



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Board of directors

Dec. 8, 2022

Defined Benefit Plan amendments

Caroline Schmiedt, senior counsel



INTERNAL REVENUE CODE: Section 415 dollar limitations

- Section 415 of the internal revenue code (IRC) limits the maximum annual dollar benefit a participant can receive in retirement. The 2022 limit is \$245,000. This limit may be adjusted annually.
- The Plan's outside pension counsel recommended a Plan amendment to clarify that the benefit of a retiree subject to the dollar limitation will increase as the IRC dollar limit increases.



SECURE Act: required mandatory distributions

- Section 114 of the “Setting Every Community Up for Retirement Enhancement Act of 2019,” commonly referred to as the SECURE Act, increased the age required for mandatory distributions from retirement plans from 70½ to 72.
- The Plan’s outside pension counsel recommended amendments to two sections of the Plan to change references to age 70 ½ to age 72 to conform with the SECURE Act.

Survivor annuity designation of beneficiary clarification

- The Plan's outside pension counsel recommended minor revisions to sections in Articles 5 and 6 of the Plan to **clarify** when participants may change their beneficiaries.
- These changes do not modify the way that the Plan is currently administered. Rather, the changes clarify sections of the Plan regarding beneficiary changes.

Defined Contribution Plan amendments

Caroline Schmiedt, senior counsel



SECURE Act: required mandatory distributions

- Section 114 of the “Setting Every Community Up for Retirement Enhancement Act of 2019,” commonly referred to as the SECURE Act, increased the age required for mandatory distributions from retirement plans from 70½ to 72.
- The Plan’s outside pension counsel recommended amendments to three sections of the Plan to change references to age 70 ½ to age 72 to conform with the SECURE Act.

SECURE Act: post-death minimum distributions

- Section 114 of the SECURE Act requires changes to post-death minimum distribution rules for certain beneficiaries.
- The Plan's outside pension counsel recommended an amendment to the Plan to incorporate this rule which requires that certain beneficiaries be paid within 10 years of the participant's death.

The Miners Act of 2019

- The Miners Act of 2019 reduced the minimum age allowable for in-service distributions from 62 to 59 ½. This is optional. Currently no in-service distributions are allowed. In August, the defined contribution plan committee met and discussed this option with MissionSquare and decided to allow in-service distributions from the Plan at age 59 ½.
- The Plan's outside pension counsel recommended an amendment the Plan to allow in-service distributions at age 59 ½.

CARES Act: waiver of required minimum distributions

- The CARES Act provided a waiver of required minimum distributions in 2020 in response to the pandemic.
- The Plan's outside pension counsel recommended adding a new section to the Plan to allow these waivers for 2020. This language is called a "safe harbor" provision.
- Because Platte River did not make required minimum distributions in 2020, this language should be included in the Plan.



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2022 budget contingency appropriation transfer

Shelley Nywall, director of finance



2022 budget contingency appropriation transfer

Total amount not to exceed \$20 million of \$24 million budget contingency

Contingency summary	Operating expenses \$ million	Capital additions \$ million	Total \$ million
2022 budget appropriation	\$ 209.7	\$ 38.9	\$ 248.6
2022 projection	214.2	30.9	245.1
Budget variance	\$ (4.5)	\$ 8.0	\$ 3.5
Estimated carryovers from 2022 to 2023	-	(15.6)	(15.6)
Estimated contingency transfer required	\$ (4.5)	\$ (7.6)	\$ (12.1)
Adder for unknowns	(5.5)	(2.4)	(7.9)
Estimated contingency transfer not-to-exceed amount	\$ (10.0)	\$ (10.0)	
Total contingency transfer not-to-exceed amount			\$ (20.0)

Operating expenses

- Increased use of combustion turbines to make surplus sales and serve owner community load combined with higher natural gas prices
- Fuel above-budget projection \$17.1 million, partially covered by other below-budget expenses

Capital additions

- Additional funding required for several projects
- Below-budget projection \$8 million with \$15.6 million carry over to 2023

Process

- After year end close, only the amount needed will be transferred
- Update in the management report at the February board meeting





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2023 Strategic Budget review and adoption

Shelley Nywall, director of finance



Agenda

- No changes since public hearing
- Financial results
- Highlights – 2023 Strategic Budget

Financial results

Budget results (\$ millions)	2023 budget
Total revenues	\$ 305.0
Total expenditures	\$ 278.3
Board contingency	\$ 52.0

Strategic financial plan indicators	Target minimums	2023 budget
Net income (\$ millions) ⁽¹⁾	3% of projected operating expenses ⁽²⁾	\$ 22.4
Fixed obligation charge coverage ratio	1.50x	2.43x
Debt ratio	< 50%	25%
Unrestricted days cash on hand	200	422
Rate increase		5.0%

⁽¹⁾ Excludes projection for a portion of revenues that will be deferred to a future period and will be reflected in year-end results in accordance with board-approved deferred revenue and expense accounting policy.

⁽²⁾ 3% of projected operating expenses is \$7.1 M.

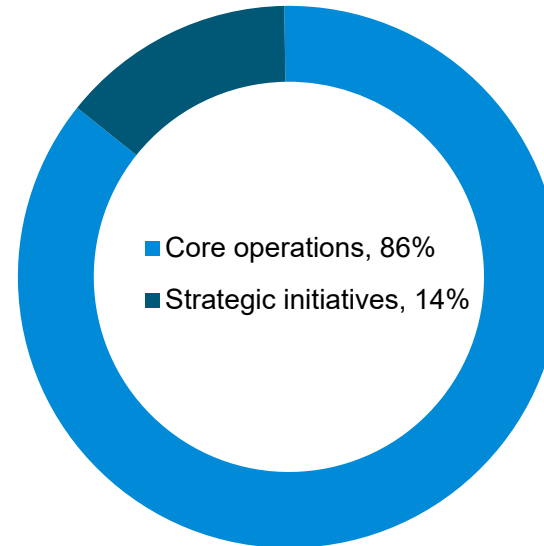
Highlights – 2023 Strategic Budget



Operating expenses and capital additions: \$260.5 million

Strategic initiatives

- Enhanced customer experience, (DER integration, DERMS, energy efficiency programs)
- Communications and community outreach (50th anniversary and public education)
- Resource diversification and alignment (2024 IRP, SPP WEIS participation, operational flexibility)
- Infrastructure advancement (enterprise resource planning, fiber)



Core operations

- Baseload and peaking generation, transmission
- PPAs for existing renewable resources and hydropower
- Predictive maintenance, Rawhide Unit 1 ten-day minor outage, Craig Unit 2 6-week outage
- Proactive capital investments to maintain reliability, efficiency and environmental compliance

Revenues

- Increasing owner community loads
- Increasing sales for resale
- 5% average wholesale rate increase

2023 budget: \$330.3 million

Questions



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Strategic plan update

Eddie Gutierrez, chief strategy officer

Current status

- Finalizing cross-functional feedback and planning
- Refining key measurements and focus areas
- Draft planning in progress



Resource
diversification
planning and
integration



Community partner
and engagement



Workforce
culture



Process
management and
coordination



Resource diversification planning and integration

Implementation focus and tactics

Platte River's focus

- Build upon an IRP 2024 planning process with a focus on distributed generation, emerging technologies (long duration storage, hydrogen) and the reliability needs of the system
- Create an active external stakeholder engagement process to educate our region of Platte River's commitment to the Resource Diversification Policy and the current resource planning process
- Secure pending and future purchase power agreements with build-to-own considerations

Implementation focus and tactics

Platte River's focus

- Continued long-term financial planning and reserve management
- Develop further capabilities and processes for entry into organized power markets
- Create more employee engagement opportunities to further educate and inform on Platte River's resource planning and integration
- Help clearly define the roles and responsibilities to create more cross-functional business units

Implementation focus and tactics

Collaborative tactics

- Leverage grant opportunities to help pilot emerging technologies with a focus on energy storage projects
- Help overall rate design that supports a future resource portfolio
- Identify operational needs that would benefit from regional coordination, such as DER integration across owner communities
- Work in partnership to identify customer experience opportunities such as customer price signal programs across owner communities

Key highlights

Implementation areas

- Strategy and integration
- Energy storage
- Market entry, organized markets
- Rate alignment, new rate tariffs
- Transmission infrastructure

Metrics and performance driver options

- IRP process and planning
- Community engagement tools
- Additional indicators based on IRP development process





Community partner and engagement

Implementation focus and tactics

Collaborative efforts

- Create a communications and marketing roadmap that focuses on regional visibility
- Convene and facilitate a regional working group across owner communities to streamline consistent messaging, education campaigns and marketing opportunities
- Facilitate more regional engagement opportunities and educational collateral that increases general awareness and visibility for Platte River and the owner communities
- Develop a community-organizing approach to community engagement through shared responsibility and commitment across all owner communities
- Develop more digital and traditional forms of regional communications and marketing activations

Key highlights

Implementation focus

- Organize working groups across owner communities to develop message discipline and consistency
- Identify regional engagement opportunities through digital and community activations
- Create regional educational collateral and campaigns

Metrics and performance driver options

- Total media reach
- Community surveys and listening sessions
- Community events and sentiment analysis





Workforce culture

Implementation focus and tactics

Career longevity and retention

- Build a workforce roadmap that focuses on employee development and planning
- Modernize compensation modeling to the market
- Improve total benefits including work flexibility and overall employee wellness
- Develop performance review metrics for employees that align with our strategic plan
- Create a talent review and succession planning process
- Initiate more employee engagement tools and metrics, including self-assessments

Implementation focus and tactics

Career longevity and retention

- Build career mapping that is both lateral and cross-functional using self-assessment tools, job shadowing, etc.
- Forecast future staffing needs across the organization based on growth areas
- Create emerging leaders and leadership pipeline programs (internships, apprentices)
- Develop more immersion activations to engage employees cross-functionally, for example:
 - Functionality of combustion turbines vs. new technologies
 - Energy storage 101
- Identify digital and physical engagement opportunities for employees in the community

Key highlights

Implementation focus

- Investment and growth of employees through workforce planning
- Market-based comp study
- Updated benefits and other workplace improvements
- Hybrid work flexibility
- Retention, development and recruitment

Metrics and performance driver options

- New employee engagement tools
- Additional education and career growth planning
- Succession planning
- New merit and performance evaluations



The background image is a landscape photograph with a green tint. It shows a series of rolling hills or mountains in the distance. In the foreground and middle ground, there are several tall utility poles with cross-arms, supporting power lines that stretch across the scene. The overall atmosphere is somewhat hazy or overcast. The text 'Process management and coordination' is overlaid in white, bold font in the center-right area of the image.

Process management and coordination

Implementation focus and tactics

- Develop clear timeline with key roles and responsibilities with task trackers and management processes
- Create a framework for cross-functional projects and teams
- Develop energy management tools and other integration
- Facilitate more regional transmission/distribution coordination and planning
- Continue to strengthen current risk management tools

Key highlights

Implementation areas

- Systems thinking and change management
- Project management
- Technology integration and long-term planning
- Comprehensive risk management

Metrics and performance driver options

- Task trackers for technology roadmap
- Engagement surveys evaluating project management and efficiencies



Core strategic areas



**Resource diversification
planning and integration**



**Community partner
and engagement**



**Workforce
culture**



**Process management
and coordination**

Next steps

- Deeper dive into process management and coordination and community partner and engagement
- Draft strategic plan
- Final strategic plan for board approval early 2023

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Resource Diversification Policy review

Roundtable discussion



2018

The Resource Diversification Policy was unanimously passed by Platte River's Board of Directors

Policy:

The board of directors (the board) directs the general manager/CEO to proactively work toward the goal of reaching a 100 percent non-carbon resource mix by 2030, while maintaining Platte River's three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services.

Key considerations at the time

- Community goals
- Staff would continue to refine the roadmap
- Foundation for Integrated Resource Plan (IRP)
- Must maintain Platte River's three pillars
 - Reliability
 - Environmental responsibility
 - Financial sustainability

2022

Progress made since 2018

- 1.1 million MWh of renewable generation
 - 225 MW of Roundhouse wind
 - 22 MW Rawhide Prairie Solar with 2 MWh battery
 - 150 MW Black Hollow Solar purchase power agreement
- 2020 Integrated Resource Plan (P2)
- Distributed Energy Resource team
- Revised rate projections
- Market entry SPP RTO in 2025

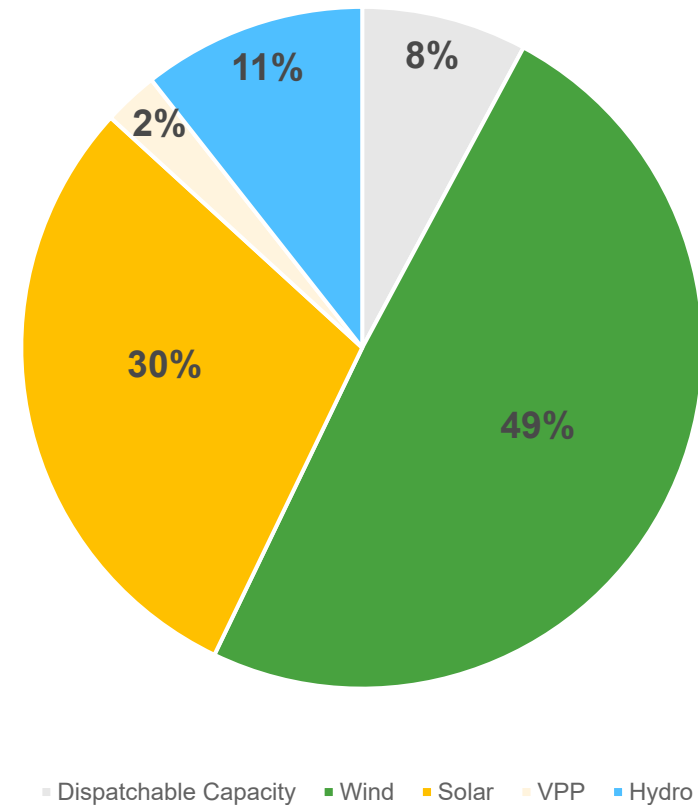
Current status and considerations

- Accelerated Renewable Integration
 - Wind (1.1 million MWh - 2030)
 - Solar (750,000 MWh - 2030)
- Reliability support for Renewable Integration
 - Storage (100 MW – 2026, 100 MW - 2028)
 - Virtual Power Plant (100 MW, 2028)
 - Dispatchable Capacity (166 MW, 2028)
- Resource planning and modeling (IRP – 2024)

Generation Asset Transition

- 90% carbon reduction by 2030 while exceeding carbon reduction levels by the state
- Emerging technologies
 - Energy storage
 - Virtual Power Plant
- Hydro allocation
- Renewable integration
 - Solar PPA
- Dispatchable thermal capacity
 - Low emission
 - High efficiency

2030 Generation Transition



Future planning considerations

- Platte River is 100% committed to the Resource Diversification Policy.
- With current resource planning and modeling, timing is a factor.
- Dispatchable thermal capacity is needed to firm up renewable integration while still maintaining the three pillars of the organization.
- The question is not if but when we get to 100% non carbon energy
 - Do we need any modifications to the current policy?

Questions



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October operational results

Category	October variance		YTD variance	
Owner community demand	(12.9%)	■	4.0%	●
Owner community energy	(4.8%)	■	1.0%	◆
Wind generation	(23.6%)	■	0.8%	◆
Solar generation	(8.5%)	■	3.9%	●
Net variable cost to serve owner community load*	21.2%	●	16.9%	●

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

*Total resource variable costs plus purchased power costs less sales revenue



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Financial summary

Category	October variance from budget (\$ in millions)		Year to date variance from budget (\$ in millions)	
Net income *	\$1.6	●	\$13.9	●
Fixed obligation charge coverage	.78x	●	.76x	●
Revenues	\$0.4	◆	\$24.1	●
Operating expenses	\$1.7	●	\$(2.4)	◆
Capital additions	\$1.2	●	\$17.6	●

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

* Net income results impacted by unrealized losses on investments of \$7.3 million year to date





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