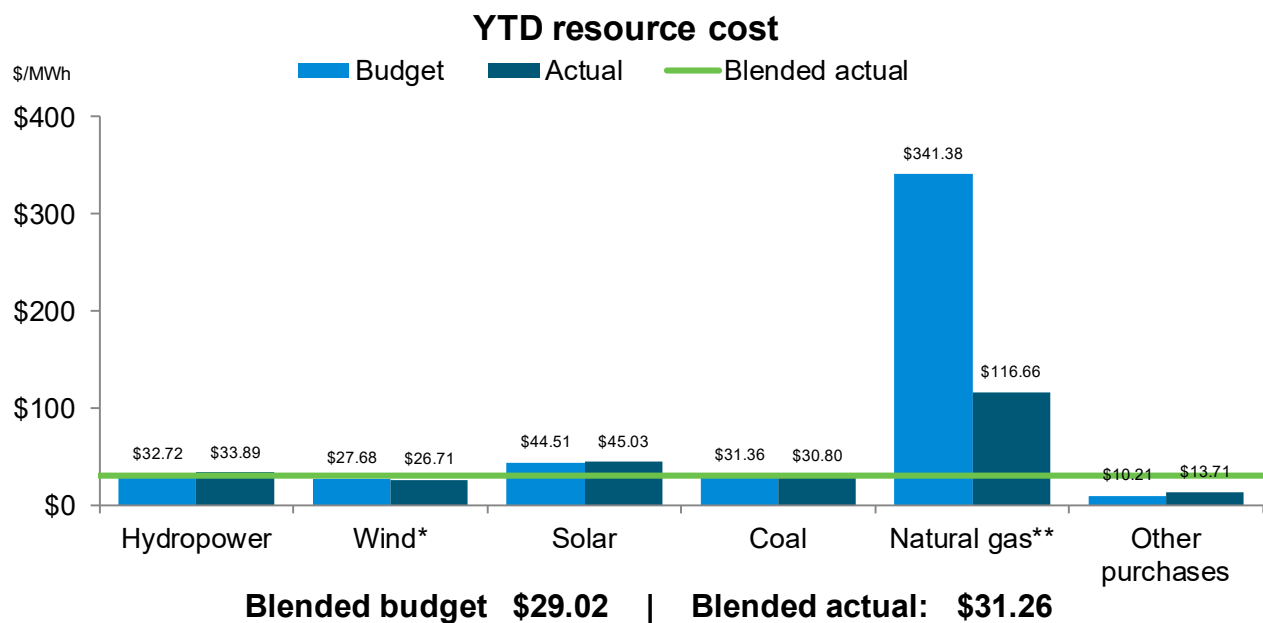
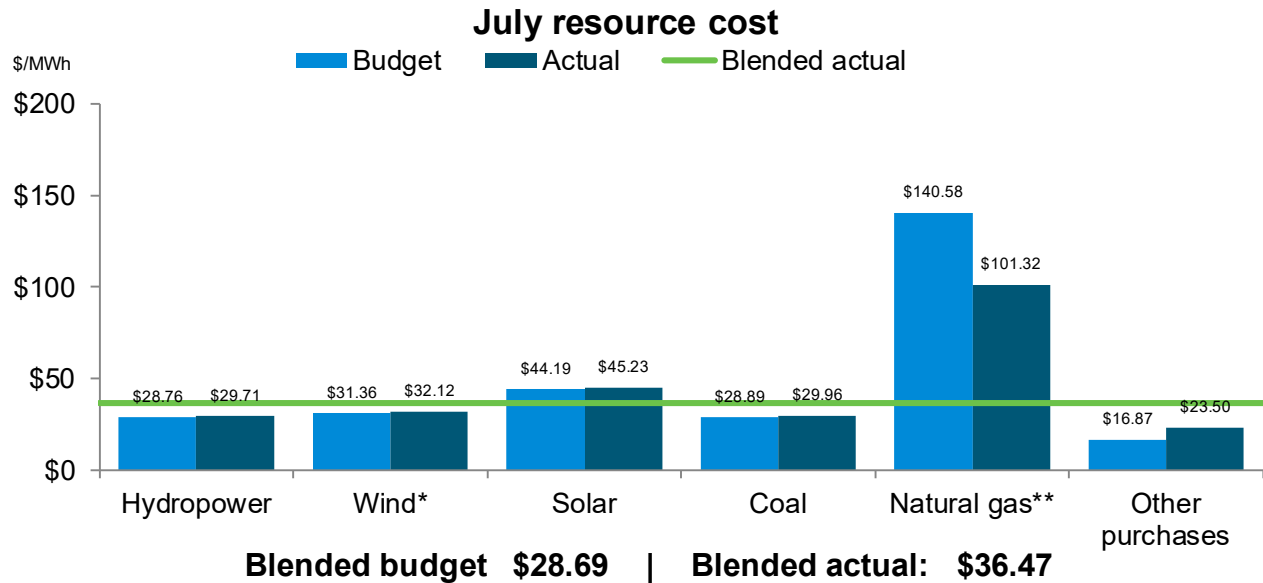


YTD budget



YTD actual





* Some off-system wind renewable energy credits 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.

** July budgeted natural gas pricing was \$3.96/MBtu while actual was \$7.93/MBtu. YTD budgeted natural gas pricing was \$4.32/MBtu while actual was \$7.67/MBtu. 2022 annual budgeted natural gas pricing is \$4.21/MBtu.



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Financial report

July 2022



Financial highlights year to date

Platte River reported favorable results year to date. Net income of \$15.9 million was favorable by \$7.5 million compared to budget due to above-budget revenues and below-budget operating expenses partially offset by unrealized losses on investments as interest rates have increased. Other significant events and details of the revenue and expense variances for 2022 are described in the sections below.

The current estimate for year-end net income is \$18.5 million, but ranges from \$15.9 million to \$24.0 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 significantly higher market prices and are anticipated to end the year above budget. Wind and solar generation continues to be above budget, however lower joint dispatch agreement purchases and a rate decrease in reserves are anticipated which may result in purchased power ending the year below budget. Fuel is anticipated to end the year above budget due to higher generation and prices. Other operating expenses are anticipated to end the year below budget primarily due to distributed energy resources discussed in the key variances of this report. Depreciation, amortization and accretion will end the year above budget as asset retirement obligation costs were updated and remaining useful lives of certain assets were refined. Total operating expenses in all cases are projected to be above budget. In the expected case, operating expenses are projected to be \$6.3 million above budget and a contingency transfer appropriation may be required. The low and high projections are based on higher variability in revenues and expenses than the expected projection.

Financial projection	YTD variance July 31, 2022	Variance projection (Aug-Dec)	Total variance projection	Net income projection	Variance from budget *
Expected	\$ 7.5	\$ (2.7)	\$ 4.8	\$ 18.5	35%
Low	\$ 7.5	\$ (5.3)	\$ 2.2	\$ 15.9	16%
High	\$ 7.5	\$ 2.8	\$ 10.3	\$ 24.0	75%

Amounts above are in millions

*Net income budget = \$13.7 million

Key financial results (\$ millions)	July Budget	Actual		Favorable (unfavorable)		Year to date Budget	Actual		Favorable (unfavorable)		Annual budget
Net income	\$ 2.8	\$ 4.1	●	\$ 1.3	46.4%	\$ 8.4	\$ 15.9	●	\$ 7.5	89.3%	\$ 13.7
Bond service coverage	4.12x	4.73x	●	.61x	14.8%	3.05x	4.13x	●	1.08x	35.4%	3.01x
Fixed obligation charge coverage	2.73x	3.04x	●	.31x	11.4%	2.04x	2.57x	●	.53x	26.0%	2.03x
Budget results											
Total revenues	\$ 24.1	\$ 28.2	●	\$ 4.1	17.0%	\$ 153.3	\$ 163.8	●	\$ 10.5	6.8%	\$ 263.2
Sales to owner communities	20.6	21.1	●	0.5	2.4%	120.8	123.3	●	2.5	2.1%	208.0
Sales for resale - long-term	1.4	2.7	●	1.3	92.9%	10.8	11.6	●	0.8	7.4%	18.7
Sales for resale - short-term	1.6	3.7	●	2.1	131.3%	17.5	23.7	●	6.2	35.4%	29.6
Wheeling	0.5	0.5	◆	0.0	0.0%	3.5	3.8	●	0.3	8.6%	5.9
Interest and other income	-	0.2	●	0.2	-	0.7	1.4	●	0.7	100.0%	1.0
Total operating expenses	\$ 18.0	\$ 21.1	■	\$ (3.1)	(17.2%)	\$ 121.7	\$ 120.8	◆	\$ 0.9	0.7%	\$ 209.7
Purchased power	4.5	4.2	●	0.3	6.7%	33.7	32.3	●	1.4	4.2%	57.7
Fuel	4.4	8.4	■	(4.0)	(90.9%)	25.1	32.2	■	(7.1)	(28.3%)	44.5
Production	4.1	4.0	●	0.1	2.4%	29.6	27.4	●	2.2	7.4%	50.4
Transmission	1.6	1.6	◆	0.0	0.0%	11.3	10.9	●	0.4	3.5%	18.7
Administrative and general	2.1	2.2	■	(0.1)	(4.8%)	15.3	14.0	●	1.3	8.5%	26.0
Distributed energy resources	1.3	0.7	●	0.6	46.2%	6.7	4.0	●	2.7	40.3%	12.4
Capital additions	\$ 2.5	\$ 2.1	●	\$ 0.4	16.0%	\$ 22.1	\$ 9.1	●	\$ 13.0	58.8%	\$ 38.9

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

Key budget variances year to date

(greater than 2% or less than (2%) variance)

Total revenues

- **Sales to owner communities** were above budget \$2.5 million. Energy revenues were \$1.8 million or 2.5% above budget due to above-budget energy. Intermittent generation was also above budget and charged at a higher rate. Demand revenues were \$0.7 million or 1.7% above budget as non-coincident and coincident billing demand were above budget 1.7% and 1.3%, respectively.
- **Sales for resale - long-term** were above budget \$0.8 million due to unbudgeted calls upon a capacity contract and above-budget generation at the wind sites which is resold to counterparties. Lower available baseload generation that serve contracts partially offset the above-budget variance.
- **Sales for resale - short-term** were above budget \$6.2 million as average prices were 47.4% above budget, partially offset by 8.3% below-budget energy volume.
- **Wheeling** was above budget \$0.3 million primarily due to a new rate which is higher than budgeted and unplanned point-to-point transmission sales, partially offset by network customers' actual demand and losses being lower than projected.
- **Interest and other income** was above budget \$0.7 million due to higher interest income earned on investments, additional fiber revenues, unplanned sales of inventory and interconnection agreement applications.

Total operating expenses

- **Production, transmission, and administrative and general** were \$3.9 million below budget. Projects were either completed below budget or expenses not required. The below-budget expenses include: 1) market implementation, 2) Rawhide non-routine projects, 3) IT software and hardware, 4) legal services, 5) environmental services, 6) travel and training, 7) wheeling, 8) IT consulting and 9) personnel. The above-budget expenses include: 1) Rawhide repairs, 2) tower maintenance and 3) joint facilities. Of the net below-budget variance, at least \$2.5 million is expected to catch up by the end of the year.
- **Distributed energy resources** were \$2.7 million below budget due to the unpredictability of the completion of customers' energy efficiency projects, below-budget personnel expenses and consulting services. The energy efficiency rebates and incentives will finish the year below budget primarily due to slow participation in small and medium business and multifamily programs, which is driven by the continued effects of the COVID-19 pandemic and economic recovery challenges.

- **Purchased power** was \$1.4 million below budget. 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 below-budget volume partially offset by unfavorable pricing. In addition, hydropower purchases were below budget due to drought conditions. Above-budget wind and solar generation partially offset the below-budget variance. Purchased reserves were also above budget due to higher than planned rate increases and holding fewer reserves on the coal units.
- **Fuel** was \$7.1 million above budget.
 - Natural Gas** 83% of the overall variance, \$5.9 million above budget. The combustion turbine units were used to make sales, meet load requirements and replace Rawhide Unit 1's generation during the scheduled screen outage. Price was above budget due to significantly higher market prices.
 - Coal - Craig units** 24% of the overall variance, \$1.7 million above budget. Generation was above budget to replace Rawhide Unit 1's generation during the scheduled screen outage, make additional sales and meet load requirements. Price was above budget due to an updated price from Trapper Mine.
 - Coal - Rawhide Unit 1** (7%) of the overall variance, \$0.5 million below budget. Generation was below budget due to unplanned outages, curtailments and an extension of the screen outage. Price was below budget due to updated contract pricing and burning lower-cost coal from inventory. Partially offsetting the below-budget variance was above-budget oil due to increased consumption during startup after unplanned outages.

Other financial information

- **Accounting standard** - Platte River is subject to the new lease reporting model applicable under GASB 87 *Leases*. Results presented in the financial statements may not represent full implementation of the standard as staff evaluates leases throughout 2022. Implementation will occur throughout 2022.
- **Debt** - The outstanding principal for Series JJ and KK represents debt associated with transmission assets (\$115.6 million) and the Rawhide Energy Station (\$22.5 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1. The final payment for Series II was made in June. The table below shows current debt outstanding.

Series	Debt outstanding \$/thousands	Par issued \$/thousands	True interest cost	Maturity date	Callable date	Purpose
Series JJ - April 2016	\$ 113,490	\$ 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	24,595	\$ 25,230	1.6%	6/1/2037	N/A*	Refund a portion of Series II (\$6.5M NPV/27.6% savings)
Total par outstanding	138,085					
Unamortized bond premium	13,027					
Total revenue bonds outstanding	151,112					
Less: due within one year	(12,215)					
Total long-term debt, net	\$ 138,897					

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

*Series KK is subject to prior redemption, in whole or in part as selected by Platte River, on any date.

Capital additions (year-end estimates as of July 2022)

At this time, capital expenditures are expected to be approximately \$2.9 million below budget at the end of the year. However, some projects will not be completed during 2022 and the remaining funds for those projects, approximately \$8.9 million, will need to be carried over into 2023 for project completion. The majority of these projects are summarized below.

Thus far in 2022, several additional requests for funds have occurred due to out-of-budget projects, schedule changes and scope changes to projects. As a result of the need to carry over funds to 2023, a budget contingency appropriation may be required to cover the additional capital project expenses in 2022, which is currently expected to be \$6 million. Project managers are continuously improving work planning and budgeting by better aligning scope, schedules and available resources.

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 2022 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)	2022 budget	Estimate	Favorable (unfavorable)	Carryover request
Below budget projects				
Solar substation 230 kV - This project will be below budget due to an amendment in the power purchase agreement resulting in a delay in the commercial operation date. In addition, acquiring land rights has taken longer than anticipated. Major equipment will be ordered this year to ensure delivery times do not impact the overall revised project schedule. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 6,464	\$ 500	\$ 5,964	\$ 5,964
Transformer T3 replacement - Timberline Substation - This project will be below budget due to a delay in vendor selection and supply chain issues. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 2,316	\$ 661	\$ 1,655	\$ 1,655
Station service 230-12.47 kV transformer replacement - Rawhide Substation - This project will be below budget and was placed on hold to accommodate resource needs on higher priority projects. The project is expected to resume in 2023. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 467	\$ 8	\$ 459	\$ 459
Capacitor coupled voltage transformer replacement - Dixon Creek Substation - This project will be below budget due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 273	\$ 2	\$ 271	\$ 271
** Energy trading software - This project will be below budget as the scope was reduced to remove the market software to be reported as a separate project for tracking and transparency. The market software project was submitted as an out-of-budget project.	\$ 779	\$ 550	\$ 229	\$ -
Monofill upgrade - Rawhide - This project will be below budget due to a vendor delay in delivery and installation of equipment. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 9,022	\$ 8,822	\$ 200	\$ 200

Project (\$ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
* Telecom PBX replacement - This project will be below budget due to a change in scope. The equipment will be upgraded and a full replacement is not required. The project will also include upgrades at the data recovery center and Rawhide.	\$ 363	\$ 210	\$ 153	\$ -
Above budget projects				
SCADA and energy management system - This project will be above budget due to additional consulting services needed to support technical components of the project. Software and hardware costs also increased due to additional software module and server requirements that were uncertain at budget submission.	\$ 2,500	\$ 4,739	\$ (2,239)	\$ -
Transmission line vault upgrades - Crossroads Substation - This project will be above budget due to significant increases in contractor labor prices for specialized underground transmission work.	\$ 686	\$ 1,036	\$ (350)	\$ -
** Relay upgrades - Marys Lake Substation - This project will be above budget due to a significant increase in scope needed to address limited space in the control panels. In addition, a breaker in need of sealing will be replaced.	\$ 53	\$ 229	\$ (176)	\$ -
Transmission line vault upgrades - Rogers Road Substation - This project will be above budget due to significant increases in contractor labor prices for specialized underground transmission work.	\$ 189	\$ 339	\$ (150)	\$ -
Energy Engagement Center - This multiyear project will be completed below total construction estimates. However, due to timing of expenses, additional funds in the 2022 budget were needed to complete final components of the project.	\$ 180	\$ 287	\$ (107)	\$ -
Out-of-budget projects				
Pipeline reroute - Rawhide pipeline - This project will reroute Rawhide's water supply pipeline due to an intersection modification by Larimer County. The reroute will minimize the amount of pipeline that is under the roadway in order to maintain the pipeline's integrity and ensure minimal roadway closures if repairs to the pipeline are needed.	\$ -	\$ 2,096	\$ (2,096)	\$ -
Transformer T1 replacement - Longs Peak Substation - This project will replace the existing three single-phase transformers with a single three-phase unit in order to maintain reliability and reduce maintenance costs. To keep the project on schedule for 2025, transformer procurement will begin in 2022 due to long lead times.	\$ -	\$ 662	\$ (662)	\$ -
** Market software - PCI GenManager - This project includes the software modules for participation in an organized energy market. These costs were originally included in the Energy Trading Software project but is its own project for tracking and transparency.	\$ -	\$ 390	\$ (390)	\$ -

* Project details or amounts have changed since last report.

** Project is new to the report.

Budget schedules

Schedule of revenues and expenditures, budget to actual

July 2022

Non-GAAP budgetary basis (in thousands)

	Month of July		Favorable
	Budget	Actual	(unfavorable)
Revenues			
<i>Operating revenues</i>			
Sales to owner communities	\$ 20,537	\$ 21,071	\$ 534
Sales for resale - long-term	1,413	2,674	1,261
Sales for resale - short-term	1,630	3,741	2,111
Wheeling	498	451	(47)
Total operating revenues	24,078	27,937	3,859
<i>Other revenues</i>			
Interest income ⁽¹⁾	45	224	179
Other income	7	9	2
Total other revenues	52	233	181
Total revenues	\$ 24,130	\$ 28,170	\$ 4,040
Expenditures			
<i>Operating expenses</i>			
Purchased power	\$ 4,508	\$ 4,197	\$ 311
Fuel	4,373	8,407	(4,034)
Production	4,118	3,967	151
Transmission	1,623	1,642	(19)
Administrative and general	2,096	2,172	(76)
Distributed energy resources	1,307	694	613
Total operating expenses	18,025	21,079	(3,054)
<i>Capital additions</i>			
Production	1,892	801	1,091
Transmission	359	434	(75)
General	262	890	(628)
Total capital additions	2,513	2,125	388
<i>Debt expense</i>			
Principal	1,018	1,018	-
Interest expense	464	464	-
Total debt expense	1,482	1,482	-
Total expenditures	\$ 22,020	\$ 24,686	\$ (2,666)
Revenues less expenditures	\$ 2,110	\$ 3,484	\$ 1,374

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

Schedule of revenues and expenditures, budget to actual

July 2022 year-to-date

Non-GAAP budgetary basis (in thousands)

	July year to date		Favorable	Annual
	Budget	Actual	(unfavorable)	budget
Revenues				
<i>Operating revenues</i>				
Sales to owner communities	\$ 120,824	\$ 123,288	\$ 2,464	\$ 208,017
Sales for resale - long-term	10,816	11,619	803	18,687
Sales for resale - short-term	17,492	23,651	6,159	29,557
Wheeling	3,444	3,796	352	5,930
Total operating revenues	152,576	162,354	9,778	262,191
<i>Other revenues</i>				
Interest income ⁽¹⁾	383	913	530	608
Other income	312	508	196	371
Total other revenues	695	1,421	726	979
Total revenues	\$ 153,271	\$ 163,775	\$ 10,504	\$ 263,170
Expenditures				
<i>Operating expenses</i>				
Purchased power	\$ 33,693	\$ 32,273	\$ 1,420	\$ 57,733
Fuel	25,052	32,169	(7,117)	44,526
Production	29,641	27,433	2,208	50,386
Transmission	11,300	10,908	392	18,634
Administrative and general	15,231	13,964	1,267	26,020
Distributed energy resources	6,710	4,017	2,693	12,378
Total operating expenses	121,627	120,764	863	209,677
<i>Capital additions</i>				
Production	10,487	3,675	6,812	16,706
Transmission	5,934	1,218	4,716	14,666
General	5,627	4,181	1,446	7,547
Total capital additions	22,048	9,074	12,974	38,919
<i>Debt expense</i>				
Principal	6,894	6,894	-	11,984
Interest expense	3,484	3,484	-	5,803
Total debt expense	10,378	10,378	-	17,787
Total expenditures	\$ 154,053	\$ 140,216	\$ 13,837	\$ 266,383
Contingency reserved to board	-	-	-	24,000
Total expenditures and contingency	\$ 154,053	\$ 140,216	\$ 13,837	\$ 290,383
Revenues less expenditures and contingency	\$ (782)	\$ 23,559	\$ 24,341	\$ (27,213)

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

Financial statements

Statements of net position

Unaudited (in thousands)

	July 31	
	2022	2021
Assets		
<i>Electric utility plant, at original cost</i>		
Land and land rights	\$ 19,446	\$ 19,446
Plant and equipment in service	1,454,721	1,435,186
Less: accumulated depreciation and amortization	(921,529)	(887,971)
Plant in service, net	552,638	566,661
Construction work in progress	22,543	24,440
Total electric utility plant	575,181	591,101
<i>Special funds and investments</i>		
Restricted funds and investments	14,984	15,054
Dedicated funds and investments	142,390	122,260
Total special funds and investments	157,374	137,314
<i>Current assets</i>		
Cash and cash equivalents	38,608	56,868
Other temporary investments	48,457	35,269
Accounts receivable - owner communities	20,998	20,101
Accounts receivable - other	11,958	13,232
Fuel inventory, at last-in, first-out cost	10,284	10,127
Materials and supplies inventory, at average cost	16,338	15,499
Prepayments and other assets	5,254	3,068
Total current assets	151,897	154,164
<i>Noncurrent assets</i>		
Regulatory assets	125,430	36,002
Other long-term assets	5,162	12
Total noncurrent assets	130,592	36,014
Total assets	1,015,044	918,593
<i>Deferred outflows of resources</i>		
Deferred loss on debt refundings	3,449	4,390
Pension deferrals	2,116	2,023
Asset retirement obligations	23,492	22,828
Total deferred outflows of resources	29,057	29,241
Liabilities		
<i>Noncurrent liabilities</i>		
Long-term debt, net	138,897	153,849
Other long-term obligations	94,295	-
Net pension liability	7,770	15,604
Asset retirement obligations	29,599	29,164
Other liabilities and credits	7,456	6,512
Total noncurrent liabilities	278,017	205,129
<i>Current liabilities</i>		
Current maturities of long-term debt	12,215	11,660
Current portion of other long-term obligations	889	-
Current portion of asset retirement obligations	1,706	1,066
Accounts payable	18,999	18,410
Accrued interest	928	1,022
Accrued liabilities and other	3,380	2,679
Total current liabilities	38,117	34,837
Total liabilities	316,134	239,966
<i>Deferred inflows of resources</i>		
Deferred gain on debt refundings	132	146
Regulatory credits	54,658	68,686
Pension deferrals	6,024	-
Total deferred inflows of resources	60,814	68,832
Net position		
Net investment in capital assets	402,447	397,012
Restricted	14,056	14,031
Unrestricted	250,650	227,993
Total net position	\$ 667,153	\$ 639,036

Statements of revenues, expenses and changes in net position

Unaudited (in thousands)

in thousands (in thousands)

	Month of	July year to date		Twelve months ended	
	July	2022	2021	July 31	
		2022	2021	2022	2021
Operating revenues					
Sales to owner communities	\$ 21,071	\$ 123,288	\$ 115,783	\$ 206,713	\$ 199,037
Sales for resale	6,415	35,270	34,272	61,421	55,598
Wheeling	451	3,796	3,315	6,228	6,067
Total operating revenues	27,937	162,354	153,370	274,362	260,702
Operating expenses					
Purchased power	4,197	32,273	30,339	56,540	52,974
Fuel	8,407	32,169	27,465	52,228	45,525
Operations and maintenance	5,531	38,172	35,501	63,177	62,853
Administrative and general	2,307	14,237	12,146	23,676	21,019
Distributed energy resources	713	4,050	3,725	7,270	7,887
Depreciation, amortization and accretion	3,121	20,880	18,741	36,567	37,595
Total operating expenses	24,276	141,781	127,917	239,458	227,853
Operating income	3,661	20,573	25,453	34,904	32,849
Nonoperating revenues (expenses)					
Interest income	224	939	873	1,416	1,673
Other income	9	508	493	928	1,128
Distribution to owner communities	-	-	-	-	(1,000)
Interest expense	(464)	(3,484)	(3,803)	(6,039)	(6,890)
Amortization of bond financing costs	137	957	1,067	1,720	1,922
Net increase/(decrease) in fair value of investments	558	(3,627)	(641)	(4,812)	(1,243)
Total nonoperating revenues (expenses)	464	(4,707)	(2,011)	(6,787)	(4,410)
Change in net position	4,125	15,866	23,442	28,117	28,439
Net position at beginning of period, as previously reported	663,028	651,287	615,594	639,036	610,597
Net position at end of period	\$ 667,153	\$ 667,153	\$ 639,036	\$ 667,153	\$ 639,036

Statements of cash flows

Unaudited (in thousands)

	Month of July	July year to date		Twelve months ended July 31	
		2022	2021	2022	2021
Cash flows from operating activities					
Receipts from customers	\$ 24,179	\$ 158,103	\$ 145,252	\$ 276,782	\$ 254,799
Payments for operating goods and services	(15,697)	(94,660)	(78,976)	(168,595)	(136,186)
Payments for employee services	(3,633)	(26,893)	(25,345)	(46,905)	(45,789)
Net cash provided by operating activities	4,849	36,550	40,931	61,282	72,824
Cash flows from capital and related financing activities					
Additions to electric utility plant	(1,318)	(8,320)	(8,893)	(23,066)	(36,244)
Payments from accounts payable incurred for electric utility plant additions	(316)	(1,581)	(1,271)	(2,264)	(2,174)
Proceeds from disposal of electric utility plant	-	65	53	291	27,091
Deposits into escrow for bond defeasance	-	-	-	-	(238)
Proceeds from issuance of long-term debt	-	-	-	-	243
Principal payments on long-term debt	-	(11,660)	(11,145)	(11,660)	(11,145)
Interest payments on long-term debt	-	(3,066)	(3,305)	(6,133)	(7,102)
Payments on other long-term obligations	-	(889)	-	(889)	-
Net cash used in capital and related financing activities	(1,634)	(25,451)	(24,561)	(43,721)	(29,569)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	(16,588)	(14,280)	(13,485)	(38,025)	(33,606)
Interest and other income, including realized gains and losses	227	1,382	1,390	2,204	2,798
Distribution to owner communities	-	-	-	-	(1,000)
Net cash used in investing activities	(16,361)	(12,898)	(12,095)	(35,821)	(31,808)
(Decrease)/increase in cash and cash equivalents	(13,146)	(1,799)	4,275	(18,260)	11,447
Balance at beginning of period in cash and cash equivalents	51,754	40,407	52,593	56,868	45,421
Balance at end of period in cash and cash equivalents	\$ 38,608	\$ 38,608	\$ 56,868	\$ 38,608	\$ 56,868
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	\$ 3,661	\$ 20,573	\$ 25,453	\$ 34,904	\$ 32,849
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	3,329	22,537	21,640	38,080	37,204
Amortization	(516)	(3,613)	(3,772)	(3,811)	(3,772)
Changes in assets and liabilities that provided/(used) cash					
Accounts receivable	(3,897)	(6,254)	(8,701)	377	(6,129)
Fuel and materials and supplies inventories	(919)	(762)	2,910	(996)	3,080
Prepayments and other assets	566	(3,691)	(791)	(2,490)	(300)
Regulatory assets	86	603	575	1,013	11
Deferred outflows of resources	197	(1,044)	(1,771)	(755)	602
Accounts payable	1,473	2,724	(334)	2,046	4,269
Net pension liability	-	-	-	(7,834)	(3,075)
Asset retirement obligations	(139)	2,050	2,637	1,076	(832)
Other liabilities	604	934	134	1,750	513
Deferred inflows of resources	404	2,493	2,951	(2,078)	8,404
Net cash provided by operating activities	\$ 4,849	\$ 36,550	\$ 40,931	\$ 61,282	\$ 72,824
Noncash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	807	807	2,264	807	2,264
Additions to regulatory assets and other assets through incurrence of other long-term obligations	-	-	-	96,073	-
Amortization of regulatory asset (debt issuance costs)	7	51	57	92	86
Amortization of bond premiums, deferred loss and deferred gain on refundings	(144)	(1,008)	(1,124)	(1,811)	(2,008)
Net proceeds from refunding bond issuance deposited directly into irrevocable trust	-	-	-	-	25,182

Note: Certain previously stated line items have been updated and reclassified to reflect audited financial statement presentation.

Schedule of net revenues for bond service and fixed obligations

Unaudited (in thousands)

	Month of July	July year to date		Twelve months ended July 31	
		2022	2021	2022	2021
Bond service coverage					
Net revenues					
Operating revenues	\$ 27,937	\$ 162,354	\$ 153,370	\$ 274,362	\$ 260,702
Operations and maintenance expenses, excluding depreciation, amortization and accretion	21,155	120,901	109,176	202,891	190,258
Net operating revenues	6,782	41,453	44,194	71,471	70,444
Plus interest income on bond accounts, other income and distribution to owner communities ⁽¹⁾	233	1,421	1,390	2,309	1,824
Net revenues before rate stabilization	7,015	42,874	45,584	73,780	72,268
Rate stabilization					
Deposits	-	-	-	-	-
Withdrawals	-	-	-	-	-
Total net revenues	\$ 7,015	\$ 42,874	\$ 45,584	\$ 73,780	\$ 72,268
Bond service					
Power revenue bonds	\$ 1,482	\$ 10,378	\$ 10,583	\$ 17,791	\$ 18,175
Coverage					
Bond service coverage ratio	4.73	4.13	4.31	4.15	3.98
	Month of July	July year to date		Twelve months ended July 31	
		2022	2021	2022	2021
Fixed obligation charge coverage					
Total net revenues, above	\$ 7,015	\$ 42,874	\$ 45,584	\$ 73,780	\$ 72,268
Fixed obligation charges included in operating expenses ⁽²⁾	1,228	10,300	7,397	17,339	12,659
Adjusted net revenues before fixed obligation charges	\$ 8,243	\$ 53,174	\$ 52,981	\$ 91,119	\$ 84,927
Fixed obligation charges					
Power revenue bonds, above	\$ 1,482	\$ 10,378	\$ 10,583	\$ 17,791	\$ 18,175
Fixed obligation charges	1,228	10,300	7,397	17,339	12,659
Total fixed obligation charges	\$ 2,710	\$ 20,678	\$ 17,980	\$ 35,130	\$ 30,834
Coverage					
Fixed obligation charge coverage ratio	3.04	2.57	2.95	2.59	2.75

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

⁽²⁾ Fixed obligation charges include debt-like obligations either related to the ownership of resource assets or off-balance-sheet financings. Platte River considers 30% of amounts due for energy under hydropower, solar and wind power purchase agreements to be fixed obligation charges for this purpose.



Platte River
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General management report

July 2022



Business Strategies

Communications and marketing

In July, communications and marketing staff:

- Welcomed Javier Camacho, director of public and external affairs, strategic communications and social marketing, to the team and Platte River on July 5.
- Worked with Human Resources (HR) to collect questions from employees for the HR panel portion of the July business meeting.
- Incorporated edits from directors to create the second draft of 2023 budget narrative and worked with Jason Frisbie to draft the letter from the general manager and board chair.
- Worked with legal and purchasing to retain The Ferguson Group as consultant to conduct needs assessment in the potential pursuit of federal grant funds to support the Resource Diversification Policy (RDP).

Efficiency Works™ marketing staff:

- Continued brand awareness efforts with advertisements on: Google, YouTube, Facebook, LinkedIn, BizWest, Colorado Public Radio, the Estes Park Trail Gazette and Estes Park News.
- Developed and deployed outreach plans for Efficiency Works Business programs, including social media campaigns, mailed letters to prospective participants and informational resource sheets for small and medium businesses and multifamily properties.
- Began the “build” phase of the electric vehicle (EV) education website, developing tools to calculate costs of EV ownership over five years.

Human resources

HR staff worked through the compensation study and completed the initial job description review with individual managers. This work is foundational to the balance of the study and informs the next phase.

Staff collected and evaluated data from the benefits survey and numerous outside sources to develop recommendations for non-medical benefits improvements to present to organization leadership. The impetus for this work focused on retention of current staff and the ability to recruit qualified staff for new roles created in the drive to 2030.

Safety

Safety manager attended the Weld County Local Emergency Planning Committee (LEPC) meeting. Larimer and Weld counties have been continuing a hybrid approach to their quarterly LEPC meetings.

Platte River safety worked with local vendors to host the “safety fair” at Rawhide and headquarters for the monthly safety meeting.

Injury statistics	2020 year end	2021 year end	YTD through July 2021	YTD through July 2022
Recordable injury rate	1.29	1.67	0.72	2.09
DART	0.43	0.00	0.00	1.39
Lost time rate	0.43	0.00	0.00	0.00

There have been three recordable and two Days Away Restricted (DART) cases year to date. There were no recordable injuries in July.

Emergency Response Team

Training for the Emergency Response Team (ERT) has resumed with two members enrolled for Emergency Medical Technicians (EMT) academy through AIMS community college this fall. Four new members joined the ERT in support roles until they can attend and pass either fire or EMT academy.

Financial

2022 board contingency

Capital projects are tracked closely throughout the year and revisions are expected as projects’ scope and schedules change, and new projects arise. At this time, capital expenditures are expected to be approximately \$2.9 million below budget at the end of the year.

Some projects will not be completed during 2022 and the remaining funds for those projects, approximately \$8.9 million, will need to be carried over into 2023. These projects are summarized in the financial report included in the board packet. Thus far in 2022, several additional requests for funds have occurred due to changes in the schedule and scope of projects. Because Platte River must carry over funds to 2023, current estimates show \$6.0 million may be required as a budget contingency appropriation to cover the additional 2022 capital project expenses.

Project managers are continuously improving work planning and budgeting by better aligning scope, schedules and available resources. The following table represents the estimates for capital expenditures as of July 31, 2022.

Capital summary	\$ million
2022 capital budget	\$ 38.9
Estimated capital expenses at 07/31/2022	36.0
Under budget variance	\$ 2.9
Estimated capital carryovers from 2022 to 2023	(8.9)
Estimated contingency transfer request	\$ (6.0)

Projections for operating expenses at the end of the year are expected to be above budget \$6.3 and may require a contingency transfer appropriation.

Further changes to capital and operating expense projections are anticipated and staff will continue to monitor spending estimates to determine the appropriate amount needed for the contingency transfer in each category. More details on expenses and projects can be found in the financial report.

2023 budget update

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

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

Transition and integration

Energy solutions

As of the end of July 2022, the Efficiency Works programs have achieved:

- 9,022 MWh of energy savings.
- \$4.4 million in overall incentives and administrative costs.

Platte River has budgeted \$10.7 million for efficiency programs and administration with a goal of achieving 27,800 MWh energy savings. Owner communities provide as much as \$2.8 million additional funding, including about \$2.1 million of direct funding and \$0.7 million in supplemental funds, which is earmarked only if Platte River's budget is exceeded for an individual owner community.

Program participation has lagged due to ongoing supply chain issues, labor shortages, economic impacts and safety concerns related to the pandemic. This primarily has impacted small and medium businesses, as well as multifamily property sectors resulting in projections of unused budgets by year end. Other efficiency programs have continued to see consistent participation. The Energy Solutions department continues to collaborate with owner community staff and other Platte River departments to identify strategies to increase budget utilization in the Efficiency Works program offerings for the remainder of 2022. Identified strategies include the following:

- Offering bonus incentives for government building efficiency upgrades, commercial building retro-commissioning implementation, refrigerator and freezer recycling, and regional commercial air conditioning distributor sales staff.
- Targeted marketing and door-to-door outreach for small and medium businesses to encourage facility assessments.
- Updating the customer intake process to increase landlord participation of their residential rental properties through the home assessment program.
- Initiated direct install campaign of smart thermostats for housing authority multifamily units.

Energy Solutions staff is currently collaborating with owner community staff to evaluate building electrification technologies to support electrification initiatives at the community level.

Resource planning update

Staff successfully completed the second version of the power supply plan (PSP). The PSP is the foundation for revising the 2023 power supply budget and the long-term wholesale rate forecast.

To prepare the 2024 Integrated Resource Plan, staff is reviewing proposals for two consulting studies.

- The first study focuses on Platte River's power supply portfolio, specifically on the portfolio's reliability and resource adequacy assessment, which will be critical to replace coal generation with intermittent renewable generation.
- The second study assesses innovative low-carbon dispatchable power generation technologies, as well as long-duration energy storage technologies, to determine how these technologies help manage renewable energy intermittency.

Staff plans to select the consultants for each study in the coming weeks.

DERs are expected to play a key role in helping Platte River achieve the goals of the RDP by 2030. As such, staff has initiated a study for the economic evaluation of DER relative to supply-side resources. The study will explore the flexibility and limitations of DER to help meet Platte River's load and establish the economic value of DER. Study results will be used in designing incentives for DER programs.

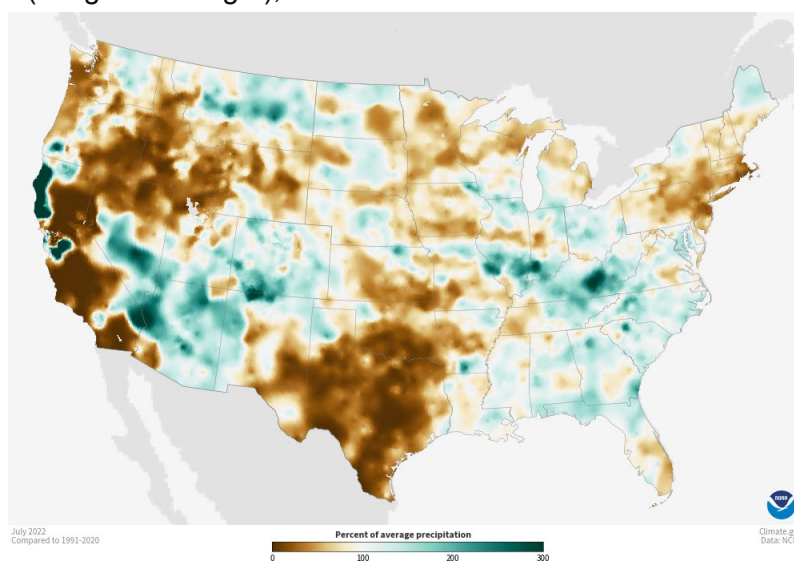
In collaboration with the power markets department, staff is evaluating renewable energy forecasting vendors and a trial subscription of their forecasts.

Operations

Fuels and water

At this time last year, the U.S. Bureau of Reclamation (USBR) was making supplemental water releases from upper Colorado River basin reservoirs to boost storage in Lake Powell, while warning that additional measures were likely if the extreme drought persisted in the region. In June of this year, USBR Commissioner Camille Touton asked the basin states to develop plans to conserve an additional 2 to 4 million acre-feet of water immediately to protect Lake Powell and Lake Mead. In response, the Upper Colorado River Commission submitted a five-point plan focused on demand management and conservation programs to help reach that goal. This initial plan does not include any specific provisions that would affect Platte River or its Windy Gap operations. The recent monsoon season has helped satisfy some immediate needs in the basin (image to the right), but we will continue to need more precipitation for years to relieve the drought conditions.

The Chimney Hollow reservoir project is approaching 20% completion. At the main dam site, the bedrock foundation has been fully exposed and excavation is nearly complete, which will allow a final assessment of subsurface conditions. Crews are currently working on a very difficult section of the reinforced concrete plinth on the right (east) abutment at a 29-degree slope. As they move up the ridge, the angle increases to 43 degrees (pictured on the next page). The plinth provides a solid base along the entire main dam (almost three quarters of a mile long). Once foundation grouting has been completed, the contractor will begin placing the initial lifts of the asphalt core and adjacent rock filter layers, and the dam structure will begin to rise toward its 350-foot ultimate height.



Elsewhere on the site, the inlet/outlet tunnel excavation reached a milestone when the tunnel alignment turned to parallel the reservoir centerline. Over 315 feet of tunnel have been completed, with crews adding approximately 40 feet of tunnel per week. The project team anticipates that the Colorado-Big Thompson project penstocks will be shut down in mid-September to allow for the tie-in of the Chimney Hollow inlet pipeline, a key milestone in the construction process. The project remains on schedule for completion in the fall of 2025.



Concrete plinth placement on right abutment of dam (east side), 29-to-43-degree slope