



Estes Park • Fort Collins • Longmont • Loveland

Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, Sept. 29, 2022, 9 a.m.

Call to order

1. Consent agenda
 - a. Minutes of the regular meeting of Aug. 25, 2022

Motion to approve

Public comment

Committee reports

2. Retirement committee report

Management presentations

3. Proposed Family and Medical Leave Insurance program update
4. Deferred revenue and expense accounting policy
5. 2022 and 2023 rate tariff schedules and policy Governing Purchases from PURPA Qualified Facilities
6. 2023 proposed Strategic Budget work session

Management reports

7. Staffing plan update

August 2022 informational reports

8. Legal, environmental and compliance report
9. Transition and integration report
10. Operating report
11. Financial report
12. General management report

Strategic discussions

Adjournment



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2022 board meeting planning calendar

Updated Sept. 19, 2022

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	Distributed renewable generation opportunities	Q3 performance dashboard
2022 and 2023 rate tariff schedules			Legal, environmental and compliance report
Proposed Family and Medical Leave Insurance program approval			Operating report
Deferred revenue and expense policy			Financial report
Governing purchases from PURPA qualified facilities policy			Transition and integration report
			General management report

November 2022

No board of directors meeting

Retirement committee 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)		Distributed Energy Resources update	Operating report
2023 proposed board of directors regular meeting schedule			Financial report
			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
<div><div>Town of Estes Park P.O. Box 1200, Estes Park, Colorado 80517</div><div>Mayor Wendy Koenig Reuben Bergsten—Chair, Board of Directors</div></div>	<div>April 2024 December 2024</div>
<div><div>City of Fort Collins P.O. Box 580, Fort Collins, Colorado 80522</div><div>Mayor Jeni Arndt Kendall Minor</div></div>	<div>April 2023 December 2026</div>
<div><div>City of Longmont 350 Kimbark Street, Longmont, Colorado 80501</div><div>Mayor Joan Peck David Hornbacher</div></div>	<div>November 2023 December 2022</div>
<div><div>City of Loveland 500 East Third Street, Suite 330, Loveland, Colorado 80537</div><div>Mayor Jacki Marsh Kevin Gertig—Vice Chair, Board of Directors</div></div>	<div>November 2023 December 2025</div>



Estes Park • Fort Collins • Longmont • Loveland

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: 9/20/2022

To: Board of directors

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

Subject: September 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 Aug. 25, 2022

Attachment



Estes Park • Fort Collins • Longmont • Loveland

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Aug. 25, 2022

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Arndt and Kendall Minor
Representing Longmont: Mayor Joan Peck
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

Absent

David Hornbacher

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)
Wade Hancock (financial planning and rates manager)
Paul Davis (distributed energy resources manager)
Libby Clark (director of human services and safety)

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. Jason Frisbie, general manager/CEO, offered condolences to Director Hornbacher for the loss of a family member and discussed the handouts provided on the table for the directors. Eddie Gutiérrez, chief strategy officer,

elaborated on the handouts providing information on the recently passed Inflation Reduction Act (IRA). Director Arndt commented on hearing Mr. Frisbie on the radio with audio from the rates presentation during a recent Loveland City Council meeting. Chair Bergsten congratulated Mr. Frisbie on becoming a grandfather.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of July 28, 2022

Director Koenig 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.

Chair Bergsten reminded the retirement committee members of the August meeting to follow the board meeting.

Management presentations

2. Wholesale rate projections and 2023 rate tariff charges (presenter: Wade Hancock)

Wade Hancock, financial planning and rates manager, presented the 2023 recommendations, rate structure overview, 2023 firm power service charges, owner community impacts and the 2023 rate tariff schedules.

Mr. Frisbie added Platte River will continue to manage the risks associated with intermittent energy and use the same philosophy with rates as we transition to a more diverse portfolio.

Mr. Frisbie referenced page 58 of the board packet; the operations report shows monthly information on coincident demand vs. noncoincident demand demonstrating the needed infrastructure to serve the highest consumption and generation to serve the highest collective demand. Mr. Hancock commented on the difference between front range utilities coincident and noncoincident peak times compared to Estes Park being a winter peaking utility.

Discussion ensued among directors and staff regarding load factors in each owner community, efficiencies in the system infrastructure and how they relate to rates.

Dave Smalley, chief financial officer and deputy general manager, stated due to higher

intermittent energy generation this year, the owner municipalities are over budget in energy costs. Platte River staff will therefore blend the intermittent and dispatchable rates for 2022 and true up the costs with the owner municipalities at year end. Mr. Frisbie repeated that the true up will happen at the end of the year to see if intermittent production reconciles before providing credits to the owner municipalities.

Director Minor commented on rate staffs reviewing the rate calculation discrepancies. Mr. Hancock responded that staff is still reviewing and working with Fort Collins financial staff on calculations. Mr. Frisbie described the difference between calculation viewpoints and how the intermittent energy increased production in 2022 compared to an underproduction year in 2021 resulting in 7.2% higher budget variance in 2022. Discussion continued among directors and staff regarding the budget variances in intermittent energy from 2021 to 2022, how that has impacted the owner communities' 2022 budget and staff recommendation to blend the charges back together to shift cost risk of intermittent energy production back to Platte River in 2023.

Chair Bergsten commented on Platte River providing greater rate stability and asked how new risks could change the strategic financial plan. Mr. Frisbie responded that staff members have been reviewing how the strategic financial plan will need to change as the generation portfolio continues to develop and work in conjunction with the 2024 strategic budget. Sarah Leonard, general counsel, commented on long-term effects from the Inflation Reduction Act and the possibilities of owning intermittent generation projects. Director Marsh asked if Platte River knows how kilowatt usage increases from population growth, compared to how it is affected by the number of days over 90 degrees in the owner communities. Raj Singam Setti, chief transition and integration officer, described the modeling used for forecasting; he has asked consultants for expected growth in areas of electrification. Discussion ensued among directors and staff regarding modeling variables and inputs that have changed over the past 20 years, how beneficial electrification will add more variables to the equation and how advanced metering infrastructure (AMI) will help Platte River serve the owner communities in the future.

3. Power markets – present and future (presenter: Melie Vincent)

Melie Vincent, chief operating officer, presented the market constructs, responsibilities and functions, tools and resources required for Platte River to consider as we move into an organized market.

Chair Bergsten asked if Platte River has already committed to the Southwest Power Pool Regional Transmission Operator West (SPP RTOW) market. Ms. Vincent responded that Platte River has expressed its intent to financially commit to the development process but none of the utilities have signed the commitment document that is due in the spring of 2023.

Director Minor asked how renewable generation transactions will be tracked in SPP RTOW. Ms. Vincent responded that staff is still working through day-to-day and hour-by-hour tracking and added that a benefit of being in an RTO is the integration and access to new renewable generation resources to take energy from. Director Minor asked if Platte River will know what or how much renewable generation is being produced. Ms. Vincent confirmed that Platte River will know holistically the amount on the system but not hour-by-hour due to market manipulation regulations. Mr. Frisbie added that Platte River will continue to know what our resources are

producing, just not the entire market. Ms. Leonard clarified market transactions does not move the renewable energy credits to the buyers. Mr. Frisbie commented on opportunities for the most efficient plants to replace generation from less efficient plants.

Chair Bergsten thanked Ms. Vincent for the presentation and reflected how the board did not know in 2018 the significance of going into the market when approving the Resource Diversification Policy. Director Minor reiterated the dynamics of joining a market and the importance of communicating the value of operating in a market to the public. Mr. Frisbie compared efforts toward market participation to the transition for the communities to integrate distributed energy resources (DER). Ms. Vincent mentioned having regular meetings with finance and operations evaluating daily reconciliation and looking for ways to do it better.

15-minute break at 10:34 a.m.

4. Distributed Energy Resources update (presenter: Paul Davis)

Paul Davis, distributed energy resources manager, provided an overview of the collaboration and coordination among Platte River staff and owner community staffs, their vision and guiding principles for the committees, the current areas of focus and the projected timeline for DER.

Director Minor asked how staff is incorporating meter data management into the customer information systems (CIS). Mr. Davis said the committee is evaluating how different systems will work together within a virtual power plant. Mr. Singam Setti noted that each owner community has its own systems and mentioned CIS has two components to consider: how Platte River will interact with multiple systems while collecting the data and what kind of analytics will be incorporated into a virtual power plant. Director Minor observed owner community staffs would want to incorporate their system into the CIS billing system to make sure the information Platte River sees is accurate. Mr. Singam Setti reiterated the pilot programs will show what the system is missing during the gap analysis.

Director Gertig expressed concerns with system integration progress in each owner community and showing realistic analytics through project management. Mr. Davis responded that the road map will show the progress of all four owner communities and enable us to address needs along the way. Director Gertig specified AMI implementation over a multi-year budget and timeline with changing councils and policy makers throughout the project. Director Koenig encouraged reviewing progress in all four communities as a whole so that none are left behind. Discussion continued among directors and staff on DER integration, data evaluation during the pilot programs and consultant support during the implementation process.

5. Regional messaging strategies and concepts (presenter: Eddie Gutiérrez)

Mr. Gutiérrez presented proposed regional messaging strategies, value proposition concepts with a draft radio advertisement sample, the process for building a campaign together and supporting marketing materials for Platte River and the owner communities.

Director Minor supported each owner community working together with Platte River to communicate and educate the public with a unified voice. Mr. Gutiérrez provided an example of

marketing a community solar program and how purposeful messaging will benefit the program. Director Arndt noted Fort Collins emphasizing regionalism in the community and supports unified messaging. Director Koenig supported having both verbal and visual communication options. Directors Peck and Marsh expressed a desire to get more granular when communicating the rate increase and the value it provides. Mr. Gutiérrez added the communication process will evolve as staffs come together to discuss how to communicate the value end use customers will receive. Director Koenig requested that Platte River not be the only organization that is responsible for communicating to the public with multiple messaging sources. Mr. Frisbie commented on setting appropriate foundations with city councils by addressing questions and discussing how actions taken need to be coordinated among all four owner communities to accomplish the 2030 goal together. Discussion continued among directors and staff about collaboration efforts among the owner communities and Platte River and how the board can help in the effort to facilitate DER integration and unified messaging.

Management Reports

6. Proposed Family and Medical Leave Insurance program (presenter: Libby Clark)

Libby Clark, director of human resources and safety, provided an overview of the memorandum on page 35 that outlines the new Colorado Family and Medical Leave Insurance program. Ms. Clark will return to the September board meeting to present Platte River's plan to implement a paid leave program and opt out of the state-provided program. Director Arndt commented on how the value initiative is written and recommended Platte River opt out of the program. Director Peck asked if Platte River opts out could the individual employees opt into the program. Ms. Clark responded the option is available for employees to opt in. They can participate by paying a percentage tax into the program starting in 2023 for the benefit to start in 2024.

Monthly informational reports

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

Ms. Leonard mentioned that the report provided updates on various ongoing topics and offered to answer any questions the board may have. There were no questions from the board.

8. July transition and integration report (presenter: Raj Singam Setti)

Mr. Singam Setti highlighted staff asking the bidders that responded to the solar request for proposals to revise their estimates following the recent IRA approval. He mentioned that staff is also looking at how the IRA will impact DER implementation. There were no questions from the board.



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9. July operating report (presenter: Melie Vincent)

Ms. Vincent highlighted that the demand for the month was at budget, while overall energy was above budget, with wind and solar generation were above budget too. Net variable cost to serve owner community load was below budget due to costs of purchased power and surplus sales revenues. She noted that net variable cost to serve load is above budget year-to-date. There were no questions from the board.

10. July financial report (presenter: Dave Smalley)

Mr. Smalley commented on favorable results for the month of July. Increased revenues were slightly offset by operating expenses being above budget from increased gas usage to serve owner community load and for surplus sales. From a year-to-date perspective, revenues were above budget and operating expenses were close to budget. There were no questions from the board.

11. General management report (presenter: Jason Frisbie)

Mr. Frisbie provided an update on the Chimney Hollow reservoir project. Directors commented on the reservoir project and seeing the progress in person.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities.

Adjournment

With no further business, the meeting adjourned at 12:17 p.m. The next regular board meeting is scheduled for Thursday, Sept. 29, 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: 9/20/2022

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer

Subject: Retirement committee report

The retirement committee held its quarterly meeting on Aug. 25, 2022. The minutes of the meeting are included in the board packet. At the board meeting, committee treasurer Dave Smalley will provide a summary of the August retirement committee meeting.

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

Attachment



Meeting minutes of the defined benefit plan committee
Meeting conducted online via Microsoft Teams and in person in the Platte River board room
Thursday, August 25, 2022

ATTENDANCE

Committee members

Jason Frisbie (plan administrator)
Jeni Arndt
Reuben Bergsten
Jacki Marsh
Dave Smalley

Absent

David Hornbacher, chair

Platte River staff

Caroline Schmiedt (senior counsel)
Julie Depperman (director of treasury services)
Libby Clark (director of human resources and safety)
Kaitlyn McCarty (executive administrative assistant)

Guests

Jason Palmer of Northern Trust Asset Management (Northern Trust)
Armand Yambao of Northern Trust
Ryan Boyle of Northern Trust
Manan Mehta of Northern Trust

CALL TO ORDER

Dave Smalley served as chair in David Hornbacher's absence. The meeting was called to order at 12:56 p.m. A quorum was present and the meeting, having been duly convened, was ready to proceed with business.

ACTION ITEMS

- (1) Review minutes of May 26, 2022, meeting.** Dave Smalley asked for a motion to approve the minutes from the May 26, 2022, meeting. Jason Frisbie moved to approve the minutes as submitted. Jeni Arndt seconded and the motion carried 5-0.
- (2) Plan amendment.** A quorum was not present for the purpose of voting on the plan amendment. This item was moved to the November meeting.
- (3) Supplemental plan options.** Caroline Schmiedt discussed the process for implementing a qualified governmental excess benefit (QEB) plan designed to allow pension payments above the IRS benefit limitations. Ms. Schmiedt explained the steps required to implement a QEB plan. She also summarized how the QEB plan would be administered, and the costs associated with implementation and administration of the plan. Due to the high costs and complexity of setting up and administering a QEB plan for a limited number of participants, staff recommended not moving forward with a QEB plan. The committee agreed with staff's recommendation.

(4) Second quarter investment performance. Jason Palmer of Northern Trust introduced Ryan Boyle, Senior Economist, who provided an overview of the current economic environment and the firm's outlook for the global economic marketplace. He summarized key market developments, economic indicators and significant events that affected the market during the second quarter. Mr. Boyle reported that inflationary pressures have led to increased Federal Reserve Board (Fed) "hawkishness," which has increased the probability of a recession. The increase in expected Fed rate hikes has led to a decrease in equity valuations. The broad bear market during the second quarter marked the third-worst performance for a 60% equity/40% fixed income portfolio. Negative fixed income returns contributed to the decline. Developed equities took the brunt of persistent inflation effects and the consequent tighter-than-expected monetary policy. Living up to its track record of providing some inflation and downside risk protection, infrastructure outpaced global equities.

Mr. Palmer reviewed the second quarter performance and highlighted the plan's performance relative to its benchmarks (included in the meeting materials), highlighting that inception to date the portfolio returned 6.5%, slightly outpacing the benchmark of 6.3%. Mr. Palmer discussed his firm's asset allocation process. The portfolio consists of risk control and risk assets. For the quarter, the plan was underweighted in international equities and overweight in U.S. equities, high yield and real assets. The portfolio positioning is slightly overweight in risk assets.

For the quarter, plan assets decreased from \$117.7 million to \$105 million, which accounts for contributions, income, appreciation or depreciation and benefit payments.

Mr. Palmer reviewed the plan's key performance drivers for the quarter that helped the plan outperform the benchmark. Global equities, real assets and fixed income fell during the quarter. Tactical positioning hindered performance by 0.4% to 0.6% during the quarter. Investment manager selection was strong and boosted relative results. All three quality, low-volatility equity strategies outperformed their benchmarks during the quarter. Investment manager selection helped performance by 2.1% to 2.4%.

The low-volatility equity allocation is designed to achieve long-term goals while incurring a moderate level of volatility over time. The global equities allocation (59% of the portfolio) consists of quality, low-volatility equity strategies invested across U.S., international and emerging markets.

Page 17 of the quarterly investment report provides rationales for the portfolio's positioning in each asset class.

(5) Asset and liability study. Armand Yambao of Northern Trust provided an asset liability study recap. He noted the purpose of an asset liability study is to help a plan sponsor review the investment strategy and explore opportunities for improvement. The study models the financials of the pension plan over a ten-year forecasting period and across a full spectrum of economic scenarios. The last asset liability study was completed in 2020.

Platte River remains on track, as the current strategic asset allocation continues to provide a reasonable balance to manage the asset volatility while earning sufficient returns to improve the funded ratio over time. Platte River's disciplined contribution strategy continues to be key and contribution amounts could decline over time. The funded ratio was 85% as of 12/31/2019, 88% on 12/31/2020 and 94% as of 12/31/2021. The funded ratio is expected to decline to 82% for

Defined benefit plan committee meeting minutes: August 25, 2022

year end 2022 due to negative returns in the first half of the year. Platte River should consider de-risking the asset allocation in 2025 if the funded ratio is at least 95%.

Mr. Frisbie asked Northern Trust to confirm that de-risking the asset allocation would cause funding to become more predictable. Mr. Yambao agreed.

In the asset liability study, starting in 2025, the de-risked, dynamic strategy assumes the current strategic allocation is shifted to the “low-risk” mix (by increasing risk control assets from 18% to 27%) if the funded ratio exceeds 95%. The dynamic allocation can reduce expected long-term costs and cash contributions for the pension plan over 10 years while also reducing risk compared to the current strategic allocation. The projected median funded ratio for the strategic allocation is similar to the dynamic allocation. Mr. Yambao indicated there would be sufficient liquidity in the portfolio to cover benefit payments for either a strategic or dynamic allocation.

(6) Educational session: high yield. Manan Mehta of Northern Trust presented high yield as an asset class and specifically reviewed the FlexShares High Yield Value – Scored Bond Index Fund. The plan already has strategic allocation to high yield. Mr. Mehta explained the benefits and risks of investing in high yield. High yield may provide additional portfolio diversification benefits in multi-asset class portfolios through increased exposure to credit premia. It offers potential for capital appreciation by identifying and investing in securities trading below their intrinsic value.

High yield focuses on maximizing value and seeks to produce outperformance over the long run. High yield has a higher beta bias, which may result in higher returns and could potentially produce strong performance in both “risk-on” and “stable” credit environments. High-yield securities are subject to greater credit risk, price volatility and risk of loss than investment-grade securities. The high-yield strategy used in the plan may underperform in “risk-off” credit environments.

(7) Other business. None.

The next regular committee meeting is scheduled for Nov.18, 2022, at 1:00 p.m. in the Platte River board room.

The meeting adjourned at 2:19 p.m.

Chair David Hornbacher



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Memorandum

Date: 9/20/2022

To: Board of directors

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

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

As described in the introductory memorandum for the August board meeting, the state of Colorado has passed a new paid Family Leave and Medical Leave Insurance (FAMLI) program. Platte River plans to offer family leave benefits that exceed those under the FAMLI program and as a result recommends opting out of the FAMLI program. Opting out requires a board vote.

Staff will provide a brief informational presentation on program options and address questions at the September board meeting. Staff will seek board action during the October board meeting.



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Memorandum

Date: 9/20/2022

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
Jason Harris, controller

Subject: **Deferred revenue and expense accounting policy - draft**

As presented at prior board meetings, Platte River is transitioning its resource portfolio by retiring coal-fired units and replacing those units with noncarbon or low-emitting carbon resources. Costs are expected to increase during the transition creating rate pressure. Staff presented at the August board meeting a proposed rate increase in combination with a deferred revenue and expense accounting policy to help reduce rate pressure and achieve rate smoothing.

Staff will present the deferred revenue and expense accounting policy at the September board meeting. Staff will also ask the board to adopt this accounting policy at the October board meeting to be effective for 2022.

Attachment

- Deferred revenue and accounting policy – draft

 Platte River Power Authority	<h1 style="text-align: center;">Policy</h1>	Version #: 1.0 Original effective date: xx/xx/2022 Next review date: 01/01/202x
	Deferred revenue and expense accounting policy	Page 1 of 3

Purpose:

To achieve the Resource Diversification Policy goal, Platte River is transitioning its resource portfolio by retiring coal-fired units and replacing those units with noncarbon or low-emitting carbon resources. It is expected costs will be higher as noncarbon resources are added and operational before Rawhide Unit 1 retires. The expected cost increase will create rate pressure.

The purpose of this accounting policy is to help reduce rate pressure and achieve rate smoothing by establishing a mechanism to defer revenues earned and expenses incurred in one period to be recognized in one or more future periods. This policy will apply during this transition.

Policy:

This policy describes the process of deferring revenues earned and expenses incurred in one period to be recognized in one or more future periods. The finance staff will recommend when to exercise this policy, and request General Manager/CEO approval, based on financial results and long-term financial and rate projections to reduce rate pressure, achieve rate smoothing and ensure financial sustainability.

Deferral and recognition period

The deferral and recognition period begins with the year ending Dec. 31, 2022. The end of the deferral and recognition period is expected to be no later than the year ending Dec. 31, 2034, which is five years after the planned retirement of Rawhide Unit 1 in 2029.

Deferred revenue

After the financial statements are prepared at year end (before the financial statement audit), any amount of change in net position above the minimum required to achieve the strategic financial plan targets can be deducted from operating revenues and held on the statement of net position to be recorded as revenue in one or more future periods. The amount deferred will be determined by then-current financial results and will be informed by long-term financial and rate projections. The amount and period of the deferred revenues to be recognized will also be informed by long-term financial and rate projections.

Deferred expenses

If the deferred revenues are projected to insufficiently reduce rates to achieve rate smoothing and financial sustainability, expenses may be deferred and deducted from operating expenses and held on the statement of net position to be recorded as expenses in one or more future periods. The amount deferred and the amount and period of the deferred expenses to be recognized will be informed by long-term financial and rate projections. Expense recognition is not expected to exceed five years after the planned retirement of Rawhide Unit 1 in 2029.

 Platte River Power Authority	Policy		Version #: 1.0 Original effective date: xx/xx/2022 Next review date: 01/01/202x
	Deferred revenue and expense accounting policy		Page 2 of 3

Accounting treatment

Operating revenues and expenses on the statement of revenues, expenses and changes in net position

- A separate revenue account will be used to reflect reduced operating revenues in a period of deferral and will be additive in a period of recognition.
- A separate expense account will be used to reflect reduced operating expenses in a period of deferral and will be additive in a period of recognition.

Regulatory credit and asset on the statement of net position

- A regulatory credit account classified as a deferred inflow of resources will be used to hold the deferred revenues until they are to be recognized.
- A regulatory asset account will be used to hold the deferred expenses until they are to be recognized.

The finance staff will, at least annually, report to the board of directors the deferred amounts and the timing of recognition of the deferred revenues and expenses.

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

Implementing Parties and Assigned Responsibilities:

The controller, director of finance and chief financial officer review this policy. Staff will bring necessary revisions before the Platte River Board of Directors for approval.

Associated Items (if applicable):

Deferred revenue and deferred expense accounting procedure
Resolution No. xx-xx

Definitions (if applicable):

 Platte River Power Authority	Policy		Version #: 1.0 Original effective date: xx/xx/2022 Next review date: 01/01/202x
	Deferred revenue and expense accounting policy		Page 3 of 3

Document owner: Controller		Original effective date: 10/27/2022	
Authority: Board of Directors		Review frequency: Every 5 years	
Counsel review: General Counsel		Current effective date: xx/xx/2022	
Reviews:			

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0	xx/xx/2022	Board resolution xx-xx	Shelley Nywall	New



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Memorandum

Date: 9/20/2022

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: **Firm Power Service (Tariff FP-22) revision, 2023 Rate Tariff Schedules – draft and policy Governing Purchases from PURPA Qualified Facilities – draft**

At the September board meeting, staff will review a revision to the Firm Power Service Tariff (Tariff FP-22), the 2023 Rate Tariff Schedules and an update to the policy Governing Purchases from PURPA Qualified Facilities. These documents are attached for your review.

The Tariff FP-22 contains a proposed revision for a true-up calculation for the 2022 variable energy charges. Platte River will calculate the amount Platte River would have charged to each owner community during calendar year 2022 if Platte River had applied a single variable cost energy charge of \$0.02067 per kilowatt hour. If the total charges applied to an owner community based on the dispatchable variable cost energy charge and intermittent energy charge exceed those that result from applying the single variable cost energy charge, Platte River will true up the amount billed to the owner community to reflect application of the single variable cost energy charge. If a credit is due, Platte River will issue a credit on the December 2022 wholesale energy bill.

Staff presented details of the 2023 Rate Tariff Schedules and proposed changes at the August board meeting. The tariffs include the rate recommendations as presented in August, including the Firm Power Service Tariff (Tariff FP-23) 5.0% average wholesale rate increase per MWh purchased and the Standard Offer Energy Purchase Tariff (Tariff SO-23) 25.5% increase in the Avoided Energy Rate. The Wholesale Transmission Service Tariff (Tariff WT-23) and the Large Customer Tariff (Tariff LC-23) are also included with minor edits where applicable.

The draft policy Governing Purchases from PURPA Qualified Facilities was updated to improve readability with no substantive changes. The policy specifies Platte River's obligations under the Public Utility Regulatory Policies Act (PURPA) to purchase the output from any

Platte River Power Authority

Firm Power Service (Tariff FP-22) revision, 2023 Rate Tariff Schedules – draft and policy Governing Purchases from PURPA Qualified Facilities – draft

9/20/2022

qualifying facility, as defined in PURPA, subject to the specified limitations. The policy is referenced in the Tariff SO-23.

At the October board meeting, staff will ask the board to adopt the revision to the Tariff FP-22, the 2023 Rate Tariff Schedules with a Jan. 1, 2023 effective date, and the revised policy Governing Purchases from PURPA Qualified Facilities.

Attachments

- Firm Power Service Tariff (Tariff FP-22) – draft redline
- 2023 Rate Tariff Schedule – draft
- 2023 Rate Tariff Schedule – draft redline
- Policy Governing Purchases from PURPA Qualified Facilities – draft

Firm Power Service (Tariff FP-22)

Applicability:

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

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

Character of Service:

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

Monthly Rate:

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

Owner Community Charge:

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

Transmission Demand Charge

\$6.62 per kilowatt of Noncoincident Billing Demand

Generation Demand Charge:

Summer Season \$6.10 per kilowatt of Coincident Billing Demand

Nonsummer Season \$4.48 per kilowatt of Coincident Billing Demand

Fixed Cost Energy Charge:

\$0.01572 per kilowatt hour for all energy supplied

Dispatchable Variable Cost Energy Charge:

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

Intermittent Energy Charge:

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

2022 Year-end True-up Calculation:

Promptly after verifying data for actual energy sales to each Owner Community under this Tariff FP-22, Platte River will calculate the amount Platte River would have charged to each Owner Community during calendar year 2022 if Platte River had applied a single variable energy charge of \$0.02067 per kilowatt hour (Variable Cost Energy Charge) to actual energy sales made to each Owner Community during calendar year 2022 rather than applying the separate Dispatchable Variable Cost Energy Charge and Intermittent Energy Charge. If the total charges applied to an Owner Community based on the Dispatchable Variable Cost Energy Charge and Intermittent Energy Charge exceed those that result from applying the Variable Cost Energy Charge, Platte River will true up the amount billed to the Owner Community to reflect application of the Variable Cost Energy Charge. Platte River will issue a one-time, lump-sum credit for the positive difference on the wholesale energy bill for December 2022. If applying the Variable Cost Energy Charge to an Owner Community's actual energy sales during calendar year 2022 does not produce a positive difference, that Owner Community's charges under this Tariff FP-22 will not be subject to true-up.

Summer / Nonsummer Season:

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

Owner Community Allocation:

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

Billing Demand:

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

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

The Noncoincident Billing Demand will be the maximum 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average

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

Energy:

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

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

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



Platte River
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2023 Rate Tariff Schedules

Draft



Firm Power Service Tariff (Tariff FP-23)

Applicability:

The Firm Power Service Tariff (Tariff FP-23) will apply to all firm electric service furnished to an Owner Community for distribution and resale pursuant to its contract with Platte River Power Authority (Platte River), unless the Owner Community purchases a portion of its electricity requirements under another tariff schedule. For the purposes of this tariff the "Owner Communities" means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland.

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

Character of Service:

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

Monthly Rate:

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

Owner Community Charge:	
Owner Community rate of \$13,229 per month per Owner Community Allocation	
Transmission Demand Charge	
\$6.72 per kilowatt of Noncoincident Billing Demand	
Generation Demand Charge:	
Summer Season	\$6.15 per kilowatt of Coincident Billing Demand
Nonsummer Season	\$4.60 per kilowatt of Coincident Billing Demand
Fixed Cost Energy Charge:	
\$0.01586 per kilowatt-hour for all energy supplied	
Variable Cost Energy Charge:	
\$0.02273 per kilowatt-hour for all energy supplied	

Summer / Nonsummer Season:

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

Owner Community Allocation:

The Owner Community Allocation represents each Owner Community's share of Platte River's total Owner Community energy sales over the previous six-year period as determined at the end of the year. The Owner Community Allocation is calculated as the sum of each Owner Community's energy sales over the previous six-year period divided by the total Owner

Community energy sales during that time, utilizing the year-end sales values as determined by Platte River. The resulting ratio is multiplied by 100 to create a value to be utilized as the Owner Community Allocation which is multiplied by the Owner Community Charge.

Billing Demand:

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

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

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

Standard Offer Energy Purchase Tariff (Tariff SO-23)

Applicability:

The Standard Offer Energy Purchase Tariff (Tariff SO-23) applies to power production facilities that (1) have registered with the Federal Energy Regulatory Commission (FERC) as Qualifying Facilities under the Public Utility Regulatory Policies Act of 1978, as amended, and its associated regulations (the PURPA Provisions) and (2) are electrically connected to Platte River's transmission system or the distribution system of one of Platte River's owner communities (the Town of Estes Park, the City of Fort Collins, the City of Longmont or the City of Loveland). Qualifying Facilities are also subject to Platte River's policy "Governing Purchases from PURPA Qualified Facilities," which is incorporated into this tariff by this reference.

If a Qualifying Facility elects to create a legally enforceable obligation with Platte River as provided in the PURPA Provisions, Platte River will pay for the electric energy at its avoided energy rate, as follows:

Avoided Energy Rate:

\$0.02033 per kilowatt-hour for electricity made available to Platte River.

Platte River's avoided energy rate is based on its current portfolio of generation resources and is subject to change on an annual basis. Platte River will separately calculate its avoided capacity costs.

When Platte River has no projected needs for additional capacity, the capacity value of firm power a Qualifying Facility offers for sale to Platte River will be zero dollars (\$0.00). During these times, a Qualifying Facility offering to sell firm power to Platte River will be paid only the avoided energy rate as set forth in this tariff, with no right to receive capacity payments.

Wholesale Transmission Service Tariff (Tariff WT-23)

Platte River Power Authority (Platte River) offers transmission service through this Wholesale Transmission Service Tariff (WT-23). Tariff WT-23 does not apply to any entity taking service under Platte River's Firm Power Service Tariff; Standard Offer Energy Purchase Tariff; or Large Customer Service Tariff. Tariff WT-23 may or may not be equivalent to Platte River's open access transmission service tariff (OATT), posted on Platte River's Open Access Same-Time Information System (OASIS) web site.

A summary of the charges follows.

(1) Scheduling, System Control, and Dispatch Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

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

The charges equal the following:

Yearly	\$1,086.72 per megawatt of Reserved Capacity per year
Monthly	\$90.56 per megawatt of Reserved Capacity per month
Weekly	\$20.90 per megawatt of Reserved Capacity per week
Daily	\$4.18 per megawatt of Reserved Capacity per day
Hourly	\$0.26 per megawatt of Reserved Capacity per hour

(3) Regulation and Frequency Response Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(4) Energy Imbalance Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(5) Operating Reserve—Spinning Reserve Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(6) Operating Reserve—Supplemental Reserve Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

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

The charges can be up to the following limits:

Yearly delivery year	\$81,802.60 per megawatt of Reserved Capacity per
Monthly delivery month	\$6,816.88 per megawatt of Reserved Capacity per
Weekly delivery week	\$1,573.13 per megawatt of Reserved Capacity per
Daily delivery	\$314.63 per megawatt of Reserved Capacity per day
Hourly delivery	\$19.66 per megawatt of Reserved Capacity per hour

(8) Nonfirm Point-to-Point Transmission Service

The charges can be up to the following limits:

Monthly delivery month	\$6,816.88 per megawatt of Reserved Capacity per
Weekly delivery week	\$1,573.13 per megawatt of Reserved Capacity per
Daily delivery	\$314.63 per megawatt of Reserved Capacity per day
Hourly delivery	\$19.66 per megawatt of Reserved Capacity per hour

Real power losses

Real Power Losses are associated with all Transmission Service and Network Integration Transmission Service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer and Network Customer must replace losses associated with all Transmission Service and Network Integration Transmission Service as calculated by the Transmission Provider or the Balancing Authority. Transmission Customer and Network Customer will pay based on the Real Power Loss factor of 1.00% for Transmission Service and Network Integration Transmission Service on the Transmission Provider's transmission capacity in the Public Service Company of Colorado (PSCo) Balancing Authority. Transmission Customer and Network Customer will pay a pass-through charge of Western Area Power Administration (WAPA) assessed losses for Transmission Service and Network Integration Transmission Service on the Transmission Provider's transmission capacity in the WAPA Balancing Authority Area. Transmission Customer and Network Customer will pay both the Real Power Loss factor and the WAPA pass-through charges for Transmission Service and Network Integration Transmission Service using transmission capacity in both PSCo and WAPA Balancing Authority Areas.

Transmission Revenue Requirement

The charge for Network Integration Transmission Service is calculated pursuant to the Federal Energy Regulatory Commission (FERC) Pro Forma Open Access Transmission Tariff Attachment H based on Platte River's annual transmission revenue requirement of \$44,641,143. This transmission revenue requirement is calculated in accordance with the FERC pro-forma Network Service Rate calculation requirement.

Joint Dispatch Transmission Service

Joint Dispatch Transmission Service is applicable only to load serving entities in the PSCo Balancing Authority Area that are signatories to a Joint Dispatch Agreement (JDA) under which:

(1) participating generating resources of the parties are dispatched as a pool on a least-cost

basis respecting transmission limitations; and (2) the Joint Dispatch Transmission Service Customers' respective transmission service providers have provided within their OATT a transmission service schedule for energy dispatched pursuant to the JDA at a rate equal to zero dollars on a nonfirm, as-available basis with the lowest curtailment priority.

Hourly delivery: \$0.00 per megawatt of Reserved Capacity per hour

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Large Customer Service Tariff (Tariff LC-23)

Applicability:

The Large Customer Service Tariff (Tariff LC-23) is available and may be required for firm and interruptible energy furnished by Platte River Power Authority (Platte River) to Owner Communities for resale to Large Customers. For the purposes of this tariff the “Owner Communities” means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Large Customers are end-use customers meeting any of the following criteria:

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

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

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

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

Charges for Service:

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

Adjustment of Charges:

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

Character of Service:

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

Metering, Invoicing and Losses:

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

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



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2023 Rate Tariff Schedules

Draft - redline



Firm Power Service Tariff (Tariff FP-2223)

Applicability:

The Firm Power Service Tariff (Tariff FP-2223) will apply to all firm electric service furnished to an Owner Community for distribution and resale pursuant to its contract with Platte River Power Authority (Platte River), unless the Owner Community purchases a portion of its electricity requirements under another tariff schedule. For the purposes of this tariff the "Owner Communities" means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland.

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

Character of Service:

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

Monthly Rate:

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

Owner Community Charge:
Allocation Owner Community rate of ~~\$41,520~~13,229 per month per Owner Community

Transmission Demand Charge
~~\$6,626.72~~ per kilowatt of Noncoincident Billing Demand

Generation Demand Charge:
Summer Season ~~\$6,106.15~~ per kilowatt of Coincident Billing Demand
Nonsummer Season ~~\$4,484.60~~ per kilowatt of Coincident Billing Demand

Fixed Cost Energy Charge:
~~\$0.015720~~0.01586 per kilowatt-hour for all energy supplied

Variable Cost Energy Charge:
\$0.02273 per kilowatt-hour for all energy supplied

Dispatchable Variable Cost Energy Charge:
\$0.01520 per kilowatt-hour for all Dispatchable Energy supplied

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

Summer / Nonsummer Season:

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

Owner Community Allocation:

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

Billing Demand:

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

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

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

Energy:

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

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

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

Standard Offer Energy Purchase Tariff (Tariff SO-2223)

Applicability:

The Standard Offer Energy Purchase Tariff (Tariff SO-2223) applies to power production facilities that (1) have registered with the Federal Energy Regulatory Commission (FERC) as Qualifying Facilities under the Public Utilities-Utility Regulatory Policies Act of 1978, as amended, and its associated regulations (the PURPA Provisions) and (2) are electrically connected to Platte River's transmission system or the distribution system of one of Platte River's owner communities (the Town of Estes Park, the City of Fort Collins, the City of Longmont or the City of Loveland). Qualifying Facilities are also subject to Platte River's policy "Governing Purchases from PURPA Qualified Facilities," which is incorporated into this tariff by this reference.

If a Qualifying Facility elects to create a legally enforceable obligation with Platte River as provided in the PURPA Provisions, Platte River will pay for the electric energy at its avoided energy rate, as follows:

Avoided Energy Rate:

~~\$0.046290~~0.02033 per kilowatt-hour for electricity made available to Platte River.

Platte River's avoided energy rate is based on its current portfolio of generation resources and is subject to change on an annual basis. Platte River will separately calculate its avoided capacity costs.

When Platte River has no projected needs for additional capacity, the capacity value of firm power a Qualifying Facility offers for sale to Platte River will be zero dollars (\$0.00). During these times, a Qualifying Facility offering to sell firm power to Platte River will be paid only the avoided energy rate as set forth in this tariff, with no right to receive capacity payments.

Wholesale Transmission Service Tariff (Tariff WT-23)

Platte River Power Authority (Platte River) offers transmission service through this Wholesale Transmission Service Tariff (WT-23). Tariff WT-23 does not apply to any entity taking service under Platte River's Firm Power Service Tariff; Standard Offer Energy Purchase Tariff; or Large Customer Service Tariff. Tariff WT-23 may or may not be equivalent to Platte River's open access transmission service tariff (OATT), posted on Platte River's Open Access Same-Time Information System (OASIS) web site.

A summary of the charges follows.

(1) Scheduling, System Control, and Dispatch Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

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

The charges equal the following:

Yearly	\$1,086.72 per megawatt of Reserved Capacity per year
Monthly	\$90.56 per megawatt of Reserved Capacity per month
Weekly	\$20.90 per megawatt of Reserved Capacity per week
Daily	\$4.18 per megawatt of Reserved Capacity per day
Hourly	\$0.26 per megawatt of Reserved Capacity per hour

(3) Regulation and Frequency Response Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(4) Energy Imbalance Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(5) Operating Reserve—Spinning Reserve Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(6) Operating Reserve—Supplemental Reserve Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

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

The charges can be up to the following limits:

Yearly delivery	\$81,802.60 per megawatt of Reserved Capacity per year
Monthly delivery	\$6,816.88 per megawatt of Reserved Capacity per month
Weekly delivery	\$1,573.13 per megawatt of Reserved Capacity per week
Daily delivery	\$314.63 per megawatt of Reserved Capacity per day
Hourly delivery	\$19.66 per megawatt of Reserved Capacity per hour

(8) Nonfirm Point-to-Point Transmission Service

The charges can be up to the following limits:

Monthly delivery	\$6,816.88 per megawatt of Reserved Capacity per month
Weekly delivery	\$1,573.13 per megawatt of Reserved Capacity per week
Daily delivery	\$314.63 per megawatt of Reserved Capacity per day
Hourly delivery	\$19.66 per megawatt of Reserved Capacity per hour

Real power losses

Real Power Losses are associated with all Transmission Service and Network Integration Transmission Service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer and Network Customer must replace losses associated with all Transmission Service and Network Integration Transmission Service as calculated by the Transmission Provider or the Balancing Authority. Transmission Customer and Network Customer will pay based on the Real Power Loss factor of 1.00% for Transmission Service and Network Integration Transmission Service on the Transmission Provider's transmission capacity in the Public Service Company of Colorado (PSCo) Balancing Authority. Transmission Customer and Network Customer will pay a pass-through charge of Western Area Power Administration (WAPA) assessed losses for Transmission Service and Network Integration Transmission Service on the Transmission Provider's transmission capacity in the WAPA Balancing Authority Area. Transmission Customer and Network Customer will pay both the Real Power Loss factor and the WAPA pass-through charges for Transmission Service and Network Integration Transmission Service using transmission capacity in both PSCo and WAPA Balancing Authority Areas.

Transmission Revenue Requirement

The charge for Network Integration Transmission Service is calculated pursuant to the Federal Energy Regulatory Commission (FERC) Pro Forma Open Access Transmission Tariff Attachment H based on Platte River's annual transmission revenue requirement of \$44,641,143. This transmission revenue requirement is calculated in accordance with the FERC pro-forma Network Service Rate calculation requirement.

Joint Dispatch Transmission Service

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

Hourly delivery:	\$0.00 per megawatt of Reserved Capacity per hour
------------------	---

Large Customer Service Tariff (Tariff LC-2223)

Applicability:

The Large Customer Service Tariff (Tariff LC-2223) is available and may be required for firm and interruptible energy furnished by Platte River Power Authority (Platte River) to Owner Communities for resale to Large Customers. For the purposes of this tariff the "Owner Communities" means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Large Customers are end-use customers meeting any of the following criteria:

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

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

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

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

Charges for Service:

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

Adjustment of Charges:

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

Character of Service:

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

Metering, Invoicing and Losses:

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

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

 Platte River Power Authority	<h1 style="text-align: center;">Policy</h1>	Version #: 1.0 Original Effective Date: 01/01/2020 Next Review Date: 10/31/ <u>2022</u> <u>2025</u>
		TITLE: Governing Purchases from PURPA Qualified Facilities Page 1 of 4

Purpose: This policy is intended to implement Platte River's obligations under the Public Utilities Regulatory Policies Act (PURPA).

Policy:

1. Capacity Forecast.

~~Platte River prepares an annual forecast of the municipal load it serves for budgeting purposes. Every five years,~~ Platte River prepares an Integrated Resource Plan pursuant to as required by 10 Code Federal Regulations (CFR) part 905, ~~which, among other things,~~ The Integrated Resource Plan forecasts Platte River's load, identifies and compares all practicable distributed energy resources ~~energy efficiency~~ and energy supply resource options to meet that load, and includes an action plan and timing to implement any additional capacity requirements. The Integrated Resource Plan is used to determine, ~~among other things,~~ when how much additional capacity Platte River ~~will need additional capacity and how much additional capacity it will require and when.~~ Platte River will maintain for public inspection its ~~utility~~ plans for capacity additions, by amount and type, for purchases of firm energy and capacity and for its capacity requirements.

2. Obligation to Purchase Energy.

Platte River will purchase, on a nondiscriminatory basis, the output from any Qualifying Facility (QF), as defined in PURPA and 18 CFR part 292, subject to the following limitations:

- a. Firm energy. Platte River is under no obligation to purchase firm energy ~~and/or~~ capacity offered by a QF under a "legally enforceable obligation" for a period ~~of time~~ greater than five ~~(5)~~ years.
- b. Non-firm energy. Platte River is under no obligation to enter into a contract or "legally enforceable obligation" to purchase non-firm energy offered by a QF. For purposes of this policy, "non-firm" energy means power provided under an arrangement that does not guarantee scheduled availability for a specified term. At its discretion, Platte River may negotiate with a QF to develop mutually acceptable contract terms under which Platte River would purchase non-firm energy offered by the QF.

During a system emergency, Platte River may discontinue purchases of energy ~~and/or~~ capacity ~~(or both)~~ where necessary to ensure protect the safety and reliability of the Platte River system. Platte River ~~shall will~~ have no obligation to purchase or accept delivery of energy or capacity for as long as ~~such an~~ emergency conditions exist.

3. Pricing.

Each QF ~~shall have has~~ the option either:

- a. To provide energy as the QF determines ~~such energy~~ to be available for ~~such~~ purchases, in which case the rates for ~~the energy such purchases shall will~~ be based on Platte River's avoided costs calculated at the time of delivery; or

 Platte River Power Authority	<h1 style="text-align: center;">Policy</h1>	Version #: 1.0 Original Effective Date: 01/01/2020 Next Review Date: 10/31/ <u>2022</u> <u>2025</u>
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- b. To provide energy or capacity ~~pursuant to under~~ a legally enforceable obligation for ~~the~~ delivery of energy or capacity over a specified term, in which case the rates for ~~such purchases shall~~ the energy will be, ~~at the option of the QF, be exercised prior to the beginning of the specified term based on either~~ of the following (at the QF's option, exercised before the specified term begins):

- (i) Platte River's avoided ~~costs energy rate~~ specified in ~~Tariff SO-20~~ the Standard Offer Energy Purchase tariff at the time of delivery; or
- (ii) Platte River's avoided ~~costs energy rate~~ calculated at the time the obligation is incurred.

Platte River will maintain for public inspection its calculation for the estimated avoided ~~cost for~~ energy rate.

4. Capacity Payments.

~~Platte River shall separately calculate its avoided capacity costs.~~ The capacity value of firm QF power offered for sale to Platte River during periods where Platte River has no projected needs for additional capacity will be zero dollars (\$0.00). During ~~such these~~ periods, QFs offering to sell firm capacity to Platte River will not be entitled to any capacity payments, and will ~~only~~ be entitled only to avoided energy costs. Platte River will not enter into any new written contracts to make capacity payments to QFs in any year ~~in which when~~ Platte River is not has no projected ~~to have a~~ resource deficit. In any year in which Platte River determines ~~a need exists it needs~~ to procure additional capacity, Platte River ~~shall will~~ calculate its avoided capacity costs using the information available to it and will publish the result of ~~such its~~ studies. Platte River ~~shall will~~ not, in any event, be obligated to make capacity payments for any capacity greater than the resource deficit projected.

5. Interconnection.

A QF seeking to interconnect with Platte River's electric system for the delivery of energy and/or capacity to Platte River or ~~another a~~ third party ~~shall be required to execute must sign~~ an interconnection agreement with Platte River. The terms and conditions of such interconnection ~~shall will~~ be governed by Platte River's then-current interconnection policies and procedures applicable to third party providers. A QF ~~shall be obligated to must~~ pay any interconnection costs ~~that may be assessed by~~ Platte River assesses with respect to customers with similar facility and operational characteristics.

Implementing Parties and Assigned Responsibilities:

Associated Items (if applicable):

Definitions (if applicable):

 Platte River Power Authority	Policy	Version #: 1.0 Original Effective Date: 01/01/2020 Next Review Date: 10/31/ 2022 <u>2025</u>
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	TITLE: Governing Purchases from PURPA Qualified Facilities	Page 4 of 4

Document Owner: Board Secretary	Original Effective Date: 10/31/2019
Authority: Board of Directors	Review Frequency: Every 3 years
Counsel Review: General Counsel or Deputy General Counsel	Current Effective Date: 01/01/2020

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0	10/31/2019	Original Policy by Board Resolution No. 08-19	Wade Hancock	New



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 9/20/2022

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
Jason Harris, controller

Subject: **Proposed 2023 Strategic Budget work session**

We are pleased to present the proposed 2023 Strategic Budget document, which demonstrates how planned expenses for the upcoming year are aligned with our three core pillars, strategic initiatives and core operations. The budget aligns with our current strategic initiatives and will support the new strategic initiatives established in 2022. A copy is attached for your review. The budget document has four main areas of focus:

- Overview – This section introduces the budget document and provides background information about the organization, the owner communities, goals and departmental objectives.
- Summary – This section describes how the budget supports our three core pillars, strategic initiatives and core operations. This section also describes the specific work planned in each area and outlines related expenses.
- Budget – This area consists of several sections including a summary of financial results, comparisons to the strategic financial plan and consolidated budget schedules. Brief descriptions of the revenues, operating expenses, capital additions and debt expenditures, as well as detailed comparison schedules, are included. Capital projects and project cost estimates are also described.
- Additional information – The budget process section details the budget development process and includes the overall schedule. The financial governance section refers to the financial policies that provide the framework for our financial activities and budget development.

Staff will present the proposed budget at the September board meeting, reviewing the revenues and expenses related to the key activities planned for 2023. To provide a comprehensive view of the

budget, there will also be detail slides and related trend information at the end of the slide deck for your reference. This information will not be presented.

We are continually refining the budget as the production cost model is updated each quarter and new information becomes available about operating and capital expenditures. We anticipate changes that are not yet quantified. The net change will not impact the 2023 proposed monthly charges included in the 2023 rate tariff schedule. The changes and impact to the budget will be presented at the October board meeting.

A second review session and the required public hearing are scheduled for October. Board adoption is scheduled for December.

Attachment

Proposed 2023 Strategic Budget



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Letter from board chair and general manager

When Platte River Power Authority was formed in 1973 by Estes Park, Fort Collins, Longmont and Loveland, the organization was tasked with providing reliable, environmentally responsible and financially sustainable energy and services to the growing region. Over the last five decades, these core pillars have served as the foundation for Platte River and our owner communities, and they continue to guide us today.

In our 50th year as a public power provider, and in our fifth year since the passage of the Resource Diversification Policy (RDP), we are at a critical point on our path to achieve a noncarbon energy future. Now in the implementation phase, our proposed 2023 Strategic Budget includes investments needed to meet the challenges of leading the energy transition in Northern Colorado. This budget aligns with our current strategic initiatives and will support the new strategic initiatives being established in 2022.

Nearly \$279.7 million in expenditures are planned with approximately 86% of operating and capital budgets allocated for core operations and 14% contributing to strategic initiatives. These investments include addressing the ongoing impacts of the COVID-19 pandemic – notably

inflation and supply chain issues – and geopolitical conflicts that are increasing commodity costs, which impact both the cost to operate our existing energy mix and the cost to transition to a noncarbon resource portfolio.

Construction of our next significant noncarbon energy project is scheduled to begin in early 2023. The project will be a solar installation with up to 150 MW of capacity and operational in 2024. We will also continue to evaluate an additional 250 MW to 300 MW of wind and solar projects for expected operation by 2025. The budget reflects an accelerated timeline for additional noncarbon energy resource installations needed before Rawhide Unit 1, our largest dispatchable resource, retires by the end of 2029. We must begin these projects earlier than previously planned to maintain reliability and financial sustainability as we continue to decarbonize. While this accelerated schedule and cost increases put upward pressure on rates, it reduces carbon sooner and provides valuable experience managing additional renewables on our system before we close Rawhide Unit 1.

Despite these challenges, Platte River is moving forward to proactively meet our owner communities' goals. We will continue to focus on



managing controllable expenses and incorporate deferred revenue and expense accounting policies to reduce rate pressure during the transition to a noncarbon energy future. The proposed 2023 Strategic Budget includes a recommended 5% average wholesale rate increase.

Implementing distributed energy resources (DERs) in our owner communities is critical to a reliable and affordable energy transition. Platte River and our owner communities' utilities are working together to identify optimal locations for distributed solar and storage projects in each of the communities. Additionally, we will invest in staff and back-office infrastructure required to manage DERs, including innovative technologies like artificial intelligence and predictive analytics, to further this important collaborative effort.

Investments in staff, software, communication systems and integration services support Platte River's entry into the Southwest Power Pool's (SPP) Western Energy Imbalance Service (WEIS) in April 2023. In 2025, we plan to participate in the SPP Regional Transmission Organization West (RTO West) market. Being part of these markets requires us to identify what our processes should be, and

what tools and skills we need to develop, to be a successful partner while continuing to serve owner community load. These efforts represent another significant milestone for Platte River and the owner communities in our pursuit of a noncarbon energy future.

Just like Platte River's founders took on the challenge 50 years ago of meeting energy demand and formed our organization, we are ready to meet today's challenge of reinventing the way we generate and deliver electricity to our owner communities using noncarbon energy resources. It will take all of us working together – the owner communities and Platte River – to meet the RDP. We are confident that we will continue to make significant progress while maintaining our core pillars and set the stage for the next 50 years of providing exceptional value to our owner communities and the customers they serve.

Reuben Bergsten
Board Chair

Jason Frisbie
General Manager/CEO

Platte River at a glance

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

Platte River



Headquarters

Fort Collins, Colorado



General manager/CEO

Jason Frisbie



Began operations

1973



Employees 2023 budget

297



Transmission system

Platte River has equipment in 27 substations, 263 miles of wholly owned and operated high-voltage lines and 522 miles of high-voltage lines jointly owned with other utilities.

2023 strategic budget



Deliveries of energy

5,174,234 MWh



Owner communities peak demand

707 MW



Deliveries of energy to owner communities

3,301,376 MWh

Revenues

\$ 304.2 million

Operating expenses

\$ 234.3 million

Capital additions

\$ 27.6 million

Debt expenditures

\$ 17.8 million

Capacity and energy

Resource capacity MW

Coal	431	
Natural gas	388	
Hydropower	80	
Wind power ⁽¹⁾⁽²⁾	303	67
Solar ⁽¹⁾	52	22
Total	1,254	988

- (1) For the effective capacity calculation, wind facilities are assigned firm capacity of 22% of their nameplate capacity and solar facilities are assigned 42% of their nameplate capacity. Platte River is also using a 2 MWh battery charged by solar.
- (2) 72 MW of wind is currently sold to other entities, 60 MW of which will return to Platte River in 2030.



2023 system total

- Coal **56.7%**
- Wind **22.7%**
- Hydropower **8.5%**
- Other purchases **7.4%**
- Natural gas **2.5%**
- Solar **2.2%**

Includes renewable energy credit allocations to carbon resources

Due to drought conditions, not all hydropower may be considered noncarbon

Vision, mission and values

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.

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.

Values

The following values define our daily commitment to the vision and mission of Platte River, which will strengthen our organization and improve the quality of life in the communities we serve.



Safety

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



Respect

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



Innovation

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



Sustainability

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



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.



Operational excellence

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

Our communities

Platte River Power Authority is a Colorado political subdivision established to provide wholesale electric generation and transmission to the communities of Estes Park, Fort Collins, Longmont and Loveland.



**ESTES PARK
COLORADO**

Town of Estes Park

Estimated population*: 5,880

Utility: Estes Park Power and Communications,
established in 1945

Annual retail customers: 10,876



City of Fort Collins

Estimated population*: 168,538

Utility: Fort Collins Utilities,
established in 1938

Annual retail customers: 77,681

*Based on the U.S. Census Bureau



City of Longmont

Estimated population*: 100,758

Utility: Longmont Power & Communications, established in 1912

Annual retail customers: 42,558

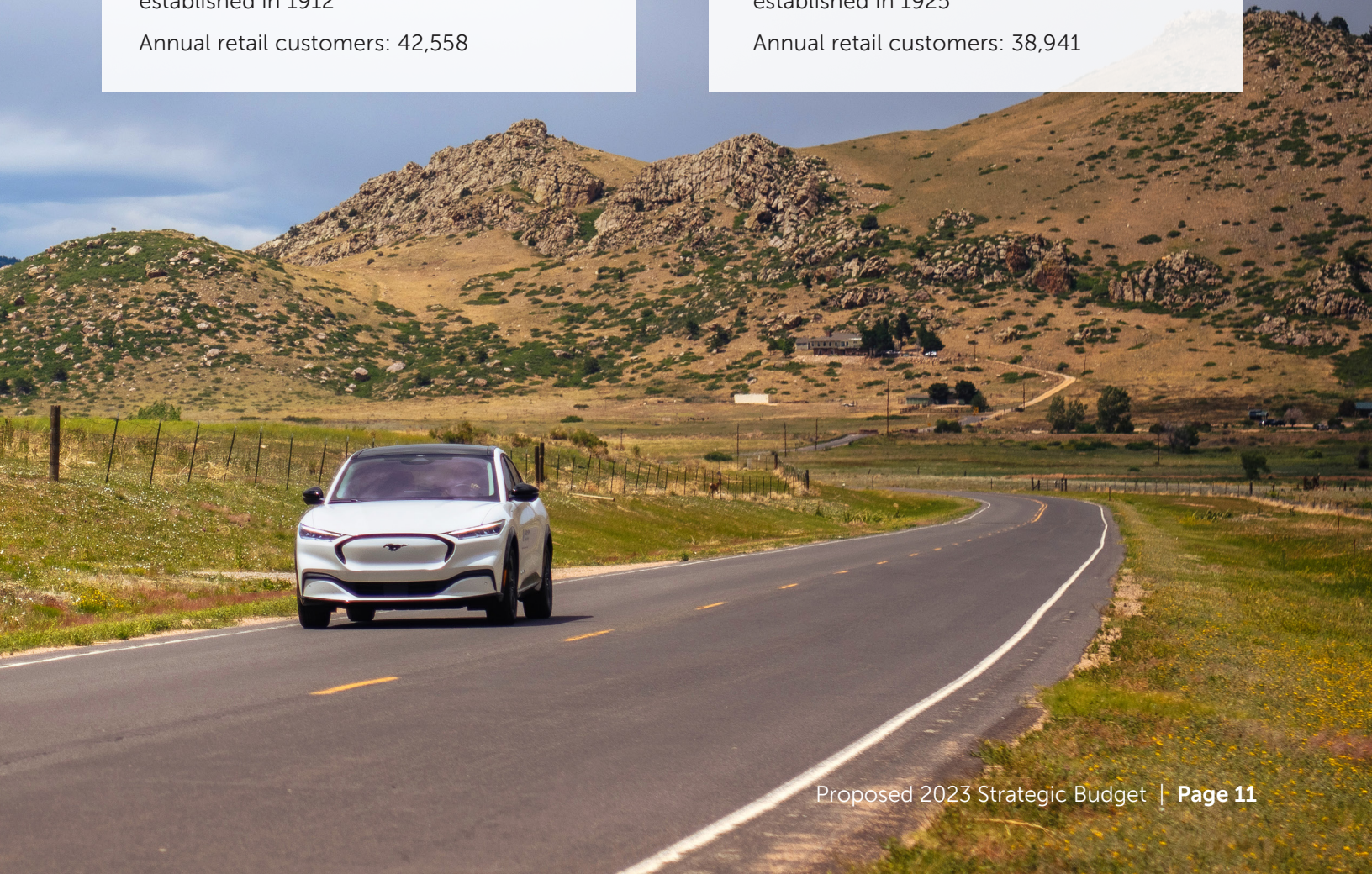


City of Loveland

Estimated population*: 77,194

Utility: Loveland Water and Power, established in 1925

Annual retail customers: 38,941



Board of directors

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

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



Wendy Koenig
Mayor
Town of Estes Park



Reuben Bergsten
Chair
Director of utilities
Town of Estes Park



Jeni Arndt
Mayor
City of Fort Collins



Kendall Minor
Utilities executive director
City of Fort Collins



Joan Peck
Mayor
City of Longmont



David Hornbacher
Interim deputy city manager
City of Longmont



Jacki Marsh
Mayor
City of Loveland



Kevin Gertig
Vice chair
Director of Loveland
Water and Power

Senior leadership team

Platte River operates under the direction of a general manager who serves at the pleasure of the board of directors. The general manager is the chief executive officer with full responsibility for planning, operations and the administrative affairs of Platte River. Platte River's senior leadership team has substantial experience in the utility industry.



Jason Frisbie
General manager/CEO



Eddie Gutiérrez
Chief strategy officer



Sarah Leonard
General counsel



Raj Singam Setti
Chief transition and integration officer



David Smalley
Chief financial officer and deputy general manager



Melie Vincent
Chief operating officer



Angela Walsh
Executive assistant to the GM/CEO, secretary to the board of directors, administrative services supervisor

2023 goals

The proposed 2023 Strategic Budget illustrates how Platte River is taking the next steps to accomplish the board-adopted Resource Diversification Policy while maintaining our core pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities.

Reliability

100%

No loss of load to Platte River’s owner communities

Transmission

0

No unplanned communication outage to Platte River’s owner communities

Fiber communications

≥ 97%

Adjusted equivalent availability factor, no controllable outages

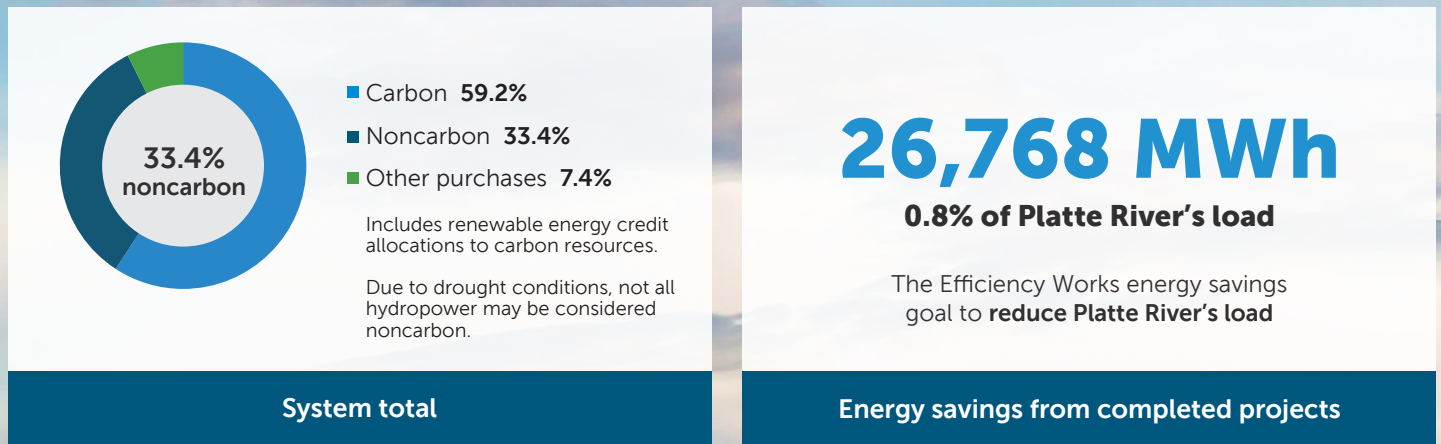
Rawhide Unit 1

≥ 90%

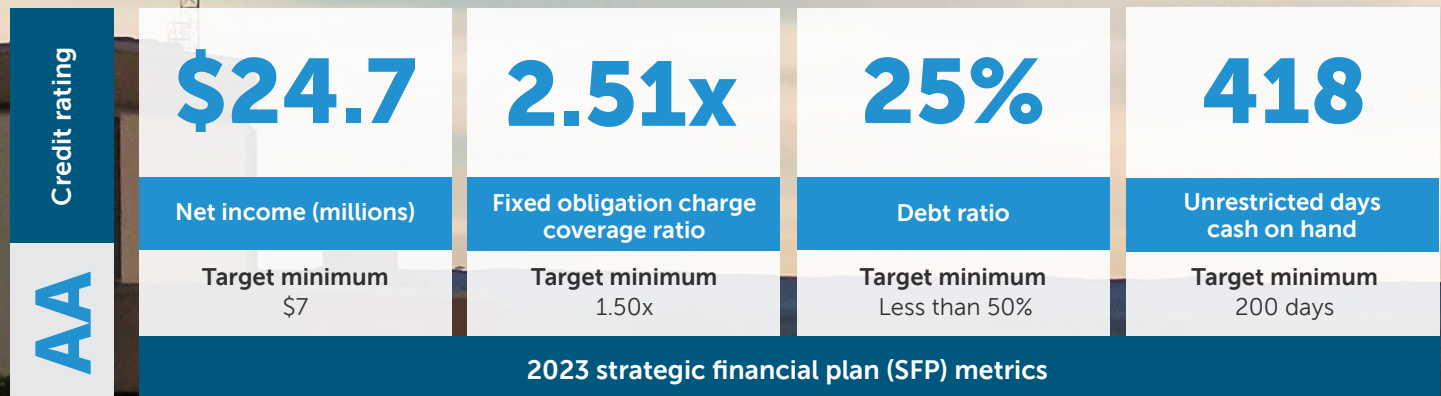
Delivery reliability

Rawhide combustion turbines

Environmental responsibility

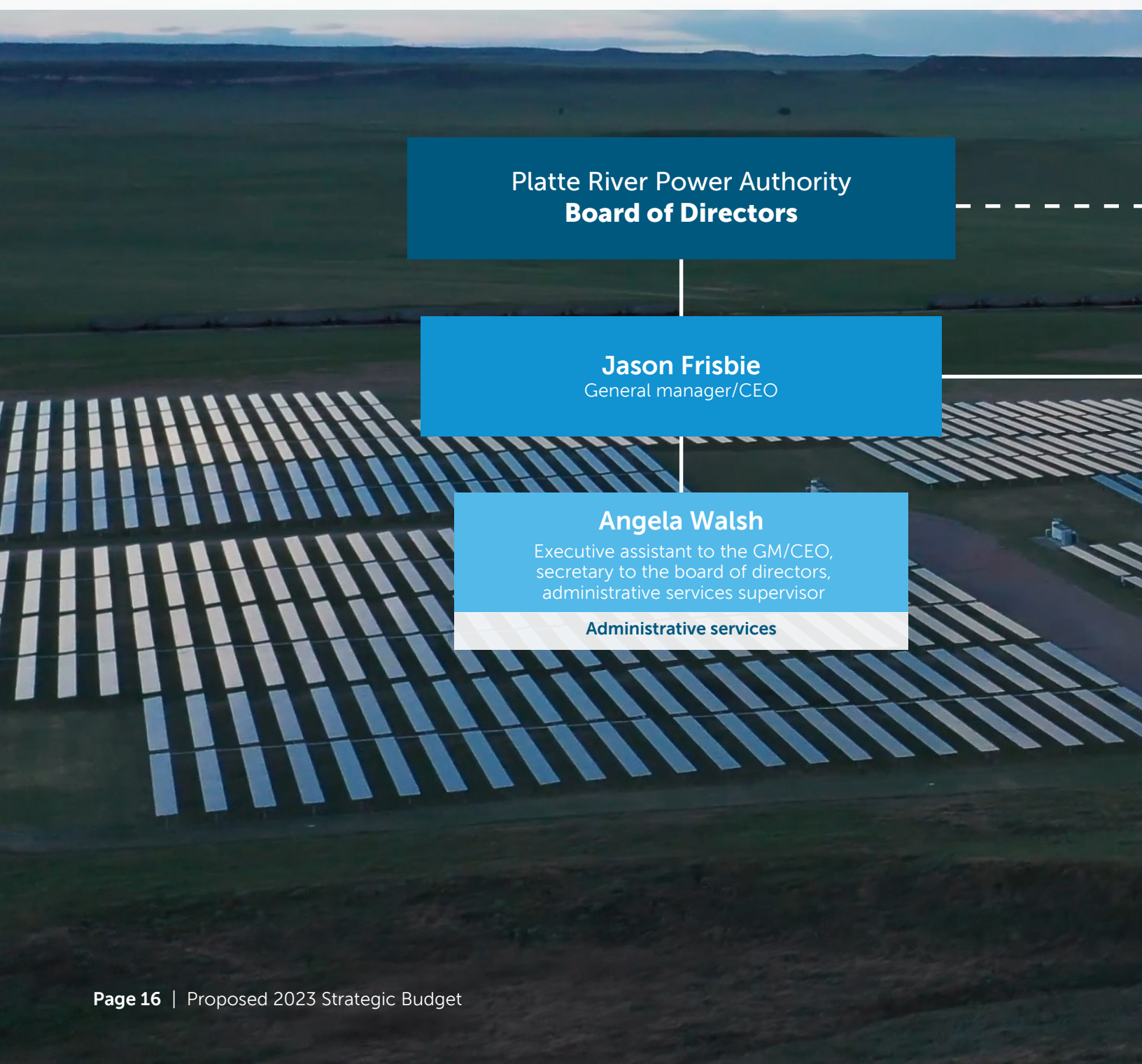


Financial sustainability



Organizational structure

Platte River’s organizational structure consists of six divisions, each containing the departments needed to safely deliver reliable, environmentally responsible and financially sustainable energy and services to the owner communities. A brief description follows of each division and its departments, including 2023 objectives.



**Platte River Power Authority
Board of Directors**

Jason Frisbie
General manager/CEO

Angela Walsh
Executive assistant to the GM/CEO,
secretary to the board of directors,
administrative services supervisor

Administrative services

Eddie Gutiérrez

Chief strategy officer

Business strategies**Sarah Leonard**

General counsel

General counsel**Raj Singam Setti**

Chief transition and integration officer

Transition and integration services**David Smalley**

Chief financial officer and deputy general manager

Financial services**Melie Vincent**

Chief operating officer

Generation and transmission

General manager/CEO

The general manager provides strategic leadership and direction for the safe, ethical and effective operation of Platte River. The general manager consults with, advises and makes recommendations to the board of directors about Platte River's strategic direction and operations, based on Platte River's core pillars of system reliability, environmental responsibility and financial sustainability. The general manager also provides oversight and direction for the board secretary and all centralized business and office management functions.

In addition to ongoing operational oversight in 2023, the general manager will continue leading efforts to diversify Platte River's energy mix and achieve the board's and owner communities' carbon reduction goals. Platte River will work with utility leaders from the owner communities to welcome DERs and facilitate a distributed energy resources management system (DERMS), further integrate the transmission and distribution systems and enter the WEIS. The general manager will lead essential collaborative efforts between Platte River and the owner communities.

Business strategies

In collaboration with the owner communities, this division manages relationships critical to Platte River's success, including with staff, elected officials, owner communities, stakeholders and the public.

Communications and marketing develops and executes strategic plans to provide information about Platte River to staff, stakeholders and the public. The department also manages the marketing and promotional programs that support Efficiency Works™ and DER programs. During 2023, the department will deploy significant outreach and communications programs observing Platte River's 50th anniversary of operations, its new strategic plan, the beginning of the 2024 integrated resource plan (IRP) process and the need for community participation to achieve the RDP goal. The department will also support growth in DER and energy efficiency programs.

Community and government affairs manages working relationships between Platte River and governmental agencies at all levels, elected officials, business and environmental stakeholders and other organizations vital to Platte River's mission. In 2023, the department will engage with legislators concerning key environmental issues and regulatory compliance. The department will also support planning of additional noncarbon resources and more deeply engage with the owner communities in pursuit of the RDP goal.

Human resources proactively identifies staffing needs and attracts, develops and retains talent for the organization. The department partners with operating departments to address personnel opportunities in support of Platte River's strategic initiatives. In 2023, the department will manage and minimize health care costs and risks that persist in the wake of the COVID-19 pandemic while maintaining attractive and competitive staff benefits. The department will continue improving the total rewards strategy and program, implement additional functionality within the human resources information system and create a robust learning and development strategy. Following a compensation study in 2022, the department will facilitate any pay adjustments based on market and internal equity.

Safety supports Platte River's core value of workforce, public and asset safety by administering and managing policies that leverage staff training, education and safety culture development. The department will facilitate planned training for all staff and specialized groups in 2023, and track safety certifications required for designated roles. The department will also conduct annual occupational

health testing, evaluate and acquire personal protective equipment and systems, and provide issue-specific safety training through traditional and multimedia channels.

The **emergency response team**, certified by the state of Colorado, protects staff and infrastructure at the Rawhide Energy Station and provides mutual aid assistance to the owner communities, the Nunn Fire Protection District and the Wellington Fire Protection District. In 2023, the team will conduct 10 training events and test fixed fire protection, gaseous suppression and fire water pump flow systems. All training and testing will be conducted in accordance with National Fire Protection Association (NFPA) standards.

General counsel

The general counsel division oversees Platte River's legal, environmental compliance and reliability compliance functions.

Legal provides a broad range of services to support all Platte River operations. Services include direction for complex transactions, legal and regulatory compliance, support and advice to senior leadership and the board of directors, risk management and dispute resolution, contract management, support for human resources and real estate matters. The legal department also supervises relationships with retained counsel who assist in specialized areas such as water law, public finance, pension and Federal Energy Regulatory Commission (FERC) regulations. In 2023, the legal department will emphasize efforts to expand noncarbon energy resources; manage federal and state regulatory work; continue to modernize Platte River's contracting processes and documents; support the Chimney Hollow Reservoir construction project; improve Platte River's cybersecurity and privacy practices; and help train staff on data classification and records management practices. Legal will provide significant support for Platte River's entry into the WEIS while at the same time exploring RTO West. The legal department will also work with outside counsel in legal proceedings to protect Platte River's interests, as appropriate.

Environmental compliance oversees Platte River's adherence to federal, state and local environmental regulatory requirements governing Platte River's operations. The department's primary activities include obtaining and managing compliance with various permits; reporting key operational data to local, federal and state regulatory agencies; monitoring emissions; managing environmental projects; assessing emerging regulatory changes; and collaborating with trade groups and other utilities on environmental topics. The department's focus in 2023 will be implementing programs to comply with new federal and state requirements related to groundwater protection, which will include regular field sampling, groundwater modeling and evaluation of mitigation options. The department will also manage necessary environmental permitting in compliance with new or revised regional ozone and greenhouse gas regulations.

Reliability compliance provides oversight and guidance for all North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) reliability obligations enforceable under the Energy Policy Act of 2005. Activities include compliance risk analysis and monitoring as well as compliance implementation guidance and support. In addition to providing a reasonable assurance to senior leadership that Platte River meets all NERC and WECC regulatory compliance obligations, the department will develop and implement a risk assessment and internal controls framework in 2023, which will enable Platte River to demonstrate effective risk mitigation practices to the WECC staff, in preparation for Platte River's next audit.

Transition and integration services

The transition and integration services division drives Platte River's evolution toward a noncarbon energy future and focuses on energy transition leadership.

Portfolio strategy and integration

Portfolio strategy and integration develops near- and long-term power supply plans that drive strategies to achieve the RDP goal and dramatically reduce carbon emissions. These plans are also used for budgeting and average wholesale rate projections. Using industry standard evaluation tools and analytical methods, the department provides detailed analyses to support power purchases and sales, and supports the power markets and generation dispatch department with data management, analysis tools and dashboards in support of Platte River's entry into the WEIS. During 2023, the department will begin refining resource procurement schedules, conducting dispatchable capacity comparisons, evaluating innovative and economical ways to incorporate DERs and developing the 2024 IRP by completing studies to guide the assessment of innovative power technologies.

Distributed energy resources

Distributed energy resources leads the coordinated and collaborative effort between Platte River and the owner communities to integrate DERs to make them part of a reliable, financially sustainable and increasingly noncarbon electric system. In 2023, the department will select and begin to implement a DERMS. A DERMS will be central to the integration of DERs into Platte River's and the owner communities' electric systems by providing visibility into DER availability, aggregation and potential control. The department will complete a DER forecast and potential study to provide inputs for 2024 IRP modeling and will accelerate DER program planning to determine how existing and future DERs may be integrated into Platte River's DERMS.

Energy solutions

Energy solutions manages Platte River's Efficiency Works programs, which provide technical and financial support to help customers use energy more wisely and better manage their electric loads. The department also develops DER strategies and customer program offerings. During 2023, the group will drive programs to achieve 26,768 MWh of energy savings using Platte River funds with an additional 4,080 MWh of savings from anticipated owner community funds, to achieve total portfolio energy savings of approximately 30,848 MWh. The group will also work to obtain an additional 4 MW of demand reduction and provide support for emerging DER programs, with the initial focus on building electrification initiatives that align with owner community goals.

Digital

The digital department, composed of seven functional groups, enables a secure and reliable technology ecosystem by leading Platte River's digital transformation with innovative strategies and solutions.

Information and cyber governance develops cybersecurity strategy and manages the risk remediation program. The group designs and implements the asset management program and provides information governance support to the organization, making data and information available, reliable, secure and transparent.

IT support and service desk manages end-user computing devices and applications, including laptops and desktops, special-purpose computers, non-enterprise software, audio and video systems, building support systems, printers, mobile devices and more. The team collaborates with others to provide project resources, coordinate communications and remediate security vulnerabilities.

Enterprise applications manages the lifecycle of all corporate enterprise applications, including data center and cloud-based applications used across the enterprise or by a large part of the user community. Examples include the financial, maintenance management and human resources information systems. Activities include business need analysis, requirements gathering, product research, vendor evaluations, project planning, contractor management and ongoing maintenance.

Enterprise infrastructure manages the backend systems used by other departments to deliver services to end users. The group designs, implements and manages the wired and wireless enterprise networks, firewalls, servers, virtualization systems, storage systems and backup and recovery solutions.

Operational technology maintains the reliability, security and compliance of the regulated control systems that monitor 263 miles of high-voltage transmission lines and 27 electrical substations on Platte River's system. The group provides transmission system asset control, situational awareness and operations data exchange with critical partners, supports control system infrastructure and ensures compliance with NERC regulations.

Fiber optics manages the network that provides high-speed, digital connectivity between Platte River's generating assets, its transmission system and the owner community distribution systems. Primary activities include maintenance, management and documentation of the physical fiber optic infrastructure and installation of new and relocation of existing fiber optic cable.

Telecommunications maintains the safe, reliable and secure operations of Platte River's wide-area communications network, a critical component to the transmission system's operation and communication with interconnected utilities.

During 2023, the digital department will initiate and manage multiple projects central to Platte River's operations and long-term objectives. A partial scope of projects includes the following:

- Replace the supervisory control and data acquisition (SCADA) system with a true energy management system that provides integrated solutions for many of the functions currently performed with separate tools, including an automated dispatch signaling system to enable organized energy markets, such as the WEIS, to send dispatch signals to Platte River generation units at five-minute intervals
- Continue a multiyear process to install, implement and configure the new enterprise resource planning (ERP) system that will include security evaluations, vulnerability remediation, authentication services integration and integration with other Platte River systems
- Continue a five-year project to implement more than 150 security controls adopted from the Center for Internet Security's Critical Security Controls
- Further develop hardware and software asset management processes, introducing more automation to the processes and expanding the scope of the assets being tracked. The goal of this effort is to maintain an accurate, real-time inventory of assets and reduce costs by eliminating unnecessary support and redundant licensing

- Enable more efficient deployment of virtual machines for vendors and contractors while enforcing secure access to Platte River systems
- Begin a three-year process to rebuild the Long-Haul East fiber optic line, creating additional capacity and making repairs where needed

Financial services

As a service-providing division, financial services protects the short- and long-term financial sustainability of Platte River, manages the financial risk of the organization and supports organizational leadership through the treasury, finance (accounting and financial planning, rates and risk management) and internal audit functions.

Treasury manages Platte River's cash, investments and debt to ensure the organization has sufficient financial resources to fund projects and initiatives while meeting the organization's financial targets. Treasury includes Platte River's accounts payable, purchasing, warehousing, inventory control and contract administration functions.

Accounting monitors and reports on Platte River's financial status, giving managers, directors, senior leaders and the board of directors the tools and information needed to make informed decisions. Accounting manages metering, settlements and invoicing for the organization. The team also coordinates Platte River's annual financial audit and leads the budget process in compliance with Colorado state budget law.

Financial planning, rates and risk management develops financial and rates models, establishes metrics for financial sustainability and manages the enterprise risk management program. In collaboration with senior leadership and the board of directors, this team establishes rate strategy and design, maintains the rate setting policy and establishes rate tariffs. Working with internal audit, other departments and the risk oversight committee, this team also develops, supports and maintains the enterprise and energy risk management programs.

Internal audit provides independent, objective assurance and consulting services that focus on greater efficiencies and effectiveness, organizational objectives, asset protection and compliance with laws and policies. Internal audit helps management understand risks and controls and provides risk mitigation recommendations to management.

During 2023, the financial services department will participate in the design and implementation of a new ERP software and prepare for successful entry into the WEIS. The division will analyze varying cost allocations, rate designs and strategies for DER programs, and support development of the next IRP and interim power supply plans. Significant attention will be on risk management efforts to enhance the enterprise-wide program and the energy risk management guidelines covering energy trading.

Generation and transmission

The generation and transmission division manages the core functions of Platte River – the generation of power and the delivery of high-voltage electricity to substations in the owner communities. This division is composed of several departments and groups that collaborate to fulfill Platte River's core and strategic direction.

Fuels and water

Fuels and water ensures the availability and delivery of critical resources necessary to operate generation resources reliably and efficiently. Primary activities include contract management, developing strategies to optimize coal and rail agreements, maintaining reliable water supply and accurately planning for future fuels and water needs. In 2023, the fuels and water group will support the Chimney Hollow Reservoir construction project while optimizing Platte River's water resources portfolio, engage in regional water discussions and continue strategic planning efforts at the Trapper Mine to optimize coal inventory levels at the Craig Generating Station. An additional focus will be maintaining adequate coal inventory for Rawhide Unit 1 to align with projected burn rates.

Power generation

The power generation departments perform every job associated with the generation of electricity at the Rawhide Energy Station. These departments manage plant operation and maintenance; fuel handling; control systems; design and engineering; and building and property maintenance. Each group is described below, along with its 2023 objectives.

Power generation administration oversees the power generation, plant operations, maintenance, engineering, fuel handling and facilities maintenance at the Rawhide Energy Station. The group also participates on the engineering and operations committee of the Craig Generating Station. The group will devote efforts in 2023 to further adapt the Rawhide Energy Station to changing market conditions driven primarily by increased use of intermittent resources and joining the WEIS. The group will begin work on a transition plan for Rawhide staff and a decommissioning plan for Rawhide Unit 1.

Plant engineering services supports operations and maintenance activities for all Rawhide Energy Station infrastructure related to power generation. Primary functions include troubleshooting process issues, inspection and assessment of major plant equipment during outages, maintenance assistance and identification and implementation of capital projects. During 2023, the group will support the organization's entrance into the WEIS, continue to make reliability and availability improvements to the combustion turbines and further prepare Rawhide Unit 1 to balance additional future intermittent generation while maintaining reliability. Staff will also execute the scheduled minor maintenance outage inspections of Rawhide Unit 1 to prepare for and inform the next major outage.

Mechanical maintenance ensures the safe and effective maintenance of all mechanical equipment and systems at the Rawhide Energy Station. The group additionally plans and executes all outages and collaborates with engineering for the planning and execution of capital projects. In 2023, resources will be devoted to the Rawhide Unit 1 scheduled minor maintenance outage and a scheduled inspection of combustion turbine Unit C. The group will also conduct ongoing Rawhide Unit 1 maintenance as it operates flexibly to accommodate intermittent resources.

Instrumentation and electrical ensures the safe and effective maintenance of all low- and medium-voltage electrical equipment, instrumentation and control systems at the Rawhide Energy Station. The group performs electrical, instrumentation and control system troubleshooting and repair services for Rawhide Unit 1 and all combustion turbines. During 2023, the group will perform preventive maintenance and prioritize corrective action to maintain generation reliability. The group will also support Rawhide Unit 1's scheduled minor maintenance outage and prepare for the next major planned outage.

Fuel handling manages the coal supply to Rawhide Unit 1. The department is responsible for operating the rotary car dumping system, suppressing dust in all plant areas, maintaining the Rawhide short line railroad system and managing fly and bottom ash from Rawhide Unit 1. Significant

objectives for 2023 include maintaining a rolling 75-day supply of coal, providing support for the Rawhide Unit 1 scheduled minor maintenance outage, conducting efficient transfer of ash from the plant to the monofill in compliance with regulatory requirements and sustaining effective dust suppression throughout the facility.

Plant operations manages and maintains all systems and components of Rawhide Unit 1 and the combustion turbines to ensure reliable electrical generation to meet load demand and other obligations. In addition, the department supports operations of the water pump stations that serve the Rawhide Energy Station. The group will work in 2023 to support the Rawhide Unit 1 scheduled minor maintenance outage and maintain the unit's high reliability with greater operational flexibility, including enhanced ramp rate and turndown, to more effectively meet evolving market demands and accommodate increased noncarbon resources.

Rawhide facilities maintains all buildings and structures, roofing, roads, heating, ventilation and air conditioning (HVAC) systems, lighting, plumbing, elevators, doors, windows and floors for all 48 buildings at the Rawhide Energy Station. The group also manages the bison herds and maintains the grounds including landscaping, rangeland management, weed and pest control and fencing. During 2023, the group will support Rawhide Unit 1's scheduled minor maintenance outage and conduct general maintenance activities.

Power markets

Power markets and generation dispatch plans and schedules generating resources to reliably meet energy requirements of the owner communities and other obligations. The department optimizes available resources using bilateral and organized energy markets to create the most cost-effective and reliable supply of energy to meet customer demand. In early 2023, the department will perform market trials and parallel operations, with full participation in the WEIS beginning on April 1, 2023. Staff will continue to evaluate and prepare for RTO West in support of Platte River's strategic initiatives and the RDP. The department will also manage and plan available hydropower energy allotments from the Western Area Power Administration (WAPA), considering ongoing drought conditions, and monitor the development of new noncarbon resources under power purchase agreements (PPAs).

Power delivery

Power delivery manages the complex, long-term planning and real-time demands of Platte River's high-voltage transmission system that delivers energy to the owner communities. Staff leverages various tools to continually monitor thousands of system components yielding maximum performance and energy channeling efficiency. Large amounts of data and long-range plans are used to design and build transmission systems to meet future customer demand and optimize participation in the WEIS and RTO West. Power delivery will be a critical component in future work to better integrate Platte River's transmission system with the distribution systems of the owner communities.

System engineering conducts long-range system planning, design and construction of safe, reliable and financially sustainable transmission lines and substations along with system relaying protection and support for compliance-related activities. The department also provides engineering services under intergovernmental agreements with the owner communities, when requested. In 2023, the group will provide engineering and project management to upgrade relay panels at the Airport Substation in conjunction with engineering support for the City of Loveland's switchgear replacement project. The group will begin to design a new control enclosure for the Valley Substation, which will include modern relay panels, and provide project management and engineering support for the new transmission substation that will connect new, noncarbon resources to Platte River's system.

System operations administers the transmission tariff and safely operates Platte River's transmission system service to the owner communities. The department conducts coordinated transmission operations with neighboring reliability operators while complying with all required NERC and WECC reliability standards and in accordance with Platte River's processes and procedures. During 2023, the group will implement new energy management system technologies to maintain safe and reliable transmission service when operating within the western interconnection and WEIS market and as DERs are incorporated.

System maintenance and facilities

System maintenance is responsible for building and maintaining electrical substation assets including those wholly owned by Platte River and some assets owned by the distribution utilities of the owner communities. The department also inspects and maintains Platte River's 230 kV and 115 kV transmission lines. Collaborating with internal and external groups, the department manages equipment installations and inspections for capital projects, provides ongoing maintenance and conducts testing of substation equipment. During 2023, the group will perform transformer maintenance, battery maintenance and testing and substation breaker maintenance at Platte River substations. The group will perform ongoing systemwide vegetation management and will oversee contracted maintenance on the transmission system. The group will also work with the system engineering department to complete upgrades to relays and panels and switchgear replacement at Airport Substation, the Loveland East transformer replacement, and the SCADA system upgrades and testing.

Headquarters facilities is responsible for all building and grounds maintenance and repairs at the headquarters campus and substations. During 2023, the group will optimize the building automation system to maximize efficiency, replace six aged substation HVAC units and install 10 overhead doors on warehouse buildings. The group will also gain operational experience with the new headquarters battery storage system.

Physical security designs, implements and maintains the physical access control systems, administers intrusion detection systems at substations, manages video surveillance systems, oversees security guard services, reviews security policies and procedures for all Platte River locations and oversees multiple critical infrastructure protection standards relating to physical security controls. In addition to ongoing operations in 2023, the group will work to gain American Society of Industrial Security certification for recognizing security vulnerabilities.

Fleet is responsible for purchasing and maintaining all vehicles. The group also maintains records and performs inspections as required by the Department of Transportation program.

Proposed 2023 Strategic Budget summary

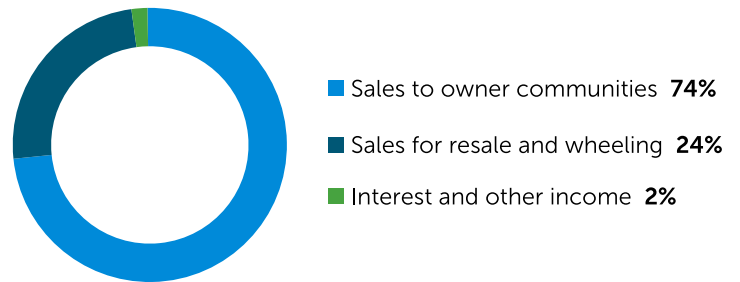
The Platte River Power Authority proposed 2023 Strategic Budget is produced in alignment with the long-range strategic plan, under the direction of the organization's leadership, to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River's tactical, operational and capital plans for the coming year.

The foundation for Platte River's 2023 budget represents ongoing investments to transform the organization based on its strategic initiatives and core operations. These are aligned with Platte River's core pillars of system reliability, environmental responsibility and financial sustainability. The pillars guide the decision-making process that directs the resource allocations, revenues and expenses detailed in the budget.

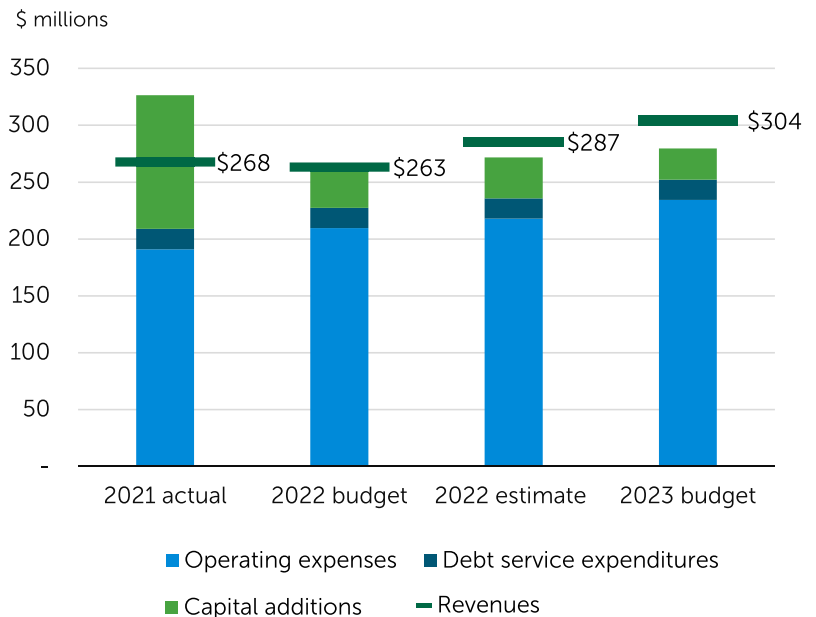
Expenses are managed from a broad perspective with the goal of operating the system in a safe, compliant and reliable manner while expanding environmental stewardship. Platte River communicates and collaborates with the owner communities to align processes and outcomes to the benefit of all customers.

Platte River's budget includes \$304.2 million in revenues and \$279.7 million in expenditures consisting of operating, capital and debt. Of the \$261.9 million in operating expenses and capital additions, approximately 86% and 14% are allocated to activities supporting core operations and strategic initiatives, respectively.

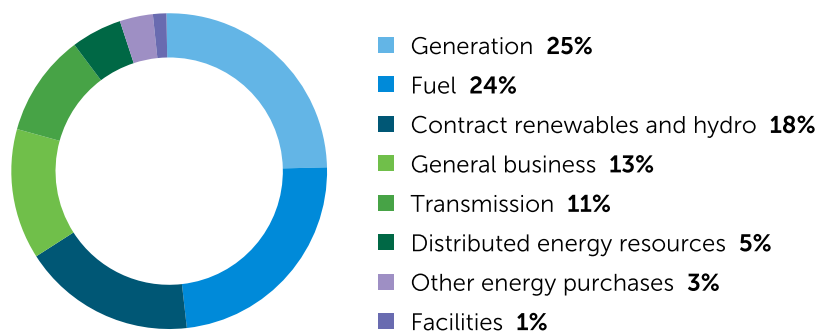
Revenues



Revenues and expenditures



Operating and capital additions



Platte River's core pillars



Reliability



Environmental
responsibility



Financial
sustainability

Strategic initiatives

\$37.6 million, 14% of operating and capital

- Enhanced customer experience, \$12.8 million, 5%
- Communications and community outreach, \$3 million, 1%
- Resource diversification and alignment, \$14.1 million, 5%
- Infrastructure advancement and technology development, \$7.7 million, 3%

Activities

- DER integration, including selection and beginning implementation of a DERMS, and energy efficiency programs
- Public engagement, 50th anniversary, electric vehicle (EV) microsite, marketing DER and efficiency program participation
- 2024 IRP development, WEIS participation including market purchases, operational flexibility, workforce transformation and development, coal optimization
- ERP, fiber optic system capacity and performance expansion

Core operations

\$224.3 million, 86% of operating and capital

- Generation, including fuel, \$138.4 million, 53%
- Transmission, \$32.8 million, 13%
- Energy purchases including wind, hydropower and solar energy, \$53.1 million, 20%

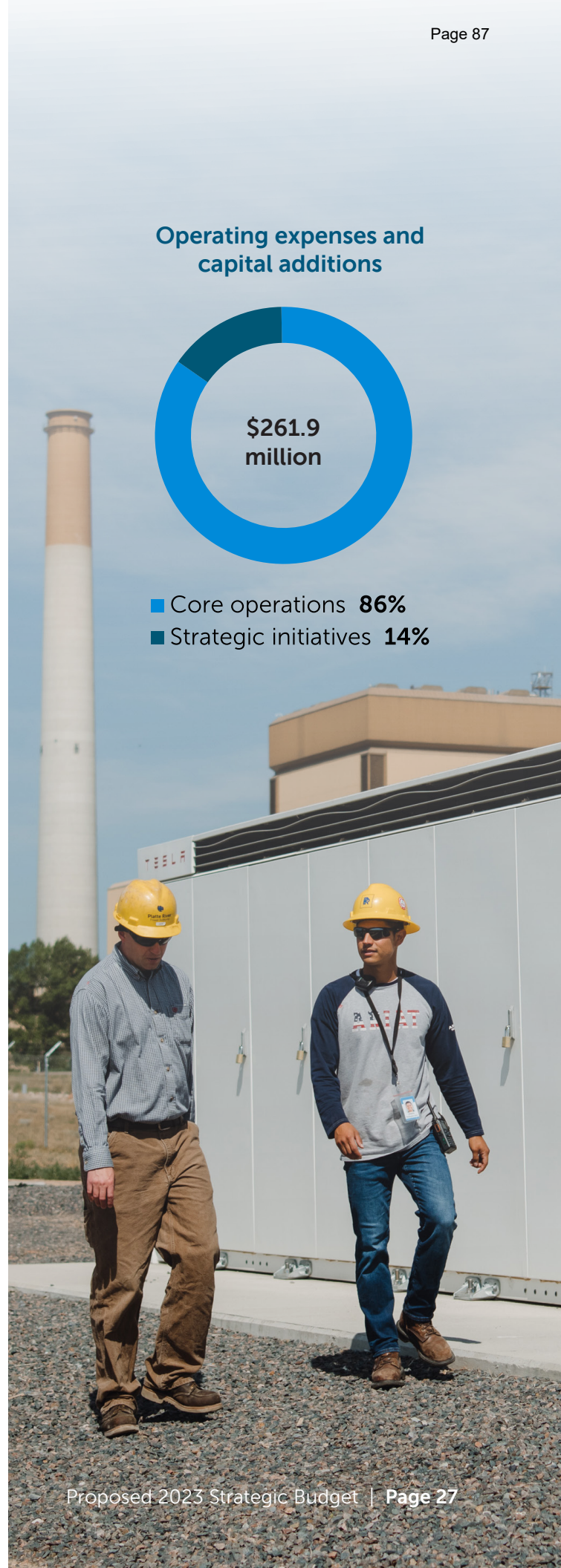
Activities

- Rawhide Energy Station and Craig Generating Station preventive, proactive maintenance and capital improvements for reliability, efficiency and environmental compliance including Rawhide Unit 1 scheduled minor maintenance outage and accrual of new monofill closure and post-closure care costs
- Continued generation from wind and solar resources under PPAs
- Proactive capital investments including dust collection, Rawhide Unit 1 simulator replacement, pipeline reroute, Trapper Mine reclamation, transmission line rebuild, switchgear and transformer upgrades
- Staffing additions to support organization changes and strategic initiatives

Operating expenses and capital additions



- Core operations **86%**
- Strategic initiatives **14%**



Strategic initiatives

\$37.6 million, 14% of operating and capital

Through its RDP, Platte River's leadership expressed its commitment to pursue a noncarbon energy mix in northern Colorado by 2030 – one of the most aggressive goals of its kind in the nation. During 2022, Platte River continued its leadership role by developing a new strategic plan, scheduled for adoption in late 2022 or early 2023, that furthers this objective. To build the foundation for a new phase of implementation, integration and innovation, Platte River plans numerous initiatives in 2023 that will align with and set in motion the future strategic plan.

Enhanced customer experience

\$12.8 million, 5%

Distributed energy resources

After adopting a long-range DER strategy in 2021, Platte River will continue collaboration with the owner communities on the implementation plan. Platte River will invest approximately \$0.3 million in 2023 to select, procure and begin the implementation of a DERMS. The DERMS will be used as a platform to integrate DERs into the electric systems operated by Platte River and the owner communities with a goal of making DERs more visible, manageable and responsive to electric system needs, and to provide benefits to all customers. New positions will also be added to support this initiative.

Energy efficiency

Efficiency Works is a collaboration of common efficiency programs that supports environmentally responsible and financially sustainable use of electricity. In 2023, Platte River will invest \$10.9 million to offer efficiency programs to obtain approximately 4 MW of demand reduction and 26,768 MWh of energy savings, approximately 0.8% of Platte River's load, through a range of programs that support energy efficiency in businesses and homes.

In 2023, the energy solutions staff will evolve energy efficiency program offerings to emphasize three key elements:

- Use of data analytics to provide enhanced programs
- Increased focus on serving traditionally underserved market segments
- Focused efficiency upgrades on carbon reduction strategies to achieve customer goals

The energy solutions department also manages funding provided by the owner communities under an intergovernmental agreement, and owner communities may supplemental Platte River's budget for these programs. Supplemental funding is used only after Platte River's budget is exhausted to ensure each community receives its load-ratio share of benefits. Projects under approved agreements and rebate applications are completed on a timeline determined largely by program participants (customers and their contractors). As a result, some projects intended for the current budget year could be moved into the next budget year if not completed. Conversely, a budget contingency may be required if more projects are completed earlier than planned.

Communications and community outreach

\$3 million, 1%

Platte River has developed a robust network of communications and outreach resources and will elevate efforts to engage with audiences in 2023 to further communicate its efforts to transform the region's energy landscape.

Community and government affairs

Platte River will continue expanding its stakeholder engagement with public policy, business, educational, environmental and nonprofit organizations during 2023 by strengthening relationships in support of Platte River's objectives.

Focus in 2023 will be on planning and permitting work for additional noncarbon resources, allowing Platte River to increase noncarbon energy delivered to the owner communities. Staff will also research and pursue grant opportunities that support owner community and Platte River objectives, when viable. Platte River's contract lobbyist will monitor state policies that could affect Platte River's operations.

Communications and marketing

Platte River will expand its work to provide information to the owner communities and engage with stakeholders illuminating Platte River's path to a noncarbon future. Platte River will collaborate with the owner communities to support enhanced customer experience through programs and services that improve energy efficiency, promote demand response and encourage effective use of DERs.

Throughout 2023, Platte River will celebrate its 50th anniversary by highlighting its historic accomplishments and plans to lead the energy transformation in the years to come. Activities include community and special events, video and mass communications efforts, presentations and media engagement. Staff will also initiate a significant, long-term public education program explaining how Platte River will collaborate with communities to achieve its noncarbon goal. Part of the collaboration includes ongoing promotion and operation of the EV education microsite to help drive greater EV adoption within the owner communities. A mobile application will be developed that may be used to support additional DER programs and technologies as they become available. Staff will also elevate marketing and education efforts to drive greater participation in energy efficiency programs.

Resource diversification and alignment

\$14.1 million, 5%

Noncarbon resources

Noncarbon resources will represent 33.4% of Platte River's projected 2023 resource portfolio, which includes renewable energy credit allocations to carbon resources. Noncarbon PPA resources are considered strategic in the first year of commercial operation but then become core operations in subsequent years.

Under the 2020 IRP, the amount of noncarbon energy delivered will rise to approximately 90% by 2030, driven primarily by the early retirement of Rawhide Unit 1 and the addition of new solar, wind and energy storage capacity. Since filing the 2020 IRP with regulators, however, Platte River

leadership determined that earlier adoption of noncarbon resources would provide greater advantages. By securing additional solar, wind and storage resources in the years before Rawhide Unit 1 is retired, Platte River will better spread necessary investments and the resulting rate impact, gain needed operational experience and more effectively help owner communities achieve interim carbon reduction goals. While no new noncarbon resources are planned to come online in 2023, Platte River signed a PPA and construction will begin during 2023 for up to 150 MW of new solar capacity expected in 2024. Staff anticipates entering into PPAs for an additional 250 MW to 300 MW of wind and solar projects for expected operation by 2025.

To facilitate additional noncarbon energy, Platte River will continue a \$10.5 million, four-year project to construct a new 230 kV substation which will be located near existing transmission infrastructure. Approximately \$6 million in funds will be requested to be carried over to 2023 from 2022. The project includes groundwork, foundations, equipment installation and modifications to existing structures.

Integrated resource plan

During 2023, Platte River will invest \$0.2 million to begin development of its 2024 IRP. Work will include studies of current energy resources and those that may be added to meet anticipated energy demand and achieve the RDP goal. The process will include robust community engagement efforts. A final plan, with a timeline of projected resource additions, will emerge in 2024.

Organized energy markets

Platte River began preparing in 2022 to participate in the WEIS to help support reliability as Platte River diversifies its resource mix. Formal participation will begin April 1, 2023, and approximately \$0.8 million will be devoted to market entrance including outside consultants and hardware and software systems to maximize productivity. Staff will also invest significant time to ensure successful participation and realization of market benefits. Modeled purchases and sales in WEIS replace those of the joint dispatch agreement, which will terminate with participation in the WEIS. Approximately \$2.2 million of energy purchases are expected, which are considered strategic expenditures during the first year of market participation. Energy sold is expected to be \$6.6 million. Leadership will continue to pursue future participation in RTO West, which will provide benefits more robust than the WEIS.

Operational flexibility

To integrate additional noncarbon energy and optimize participation in organized energy markets, personnel successfully tested Rawhide Unit 1 systems under lower load conditions and identified opportunities for investments to improve performance and reduce maintenance expenses. As one such opportunity, Platte River will invest approximately \$1.8 million in 2023 to complete a multiyear, \$1.9 million project to replace the 12.47 kV switchgear located in the Rawhide Substation control building. The improvements will enable switching to occur under load, eliminating the need for outages, thereby increasing unit availability and enabling Rawhide Energy Station's generating units to meet fluctuating energy needs more efficiently.

Platte River's combustion turbines are increasingly important to the flexible integration of noncarbon resources, participation in the WEIS and to meet peak energy demand. Combustion turbine Unit D will receive significant upgrades in 2023, concluding a \$5.2 million multiyear project, to reduce the need for maintenance outages and improve reliability. Approximately \$4.3 million in 2023 will be used to install new hardware that will reduce inspection and repair durations and double the number of times the unit may be started before needing inspection.

Workforce transformation and development

Human resources will work with division and department leadership to continue developing a workforce strategy that will attract, develop and retain the best talent possible within the evolving electric utility landscape. The department will continue designing new learning and development initiatives, with training modules that may be delivered virtually or in a classroom setting, to align with core operations and strategic initiatives. Human resources will also implement changes recommended by the 2022 compensation study, which will modernize the total rewards strategy and structure of the organization and enable benchmarking, comparisons and other analysis with the broader market beyond public power.

Platte River will focus on the long-term transition that will occur at the Rawhide Energy Station, as Rawhide Unit 1 approaches retirement by the end of 2029. Human resources will work with plant leadership to determine future staffing needs, skill sets and experience needed to manage the organization's future, more diverse energy mix. No workforce reductions are anticipated and leadership will begin to design programs to re- or up-skill staff to take advantage of new job opportunities.

Coal inventory optimization

Platte River will actively and strategically manage coal inventory at the Craig Generating Station, maintaining a gradual glidepath to zero inventory for Craig Unit 2 when it retires in 2028. Trapper Mine owners may buy and sell on-site coal between each other to achieve inventory objectives while also supporting flexible operation at the station. Staff will also manage Rawhide coal inventory according to operational needs and contract compliance, adjusting as needed, with the goal of reaching zero inventory when Rawhide Unit 1 is retired.

Infrastructure advancement and technology development

\$7.7 million, 3%

As a leader in public power, Platte River commits to providing solutions and programs to the owner communities and their customers to achieve their varied energy goals. The 2023 budget supports the following initiatives.

Enterprise resource planning software

Many of Platte River's critical business systems have reached the end of their useful lives. Some are well beyond design functionality. Others depend heavily on manual processes because they do not integrate with other systems. Manual processes between the outdated systems increase data integrity risks and decreases productivity. To upgrade and integrate digital systems, Platte River initiated a multi-year ERP project. In 2022, staff evaluated, selected and contracted to implement Oracle Cloud. In 2023, Platte River will invest approximately \$3.6 million toward the project. The total project estimate of \$10.6 million includes significant contingency amounts as the final scope and timeline are not yet determined. When complete, the ERP will fully integrate finance and accounting, cash management, procurement and contracts management, budgeting and forecasting, inventory management, asset and maintenance management and fleet tracking. It will improve productivity, reporting accuracy and functionality and align work products with organizational goals.

Fiber optics

Several upgrade projects are planned in 2023 to improve Platte River's fiber optic system, which enables efficient data communications between generation and transmission assets and provides the owner communities with robust communications service capabilities.

- Approximately \$0.8 million is budgeted to install optical ground wire fiber cable between the Timberline and Harmony substations. The project will increase data carrying capacity and reduce outage risk.
- Crews will install new fiber cables from Harmony Road and Shields Street in Fort Collins to the Horseshoe Substation and between the Crossroads and Boyd substations with a total investment of \$0.5 million. These fiber projects will create additional capacity and improve performance.

Chimney Hollow Reservoir Project

Platte River will continue to collaborate with its partners through the construction of the Chimney Hollow Reservoir, the most significant component of the Windy Gap Firming Project. The project supports the long-term, dependable delivery of Platte River's Windy Gap water, which is essential for reliable operations and optimizes Platte River's water resource portfolio. Contractors expect construction to progress through 2025. The time needed to fill the reservoir will depend on water supply. Capital expenditures for initial cost estimates and project funding during the entire construction period were planned and appropriated in previous budget years. Ongoing operating expenditures for the project, including Platte River's share of periodic payments for the pooled financing arrangement for project construction, will be managed through annual operations and maintenance budgets. Total project costs are uncertain and future capital expenditures may be needed if project costs exceed the original budget.

Core operations

\$224.3 million, 86% of operating and capital

Platte River must continue to invest in core operations to ensure the safe, reliable production and transmission of environmentally responsible and financially sustainable energy and services to the owner communities. To diversify its resource portfolio, Platte River has PPAs for wind, hydropower and solar. With a focus on preventive and predictive maintenance strategies, core operations and maintenance expenses are relatively consistent from year to year.

Generation

For 2023, approximately 60% of Platte River's energy will come from owned baseload coal-fired and natural gas resources. Through expanded market participation in the WEIS, Platte River will gain greater opportunities to purchase power if prices are lower than the cost to generate or to sell excess energy if production costs are below market prices. Purchasing power lowers fuel expense, which is partially offset by higher purchased power expense; selling power increases revenue, which is partially offset by higher fuel expense. Additional information about Platte River's generation and sources of electricity is available on Platte River's website at prpa.org/generation. Resource and load information, including resource mix, for the trailing 24-hour period is available at prpa.org/energy-production.

Rawhide Energy Station

Although Platte River continues to diversify its energy mix, Rawhide Unit 1 remains its single largest energy source. Its ongoing performance, as well as that of the combustion turbine units, remains critical to overall system reliability and requires regular maintenance and upgrades. Rawhide Unit 1 and the combustion turbines will generate 41.5% and 2.5%, respectively, of the resource portfolio before renewable credit allocations. In 2023, Rawhide Unit 1 will undergo a scheduled minor maintenance outage to inspect the boiler and other critical components and to perform upkeep work on internal components not possible while the unit operates. Data from the inspections will better inform the next upcoming scheduled maintenance outage planned for fall 2024. The estimated operations and maintenance costs for the scheduled minor maintenance outage are \$1.9 million.

An inspection project on combustion turbine Unit D will conclude in early 2023, including the removal and offsite inspection of all key combustion hardware. Any needed repairs or refurbishment will be conducted by the vendor with components returned and replaced onsite. Following work on combustion turbine Unit D, crews will begin inspection work on combustion turbine Unit A, concluding before summer peaking months.

To comply with the most recent NFPA and Occupational Safety and Health Agency (OSHA) regulations, Platte River will spend approximately \$0.2 million in 2023 to begin a project that will improve the dust collector in the crusher building. Upgrades include new deflagration relief panels that vent to the outdoors, a new exhaust fan, filter housing bags and cleaning blowers. An additional \$0.2 million will be used in 2023 to begin upgrading the transfer building's dust collector, which will be connected to the pneumatic dust collecting system. Engineering and design work will occur in 2023 with purchase and installation of equipment in 2024. These projects represented a \$2.9 million total combined investment in the dust collector system, with final installation during the 2024 Rawhide Unit 1 scheduled maintenance outage.

The Rawhide Unit 1 simulator provides plant operators with excellent training experience but some equipment in the simulator has surpassed its useful life. Platte River will invest approximately \$1.2 million in 2023 to replace obsolete hardware and old network switches, and to update the Ovation controls network. The upgrades will also enable the simulator's control logic to be updated to the version currently used in control room operation.

Growth in Larimer County leading to expanded roadways will soon compromise effective management of the 26-mile Soldier Canyon Pipeline, which feeds raw water from Horsetooth Reservoir to the Rawhide Energy Station. The water is treated to provide potable and demineralized process water for operations. Upon successfully completing an engineering study and acquiring needed easements and permissions in 2022 to reroute a 4-mile portion of the pipeline, approximately \$4.1 million will be used in 2023 for construction, completing the two-year, \$4.4 million project.

In 2022, Platte River will substantially complete a multiyear, \$9.6 million project to upgrade the Rawhide monofill to include a liner and leachate collection system, and formal operations in the upgraded monofill will begin in late 2022 or early 2023. Upgrades stemmed from the need to meet requirements jointly determined by Platte River and federal and state regulators and represent the latest in environmental stewardship. Project delays from the COVID-19 pandemic enabled a redesigned, smaller facility that more accurately aligns with reduced space needs due to Rawhide Unit 1's planned closure by 2030. Operating expenditures of \$0.8 million are budgeted for 2023 for accrued closure and post-closure costs, growing the reserves for use in closure activities at a similarly high degree of environmental stewardship at that time.

To more reliably manage energy from its existing solar resources, Platte River will invest approximately \$0.9 million in 2023 to continue replacing the transformer originally sized to serve only the Rawhide Flats Solar facility. The transformer was modified to accommodate the additional energy from the recently energized Rawhide Prairie Solar facility, but functioning above its nameplate capacity will require more maintenance and shorten its life. The new unit will operate at lower temperatures and internal gas pressures during warmer weather, ensuring safe and reliable delivery of solar power while minimizing ongoing maintenance costs or the need to curtail solar generation. The project is scheduled for completion in the summer of 2025 at an estimated total cost of \$2.3 million.

Craig Generating Station

Continued operation of the Craig Generating Station's units 1 and 2 requires investments to maintain optimal performance and environmental compliance until the units are retired in 2025 and 2028, respectively. Platte River's share of planned capital investments in 2023 is \$1 million. Upgrades will be completed by plant operator Tri-State Generation and Transmission Association, Inc. (Tri-State) and primarily benefit transmission and emissions systems. The Craig units will provide 16.1% of Platte River's energy and a portion is resold under a 25 MW long-term contract.

As the retirement dates for the Craig units approach, Trapper Mine reclamation activities will intensify. Beginning in 2023, Platte River will appropriate increased funds for mine reclamation under a recent accounting pronouncement. Reclamation liability expenses were previously appropriated as operations and maintenance funds and are now considered capital as an asset retirement obligation. The mine's post-closure care period is expected to run through 2041, with expected total funding of \$11.6 million.

Purchased power

The remainder of Platte River's resource portfolio, approximately 40%, is sourced from wind, hydropower, solar including battery storage and other purchases.

Due to ongoing drought conditions that have depleted water supplies in the Colorado River basin, WAPA, in late 2021, increased rates and reduced deliveries of Colorado River Storage Project (CRSP) hydropower. Further CRSP delivery reductions are expected in 2023. Hydropower rates from WAPA's Loveland Area Projects (LAP) will rise in 2023. More information on purchases is included in the operating expenses section.

Transmission and substations

Transmission and substations capital projects are determined through an annual 10-year load study that identifies areas that must be addressed to meet operational standards. Collaboration and coordination with owner communities is required to schedule future delivery points and other system betterments.

Transmission

During 2019, transmission line inspectors found significant corrosion on the base plates, anchor bolts and pole base sections along a 2-mile section of the 115 kV transmission line paralleling Drake Avenue in Fort Collins. Corrosion stemmed from numerous road improvement projects that elevated the thoroughfare and buried the pole bases. Continuing efforts started in 2022, approximately \$0.2 million will be spent during 2023 on engineering and design work on this multiyear, presumed overhead line replacement project. With an estimated total project cost of \$8.1 million, construction is planned to begin in 2026 and may be complete by 2027.

Substations

The City of Loveland will purchase and install a new 115/12.47 kV transformer at the Valley Substation to replace one at the end of its life and Platte River will invest approximately \$0.5 million to begin upgrades to the new transformer's relay protection system. In addition, Platte River will construct a new control enclosure to better protect current control equipment and to accommodate future substation expansion. The enclosure will be designed and fabricated offsite, then installed on a foundation within the substation grounds. The \$2.2 million total project is scheduled for completion by the end of 2024.

At the Loveland East Substation, Platte River will invest \$0.1 million during 2023 in a new relay protection system for the City of Loveland's planned new transformer, which will conform to current design standards.

Due to a lengthy outage planned by the City of Loveland, Platte River will consolidate and perform several replacements and upgrades to the Airport substation that were previously scheduled through 2026. Platte River will invest approximately \$1.8 million in 2023 of the total \$2.3 million needed to replace aged relay panels and two 115 kV breakers, along with related control cables and high voltage switchgear. Following design work by Platte River, contractors will complete ground and foundation work and remove existing equipment. Platte River substation teams will complete installation and inspections.

Platte River plans to invest \$0.8 million in 2023 toward replacing three aged, single-phase 230/115 kV transformers with a single three-phase autotransformer at the Longs Peak Substation near Longmont. Circuit switcher disconnect devices and a remote terminal unit will also be replaced as part of the

project. In addition, crews will upgrade control panels to align with current design standards, which will improve performance and reliability and will efficiently accommodate future maintenance. The four-year project will cost an estimated \$4.5 million and be complete by 2025.

Personnel

Approximately 23% of the operating expense budget relates to employee salaries and benefits, which include retirement, medical and dental. Combined, the expenses are expected to rise 14.1% from 2022. For 2023, a 6% salary market adjustment is planned with other adjustments to be determined at the conclusion of the compensation study performed in 2022. Benefits for employees are spread across all functional areas as a percentage of salaries.

As timelines advance on strategic initiatives, additional staffing is required to fill new positions. Platte River evaluates all vacancies to determine and align resources where they are needed most. Ten positions across all divisions were evaluated in 2022, with eight of those positions repurposed in the organization to meet current and future needs. For 2023, an additional 14 positions will be added, resulting in a net increase of 12 full-time positions in the organization. Of these 14 new positions, two serve in business strategies, four in generation and transmission and eight in transition and integration services. In the 2022 budget and subsequently during 2022, various re-organizations occurred to better align the organization with Platte River's strategic initiatives, which included repurposing positions. Below is a summary of budgeted full-time positions by division, based on organizational structure at the timeframe presented.

Positions by division	2021 actual	2022 budget	2022 estimate	2023 budget
General manager/CEO	4	4	4	5
General counsel	11	13	12	12
Business strategies	29	32	23	24
Financial services	51	28	29	29
Generation and transmission	180	158	153	157
Transition and integration services	-	50	62	70
Total positions	275	285	283	297

Revenues

Approximately \$304.2 million in revenues are anticipated during 2023. The majority of revenues, 74%, are derived from energy sales to the owner communities. The remainder are derived from sales for resale, wheeling, interest and other income. Owner communities' loads are forecasted to increase 2.6%. Revenues from sales for resale and wheeling are 24% of revenues and are expected to increase by approximately \$20.2 million due to increases in both volume of energy sold and average market prices.

Platte River provides stable and financially sustainable wholesale rates in pursuit of the RDP goal. Platte River's rate philosophy includes implementing incremental increases to the owner communities to provide a more predictable path of smaller, more consistent annual rate increases. The 2023 budget includes a recommended 5% average wholesale rate increase, which assumes the adoption of the deferred revenue and expense accounting policy. This accounting policy helps reduce rate pressure during the resource transition plan with greater long-term rate stability.

Platte River's rate structure provides unbundled transmission and generation rates and transparent fixed and variable costs. The rate structure adds value to the owner communities by offering a more

desirable portfolio of services that meet community needs, more accurately aligning wholesale time-of-use pricing signals with costs of service and sending clear pricing signals that lead to system benefits.

Additional information about rates is available on Platte River's website at prpa.org/rates-information.

Financial review

In addition to the budget items discussed, the financial results shown below are compared to the SFP metrics. In the years represented, all financial metrics were or are expected to be met.

Depreciation, amortization and accretion expense is a non-budgeted expense and is expected to increase in 2023 by \$5.8 million. Depreciation expense relates to capital assets in use and will increase as a result of new capital improvements placed into service and refinements of estimated useful lives as future capital needs are evaluated. Amortization expense relates to other assets due to board-approved accounting policies and Governmental Accounting Standards Board pronouncements. Amortization expense will increase as a result of implementing Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements, and a cost estimate change for Trapper Mine post-mining reclamation. Accretion expense relates to the accrual for the board-approved accounting policy for decommissioning costs at the Craig Generating Station, which will increase as a result of inflation. More information on the board-approved accounting policies is included in the financial governance section.

Key financial indicators	Minimum SFP targets	2021 actual	2022 budget	2022 estimate ⁽¹⁾	2023 budget
Net income (\$000) ⁽²⁾	3% of projected annual operating expenses	\$ 35,693	\$ 13,747	\$ 22,283	\$ 24,682
Fixed obligation charge coverage ratio	1.50 times	2.80x	2.03x	2.44x	2.51x
Debt ratio	less than 50%	30%	28%	28%	25%
Unrestricted days cash on hand	200	412	381	391	418
Other selected data (\$000 except bond service coverage ratio)					
Accumulated net position		\$ 651,287	\$ 660,453	\$ 673,570	\$ 698,252
Dedicated reserves and available funds		\$ 223,499	\$ 226,541	\$ 241,583	\$ 276,098
Long-term debt and other long-term obligations		\$ 260,369	\$ 245,207	\$ 245,207	\$ 229,766
Capital additions		\$ 117,411	\$ 38,919	\$ 36,019	\$ 27,614
Bond service coverage ratio (minimum 1.1x)		4.25x	3.01x	3.82x	3.93x

(1) 2022 estimate represents seven months actual and five months budget adjusted for revised projections on all budget schedules.

(2) Net income is synonymous with change in net position.

**Statements of revenues,
expenses and changes in net
position**

	2021 actual	2022 budget	2022 estimate	2023 budget
Operating revenues				
Sales to owner communities	\$ 199,208,280	\$ 208,017,293	\$ 211,977,004	\$ 224,081,909
Sales for resale	60,422,107	48,244,228	65,096,406	68,473,255
Wheeling	5,748,033	5,929,826	6,856,162	5,883,813
Total operating revenues	265,378,420	262,191,347	283,929,572	298,438,977
Operating expenses				
Purchased power	54,606,395	57,733,218	53,720,091	55,301,781
Fuel	47,524,838	44,526,114	61,472,287	61,777,501
Operations and maintenance ⁽¹⁾	60,505,294	69,019,792	68,297,339	72,740,874
Administrative and general ⁽¹⁾	21,584,627	26,020,323	26,114,272	30,821,003
Distributed energy resources ⁽¹⁾	6,944,928	12,377,531	9,061,726	13,639,110
Depreciation, amortization and accretion ⁽¹⁾	34,428,173	35,583,223	36,550,456	41,431,031
Total operating expenses	225,594,255	245,260,201	255,216,171	275,711,300
Operating income	39,784,165	16,931,146	28,713,401	22,727,677
Nonoperating revenues (expenses)				
Interest income	1,350,833	624,913	2,190,422	5,364,325
Other income	912,970	370,329	565,664	300,751
Interest expense	(6,358,573)	(5,803,340)	(5,803,334)	(5,232,940)
Amortization of bond financing costs ⁽¹⁾	1,830,287	1,640,728	1,640,728	1,476,520
Net increase in fair value of investments ⁽¹⁾	(1,826,345)	(16,811)	(5,024,098)	46,074
Total nonoperating revenues (expenses)	(4,090,828)	(3,184,181)	(6,430,618)	1,954,730
Change in net position	35,693,337	13,746,965	22,282,783	24,682,407
Net position at beginning of period	615,593,653	646,705,610	651,286,990	673,569,773
Net position at end of period	\$ 651,286,990	\$ 660,452,575	\$ 673,569,773	\$ 698,252,180

(1) Actual and estimate include nonappropriated expenses due to basis of accounting differences discussed in the financial governance section.

Consolidated budget schedules

Source and use of funds	2021 actual	2022 budget	2022 estimate	2023 budget
Source of funds				
Operating revenues				
Sales to owner communities	\$ 199,208,280	\$ 208,017,293	\$ 211,977,004	\$ 224,081,909
Sales for resale - long-term	19,895,556	18,686,816	21,162,804	14,889,513
Sales for resale - short-term	40,526,551	29,557,412	43,933,602	53,583,742
Wheeling	5,748,033	5,929,826	6,856,162	5,883,813
Total operating revenues	265,378,420	262,191,347	283,929,572	298,438,977
Other revenues				
Interest income	1,364,846	608,102	2,173,611	5,410,399
Other income	912,970	370,329	565,664	300,751
Total other revenues	2,277,816	978,431	2,739,275	5,711,150
Total revenues	267,656,236	263,169,778	286,668,847	304,150,127
Funds from prior reserves and financing	58,706,781	27,213,236	(14,334,201)	1,527,356
Total sources	\$ 326,363,017	\$ 290,383,014	\$ 272,334,646	\$ 305,677,483
Use of funds				
Operating expenses				
Purchased power	\$ 54,606,395	\$ 57,733,218	\$ 53,720,091	\$ 55,301,781
Fuel	47,524,838	44,526,114	61,472,287	61,777,501
Production	41,680,072	50,385,604	49,602,571	52,153,297
Transmission	18,785,438	18,634,188	18,863,874	20,587,577
Administrative and general	21,401,273	26,020,323	25,841,229	30,821,003
Distributed energy resources	6,957,887	12,377,531	9,028,458	13,639,110
Total operating expenses	190,955,903	209,676,978 ⁽¹⁾	218,528,510	234,280,269
Capital additions				
Production	105,828,730	16,706,235	18,538,915	14,284,688
Transmission	2,997,752	14,666,264	7,701,274	4,300,807
General	7,891,623	7,546,447	9,778,863	8,976,599
Asset retirement obligations	692,517	-	-	51,763
Total capital additions	117,410,622	38,918,946 ⁽¹⁾	36,019,052	27,613,857
Total operating expenses and capital additions	308,366,525	248,595,924	254,547,562	261,894,126
Debt service expenditures				
Principal	11,637,919	11,983,750	11,983,750	12,550,417
Interest expense	6,358,573	5,803,340	5,803,334	5,232,940
Total debt service expenditures	17,996,492	17,787,090	17,787,084	17,783,357
Total expenditures	326,363,017	266,383,014	272,334,646	279,677,483
Contingency appropriation	-	24,000,000 ⁽¹⁾	-	26,000,000
Total uses	\$ 326,363,017	\$ 290,383,014	\$ 272,334,646	\$ 305,677,483

(1) Excludes projections for contingency transfers.

Revenue and expenditure detail	2021 actual	2022 budget	2022 estimate	2023 budget
Revenues				
Sales to owner communities	\$ 199,208,280	\$ 208,017,293	\$ 211,977,004	\$ 224,081,909
Sales for resale - long-term	19,895,556	18,686,816	21,162,804	14,889,513
Sales for resale - short-term	40,526,551	29,557,412	43,933,602	53,583,742
Wheeling	5,748,033	5,929,826	6,856,162	5,883,813
Interest income	1,364,846	608,102	2,173,611	5,410,399
Other income	912,970	370,329	565,664	300,751
Total revenues	267,656,236	263,169,778	286,668,847	304,150,127
Funds from prior reserves and financing	58,706,781	27,213,236	(14,334,201)	1,527,356
Total revenues and prior funds	\$ 326,363,017	\$ 290,383,014	\$ 272,334,646	\$ 305,677,483
Expenditures				
Personnel expenses				
Salaries				
Regular wages	\$ 31,180,631	\$ 34,159,788	\$ 32,494,560	\$ 38,654,702
Overtime wages	2,866,588	1,491,623	1,935,747	1,957,852
Total salaries	34,047,219	35,651,411	34,430,307	40,612,554
Benefits				
Pension - defined contribution	1,441,297	1,943,853	1,491,418	2,138,232
Pension - defined benefit	5,427,824	4,898,799	4,898,799	4,515,409
Social security	2,386,562	2,594,646	2,465,848	2,917,290
Long-term disability	113,016	120,000	118,024	130,000
Medical and dental	4,115,808	5,451,520	4,932,486	5,692,000
Recruiting	197,949	145,000	188,279	182,000
Life insurance	115,384	120,000	120,244	130,000
Accidental death	25,789	25,000	26,086	30,000
Workers' compensation	51,721	140,000	124,060	130,000
Unemployment compensation	14,641	15,000	9,264	15,000
Salary and pension services	343,039	342,500	262,176	371,400
Total benefits	14,233,030	15,796,318	14,636,684	16,251,331
Total personnel expenses	48,280,249	51,447,729	49,066,991	56,863,885
Less charged to capital and other	1,882,663	3,271,539	2,197,509	1,895,601
Total operating personnel expenses	46,397,586	48,176,190	46,869,482	54,968,284
Materials and other expenses				
Office expenses	13,187	18,525	30,203	25,275
Safety expenses	158,804	220,800	168,252	214,335
Furniture and equipment	39,421	31,200	50,639	17,900
Local business expense	234,024	396,156	366,670	604,243
Postage and deliveries	39,685	40,324	28,346	39,158

**Revenue and expenditure
detail** (continued)

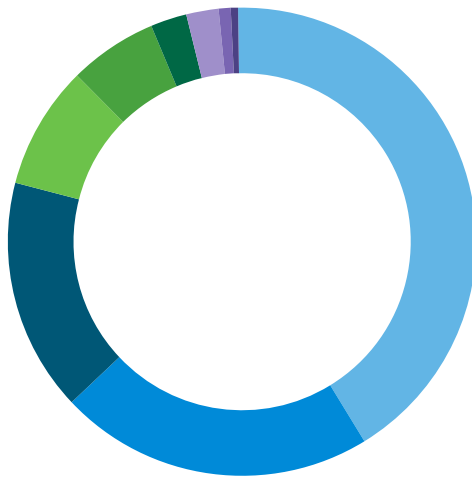
	2021 actual	2022 budget	2022 estimate	2023 budget
Materials and other expenses (continued)				
Rawhide O&M materials	\$ 5,326,907	\$ 3,768,676	\$ 3,797,460	\$ 3,857,328
Other O&M materials	680,480	567,781	1,808,839	860,495
Rawhide coal	22,509,051	33,202,774	32,203,439	36,478,692
Craig units 1 and 2 coal	12,345,081	10,048,159	16,310,300	15,878,579
Oil	158,475	42,000	202,431	60,000
Natural gas (Rawhide units A, B, C, D and F)	11,438,135	466,714	11,891,969	8,261,211
Natural gas (Craig units startup)	126,211	85,000	114,687	100,000
Gasoline and diesel	156,441	126,540	171,145	156,476
Tools, shop and garage equipment	54,653	114,004	77,824	119,908
Purchased power	56,033,918	57,513,000	53,499,873	54,580,302
Craig units 1 and 2 operating expenses	8,383,662	8,912,834	9,000,815	9,418,751
Computer equipment	603,355	914,878	987,056	943,100
Wheeling expense	5,109,896	4,663,600	4,343,333	4,586,439
Outage accrual	(9,419,074)	3,516,180	3,516,180	3,620,621
Total materials and other expenses	113,992,312	124,649,145 ⁽¹⁾	138,569,461	139,822,813
Contractual services				
Rawhide contracted services	10,563,464	4,645,764	4,997,163	6,411,130
Other contracted services	10,061,443	14,805,290	13,996,640	15,647,646
Insurance	1,949,802	2,751,200	2,636,718	2,869,200
Travel and training	332,333	971,447	873,990	1,240,546
Telephone services	167,952	194,182	161,321	194,009
Utilities	800,077	698,458	660,876	705,564
Dues, memberships and fees	731,706	822,964	777,144	975,923
Trustees fees	18,000	19,500	18,000	12,000
Water leases and rents	1,435,604	3,385,006	3,357,025	3,465,827
Other leases and rents	113,518	134,243	113,078	131,540
Economic development	100,000	100,000	100,000	100,000
Fiscal impact payment	36,217	36,217	36,217	36,217
Rebates/incentives for retail customers	3,738,160	7,665,750	4,699,797	6,681,000
Rebates/incentives to owner communities	117,882	169,422	240,504	154,870
Audits/assessments for retail customers	356,984	395,000	376,919	805,000
Other financing expenses	42,863	57,200	44,175	58,700
Total contractual services	30,566,005	36,851,643	33,089,567	39,489,172

**Revenue and expenditure
detail** (continued)

	2021 actual	2022 budget	2022 estimate	2023 budget
Capital additions				
Personnel expenses				
Regular wages	\$ 929,328	\$ 1,902,751	\$ 1,202,930	\$ 1,037,193
Overtime wages	155,304	134,636	134,636	40,990
Benefits allocation	437,786	966,209	584,115	485,760
Total personnel expenses	1,522,418	3,003,596	1,921,681	1,563,943
Capital expenditures	115,753,373	35,919,100	34,154,871	25,998,151
Capital reimbursements and trade-in value	(557,686)	(3,750)	(57,500)	-
Asset retirement obligations	692,517	-	-	51,763
Total capital additions	117,410,622	38,918,946 ⁽¹⁾	36,019,052	27,613,857
Debt service expenditures				
Principal	11,637,919	11,983,750	11,983,750	12,550,417
Interest expense	6,358,573	5,803,340	5,803,334	5,232,940
Total debt service expenditures	17,996,492	17,787,090	17,787,084	17,783,357
Total expenditures	326,363,017	266,383,014	272,334,646	279,677,483
Contingency appropriation	-	24,000,000 ⁽¹⁾	-	26,000,000
Total expenditures and contingency appropriation	\$ 326,363,017	\$ 290,383,014	\$ 272,334,646	\$ 305,677,483

(1) Excludes projections for contingency transfers.

2023 resources

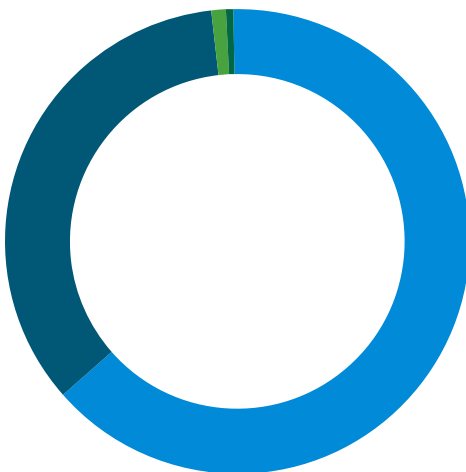


- Rawhide Unit 1 (2,148 GWh)
- Wind (1,125 GWh)
- Craig units 1 and 2 (831 GWh)
- Hydropower (441 GWh)
- Market purchases (316 GWh)
- Combustion turbines (129 GWh)
- Solar (115 GWh)
- Bilateral purchases and owner community solar (43 GWh)
- Forced outage exchange (26 GWh)

Total resources* = 5,174 GWh

* Excludes renewable energy credit allocations to carbon resources

2023 deliveries



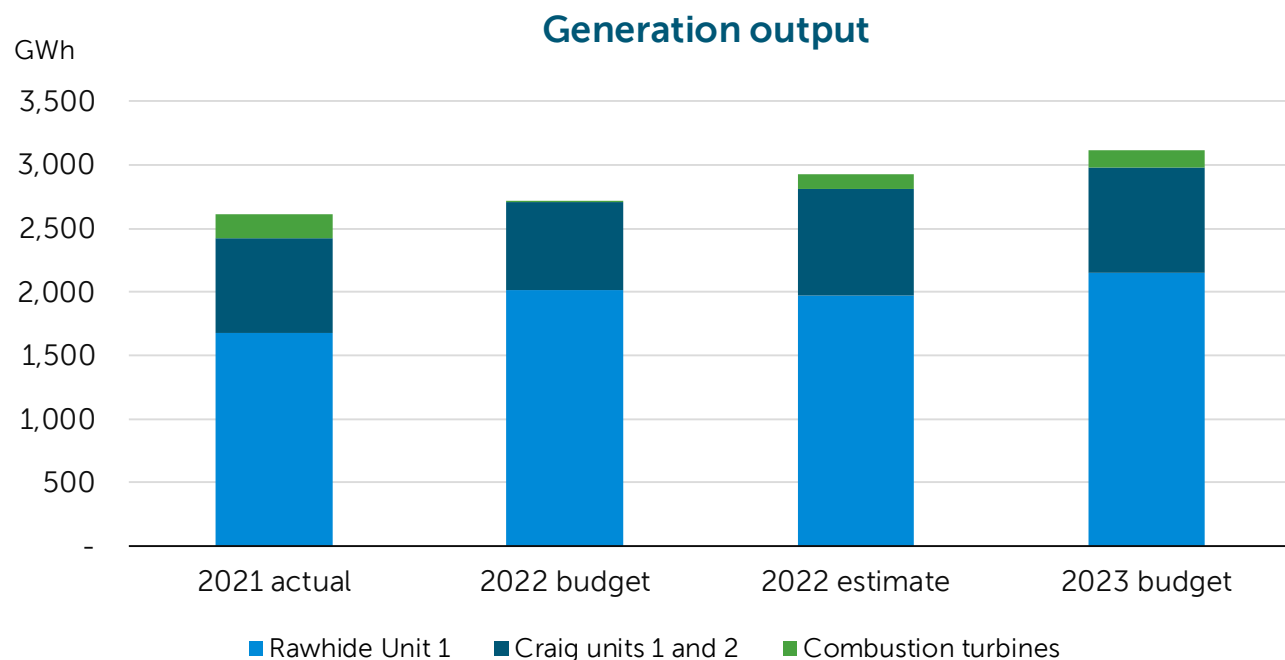
- Owner communities (3,301 GWh)
- Sales for resale (1,794 GWh)
- Losses and other (53 GWh)
- Forced outage exchange (26 GWh)

Total deliveries = 5,174 GWh

Power operations resources	2021 actual	2022 budget	2022 estimate	2023 budget
Rawhide Unit 1 (280 MW)				
Generation (GWh)	1,674	2,014	1,973	2,148
Capacity factor	68.2%	82.1%	80.4%	87.6%
Fuel cost (\$/MWh)	\$ 14.0	\$ 16.7	\$ 16.7	\$ 17.3
O&M cost (\$/MWh)	21.8	15.1	15.2	15.3
Total Rawhide (\$/MWh)	\$ 35.8	\$ 31.8	\$ 31.9	\$ 32.6
Craig units 1 and 2 (151 MW) ⁽¹⁾				
Generation (GWh)	744	691	832	831
Capacity factor	56.2%	52.3%	62.9%	62.9%
Fuel cost (\$/MWh)	\$ 17.1	\$ 15.0	\$ 20.0	\$ 19.6
O&M cost (\$/MWh)	10.8	12.3	10.4	10.8
Total Craig (\$/MWh)	\$ 27.9	\$ 27.3	\$ 30.4	\$ 30.4
Combustion turbines (388 MW) ⁽²⁾				
Generation (GWh)	191	8	116	129
Capacity factor	5.6%	0.2%	3.4%	3.8%
Fuel cost (\$/MWh)	\$ 60.0	\$ 60.8	\$ 102.3	\$ 64.1
O&M cost (\$/MWh)	11.3	338.6	25.7	21.2
Total combustion turbines (\$/MWh)	\$ 71.3	\$ 399.4	\$ 128.0	\$ 85.3

(1) Craig Unit 1 = 77 MW, Craig Unit 2 = 74 MW.

(2) Rawhide units A, B, C, D = 260 MW, Rawhide Unit F = 128 MW.



Purchased power resources	2021 actual	2022 budget	2022 estimate	2023 budget
Wind				
Roundhouse (225 MW)				
Generation (GWh)	842	910	956	838
Capacity factor	42.7%	46.1%	48.5%	42.5%
Total Roundhouse (\$/MWh) - delivered	\$ 22.0	\$ 21.5	\$ 19.5	\$ 21.1
Spring Canyon II and III (60 MW) ⁽¹⁾				
Generation (GWh)	223	242	253	231
Capacity factor	42.4%	46.0%	48.1%	44.0%
Total Spring Canyon (\$/MWh) - delivered	\$ 44.8	\$ 45.1	\$ 44.4	\$ 45.9
Silver Sage (12 MW) ⁽²⁾				
Generation (GWh)	30	38	36	38
Capacity factor	28.3%	36.5%	33.9%	36.0%
Total Silver Sage (\$/MWh) - delivered	\$ 63.7	\$ 65.1	\$ 65.2	\$ 66.8
Medicine Bow (6 MW)				
Generation (GWh)	18	19	16	18
Capacity factor	34.4%	37.2%	31.7%	34.9%
Total Medicine Bow (\$/MWh) - delivered	\$ 48.8	\$ 49.0	\$ 47.6	\$ 50.2
Total wind (303 MW)				
Generation (GWh)	1,113	1,209	1,261	1,125
Capacity factor	41.9%	45.6%	47.5%	42.4%
Total wind (\$/MWh)	\$ 28.1	\$ 28.1	\$ 26.2	\$ 28.2
Hydropower				
WAPA-CRSP (106 MW-summer/ 136 MW-winter) ⁽³⁾				
Generation (GWh)	478	348	320	331
Capacity factor	45.2%	32.9%	30.2%	31.3%
Total WAPA-CRSP (\$/MWh)	\$ 26.3	\$ 34.2	\$ 36.1	\$ 35.3
WAPA-LAP (30 MW-summer/ 32 MW-winter) ⁽⁴⁾				
Generation (GWh)	110	110	110	110
Capacity factor	40.3%	40.3%	40.3%	40.3%
Total WAPA-LAP (\$/MWh)	\$ 29.7	\$ 29.7	\$ 29.7	\$ 34.6
Total hydropower (136 MW-summer/ 168 MW-winter)				
Generation (GWh)	588	458	430	441
Capacity factor	44.2%	34.4%	32.3%	33.1%
Total hydropower (\$/MWh)	\$ 26.9	\$ 33.1	\$ 34.5	\$ 35.2

Purchased power resources (continued)	2021 actual	2022 budget	2022 estimate	2023 budget
Solar				
Rawhide Flats Solar (30 MW)				
Generation (GWh)	62	61	68	61
Capacity factor	23.6%	23.2%	25.8%	23.3%
Total Rawhide Flats Solar (\$/MWh) - including ancillary services and maintenance	\$ 53.9	\$ 54.2	\$ 53.7	\$ 54.2
Rawhide Prairie Solar (22 MW)				
Generation (GWh)	42	53	53	54
Capacity factor	21.6%	27.7%	27.6%	27.8%
Total Rawhide Prairie Solar (\$/MWh) - including ancillary services, maintenance, interconnection and battery fee	\$ 31.3	\$ 33.3	\$ 33.4	\$ 33.3
Total solar (52 MW)				
Generation (GWh)	104	114	121	115
Capacity factor	22.8%	25.1%	26.5%	25.2%
Total solar (\$/MWh)	\$ 44.8	\$ 44.4	\$ 44.8	\$ 44.4
Other purchases				
Market purchases				
Energy (GWh)	439	494	274	316
Total market purchases (\$/MWh)	\$ 8.8	\$ 8.8	\$ 10.5	\$ 7.1
Bilateral purchases				
Energy (GWh)	60	32	19	35
Total bilateral purchases (\$/MWh)	\$ 50.5	\$ 34.0	\$ 47.4	\$ 38.6
Owner community solar programs (4.355 MW) ⁽⁵⁾				
Energy (GWh)	8	8	8	8
Total owner community solar programs (\$/MWh)	\$ 48.4	\$ 23.2	\$ 32.9	\$ 25.4
Total other purchases				
Energy (GWh)	507	534	301	359
Total other purchases (\$/MWh)	\$ 14.3	\$ 10.5	\$ 13.4	\$ 10.6

(1) Effective June 2020, Spring Canyon II and III energy and renewable attributes have been sold to a third party. At the end of the 10-year sales contract, the energy and renewable attributes will return to Platte River.

(2) Effective October 2018, Silver Sage energy and the renewable attribute have been sold to a third party.

(3) WAPA-CRSP capacity amounts shown represent the contract rate of delivery. Actual capacity available varies by month. During the summer season, available capacity ranges from 34 MW to 51 MW. In the winter season, available capacity ranges from 34 MW to 45 MW. Available capacity and energy may fluctuate with drought conditions.

(4) WAPA-LAP actual capacity available varies by month. During the summer season, available capacity ranges from 23 MW to 30 MW. In the winter season, available capacity ranges from 26 MW to 32 MW.

(5) Owner community solar programs: Fort Collins = 4.022 MW, Loveland = 0.333 MW. The owner communities retain the renewable attribute.

Revenues

Operating revenues

Platte River's operating revenues consist of sales to owner communities, sales for resale and wheeling revenues. The production cost model determines the forecast of revenues for the budget; however, actual results are strongly impacted by weather and market conditions and will vary from budget.

Sales to owner communities

Budgeted revenues from sales to owner communities are based on Platte River's load forecast and tariff charges. Average wholesale rate increases, when applicable, support Platte River's strategic initiatives and core operations. Sales to the owner communities represent the largest source of revenue.

Sales for resale

Sales for resale include long-term sales and short-term sales. Long-term sales are for a contracted term greater than one year. Short-term sales are for a term of one year or less and include seasonal, monthly, hourly spot market and energy market sales. Sales can also occur for excess capacity. The assumed spot market prices are based on current market projections. The production cost model determines the volume and price of sales for resale for the budget.

Typically, sales are made when energy available exceeds requirements of the owner communities and prices are higher than the marginal cost resource. Due to the must-take nature of the noncarbon PPAs, certain sales may reflect that it is more economical to sell energy at a low price than to curtail generation. These sales typically occur when the coal-fired facilities are operating at minimum operating output levels. Platte River's participation in the WEIS will help further manage and dispatch the must-take energy on the system and allow more economic dispatch of resources.

Sales for resale contribute to low rates for the owner communities, help manage variability and high noncarbon output during nonpeak load conditions and benefit the regional grid by providing access to the reliable, economic and environmental performance of Platte River's baseload resources. More information on the current joint dispatch agreement and upcoming participation in the WEIS is included in the operating expenses section.

Wheeling

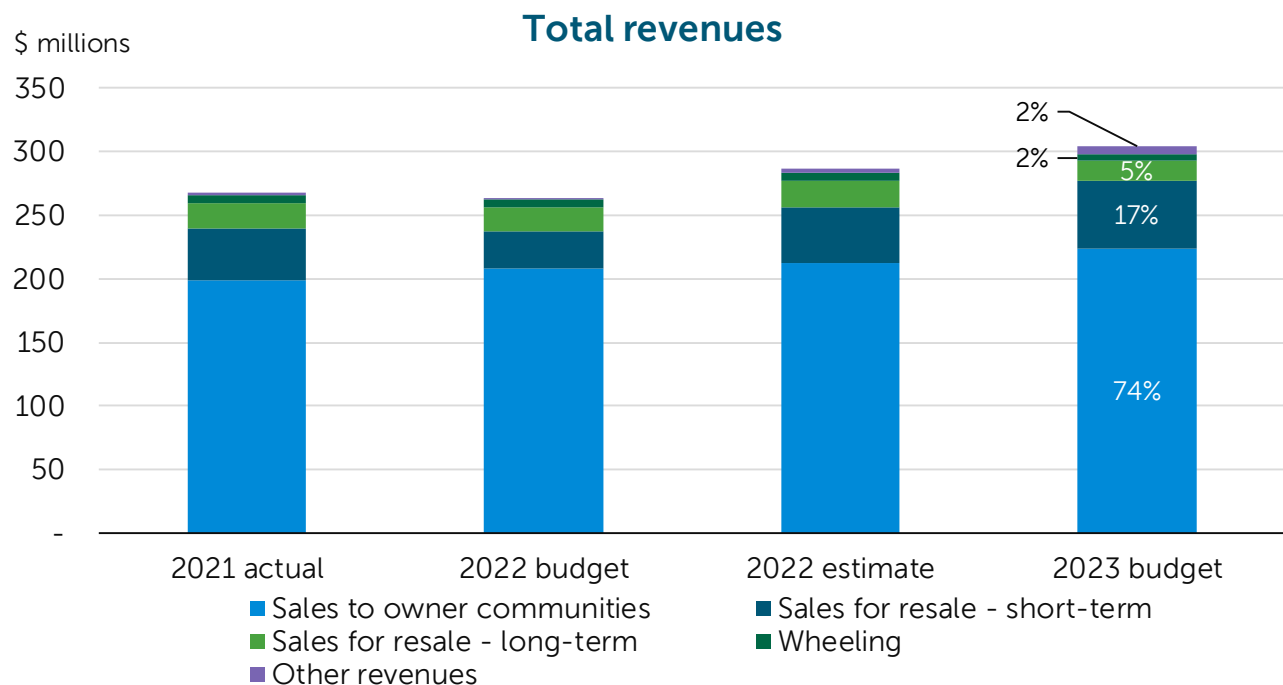
Wheeling revenues represent payments from other parties for the use of Platte River's transmission system. There is a limited amount of demand for usage of the system; thus, it represents a smaller portion of the budget. Platte River charges others for the use of its transmission system per the Wholesale Transmission Service tariff. The transmission system usage rates are adjusted annually based on the prior year's actual transmission system costs and loads.

Other revenues

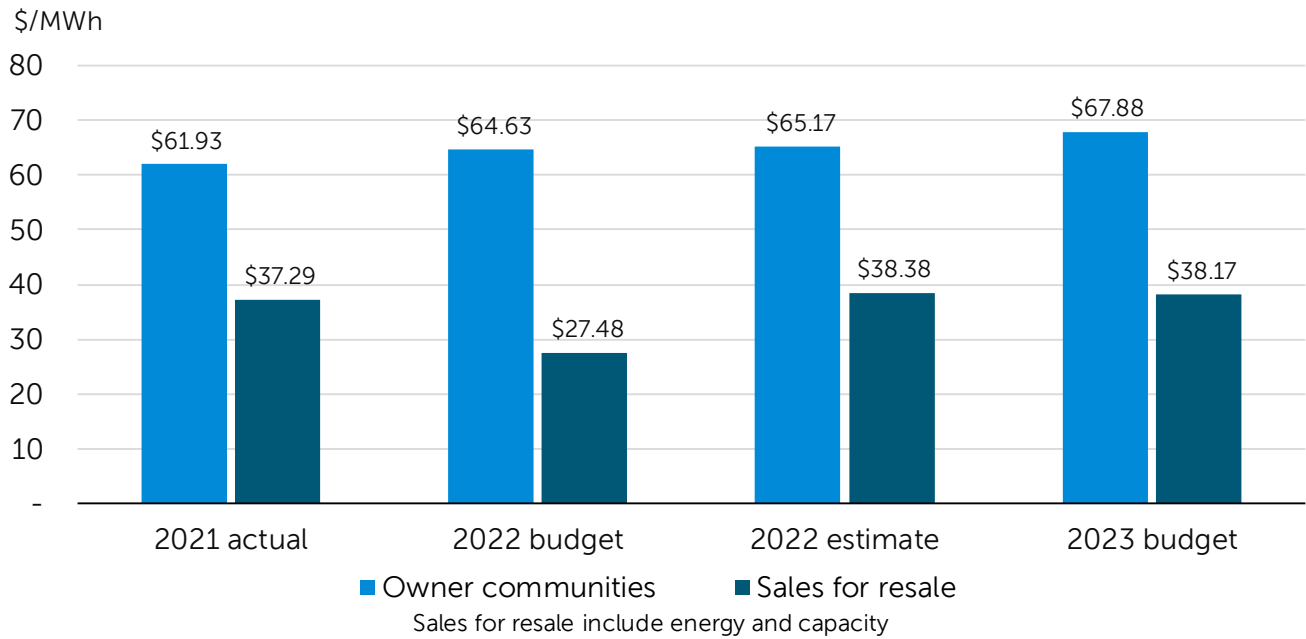
Interest and other income

Interest and other income represent a small portion of the revenue budget, however, a significant increase in interest income is expected due to the rise in interest rates during 2022. Interest income fluctuates with cash balances and interest rates. Cash balances have been favorably impacted by the sale of Windy Gap water units and above-budget overall financial results over the past several years. Other income includes fiber and tower leases, fiber administration fees and other miscellaneous revenues.

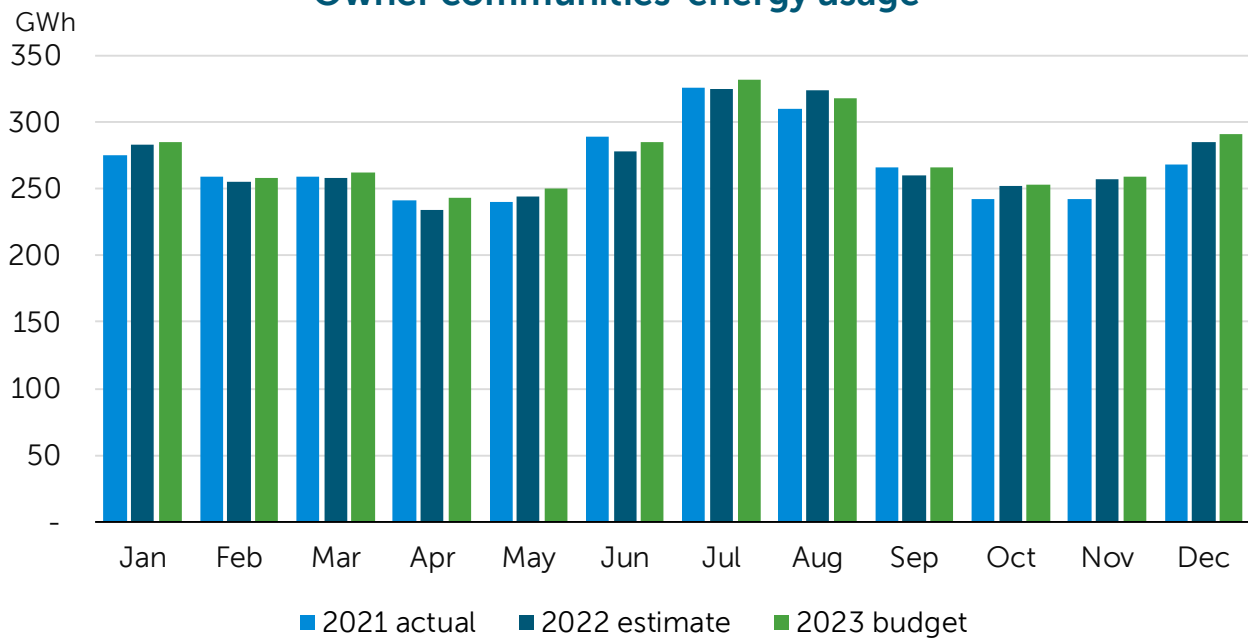
Total revenues (\$000)	2021 actual	2022 budget	2022 estimate	2023 budget
Operating revenues				
Sales to owner communities	\$ 199,208	\$ 208,017	\$ 211,977	\$ 224,082
Sales for resale - long-term	19,895	18,687	21,163	14,889
Sales for resale - short-term	40,527	29,557	43,934	53,584
Wheeling	5,748	5,930	6,856	5,884
Total operating revenues	265,378	262,191	283,930	298,439
Other revenues				
Interest income	1,365	608	2,173	5,410
Other income	913	371	566	301
Total other revenues	2,278	979	2,739	5,711
Total revenues	\$ 267,656	\$ 263,170	\$ 286,669	\$ 304,150



Average owner community rate and sales for resale price



Owner communities' energy usage



Owner communities' loads	2021 actual	2022 budget	2022 estimate	2023 budget
Summer peak demand (MW) ⁽¹⁾	707	674	684	707
Nonsummer peak demand (MW) ⁽¹⁾	501	491	499	499
Metered coincident demand (MW) ⁽²⁾	6,158	6,162	6,445	6,327
Billing determinants ^{(2) (3)}				
Noncoincident billing demand (MW)	6,681	6,522	6,720	6,702
Coincident billing demand (MW)	6,653	6,481	6,664	6,654
Energy (GWh)	3,217	3,218	3,253	3,301
Sales for resale				
Energy (GWh) ⁽⁴⁾	1,620	1,756	1,696	1,794
Capacity (MW-Mo) ⁽²⁾	780	780	780	780

(1) Summer season is June through September. The nonsummer season is January through May and October through December.

(2) Accumulated monthly values.

(3) Billing demand is subject to a monthly minimum demand charge and excludes large customer service.

(4) Includes long-term and short-term sales.

Sales to owner communities	2021 actual	2022 budget	2022 estimate	2023 budget
Fort Collins				
Owner community allocation	47.5%	47.6%	47.6%	47.5%
Noncoincident billing demand (MW)	3,063	2,965	3,046	3,030
Coincident billing demand (MW)	3,064	2,961	3,032	3,022
Energy (MWh)				
Dispatchable	1,050,839	1,026,479	1,005,804	1,099,760
Intermittent	453,603	497,176	518,868	458,343
Total energy supplied	1,504,442	1,523,655	1,524,672	1,558,103
Owner community charge	\$ 6,021,344	\$ 6,581,604	\$ 6,581,604	\$ 7,542,120
Demand charges				
Transmission demand	\$ 18,807,250	\$ 19,630,782	\$ 20,162,396	\$ 20,358,736
Generation demand	15,370,669	15,094,367	15,521,481	15,741,272
Total demand charges	\$ 34,177,919	\$ 34,725,149	\$ 35,683,877	\$ 36,100,008
Energy charges				
Fixed cost energy	\$ 21,994,941	\$ 23,951,853	\$ 23,967,853	\$ 24,711,508
Variable cost energy	29,885,277	31,512,111	31,514,983	35,415,668
Total energy charges	\$ 51,880,218	\$ 55,463,964	\$ 55,482,836	\$ 60,127,176
Total charges	\$ 92,079,481	\$ 96,770,717	\$ 97,748,317	\$ 103,769,304
Longmont				
Owner community allocation	25.2%	25.4%	25.4%	25.6%
Noncoincident billing demand (MW)	1,848	1,811	1,866	1,869
Coincident billing demand (MW)	1,846	1,809	1,864	1,862
Energy (MWh)				
Dispatchable	589,667	558,224	555,369	602,558
Intermittent	252,326	268,262	286,500	249,433
Total energy supplied	841,993	826,486	841,869	851,991
Owner community charge	\$ 3,187,845	\$ 3,508,536	\$ 3,508,536	\$ 4,059,192
Demand charges				
Transmission demand	\$ 11,346,382	\$ 11,989,439	\$ 12,350,025	\$ 12,559,160
Generation demand	9,282,362	9,229,360	9,567,427	9,695,043
Total demand charges	\$ 20,628,744	\$ 21,218,799	\$ 21,917,452	\$ 22,254,203

Sales to owner communities (continued)	2021 actual	2022 budget	2022 estimate	2023 budget
Longmont (continued)				
Energy charges				
Fixed cost energy	\$ 12,309,938	\$ 12,992,359	\$ 13,234,188	\$ 13,512,580
Variable cost energy	16,701,617	17,069,390	17,401,442	19,365,756
Total energy charges	\$ 29,011,555	\$ 30,061,749	\$ 30,635,630	\$ 32,878,336
Total charges	\$ 52,828,144	\$ 54,789,084	\$ 56,061,618	\$ 59,191,731
Loveland				
Owner community allocation	23.2%	22.9%	22.9%	22.7%
Noncoincident billing demand (MW)	1,510	1,480	1,532	1,533
Coincident billing demand (MW)	1,518	1,477	1,528	1,532
Energy (MWh)				
Dispatchable and large customer service	518,181	499,596	499,428	540,686
Intermittent	215,041	232,515	246,776	210,696
Total energy supplied	733,222	732,111	746,204	751,382
Owner community charge	\$ 2,524,713	\$ 2,748,216	\$ 2,748,216	\$ 3,151,152
Demand charges				
Transmission demand	\$ 9,257,993	\$ 9,796,640	\$ 10,140,627	\$ 10,303,221
Generation demand	7,637,501	7,535,059	7,845,679	7,981,796
Total demand charges	\$ 16,895,494	\$ 17,331,699	\$ 17,986,306	\$ 18,285,017
Energy charges				
Fixed cost energy	\$ 9,377,230	\$ 10,115,910	\$ 10,238,646	\$ 10,283,402
Variable cost energy and large customer service	17,539,783	17,793,447	18,504,964	20,321,022
Total energy charges	\$ 26,917,013	\$ 27,909,357	\$ 28,743,610	\$ 30,604,424
Total charges	\$ 46,337,220	\$ 47,989,272	\$ 49,478,132	\$ 52,040,593
Estes Park				
Owner community allocation	4.1%	4.1%	4.1%	4.2%
Noncoincident billing demand (MW)	260	266	276	270
Coincident billing demand (MW)	225	234	240	238

Sales to owner communities (continued)	2021 actual	2022 budget	2022 estimate	2023 budget
Estes Park (continued)				
Energy (MWh)				
Dispatchable	94,238	90,515	92,406	97,497
Intermittent	42,949	45,688	47,670	42,403
Total energy supplied	137,187	136,203	140,076	139,900
Owner community charge	\$ 521,394	\$ 570,936	\$ 570,936	\$ 661,980
Demand charges				
Transmission demand	\$ 1,596,553	\$ 1,761,182	\$ 1,828,850	\$ 1,818,042
Generation demand	1,099,177	1,157,140	1,183,903	1,201,536
Total demand charges	\$ 2,695,730	\$ 2,918,322	\$ 3,012,753	\$ 3,019,578
Energy charges				
Fixed cost energy	\$ 1,996,127	\$ 2,141,111	\$ 2,209,864	\$ 2,218,808
Variable cost energy	2,750,184	2,837,851	2,895,384	3,179,915
Total energy charges	\$ 4,746,311	\$ 4,978,962	\$ 5,105,248	\$ 5,398,723
Total charges	\$ 7,963,435	\$ 8,468,220	\$ 8,688,937	\$ 9,080,281
Total owner communities				
Owner community allocation	100.0%	100.0%	100.0%	100.0%
Noncoincident billing demand (MW)	6,681	6,522	6,720	6,702
Coincident billing demand (MW)	6,653	6,481	6,664	6,654
Energy (MWh)				
Dispatchable and large customer service	2,252,925	2,174,814	2,153,007	2,340,501
Intermittent	963,919	1,043,641	1,099,814	960,875
Total energy supplied	3,216,844	3,218,455	3,252,821	3,301,376
Owner community charge	\$ 12,255,296	\$ 13,409,292	\$ 13,409,292	\$ 15,414,444
Demand charges				
Transmission demand	\$ 41,008,178	\$ 43,178,043	\$ 44,481,898	\$ 45,039,159
Generation demand	33,389,709	33,015,926	34,118,490	34,619,647
Total demand charges	\$ 74,397,887	\$ 76,193,969	\$ 78,600,388	\$ 79,658,806
Energy charges				
Fixed cost energy	\$ 45,678,236	\$ 49,201,233	\$ 49,650,551	\$ 50,726,298
Variable cost energy and large customer service	66,876,861	69,212,799	70,316,773	78,282,361
Total energy charges	\$ 112,555,097	\$ 118,414,032	\$ 119,967,324	\$ 129,008,659
Total charges	\$ 199,208,280	\$ 208,017,293	\$ 211,977,004	\$ 224,081,909

Operating expenses

Expenses incurred to perform the operations of generating and delivering electricity include purchased power, fuel, production, transmission and administrative and general. In addition, operating expenses include investments in DERs. The production cost model determines the budgeted expense for purchased power and fuel, whereas expenses for production, transmission, administrative and general and DER are predominately determined by departmental budgets. Emphasis is placed on preventive and predictive maintenance to help control expenses while also investing in strategic initiatives and accomplishing the RDP goal.

Purchased power

Purchased power is one of the largest classifications of operating expenses. Purchased power includes purchases under long-term contracts for wind, hydropower and solar energy. Other purchases supplement additional energy requirements. An accrual for estimated future replacement power costs during specified maintenance outages is also included. Purchased power fluctuates with outages and market conditions. When market prices are low, Platte River may decide, for economic reasons, to purchase rather than generate from a coal-fired or natural gas facility. Through market purchases, Platte River is able to take advantage of low-cost energy when pricing is less than marginal production costs.

Platte River continues to diversify its resource portfolio by adding more noncarbon resources and by moving away from coal-fired resources through the PPAs listed below.

Wind

Wind generation includes 303 MW provided under long-term PPAs. The agreements are for deliveries from the following facilities.

- Roundhouse Wind Energy Center (225 MW) in Wyoming; contract ends May 31, 2042.
- Spring Canyon Wind Energy Center Phase II and III (60 MW) in Colorado; contracts end Oct. 31, 2039, and Dec. 10, 2039, respectively. To accommodate additional wind energy available from the Roundhouse Wind Energy Center and reduce ancillary services expense, the energy and renewable attribute from this site have been sold under a 10-year, long-term contract that began in 2020. Therefore, the energy is not delivered to the owner communities for the term of the sales contract. At the end of the sales contract, the energy will return to Platte River.
- Silver Sage Windpower Project (12 MW) in Wyoming; contract ends Sept. 30, 2029. To accommodate additional wind energy available from the Roundhouse Wind Energy Center and to reduce transmission and ancillary services expenses, the energy and renewable attribute from this site have been sold under a long-term contract. Therefore, the energy is not delivered to the owner communities.
- Medicine Bow Wind Project (6 MW) in Wyoming; contract ends Dec. 30, 2033.

Hydropower

Hydropower is received under two long-term contracts with WAPA. The hydropower contracts are subject to annual price changes. The CRSP and LAP contracts end Sept. 30, 2057, and Sept. 30, 2054, respectively.

- CRSP contract rate of delivery amounts are 106 MW in the summer and 136 MW in the winter, which are not being met due to drought conditions. Actual capacity available varies by month. During the summer season, available capacity ranges from 34 MW to 51 MW. In the winter season, available capacity ranges from 34 MW to 45 MW. Available capacity and energy may further change with drought conditions, and as conditions worsen, there may be periods where no energy is delivered.
- LAP capacity is 30 MW in the summer and 32 MW in the winter. Similar to CRSP, the available capacity from LAP varies from 23 MW to 30 MW in the summer season, and 26 MW to 32 MW in the winter season.

Solar and battery storage

Solar generation includes 52 MW with 2 MWh of battery storage provided under long-term PPAs. The agreements are for deliveries from the following facilities.

- Rawhide Flats Solar facility (30 MW) located at the Rawhide Energy Station; contract ends Dec. 14, 2041.
- Rawhide Prairie Solar facility (22 MW) located at the Rawhide Energy Station; contract ends March 18, 2041. A battery storage system of 2 MWh is integrated with this project, which can be discharged once daily at a rate up to 1 MW per hour.

Other purchases

Market purchases include energy purchased as part of participation in WEIS beginning April 2023 in support of reliability as Platte River diversifies its resource mix. Participation in the WEIS will provide access to lower cost resources and increased operational efficiencies while enhancing reliability. Prior to participation in the WEIS, market purchases include those made through the joint dispatch agreement between Public Service Company of Colorado, Black Hills Colorado Electric and Platte River. The joint dispatch agreement operates similarly to an energy imbalance market. The agreement will terminate as participants, including Platte River, begin participation in the WEIS.

Bilateral purchases involve a single counterparty and are specifically negotiated deals. These provide energy to satisfy loads, replace power during outages and meet reserve requirements.

Capacity of approximately 4.022 MW and 0.333 MW is purchased from Fort Collins and Loveland community solar facilities, respectively. For these two facilities, the owner communities retain the renewable attribute and the facilities are not part of Platte River's noncarbon resource portfolio.

Platte River has a forced outage exchange agreement with Tri-State. If either Rawhide Unit 1 or Tri-State's Craig Unit 3 is out of service, the other utility will provide 100 MW of generation on a short-term basis. The agreement is in effect until March 31, 2024.

Maintenance outage accrual policy

This policy allows replacement power for Rawhide Unit 1 scheduled maintenance outage costs exceeding \$5 million to be spread over the interim period between outages to smooth rate impacts to the owner communities.

Fuel

Fuel expense is the largest classification of operating expenses for 2023. It had historically been in decline as a percentage of total operating expenses as fossil fuel generation became a smaller component of the resource portfolio with the influx of noncarbon resources. Changes to market conditions, primarily in coal and natural gas pricing, have significantly increased fuel expense for 2023. Fuel expense includes coal purchased for Rawhide Unit 1, Craig units 1 and 2 and natural gas purchased for the combustion turbines. The production cost model determines the majority of fuel expense for the budget year and fluctuates with resource availability primarily due to outages and market conditions.

Rawhide Unit 1 (280 MW) is Platte River's largest baseload resource and has historically operated at a high capacity factor. As Platte River adds more noncarbon energy to the resource portfolio, Rawhide Unit 1 will operate at lower load levels to accommodate higher levels of noncarbon resources on the system. Platte River continues to assess the full impact of this change in operations.

Coal for Rawhide Unit 1 is purchased under a long-term contract to secure all of Rawhide Unit 1's coal needs through the life of the unit. The coal price defaults to a market index unless Platte River chooses to use price lock provisions outlined in the contract, which have been exercised for all of 2023 budgeted and 2024 projected coal purchases. The current Rawhide coal contract is for low-sulfur coal provided from Antelope Mine in the Powder River Basin in Wyoming. A long-term transportation contract through 2022 establishes a base rate per ton, which is subject to an annual adjustment in accordance with specified indices and a fuel adjustment charge. A contract renewal is currently under negotiation for 2023 through 2025.

Platte River owns 18% of Craig units 1 and 2 (151 MW combined). Coal for the Craig units is purchased under the long-term contract with Trapper Mining, Inc. through 2025. Efforts will focus on structuring future fuel supply contracts and fuel inventory levels to align with operations and the planned closure timeline of the Craig units. The average price for coal delivered from the mine is projected to increase 32% in 2023, primarily due to changes in mining technique to lessen the environmental impact and reduce future reclamation burden. Supply cost increases for parts and supplies as well as diesel fuel cost increases also contribute to the projected increase.

Natural gas-fired combustion turbines include five simple cycle combustion turbines, composed of four GE 7EAs (Rawhide units A, B, C and D, 65 MW each) and one GE 7FA (Rawhide Unit F, 128 MW). The combustion turbines are used to meet peak load demand, provide reserves during outages of the coal-fired units and make sales for resale. Natural gas is purchased at market prices as needed. Natural gas needs fluctuate with load, market energy prices and the addition of noncarbon energy resources. The average price is projected to increase 21% in 2023 due to an increase in market prices for natural gas.

Production

Production expenses include operations and maintenance expenses (excluding fuel) incurred at the Rawhide Energy Station, the Craig Generating Station and power operations. The Rawhide expenses

are predominately determined by departmental budgets. The Craig expenses are determined by Tri-State, the operating agent, and approved by the engineering and operations committee of which Platte River is a member. An accrual for estimated future costs during specified Rawhide maintenance outages is also included.

Rawhide Energy Station

Rawhide Unit 1 is Platte River's largest resource and will be retired by December 2029. Platte River plans continued investment in preventive and predictive maintenance to ensure the resource is reliable, safe and compliant through its remaining operating life. Through this proactive and planned approach, ongoing operations and maintenance expenses have been consistent from year to year. Regular outages are required to ensure the unit remains operable and reliable. An accrual for estimated future costs during specified maintenance outages of Rawhide Unit 1 is also included and smooths out the cost of those outages over a longer period. Rawhide Unit 1 major outages are performed every three years with a scheduled minor maintenance outage 18 months between scheduled major maintenance outages. Scheduled maintenance outages are also required for the combustion turbines, which are scheduled based on the number of starts of the units. Personnel expenses that are charged to operations and maintenance can fluctuate with the amount of labor charged to capital projects and fluctuations in headcount in any given year.

Craig Generating Station

Routine operations and maintenance expenses for Craig units 1 and 2 have been decreasing slightly as participants are prudent about the amount of investment in the Craig units to ensure reliability until retirement. Scheduled maintenance outages typically cause a non-recurring increase in expenses. Based on the desire to limit reliance on coal-fired resources and avoid excessive capital costs to comply with upcoming environmental regulations, participants in Craig units 1 and 2 agreed to retire the facilities by December 2025 and September 2028, respectively.

Power operations

Power operations relates to managing resources to meet load and sales for resale obligations. The focus is to ensure the owner communities have a reliable energy supply, cost-effectively optimize resources and create additional value through the sale of available energy and capacity to third parties.

Transmission

Transmission maintenance is important to support the safe and reliable delivery of power across Platte River's regional transmission system. Transmission expenses also include Platte River's share of operating and maintaining jointly owned transmission facilities, ancillary services for regulation of wind and solar, and wheeling expenses paid to WAPA and others for wind and a portion of Platte River's load. Transmission expenses are primarily developed through departmental budgets. Personnel expenses that are charged to operations and maintenance can fluctuate with the amount of labor charged to capital projects and fluctuations in headcount in any given year.

Administrative and general

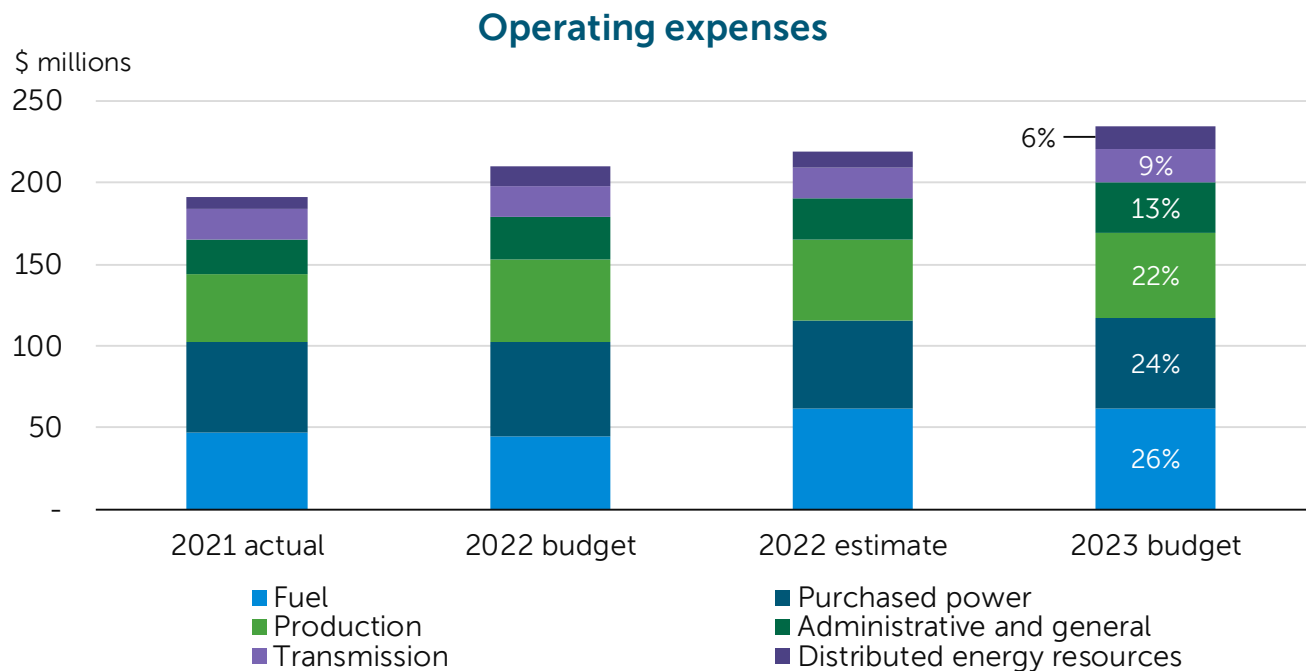
Administrative and general expenses include all expenses incurred that are not directly allocated to capital or assignable to fuel, production, transmission or DER. These expenses include those related

to the general manager, communications, community and government affairs, human resources, safety, general counsel, digital, financial services, facilities and fleet. The largest component of this expense is personnel, which includes salaries and benefits. With the changing environment and continued focus on operational excellence, Platte River has made investments and will continue to invest in employees to ensure strategic initiatives and goals are achieved. Emphasis has been placed on resource planning, technology and communications.

Distributed energy resources

DER expenses include all expenses applicable to the administration and implementation of Platte River's DER programs. Energy efficiency and demand response programs, early forms of DER, began in 2002 with a budget of \$0.4 million. Energy efficiency investment continues due to its success and support for the enhanced customer experience strategic initiative. Development and testing continue with other DER, DERMS and demand response programs as Platte River continues to implement the long-range DER strategy in support of the resource diversification and alignment strategic initiative and the RDP.

Operating expenses (\$000)	2021 actual	2022 budget	2022 estimate	2023 budget
Purchased power	\$ 54,606	\$ 57,733	\$ 53,720	\$ 55,302
Fuel	47,525	44,526	61,473	61,777
Production	41,680	50,386	49,603	52,153
Transmission	18,786	18,634	18,864	20,588
Administrative and general	21,401	26,020	25,841	30,821
Distributed energy resources	6,958	12,378	9,028	13,639
Total operating expenses	\$ 190,956	\$ 209,677	\$ 218,529	\$ 234,280



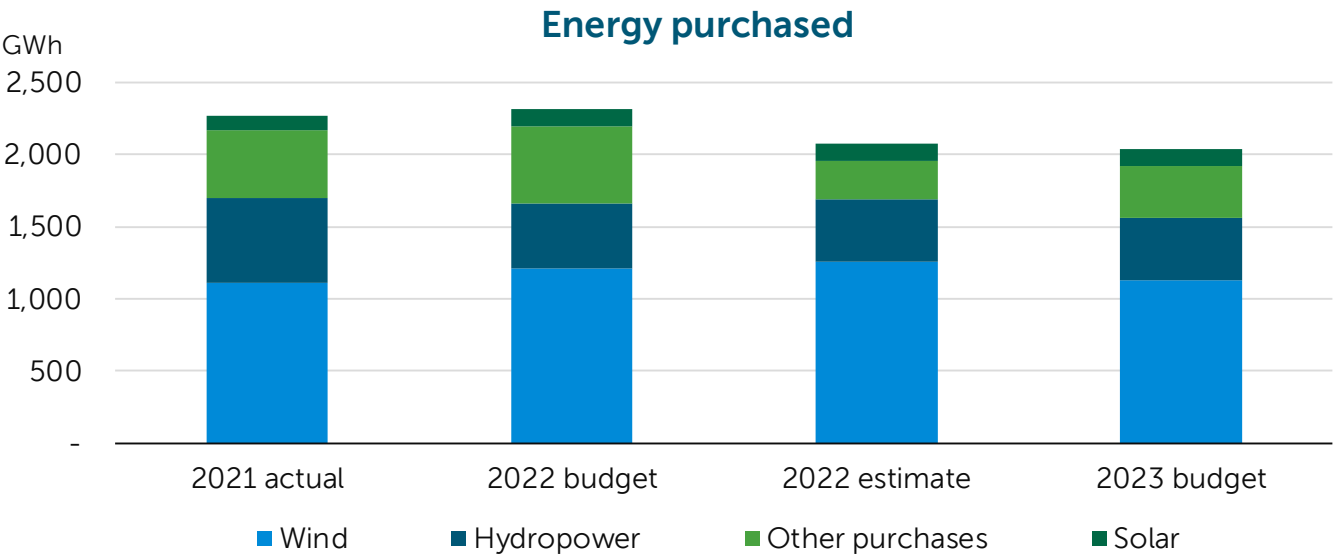
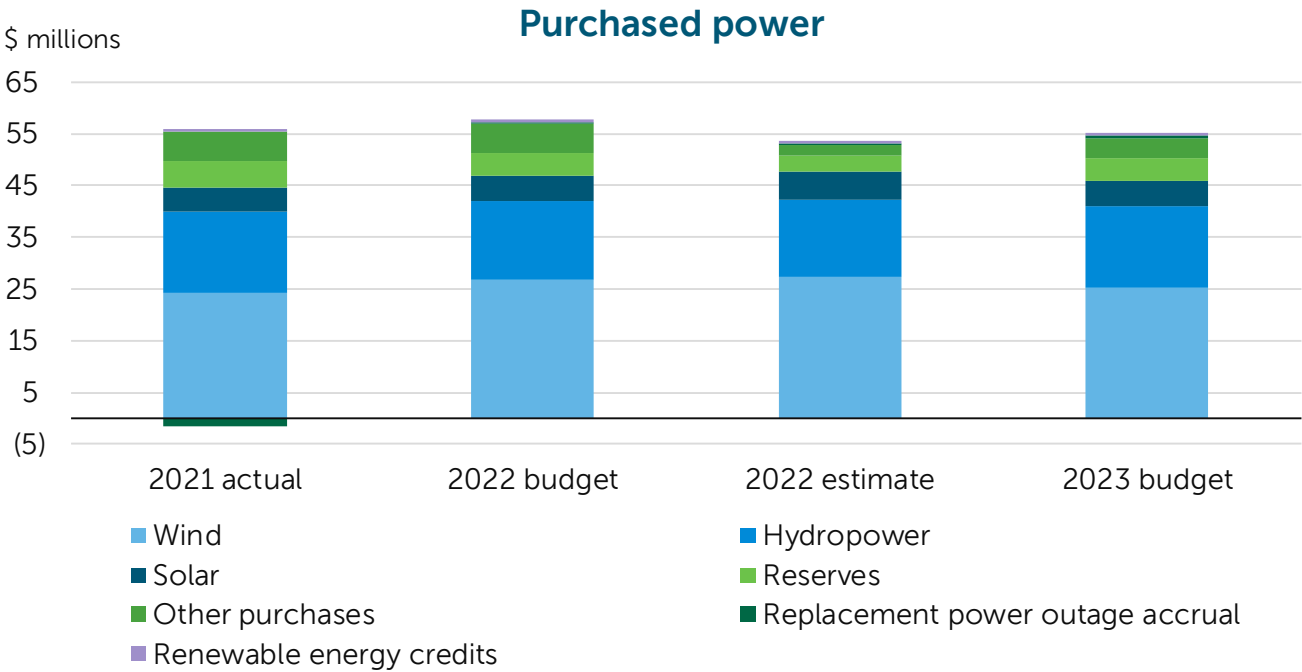
	2021 actual	2022 budget	2022 estimate	2023 budget
Purchased power				
Wind				
Roundhouse				
Energy (kWh)	842,302,318	909,604,558	956,006,212	837,499,424
Energy \$	\$ 14,571,830	\$ 15,736,160	\$ 16,279,924	\$ 14,488,742
Spring Canyon II ⁽¹⁾				
Energy (kWh)	119,313,998	130,929,461	135,352,483	125,207,621
Energy \$	\$ 3,747,912	\$ 4,214,672	\$ 4,356,386	\$ 4,131,203
Spring Canyon III ⁽¹⁾				
Energy (kWh)	103,596,625	110,786,465	117,660,164	105,944,909
Energy \$	\$ 3,243,108	\$ 3,559,446	\$ 3,779,680	\$ 3,488,986
Silver Sage ⁽²⁾				
Energy (kWh)	29,733,083	38,378,606	35,681,418	37,849,763
Energy \$	\$ 1,893,403	\$ 2,499,385	\$ 2,324,887	\$ 2,527,506
Medicine Bow				
Energy (kWh)	18,093,686	19,558,956	16,656,630	18,346,543
Energy \$	\$ 728,113	\$ 782,359	\$ 666,266	\$ 733,862
Total wind				
Energy (kWh)	1,113,039,710	1,209,258,046	1,261,356,907	1,124,848,260
Energy \$	\$ 24,184,366	\$ 26,792,022	\$ 27,407,143	\$ 25,370,299
Hydropower				
WAPA-CRSP				
Demand (kW-Mo)	1,450,002	1,450,002	1,450,002	1,450,002
Demand \$	\$ 7,086,805	\$ 7,612,512	\$ 7,612,512	\$ 7,612,512
Energy (kWh)	478,817,900	348,635,557	320,306,836	331,385,684
Energy \$	\$ 5,498,461	\$ 4,309,136	\$ 3,958,996	\$ 4,095,928
Total CRSP	\$ 12,585,266	\$ 11,921,648	\$ 11,571,508	\$ 11,708,440
WAPA-LAP				
Demand (kW-Mo)	372,606	372,606	372,606	372,606
Demand \$	\$ 1,535,137	\$ 1,535,136	\$ 1,535,136	\$ 1,788,510
Energy (kWh)	109,536,421	109,536,421	109,536,421	109,536,421
Energy \$	\$ 1,721,912	\$ 1,721,911	\$ 1,721,911	\$ 2,005,612
Total LAP	\$ 3,257,049	\$ 3,257,047	\$ 3,257,047	\$ 3,794,122
Total hydropower				
Demand (kW-Mo)	1,822,608	1,822,608	1,822,608	1,822,608
Demand \$	\$ 8,621,942	\$ 9,147,648	\$ 9,147,648	\$ 9,401,022
Energy (kWh)	588,354,321	458,171,978	429,843,257	440,922,105
Energy \$	\$ 7,220,373	\$ 6,031,047	\$ 5,680,907	\$ 6,101,540
Total \$	\$ 15,842,315	\$ 15,178,695	\$ 14,828,555	\$ 15,502,562
Solar				
Rawhide Flats Solar				
Energy (kWh)	62,151,526	61,042,876	67,700,385	61,114,995
Energy \$	\$ 3,321,998	\$ 3,262,743	\$ 3,618,586	\$ 3,266,596

Purchased power (continued)	2021 actual	2022 budget	2022 estimate	2023 budget
Solar (continued)				
Rawhide Prairie Solar				
Energy (kWh)	41,557,365	53,435,261	53,192,883	53,522,251
Energy \$	\$ 1,277,332	\$ 1,755,104	\$ 1,749,070	\$ 1,758,564
Total solar				
Energy (kWh)	103,708,891	114,478,137	120,893,268	114,637,246
Energy \$	\$ 4,599,330	\$ 5,017,847	\$ 5,367,656	\$ 5,025,160
Other purchases				
Market purchases				
Energy (kWh)	439,332,000	493,974,361	274,437,376	316,265,879
Energy \$	\$ 3,865,234	\$ 4,347,128	\$ 2,876,170	\$ 2,257,529
Bilateral purchases				
Energy (kWh)	59,636,000	31,879,825	18,798,603	35,312,125
Energy \$	\$ 3,013,273	\$ 1,082,331	\$ 899,757	\$ 1,361,737
Owner community solar programs ⁽³⁾				
Energy (kWh)	7,855,657	7,798,850	7,648,708	7,773,742
Energy \$	\$ 380,588	\$ 181,312	\$ 263,221	\$ 197,153
Forced outage exchange				
Energy (kWh)	(42,096,000)	-	(36,200,000)	-
Energy \$	\$ (1,433,839)	\$ -	\$ (2,004,287)	\$ -
Total other purchases				
Energy (kWh)	464,727,657	533,653,036	264,684,687	359,351,746
Energy \$	\$ 5,825,256	\$ 5,610,771	\$ 2,034,861	\$ 3,816,419
Reserves	\$ 5,032,671	\$ 4,363,685	\$ 3,311,678	\$ 4,315,882
Renewable energy credits	\$ 549,980	\$ 549,980	\$ 549,980	\$ 549,980
Replacement power outage accrual	\$ (1,427,523)	\$ 220,218	\$ 220,218	\$ 721,479
Total purchased power	<u>\$ 54,606,395</u>	<u>\$ 57,733,218</u>	<u>\$ 53,720,091</u>	<u>\$ 55,301,781</u>

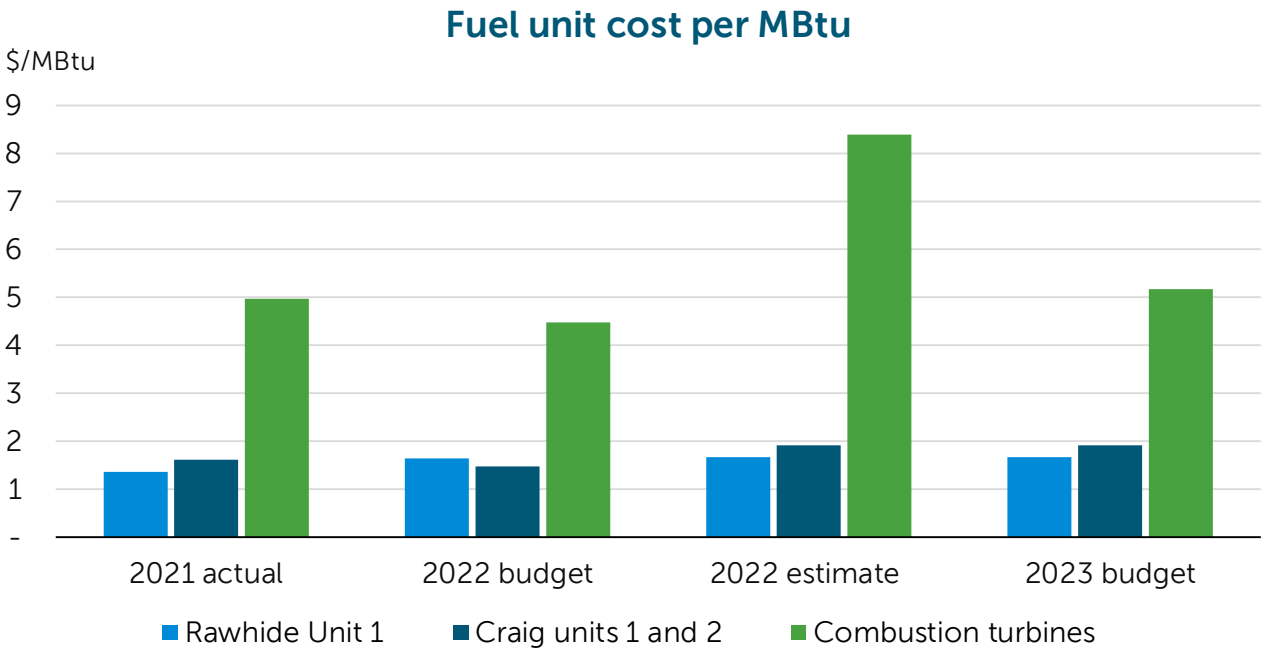
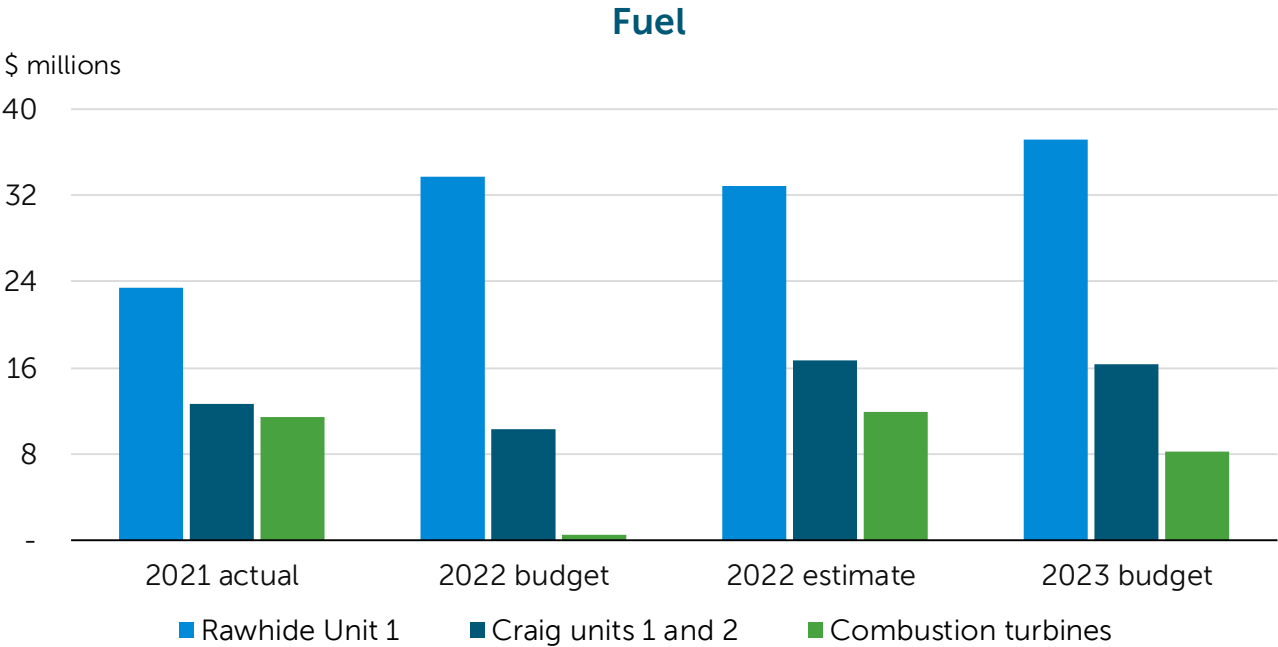
(1) Effective June 2020, Spring Canyon II and III energy and renewable attributes have been sold to a third party.

(2) Effective October 2018, Silver Sage energy and the renewable attribute have been sold to a third party.

(3) The owner communities retain the renewable attribute.

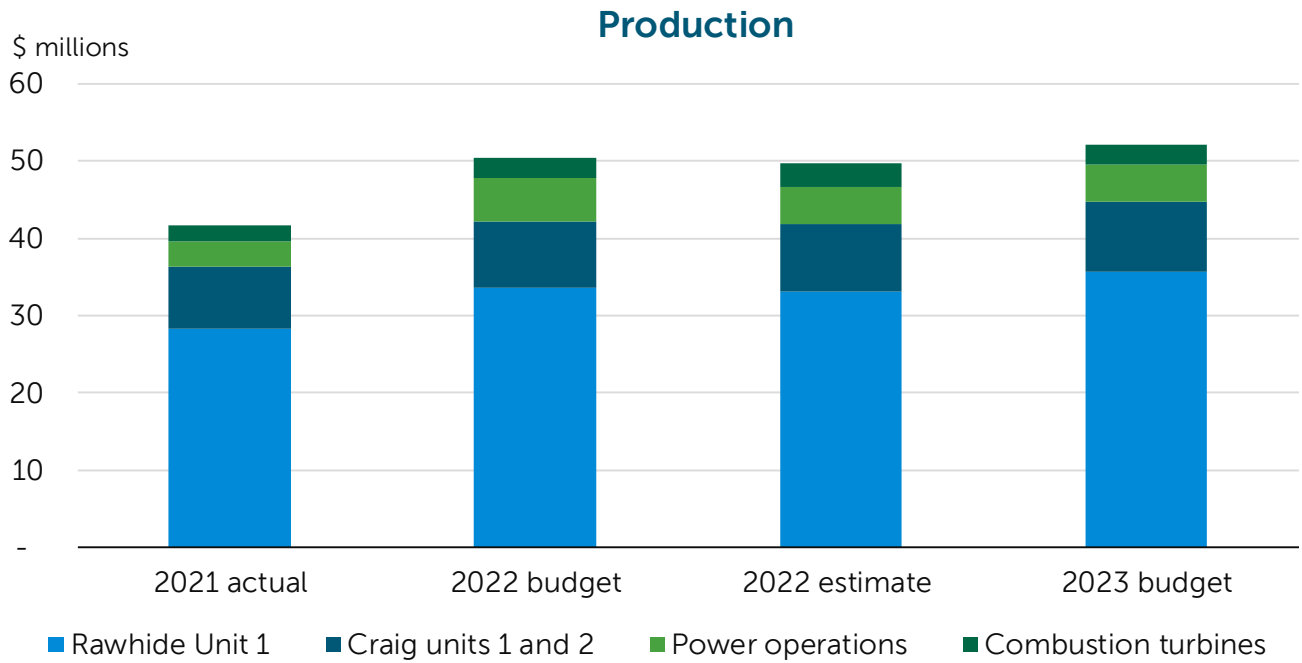


Fuel	2021 actual	2022 budget	2022 estimate	2023 budget
Rawhide Unit 1				
Coal burned (MBtu)	17,121,470	20,354,430	19,766,566	21,720,129
\$/MBtu	\$ 1.31	\$ 1.63	\$ 1.63	\$ 1.68
Coal expense	\$ 22,497,470	\$ 33,189,074	\$ 32,195,833	\$ 36,458,992
Car lease and other	11,581	13,700	7,606	19,700
Oil	156,697	32,000	195,052	50,000
Fuel ash disposal	(72,026)	(75,000)	(78,090)	(75,000)
Fuel handling	759,674	488,090	552,536	725,653
Testing and analysis	35,539	42,500	41,814	43,500
Total Rawhide Unit 1	\$ 23,388,935	\$ 33,690,364	\$ 32,914,751	\$ 37,222,845
Craig units 1 and 2				
Coal burned (MBtu)	7,818,702	7,051,361	8,645,200	8,483,030
\$/MBtu	\$ 1.58	\$ 1.42	\$ 1.89	\$ 1.87
Coal expense	\$ 12,345,081	\$ 10,048,159	\$ 16,310,300	\$ 15,878,579
Oil	1,778	10,000	7,379	10,000
Natural gas	126,211	85,000	114,687	100,000
Fuel handling	224,698	225,877	233,201	304,866
Total Craig units 1 and 2	\$ 12,697,768	\$ 10,369,036	\$ 16,665,567	\$ 16,293,445
Rawhide units A, B, C, D and F (combustion turbines)				
Natural gas burned (MBtu)	2,300,564	104,036	1,416,097	1,597,729
\$/MBtu	\$ 4.97	\$ 4.21	\$ 8.34	\$ 5.11
Natural gas expense	\$ 11,436,413	\$ 438,176	\$ 11,804,266	\$ 8,161,211
Other gas expense	1,722	28,538	87,703	100,000
Total natural gas	\$ 11,438,135	\$ 466,714	\$ 11,891,969	\$ 8,261,211
Total fuel	\$ 47,524,838	\$ 44,526,114	\$ 61,472,287	\$ 61,777,501

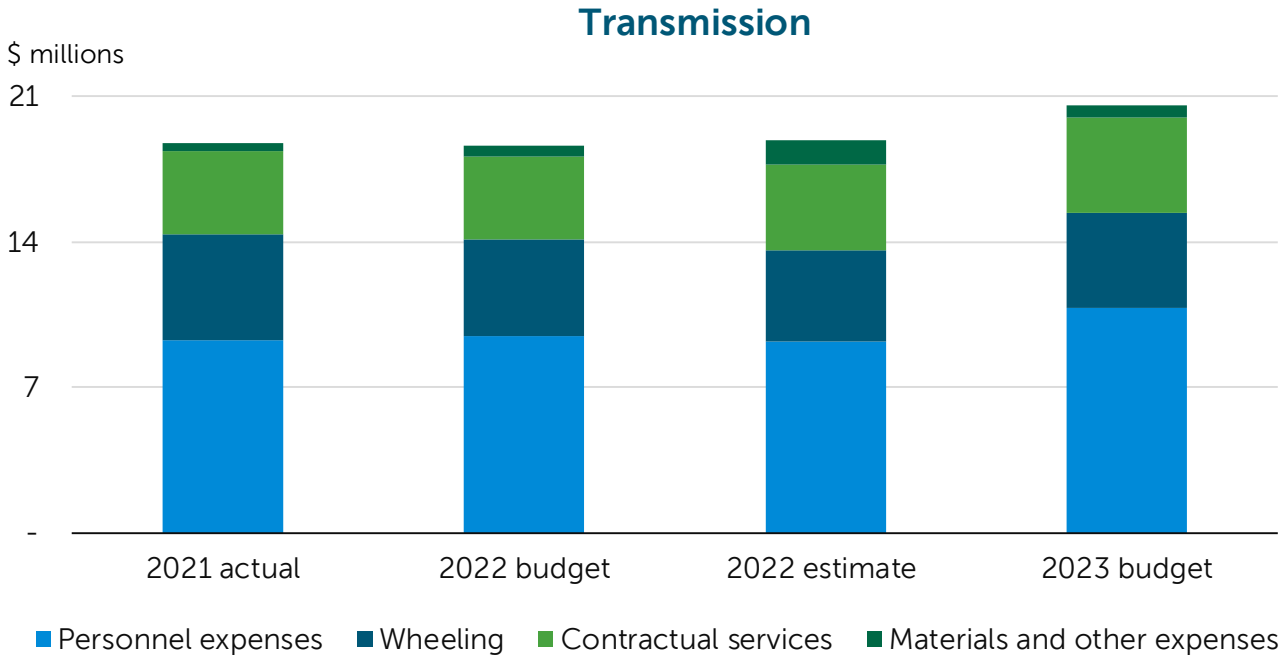


	2021 actual	2022 budget	2022 estimate	2023 budget
Production				
Rawhide Unit 1				
Personnel expenses				
Regular wages	\$ 10,045,958	\$ 10,406,925	\$ 9,667,806	\$ 10,600,047
Overtime wages	1,921,646	752,938	1,093,593	1,246,805
Benefits allocation	4,909,480	4,887,415	4,602,384	4,682,046
Total personnel expenses	16,877,084	16,047,278	15,363,783	16,528,898
Operations and maintenance				
Office expenses	12,302	19,900	15,734	15,900
Safety expenses	82,417	112,250	73,790	97,140
Furniture and equipment	29,027	20,400	11,847	10,400
Local business expense	60,043	18,300	14,410	24,500
Postage and deliveries	25,269	9,800	6,841	11,000
O&M materials and supplies	5,592,309	4,070,630	4,094,255	4,180,002
Gasoline and diesel	110,394	72,840	114,972	86,660
Tools and shop equipment	16,479	70,000	42,355	71,800
Total operations and maintenance	5,928,240	4,394,120	4,374,204	4,497,402
Contractual services				
Contracted services	10,513,466	4,618,764	4,955,349	6,383,130
Insurance	779,044	1,103,900	1,058,136	1,109,600
Travel and training expenses	77,682	220,850	201,166	248,950
Telephone services	54,304	61,794	48,128	49,433
Utilities	597,359	444,048	431,355	451,384
Dues, memberships and fees	48,727	55,946	49,926	51,805
Outage accrual	(7,991,551)	3,295,962	3,295,962	2,899,142
Total contractual services	4,079,031	9,801,264	10,040,022	11,193,444
Windy Gap				
Water O&M expenses	384,357	496,999	469,018	577,820
Pooled financing expenses	1,050,914	2,888,007	2,888,007	2,888,007
Total Windy Gap	1,435,271	3,385,006	3,357,025	3,465,827
Total Rawhide Unit 1 production	28,319,626	33,627,668	33,135,034	35,685,571
Craig units 1 and 2				
Operating expenses	8,028,632	8,437,829	8,599,542	8,974,185
Fiscal impact payment	36,217	36,217	36,217	36,217
Total Craig units 1 and 2 production	8,064,849	8,474,046	8,635,759	9,010,402
Total thermal production	36,384,475	42,101,714	41,770,793	44,695,973
Rawhide units A, B, C, D and F (combustion turbines)				
Regular wages	444,462	627,263	557,013	606,850
Overtime wages	95,688	33,509	103,424	88,001
Benefits allocation	221,570	289,833	285,490	275,541
O&M materials and supplies	413,264	342,245	802,227	417,071

Production (continued)	2021 actual	2022 budget	2022 estimate	2023 budget
Rawhide units A, B, C, D and F (combustion turbines) (continued)				
Contracted services	\$ 579,925	\$ 812,575	\$ 778,871	\$ 830,475
Insurance	376,850	453,400	435,751	466,200
Travel and training expenses	6,000	28,900	19,798	36,000
Telephone services	585	600	588	600
Utilities	1,370	2,400	1,393	2,400
Dues, memberships and fees	6,246	6,500	7,222	7,500
Total Rawhide units A, B, C, D and F (combustion turbines)	2,145,960	2,597,225	2,991,777	2,730,638
Power operations				
Regular wages	1,667,929	1,972,326	1,805,625	2,300,886
Overtime wages	72,996	64,708	79,761	73,946
Benefits allocation	724,171	878,963	802,508	924,541
Local business expense	115	1,800	1,144	3,600
Craig units 1 and 2 operating expenses	26,313	40,392	30,652	27,000
Contracted services	631,785	2,679,304	2,047,709	1,173,420
Travel and training expenses	7,453	28,900	16,076	109,110
Telephone expenses	11,775	11,672	11,327	12,995
Dues, memberships and fees	7,100	8,600	45,199	101,188
Total power operations	3,149,637	5,686,665	4,840,001	4,726,686
Total production	\$ 41,680,072	\$ 50,385,604	\$ 49,602,571	\$ 52,153,297



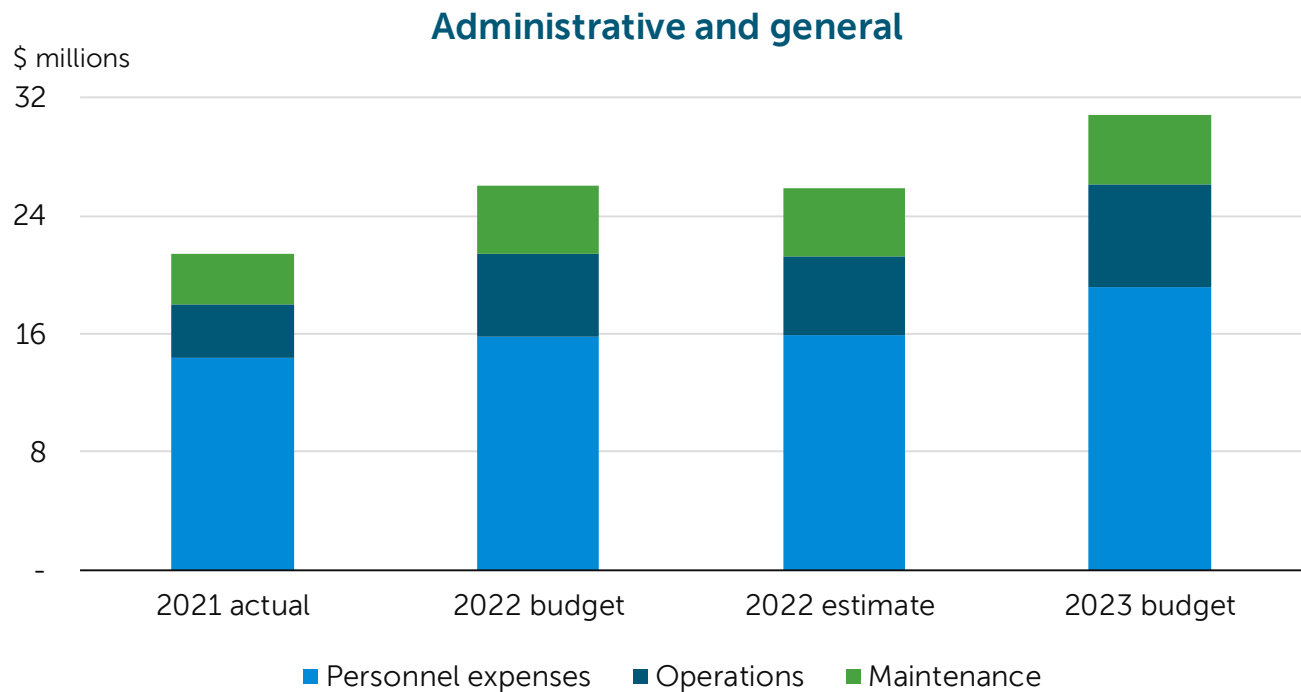
Transmission	2021 actual	2022 budget	2022 estimate	2023 budget
Personnel expenses				
Regular wages	\$ 6,156,767	\$ 6,168,864	\$ 6,033,316	\$ 7,363,836
Overtime wages	409,472	432,484	464,968	402,782
Benefits allocation	2,695,846	2,874,503	2,725,325	3,047,678
Total personnel expenses	9,262,085	9,475,851	9,223,609	10,814,296
Materials and other expenses				
Office supplies	768	250	-	5,000
Safety expenses	13,643	15,490	14,628	14,790
Local business expense	825	9,966	7,479	11,558
Postage and deliveries	-	6,004	2,585	5,508
O&M materials and supplies	290,093	338,242	1,014,086	442,307
Gasoline and diesel	32,581	29,700	36,071	38,616
Tools and shop equipment	12,125	29,004	23,233	26,008
Computer equipment	36,150	87,978	45,237	72,000
Total materials and other expenses	386,185	516,634	1,143,319	615,787
Contractual services				
Contracted services	3,330,140	2,989,085	3,373,174	3,647,699
Travel and training expenses	28,737	131,534	86,877	145,779
Telephone services	39,655	51,037	41,527	65,934
Utilities	2,184	22,510	11,132	21,080
Dues, memberships and fees	400,517	431,250	380,659	436,550
Leases and rents	113,518	134,243	113,078	131,540
Craig units 1 and 2 transmission expenses	112,521	218,444	147,166	122,473
Total contractual services	4,027,272	3,978,103	4,153,613	4,571,055
Total operations and maintenance	13,675,542	13,970,588	14,520,541	16,001,138
Transmission by others				
Wheeling expense				
Load	2,023,974	1,468,872	1,188,302	1,517,115
Spring Canyon Wind Energy Center	3,052,560	3,136,752	3,101,026	2,980,248
Medicine Bow Wind Project	33,362	57,976	54,005	89,076
Total wheeling expense	5,109,896	4,663,600	4,343,333	4,586,439
Total transmission	\$ 18,785,438	\$ 18,634,188	\$ 18,863,874	\$ 20,587,577



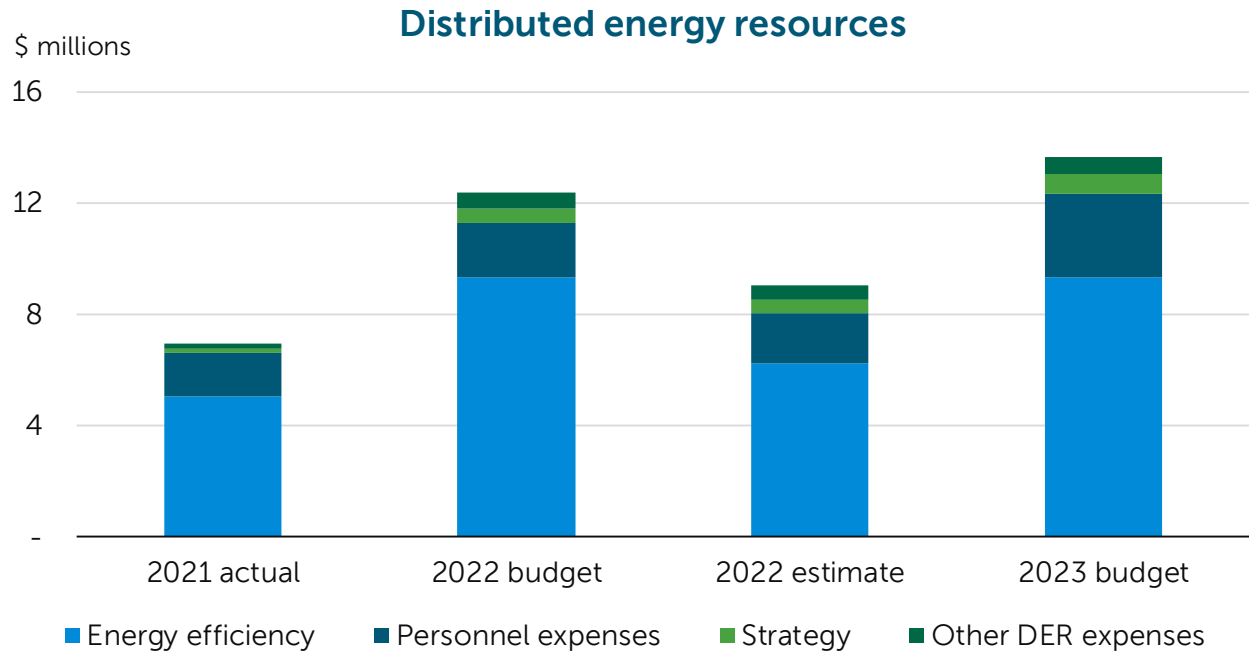
Administrative and general	2021 actual	2022 budget	2022 estimate	2023 budget
Operations				
Personnel expenses				
Regular wages	\$ 10,044,254	\$ 11,044,020	\$ 11,255,208	\$ 13,761,997
Overtime wages	162,589	45,900	102,269	42,800
Benefits allocation	4,153,340	4,772,744	4,570,881	5,344,601
Total personnel expenses	14,360,183	15,862,664	15,928,358	19,149,398
Office operations and other expenses				
Office expenses	117	(1,625)	14,469	4,375
Furniture and equipment	6,699	5,800	9,389	7,500
Local business expense	57,828	168,240	186,888	324,290
Postage and deliveries	11,172	23,520	17,970	19,350
Gasoline and diesel	13,466	24,000	20,102	31,200
Computer equipment	598,279	859,954	971,864	946,195
Total office operations and other expenses	687,561	1,079,889	1,220,682	1,332,910
Safety and training expenses				
Safety expenses	2,469	9,660	9,914	7,005
Local business expense	-	3,000	2,050	3,000
Contracted services	436	24,125	16,771	40,625
Travel and training expenses	198,365	441,405	435,036	529,269
Dues, memberships and fees	445	655	754	705
Wellness and incentive program	102,683	145,100	150,836	156,900
Total safety and training expenses	304,398	623,945	615,361	737,504
Contractual services				
Contracted services	776,669	908,405	651,361	836,855
Travel and training expenses	3,326	75,708	69,470	125,788
Telephone services	39,679	45,953	42,798	47,448
Utilities	199,164	229,500	216,996	230,700
Dues, memberships and fees	81,418	112,598	116,892	175,990
Other financing expenses	42,863	57,200	44,175	58,700
Total contractual services	1,143,119	1,429,364	1,141,692	1,475,481
Insurance	793,908	1,193,900	1,142,831	1,293,400
Board and enterprise expenses				
Local business expense	5,936	9,000	6,303	9,000
Contracted services	-	-	-	20,000
Travel and training expenses	575	12,500	24,480	13,000
Dues, memberships and fees	143,923	168,200	133,892	152,150
Trustees fees	18,000	19,500	18,000	12,000
Owner community economic development	100,000	100,000	100,000	100,000
Total board and enterprise expenses	268,434	309,200	282,675	306,150

Administrative and general (continued)	2021 actual	2022 budget	2022 estimate	2023 budget
Operations (continued)				
Reporting and other expenses				
Local business expenses	\$ 71,444	\$ 156,550	\$ 121,917	\$ 198,995
Contracted services	<u>128,174</u>	<u>268,250</u>	<u>292,233</u>	<u>939,900</u>
Total reporting and other expenses	199,618	424,800	414,150	1,138,895
Planning and customer service expenses				
Contracted services	206,892	436,500	461,087	589,500
Dues, memberships and fees	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total planning and customer service expenses	214,392	436,500	461,087	599,500
Compliance expenses				
Local business expenses	232	400	465	400
Computer equipment	55	-	-	-
Contracted services	4,212	24,550	14,502	25,000
Travel and training expenses	10,195	31,650	21,087	30,650
Dues, memberships and fees	<u>-</u>	<u>375</u>	<u>375</u>	<u>325</u>
Total compliance expenses	<u>14,694</u>	<u>56,975</u>	<u>36,429</u>	<u>56,375</u>
Total administrative and general operations	17,986,307	21,417,237	21,243,265	26,089,613
Maintenance				
Building and grounds maintenance				
Furniture and equipment	2,904	-	-	-
Materials and supplies	65,710	62,886	96,854	93,814
Tools and shop equipment	2,446	5,500	3,680	10,000
Contracted services	<u>399,995</u>	<u>322,024</u>	<u>503,081</u>	<u>432,716</u>
Total building and grounds maintenance	471,055	390,410	603,615	536,530
Computer maintenance				
Contracted services	<u>2,530,875</u>	<u>3,732,788</u>	<u>3,529,082</u>	<u>3,670,118</u>
Total computer maintenance	2,530,875	3,732,788	3,529,082	3,670,118
Office equipment maintenance				
Postage and deliveries	3,244	1,000	950	3,300
Telephone services	<u>19,682</u>	<u>20,026</u>	<u>14,499</u>	<u>14,499</u>
Total office equipment maintenance	22,926	21,026	15,449	17,799
Vehicle maintenance				
Materials and supplies	16,390	15,000	4,929	20,256
Tools and shop equipment	20,528	6,000	4,566	8,500
Contracted services	<u>3,629</u>	<u>20,800</u>	<u>23,838</u>	<u>6,000</u>
Total vehicle maintenance	40,547	41,800	33,333	34,756

Administrative and general (continued)	2021 actual	2022 budget	2022 estimate	2023 budget
Maintenance (continued)				
Security maintenance				
Materials and supplies	\$ 33,169	\$ 28,962	\$ 37,649	\$ 59,547
Tools and shop equipment	3,075	3,500	3,990	3,600
Contracted services	313,319	384,600	374,846	409,040
Total security maintenance	349,563	417,062	416,485	472,187
Total administrative and general maintenance	3,414,966	4,603,086	4,597,964	4,731,390
Total administrative and general	\$ 21,401,273	\$ 26,020,323	\$ 25,841,229	\$ 30,821,003



Distributed energy resources	2021 actual	2022 budget	2022 estimate	2023 budget
Personnel expenses				
Regular wages	\$ 1,096,423	\$ 1,363,401	\$ 1,288,339	\$ 2,145,383
Benefits allocation	452,669	592,742	483,381	839,622
Total personnel expenses	1,549,092	1,956,143	1,771,720	2,985,005
Strategy				
Contracted services	145,058	500,000	484,034	700,000
Total strategy	145,058	500,000	484,034	700,000
Energy efficiency				
Contracted services	969,618	1,276,276	1,175,687	1,840,100
Telephone services	2,272	2,600	2,248	2,600
Rebates/incentives for retail customers	3,738,160	7,665,750	4,699,797	6,681,000
Audits/assessments for retail customers	356,984	395,000	376,919	805,000
Total energy efficiency	5,067,034	9,339,626	6,254,651	9,328,700
General				
Contracted services	36,900	150,000	95,132	337,500
Business travel and training expenses	-	-	-	2,000
Telephone services	-	500	206	500
Dues, memberships and fees	35,830	38,840	42,225	39,710
Total general	72,730	189,340	137,563	379,710
Demand response wholesale pilot				
Contracted services	-	35,000	25,000	28,325
Rebates/incentives to owner communities	117,882	169,422	240,504	154,870
Total demand response wholesale pilot	117,882	204,422	265,504	183,195
Electric vehicles				
Contracted services	6,091	138,000	89,986	62,500
Total electric vehicles	6,091	138,000	89,986	62,500
Smart thermostat				
Contracted services	-	50,000	25,000	-
Total smart thermostat	-	50,000	25,000	-
Total distributed energy resources	\$ 6,957,887	\$ 12,377,531	\$ 9,028,458	\$ 13,639,110



Capital additions

Capital projects are viewed strategically with a long-term outlook in support of Platte River's three pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities, and in support of the strategic initiatives and core operations. Capital additions generally consist of projects aimed at ensuring and improving system reliability, replacing and upgrading aging infrastructure, implementing technology improvements, diversifying and transitioning resources, maintaining compliance, improving efficiency and completing replacements due to assets reaching the end of useful life.

Production capital additions include power plant upgrades and equipment replacements as well as compliance-related projects at the Rawhide and Craig generating stations. Transmission capital additions include transmission lines, substations and supporting equipment. Projects are based on transmission studies and consultation with the owner communities' staff through the joint technical advisory committee. These projects will provide enhanced system reliability and add capacity to serve new and existing loads as well as allow future noncarbon projects. General plant capital additions include computer hardware and subscription-based information technology arrangements, communication equipment, building modifications and other general plant equipment purchases. Asset retirement obligations include payments to satisfy legally enforceable liabilities associated with the retirement of a tangible capital asset such as an impoundment or electric generation facility.

The five-year capital forecast is developed to outline future investment in capital projects. Capital planning is an ongoing effort as needs change, thus the plan is reviewed and updated three times annually along with financial projections. The plan is the basis for each budget year. Production projects focus on plant equipment improvements, including equipment replacements or enhancements during scheduled maintenance outages, dust collection system replacements, combustion component upgrades, water pipeline replacements and new generation transition resources. Transmission projects focus on a new substation for a new solar resource, a new transmission line and interconnection assets for noncarbon resources, transformer replacements, transmission line replacement, and includes coordinating and planning owner community requests for substation additions. Future general plant projects include replacing information technology equipment, subscription-based information technology arrangements, fiber optic cable and equipment replacements, and implementing strategic software solutions including a market software and an ERP system that will benefit the entire organization. Asset retirement obligations consist of reclamation activities at Trapper Mine.

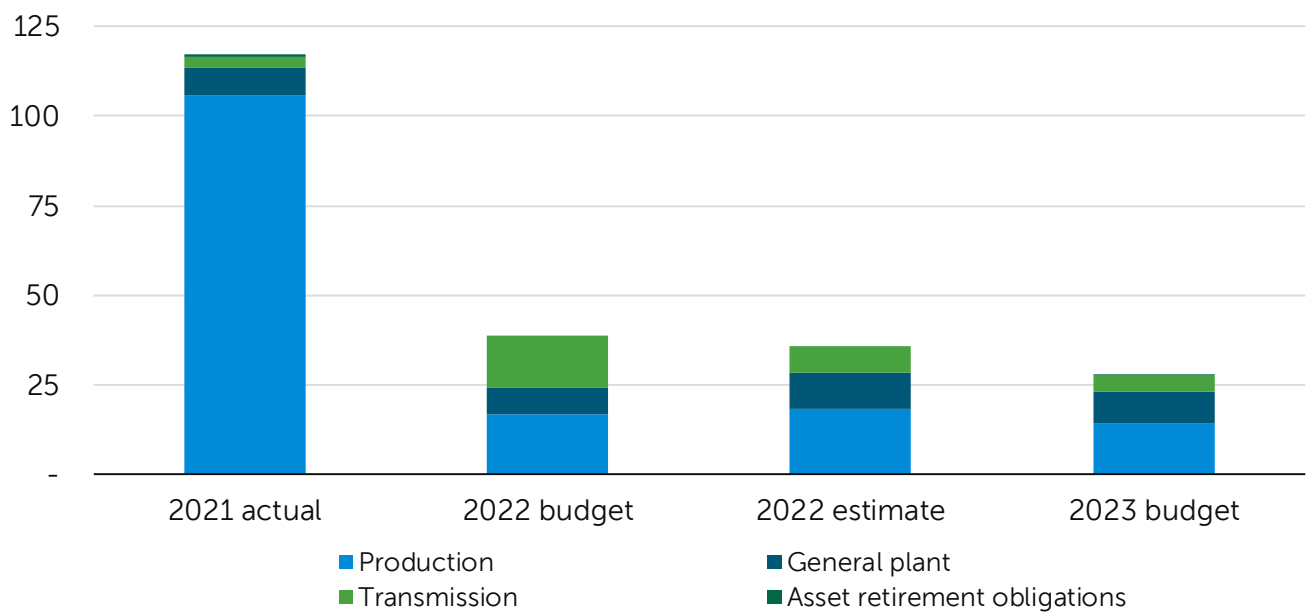
Project management continues to be a focus. In the past few years, emphasis has been placed on resource availability, as well as improving project planning and execution. This process will continue to evolve, striving toward operational excellence. Projects typically experience schedule changes for various reasons; therefore, a portion of unspent 2022 budget capital additions will be requested to be carried over into the 2023 budget. Supply chain issues experienced during 2022 have dictated many schedule changes. Current lead times and resource constraints have been considered in the 2023 budget, but additional uncertainty exists as economic conditions evolve.

The next pages include brief project descriptions as well as estimated project cost and carryover amounts. The projects supporting the strategic initiatives of infrastructure advancement and technology development or resource diversification and alignment are also identified.

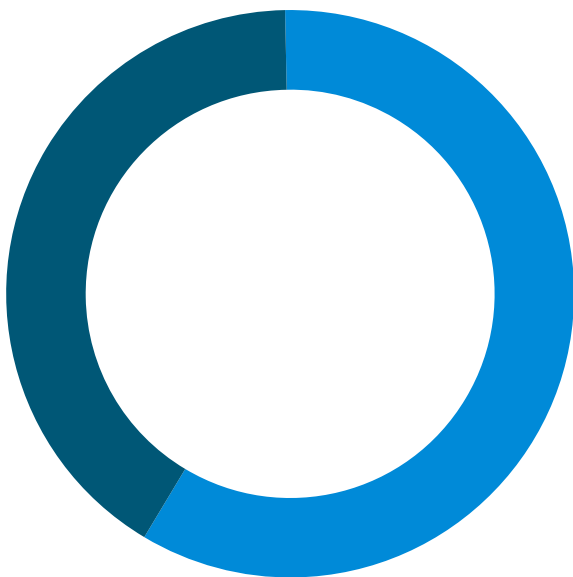
Capital additions (\$000)	2021 actual	2022 budget	2022 estimate	2023 budget
Production	\$ 105,829	\$ 16,706	\$ 18,539	\$ 14,285
Transmission	2,998	14,666	7,701	4,301
General plant	7,892	7,547	9,779	8,976
Asset retirement obligations	692	-	-	52
Total capital additions	<u>\$ 117,411</u>	<u>\$ 38,919</u>	<u>\$ 36,019</u>	<u>\$ 27,614</u>

Capital additions

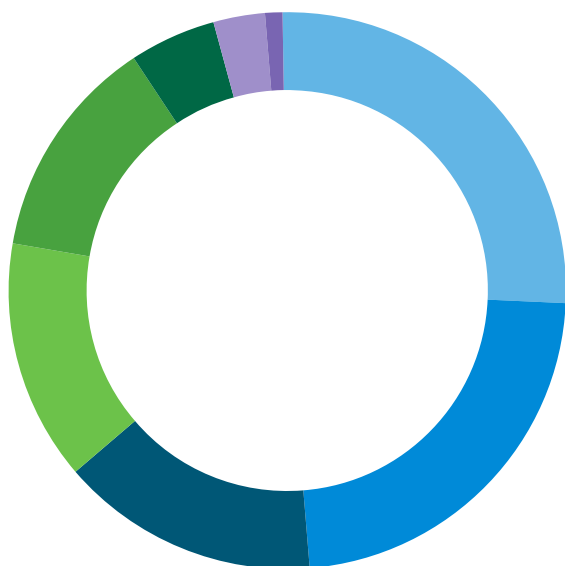
\$ millions



2023 capital additions: \$27.6 million



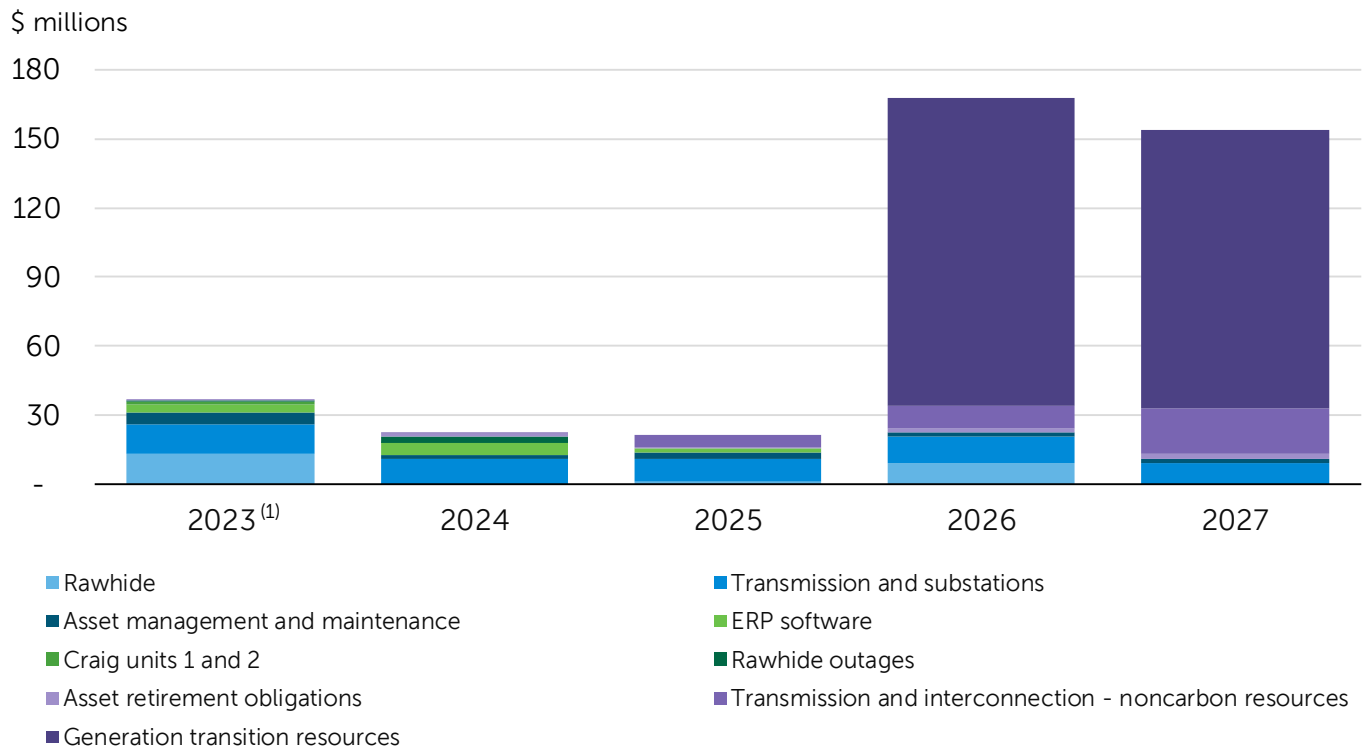
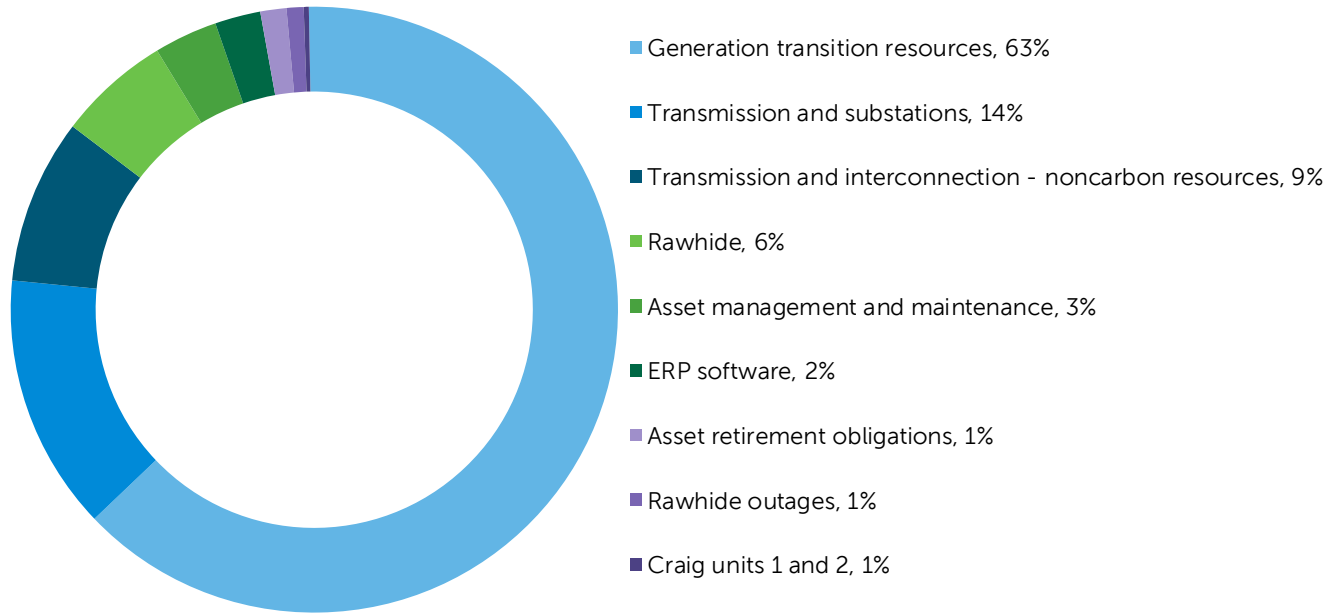
- Core operations, 59%
- Strategic initiatives, 41%



- Rawhide, 26%
- Other strategic projects*, 23%
- Transmission and substation equipment, 15%
- Asset management and maintenance, 14%
- ERP software*, 13%
- Fiber optic upgrades*, 5%
- Craig units 1 and 2, 3%
- Asset retirement obligations, 1%

* Strategic projects

Capital five-year forecast 2023-2027 \$401.8 million



(1) Includes \$8.9 million in estimated carryover funds from 2022 budget to 2023 budget.

Production capital additions	2023 budget	Total cost estimate⁽¹⁾
Rawhide projects		
• Combustion component upgrade - combustion turbine Unit D	\$ 4,335,132	\$ 5,210,000
Pipeline reroute - Soldier Canyon Pipeline	4,051,119	4,360,000
• 12.47 kV switchgear replacement - Rawhide	1,784,881	1,894,000
Simulator evergreen upgrade - Rawhide Unit 1	1,170,064	
Fire protection system upgrade - combustion turbine Unit C	582,195	
Control system network switch and firewall replacement - Rawhide	311,410	
Switchgear replacement - Soldier Canyon Pump Station	209,598	
Polymer feeder replacement - water treatment	156,906	
Sump pump additions - combustion turbine units A-D	101,887	
• LED lighting - Rawhide	100,000	497,000
Station service battery bank replacement - combustion turbine Unit D	38,676	
HVAC replacement - Owl Creek gas yard	22,716	
Total Rawhide projects	12,864,584	
Rawhide outage projects		
Dust collection system replacement - crusher building	221,934	1,712,000
Dust collection system replacement - coal transfer building	190,554	1,213,000
Total Rawhide outage projects	412,488	
Other production projects		
Craig units 1 and 2 projects	1,007,616	
Total production capital additions	\$ 14,284,688	

Transmission capital additions	2023 budget	Total cost estimate⁽¹⁾
Transmission projects		
Relay panel and breaker replacements - Airport Substation	\$ 1,763,635	\$ 2,346,000
Transformer (Flats) replacement - Rawhide Substation	949,487	2,310,000
Transformer T1 replacement - Longs Peak Substation	767,750	4,451,000
Control enclosure and relay upgrades - Valley Substation	453,282	2,225,000
115 kV transmission line replacement - Drake transmission line	224,617	8,089,000
Relay upgrades (T2) - Loveland East Substation	66,065	
• Direct current power circuit separation - Loveland East Substation	56,411	
Total transmission projects	4,281,247	
Transmission purchases		
• Partial discharge meter	19,560	
Total transmission capital additions	\$ 4,300,807	

General plant capital additions	2023 budget	Total cost estimate⁽¹⁾
General plant projects		
• Enterprise resource planning software ⁽²⁾	\$ 3,564,691	\$ 10,620,000
• Fiber optic optical ground wire installation - Long-Haul East (Timberline to Harmony)	833,626	
Fiber optic cable replacement - Long-Haul East (Fort Collins to Loveland)	829,834	
Network replacement - substations	600,000	
• Fiber optic expansion - Long-Haul West (Fort Collins to Loveland)	379,522	
Wireless network replacement	345,000	
Overhead doors - outbuildings	300,163	1,000,000
• Infrastructure automation	130,000	
• Fiber optic expansion - Highway 34 to Crossroads Substation	113,340	
HVAC replacements - microwave communications building	109,711	
• Quality training database software upgrade and module additions	26,676	
• Telecom ICON expansion - Boyd Substation	16,669	
Fiber optic patch panel replacement - Horseshoe Substation	5,037	
Total general plant projects	7,254,269	
General plant purchases		
Vehicle fleet replacements	291,440	
Asset management software licensing	53,790	
Telecom testing tools	30,000	
Copier replacements - headquarters	20,000	
Plotter replacement - Rawhide	10,000	
Fiber optic locating tool replacement	7,600	
Total general plant purchases	412,830	
Other general plant projects		
Subscription-based information technology arrangements	1,309,500	
Total general plant capital additions	\$ 8,976,599	

Asset retirement obligations capital additions	2023 budget	Total cost estimate⁽¹⁾
Asset retirement obligations projects		
Trapper Mine post-mining reclamation	\$ 51,763	\$ 11,650,000
Total capital additions	\$ 27,613,857	

- Project supports strategic initiative.

(1) If no amount is shown, the 2023 budget amount represents the total project cost estimate.

(2) Projects with estimated unspent 2022 funds that will be requested to be carried over to the 2023 budget.

Production capital additions

Rawhide projects

● Combustion component upgrade - combustion turbine Unit D \$ 4,335,132

Project time frame: 2022-2023

Total cost estimate: \$5,210,000

Upgrade the combustion turbine Unit D combustion hardware comprised of the combustion cans, transitions and fuel nozzles. The upgraded components will extend the combustion inspection outage interval from 600 starts to 1,300 starts, which will eliminate an entire series of inspections, reducing unit downtime and costs. The new combustion hardware reduces nitrogen oxide emissions when running at baseload. Combustion hardware will be modified to add sequential fuel injection that will allow the unit to operate at a lower load range while maintaining emissions. The autotune lite system will also be upgraded for continuous monitoring of combustion dynamics through the entire load range. In addition, the old combustion hardware will be used as a spare set on the non-upgraded 7EA units A-C which will reduce the combustion inspection timeline from three months to one week for those units.

Pipeline reroute - Soldier Canyon Pipeline 4,051,119

Project time frame: 2022-2023

Total cost estimate: \$4,360,000

Reroute approximately four miles of the Soldier Canyon Pipeline to avoid being covered by public roadways. The Soldier Canyon Pipeline provides raw water to the Rawhide Energy Station from Horsetooth Reservoir. As roads have been widened and improved, portions of the pipeline were covered. If the pipeline leaks, road closures would be required for repairs and, if the leak were large enough, it could cause substantial damage to the road, posing a public safety concern. Rerouting the pipeline will minimize this risk. Construction of the pipeline reroute is expected to take place in 2023.

● 12.47 kV switchgear replacement - Rawhide 1,784,881

Project time frame: 2022-2023

Total cost estimate: \$1,894,000

Replace the existing 12.47 kV switchgear located in the substation control building to utilize power feeds from the station service transformer and the generation availability transformer as main power sources into the switchgear. A tie breaker will be used as an auto-transfer of power source to the construction management building, combustion turbine backup auxiliary power and auxiliary boiler 101 and 102 breakers. Currently, an outage is required on the 12.47 kV system to operate the existing switchgear, causing generating units to be unavailable. This replacement configuration will allow auto-transfer and manual switching to occur under load and increases unit availability.

Simulator evergreen upgrade - Rawhide Unit 1 1,170,064

Upgrade the Rawhide Unit 1 simulator tool to a supported platform by replacing hardware and updating the Ovation controls network allowing operations personnel and other departments to be trained to adapt and react to new modeled scenarios. Updated training allows for quicker reactions to unknown factors, which reduces forced outage times and increases efficiencies with optimal operation of the burner management system during varying conditions. The current hardware is at the end of its useful life and is experiencing failures due to the obsolescence of the components.

Fire protection system upgrade - combustion turbine Unit C \$ 582,195

Upgrade the combustion turbine Unit C fire suppression system. NOVEC 1230 will be replacing carbon dioxide as the fire suppression agent. As part of the project, a new climate controlled building will be used for the suppression system and new notifier control panel. Conduit and cable will connect the packaged electrical equipment control compartment to the new building. This control panel will be tied to the plantwide fire detection and alarm system. In addition, a suppression circuit will be added to the exciter compartment that is now unprotected. Currently, if there is a discharge of carbon dioxide, the concentration reaches 34%, which creates a life safety hazard. By replacing the carbon dioxide agent with NOVEC 1230, the hazard will be eliminated.

Control system network switch and firewall replacement - Rawhide 311,410

Replace the existing firewalls and switches that serve the control network. The existing equipment will reach the end of its useful life in 2023. The control network infrastructure includes the environmental servers that collect and store emissions data for Rawhide Unit 1 and all combustion turbine units. It is critical the servers are online at all times as this data collection is required for the units to operate.

Switchgear replacement - Soldier Canyon Pump Station 209,598

Replace Soldier Canyon Pump Station switchgear which has reached the end of its useful life. The switchgear will utilize modern relays to open and close circuits remotely and will become compliant with NFPA standards.

Polymer feeder replacement - water treatment 156,906

Replace the polymer feeder in the phosphorous removal system building which is critical to the treatment of cooling water for Rawhide Unit 1 and provides cheaper and safer handling of polymer as opposed to a bulk chemical tank. The equipment has reached the end of its useful life. The project includes external labor for training and setup of the new feeder as well as internal labor for pipe modifications for connection to the chemical feed pump.

Sump pump additions - combustion turbine units A-D 101,887

Install new 480 volt vault sump pumps and reroute the discharge piping into the existing wastewater collection system to discharge into the drainage ditch. Current design allows discharge water to seep back into the vault which causes the pumps to fail from running continuously. If undetected, excess water could submerge a transformer and cause units to become unavailable. In addition, instrumentation and controls will be added to alert the control room if the water reaches a certain level in the vault.

● LED lighting - Rawhide 100,000

Project time frame: 2016-2023

Total cost estimate: \$497,000

Replace all exterior and interior lighting throughout the plant with LED lighting which is more energy efficient and requires less maintenance than the standard high-pressure sodium lighting currently installed. The LED lights have a 10-year warranty, thus reducing maintenance costs for that time period.

Station service battery bank replacement - combustion turbine Unit D	\$ 38,676
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Replace the station service battery bank for combustion turbine Unit D. This project includes disposal of the existing batteries, installation and load testing to verify the batteries are performing as required. The current battery bank is at the end of its useful life. Direct-current power from the battery bank is vital for safety relaying and operation of the circuit breaker. When the unit trips, the battery bank is the energy source to operate the oil pumps and other protective equipment to keep the unit safe until another source of power is restored or the unit is able to be brought offline in a controlled manner.

HVAC replacement - Owl Creek gas yard	22,716
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Replace the HVAC unit in the Owl Creek gas yard control building, which houses critical electronic equipment vital to the operation of all combustion turbine units. The current R-22 unit is at the end of its useful life and is difficult and expensive to maintain. The new unit will also be more efficient.

Total Rawhide projects	\$ 12,864,584
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Rawhide outage projects

Dust collection system replacement - crusher building	\$ 221,934
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Project time frame: 2023-2024

Total cost estimate: \$1,712,000

Replace the crusher building dust collector to be compliant with current regulations set by the NFPA and OSHA. The upgrades include new deflagration relief panels that vent to the outside, a new exhaust fan, new filter housing and bags, and cleaning blowers. Electrical work for the project includes upgrades to wiring, the motor control center buckets and controls updates to the Ovation distributed control system.

Dust collection system replacement - coal transfer building	190,554
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Project time frame: 2023-2024

Total cost estimate: \$1,213,000

Replace the coal transfer building dust collector to be compliant with current regulations set by the NFPA and OSHA. The upgrades include new deflagration relief panels that vent to the outside, a new exhaust fan, new filter housing and bags, and cleaning blowers. Electrical work for the project includes upgrades to wiring, the motor control center buckets and controls updates to the Ovation distributed control system.

Total Rawhide outage projects	\$ 412,488
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Other production projects

Craig units 1 and 2 projects	\$ 1,007,616
<p>The engineering and operating committee approved capital projects for plant improvements and additions at the Craig Generating Station. The budget includes expenses for various projects for Craig units 1 and 2 with significant projects being concrete foundation repairs to transmission lines, switchyard bus support insulator remediation and selective catalytic reduction. The amount shown represents Platte River's ownership share responsibility.</p>	
Total production capital additions	\$ 14,284,688

Transmission capital additions

Transmission projects

Relay panel and breaker replacements - Airport Substation \$ 1,763,635

Project time frame: 2022-2024

Total cost estimate: \$2,346,000

Replace two 115 kV breakers and existing relay panels at the Airport Substation. Relay panels will be fabricated and wired by a panel manufacturer and delivered to the substation. Contractors will be removing the existing relay panels, installing new relay panels, removing existing breakers, installing new breakers, installing control cables and completing the high voltage bus, grounding and foundation work needed to complete the project. The existing panels have become congested with equipment and wiring which make them difficult to maintain. The new relay panels are designed with additional space and include removal panels to accommodate future replacement projects. There are multiple relays at the end of their useful life that are being replaced in a continuous effort to modernize the grid. The new relays have the latest hardware that provides the processing power necessary to capture high resolution system data that is used to further improve transmission system operation. The existing breakers are the first versions of gas insulated type breakers, which are susceptible to developing gas leaks and also require more maintenance to ensure they continue to operate reliably. The new breakers are a modern design and require less maintenance.

Transformer (Flats) replacement - Rawhide Substation 949,487

Project time frame: 2022-2025

Total cost estimate: \$2,310,000

Replace the existing Flats transformer at the Rawhide Substation with a larger capacity unit. The project includes completing a transformer specification and formal bid award process; evaluating existing foundation and oil containment systems and making modifications to accommodate the new unit as necessary; modifying existing high voltage and low voltage connections; and modifying existing sensing and monitoring systems such that they connect to the new unit. The existing unit will be removed and stored for future application. With the commercial operation of the Rawhide Prairie Solar project in 2021, the transformer is loaded at times beyond its nameplate capacity. The transformer operates at high temperatures and higher internal gas pressures than typical standard operating levels. Replacing the unit will ensure the transformer will operate safely and reliably during all operating conditions and eliminate the potential need to curtail solar generation.

Transformer T1 replacement - Longs Peak Substation \$ 767,750

Project time frame: 2022-2025

Total cost estimate: \$4,451,000

Replace the existing three single-phase 230-115 kV transformers with a single three-phase 230-115 kV autotransformer at Longs Peak Substation. The scope of the project includes completing a transformer specification and formal bid process; designing and installing a new foundation and oil containment system to accommodate new equipment; modifying the high voltage and low voltage connections; modifying the existing sensing and monitoring system; and modifying the ground grid system. In addition, Platte River will upgrade the control panels in the building per current Platte River design standards. The existing transformer is reaching the end of its design life and needs to be replaced in order to maintain reliable operation of the system. The new relay panels are designed with more space and with removal panels to accommodate future replacement projects. There are multiple relays at the end of their useful lives that are being replaced in a continuous effort to modernize the grid. The new relays have the latest hardware that provides the processing power necessary to capture high resolution system data which is used to further improve the transmission system's operation. The existing panels were manufactured using a wire labeling method not consistent with Platte River standard. This nonstandard labeling makes routine maintenance and troubleshooting difficult. The new relay panels will be constructed per Platte River's labeling standards.

Control enclosure and relay upgrades - Valley Substation 453,282

Project time frame: 2023-2024

Total cost estimate: \$2,225,000

Upgrade relays on the City of Loveland's transformer V1 to align the transformer's relay protection system with current Platte River design standards. The City of Loveland is planning to replace the existing 115-12.47 kV transformer V1 at Valley Substation and in conjunction with that project, Platte River will be upgrading the relays. In addition, a new control enclosure will be installed as the existing structure has limited space. The new enclosure will require installing a control cable, foundation, conduit and cable trench to accommodate the project and future substation expansion.

115 kV transmission line replacement - Drake transmission line 224,617

Project time frame: 2022-2027

Total cost estimate: \$8,089,000

Design and replace two miles of the Drake transmission line. Funds budgeted in 2023 will be used for preliminary design work and project evaluation. Inspections completed in 2019 on the 115 kV transmission line located along Drake Road in the City of Fort Collins between the Drake Substation and the Power Trail noted significant corrosion on the base plates, anchor bolts and pole base sections. Rebuilding is necessary to continue safe and reliable operation of the transmission line.

Relay upgrades (T2) - Loveland East Substation 66,065

Upgrade the transformer relay protection system to conform to current design standards. The City of Loveland has a transformer replacement project and Platte River will be taking the opportunity to upgrade the existing relays and protection schemes.

- **Direct current power circuit separation - Loveland East Substation** \$ 56,411
Rewiring the 125 volt direct current relay and control power circuits to optimize the use of the two direct current power panels at Loveland East Substation. The primary and secondary relay protection schemes that are connected to the same direct current power circuit panel will be rewired to separate sources. This project increases the reliability of the transmission and substation equipment by providing diverse direct current sources to the primary and secondary relay protection schemes in addition to updating the design to match current Platte River standards.

Total transmission projects \$ 4,281,247

Transmission purchases

- **Partial discharge meter** \$ 19,560
Purchase a partial discharge meter that allows Platte River staff to scan energized underground vaults for failing connections. By scanning live vaults, lines can remain energized and personnel will no longer need to enter confined spaces to perform inspections. The partial discharge meter will also improve reliability by enabling staff to find failing connections before they turn into hazards that could damage equipment or inadvertently cause equipment to trip.

Total transmission capital additions \$ 4,300,807

General plant capital additions

General plant projects

● Enterprise resource planning software	\$ 3,564,691
Project time frame: 2022-2024 ⁽¹⁾	
Total cost estimate: \$10,620,000 ⁽¹⁾	
Carryover estimate: \$83,000	
<p>Replace multiple systems that have reached the end of their useful lives. The scope of applications to be replaced includes the general ledger, accounting, fixed assets, cash management, contracting, purchasing, budgeting, forecasting and reporting systems for financial services, and the materials/maintenance management and fleet tracking systems for facilities and fleet. The new software will allow employees to work more efficiently with access to real-time data needed to make business decisions. In addition, new functionality within the selected system will offer modernized features to employees, improving reporting functionality and better aligning work products with organizational goals.</p>	
(1) Total project estimates include significant contingency amounts as final scope and timeline are being determined.	
● Fiber optic optical ground wire installation - Long-Haul East (Timberline to Harmony)	833,626
<p>Install an optical ground wire fiber cable between the Timberline and Harmony substations. This installation will increase capacity from 144 fiber strands to 288 fiber strands and improve redundancy between the Harmony Substation and Platte River headquarters. In addition, the new aerial cable will reduce the risk of outages near this section as the current paths share the same conduit duct bank where a single damage event could impact both cables. The new cable will be aerial on the transmission structure between the Timberline and Harmony substations.</p>	
Fiber optic cable replacement - Long-Haul East (Fort Collins to Loveland)	829,834
<p>Replace the existing aerial 96 fiber strand cable section of Long-Haul East from Carpenter Road and Raptors Roost Drive to Boyd Substation with a 144 fiber strand count underground cable. The existing Long-Haul East fiber cable is over 20 years old and, during spot checking, shows signs of ultraviolet and wear damage. This project will proactively replace a portion of the aerial cable to avoid failure in addition to adding capacity between Fort Collins and Boyd Substation.</p>	
Network replacement - substations	600,000
<p>Replace multiple switches that are at the end of their useful lives at various substations. Network equipment is replaced approximately every five years for compatibility, security, reliability and supportability reasons. Beyond five years, reliability of equipment decreases, annual maintenance costs from the vendor increase and the availability of security patches becomes uncertain.</p>	
● Fiber optic expansion - Long-Haul West (Fort Collins to Loveland)	379,522
<p>Install a new fiber optic cable between Harmony Road and Shields Street and Horseshoe Substation. The existing Long-Haul West cable is at capacity. This project will increase needed capacity by 48 fiber strands between Fort Collins and Loveland on the Long-Haul West path.</p>	

Wireless network replacement	\$ 345,000
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Replace the existing wireless network equipment that has reached the end of its useful life. Network equipment is replaced approximately every five years for compatibility, security, reliability and supportability reasons. Beyond five years, reliability of equipment decreases, annual maintenance costs from the vendor increase and the availability of security patches becomes uncertain.

Overhead doors - outbuildings	300,163
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Project time frame: 2021-2023

Total cost estimate: \$1,000,000

Install remaining overhead doors on building H at the headquarters campus. The 2023 portion of this project will complete the final objective of installing overhead doors on all open garage structures and installation of four walk-through doors with access control to meet code requirements. The installation of overhead doors will protect Platte River assets from exposure to inclement weather and will significantly increase secure space for storage.

• Infrastructure automation	130,000
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Purchase and install software tools to help Platte River automate routine requests for virtual resources, machine state preservation, test environments and updates. These tools form the basis of infrastructure as code and can integrate with information technology service management tools to streamline, automate and ensure consistent fulfillment of routine requests. Platte River is working toward becoming more efficient and consistent at handling infrastructure resource requests, replacing manual processes with integrated and automated provisioning, configuration management, auditing and control. Automation will allow for faster, more accurate and secure service delivery.

• Fiber optic expansion - Highway 34 to Crossroads Substation	113,340
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Install an additional 144 fiber strand cable from Highway 34 and Boyd Lake Avenue to Crossroads Substation. The additional fiber will provide a redundant path to Crossroads Substation from Boyd Substation while increasing capacity.

HVAC replacements - microwave communications building	109,711
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Replace HVAC units at the microwave communications building that operate continuously and have reached the end of their useful lives or have recurring maintenance issues. Maintaining temperature in the microwave control building is imperative to the proper operation of critical assets housed inside. If the HVAC system is not functioning properly, the system may fail which could lead to damage of the equipment.

• Quality training database software upgrade and module additions	26,676
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Upgrade and add additional software modules to Platte River's existing quality training database (QTD). The upgrade would be from the current QTD basic software package to QTD deluxe. In addition, the employee portal and test development tool modules will be added. Upgrading the current QTD software to QTD deluxe and adding these modules are crucial in order to keep pace with increasing training demands for transmission and generation operators as well as support staff. In addition, this upgrade will help maintain NERC certifications and compliance with NERC standard PER-005.

● Telecom ICON expansion - Boyd Substation	\$ 16,669
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Purchase and install an additional ICON network switch for Boyd Substation. The ICON network is the next generation network platform supporting communication on the bulk electric system. Due to circuit moves on the network, Platte River needs to expand capacity on the bulk electric system network at Boyd Substation to allow for additional connectivity of communication circuits and local interfaces.

Fiber optic patch panel replacement - Horseshoe Substation	5,037
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Replace the existing straight tip patch panels at Horseshoe Substation with new lucent connector patch panels. The existing straight tip patch panels are no longer industry standard and have significant signal loss due to age. Replacement of these types of panels will reduce the number of different types of fiber patch cables needed on hand in inventory, ultimately reducing inventory costs for fiber optic patch cables.

Total general plant projects	\$ 7,254,269
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General plant purchases

Vehicle fleet replacements	\$ 291,440
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Replace four vehicles which meet or exceed Platte River's vehicle replacement criteria of 12 years or 90,000 miles. Platte River utilizes a fleet team to review fleet replacement processes and criteria. Platte River's vehicles have been maintained through average to long replacement cycles compared to other utilities. Replacement of these vehicles will bring the fleet up to standards. An additional vehicle purchase is also within the scope of this project.

Asset management software licensing	53,790
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Purchase licenses for two additional user seats and increase the number of allowed asset entries in the existing asset management application. With the continued efforts to modernize the grid's control and monitoring systems, new micro-processor based equipment is being added. The equipment contains firmware, hardware and configuration files that are all managed in the asset management application, causing additional entries. In addition, more staff need access to the system.

Telecom testing tools	30,000
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Purchase two devices that allow testing of communications networks and equipment. These devices are needed to verify and troubleshoot communications between devices in addition to testing across and between devices on the bulk electric system. Platte River will now have two pairs of testing tools which will allow testing at more than one location at a time and will support outage situations.

Copier replacements - headquarters	20,000
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Replace two copiers at headquarters that are nearing the end of their useful life. The two copiers being replaced are used most frequently and are two of the larger copiers on site at headquarters. To keep the copiers running reliably, Platte River has all copiers on a five year replacement cycle which ensures software is secure and updated, toner and parts are available if required and repairs are minimized.

Plotter replacement - Rawhide	\$ 10,000
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Replace an existing plotter at Rawhide that has reached the end of its useful life and is starting to present software and security issues due to outdated and unsupported software with no option to update.

Fiber optic locating tool replacement	7,600
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Replace the existing locating tool that has reached the end of its useful life. The new tool will be used for locating and identifying Platte River's facilities to help prevent damage.

Total general plant purchases	\$ 412,830
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Other general plant projects

Subscription-based information technology arrangements	\$ 1,309,500
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Due to the implementation of Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements, a right-to-use subscription asset and subscription liability will be recognized and expenses will be reclassified from operations and maintenance to amortization expense. This represents expected subscription payments for a variety of subscription software which require annual appropriation. This accounting standard is effective for the reporting period ending Dec. 31, 2023. While the implementation of the standard is ongoing, funding uncertainty exists and additional funds may be needed for transactions not yet identified as being applicable to the standard or variability in recognition as subscription terms are identified.

Total general plant capital additions	\$ 8,976,599
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Asset retirement obligations capital additions

Trapper Mine post-mining reclamation	\$	51,763
Project time frame:	2023-2041	
Total cost estimate:	\$11,650,000	
Post-mining reclamation activity, which is an asset retirement obligation due to Platte River's membership in Trapper Mining, Inc. and the Final Reclamation Agreement with its members. The amounts shown represent Platte River's portion of the total expected cashflow for final reclamation and mine closure based on detail engineering calculations for a third party to perform the required work. Reclamation and mine closure costs are reviewed annually, and the costs are allocated to the members of Trapper Mining, Inc. based on cumulative tons of coal delivered.		
Total 2023 capital additions	\$	27,613,857

Debt service expenditures and other long-term obligations

Long-term financial projections in line with SFP metrics determine the need and timing of debt financings. Platte River's debt ratio in 2023 is expected to be 25%, meeting its SFP debt ratio target of less than 50%. Debt proceeds historically have been used to finance production and transmission assets. Outstanding long-term debt consists of fixed-rate debt issued under Platte River's general power bond resolution. The debt service expenditures include principal repayments and interest expense based on scheduled debt payments. The final payment for Series II was made June 2022. Of the \$125.9 million debt outstanding at the end of 2023, approximately 83% and 17% relate to transmission and Rawhide projects, respectively. The weighted average cost of debt during 2023 is forecast to be approximately 2.9%.

Platte River is legally required to maintain a power revenue bond service coverage ratio of 1.10 times. To aid in achieving strong long-term financial sustainability, Platte River also maintains a 1.50 times fixed obligation charge coverage ratio as an SFP metric and expects a 2023 fixed obligation charge coverage ratio of 2.51 times. This metric reclassifies debt-like obligations as fixed obligation charges either related to the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. A minimum 1.50 times ratio provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio requirement, partially fund future capital additions and maintain favorable credit ratings. Platte River is not legally restricted on the amount of debt that it can issue.

Platte River is a participant in a pooled financing arrangement that closed in 2021 to fund the Windy Gap Firming Project, which includes construction of the Chimney Hollow Reservoir. Due to alternate accounting treatment, the debt service payments under the pooled financing will be included in operations and maintenance and not accounted for as debt service. Instead, the liabilities are considered other long-term obligations. Payments are considered fixed obligation charges and the related pooled financing liabilities are included in the debt ratio.

Credit ratings for power revenue bonds

Platte River is committed to maintaining a strong credit rating, which is a significant factor in determining cost of debt. The senior lien debt credit is rated AA by all three credit rating agencies: Moody's Investor Service (Moody's), Fitch Ratings (Fitch) and S&P Global Ratings (S&P). The key factors in determining these ratings are the diversity and economic strengths of the owner communities, Platte River's financial position, management expertise and overall competitive position.

Bond issue	Moody's	Fitch	S&P
Series JJ	- ⁽¹⁾	AA	AA
Series KK - taxable	Aa2	AA	- ⁽²⁾

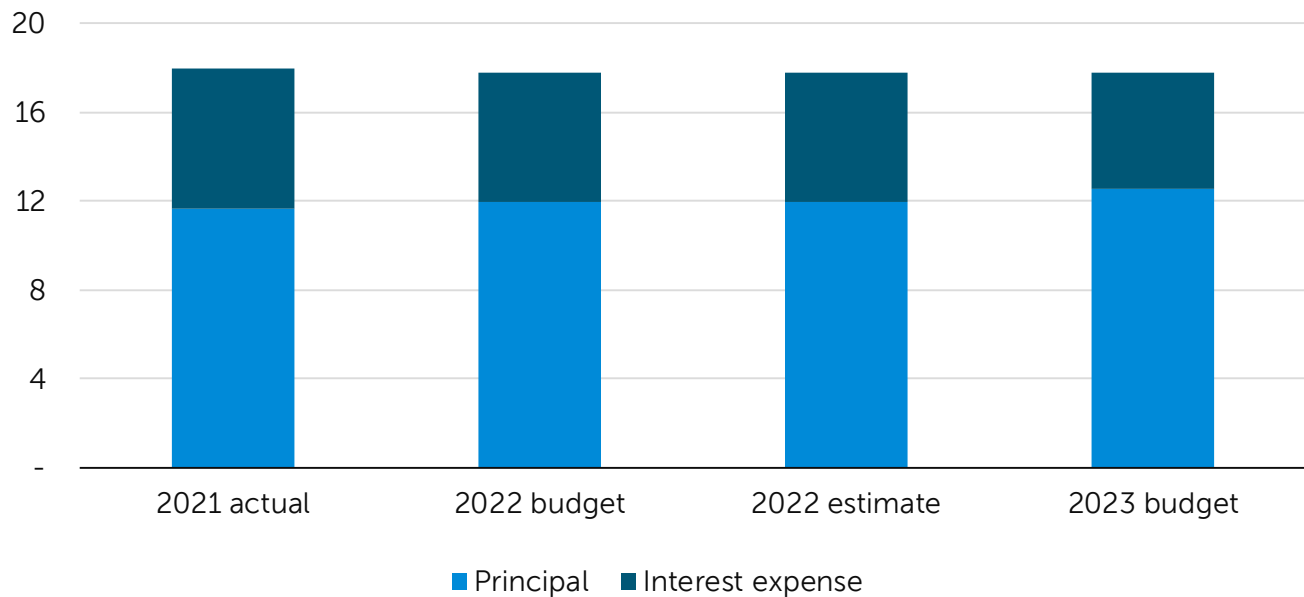
(1) A credit rating was not obtained from Moody's for the Series JJ debt issuance.

(2) A credit rating was not obtained from S&P for the Series KK - taxable debt issuance.

Debt service expenditures (\$000)	2021 actual	2022 budget	2022 estimate	2023 budget
Principal	\$ 11,638	\$ 11,984	\$ 11,984	\$ 12,550
Interest expense	6,358	5,803	5,803	5,233
Total debt service expenditures	\$ 17,996	\$ 17,787	\$ 17,787	\$ 17,783

Power revenue bond service

\$ millions



Long-term debt outstanding	2021 actual	2022 budget	2022 estimate	2023 budget
Power revenue bonds				
Series II	\$ 720,000 ⁽¹⁾	\$ -	\$ -	\$ -
Series JJ	124,125,000	113,490,000	113,490,000	102,320,000 ⁽²⁾
Series KK - taxable	24,900,000	24,595,000	24,595,000	23,550,000 ⁽³⁾
Total power revenue bonds	149,745,000	138,085,000	138,085,000	125,870,000
Unamortized bond premium	14,551,407	11,938,371	11,938,371	9,600,959
Total long-term debt	\$ 164,296,407	\$ 150,023,371	\$ 150,023,371	\$ 135,470,959

(1) Series II remaining amount outstanding related to transmission assets and matured June 1, 2022.

(2) Series JJ remaining amount outstanding relates to transmission assets and Rawhide assets of \$81 million (79%) and \$21.3 million (21%), respectively, and matures each year through June 1, 2036.

(3) Series KK - taxable remaining amount outstanding relates to transmission assets and matures each year through June 1, 2037.

Other long-term obligations	2021 actual	2022 budget	2022 estimate	2023 budget
Windy Gap Firing Project obligations				
Pooled financing senior debt	\$ 61,046,133	\$ 61,046,133	\$ 61,046,133	\$ 61,046,133
Pooled financing subordinate debt	32,359,551	32,359,551	32,359,551	32,359,551
Settlement liability	2,666,667	1,777,778	1,777,778	888,889
Total other long-term obligations	\$ 96,072,351	\$ 95,183,462	\$ 95,183,462	\$ 94,294,573

Bond service funding	Principal	Interest	Total
Deposits in 2022 for 2023 payment	\$ 7,125,413	\$ 463,988	\$ 7,589,401
2023	12,550,417	5,232,940	17,783,357
2024	13,145,836	4,642,294	17,788,130
2025	13,729,581	4,022,517	17,752,098
2026	14,312,085	3,449,141	17,761,226
2027	14,898,334	2,825,745	17,724,079
2028-2032	37,928,334	7,497,077	45,425,411
2033-2037	24,395,000	2,007,844	26,402,844
Total bond service funding	\$ 138,085,000	\$ 30,141,546	\$ 168,226,546

Pooled financing estimated funding	Estimated net principal ⁽¹⁾	Estimated interest	Total
2023	\$ -	\$ 2,888,007	\$ 2,888,007
2024	-	2,888,007	2,888,007
2025	-	2,888,007	2,888,007
2026	2,935,487	3,561,085	6,496,572
2027	3,060,620	3,437,312	6,497,932
2028-2032	17,364,449	15,119,773	32,484,222
2033-2037	21,444,177	11,040,385	32,484,562
2038-2042	22,089,332	6,110,775	28,200,107
2043-2047	8,420,429	2,645,765	11,066,194
2048-2052	9,038,619	1,273,357	10,311,976
2053-2055	4,206,201	176,178	4,382,379
Total estimated funding	\$ 88,559,314	\$ 52,028,651	\$ 140,587,965

(1) Applied estimated unused bond service reserve funds in 2041 and 2051.

Other obligations relating to the project include Platte River's portion of a settlement liability, due in three equal installments. The first installment was paid in 2022 and the remaining two are estimated to be payable in 2023 and 2025.

Bond service coverage	2021 actual	2022 budget	2022 estimate	2023 budget
Net revenues				
Operating revenues	\$ 265,378,420	\$ 262,191,347	\$ 283,929,572	\$ 298,438,977
Operating expenses, excluding depreciation, amortization and accretion	<u>(191,166,082)</u>	<u>(209,676,978)</u>	<u>(218,665,715)</u>	<u>(234,280,269)</u>
Net operating revenues	74,212,338	52,514,369	65,263,857	64,158,708
Plus interest and other income	<u>2,277,816</u>	<u>978,431</u>	<u>2,739,275</u>	<u>5,711,150</u>
Net revenues before rate stabilization	76,490,154	53,492,800	68,003,132	69,869,858
Rate stabilization				
Deposits	-	-	-	-
Withdrawals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net revenues	\$ 76,490,154	\$ 53,492,800	\$ 68,003,132	\$ 69,869,858
Bond service				
Power revenue bonds	\$ 17,996,492	\$ 17,787,090	\$ 17,787,084	\$ 17,783,357
Coverage				
Power revenue bond coverage ratio	4.25x	3.01x	3.82x	3.93x
Fixed obligation charge coverage				
Total net revenues, above	\$ 76,490,154	\$ 53,492,800	\$ 68,003,132	\$ 69,869,858
Fixed obligation charges included in operating expenses ⁽¹⁾	<u>14,434,804</u>	<u>16,979,039</u>	<u>17,168,324</u>	<u>16,651,686</u>
Adjusted net revenues before fixed obligation charges	\$ 90,924,958	\$ 70,471,839	\$ 85,171,456	\$ 86,521,544
Fixed obligation charges				
Power revenue bonds, above	\$ 17,996,492	\$ 17,787,090	\$ 17,787,084	\$ 17,783,357
Fixed obligation charges	<u>14,434,804</u>	<u>16,979,039</u>	<u>17,168,324</u>	<u>16,651,686</u>
Total fixed obligation charges	<u>\$ 32,431,296</u>	<u>\$ 34,766,129</u>	<u>\$ 34,955,408</u>	<u>\$ 34,435,043</u>
Coverage				
Fixed obligation charge coverage ratio	2.80x	2.03x	2.44x	2.51x

(1) 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 and amounts due under pooled financing arrangements to be fixed obligation charges for this purpose.

Budget process

Platte River is a political subdivision of the state of Colorado and is subject to the Local Government Budget Law, C.R.S. § 29-1-101, *et seq.* Platte River is not subject to Colorado's Taxpayer's Bill of Rights provisions because it operates as an enterprise. Colorado law and Platte River financial policy require an annual budget that is balanced, in that it has sufficient projected revenues and available resources to equal anticipated expenditures. Throughout the budget development process, anticipated revenues and expenditures are monitored to ensure the budget is balanced.

The statutory deadline for submission of Platte River's annual budget to its board of directors is Oct. 15 of each year. By that date, a notice is published in newspapers of general circulation stating that the annual budget is available for inspection by the public. The date and time for the public hearing is also published. The budget document can be found on Platte River's website at www.prpa.org/financial-information and at Platte River's headquarters at 2000 East Horsetooth Road, Fort Collins, Colorado.

The budget was developed in alignment with the strategic initiatives and in compliance with the financial framework described in the financial governance section. The budget was also developed with an adaptive strategy to effectively maintain system reliability, ensure environmental responsibility and regulatory compliance, as well as manage risk. Below explains how the budget is developed, reviewed and approved.

Owner communities load forecast

Platte River's long-range load forecast is developed using an econometric model that incorporates independent variables including population, distributed solar, electric vehicles usage and weather. The forecast also includes a trend for demand and energy changes anticipated from energy efficiency programs. The budgeted monthly demand and energy load projections were based on the 10-year official load forecast.

Production cost model

The major revenue and expense categories (sales for resale, purchased power and fuel) are developed from the results of an hourly production cost simulation model. Generation by resource is determined using assumptions for resource availability and performance, fuel and transportation contract costs, PPA terms and market prices for sales for resale, supplemental purchased power and natural gas.

Personnel budget

The salaries budget is developed in accordance with the board policy on employee total compensation. A market adjustment is typically included in regular wages based on data from a variety of published sources, both regional general industry and from other utilities. Other known increases, where applicable, are also included in the budget. New positions are requested by department managers who submit a position description and justification. The senior leadership team reviews the requests and decides the positions for the upcoming year based on the greatest need and value to Platte River. As positions become vacant, they are evaluated to determine if replacement is required or if the position can be allocated to another area. Incremental headcount is approved by

the board of directors through the budget process. Overtime and capital labor are budgeted by the individual departments as a component of total salaries. The remaining operating salaries are allocated to the functional accounts based on recent historical data. Medical and dental expenses are based on a mid-year projection provided by third-party consultants using historical claims and industry cost projections. All projected benefit costs are applied to the budgeted labor charges.

Departmental budgets

Each department must submit a budget on an account-by-account basis along with justifications, explanations and statistical information supporting the budget. Department managers develop internal goals and work plans and align their activities with Platte River's strategic initiatives. Through internal work sessions, the department budgets are reviewed and approved by directors and senior leadership.

Craig units 1 and 2 budget

The participation agreement provides for the joint ownership of Craig units 1 and 2, of which Platte River owns 18%. Tri-State, as the operating agent of the Craig Generating Station, is responsible for the daily management, administration, operation and maintenance of Craig units 1 and 2 and related transmission facilities. All costs of operation and maintenance, other than fuel costs, are shared on a pro rata ownership basis. Participants are obligated to advance funds to the operating agent as required to make payments of operations and maintenance costs when due. The engineering and operating committee works closely with Tri-State staff to develop capital and operations and maintenance budgets to ensure future plant reliability through the remaining operating life of the units.

Joint transmission

Platte River's share of joint ownership projects include costs for the Ault-Fort St. Vrain, Craig-Bonanza, Hayden-Blue River and Craig-Ault transmission lines, as well as Craig units 1 and 2 transmission costs. The joint ownership project budgets are developed by the operating agents and approved by the participants through the engineering and operating committees.

Billable projects

Platte River performs services on behalf of the owner communities. The services are structured under intergovernmental agreements and are billed directly to each owner community. Examples of services provided include customer information systems, distribution, SCADA, substation security and fiber management. These activities are shown in the significant initiatives section.

Capital budget

Capital projects are developed based on a five- to 10-year planning horizon. With each budget cycle, projects are submitted with a description and justification. Projects are planned based on resource availability and are categorized, ranked, prioritized and strategic projects are identified. A long-term capital forecast is also prepared, reviewed and updated three times per year. The long-term capital forecast is used for long-range financial planning to determine rates, cash flows and the timing of debt financings.

Budget contingency

The budget contingency can be used to meet unexpected expenditures that could not be foreseen at the time the budget was prepared. Events that may require the use of the contingency include unplanned generation or transmission outages, significant increases in power market or natural gas prices, unplanned expenses to maintain power supply to the owner communities or the adoption of an accounting policy, which impacts expenditures. It may also be used for existing capital projects that require expenditures above those budgeted as the result of scheduling changes, payment timing differences, changes in work scope, price fluctuations or new projects the board deems important to start before the next budget year. A contingency transfer is not unusual for capital projects. Prior to transferring contingency to an expense category, staff must notify the board of the need for the transfer and present a proposed resolution. The budget contingency appropriation amount represents approximately 10% of the operating expenses and capital additions to align with fluctuations in the budget.

Year	Contingency appropriation budget (\$000) ⁽¹⁾	Appropriated amount (\$000)	%	Purpose of transfer
2013	\$20,000	-	-	
2014	\$20,000	-	-	
2015	\$20,000	\$6,640	33%	Additional expenditures for several capital projects including the Craig Unit 2 nitrogen oxide removal, the fiber route to Estes Park and the control room for the digital control system, as well as ancillary services related to additional wind generation.
2016	\$20,000	\$1,200	6%	Additional expenditures for the initial progress payments for the generator rotor replacement project and the generator stator rewind project completed during the 2018 planned maintenance outage.
2017	\$20,000	\$1,100	6%	Additional expenditures for the initial progress payments for the bottom ash and reclaim pond project completed during the 2018 planned maintenance outage.
2018	\$23,000	-	-	
2019	\$23,000	\$1,779	8%	Additional expenditures for several capital projects including the Energy Engagement Center, Rawhide variable frequency drive, circuit switcher addition and breaker replacements at Harmony Substation, air compliance database software and vehicle fleet replacements.
2020	\$26,000	\$1,282	5%	Additional expenditures for bottom ash transfer impoundments and reclaim pond closure project.
2021	\$28,000	\$1,566	6%	Additional natural gas expense for high natural gas prices and additional combustion turbine generation to make sales, serve load and replace generation during Rawhide Unit 1's scheduled maintenance outage.
2022	\$24,000	- ⁽²⁾	-	

(1) Prior to 2018, the budgeted contingency was a fixed amount.

(2) A contingency transfer for capital projects and operating expenses is planned to be requested at the December 2022 board of directors meeting.

Management review

Financial statements, budget summary, budget detail, division and department budget reports are prepared and analyzed for management review. A proposed budget work session with the managers and the general manager/CEO is held to provide discussion and analysis of the budget and to ensure that expenditures for the budget year are consistent with goals, objectives, strategic initiatives, rate projections and meet SFP metrics. This discussion and analysis may result in revisions, deletions, reductions or additions of budget items. The budget is revised accordingly, and the reports are revised and distributed to management for further review.

Budget document

The strategic budget document is a comprehensive document used by Platte River's management as a planning tool and a means of communicating to the board of directors and the public. The budget document is prepared in compliance with the Local Government Budget Law of Colorado and is submitted to the state no later than 30 days following the beginning of the fiscal year of the adopted budget. The budget document must show all proposed expenditures as well as all sources of anticipated income; estimated beginning and ending fund balances; the corresponding actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year; a written budget message; and explanatory schedules or statements. Certain budget amounts for the current fiscal year may be reclassified for consistency with the upcoming budget year presentation. These reclassifications have no impact on budgeted amounts and results.

Board review and adoption

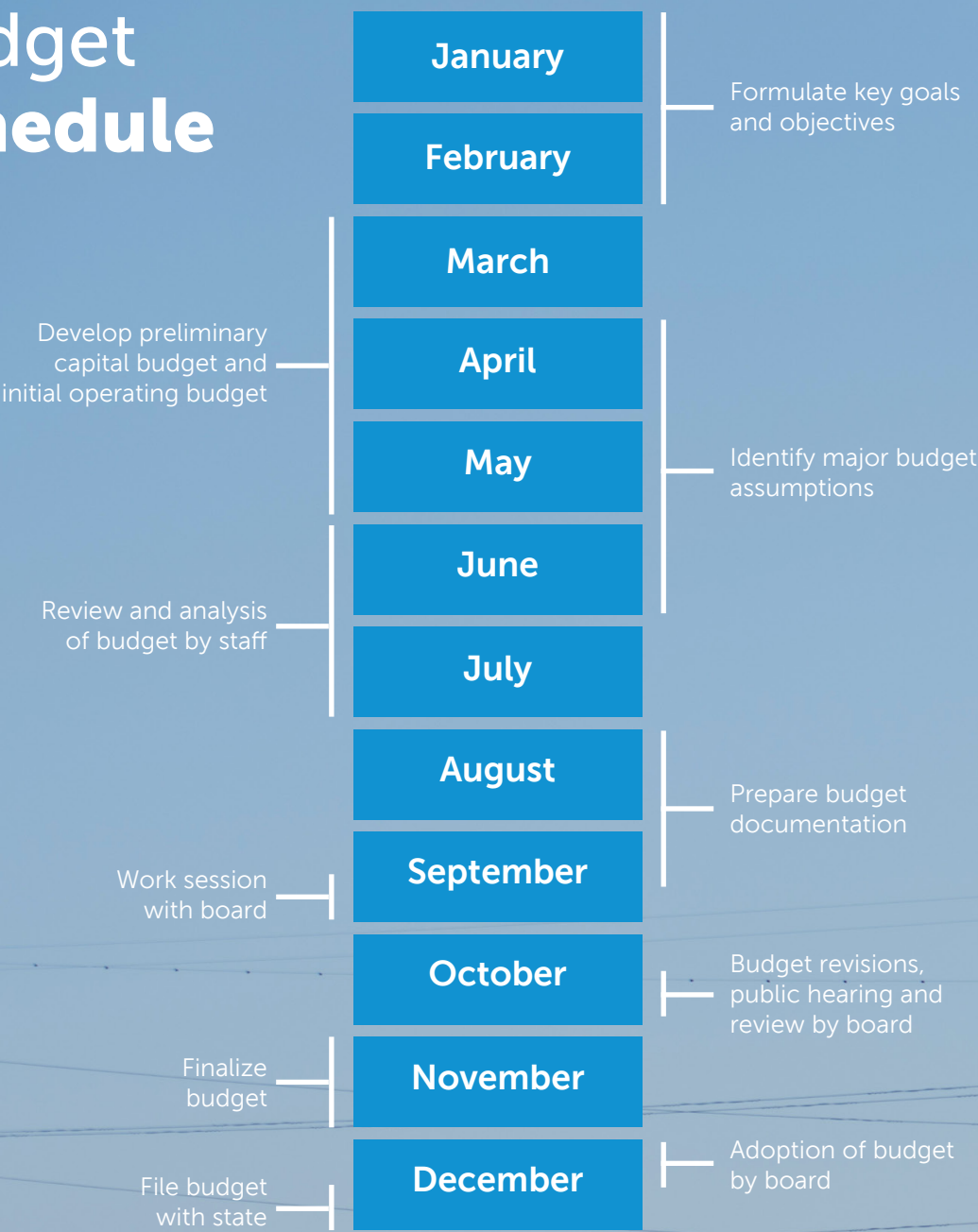
The proposed budget is distributed to the board of directors in September and a budget work session is scheduled at the September board meeting. Legal notices are published in the owner communities' newspapers stating the budget has been delivered to the board of directors; it is available for public inspection; the date and time of a public hearing which is scheduled at the October board meeting; and that the adoption of the proposed budget will be considered at the December board meeting. Revisions to the budget during the board of directors work session or other revisions arising from unanticipated changes are reviewed with the board of directors at the October board meeting. Final adjustments to the proposed 2023 Strategic Budget may be made before board adoption on Dec. 8, 2022.

Revisions between the proposed and adopted budget typically include those based on a revised production cost model run and refinements to operations and maintenance expenses and capital projects. Revisions can include changes to sales for resale market assumptions, fuel costs, ancillary service and wheeling rates, personnel costs, other various departmental expenses and any other change that is determined to be necessary to ensure an accurate and complete budget for board adoption.

Budget amendments

If total revenues or total expenditures deviate from an adopted budget, after considering any resolution for contingency use, a budget amendment may be necessary. Under Colorado law, budget amendments must follow the same annual budget process regarding board meeting notice and public hearing and board adoption.

Budget schedule



Financial governance

The Local Government Budget Law of Colorado, in addition to the policies listed below, provides the framework for Platte River's financial activities and budget development.

Fiscal resolution

The resolution is adopted as a requirement of the Organic Contract that governs the financial transactions of Platte River.

Strategic financial plan

Platte River Power Authority's SFP provides direction to create long-term financial sustainability, manage financial risk and support Platte River's vision, mission and values. The priorities of the SFP are to generate adequate cash flows, maintain access to low-cost capital, provide wholesale rate stability and maintain sufficient liquidity for operational stability. To achieve long-term financial sustainability and the lowest practical cost of debt necessary to finance Platte River's long-term capital program, financial metrics have been established in consideration of rating agency guidelines. Additionally, to manage financial assets and risk, staff will continue to implement and maintain prudent business practices in the management of reserves, maintain the enterprise risk management program and comply with financial policies and procedures. Staff reviews the SFP annually and makes recommendations to the board as necessary.

Rate requirements and practices

The general powers of Platte River, as stated by C.R.S § 29-1-204(3)(j), "include the right to fix, maintain, and revise fees, rates, and charges for functions, services, or facilities provided." The board of directors has the exclusive authority to establish electric rates.

The power supply agreements with the owner communities require the board of directors to review rates at least once each calendar year. The agreements also require that rates be sufficient to cover all operations and maintenance expenses, purchased power costs, debt service expenditures and to provide reasonable reserves and adequate earnings margins so Platte River may obtain favorable debt financing.

The general power bond resolution requires rates be sufficient to generate net revenues that cover debt service expense at a minimum 1.10 times. The general power bond resolution also requires Platte River to review rates and charges as necessary, no less than once each calendar year.

Platte River strives to maintain long-term competitive rates relative to regional peer wholesale electric providers. Competitive wholesale rates provide the owner communities an economic advantage for their residential, commercial and industrial customers.

Platte River's board-adopted rate setting policy and accompanying rate setting reference document describe an approach to rate making including objectives to be achieved both in the near-term and over the long-term planning horizons.

It is the policy of Platte River to establish service offerings and supporting rate structures that complement the strategic objectives, underlying policies and values of the organization. Platte River has identified the following goals important to the rate setting process:

- Improve value added of Platte River in support of the owner communities
- Offer a desirable portfolio of services and rates that meet the owner communities' needs
- Better align wholesale time-of-use pricing signals with cost of service and owner community retail pricing signals
- Send pricing signals that result in system benefits

Platte River's tariffs and charges will be established to achieve SFP targeted financial metrics. Multiyear rate smoothing strategies and board-approved accounting policies will also be used when appropriate to avoid greater single or multiple year rate impacts or to accomplish specified financial objectives.

Additional information about rates is available on Platte River's website at www.prpa.org/rates-information.

Financial metrics

The financial metrics outlined below aid in achieving long-term financial sustainability (liquidity, leverage, cash flow, earnings). Additionally, achieving strong financial metrics provides Platte River the flexibility to implement necessary rate changes and to change rates over longer periods of time to minimize short-term rate impacts. While the financial metrics are established and evaluated on an annual basis, multiyear performance is considered during the evaluation of rate action and decision making.

- Generate minimum 1.50 times fixed obligation charge coverage ratio
- Generate minimum net income equal to 3% of projected annual operating expenses
- Target debt ratio less than 50%
- Target minimum 200 days unrestricted cash on hand

The fixed obligation charge coverage ratio incorporates debt-like obligations either related to the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. Consistent with credit rating agency methodology, Platte River considers 30% of energy purchased under hydropower, solar and wind PPAs to be fixed obligation charges for this purpose.

Integrated resource plan

Critical to the budgeting and rate projection process, an IRP establishes a short-term action plan and long-term resource acquisition trajectory for meeting forecasted electric load. Plans are modeled using a combination of supply-side generation resources and DERs. Platte River's IRP uses sophisticated modeling of Platte River's unique resources, available technologies and specific constraints, all studied by industry experts using best industry practices to develop supply portfolio options covering a 20-year planning period. The resource portfolio includes capital, operational, fuel and environmental costs. Community engagement is a significant element within the IRP development process, and Platte River engages with the owner communities on multiple levels to gain public input from as many retail customers as possible on the proposed long-term supply portfolios.

Decisions to invest in and maintain generating resources are significant and complex, with long-range financial and environmental implications that vary widely depending on the selected resource portfolio mix. The IRP results can significantly impact rate requirements as selected resources are factored into rate projections. The assumptions to achieve the selected path are updated annually and incorporated into financial and rate projections. An IRP is required every five years, with the most recent being submitted in 2020 and covering the planning period from 2020 to 2040. Additional information about the IRP is available on Platte River's website at www.prpa.org/irp.

Financial projections and cost of service

Platte River's financial model is designed to provide projections coinciding with resource planning models and the IRP. While the planning horizon typically extends 10 years, functionality exists to evaluate scenarios out 25 years. Key metrics typically identified and reported by the financial model include average rate projections (including annual rate increases) and the SFP metrics. By using the financial model, Platte River obtains forward-looking insight into the impact of IRP portfolios and the possible need to adjust long-term financial plans including debt financing and rate adjustments to ensure objectives of the SFP are met.

The cost of service model determines specific charges for the upcoming year's budget. It incorporates budgeted expenses by FERC functional area and determines which specific charges should be used for cost recovery of each expense. The cost of service model is a tool to ensure unbundled charges are transparent and aligned with underlying cost structures, leading to system benefits.

Rate stabilization account

Under the general power bond resolution, Platte River has established a rate stabilization reserve account. Deposits to this account are a reduction to current net revenues for purposes of computing bond service coverage. Future withdrawals will increase net revenues for purposes of computing bond service coverage and could help Platte River meet its wholesale rate covenant. Withdrawals from the reserve account have not occurred to meet bond service coverage in Platte River's history and the current rate stabilization reserve account is a statement of net position item of \$20 million. Risk analysis is performed annually to determine the appropriate level to maintain in the account.

Power supply agreements

The power supply agreements define the terms and conditions for the sale and purchase of electricity by Platte River to the owner communities. Currently all four power supply agreements run through 2060.

General power bond resolution

The general power bond resolution allows bonds to be issued and sold for a specific purpose and establishes the rights and responsibilities of each party in a bond contract (the issuer and the bondholder). The bonds represent money loaned and entitle the holder to interest payments and the return of principal.

Bond service coverage

Bond service coverage is a key indicator of financial strength and is reviewed by the credit rating agencies when assessing Platte River's credit quality. Bond service coverage is a measure of Platte River's ability to generate cash to pay bondholders. Under the general power bond resolution, Platte River is required to charge wholesale electric energy rates to the owner communities that are reasonably expected to yield net revenues for the forthcoming 12-month period that are at least equal to 1.10 times total power bond service requirements.

Use of restricted and unrestricted resources

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

Investments

Platte River's investment policy provides a framework for managing its investments. Platte River must invest and manage assets as a prudent investor would, by considering the purposes, cash requirements and terms of the various funds. In satisfying this standard, the chief financial officer must exercise reasonable care, skill and caution. Investment and management decisions will be evaluated not in isolation but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to Platte River. The primary objectives of investment activities are safety, liquidity and yield. Platte River invests only in obligations of the United States government and its agencies and other investments permitted under Colorado law.

Risk management

Platte River is committed to enterprise risk management, the process to identify potential events that may affect the ability to meet strategic objectives and manage identified risks appropriately. The risk oversight committee, consisting of the general manager/CEO and the senior leadership team, monitors the risk environment and provides direction for the activities to eliminate, mitigate or transfer, to an acceptable level, the risks that may adversely affect Platte River's ability to achieve its goals. Additionally, the risk oversight committee supports organization-wide efforts to identify, monitor, evaluate and report risks and risk mitigation strategies. An energy risk management framework, a subset of enterprise risk management, was also established to develop processes to identify, measure, monitor, report and mitigate energy-related risks. The enterprise risk management program is continually evolving to incorporate best industry practices.

Platte River maintains several different types of insurance including auto liability, commercial crime, cyber liability, directors and officer's liability, fiduciary liability, excess liability, medical professional, property, employee health and workers' compensation. Insurance coverages and limits are commensurate with operating the electric system and Platte River's contractual requirements.

Basis of accounting

Platte River accounts for its financial operations as a proprietary fund and uses the modified accrual basis of accounting for budgetary reporting purposes. Under the modified accrual basis of accounting, certain non-cash items such as depreciation expense for fixed assets, amortization for asset retirement obligations, accretion expense for Craig units decommissioning costs, accrued

compensated absences, amortization of bond financing costs and unrealized gains or losses are excluded from budget appropriation. Debt principal is included in the budget under the modified accrual basis of accounting. For financial statement reporting purposes, Platte River uses the full accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Platte River's accounts are maintained in accordance with the Uniform System of Accounts as prescribed by FERC.

As a board-regulated entity, Platte River is subject to the provisions of Governmental Accounting Standards Board Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Regulated Operations, paragraphs 476–500, which requires the effects of the rate making process to be recorded in the financial statements. Accordingly, certain expenses and revenues normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in Platte River's wholesale rates. Below is a list of Platte River Board-approved accounting policies for specific activities following this standard:

- Additional pension funding expense recognition
- Pension contribution expense recognition
- Debt issuance expense recognition
- Maintenance outage expense accrual
- Change in depreciation method
- Windy Gap Firming Project
- Craig units 1 and 2 decommissioning accrual
- Deferred revenue and expense – proposed for board approval

Operating revenues and expenses

Operating revenues and expenses consist of those revenues and costs directly related to the generation, purchase and transmission of electricity. Operating revenues are billed and recorded at the end of each month for all electricity delivered. Revenues and expenses related to financing, investing and other activities are considered to be nonoperating.

Capital

Capital additions include expenditures of \$5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years. Expenditures less than \$5,000 are reflected within the operations and maintenance expense budget. The Craig units 1 and 2 capital budget was prepared by the operating agent, Tri-State, and has been approved by the engineering and operating committee of which Platte River is a member. Depreciation is recorded using the straight-line method over the estimated useful lives of the various classes of plant in service. For budgetary reporting, capital additions also include appropriations for asset retirement obligations, discussed further in this section.

Platte River management has placed an emphasis on project management, specifically reviewing resource availability, as well as improving project planning and execution. This process will continue to evolve, striving toward operational excellence.

Capital projects can be delayed for various reasons. The previous year unexpended amounts may be due to construction delays, change in scope or payment timing differences and will be determined after the Dec. 31 year-end closing. Budget law allows Platte River to carry over into the next year any unexpended balance of funds appropriated for the previous year expenditures. The amounts required in the next year to complete the previous year projects will then be transferred to the appropriate budget categories in the next year. This is termed the carryover process and is preferred versus re-budgeting the funds. The capital additions will be funded either from current operations or proceeds from debt financings.

As unplanned projects come up throughout the course of the year, project managers follow the internal out-of-budget or over budget process to submit the project for consideration. Each project is described, justified and other impacts are evaluated. The project is then reviewed on merit by the general manager/CEO. If the project is approved, overall project schedules may change to accommodate the new or revised project. Given the amount of variability and uncertainty with projects, funding is tracked closely, and the carryover process is implemented if a project cannot be completed in the given year. If additional funds are required, a contingency transfer will be requested of the board to move funds into the capital budget.

Asset retirement obligations

Asset retirement obligations originate when a legally enforceable liability associated with the retirement of a tangible capital asset exists and is reasonably estimable. Following Platte River's adoption of Governmental Accounting Standards Board Statement No. 83, Certain Asset Retirement Obligations, effective for the period ending Dec. 31, 2019, asset retirement obligations are appropriated for budgetary purposes on a cash basis method aligned with when liabilities are anticipated to be settled as retirement activities occur. For financial reporting purposes, the expense of the liabilities is recognized in the period during which the underlying capital asset is being used. This is achieved by recording a deferred outflow of resources equal to the liability, which is subsequently recognized as amortization expense during the pre-retirement period. The liability and associated deferred outflow of resources are evaluated annually for an inflationary adjustment and changes in estimated costs and adjusted when necessary. Prior to the adoption of this statement, identified asset retirement obligations were appropriated through operations and maintenance expense with no differences in budgetary and financial reporting.

The following table summarizes anticipated asset retirement obligations for financial reporting purposes at the end of 2022, including the periods in which amortization is expected to be recognized. Budget appropriation occurs as actual retirement activities commence and are reflected as capital additions.

Asset retirement obligations	Estimated liability as of Dec. 31, 2022	Estimated unamortized deferred outflow of resources as of Dec. 31, 2022	2023 budget amortization	Amortization period end date
Rawhide Unit 1 impoundments	\$ 6,425,651	\$ 4,332,110	\$ 618,865	2029
Rawhide Energy Station decommissioning	16,402,417	14,416,155	436,848	2055
Craig Energy Station impoundments	1,950,836	1,266,226	220,212	2028
Trapper Mine post-mining reclamation	7,465,740	3,489,188	1,428,781	2025
Total asset retirement obligations	<u>\$ 32,244,644</u>	<u>\$ 23,503,679</u>	<u>\$ 2,704,706</u>	

Acronyms and terms

2022 estimate	Current estimate of revenues and expenditures to reflect actual revenues and expenditures (January through July) and budget revenues and expenditures (August through December). Some modifications were made to reflect more accurate projections.
Accretion	Gradual recognition of an expense related to a long-term liability.
Accrual	An expense is recognized when incurred, before cash is paid out.
Amortization	Gradual reduction of book value for a non-depreciable asset.
Balanced budget	A budget that has sufficient projected revenues and available resources to equal anticipated expenditures.
Bond service	See debt service.
Bond service coverage	Net revenues divided by debt service.
Capacity factor	The ratio of the average load on a generator for a given period of time to the capacity rating of the generator.
Capital and debt management fund	A dedicated fund authorized by Platte River's SFP to be used in managing debt and to provide reserves for future capital additions.
Capital expenditure	Expenditures of \$5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years.
Contingency	An appropriation of funds to cover unforeseen expenditures which may occur during the budget year.
COVID-19	COVID-19 is an illness caused by a novel coronavirus initially identified on Jan. 7, 2020, and later characterized as a pandemic by the World Health Organization on March 11, 2020, followed by a declaration as a national emergency on March 13, 2020.
CRSP	Colorado River Storage Project – division of Western Area Power Administration.
Debt ratio	Long-term debt plus other long-term obligations divided by total electric utility plant plus net working capital.

Debt service	Bond interest and principal. Also referred to as bond service.
Depreciation	The portion of the cost of a fixed asset expensed to operations to allow for consumed usefulness.
DER	Distributed energy resource.
Distributed energy resources management system	Distributed energy resources management system (DERMS) is a platform that integrates DERs into electric systems with a goal of making DERs more visible, manageable and responsive to electric system needs.
Enterprise resource planning	Enterprise resource planning (ERP) is the integrated management of main business processes, often in real time and mediated by software and technology. Many ERP software applications exist to help organizations implement resource planning by integrating all of the processes needed to run an organization with a single system.
EV	Electric vehicle.
FERC	Federal Energy Regulatory Commission.
Fiscal resolution	A resolution that governs the financial transactions of Platte River.
Fixed asset	See capital expenditure.
Fixed obligation charge coverage ratio	The fixed obligation charge coverage ratio (FOCCR) is a measurement of cash flows and the ability to repay annual debt service costs from recurring revenues net of recurring expenses excluding one-time revenues or extraordinary charges. FOCCR also incorporates debt-like obligations either related to the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. A minimum 1.50 times FOCCR provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio requirement, partially fund future capital additions and maintain favorable credit ratings.
General power bond resolution	A resolution for providing the issuance of power revenue bonds.
GW	Gigawatt, one thousand megawatts; one million kilowatts.
GWh	One gigawatt of power delivered steadily for one hour.

HVAC	Heating, ventilation and air conditioning.
IRP	Integrated resource plan.
kW	Kilowatt; one thousand watts.
kW-Mo	The maximum kW reached or made available during a calendar month used for billing demand or capacity.
kWh	One kilowatt of power delivered steadily for one hour.
kV	Kilovolt; one thousand volts.
LAP	Loveland Area Projects – division of the Western Area Power Administration.
MBtu	One million Btu. A Btu is a British thermal unit and is the standard unit for measuring quantity of heat energy and represents the amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit.
MW	Megawatt; one thousand kilowatts.
MWh	One megawatt of power delivered steadily for one hour.
MW-Mo	The maximum MW reached or made available during a calendar month used for billing demand or capacity.
NERC	North American Electric Reliability Corporation.
Net income	Revenues less operating costs, depreciation, amortization, accretion and interest expense, which is synonymous with change in net position.
Net position	Difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources.
Net revenue	Total revenues less operation and maintenance expenses during a period.
NFPA	National Fire Protection Association.
O&M	Operations and maintenance.

Organized energy market	A system in which participants submit offers to buy or sell wholesale energy as a commodity. Utilizing pricing signals to leverage the lowest-cost resources to serve load, market operators efficiently dispatch resources across participating utilities, reducing fuel and maintenance costs while increasing reliability and integration of renewable resources.
OSHA	Occupational Safety and Health Administration.
Owner communities	Town of Estes Park, City of Fort Collins, City of Longmont and City of Loveland are the owner communities of Platte River.
PPA	Power purchase agreement.
Projected	Estimate of revenues and expenditures based on past trends, current economic conditions and future financial forecasts.
QTD	Quality training database.
Rate stabilization fund	An account provided for by Platte River's general power bond resolution and funded or utilized in accordance with Platte River's SFP.
RDP	Resource Diversification Policy.
Restricted assets	Cash and investment accounts restricted to use by bond covenants or laws and regulations.
RTO West	Regional Transmission Organization West, an expansion of SPP's existing RTO structure in the Western Interconnection. RTO West is a centralized, financially binding day ahead market as well as regional transmission planning mechanism. Participation in RTO West would yield additional benefits above and beyond those of the WEIS in that reliability is further improved and regional transmission planning reduces congestion which benefits the overall footprint.
Sales for resale – long-term	Sales of energy set forth by a contract with duration greater than one year.
Sales for resale – short-term	Sales of electric energy for a period of one year or less.
SCADA	Supervisory control and data acquisition.
SFP	Strategic financial plan.

SPP	Southwest Power Pool.
WAPA	Western Area Power Administration.
WECC	Western Electricity Coordinating Council.
WEIS	Western Energy Imbalance Service, which is a real-time organized energy market operated by SPP.
Wheeling	Use of transmission facilities by other utilities.



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Memorandum

Date: 9/20/2022

To: Board of directors

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

Subject: **Staffing plan update**

Following discussions within the organization, a review of the staffing plan and consideration of the evolving needs of our owner communities, Platte River's senior leadership recommends adding a net of 12 positions in 2023. An explanation outlining the necessity for these additional positions is detailed below.

Staffing analysis

Platte River senior leadership regularly evaluates staffing requests from an organizational-wide perspective as they are identified. Each year, a staffing review then takes place prior to the annual budget session. The review includes an examination of historic information as well as an analysis of the short-, intermediate- and long-term business needs within the organization and from our owner communities.

Over the past several years, we have scrutinized our staffing needs and aligned resources to better position Platte River to achieve our strategic objectives. This scrutiny has led to the reorganization of departments and the evaluation of positions as vacancies occur to determine whether they should be refilled, eliminated or redesigned to meet other needs. This review with each vacancy has resulted in a decrease of two budgeted positions in 2022 to date.

Evolving business model

Platte River's business model continues to evolve beyond its historic core business functions to meet strategic objectives associated with meeting the strategic objectives and initiatives within the board-adopted Resource Diversification Policy, and increasing workloads associated with more complex technologies, service requirements and work processes.

Based on the strategic objectives outlined above, we intend to add the following positions in 2023:

Supporting new markets or DER initiatives

- Communications and marketing specialist (two positions)
- Sr. planning system engineer
- Power system operations trainer
- Power system operation trainee (generation desk)
- Power markets analyst
- Distributed energy resources services manager
- Distributed energy resources systems manager
- Energy solutions program manager
- Energy solutions supervisor

Supporting new internal technologies and requirements

- Information security engineer
- Service desk technician II
- Data analytics and business analyst specialist
- Facilities services technician (electrician)

Summary

Platte River leadership continually evaluates staffing levels and requirements to ensure human capital meets the evolving needs of our owner communities, while keeping mindful of the organization's financial sustainability. The pursuit of strategic initiatives and the rapidly evolving energy environment are accelerating needed staffing additions as we take into consideration the financial implications of these additions.



Platte River
Power Authority

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Legal, environmental and compliance report

August 2022





Overview of recent developments

Legal matters

Colorado's Power Pathway

On March 2, 2021, Public Service of Colorado (PSCo) filed an application for a Certificate for Public Convenience and Necessity (CPCN) with the Colorado Public Utilities Commission (PUC) to construct Colorado's Power Pathway 345 kV Transmission Project (Pathway Project). On June 2, 2022, the PUC granted a CPCN for most of the Pathway Project. On July 20, 2022, the PUC issued another order modifying various aspects of the previously-approved performance incentive mechanism but otherwise leaving the decision approving the CPCN unchanged; therefore, the almost \$2 billion Pathway Project may move forward as previously approved. The full report is on [page 3](#) of this document.

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

On Oct. 30, 2020, PSCo filed with the Federal Energy Regulatory Commission (FERC) to revise, among other things, rates for ancillary services under its open access transmission tariff. Platte River intervened, and on April 6, 2022, PSCo filed a comprehensive settlement agreement with FERC, which included Platte River, Colorado Springs Utilities, Black Hills Colorado, and others. On Aug. 15, 2022, FERC issued an order approving the settlement agreement. The full report is on [page 3](#) of this document.

Inflation Reduction Act direct pay provisions

On Aug. 16, 2022, President Biden signed into law the Inflation Reduction Act (IRA). Among other things, the IRA substantially expands tax benefits and subsidies for renewable "green" energy projects and creates new energy tax credits. Most significantly for Platte River, the IRA allows the tax credits to be "refundable" and payable as direct cash payments (so-called "direct pay" provisions). This has been a long-standing policy goal for public power, as it allows tax-exempt entities to get the same subsidies and benefits as taxable entities. Platte River is now waiting for Department of Treasury guidance on procedural requirements to receive the payments. The full report is on [page 4](#) 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. On Aug. 26, 2022, the EPA approved Platte River's petition to demonstrate compliance with the formaldehyde limit with no further controls with testing and monitoring requirements. The full report is on [page 5](#) 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 6](#) of this document provides a list of matters previously reported but unchanged since our last report.

Recently concluded matters

[Page 8](#) of this document provides a list of matters that have concluded within the last three months.



Active matters

Legal matters

Colorado's Power Pathway

Background:

On March 2, 2021, Public Service of Colorado (PSCo) filed an application for a Certificate for Public Convenience and Necessity (CPCN) with the Colorado Public Utilities Commission (PUC) to construct Colorado's Power Pathway 345 kV Transmission Project (Pathway Project). The Pathway Project is a proposed 560-mile, 345 kV double-circuit set of network transmission facilities between four existing substations and three new substations, to be located in eastern Colorado from approximately Pueblo to St. Vrain.

Platte River intervened at the PUC in April to support the CPCN on general policy grounds, including the need for additional transmission to integrate intermittent renewable generation as proposed in Platte River's 2020 Integrated Resource Plan.

On Nov. 3, 2021, PSCo and PUC staff announced a settlement agreement backing the CPCN application. Platte River is one of many parties that signed the settlement, which was not unanimous. The PUC held a hearing on Nov. 15 – 17, 2021 to hear evidence supporting the settlement agreement.

On June 2, 2022, the PUC granted a CPCN for most of the Pathway Project. Almost all parties requested rehearing.

Current Status:

On July 20, 2022, the PUC issued an order addressing the parties' applications for rehearing. The order modified various aspects of the previously approved performance incentive mechanism but otherwise did not change the decision approving the CPCN; therefore, the almost \$2 billion Pathway Project may move forward as previously approved.

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

Background:

On Oct. 30, 2020, PSCo filed with the Federal Energy Regulatory Commission (FERC) to revise, among other things, rates for ancillary services under its open access transmission tariff—specifically, Schedule 3, Regulation and Frequency Response Service; Schedule 3A, Regulation and Frequency Response Service for Point-to-Point Transmission Service; and Schedule 16, Flex Reserve Services (as well as non-rate terms in its Schedule 1). Platte River currently pays PSCo to provide flex reserve services



so that there is sufficient capacity to continue serving load and maintain system stability when the output from intermittent wind resources drops off abruptly.

Platte River intervened and protested in this FERC docket. PSCo's proposal would have increased the reserve requirement under Schedule 16 from 411 to 977 MW and revised the rate to \$18.07/kW/year, an increase of roughly 72% from current rates. For Platte River, the rate increase is compounded by expanded wind capacity for which PSCo charges Platte River under Schedule 16 (because of the addition of the Roundhouse Wind Project in 2020).

On Dec. 31, 2020, FERC issued an order accepting PSCo's requested tariff and rate changes but made them subject to refund and established hearing and settlement judge procedures. Settlement discussions began in February 2021.

On April 6, 2022, PSCo filed a comprehensive settlement agreement with FERC. Platte River, along with Colorado Springs Utilities, Black Hills Energy Colorado, and others, joined the settlement. With FERC approval, the settlement would reduce the rate Schedule 16 flex reserve service (retroactive to January 2021) and provide a viable means for interested customers to self-supply some of the flex reserve capacity needed to regulate wind within the PSCo balancing authority area. This settlement saves Platte River approximately 23% of its flex reserve costs compared to the rate PSCo proposed initially.

Current Status:

On Aug. 15, 2022, FERC approved the settlement agreement. Further discussions of the mechanics of the flex reserve pool are on hold until the parties to the settlement have more information about how the concept will work in the Western Energy Imbalance Service (WEIS) market, which the parties will enter in April 2023.

Inflation Reduction Act direct pay provisions

On Aug. 16, 2022, President Biden signed into law the Inflation Reduction Act (IRA). Among other things, the IRA substantially expands tax benefits and subsidies for renewable "green" energy projects and creates new energy tax credits. These credits include production tax credits for wind, solar and existing nuclear projects and investment tax credits for wind, solar, stand-alone storage and biogas projects. There are also tax credits and supports for clean hydrogen, carbon sequestration, and other zero-emission projects.

Most significantly for Platte River, the IRA allows the tax credits to be "refundable" and payable as direct cash payments (so-called "direct pay" provisions). This was a long-standing policy goal for public power, as it allows tax-exempt entities to get the same subsidies and benefits as taxable entities. To be eligible for direct payments, a non-taxable entity would have to make an irrevocable election for a specific facility; the facility would also need to be placed in service after 2022. The value of the tax credits may be adjusted up or down based on compliance with various domestic content, apprenticeship, and prevailing wage rules. In addition, the tax credits may be reduced by 15% if a project is financed with tax-exempt bonds.



Upcoming Department of Treasury (Treasury) guidance will specify the rules on electing to receive direct payments, the timing of payments and other procedures to receive direct payments. We do not know how aggressive Treasury will be on which project costs qualify for tax credits. Platte River is working with our trade associations and our staff to better understand the law and how we can benefit from the direct pay provisions.

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 was therefore required to petition the EPA for approval of its proposal to demonstrate compliance with the Formaldehyde Rule with no further controls (leaving 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. 29, 2022, the EPA approved Platte River’s petition to demonstrate compliance with no further operating limitations. Platte River has submitted the results of its July compliance testing, which demonstrated that Units D and F comply with the Formaldehyde Rule.

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

Western Area Power Administration Rate Order 202

Platte River submitted its written comments to WAPA on Aug. 23, 2022. We will update the board when WAPA issues a final order.

El Paso Electric Co. v. Federal Energy Regulatory Commission

There have been no new developments since our last report. FERC has not yet acted on the settlement. The Fifth Circuit has scheduled oral argument for the week of Oct. 3, 2022.

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

The Loveland city council approved the technical support services agreement between Platte River and Loveland 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)

On Aug. 26, 2022, the Court ordered a hearing with oral argument on the various motions for summary judgment, currently set for Oct. 7, 2022. Platte River anticipates that a decision may come fairly quickly after this hearing, at which time we will update the board on the result.



Environmental matters

Groundwater and waste management

Platte River is continuing to monitor groundwater and proceed with lining and improvements at the monofill. There have been no new developments since our last report.

Compliance matters

There are no compliance-related matters in monitored status this month.

Grant opportunities

There are no grant related opportunities being monitored this month.



Recently concluded matters (last three months)

Legal matters

Grand Lake clarity National Environmental Policy Act process

Background:

The water Platte River receives from the Windy Gap Project is stored in a three-lake system, including Lake Granby, Shadow Mountain Reservoir, and Grand Lake, before it is pumped to the Front Range via the Alva Adams Tunnel. The Northern Colorado Water Conservancy District operates the system. Concerns have arisen about the impact stored water from the Windy Gap Project and the larger Colorado-Big Thompson Project have on the clarity of water in Grand Lake, largely due to the deposit of nutrients in the lakes, which contributes to algal growth. The Bureau started a process under the National Environmental Policy Act (NEPA) to address this water clarity issue. Platte River is a coordinating agency in the NEPA process. The outcome of the NEPA process would have affected Platte River both as a participant in the Windy Gap Project and as a power customer of the Western Area Power Administration.

Current status:

The Bureau put this project on hold in 2020 after the preliminary analysis because it could not definitively establish any workable structural alternatives, so this matter is now inactive. Although advocates continue to seek state intervention to launch a study or other action, there is no current action underway. Platte River will continue to monitor any new proceedings related to Grand Lake.

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 Air Pollution Control Division (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
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Transition and integration report

August 2022



Resource integration

Platte River is currently negotiating revisions to the 150 MW Black Hollow Sun power purchase agreement to ensure this 150 MW solar photovoltaic (PV) project remains on its current schedule. It is currently scheduled to begin construction by mid-2023 with a commercial operation date of December 2024.

Platte River requested proposals for the purchase of an additional 100-125 MW PV solar and up to 25 MW four-hour battery capacity in February 2022. Platte River delayed the evaluation of the proposals due to the Department of Commerce's investigation that solar panels assembled in southeast Asia are circumventing duties imposed on solar panels from China, and therefore violate anti-dumping rules. Additionally, the passing of the Inflation Reduction Act of 2022 (IRA 2022) added to these delays. Platte River staff is currently evaluating the refreshed proposals of the top three bidders received on Sep. 9, 2022. We are currently on schedule to select and begin negotiating a term sheet with the preferred developer in October 2022. We intend to negotiate and finalize an agreement to purchase the output of the preferred project by late 2022 or early 2023.

The most recent plan for additional resources to meet our power supply objectives is provided in the table below:

	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		

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.

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.

The DER gap assessment and roadmap project started during the Aug. 8, 2022 DER Planning and Programs Team meeting and the Aug. 18, 2022 DER Committee meeting.

Staff attended the EV+DER Infrastructure Convergence Summit. CableLabs, E Source, the California Mobility Center and Colorado Cleantech Industry convened and sponsored the summit to discuss the convergence of interest around facilitating electrification of the transportation sector. Attendees included staff of the sponsoring organizations and a variety of stakeholders, such as public power utilities, Colorado Department of Transportation, cable broadband providers and an electric vehicle charger installer. The group discussed opportunities to collaborate to improve the effectiveness of individual efforts to support vehicle electrification, recognizing the stakeholders' different roles, perspectives, opportunities, and challenges. A follow up meeting with a broader group of stakeholders is scheduled for Sept. 13, 2022.

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

*Positive values indicate increases to loads. Negative values indicate reductions to load or the addition of generation.

Data science/predictive analytics

Platte River staff identified three data science projects focused on long-term load forecasting, AMI data engineering, and human resources analytics. In addition, meetings have been scheduled to discuss the scope of work, data science techniques, and engagement models.



Platte River
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Operating report

August 2022



Executive Summary

Owner community load

August was a warm month resulting in above budget demand and energy. 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 considerably below budget, due to above budget surplus sales pricing. Year to date, the net variable cost to serve load is below budget.

Thermal resources

Rawhide Unit 1 had an excellent operational month with one brief curtailment and no unplanned outages. As a result, equivalent availability factor and net capacity factor were both above budget for the month. Year to date, Rawhide equivalent availability and net capacity factors are slightly below budget.

Both Craig units ran well throughout the month, despite both units having experienced several curtailments primarily due to baghouse and fan issues. Craig equivalent availability factor was above budget and net capacity factor was well above budget for the month. Year to date, Craig equivalent availability factor is slightly below budget and net capacity factor is well above budget.

The combustion turbines were run to cover owner community load and to make sales on days with warmer temperatures when other utilities in the region had reduced capacity. Equivalent availability factor for the units was slightly 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

Wind generation was well below budget for the month resulting in below budget net capacity factor. Solar generation was above budget resulting in above budget net capacity factor. Year to date, wind and solar generation are above budget, and net capacity factors for both wind and solar generation are above budget. The battery associated with the solar farm was charged and discharged daily throughout the month.

Surplus sales

With warm August weather and outages in the region, the surplus sales market was strong. Surplus sales volume came in near budget, although the average sales price was more than twice what had been budgeted. Towards the end of the month, pricing was over \$200/MWh. Overall surplus sales volume is below budget and sales pricing is significantly above budget, year to date.

Purchased power

Overall purchased power volume was significantly below budget for the month, with most energy being purchased through joint dispatch. Purchased power pricing was significantly above budget for the

month. Similarly, purchased power volume is below budget and purchased power pricing is above budget, year to date.

Total resources

Total blended resource costs were above budget for the month, as hydropower, solar, and other purchases came in above budget. Natural gas costs were below budget, although natural gas pricing was considerably higher than anticipated which elevated the overall blended resource costs. Wind costs were well below budget, due to a true-up from a credit received from ancillary service overcharges.

Variances

Category	August variance		YTD variance	
Owner community demand	7.9%	●	4.3%	●
Owner community energy	6.1%	●	1.6%	◆
Wind generation	(18.2%)	■	5.8%	●
Solar generation	5.9%	●	8.1%	●
Net variable cost to serve owner community load	29.7%	●	10.9%	●

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

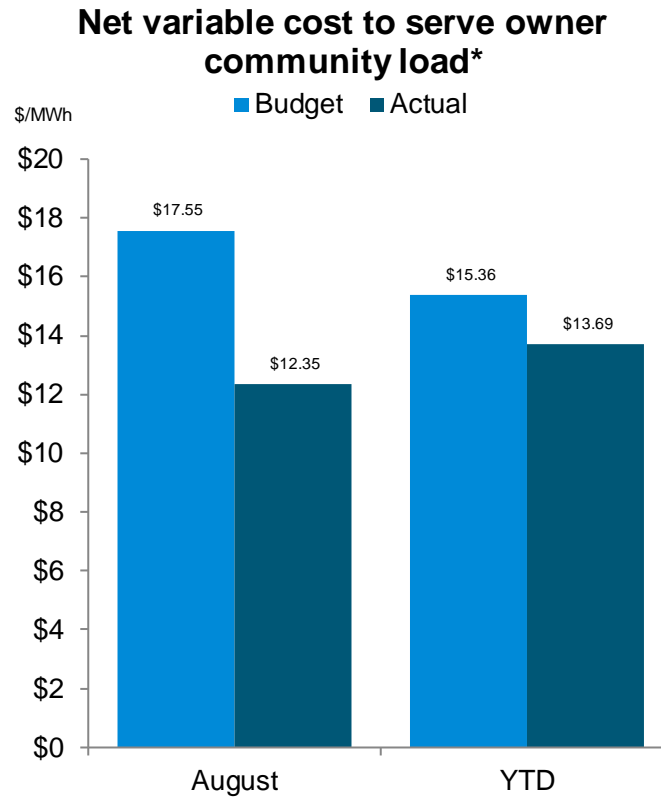
Loss of load

System disturbances

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

2022 goal	August 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

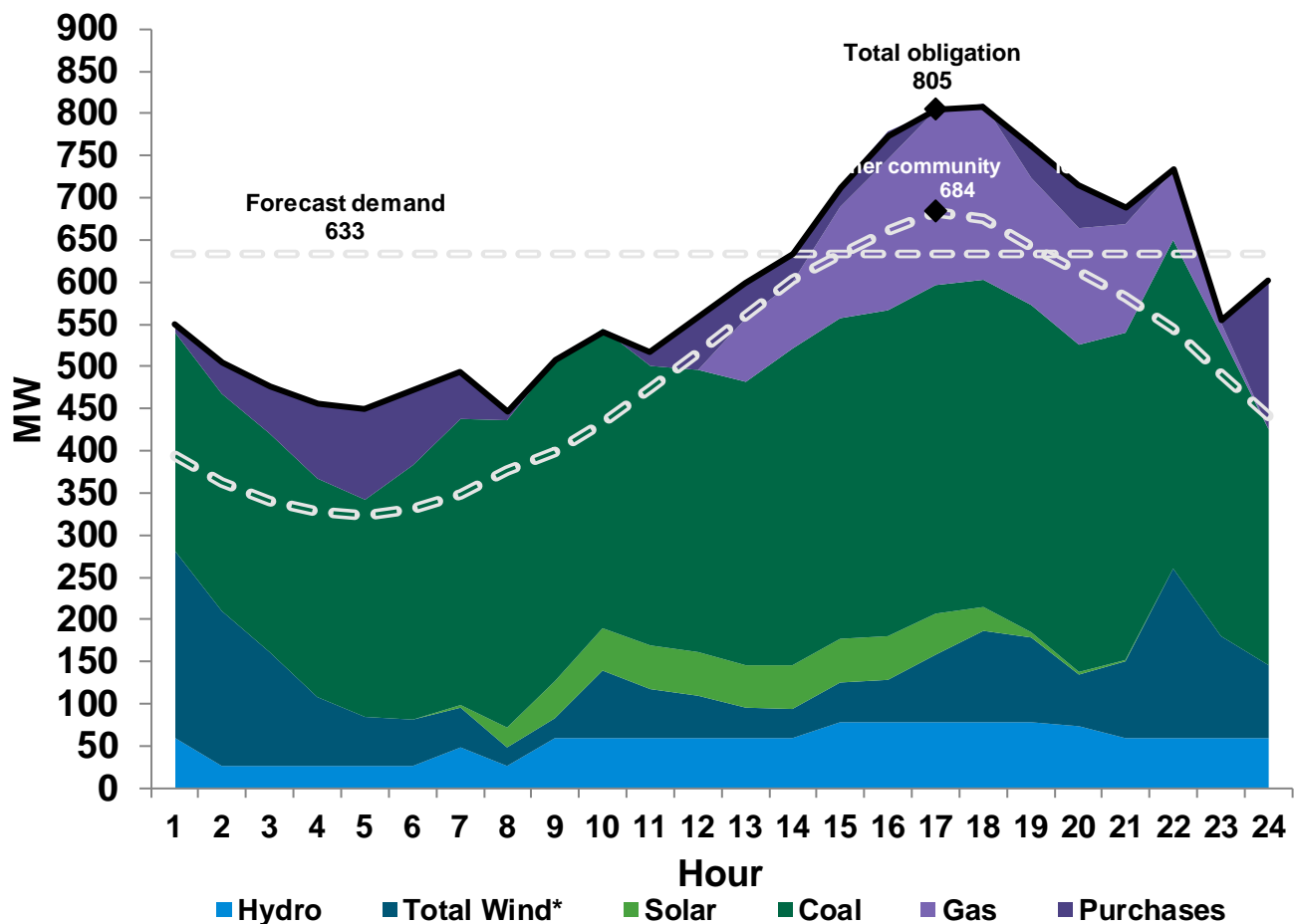
- There were 72 switching events scheduled in August.
- Transmission power system operators participated in 3,206 phone and radio interactions.
- Natural gas pricing remained high throughout the month resulting in surplus sales revenue coming in considerably above budget as many of those sales were made from the combustion turbines.
- The Laporte – Rawhide 230 kV line tripped, on Aug. 29, and was returned to service one minute later. Bird droppings were the suspected cause of the trip. No loss of load was experienced by the owner communities.
- On Aug. 25, the Laramie River Station – Ault 345 kV line tripped causing Laramie River Station Unit 3 to trip as well. The line returned to service later that day. No cause was given, and no loss of load was experienced by the owner communities.
- Platte River received notification from the Western Area Power Administration's Loveland Area Project (LAP) that, effective Oct. 1, 2024, Platte River's LAP allocation for both demand and energy will be reduced by 1%. The reduction is the result of a resource allocation pool which occurs every 10 years, opening LAP hydropower to eligible customers. The next resource allocation pool will be in 2034.

Peak day

Peak day obligation

Peak demand for the month was 684 megawatts which occurred Aug. 11, 2022, at hour ending 17:00 and was 51 megawatts above budget. Platte River's obligation at the time of the peak totaled 805 megawatts. Demand response was not called upon at the time of peak.

Peak day obligation: Aug. 11, 2022



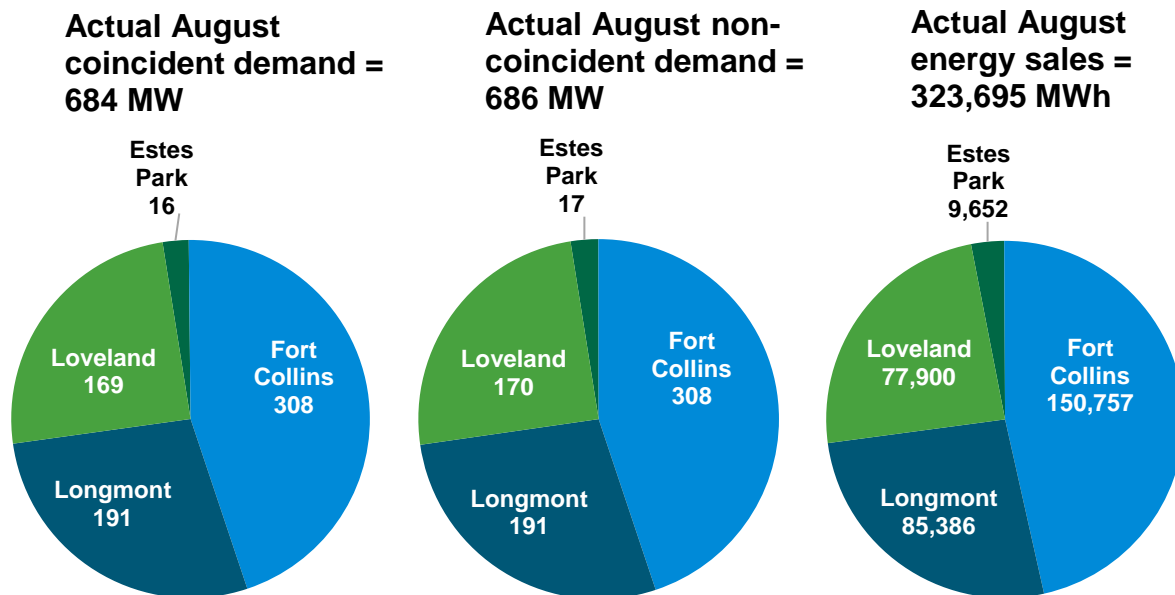
* Some off-system wind renewable energy credits and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.

Owner community loads

	Aug. budget	Aug. actual	Minimum	Actual variance	
Coincident demand (MW)	633	684	496	8.1%	●
Estes Park	16	16	14	0.0%	◆
Fort Collins	287	308	229	7.3%	●
Longmont	176	191	139	8.5%	●
Loveland	154	169	114	9.7%	●
Non-coincident demand (MW)	639	686	502	7.4%	●
Estes Park	17	17	20	0.0%	◆
Fort Collins	289	308	229	6.6%	●
Longmont	176	191	139	8.5%	●
Loveland	157	170	114	8.3%	●
Energy sales (MWh)	305,171	323,695		6.1%	●
Estes Park	9,729	9,652		(0.8%)	◆
Fort Collins	143,849	150,757		4.8%	●
Longmont	80,654	85,386		5.9%	●
Loveland	70,939	77,900		9.8%	●

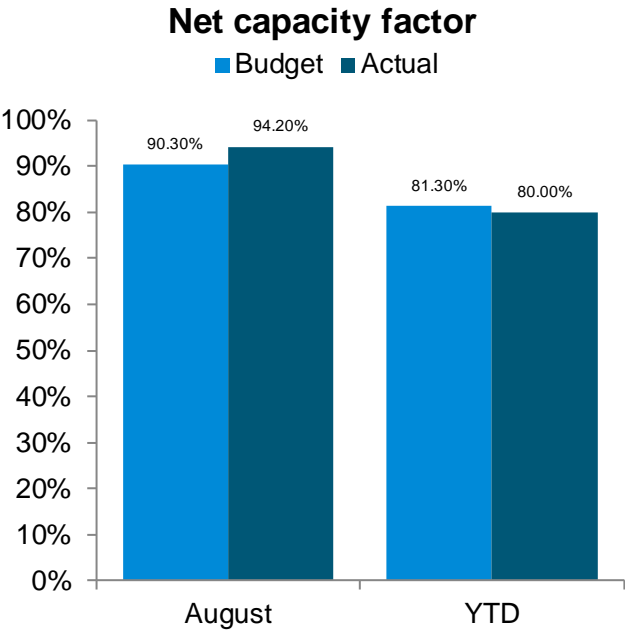
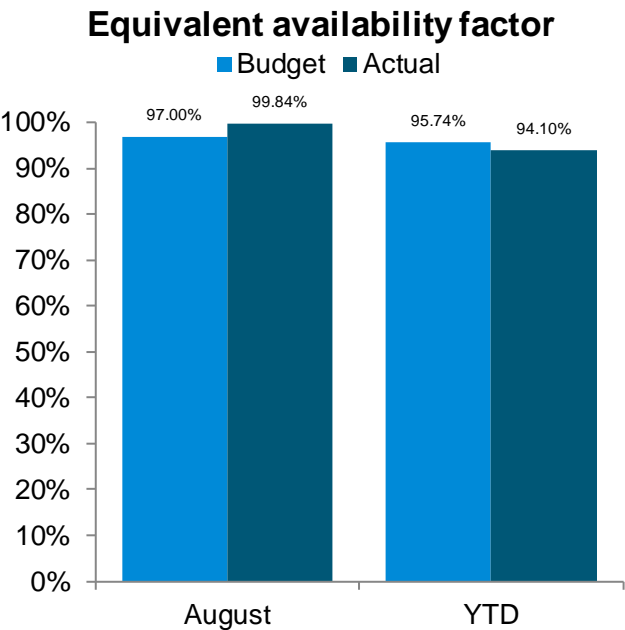
Variance key: Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <-2%

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

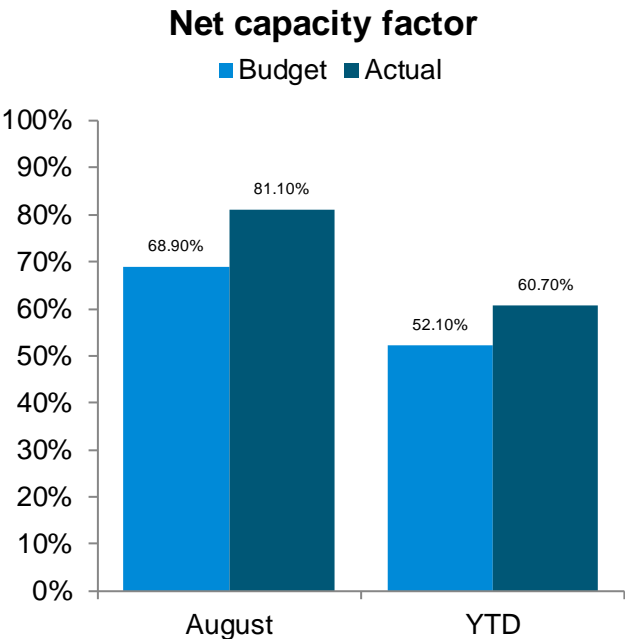
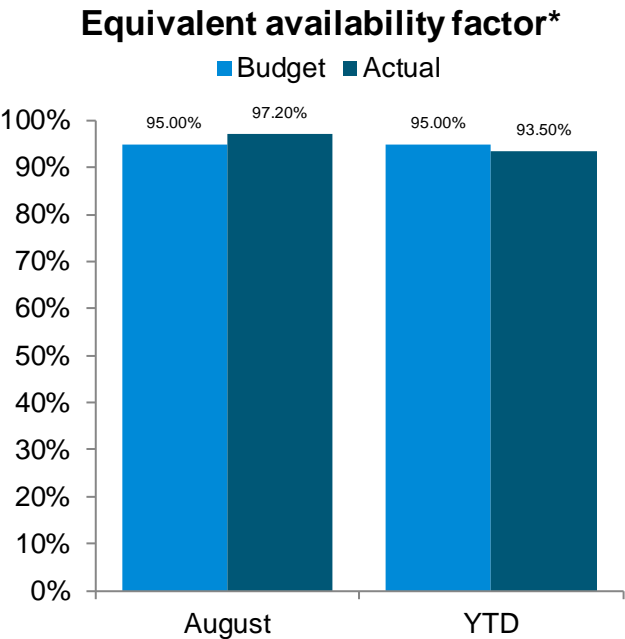


Thermal resources

Power generation - Rawhide

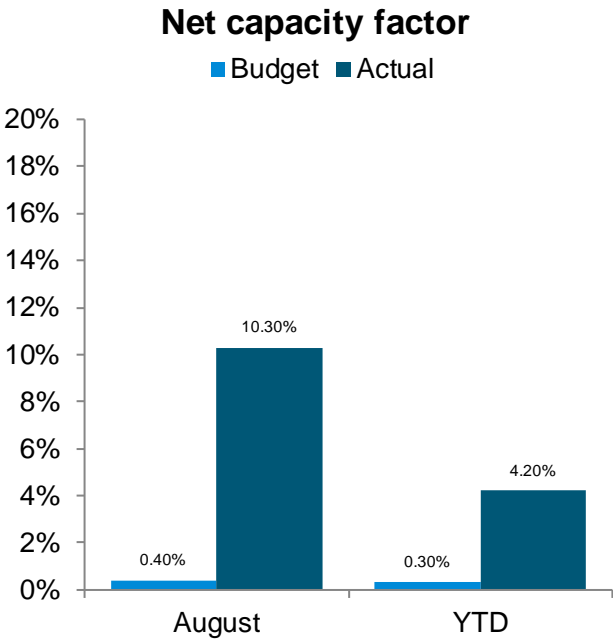
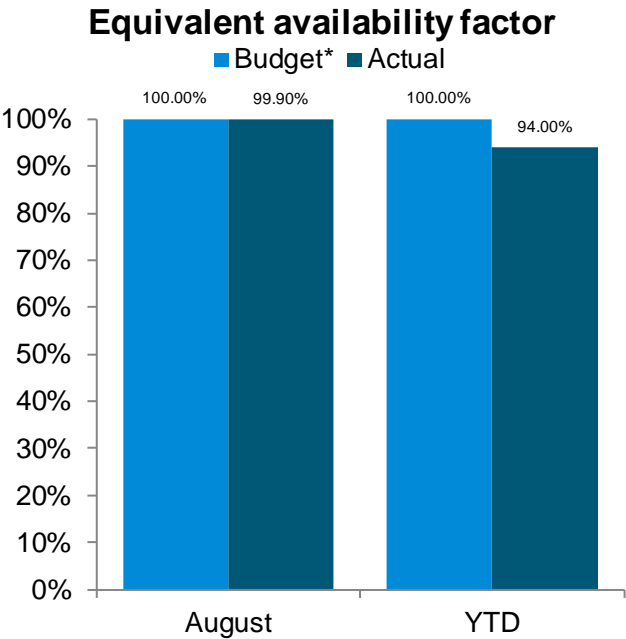


Power generation - Craig



* Estimated due to a delay of the actual results

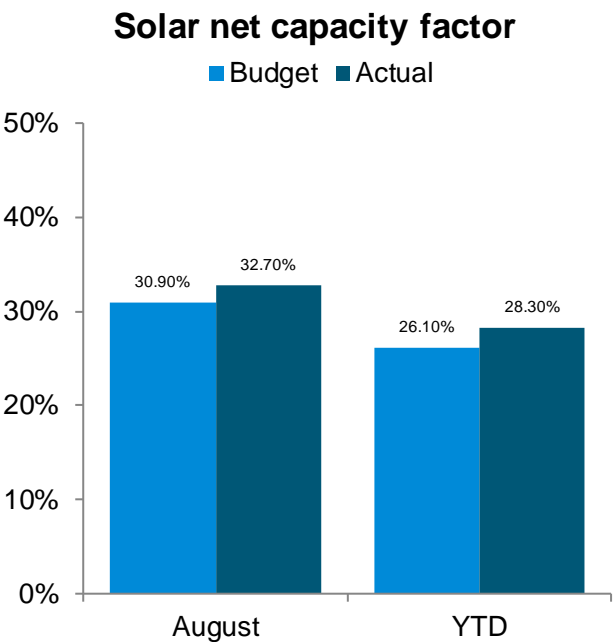
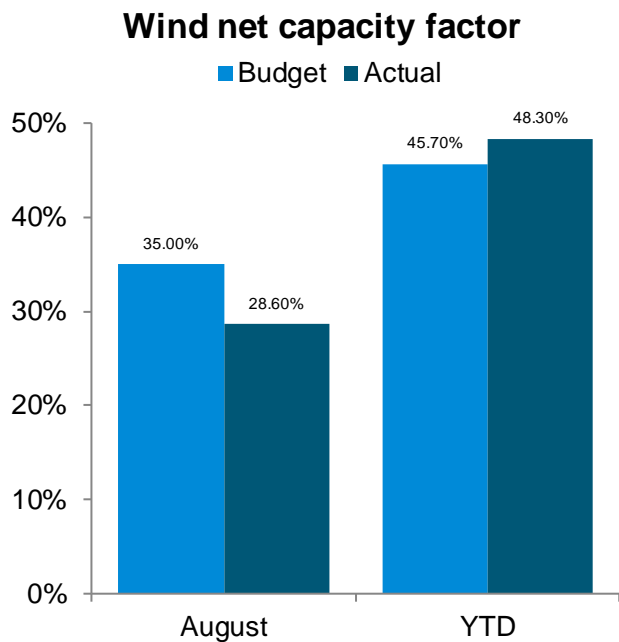
Power generation – combustion turbines



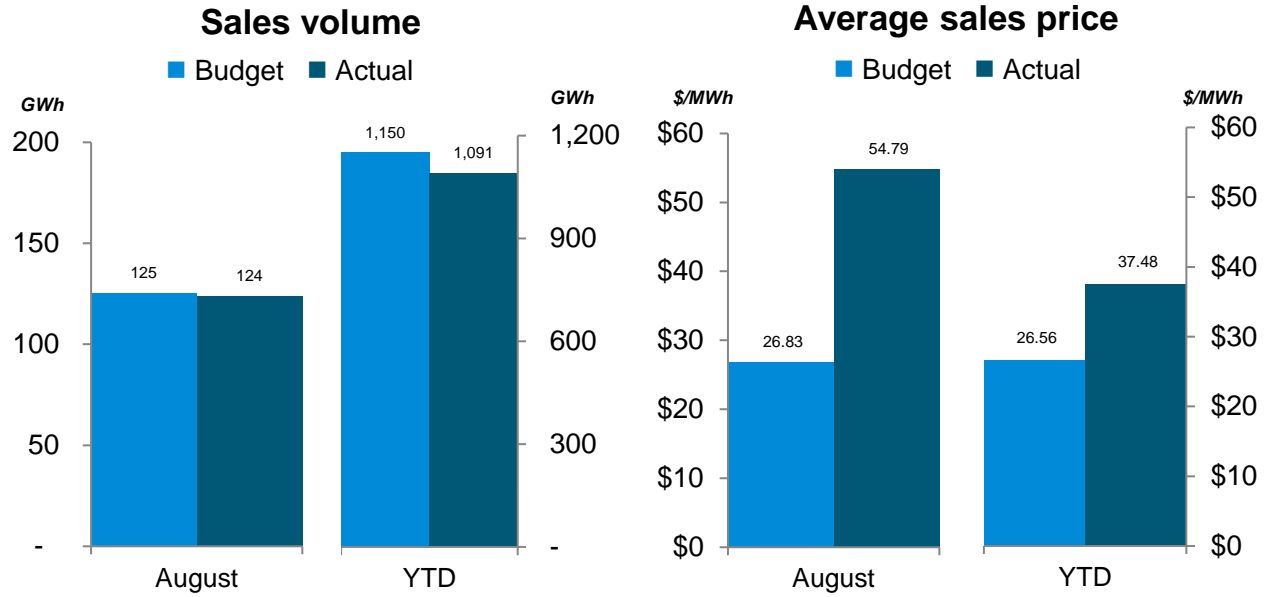
* No budgeted outages

Renewable resources

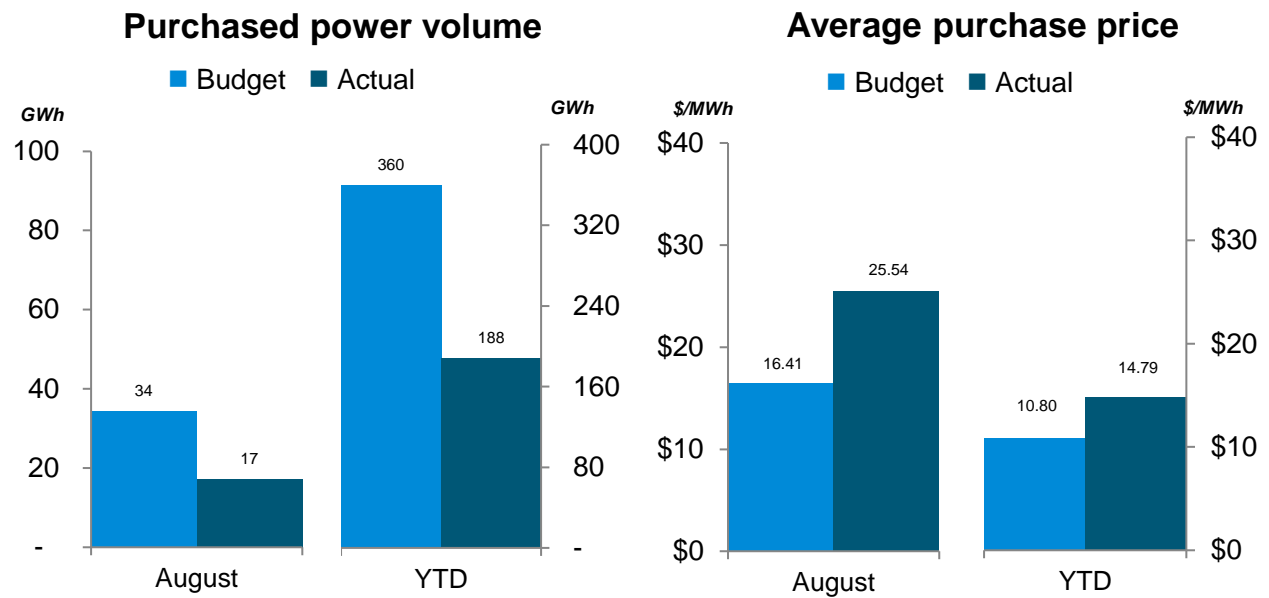
Power generation – wind and solar production



Surplus sales

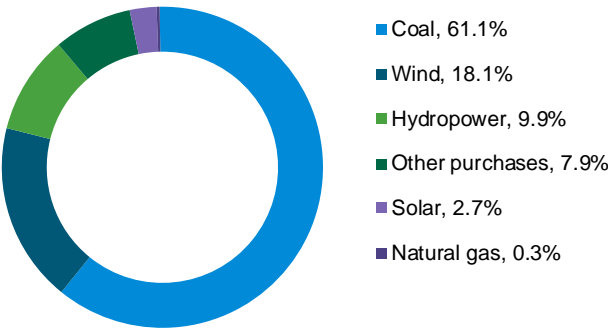


Purchase power

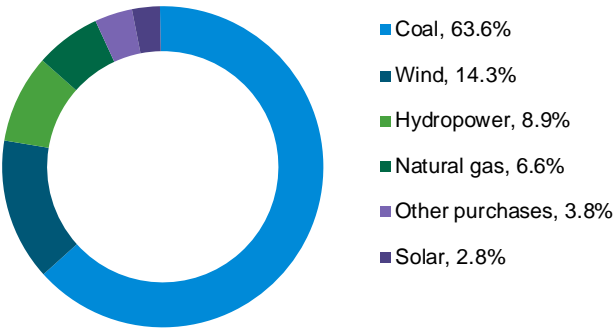


Total resources

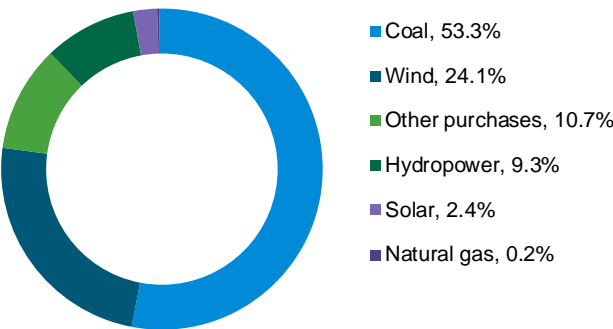
August generation budget



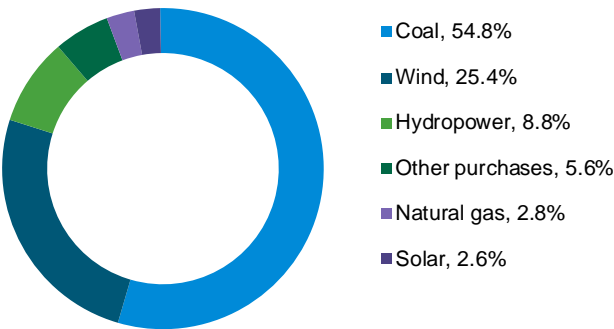
August generation actual

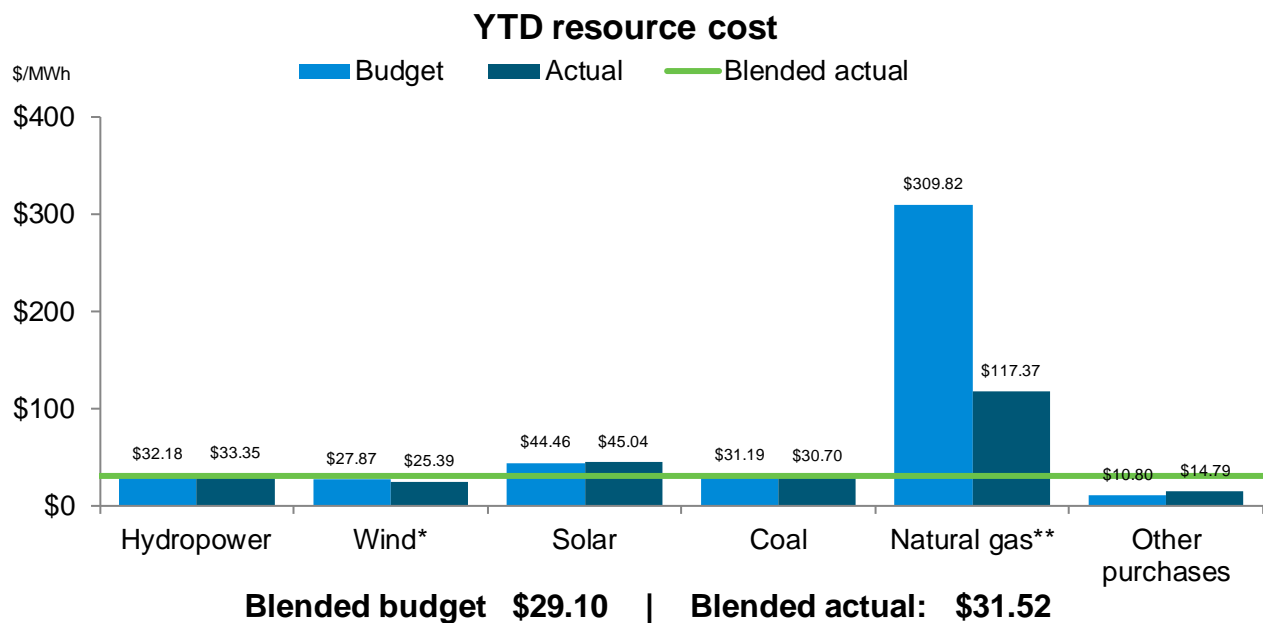
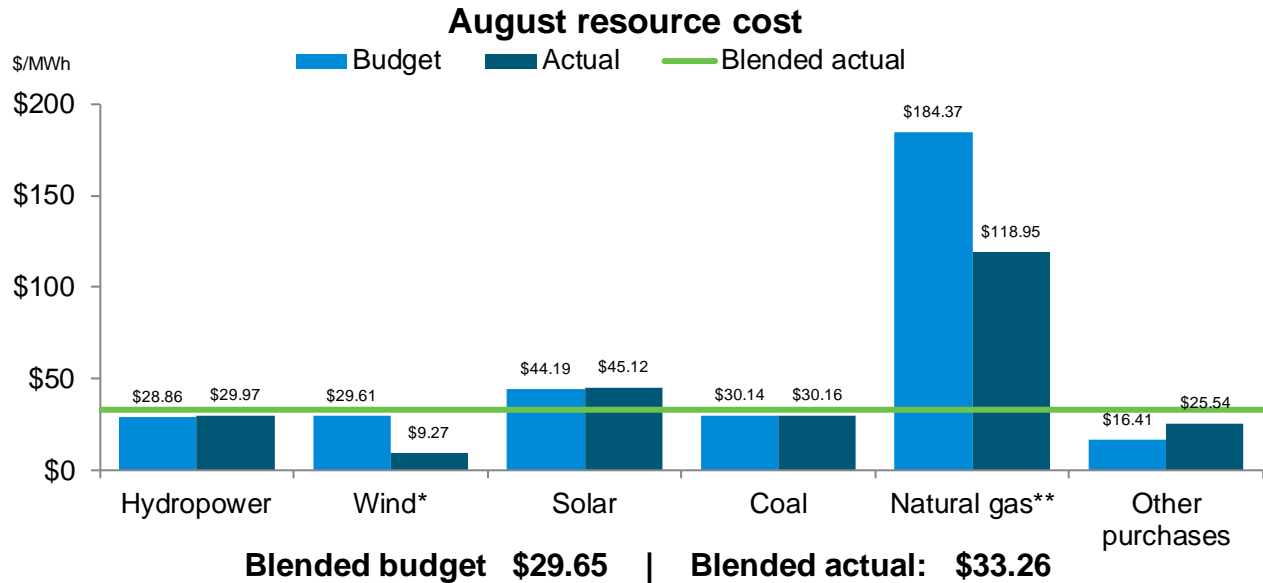


YTD budget



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.

** August budgeted natural gas pricing was \$3.98/MBtu while actual was \$9.30/MBtu. YTD budgeted natural gas pricing was \$4.25/MBtu while actual was \$8.17/MBtu. 2022 annual budgeted natural gas pricing is \$4.21/MBtu.



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Financial report

August 2022



Financial highlights year to date

Platte River reported favorable results year to date. Net income of \$20.6 million was favorable by \$9.9 million compared to budget due to above-budget revenues, partially offset by above-budget operating expenses and 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 \$22.3 million, but ranges from \$20.2 million to \$26.5 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 true-up in reserves may result in purchased power ending the year below budget. Fuel will 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 \$8.9 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 Aug. 31, 2022	Variance projection (Sept-Dec)	Total variance projection	Net income projection	Variance from budget *
Expected	\$ 9.9	\$ (1.3)	\$ 8.6	\$ 22.3	63%
Low	\$ 9.9	\$ (3.4)	\$ 6.5	\$ 20.2	47%
High	\$ 9.9	\$ 2.9	\$ 12.8	\$ 26.5	93%

Amounts above are in millions

*Net income budget = \$13.7 million

Key financial results (\$ millions)	August			Favorable (unfavorable)		Year to date			Favorable (unfavorable)		Annual budget
	Budget	Actual		Budget	Actual	Budget	Actual				
Net income	\$ 2.3	\$ 4.8	●	\$ 2.5	108.7%	\$ 10.7	\$ 20.6	●	\$ 9.9	92.5%	\$ 13.7
Bond service coverage	3.80x	6.44x	●	2.64x	69.5%	3.14x	4.42x	●	1.28x	40.8%	3.01x
Fixed obligation charge coverage	2.49x	4.01x	●	1.52x	61.0%	2.10x	2.74x	●	.64x	30.5%	2.03x
Budget results											
Total revenues	\$ 23.9	\$ 29.1	●	\$ 5.2	21.8%	\$ 177.2	\$ 192.9	●	\$ 15.7	8.9%	\$ 263.2
Sales to owner communities	19.8	21.0	●	1.2	6.1%	140.6	144.3	●	3.7	2.6%	208.0
Sales for resale - long-term	1.5	2.2	●	0.7	46.7%	12.3	13.8	●	1.5	12.2%	18.7
Sales for resale - short-term	2.0	4.7	●	2.7	135.0%	19.5	28.4	●	8.9	45.6%	29.6
Wheeling	0.5	0.8	●	0.3	60.0%	4.0	4.6	●	0.6	15.0%	5.9
Interest and other income	0.1	0.4	●	0.3	300.0%	0.8	1.8	●	1.0	125.0%	1.0
Total operating expenses	\$ 18.3	\$ 19.7	■	\$ (1.4)	(7.7%)	\$ 139.9	\$ 140.5	◆	\$ (0.6)	(0.4%)	\$ 209.7
Purchased power	4.5	2.7	●	1.8	40.0%	38.2	35.0	●	3.2	8.4%	57.7
Fuel	4.7	8.6	■	(3.9)	(83.0%)	29.8	40.8	■	(11.0)	(36.9%)	44.5
Production	4.2	4.1	●	0.1	2.4%	33.9	31.6	●	2.3	6.8%	50.4
Transmission	1.6	1.6	◆	0.0	0.0%	12.8	12.4	●	0.4	3.1%	18.7
Administrative and general	2.2	2.0	●	0.2	9.1%	17.4	15.9	●	1.5	8.6%	26.0
Distributed energy resources	1.1	0.7	●	0.4	36.4%	7.8	4.8	●	3.0	38.5%	12.4
Capital additions	\$ 2.5	\$ 1.2	●	\$ 1.3	52.0%	\$ 24.5	\$ 10.3	●	\$ 14.2	58.0%	\$ 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 \$3.7 million. Energy revenues were \$2.3 million or 2.9% above budget due to above-budget energy. Demand revenues were \$1.4 million or 2.6% above budget as non-coincident and coincident billing demand were above budget 2.6% and 2.3%, respectively.
- **Sales for resale - long-term** were above budget \$1.5 million due to unbudgeted calls on a capacity contract and above-budget resold wind generation. Lower available baseload generation that serve contracts partially offset the above-budget variance.
- **Sales for resale - short-term** were above budget \$8.9 million as average prices were 58.3% above budget, partially offset by 8.1% below-budget energy volume.
- **Wheeling** was above budget \$0.6 million primarily due to the 2022 transmission 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 \$1 million primarily due to higher interest income earned on investments, additional fiber revenues, unplanned sales of inventory and interconnection agreement applications.

Total operating expenses

- **Fuel** was \$11 million above budget.
 - Natural Gas** 83% of the overall variance, \$9.2 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** 23% of the overall variance, \$2.5 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** (6%) of the overall variance, \$0.7 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.
- **Distributed energy resources** were \$3 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 \$3.2 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 below budget due to below-budget volume partially offset by unfavorable pricing. Purchased reserves were also below budget due to a rate true-up received for Schedule 16 flex reserve service. In addition, hydropower purchases were below budget due to drought conditions. Above-budget wind and solar generation partially offset the below-budget variance.
- **Production, transmission, and administrative and general** were \$4.2 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) IT consulting, 6) travel and training, 7) wheeling and 8) environmental services. The above-budget expenses include: 1) Rawhide repairs, 2) Rawhide Unit 1's scheduled screen outage, 3) tower maintenance, 4) joint facilities and 5) personnel. Of the net below-budget variance, at least \$2.9 million is expected to catch up by the end of the year.

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	<u>12,809</u>					
Total revenue bonds outstanding	150,894					
Less: due within one year	<u>(12,215)</u>					
Total long-term debt, net	<u>\$ 138,679</u>					

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

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

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

At this time, capital expenditures are expected to be approximately \$3.3 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 \$9.2 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 \$5.9 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
** Pipeline reroute - Soldier Canyon Pipeline - This project will be below budget due to a delay in determining water needs for future generation resources. Preliminary planning and engineering are expected to resume in 2023. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 309	\$ 50	\$ 259	\$ 259

Project (\$ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
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
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	\$ -
** Switch 169 and 469 replacement - Loveland East Substation - This project will be below budget due to delays in the procurement process. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 156	\$ 10	\$ 146	\$ 146
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 for specialized underground transmission work.	\$ 686	\$ 1,036	\$ (350)	\$ -
** Airflow spoilers - This project will be above budget due to an increase in scope for additional sections of transmission line and an increase in contractor labor and material costs.	\$ 748	\$ 998	\$ (250)	\$ -
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)	\$ -
** Metering system modifications - This project will be above budget due to increases in equipment costs and contractor labor.	\$ 411	\$ 586	\$ (175)	\$ -
Transmission line vault upgrades - Rogers Road Substation - This project will be above budget due to significant increases in contractor labor 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	\$ 292	\$ (112)	\$ -

Project (\$ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
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)	\$ -
Canceled projects				
** Oil circuit breaker replacement - Ault 2182 & 2186 WAPA - This project was canceled due to a change in WAPA's schedule and is expected to be rebudgeted in a future year.	\$ 610	\$ -	\$ 610	\$ -

* 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

August 2022

Non-GAAP budgetary basis (in thousands)

	Month of August		Favorable
	Budget	Actual	(unfavorable)
Revenues			
<i>Operating revenues</i>			
Sales to owner communities	\$ 19,848	\$ 21,040	\$ 1,192
Sales for resale - long-term	1,480	2,160	680
Sales for resale - short-term	2,048	4,777	2,729
Wheeling	503	790	287
Total operating revenues	23,879	28,767	4,888
<i>Other revenues</i>			
Interest income ⁽¹⁾	51	328	277
Other income	12	22	10
Total other revenues	63	350	287
Total revenues	<u>\$ 23,942</u>	<u>\$ 29,117</u>	<u>\$ 5,175</u>
Expenditures			
<i>Operating expenses</i>			
Purchased power	\$ 4,542	\$ 2,716	\$ 1,826
Fuel	4,734	8,635	(3,901)
Production	4,233	4,118	115
Transmission	1,542	1,570	(28)
Administrative and general	2,170	1,958	212
Distributed energy resources	1,096	744	352
Total operating expenses	18,317	19,741	(1,424)
<i>Capital additions</i>			
Production	2,020	308	1,712
Transmission	207	62	145
General	239	818	(579)
Total capital additions	2,466	1,188	1,278
<i>Debt expense</i>			
Principal	1,018	1,018	-
Interest expense	464	464	-
Total debt expense	1,482	1,482	-
Total expenditures	<u>\$ 22,265</u>	<u>\$ 22,411</u>	<u>\$ (146)</u>
Revenues less expenditures	\$ 1,677	\$ 6,706	\$ 5,029

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

Schedule of revenues and expenditures, budget to actual

August 2022 year-to-date

Non-GAAP budgetary basis (in thousands)

	August year to date		Favorable	Annual
	Budget	Actual	(unfavorable)	budget
Revenues				
<i>Operating revenues</i>				
Sales to owner communities	\$ 140,672	\$ 144,328	\$ 3,656	\$ 208,017
Sales for resale - long-term	12,296	13,779	1,483	18,687
Sales for resale - short-term	19,540	28,428	8,888	29,557
Wheeling	3,946	4,586	640	5,930
Total operating revenues	176,454	191,121	14,667	262,191
<i>Other revenues</i>				
Interest income ⁽¹⁾	434	1,241	807	608
Other income	325	530	205	371
Total other revenues	759	1,771	1,012	979
Total revenues	\$ 177,213	\$ 192,892	\$ 15,679	\$ 263,170
Expenditures				
<i>Operating expenses</i>				
Purchased power	\$ 38,235	\$ 34,990	\$ 3,245	\$ 57,733
Fuel	29,785	40,803	(11,018)	44,526
Production	33,875	31,552	2,323	50,386
Transmission	12,842	12,478	364	18,634
Administrative and general	17,401	15,921	1,480	26,020
Distributed energy resources	7,807	4,761	3,046	12,378
Total operating expenses	139,945	140,505	(560)	209,677
<i>Capital additions</i>				
Production	12,507	3,983	8,524	16,706
Transmission	6,141	1,280	4,861	14,666
General	5,866	5,000	866	7,547
Total capital additions	24,514	10,263	14,251	38,919
<i>Debt expense</i>				
Principal	7,912	7,912	-	11,984
Interest expense	3,947	3,947	-	5,803
Total debt expense	11,859	11,859	-	17,787
Total expenditures	\$ 176,318	\$ 162,627	\$ 13,691	\$ 266,383
Contingency reserved to board	-	-	-	24,000
Total expenditures and contingency	\$ 176,318	\$ 162,627	\$ 13,691	\$ 290,383
Revenues less expenditures and contingency	\$ 895	\$ 30,265	\$ 29,370	\$ (27,213)

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

Financial statements

Statements of net position

Unaudited (in thousands)

	August 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	1,454,923	1,435,233
Less: accumulated depreciation and amortization	(924,783)	(891,075)
Plant in service, net	549,586	563,604
Construction work in progress	23,482	25,630
Total electric utility plant	573,068	589,234
<i>Special funds and investments</i>		
Restricted funds and investments	16,132	16,537
Dedicated funds and investments	141,574	122,220
Total special funds and investments	157,706	138,757
<i>Current assets</i>		
Cash and cash equivalents	46,643	63,778
Other temporary investments	48,128	37,306
Accounts receivable - owner communities	20,970	19,130
Accounts receivable - other	11,272	11,948
Fuel inventory, at last-in, first-out cost	10,354	10,552
Materials and supplies inventory, at average cost	16,327	15,698
Prepayments and other assets	4,688	2,771
Total current assets	158,382	161,183
<i>Noncurrent assets</i>		
Regulatory assets	125,279	127,081
Other long-term assets	5,162	4,858
Total noncurrent assets	130,441	131,939
Total assets	1,019,597	1,021,113
<i>Deferred outflows of resources</i>		
Deferred loss on debt refundings	3,374	4,307
Pension deferrals	2,116	2,023
Asset retirement obligations	23,294	22,684
Total deferred outflows of resources	28,784	29,014
Liabilities		
<i>Noncurrent liabilities</i>		
Long-term debt, net	138,679	153,607
Other long-term obligations	94,295	96,073
Net pension liability	7,770	15,604
Asset retirement obligations	29,527	29,055
Other liabilities and credits	7,452	6,506
Total noncurrent liabilities	277,723	300,845
<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	1,044
Accounts payable	18,229	17,324
Accrued interest	1,392	1,533
Accrued liabilities and other	3,676	2,879
Total current liabilities	38,107	34,440
Total liabilities	315,830	335,285
<i>Deferred inflows of resources</i>		
Deferred gain on debt refundings	130	145
Regulatory credits	54,462	68,841
Pension deferrals	6,024	-
Total deferred inflows of resources	60,616	68,986
Net position		
Net investment in capital assets	400,999	397,208
Restricted	14,741	15,004
Unrestricted	256,195	233,644
Total net position	\$ 671,935	\$ 645,856

Statements of revenues, expenses and changes in net position

Unaudited (in thousands)

	Month of	August year to date		Twelve months ended	
	August			August 31	
		2022	2021	2022	2021
Operating revenues					
Sales to owner communities	\$ 21,040	\$ 144,328	\$ 135,010	\$ 208,526	\$ 198,367
Sales for resale	6,937	42,207	42,671	59,959	56,784
Wheeling	790	4,586	3,801	6,532	5,827
Total operating revenues	28,767	191,121	181,482	275,017	260,978
Operating expenses					
Purchased power	2,716	34,990	34,938	54,658	53,488
Fuel	8,635	40,803	33,318	55,011	45,391
Operations and maintenance	5,637	43,809	40,789	63,525	63,430
Administrative and general	1,838	16,074	13,925	23,734	20,913
Distributed energy resources	741	4,792	4,270	7,466	7,678
Depreciation, amortization and accretion	3,069	23,949	21,718	36,660	37,165
Total operating expenses	22,636	164,417	148,958	241,054	228,065
Operating income	6,131	26,704	32,524	33,963	32,913
Nonoperating revenues (expenses)					
Interest income	322	1,260	973	1,639	1,588
Other income	22	530	583	859	1,144
Distribution to owner communities	-	-	-	-	(1,000)
Interest expense	(464)	(3,947)	(4,314)	(5,992)	(6,783)
Amortization of bond financing costs	137	1,094	1,220	1,704	1,903
Net decrease in fair value of investments	(1,366)	(4,993)	(724)	(6,094)	(1,171)
Total nonoperating revenues (expenses)	(1,349)	(6,056)	(2,262)	(7,884)	(4,319)
Change in net position	4,782	20,648	30,262	26,079	28,594
Net position at beginning of period, as previously reported	667,153	651,287	615,594	645,856	617,262
Net position at end of period	\$ 671,935	\$ 671,935	\$ 645,856	\$ 671,935	\$ 645,856

Statements of cash flows

Unaudited (in thousands)

	Month of August	August year to date		Twelve months ended August 31	
		2022	2021	2022	2021
Cash flows from operating activities					
Receipts from customers	\$ 29,482	\$ 187,584	\$ 175,619	\$ 275,896	\$ 260,009
Payments for operating goods and services	(15,364)	(110,024)	(92,352)	(170,583)	(139,145)
Payments for employee services	(3,883)	(30,776)	(29,140)	(46,993)	(45,848)
Net cash provided by operating activities	10,235	46,784	54,127	58,320	75,016
Cash flows from capital and related financing activities					
Additions to electric utility plant	(362)	(9,489)	(11,761)	(22,998)	(38,086)
Payments from accounts payable incurred for electric utility plant additions	(807)	(1,581)	(1,271)	(633)	(1,644)
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	(1,169)	(26,620)	(27,429)	(42,022)	(30,881)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	(1,375)	(15,655)	(17,050)	(35,835)	(38,085)
Interest and other income, including realized gains and losses	344	1,727	1,537	2,402	2,691
Distribution to owner communities	-	-	-	-	(1,000)
Net cash used in investing activities	(1,031)	(13,928)	(15,513)	(33,433)	(36,394)
Increase/(decrease) in cash and cash equivalents	8,035	6,236	11,185	(17,135)	7,741
Balance at beginning of period in cash and cash equivalents	38,608	40,407	52,593	63,778	56,037
Balance at end of period in cash and cash equivalents	\$ 46,643	\$ 46,643	\$ 63,778	\$ 46,643	\$ 63,778
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	\$ 6,131	\$ 26,704	\$ 32,524	\$ 33,963	\$ 32,913
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	3,277	25,814	24,743	38,254	37,867
Amortization	(516)	(4,129)	(4,043)	(4,057)	(4,043)
Changes in assets and liabilities that provided/(used) cash					
Accounts receivable	714	(5,540)	(6,446)	(1,164)	(1,198)
Fuel and materials and supplies inventories	(59)	(821)	2,286	(431)	2,219
Prepayments and other assets	566	(3,125)	(495)	(2,220)	(33)
Regulatory assets	86	689	657	1,017	205
Deferred outflows of resources	197	(847)	(1,626)	(702)	2,878
Accounts payable	(788)	1,935	213	711	1,969
Net pension liability	-	-	-	(7,834)	(3,075)
Asset retirement obligations	(72)	1,978	2,506	1,135	(3,394)
Other liabilities	298	1,232	373	1,809	260
Deferred inflows of resources	401	2,894	3,435	(2,161)	8,448
Net cash provided by operating activities	\$ 10,235	\$ 46,784	\$ 54,127	\$ 58,320	\$ 75,016
Noncash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	826	826	633	826	633
Additions to regulatory assets and other assets through incurrence of other long-term obligations	-	-	96,073	-	96,073
Amortization of regulatory asset (debt issuance costs)	7	58	65	91	88
Amortization of bond premiums, deferred loss and deferred gain on refundings	(144)	(1,152)	(1,285)	(1,795)	(1,992)
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 August	August year to date		Twelve months ended August 31	
		2022	2021	2022	2021
Bond service coverage					
Net revenues					
Operating revenues	\$ 28,767	\$ 191,121	\$ 181,482	\$ 275,017	\$ 260,978
Operations and maintenance expenses, excluding depreciation, amortization and accretion	19,567	140,468	127,240	204,394	190,900
Net operating revenues	9,200	50,653	54,242	70,623	70,078
Plus interest income on bond accounts, other income and distribution to owner communities ⁽¹⁾	350	1,771	1,581	2,468	1,756
Net revenues before rate stabilization	9,550	52,424	55,823	73,091	71,834
Rate stabilization					
Deposits	-	-	-	-	-
Withdrawals	-	-	-	-	-
Total net revenues	\$ 9,550	\$ 52,424	\$ 55,823	\$ 73,091	\$ 71,834
Bond service					
Power revenue bonds	\$ 1,482	\$ 11,859	\$ 12,065	\$ 17,791	\$ 18,140
Coverage					
Bond service coverage ratio	6.44	4.42	4.63	4.11	3.96
	Month of August	August year to date		Twelve months ended August 31	
		2022	2021	2022	2021
Fixed obligation charge coverage					
Total net revenues, above	\$ 9,550	\$ 52,424	\$ 55,823	\$ 73,091	\$ 71,834
Fixed obligation charges included in operating expenses ⁽²⁾	1,195	11,495	8,545	17,385	12,981
Adjusted net revenues before fixed obligation charges	\$ 10,745	\$ 63,919	\$ 64,368	\$ 90,476	\$ 84,815
Fixed obligation charges					
Power revenue bonds, above	\$ 1,482	\$ 11,859	\$ 12,065	\$ 17,791	\$ 18,140
Fixed obligation charges	1,195	11,495	8,545	17,385	12,981
Total fixed obligation charges	\$ 2,677	\$ 23,354	\$ 20,610	\$ 35,176	\$ 31,121
Coverage					
Fixed obligation charge coverage ratio	4.01	2.74	3.12	2.57	2.73

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

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



Platte River
Power Authority

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General management report

August 2022



Business Strategies

Communications and marketing

In August, communications and marketing staff:

- Provided final edits to the copy and design of the draft 2023 Strategic Budget
- Worked with legal and the transition and integration division to develop a plan to pursue federal grant funds, then worked with DER manager to draft initial description of proposed project for grant funding
- Continued efforts to transition the Ask the CEO program to the Empower You program by designing a brand and working with IT to create an email inbox and SharePoint page

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
- Made plans for a large-scale radio and television advertising campaign that will kick off in September
- 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
- Made progress on the “build” phase of electric vehicle (EV) education website, developing tools to calculate costs of EV ownership over five years

Human resources

The Platte River summer picnic was held on Aug. 6, 2022, at headquarters. Board members, Platte River staff and families participated in this annual event that was brought back after a two-year hiatus due to COVID-19.

Human resources staff continued work on the compensation study moving to the market matching phase of the process.

Staff recommended non-medical benefits enhancements to senior leaders and directors who approved the recommendations. Staff worked through the approved recommendations to develop processes and procedures along with a plan to communicate to employees. Consultants were identified to provide guidance through the process of the enhanced benefits.

Safety

Safety staff introduced pilot safety training videos for emergency evacuation and shelter-in-place at both headquarters and Rawhide as the first to be housed in a new video library for employees. Cardiopulmonary resuscitation and automated external defibrillator training has been ongoing at Rawhide with six classes held in August with 55 participants achieving certification from completing the course. Hands-on fire extinguisher training was conducted for all staff at both Rawhide and headquarters as the monthly division safety meeting. Seven safety orientations were conducted at Rawhide and five conducted at headquarters as we continue to fill vacant positions.

Injury statistics	2020 year end	2021 year end	YTD through August 2021	YTD through August 2022
Recordable injury rate	1.29	1.67	1.22	1.84
DART	0.43	0.00	0.00	1.22
Lost time rate	0.43	0.00	0.00	0.00

There were zero recordable injuries in the month of August.

Emergency Response Team

A vendor performed required annual fire hose and ladder testing at Rawhide.

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. Capital expenditures are currently expected to be approximately \$3.3 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 \$9.2 million, will need to be carried over into 2023. 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 \$5.9 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 Aug. 31, 2022.

Capital summary	\$ million
2022 capital budget	\$ 38.9
Estimated capital expenses at 08/31/2022	35.6
Under budget variance	\$ 3.3
Estimated capital carryovers from 2022 to 2023	(9.2)
Estimated contingency transfer request	\$ (5.9)

Operating expenses at the end of the year are expected to be above budget \$8.9 and may also require a contingency transfer appropriation.

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

Proposed 2023 Strategic Budget

Staff will present Platte River's proposed 2023 Strategic Budget at the September board meeting. Additional changes are expected with updated market prices and refined departmental expenses and project costs. Staff will present these changes at the October board meeting.

Below is a condensed schedule of 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

2022 Strategic Budget earns award

For the third year in a row, Platte River received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA).

The 2022 Strategic Budget document was evaluated for compliance with the National Advisory Council on State and Local Budgeting guidelines and GFOA's best practice criteria. It is recognized as a very high-quality document that excels as both a policy document and communication tool.

Moffat County Impact Assessment Paid

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

Enterprise resource planning project update

Many of Platte River's critical business systems have reached the end of their useful lives. Some are well beyond design functionality. Others depend heavily on manual processes because they do not integrate with other systems. Manual processes between the outdated systems increase data integrity risks and decreases productivity. To upgrade and integrate digital systems, Platte River initiated a multi-year enterprise resource planning (ERP) project. In 2022, staff evaluated, selected and contracted to implement Oracle Cloud. The total project estimate of \$10.6 million includes significant contingency amounts as the final scope and timeline are not yet determined. When complete, the ERP will fully integrate finance and accounting, cash management, procurement and contracts management, budgeting and forecasting, inventory management, asset and maintenance management and fleet tracking. It will improve productivity, reporting accuracy and functionality and align work products with organizational goals.

Transition and integration

Energy solutions

The Energy Solutions staff had a busy month in August. They were working to increase activity in energy efficiency offerings through the end of 2022, collaborating with owner community staff to evaluate building electrification technologies to support electrification initiatives at the community level, and developing numerous implementation strategies for long-term customer DER programs.

As of the end of August 2022, the Efficiency Works programs have accomplished 10,937 MWh of energy savings and incurred \$5.7 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.

In July, Energy Solutions described multiple strategies that were underway to increase energy efficiency program budget utilization. Although early in the initiatives, August began to see positive results from these efforts, such as:

- Efficiency Works Business participation rates continued to increase in August, as they have on a yearly basis, indicating the targeted outreach strategies are beginning to show results.

- Multiple commercial property locations completed efficiency upgrade projects using the bonus incentives for government building upgrades.
- A local housing authority has taken advantage of our bulk refrigerator recycling efforts, with new efficient units being installed in residential units.
- By the end of August, the income driven residential program operated in partnership with Energy Outreach Colorado and served 51 customers with efficiency upgrades for the year, which exceeds the full year of 2021 participation.

With continued community collaboration the Energy Solutions staff provided training for new owner community staff in Longmont and Loveland on the Efficiency Works program offerings.

Resource planning update

Staff started the third revision of the Power Supply Plan, which will be delivered to finance by the end of September for a final look at the 2023 budget. To prepare for the 2024 Integrated Resource Plan (IRP), staff has awarded a study to assess Platte River's power supply portfolio reliability and resource adequacy as coal generation is replaced with intermittent renewable generation. Platte River selected the winning bidder after reviewing multiple proposals. Additionally, staff is reviewing two more consulting studies to provide input to the IRP process and resource decisions.

These studies are:

- Assessment of innovative low-carbon dispatchable power generation technologies and long duration energy storage technologies available to Platte River to complement renewable intermittency
- Locational marginal price forecast in and around Platte River service territory as the regional utilities prepare to join an organized energy market

Staff has also kicked off an internal study to assess surplus power availability in the next few years for possible term sales. The study will review the economics of various options for the sale of surplus power while prioritizing financial sustainability and the most reliable supplies to the owner communities.

Additionally, staff is continuing to evaluate DER avoided cost and economic performance. The study is evaluating the flexibility and limitations of DERs to meet Platte River's load requirements and establish their economic value relative to the supply side options.

Staff continues to support the power markets department to acquire renewable energy forecasting vendors and is working with IT to move some of the dashboards built by resource planning from R language to Power BI platform.

The resource planning department filled a vacant position with an internal candidate and is training him in resource planning and modeling.

Operations

Fuels and water

On August 23, Windy Gap participants joined Senator Michael Bennet and representatives from Northern Water, Trout Unlimited, Colorado Water Conservation Board and Grand County at Windy Gap Reservoir for the Colorado River connectivity channel groundbreaking ceremony (see image). The channel was identified as a recommended improvement when applying for a 1041 Permit from Grand County for the Windy Gap Firming Project (Chimney Hollow Reservoir). The project



will reduce the reservoir footprint and construct a connecting channel around the reservoir to reconnect two segments of the Colorado River and allow the natural passage of fish, sediment, and invertebrates. It represents a significant commitment by Windy Gap participants toward improving the health of the Colorado River. Construction is expected to last approximately two years and includes long-term monitoring and maintenance of the channel beyond the construction period. The estimated cost is \$30 million. Funding will come from many sources, including the USDA's Natural Resources Conservation Service, Colorado Water Conservation Board, Northern Water, Municipal Subdistrict (Windy Gap and Windy Gap Firming), Grand County, Trout Unlimited, Colorado Parks and Wildlife, Colorado River Water Conservation District, Upper Colorado River Association, National Fish and Wildlife Foundation and a number of corporate sponsors.

August also marked the one-year anniversary of the groundbreaking for Chimney Hollow Reservoir construction, and the project remains within the anticipated timeframe for completion. At the main dam site, the majority of work during the past year has focused on foundation preparation, where excavation is over 80% complete and concrete plinth placement is approximately 57% complete. Beneath the foundation, grouting operations have progressed more slowly than planned and are now a critical path to completion. As a result, initial asphalt placement for the dam core has been delayed until October. Elsewhere on the site, the downstream portion of the inlet/outlet tunnel construction is nearly complete, and construction is well underway on the Chimney Hollow conduit, the pipeline that will carry water from the Colorado-Big Thompson penstocks to the valve house. Overall, the project is approximately 19% complete and construction completion is anticipated for the fall of 2025.