



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Quarterly report

3rd quarter 2022





Year-to-date September 2022 highlights

(Comparison to same period prior year)

Financial summary

Platte River reported year-to-date operating income of \$33.4 million which was unfavorable by \$1.3 million compared to 2021. Change in net position decreased by \$6.6 million. Other significant events and details of revenue and expense variances are described in the sections below.

Operating revenues increased \$17 million.

- Sales to owner communities increased \$10.9 million as a result of a 2022 rate increase and changes in load and demand profiles; \$6.7 million in higher energy charges, \$3.4 million in higher demand charges and \$0.8 million in higher base owner community charges.
- Sales for resale increased \$5 million due to an increase in volume and average prices as a result of a stronger market.
- Wheeling increased \$1.1 million primarily due to point-to-point transmission sales in 2022.

Operating expenses increased \$18.2 million.

- Fuel increased \$10.5 million, representing the largest variance. Rawhide Unit 1's generation was higher and average prices increased due to coal contract and transportation pricing. Natural gas expense for the combustion turbines increased due to significantly higher market prices, partially offset by lower generation. The Craig units' generation was higher and coal prices increased due to updated pricing from Trapper Mine.
- Production and transmission increased \$2.9 million primarily due to increases in financing expenses recorded as operations and maintenance for the Windy Gap Firming Project (Chimney Hollow Reservoir) pooled financing arrangement, plant maintenance, personnel expenses, operating expenses for the Craig units, insurance premiums and tower maintenance. Partially offsetting the increases were decreases in the outage accrual, wheeling and joint facilities.
- Administrative and general increased \$2.5 million due to increases in personnel expenses, insurance premiums, building and grounds maintenance, and travel and training expenses. Partially offsetting the increases was a decrease in legal services.

- Depreciation, amortization and accretion increased \$2.3 million due to new asset depreciation, Craig decommissioning accretion, Trapper Mine reclamation amortization and Windy Gap Firming Project (Chimney Hollow Reservoir) amortization. Partially offsetting the increases was a decrease in deferred losses.
- Distributed energy resources increased \$0.5 million primarily due to increases in energy efficiency program expenses as a result of additional outreach to rebuild participation as the pandemic eases.
- Purchased power decreased \$0.5 million due to net energy delivered to Tri-State Generation and Transmission Association, Inc. under the forced outage assistance agreement, a rate true-up received for Schedule 16 flex reserve service and a decrease in joint dispatch agreement (JDA), other purchases and hydropower. Partially offsetting the decreases were additional wind and solar generation and an increase in the outage accrual.

Nonoperating revenues (expenses) decreased \$5.4 million primarily due to an increase in unrealized losses on investments as interest rates have increased. Partially offsetting the decrease was an increase in interest income due to higher interest income earned on investments. In addition, interest expense decreased due to a reduction in outstanding principal.

(In millions)

	9 months ended September 30				12 months ended September 30			
	2022	2021	Change		2022	2021	Change	
Operating income	\$ 33.4	\$ 34.7	\$ (1.3)	-3.7%	\$ 38.5	\$ 31.5	\$ 7.0	22.2%
Change in net position	\$ 25.5	\$ 32.1	\$ (6.6)	-20.6%	\$ 29.0	\$ 27.1	\$ 1.9	7.0%
Bond service coverage ratio	4.70x	4.52x	0.18	4.0%	4.38x	3.87x	0.51	13.2%
Fixed obligation charge coverage ratio	2.90x	3.05x	(0.15)	-4.9%	2.72x	2.65x	0.07	2.6%

Sales statistics

	9 months ended September 30			12 months ended September 30		
	2022	2021	Change	2022	2021	Change
Owner community peak demand (kW)	683,566	706,778	-3.3%	683,566	706,778	-3.3%
Owner community energy sales (MWh)	2,464,823	2,464,487	0.0%	3,217,042	3,238,163	-0.7%
Other energy sales (MWh)	1,235,788	1,232,784	0.2%	1,623,182	1,670,593	-2.8%

Resources

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

- Rawhide Unit 1 reported a net capacity factor of 81.1%, up from 76.3% reported in 2021. The lower capacity factor in 2021 was due to the scheduled major outage.
- Craig units 1 and 2 reported a combined plant capacity factor of 62.3%, up from 52.9% reported in 2021 due to replacing the reduced energy from hydropower, replacing market purchases and making additional sales.
- Combustion turbines were used less in 2022 as fewer calls on a capacity contract were made and natural gas market prices were higher resulting in less frequent economic dispatching to serve other obligations.

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

9 months ended September 30

MWh	2022	2021	Change	MWh	2022	2021	Change
Rawhide Unit 1	1,486,937	1,399,990	6.2%	Hydropower	325,538	436,760	-25.5%
Craig units 1 and 2	616,558	523,192	17.8%	Solar	95,715	84,215	13.7%
Combustion turbines	119,086	159,161	-25.2%	JDA purchases	191,136	364,240	-47.5%
Wind	915,401	739,951	23.7%	Other purchases	21,432	37,641	-43.1%

Condensed statements of net position

Unaudited

	(In thousands)	
	September 30	
	2022	2021
Assets		
Electric utility plant, net	\$ 570,811	\$ 589,080
Special funds and investments	167,811	150,125
Current assets	154,913	150,195
Noncurrent assets	130,290	131,791
Total assets	<u>1,023,825</u>	<u>1,021,191</u>
Deferred outflows of resources	28,512	28,786
Liabilities		
Noncurrent liabilities	277,328	300,555
Current liabilities	37,865	33,892
Total liabilities	<u>315,193</u>	<u>334,447</u>
Deferred inflows of resources	<u>60,383</u>	<u>67,788</u>
Net position	<u>\$ 676,761</u>	<u>\$ 647,742</u>

Condensed statements of revenues, expenses and changes in net position

Unaudited

	(In thousands)			
	9 months ended		12 months ended	
	September 30		September 30	
	2022	2021	2022	2021
Operating revenues				
Sales to owner communities	\$ 163,235	\$ 152,316	\$ 210,127	\$ 198,710
Sales for resale and other	57,398	51,331	72,238	63,315
Total operating revenues	<u>220,633</u>	<u>203,647</u>	<u>282,365</u>	<u>262,025</u>
Operating expenses				
Operations and maintenance	160,141	144,266	207,041	193,600
Depreciation, amortization and accretion	27,063	24,699	36,793	36,963
Total operating expenses	<u>187,204</u>	<u>168,965</u>	<u>243,834</u>	<u>230,563</u>
Operating income	<u>33,429</u>	<u>34,682</u>	<u>38,531</u>	<u>31,462</u>
Nonoperating revenues (expenses)				
Interest and other income	2,238	1,817	2,685	2,652
Distribution to owner communities	-	-	-	(1,000)
Interest expense, net	(3,181)	(3,453)	(4,257)	(4,792)
Net decrease in fair value of investments	(7,012)	(898)	(7,940)	(1,241)
Total nonoperating revenues and expenses	<u>(7,955)</u>	<u>(2,534)</u>	<u>(9,512)</u>	<u>(4,381)</u>
Change in net position	<u>\$ 25,474</u>	<u>\$ 32,148</u>	<u>\$ 29,019</u>	<u>\$ 27,081</u>