



**Platte River**

Power Authority

Estes Park • Fort Collins • Longmont • Loveland

# Quarterly report

2nd quarter 2022





## Year-to-date June 2022 highlights

(Comparison to same period prior year)

### Financial summary

Platte River reported year-to-date operating income of \$16.9 million which was favorable by \$0.2 million compared to 2021. Change in net position decreased by \$3.1 million. Other significant events and details of revenue and expense variances are described in the sections below.

Operating revenues increased \$11.2 million.

- Sales to owner communities increased \$6.6 million as a result of a 2022 rate increase and changes in load and demand profiles; \$5 million in higher energy charges, \$1 million in higher demand charges and \$0.6 million in higher base owner community charges.
- Sales for resale increased \$4.1 million due to an increase in volume and average prices as a result of a stronger market.
- Wheeling increased \$0.5 million primarily due to point-to-point transmission sales in 2022.

Operating expenses increased \$11 million.

- Fuel increased \$3.3 million compared to 2021, representing the largest variance. Rawhide Unit 1's average price was higher in 2022 partially offset by lower generation due to planned and unplanned outages and replacements by wind and solar. The Craig units' generation was higher due to replacing Rawhide Unit 1's generation during outages, serving load and additional sales. Craig coal prices were lower in 2022. Generation from the combustion turbine units was lower as a result of significantly higher market prices for natural gas.
- Production and transmission increased \$2.1 million primarily due to financing expenses recorded as operations and maintenance for the Windy Gap Firming Project (Chimney Hollow Reservoir) pooled financing arrangement, the scheduled screen outage of Rawhide Unit 1, and general and plant maintenance. Partially offsetting the increase were decreases to the outage accrual, wheeling and joint facilities.
- Depreciation, amortization and accretion increased \$2 million due to Craig decommissioning accretion, Trapper Mine reclamation amortization, Windy Gap Firming Project (Chimney Hollow Reservoir) amortization and new asset depreciation.

- Purchased power increased \$1.9 million due to additional wind and solar generation, purchasing reserves in lieu of self-supplying reserve obligations and an increase in other purchases. Partially offsetting the increase was net energy delivered to Tri-State Generation and Transmission Association, Inc. under the forced outage assistance agreement, a decrease in joint dispatch agreement (JDA) purchases, less hydropower and a decrease in the outage accrual.
- Administrative and general increased \$1.5 million due to an increase in personnel expenses, insurance premiums, software and hardware maintenance, travel and training expenses, and building and grounds maintenance.
- Distributed energy resources increased \$0.2 million primarily due to the completion of audits and assessments for retail customers ahead of schedule.

Nonoperating revenues (expenses) decreased \$3.3 million primarily due to unrealized losses on investments as interest rates have increased.

(In millions)

|  | 6 months ended<br>June 30 |         |          | 12 months ended<br>June 30 |         |         |        |       |
|--|---------------------------|---------|----------|----------------------------|---------|---------|--------|-------|
|  | 2022                      | 2021    | Change   | 2022                       | 2021    | Change  |        |       |
| Operating income                       | \$ 16.9                   | \$ 16.7 | \$ 0.2   | 1.2%                       | \$ 40.1 | \$ 30.6 | \$ 9.5 | 31.0% |
| Change in net position                 | \$ 11.7                   | \$ 14.8 | \$ (3.1) | -20.9%                     | \$ 32.6 | \$ 26.0 | \$ 6.6 | 25.4% |
| Bond service coverage ratio            | 4.03x                     | 3.70x   | 0.33     | 8.9%                       | 4.42x   | 3.81x   | 0.61   | 16.0% |
| Fixed obligation charge coverage ratio | 2.50x                     | 2.58x   | (0.08)   | -3.1%                      | 2.75x   | 2.66x   | 0.09   | 3.4%  |

## Sales statistics

|                                     | 6 months ended<br>June 30 |           |        | 12 months ended<br>June 30 |           |        |
|-------------------------------------|---------------------------|-----------|--------|----------------------------|-----------|--------|
|                                     | 2022                      | 2021      | Change | 2022                       | 2021      | Change |
| Owner community peak demand (kW)*   | 646,587                   | 693,019   | -6.7%  | 706,778                    | 693,019   | 2.0%   |
| Owner community energy sales (MWh)* | 1,550,818                 | 1,562,249 | -0.7%  | 3,205,276                  | 3,214,324 | -0.3%  |
| Other energy sales (MWh)            | 852,711                   | 843,622   | 1.1%   | 1,629,268                  | 1,695,722 | -3.9%  |

\*Demand and energy provided under community solar agreements were lagged by one month through August 2020; therefore, totals for 12 months ending 2021 will not represent actuals for the time period presented.

## Resources

Platte River's power resources include generation from coal and natural gas units, wind purchases, federal hydropower from WAPA, solar purchases, JDA purchases and other purchases.

- Rawhide Unit 1 reported a net capacity factor of 75.4%, down from 76.1% reported in 2021. The primary reason for the lower capacity factor was due to planned and unplanned outages and replacement of generation by wind and solar resources.
- Craig units 1 and 2 reported a combined plant capacity factor of 56.8%, up from 48.4% reported in 2021 due to replacing Rawhide Unit 1's generation during outages and replacing the reduced energy from hydropower. In addition, the Craig units coal price decreased making it more economic in the market.
- Combustion turbines were used less in 2022 as a result of significantly higher market prices for natural gas.
- Wind generation increased due to favorable wind conditions.

- Hydropower generation from WAPA's Colorado River Storage Project decreased due to drought conditions.
- Solar generation was higher in 2022 due to Rawhide Prairie Solar being fully operational. The site experienced solar panel damage in 2021 which delayed commercial operation.
- JDA purchases decreased in 2022 as a result of elevated pricing and more generation from the Roundhouse Wind Energy Center.
- Other purchases increased in 2022 due to planned and unplanned outages of Rawhide Unit 1 and overall lower prices.

**6 months ended June 30**

| <b>MWh</b>          | <b>2022</b>    | <b>2021</b> | <b>Change</b> | <b>MWh</b>      | <b>2022</b>    | <b>2021</b> | <b>Change</b> |
|---------------------|----------------|-------------|---------------|-----------------|----------------|-------------|---------------|
| Rawhide Unit 1      | <b>917,221</b> | 925,835     | <b>-0.9%</b>  | Hydropower      | <b>212,530</b> | 299,627     | <b>-29.1%</b> |
| Craig units 1 and 2 | <b>372,417</b> | 317,430     | <b>17.3%</b>  | Solar           | <b>60,303</b>  | 46,550      | <b>29.5%</b>  |
| Combustion turbines | <b>27,507</b>  | 34,243      | <b>-19.7%</b> | JDA purchases   | <b>131,979</b> | 274,110     | <b>-51.9%</b> |
| Wind                | <b>721,482</b> | 532,125     | <b>35.6%</b>  | Other purchases | <b>16,847</b>  | 12,610      | <b>33.6%</b>  |

## Condensed statements of net position

Unaudited

|                                       | (In thousands)    |                   |
|---------------------------------------|-------------------|-------------------|
|                                       | June 30           |                   |
|                                       | 2022              | 2021              |
| <b>Assets</b>                         |                   |                   |
| Electric utility plant, net           | \$ 576,408        | \$ 592,152        |
| Special funds and investments         | 145,347           | 120,688           |
| Current assets                        | 155,671           | 156,167           |
| Noncurrent assets                     | 130,744           | 36,105            |
| Total assets                          | <u>1,008,170</u>  | <u>905,112</u>    |
| <b>Deferred outflows of resources</b> | 29,329            | 29,469            |
| <b>Liabilities</b>                    |                   |                   |
| Noncurrent liabilities                | 278,377           | 205,377           |
| Current liabilities                   | 35,086            | 29,863            |
| Total liabilities                     | <u>313,463</u>    | <u>235,240</u>    |
| <b>Deferred inflows of resources</b>  | <u>61,008</u>     | <u>68,931</u>     |
| <b>Net position</b>                   | <u>\$ 663,028</u> | <u>\$ 630,410</u> |

## Condensed statements of revenues, expenses and changes in net position

Unaudited

|   | (In thousands)   |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | 6 months ended   |                  | 12 months ended  |                  |
|   | June 30          |                  | June 30          |                  |
|   | 2022             | 2021             | 2022             | 2021             |
| <b>Operating revenues</b>                 |                  |                  |                  |                  |
| Sales to owner communities                | \$ 102,217       | \$ 95,617        | \$ 205,808       | \$ 198,675       |
| Sales for resale and other                | 32,199           | 27,544           | 70,826           | 56,381           |
| Total operating revenues                  | <u>134,416</u>   | <u>123,161</u>   | <u>276,634</u>   | <u>255,056</u>   |
| <b>Operating expenses</b>                 |                  |                  |                  |                  |
| Operations and maintenance                | 99,746           | 90,739           | 200,173          | 187,592          |
| Depreciation, amortization and accretion  | 17,759           | 15,771           | 36,417           | 36,895           |
| Total operating expenses                  | <u>117,505</u>   | <u>106,510</u>   | <u>236,590</u>   | <u>224,487</u>   |
| Operating income                          | <u>16,911</u>    | <u>16,651</u>    | <u>40,044</u>    | <u>30,569</u>    |
| <b>Nonoperating revenues (expenses)</b>   |                  |                  |                  |                  |
| Interest and other income                 | 1,213            | 1,219            | 2,257            | 2,849            |
| Distribution to owner communities         | -                | -                | -                | (1,000)          |
| Interest expense, net                     | (2,199)          | (2,377)          | (4,350)          | (5,056)          |
| Net decrease in fair value of investments | (4,184)          | (677)            | (5,333)          | (1,384)          |
| Total nonoperating revenues and expenses  | <u>(5,170)</u>   | <u>(1,835)</u>   | <u>(7,426)</u>   | <u>(4,591)</u>   |
| Change in net position                    | <u>\$ 11,741</u> | <u>\$ 14,816</u> | <u>\$ 32,618</u> | <u>\$ 25,978</u> |