



Estes Park • Fort Collins • Longmont • Loveland

Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, Dec. 8, 2022, 9 a.m.

Call to order

- | | |
|--|--------------------------|
| 1. Consent agenda | <i>Motion to approve</i> |
| a. Minutes of the regular meeting of Oct. 27, 2022 | |
| b. 2023 proposed board of directors regular meeting schedule | <i>Resolution 11-22</i> |

Public comment

Committee reports

2. Defined Benefit Plan committee report

Board action items

- | | |
|---|-------------------------|
| 3. Defined Benefit Plan amendment | <i>Resolution 12-22</i> |
| 4. Defined Contribution Plan amendment | <i>Resolution 13-22</i> |
| 5. 2022 budget contingency appropriation transfer | <i>Resolution 14-22</i> |
| 6. 2023 Strategic Budget review and adoption | <i>Resolution 15-22</i> |

Management presentations

7. Strategic Plan update
8. Resource Diversification Policy review

Management reports

9. Distributed Energy Resources update
10. Benefits update

October informational reports

11. Legal, environmental and compliance report
12. Transition and integration report
13. Operating report
14. Financial report
15. General management report

Strategic discussions

Adjournment



Estes Park • Fort Collins • Longmont • Loveland

2023 board meeting planning calendar

Updated Nov. 30, 2022

Feb. 23, 2023 Annual meeting

Retirement committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
Annual election of officers	2022 year in review		Q4 performance dashboard
Retirement committee appointments	Strategic Plan review		Legal, environmental and compliance report
Transfer of 2022 capital budget carryover to 2023 budget	Resource Diversification Policy review recommendations		Transition and integration report
			Operating report
			Financial report
			General management report

March 30, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
General manager annual review			Legal, environmental and compliance report
			Transition and integration report
			Operating report
Committee report			Financial report
Retirement committee report			General management report



Estes Park • Fort Collins • Longmont • Loveland

April 27, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
2022 FORVIS financial audit report		Wholesale rate projections	Q1 performance dashboard
Acceptance of 2022 annual report		Water resources reference document (updated version)	Legal, environmental and compliance report
			Transition and integration report
			Operating report
			Financial report
			General management report

May 25, 2023

Retirement committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
Revision to wholesale transmission service (Tariff WT-24)	Wholesale rate projections		Legal, environmental and compliance report
	Synopsis of state legislation of interest		Transition and integration report
			Operating report
			Financial report
			General management report

June 16-21, 2023

APPA National Conference (Savannah, GA)



Platte River

Power Authority

Estes Park • Fort Collins • Longmont • Loveland

July 27, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
	Enterprise risk management	Legislative session recap	Q2 performance dashboard
			Legal, environmental and compliance report
			Transition and integration report
			Operating report
Committee report			Financial report
Retirement committee report			General management report

Aug. 31, 2023

Retirement committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
	Wholesale rate projections update and 2024 rate tariff charges		Legal, environmental and compliance report
			Transition and integration report
			Operating report
			Financial report
			General management report

Sept. 28, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
	2024 proposed strategic budget work session	Strategic financial plan update	Legal, environmental and compliance report
	2024 rate tariff schedules	Staffing update (memo only)	Transition and integration report
			Operating report
Committee report			Financial report
Retirement committee report			General management report

Oct. 26, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
2023 FORVIS financial audit plan	2024 proposed strategic budget update – public hearing		Q3 performance dashboard
2024 rate tariff schedules	Strategic financial plan update		Legal, environmental and compliance report
			Transition and integration report
			Operating report
			Financial report
			General management report

November 2023

No board of directors meeting

Retirement committee meeting



Estes Park • Fort Collins • Longmont • Loveland

Dec. 7, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
2024 strategic budget review and adoption		Benefits update (memo only)	Legal, environmental and compliance report
2023 budget contingency appropriation transfer (if required)			Transition and integration report
2024 proposed board of directors regular meeting schedule			Operating report
Strategic financial plan			Financial report
Committee report			General management report
Retirement committee report			

Topics to be scheduled:

- Chimney Hollow Reservoir tour

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>November 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.



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

To: Board of directors

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

Subject: December consent agenda

Staff requests approval of the following items on the consent agenda. The supporting documents are included for the items listed below. Approval of the consent agenda will approve all items unless a member of the board asks to remove an item from consent for further discussion.

- Minutes of the regular meeting of Oct. 27, 2022
- 2023 proposed board of directors regular meeting schedule

Attachments



Estes Park • Fort Collins • Longmont • Loveland

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Oct. 27, 2022

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig
Representing Fort Collins: Mayor Jeni Arndt¹ and Kendall Minor
Representing Longmont: Mayor Joan Peck² and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

Absent

Reuben Bergsten

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)
Josh Pinsky (IT service desk technician II)
Shelley Nywall (director of finance)
Jason Harris (controller)
Wade Hancock (financial planning and rates manager)
Libby Clark (director of human services and safety)
Staci Sears (human resource manager)

Guests

Anna Thigpen (FORVIS)
Chris Telli (FORVIS)

Call to order

Vice Chair Gertig 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. Mr. Gertig announced that Chair Bergsten is traveling and unable to Chair the meeting.

¹ Arrived at 9:04 a.m.

² Arrived at 9:16 a.m.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of Sept. 29, 2022
- b. 2022 and 2023 rate tariff schedules – Resolution 08-22
- c. Deferred revenue and expense accounting policy – Resolution 09-22

Director Koenig moved to approve the consent agenda as presented. Director Marsh seconded. The motion carried 5-0.

Public comment

Vice Chair Gertig 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. As part of the proposed Family and Medical Leave Insurance program opting out process, employees were invited to comment during public comment. No members of the public or Platte River staff asked to address the board.

Board action items

2. 2022 FORVIS financial audit plan

Dave Smalley, chief financial officer and deputy general manager, introduced Chris Telli and Anna Thigpen with FORVIS, formally BKD, to discuss the 2022 annual financial audit engagement letter and audit process. Chris Telli, FORVIS partner, summarized logistics and the timeline for the financial audit beginning in February. Anna Thigpen, FORVIS director, provided an overview of the pre audit letter and engagement letter.

The board had no questions. Vice Chair Gertig thanked Mr. Telli and Ms. Thigpen for their overview of the materials provided.

Director Hornbacher moved to authorize the execution of the 2021 FORVIS audit plan and engagement letter as presented. Director Minor seconded. The motion carried 6-0.

3. Proposed Family and Medical Leave Insurance program

Libby Clark, director of human resources and safety, summarized the recommendation for the board to opt out of the state provided Family and Medical Leave Insurance (FAMLI) program as Platte River has created an enhanced internal paid family leave program for all staff.

Director Arndt asked if there will be financial impact to the organization with the new program. Ms. Clark responded that it depends on how many people take advantage of the leave program and mentioned the program includes requirements and criteria to qualify similar to the Family Medical Leave Assistance (FMLA) program. Director Arndt asked if the proposed program

differs from what is already in place for a paid leave program. Ms. Clark clarified that Platte River previously did not have a paid leave program other than FMLA and this program supplements the wage replacement during leave. Jason Frisbie, general manager and chief executive officer, added that the program will not increase costs, although Platte River may experience temporary productivity losses when employees use leave.

Director Marsh moved to approve Resolution 10-22 authorizing Platte River to decline all participation in the state-sponsored FAML program. Director Peck seconded. The motion carried 7-0.

4. Executive session – personnel matter and matters subject to negotiation

Vice Chair Gertig noted the next item on the agenda to discuss pending matters that may be subject to negotiations and a confidential personnel matter. Director Hornbacher moved that the board go into executive session for the purposes to discuss pending matters that may be subject to negotiations (specifically related to development of solar resources) and a confidential personnel matter.

The general counsel advised that an executive session was authorized in this instance by Colorado Revised Statutes, Section 24-6-402(4)(e)(I) and 2406-402(4)(f)(I); provided that no formal action would be taken during the executive session.

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

Reconvene regular session

The vice chair reconvened the regular session and asked if there was further discussion or action as a result of the executive session. There were no comments from the board.

Management presentations

5. 2023 proposed Strategic Budget work session (presenter: Shelley Nywall)

Shelley Nywall, director of finance, presented the changes to the 2023 Strategic Budget since the September board work session and also provided a year-to-date projection on the 2022 year-end reimbursement to the owner communities from the renewable rate tariff true-up. Ms. Nywall complimented Wade Hancock, financial planning and rates manager, for the amount of work he completed during this year's rate tariff changes.

Director Koenig asked if the unused contingency funds have to be reallocated the following year. Ms. Nywall confirmed that unused funds would need to be reallocated. Director Marsh asked if there is a cap to what amount can be used within the contingency fund. Ms. Nywall responded that any amount used would be board approved at the end of the year. Mr. Frisbie added that the contingency funds cannot be used until the board approves the use with a 'not to exceed' amount at year end. Discussion ensued among directors and staff on contingency fund usage.

Director Peck asked where the additional funds come from to cover the increase in contingency funds. Ms. Nywall responded that if the funds were needed to cover fuel expenses for surplus sales, the revenues from surplus sales would cover the needed funds, but if it were capital expenses the funds would come from reserves. Mr. Frisbie further explained reappropriating net income from the current year to cover the increase in contingency funds. Director Peck compared terminology used in municipal budgets versus Platte River's budget. Mr. Smalley explained the difference between governmental budget funds versus enterprise budget funds and how the accounting is different. Discussion ensued among directors and staff about budgeting, accounting for expenses and complying with Colorado's local government budget law.

Mr. Frisbie noted other large electric utilities across the country are having issues receiving fuel for generation and asking their boards to request additional funds to help cover the deficit.

Director Minor asked about the 2023 planned minor outage on Rawhide Unit 1. Mr. Frisbie responded that a major outage is conducted every three years with a minor outage conducted in between major outages. Minor outages last one to two weeks while staff inspect the boiler, clean auxiliary equipment and prepare for the next major outage.

Vice Chair Gertig congratulated Mr. Smalley, Ms. Nywall and the finance department on a well-presented budget.

Vice Chair Gertig stated the proposed 2023 Strategic Budget for Platte River had been delivered to the board of directors in accordance with applicable law. Legal notices were published announcing that the proposed 2023 Strategic Budget was made available to the public for inspection and that the public hearing will be held today, October 27, for the board to receive public comment on the proposed Strategic Budget before final adoption by the end of the year.

Vice Chair Gertig declared the public hearing on the proposed 2023 Strategic Budget for Platte River Power Authority open.

One member of the public asked about the distributed energy resource management system budget allocation.

Vice Chair Gertig asked if there were any additional comments or questions from the board regarding the proposed budget. There were none.

Vice Chair Gertig closed the public hearing.

6. Strategic Plan update (presenter: Eddie Gutiérrez)

Eddie Gutiérrez, chief strategy officer, summarized the past board work session results, internal employee focus group themes, the evaluation of strategic goal areas to highlight and next steps for the Strategic Plan document.

Vice Chair Gertig stressed the importance for owner communities and stakeholders to go

through a similar strategic plan to address vulnerabilities and integration of systems. Mr. Gutiérrez commented on technical communication among the owner communities as another strategy to coordinate. Director Peck commented on the resource diversification policy, using available resources and the timeline of adding new resources. Mr. Frisbie said the board must decide by the end of 2023 on resources, estimated costs on what technology or resources will be selected and maintaining enough dispatchability on the system throughout the transition timeline. Director Marsh encouraged Platte River staff to provide speaking points and information to other city, county and state elected officials, so they are prepared to speak at a local and legislative level. Mr. Gutiérrez urged a more unified voice to increase awareness and create a stronger reputation as a strategy to support a small utility. Discussion ensued among directors and staff on Platte River messaging and presence within the owner communities.

7. Distributed solar and storage options (presenter: Raj Singam Setti)

Raj Singam Setti, chief transition and integration officer, discussed draft concepts for distributed solar and storage options within the owner communities and outlined Platte River's variables to solve for reliability, resiliency, cost efficiency and integration into the system.

There were no questions from the board.

September 2022 informational reports

8. Q3 performance dashboard (presenter: Jason Frisbie)

Mr. Frisbie presented the third quarter performance dashboard as it relates to the three core pillars of reliability, environmental responsibility and financial sustainability. Vice Chair Gertig thanked the staff for the outstanding performance and proactive maintenance planning. There were no questions from the board.

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

Ms. Leonard highlighted the El Paso Electric Company's appeal challenging a Federal Energy Regulatory Commission decision on cost allocation for regional transmission projects. There were no questions from the board.

10. Transition and integration report (presenter: Raj Singam Setti)

Mr. Singam Setti highlighted the status of the Black Hollow solar project and the phase 2 solar request for proposals, which has been delayed enabling vendors to refresh their prices. He also stated one of two staff positions were filled in the distributed resource energy team. There were no questions from the board.

11. Operating report (presenter: Melie Vincent)

Ms. Vincent highlighted the operating results for the month with above budget owner community demand and energy for the month with wind and solar generation below budget and an increase

in surplus sales. She complimented the staffs' dedication at Rawhide, the trusting work between operations groups at Rawhide and headquarters and their commitment to the future of Platte River. Ms. Vincent highlighted the combined turbines completing 146 out of 146 starts as evidence of the staff dedication. Vice Chair Gertig commented on the variability of renewables continuing in the future and how resource planning incorporates that variability and asked if Platte River will hire a meteorologist to predict weather patterns. Mr. Singam Setti discussed evaluating different models and noted the data scientist group will focus on future forecasts. Ms. Vincent commented on the importance of recruitment and retention of staff who learn the patterns and build institutional knowledge about how the system can respond. Mr. Smalley noted the owner community demand difference from month to month will have an impact on planning as well.

12. Financial report (presenter: Dave Smalley)

Mr. Smalley noted the favorable financial results for the month and pointed out the contingency line-item discussion earlier in the meeting regarding how operating expenses for the year are offset by above-budget revenues. He also explained the footnote for \$7.0 million unrealized losses on investments. They affect net income results but have no cash impact. There were no questions from the board.

13. General management report (presenter: Jason Frisbie)

Mr. Frisbie announced that staff reached one million hours worked with no lost time accidents. He also highlighted the capital contingency reporting and a recent Large Public Power Council meeting where peer organizations shared information about 15% vacancy rates in employment, supply chain issues and permitting new resources. Director Arndt asked if permitting issues were due to environmental concerns. Mr. Frisbie elaborated on the permitting process and how it is affecting the transition to renewable energy and increasing costs. He reminded the board they are invited to the Platte River Holiday Employee Appreciation Party on December 10 and to reply to Angela Walsh. He previewed a potential real estate opportunity staff was evaluating. There were no questions from the board.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities.



Estes Park • Fort Collins • Longmont • Loveland

Adjournment

With no further business, the meeting adjourned at 12:04 p.m. The next regular board meeting is scheduled for Thursday, Dec. 8, 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

RESOLUTION NO. __-22

The board of directors (board) of Platte River Power Authority (Platte River) hereby resolves that:

1. Unless otherwise directed by the board, the board's annual meeting and regular meetings during calendar year 2023 will be held at 9:00 a.m. local time in Platte River's board room, 2000 East Horsetooth Road, Fort Collins, Colorado, or virtually, according to the following schedule:

February 23 - annual meeting	August 31
March 30	September 28
April 27	October 26
May 25	December 7
July 27	

2. Board meetings are open to the public. The secretary is authorized and directed to post at the place designated below and to publish in newspapers of general circulation in Estes Park, Fort Collins, Longmont and Loveland full and timely notice of this meeting schedule.
3. The designated place for posting of notices of board meetings is Platte River's public website, www.prpa.org, on the page specific to the board. For purposes of C.R.S. § 24-6-402(2)(c)(I), this action is deemed to have occurred at the board's first regular meeting in calendar year 2023 and will be incorporated into the record of that meeting.

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

Adopted:
Vote:



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

To: Board of directors

From: David Hornbacher, board member, retirement committee chair
Jason Frisbie, general manager and chief executive officer

Subject: **Defined Benefit Plan committee report**

The retirement committee held its quarterly meeting on Nov. 8, 2022. The minutes of the meeting are included in the board packet. At the board meeting, committee chair David Hornbacher will provide a summary of the November retirement committee meeting.

This report is for informational purposes and board action regarding proposed plan amendment will be discussed during a separate agenda item at the December 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
 Tuesday, November 8, 2022

ATTENDANCE

Committee members

David Hornbacher, chair
 Jason Frisbie (plan administrator)
 Jeni Arndt
 Reuben Bergsten
 Jacki Marsh
 Dave Smalley

Absent

Platte River staff

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

Guests

Brian Arnell of Willis Towers Watson
 Jim Hayes of Northern Trust Asset Management (Northern Trust)
 Jason Palmer of Northern Trust
 Dan Phillips of Northern Trust

CALL TO ORDER

The meeting was called to order at 1:04 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 Aug. 25, 2022, meeting. Chair Hornbacher asked for a motion to approve the minutes from the Aug. 25, 2022, meeting. Jeni Arndt moved to approve the minutes as submitted. Jacki Marsh seconded and the motion carried 6-0.

(2) Plan amendment. Brian Arnell from Willis Towers Watson presented a plan amendment related to post-retirement benefit adjustments based on increases in Internal Revenue Code section 415 limits. Caroline Schmiedt presented plan amendments related to the SECURE Act, which increased the age required for mandatory distributions from retirement plans from 70 ½ to 72 and amendments outside legal counsel proposed regarding minor revisions to clarify when participants may change their beneficiaries. Revised plan language is documented in amendment number 6.

Chair Hornbacher asked for a motion to approve the plan amendments as presented and submit the amendments to the board of directors for adoption. Mayor Marsh moved, Mayor Arndt seconded. The motion carried 4-0, with Jason Frisbie and Dave Smalley abstaining.

Defined benefit plan committee meeting minutes: November 8, 2022

(3) Third quarter investment performance. Jason Palmer introduced Jim Hayes, Retirement Practice Lead, from Northern Trust who replaced Jessica Hart as Northern Trust's team lead for their Outside Chief Investment Officer retirement assets practice.

Dan Phillips of Northern Trust summarized key market developments, economic indicators and significant events that affected the market during the third quarter. Details begin on page 6 of the Northern Trust quarterly investment report.

Mr. Palmer reviewed the third 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 6.1%, slightly outpacing the benchmark of 5.9%. Mr. Palmer discussed the firm's asset allocation process, with the portfolio consisting of risk control and risk assets.

For the quarter, plan assets decreased from \$105 million to \$98.2 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 declined during the quarter. Tactical positioning added value by 0.3% to 0.5% during the quarter. Tactical cash was helpful as markets fell. Investment manager selection was mixed during the quarter with two out of three low-volatility equity strategies outperforming their benchmarks during the quarter, however, overall manager selection hurt performance by 0.2% to 0.4%.

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 (56% 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.

(4) Capital markets outlook. Every year, Northern Trust's capital market assumptions working group develops forward-looking, historically aware forecasts for global economic activity and financial market returns that drive Northern Trust's five-year asset class return expectations and inform their asset allocation decisions. The asset allocation decisions are used to form Northern Trust's long-term strategic asset allocations, which are used by institutional and individual investors worldwide. Dan Phillips provided a five-year outlook on capital market assumptions. He noted the five-year forward-looking themes (beginning on page 4), which include slow growth transitions, inflation recalibration, monetary drought, regional rebuilding blocs, green transition still a go and not so negative.

(5) Annual investment policy review. Northern Trust reviewed the Investment Policy Statement (IPS). The purpose of IPS is to establish overall guidelines and parameters for the investment of the fund's assets and to assist the retirement committee and other persons charged with executing the IPS in effectively supervising, monitoring and evaluating the investments. The intent of the IPS is to provide guidelines that are specific enough to be meaningful but also flexible enough to take into account practical considerations.

In reviewing the exhibits of the IPS, Mr. Palmer explained that there have been no changes made at this time.

Defined benefit plan committee meeting minutes: November 8, 2022

(6) Retirement subcommittee action. Julie Depperman provided an overview of the action taken by the subcommittee to implement a quantitative method for temporarily suspending and reinstating the plan's lump sum distribution option for participants.

(7) Proposed 2023 retirement committee meeting schedule. The following is the proposed 2023 schedule for the committee's quarterly meetings. Under the proposed schedule, all meetings will be held in Platte River's board room.

<u>Date</u>	<u>Time</u>	<u>Quarterly report</u>
○ Feb. 23, 2023	12:30 p.m.	Q4 - 2022
○ May 25, 2023	12:30 p.m.	Q1 - 2023
○ Aug. 31, 2023	12:30 p.m.	Q2 - 2023
○ Nov. 17, 2023	1:00 p.m.	Q3 - 2023

Chair Hornbacher asked for a motion to approve the schedule as presented. Mayor Arndt moved, Mayor Marsh seconded, and the motion carried 6-0.

(8) Other business. None.

The next regular committee meeting is scheduled for Feb.23, 2023, at 12:30 p.m. in the Platte River board room.

The meeting adjourned at 2:34 p.m.

Chair David Hornbacher



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

To: Board of directors

From: David Hornbacher, board member, retirement committee chair
 Jason Frisbie, general manager and chief executive officer
 Libby Clark, director of human resources & safety
 Caroline Schmiedt, senior counsel

Subject: **Platte River Power Authority Defined Benefit Plan amendment #6**

The Retirement Committee recommends the board adopt the attached resolution amending the Platte River Power Authority Defined Benefit Plan (Plan).

Platte River is required to periodically review the Plan to ensure it remains compliant with current law and Internal Revenue Service (IRS) regulations. The Plan's outside pension counsel from Reinhart Boerner Van Deuren thoroughly reviewed the Plan document and recommended the attached amendment number 6 to implement the following modifications to:

- clarify that retiree benefit payments subject to Internal Revenue Code (IRC) Section 415 dollar limitations increase as the limit increases;
- update references to the required minimum distribution age to reflect the increase from 70 ½ to 72 set forth in the SECURE Act; and
- clarify when participants can change their beneficiaries.

IRC Section 415 dollar limitations

The Plan is subject to IRS provisions that define the maximum allowable annual benefit that participants may receive under the Plan. IRC Section 415(b)(1)(A) limits the maximum annual dollar benefit a participant can receive in retirement. The 2022 limit is \$245,000. The IRS reviews and may adjust this limit annually.

The Plan amendment clarifies that a retiree whose benefit is subject to the IRC Section 415 dollar limitation will receive benefit increases as the limit increases. The modification to the Plan adds the following blue highlighted language:

Section 4.2(c) Definitions – Defined Benefit Dollar Limitation. (*effective January 1, 2023*)

The "Defined Benefit Dollar Limitation" applicable to a Participant who has terminated employment with the Employer will be automatically adjusted under Code §415(d).

SECURE Act: required mandatory distributions

Section 114 of the SECURE Act increased the age required for mandatory distributions from retirement plans from 70½ to 72. The blue-highlighted modifications are needed to conform to the SECURE Act.

Section 1.41 Definitions – Required Beginning Date. *(effective January 1, 2020)*

Required Beginning Date shall mean April 1 of the calendar year following the later of the calendar year in which the Participant attains age 72 (70-1/2 if the Participant attained age 70-1/2 before January 1, 2020) or the calendar year in which the Participant retires.

Section 5.8(b)(ii)(A) Payment of Benefits – Time and Manner of Distribution – Death of Participant Before Payments Begin. *(effective January 1, 2020)*

If the Participant's surviving Spouse is the Participant's sole designated Beneficiary, then distributions to the surviving Spouse may begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or at the option of the surviving Spouse by a date no later than December 31 of the calendar year in which the Participant would have attained age 72 (70-1/2 if the Participant would have attained age 70-1/2 before January 1, 2020), if later. Alternatively, the Participant's entire interest will be distributed to the designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the surviving Spouse dies after the Participant but before distributions to either the Participant or the surviving Spouse begin, this alternative will apply as if the surviving Spouse were the Participant.

Survivor annuity designation of beneficiary clarification

Reinhart Boerner Van Deuren suggested minor revisions (highlighted in blue) to sections in Articles 5 and 6 of the Plan to **clarify** when participants may change their beneficiaries.

Section 5.2 Payment of Benefits – Optional Forms of Payment. *(effective January 1, 2023)*

Optional Forms of Payment. In lieu of the automatic form of benefits payable in accordance with Section 5.1, a Participant may elect to receive a retirement income or benefit which is Actuarially Equivalent to the normal form of payment (described in Section 5.1) payable in accordance with one of the options listed below. A Participant's election of the form of payment shall be made in writing on a prescribed form and both the Participant and the Participant's Spouse, if any, must consent to the distribution, if required, in a manner that meets the requirements of Section 5.9. A Participant's election shall be irrevocable as of the Participant's Annuity Starting Date and shall apply to ~~any~~ additional benefits, if any, that may accrue after the application of the suspension rules Sections 3.9 and 3.10. **Similarly, unless otherwise explicitly provided in this Section 5.2, a Participant's Beneficiary election shall be irrevocable as of the Participant's Annuity Starting Date.** Benefit payments will be made subject to the timing requirements set forth in Sections 5.3(b), 5.7 and 5.8.

Life Annuity With 10 Year Certain. An annuity of a smaller monthly amount, payable to the Participant for the Participant's lifetime, and in the event of the Participant's death within a period of 10 years after the date the Participant's benefit payments first commenced, the same monthly amount payable for the remainder of such 10-year period to a Beneficiary designated by the Participant. [In accordance with Section 6.2, a Participant may change the designated Beneficiary at any time before the Participant's death, subject to the consent rules in Section 5.9.](#)

Joint & 66-2/3% Survivor Annuity With 10 Year Certain. An annuity of a modified monthly amount, payable to the Participant during the lifetime of the Participant and the Participant's Beneficiary, and following the death of either of them, 66-2/3% of such modified monthly amount payable to the survivor; provided, however, in the event the deaths of both the Participant and Beneficiary occur within a period of 10 years after the date as of which the monthly payments first commenced, the amount of monthly income which the survivor was receiving (66-2/3% of the monthly amount payable while both the Participant and Beneficiary were alive) shall be payable for the remainder of such 10-year period to an alternate Beneficiary designated by the Participant. [In accordance with Section 6.2, a Participant may change the alternate Beneficiary at any time before the Participant's death, subject to the consent rules in Section 5.9.](#)

Section 5.9 Payment of Benefits – Consent to Distribution. (*effective January 1, 2023*)

At the time the notice described in Section 5.10 is furnished to the Participant, an election form also will be furnished. The Participant must complete such form and return it to the Plan Administrator by the later of 30 days after receipt of the form or the day before the Participant's Annuity Starting Date if the Participant wants to have his or her vested Accrued Benefit paid in an optional form of benefit described in Section 5.2. A Participant's [form of benefit and Beneficiary](#) election shall be revocable up until the Participant's Annuity Starting Date. [After the Participant's Annuity Starting Date, the form of benefit election is irrevocable and the Beneficiary election may be changed only as described in Section 5.2.](#) A Participant who fails to complete and return the election form by the deadline in the second sentence of this paragraph shall be deemed to have elected the automatic form of payment specified in Section 5.1.

Section 6.2 Administrative Provisions – Beneficiary Designation. (*effective January 1, 2023*)

Subject to the spousal and Domestic Partner consent rules as specified in Section 5.9, the Participant will designate a Beneficiary to receive any benefits payable upon his [or her](#) death on the form prescribed by and delivered to the Plan Administrator. Subject to the spousal consent and Domestic Partner consent rules as specified in Section 5.9, the Participant will have the right to change or revoke a designation at any time [before the Participant's Annuity Starting Date](#) by filing a new designation or notice of revocation with the Plan Administrator. [After a Participant's Annuity Starting Date, a Participant may change a Beneficiary only as expressly provided in Section 5.2.](#) If a Participant fails to designate a Beneficiary before his [or her](#) death, or if no designated Beneficiary survives the Participant, the Plan Administrator will direct the Trustee to pay the benefit to the surviving Spouse or the Participant's surviving Domestic Partner at the date of the Participant's death. If the Participant does not have a surviving Spouse or surviving Domestic Partner at the date of the Participant's death, the Beneficiary shall mean the following classes of persons in the order named with a living member on the respective dates that distributions are payable:

- (a) the Participant's natural and adopted children in equal shares, provided that the then living issue of any deceased child shall take the parent's share by right of representation; or if none,
- (b) the Participant's parents in equal shares; or if none,
- (c) the Participant's brothers and sisters, in equal shares; or if none,
- (d) the Participant's estate.

The Plan's actuary and trustee reviewed and approved the changes described above.

**AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY
DEFINED BENEFIT PLAN
AMENDMENT NUMBER 6**

The Platte River Power Authority Defined Benefit Plan as amended and restated effective January 1, 2019 (the "Plan") provides that Platte River Power Authority (the "Employer") has the power and right to amend the Plan.

The Employer hereby amends the Plan by adopting the following amendments:

- 1) **The entire text of Article 1, Section 1.41 of the Plan relating to Required Beginning Date is hereby amended to read as follows, effective January 1, 2020:**

Required Beginning Date shall mean April 1 of the calendar year following the later of the calendar year in which the Participant attains age 72 (70-1/2 if the Participant attained age 70-1/2 before January 1, 2020) or the calendar year in which the Participant retires.

- 2) **Article 4, Section 4.2(c) of the Plan relating to Defined Benefit Dollar Limitation is hereby amended to append the following to the end of the existing text, effective January 1, 2023:**

The "Defined Benefit Dollar Limitation" applicable to a Participant who has terminated employment with the Employer will be automatically adjusted under Code §415(d).

- 3) **The entire text of Article 5, Section 5.2 of the Plan relating to Optional Forms of Payment is hereby amended for clarification to read as follows, effective January 1, 2023:**

Optional Forms of Payment. In lieu of the automatic form of benefits payable in accordance with Section 5.1, a Participant may elect to receive a retirement income or benefit which is Actuarially Equivalent to the normal form of payment (described in Section 5.1) payable in accordance with one of the options listed below. A Participant's election of the form of payment shall be made in writing on a prescribed form and both the Participant and the Participant's Spouse, if any, must consent to the distribution, if required, in a manner that meets the requirements of Section 5.9. A Participant's election shall be irrevocable as of the Participant's Annuity Starting Date and shall apply to additional benefits, if any, that may accrue after the application of the suspension rules Sections 3.9 and 3.10. Similarly, unless otherwise explicitly provided in this Section 5.2, a Participant's Beneficiary election shall be irrevocable as of the Participant's Annuity Starting Date. Benefit payments will be made subject to the timing requirements set forth in Sections 5.3(b), 5.7 and 5.8.

Life Annuity. An annuity payable for the life of the Participant.

Life Annuity With 10 Year Certain. An annuity of a smaller monthly amount, payable to the Participant for the Participant's lifetime, and in the event of the Participant's death within a period of 10 years after the date the Participant's benefit payments first commenced, the same monthly amount payable for the remainder of such 10-year period to a Beneficiary designated by the Participant. In accordance with Section 6.2, a Participant may change the designated Beneficiary at any time prior to the Participant's death, subject to the consent rules in Section 5.9.

**AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY
DEFINED BENEFIT PLAN
AMENDMENT NUMBER 6**

Joint & 66-2/3% Survivor Annuity With 10 Year Certain. An annuity of a modified monthly amount, payable to the Participant during the lifetime of the Participant and the Participant's Beneficiary, and following the death of either of them, 66-2/3% of such modified monthly amount payable to the survivor; provided, however, in the event the deaths of both the Participant and Beneficiary occur within a period of 10 years after the date as of which the monthly payments first commenced, the amount of monthly income which the survivor was receiving (66-2/3% of the monthly amount payable while both the Participant and Beneficiary were alive) shall be payable for the remainder of such 10-year period to an alternate Beneficiary designated by the Participant. In accordance with Section 6.2, a Participant may change the alternate Beneficiary at any time before the Participant's death, subject to the consent rules in Section 5.9.

Joint and 50% Contingent Annuity. An annuity of a modified monthly amount, payable to the Participant during his lifetime, and in the event that the Participant predeceases the Participant's Beneficiary, 50% of the modified monthly amount will be payable after the death of the Participant to the Beneficiary for the lifetime of the Beneficiary.

Domestic Partner Joint and 50% Survivor Annuity. An annuity of a modified monthly amount, payable to the Participant during his lifetime, and in the event that the Participant predeceases the Participant's Domestic Partner, 50% of the modified monthly amount (or such lesser amount as is required to comply with the incidental death benefit requirement in Code §401(a)(9)(G)) will be payable after the death of the Participant to the Participant's Domestic Partner for the lifetime of the Domestic Partner.

Joint & 66-2/3% Survivor Annuity. An annuity of a modified monthly amount, payable to the Participant during the joint lifetime of the Participant and Beneficiary, and following the death of either of them, 66-2/3% of such modified monthly amount payable to the survivor for the lifetime of the survivor.

Lump Sum Distribution at Retirement. An Actuarially Equivalent single sum payment adjusted by the cost of living assumption under Section 1.3. This option is not available for Participants electing to receive In Service Distributions.

Notwithstanding any provision of Section 5.2 to the contrary, no optional form of retirement benefits will be payable if the optional form would violate the provisions of Code Section 401(a)(9) and Treasury Regulations thereunder.

4) Article 5, Section 5.8(b)(ii)(A) of the Plan relating to Time and Manner of Distribution – Death of Participant Before Payments Begin is hereby amended to read as follows, effective January 1, 2020:

If the Participant's surviving Spouse is the Participant's sole designated Beneficiary, then distributions to the surviving Spouse may begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or at the option of the surviving Spouse by a date no later than December 31 of the calendar year in which the Participant would have attained age 72 (70-1/2 if the Participant would have attained age 70-1/2 before January 1, 2020), if later. Alternatively, the

**AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY
DEFINED BENEFIT PLAN
AMENDMENT NUMBER 6**

Participant's entire interest will be distributed to the designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the surviving Spouse dies after the Participant but before distributions to either the Participant or the surviving Spouse begin, this alternative will apply as if the surviving Spouse were the Participant.

5) The entire text of Article 5, Section 5.9 of the Plan relating to Consent to Distribution is hereby amended for clarification to read as follows, effective January 1, 2023:

Consent to Distribution. At the time the notice described in Section 5.10 is furnished to the Participant, an election form also will be furnished. The Participant must complete such form and return it to the Plan Administrator by the later of 30 days after receipt of the form or the day before the Participant's Annuity Starting Date if the Participant wants to have his or her vested Accrued Benefit paid in an optional form of benefit described in Section 5.2. A Participant's form of benefit and Beneficiary election shall be revocable up until the Participant's Annuity Starting Date. After the Participant's Annuity Starting Date, the form of benefit election is irrevocable and the Beneficiary election may be changed only as described in Section 5.2. A Participant who fails to complete and return the election form by the deadline in the second sentence of this paragraph shall be deemed to have elected the automatic form of payment specified in Section 5.1.

A married Participant or (subject to the requirements of Code Section 401(a)(9) and the Regulations thereunder), a Participant with a Domestic Partner may elect the Joint & 66-2/3% Survivor Annuity or the Joint & 66-2/3% Survivor Annuity with 10 Year Certain options without his Spouse's or Domestic Partner's Consent. A married Participant or a Participant with a Domestic Partner must obtain his or her Spouse's or Domestic Partner's consent in the form of a Qualified Election before a distribution can be made as the 10 Year Certain & Life, Life Only, or Lump Sum Distribution option. Unless the Spouse or Domestic Partner is the Participant's sole primary Beneficiary with regard to any distribution elections, the Spouse or Domestic Partner also must consent in the form of a Qualified Election to the Participant's Beneficiary designation or to any change in the Participant's Beneficiary designation.

A Qualified Election shall mean a written election of the form in which a Participant's Accrued Benefit will be paid, or a written beneficiary designation. The election must be in writing and the Participant's Spouse or Domestic Partner must consent to the election. A notary public or a Plan representative must witness the Spouse's or Domestic Partner's consent.

The Spouse's or Domestic Partner's consent to a benefit form or Beneficiary designation is irrevocable after a waiting period of seven days. Spousal or Domestic Partner consent is not required if the Participant establishes to the satisfaction of a Plan representative that such written consent may not be obtained because there is no Spouse or Domestic Partner or the Spouse or Domestic Partner cannot be located. Any consent necessary under this provision will be valid only with respect to the Spouse or Domestic Partner who signs the consent.

**AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY
DEFINED BENEFIT PLAN
AMENDMENT NUMBER 6**

Unless a Participant's Spouse or Domestic Partner has made a Qualified Election in a manner described in this Section 5.9 before the Participant's death, the Spouse or Domestic Partner shall be the Participant's primary Beneficiary. The Spouse or Domestic Partner of a deceased Participant who is entitled to any benefit under the Plan may elect an optional form of payment subject to Section 5.3. The Spouse or Domestic Partner may receive payments commencing at the Participant's Earliest Retirement Age. The Spouse or Domestic Partner may elect to defer payment of the benefit to a later date permitted under Section 5.8.

6) The entire text of Article 6, Section 6.2 of the Plan relating to Beneficiary Designations is hereby amended for clarification to read as follows, effective January 1, 2023:

Beneficiary Designation. Subject to the spousal and Domestic Partner consent rules as specified in Section 5.9, the Participant will designate a Beneficiary to receive any benefits payable upon his death on the form prescribed by and delivered to the Plan Administrator. Subject to the spousal consent and Domestic Partner consent rules as specified in Section 5.9, the Participant will have the right to change or revoke a designation at any time before the Participant's Annuity Starting Date by filing a new designation or notice of revocation with the Plan Administrator. After a Participant's Annuity Starting Date, a Participant may change a Beneficiary only as expressly provided in Section 5.2. If a Participant fails to designate a Beneficiary before his death, or if no designated Beneficiary survives the Participant, the Plan Administrator will direct the Trustee to pay the benefit to the surviving Spouse or the Participant's surviving Domestic Partner at the date of the Participant's death. If the Participant does not have a surviving Spouse or surviving Domestic Partner at the date of the Participant's death, the Beneficiary shall mean the following classes of persons in the order named with a living member on the respective dates that distributions are payable:

- (a) the Participant's natural and adopted children in equal shares, provided that the then living issue of any deceased child shall take the parent's share by right of representation; or if none,
- (b) the Participant's parents in equal shares; or if none,
- (c) the Participant's brothers and sisters, in equal shares; or if none,
- (d) the Participant's estate.

ATTEST

Secretary

PLATTE RIVER POWER AUTHORITY

By: _____

Title: General Manager/CEO

Date: _____

RESOLUTION NO. xx-22Background

- A. Platte River Power Authority (Platte River) maintains the Platte River Power Authority Defined Benefit Plan (Plan).
- B. At its November 2022 meeting, the Retirement Committee, established under the Plan, approved the following:
1. An actuary-recommended update to the definition of maximum permissible benefit used to calculate a retiree's benefit that is subject to the Internal Revenue Code (IRC) Section 415 dollar limitation. It clarifies that the retiree's benefit will increase as the IRC Section 415 limit increases.
 2. Attorney-recommended modifications to provisions used to determine when a participant's payments are required to begin from the Plan – specifically, the beginning date and time and manner of distributions used when a participant dies before payments begin. The changes increase the participant age required for mandatory distributions from retirement plans from 70½ to 72 as dictated by the SECURE Act of 2019.
 3. Attorney-recommended revisions to optional forms of benefit payments and consent to distribution sections, as well as administrative provisions related to beneficiary designation. These clarify when participants may change their beneficiaries.
- C. To change these Plan sections as approved by the Retirement Committee, the board must amend the Plan.
- D. The Retirement Committee recommends in a memorandum prepared by staff dated November 30, 2022, that the board adopt the attached amendments to the Plan.

RESOLUTION NO. xx-22Resolution

The board of directors of Platte River Power Authority adopts and approves the attached amendments to the Platte River Power Authority Defined Benefit Plan.

AS WITNESS, I have signed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this _____ day of _____, 2022.

Secretary

Adopted:

Vote:



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
 Julie Depperman, director of treasury services (defined contribution committee chair)
 Libby Clark, director of human resources & safety
 Caroline Schmiedt, senior counsel

Subject: **Platte River Power Authority Defined Contribution Plan amendment #2**

The Defined Contribution Plan Committee recommends the board adopt the attached resolution amending the Platte River Power Authority Defined Contribution Plan (Plan).

Platte River is required to periodically review the Plan to ensure it remains compliant with current law and Internal Revenue Service regulations. The Plan's outside pension counsel from Reinhart Boerner Van Deuren thoroughly reviewed the Plan document and recommended the attached plan amendment number 2 to implement the following modifications to:

- update references to the required minimum distribution age to reflect the increase from 70½ to 72 set forth in the SECURE Act;
- add a requirement that certain beneficiaries be paid within ten years of the participant's death as set forth in the SECURE Act;
- allow in-service distributions at age 59½ as provided in the Miners Act of 2019; and
- incorporate the waiver of required minimum distributions for 2020 permitted by the CARES Act.

SECURE Act: required mandatory distributions

Section 114 of the SECURE Act increased the age required for mandatory distributions from retirement plans from 70½ to 72. The blue-highlighted modifications are needed to conform to the SECURE Act.

Article II, Section 2.1[z] Definitions – Required Beginning Date. (*effective January 1, 2020*)

Required Beginning Date means April 1 of the calendar year following the calendar year in which occurs the later of [1] the date Participant attains age 72 (70-1/2 if the Participant attained age 70-1/2 before January 1, 2020) or [2] the date the Participant retires from employment with the Employer.

Article VII, Section 7.3[a] Distributions and Withdrawals – Death - Payment of Death Benefits. *(effective January 1, 2020)*

If a Participant dies before receiving distribution of his entire vested Account, any unpaid balance will be distributed to the Participant's beneficiary in the distribution form elected by the Participant (or if no election is made by the Participant, in a single lump sum payment) as soon as practicable after the Participant's death. The distributable amount will be determined as of the Valuation Date coincident with or next preceding the distribution. Provided, however, that if the Participant's surviving Spouse is the Participant's sole beneficiary, the surviving Spouse may elect to defer distributions to a date no later than December 31 of the calendar year in which the Participant would have attained age 72 (70-1/2 if the Participant would have attained age 70-1/2 before January 1, 2020).

Article VII, Section 7.6[a][ii][B](i) Distributions and Withdrawals – Required Distributions from the Trust – Minimum Distributions – Time and Manner of Distribution – Death of Participant Before Distributions Begin. *(effective January 1, 2020)*

If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or at the option of the surviving Spouse by a date no later than December 31 of the calendar year in which the Participant would have attained age 72 (70-1/2 if the Participant would have attained age 70-1/2 before January 1, 2020).

Article VII, Section 7.6[a][ii][B](ii) Distributions and Withdrawals – Required Distributions from the Trust – Minimum Distributions – Time and Manner of Distribution – Death of Participant Before Distributions Begin. *(effective January 1, 2020)*

If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, then distribution to the Designated Beneficiary (including the surviving Domestic Partner of a Participant) will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died and be paid over a period not to extend beyond December 31 of the calendar year containing the tenth anniversary of the Participant's death.

Miners Act of 2019: in-service distributions

The Miners Act of 2019 reduced the minimum age allowable for in-service distributions from 62 to 59½. This is an optional provision for plans. The Plan does not currently provide for in-service distributions. The Defined Contribution Plan Committee agreed that as long as the participant's account is vested, the in-service distribution option should be included as a Plan provision.

Article VII, Section 7.5 Distributions and Withdrawals – Withdrawals While Employed. *(effective January 1, 2023)*

~~Withdrawals of vested Accounts of Active Participants are not permitted.~~ A Participant who is in active employment with the Employer may request a withdrawal from his or her vested Account on or after attaining age 59-1/2. The in-service withdrawal will be paid in the form of a single lump sum payment, and a Participant may request only one in-service withdrawal during any Plan Year.

CARES Act of 2020: waiver of required minimum distributions

The CARES Act provided a waiver of required minimum distributions for 2020. Plan participants did not take required minimum distributions during 2020. The following “safe harbor language” modifies the Plan to allow these waivers for 2020.

Article VII, Section 7.6 Distributions and Withdrawals – Required Distributions from the Trust. Add new subsection [b]. (*effective January 1, 2020*)

2020 Required Minimum Distributions. Notwithstanding any provision of section 7.6, a Participant or beneficiary who would have been required to receive required minimum distributions under Code section 401(a)(9) for 2020 but for the enactment of Code section 401(a)(9)(I) ("2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant's Beneficiary, or for a period of at least 10 years (Extended 2020 RMDs) will not receive those distributions for 2020 unless the Participant or beneficiary chooses to receive the distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence.

There shall be no new annuity starting date upon recommencement of required minimum distributions if suspended in accordance with this provision. Further, a Participant shall not be required to obtain spousal consent for the suspension of 2020 RMDs or Extended 2020 RMDs.

**AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY
DEFINED CONTRIBUTION PLAN
AMENDMENT NUMBER 2**

The Platte River Power Authority Defined Contribution Plan as amended and restated effective January 1, 2019 (the "Plan") provides that Platte River Power Authority (the "Employer") with the power and right to amend the Plan.

The Employer hereby amends the Plan by adopting the following amendments:

1) The entire text of Article II, Section 2.1[z] of the Plan relating to Required Beginning Date is hereby amended to read as follows, effective January 1, 2020:

[z] "Required Beginning Date" means April 1 of the calendar year following the calendar year in which occurs the later of [1] the date the Participant attains age 72 (70-1/2 if the Participant attained age 70-1/2 before January 1, 2020), or [2] the date the Participant retires from employment with the Employer.

2) The entire text of Article VII, Section 7.3[a] of the Plan relating to Distributions and Withdrawals – Death is hereby amended to read as follows, effective January 1, 2020:

[a] Payment of Death Benefits. If a Participant dies before receiving distribution of his or her entire vested Account, any unpaid balance will be distributed to the Participant's beneficiary in the distribution form elected by the Participant (or if no election is made by the Participant, in a single lump sum payment) as soon as practicable after the Participant's death. The distributable amount will be determined as of the Valuation Date coincident with or next preceding the distribution. Provided, however, that if the Participant's surviving Spouse is the Participant's sole beneficiary, the surviving Spouse may elect to defer distributions to a date no later than December 31 of the calendar year in which the Participant would have attained age 72 (70-1/2 if the Participant would have attained age 70-1/2 before January 1, 2020).

3) The entire text of Article VII, Section 7.5 of the Plan relating to Distributions and Withdrawals – Withdrawals While Employed is hereby replaced to read as follows, effective January 1, 2023:

7.5 Withdrawals While Employed. A Participant who is in active employment with the Employer may request a withdrawal from his or her vested Account on or after attaining age 59-1/2. The in-service withdrawal shall be paid in the form of a single lump sum payment, and a Participant may request only one in-service withdrawal during any Plan Year.

4) Article VII, Section 7.6[a][ii][B](i) of the Plan relating to Distributions and Withdrawals – Required Distributions from the Trust – Time and Manner of Distribution – Death of Participant Before Distributions Begin is hereby amended to read as follows, effective January 1, 2020:

(i) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the

**AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY
DEFINED CONTRIBUTION PLAN
AMENDMENT NUMBER 2**

Participant died, or at the option of the surviving Spouse by a date no later than December 31 of the calendar year in which the Participant would have attained age 72 (70-1/2 if the Participant would have attained age 70-1/2 before January 1, 2020).

5) Article VII, Section 7.6[a][ii][B](ii) of the Plan relating to Distributions and Withdrawals – Required Distributions from the Trust – Time and Manner of Distribution – Death of Participant Before Distributions Begin is hereby amended to read as follows, effective January 1, 2020:

- (ii) If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, then distribution to the Designated Beneficiary (including the surviving Domestic Partner of a Participant) will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died and be paid over a period not to extend beyond December 31 of the calendar year containing the tenth anniversary of the Participant's death.

6) Article VII, Section 7.6 of the Plan relating to Distributions and Withdrawals – Required Distributions from the Trust is hereby amended to add a new subsection [b] to the end of the existing text to read as follows, effective January 1, 2020:

- [b] 2020 Required Minimum Distributions. Notwithstanding any other provision of this section 7.6, a Participant or beneficiary who would have been required to receive required minimum distributions under Code section 401(a)(9) for 2020 but for the enactment of Code section 401(a)(9)(I) ("2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant's Beneficiary, or for a period of at least 10 years (Extended 2020 RMDs) will not receive those distributions for 2020 unless the Participant or beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence.

There shall be no new annuity starting date upon recommencement of required minimum distributions if suspended in accordance with this provision. Further, a Participant shall not be required to obtain spousal consent for the suspension of 2020 RMDs or Extended 2020 RMDs.

ATTEST

Secretary

PLATTE RIVER POWER AUTHORITY

By: _____

Title: General Manger/CEO

Date: _____

RESOLUTION NO. __-22

Background

A. Platte River Power Authority (Platte River) maintains the Platte River Power Authority Defined Contribution Plan (Plan).

B. At its November 2022 meeting, the Defined Contribution Plan Committee, established under the Plan, approved the following:

1. Attorney-recommended modifications to provisions used to determine when a participant's payments are required to begin from the Plan – specifically, the beginning date and time and manner of distributions used when a participant dies before payments begin. The changes increase the participant age required for mandatory distributions from retirement plans from 70½ to 72 as dictated by the SECURE Act of 2019.
2. Attorney-recommended modification to a provision used to determine when active participants can make withdrawals from the Plan – specifically, withdrawals while employed. The change allows for up to one in-service withdrawal per year from the active participant's account once the participant reaches age 59½.
3. Attorney-recommended subsection addition to a provision used to determine when participants must make mandatory distributions from the Plan – specifically, required distributions from the trust. The addition provides “safe harbor language” included in the CARES Act of 2020 allowing for waiver of required minimum distributions for 2020.

C. To change these Plan sections as approved by the Defined Contribution Plan Committee, the board must amend the Plan.

D. The Defined Contribution Plan Committee recommends in a memorandum prepared by staff dated Nov. 30, 2022, that the board adopt the attached amendments to the Plan.

RESOLUTION NO. __-22

Resolution

The board of directors of Platte River Power Authority adopts and approves the attached amendments to the Platte River Power Authority Defined Contribution Plan.

AS WITNESS, I have signed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this _____ day of _____, 2022.

Secretary

Adopted:

Vote:



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

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: **2022 budget contingency appropriation transfer – operating expenses and capital additions**

As mentioned in the October management report, staff noted a need for contingency funds to cover above-budget operating expenses and project work in 2022. While less common for operating expenses, situations can arise during the year when needed funds exceed budgeted amounts. However, this is not uncommon for project work; typically, there are several requests for out-of-budget projects or projects that require additional funds. These requests go through a formal submission, review and approval process, with final approval by the general manager/chief executive officer. Frequently, new requests can be managed and absorbed in the current budget when other projects are canceled or completed under budget. In 2022, operating expenses and capital additions require additional funds.

Operating expenses

Based on the most recent trends and assumptions, operating expenses are projected to be approximately \$4.5 million above budget. The primary driver of the above-budget variance is natural gas expense. The combustion turbine units were used more than planned to make surplus sales and meet load requirements. Elevated natural gas prices have further increased expense. Due to uncertainty of actual results, an additional amount has been included.

Capital additions

During 2022, several projects required additional funding that is not expected to be fully absorbed into the current budget. Projects that represent approximately 79% of the over budget and out-of-budget requests during the year are listed below. Further details on each of these projects are included in the October financial report, which is included in the board materials.

- **Over budget projects** include the SCADA and energy management system, enterprise resource planning software, transmission line vault upgrades – Crossroads Substation and metering system modifications.
- **Out-of-budget projects** include the Pipeline reroute – Rawhide pipeline, combustion component upgrade – combustion turbine Unit D, transformer T1 replacement – Longs Peak Substation, market software – PCI GenManager and oil circuit breaker replacement – Ault Substation 1882.

Capital additions contained in the 2022 budget are currently projected to be approximately \$8 million below budget at year end. However, several projects will not be completed in 2022. The remaining funds for those projects, approximately \$15.6 million, will need to be carried over for completion in 2023. The majority of projects that require carry over funds are also listed and highlighted in the financial report. Because funds must be carried over to 2023, additional capital project expenditures will require a budget contingency appropriation.

Summary

After year-end close, only the final amount needed to fund operating expenses and capital additions will be transferred. This approach prevents moving unneeded funds. Staff will report the actual amounts transferred at the February 2023 board meeting. If the amounts needed are higher than anticipated, staff will present additional information and a second transfer resolution.

The table below summarizes the contingency appropriation transfer request.

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 contribution not-to-exceed amount	\$ (10.0)	\$ (10.0)	
Total contingency transfer not-to-exceed amount			\$ (20.0)

Resolution No. 15-21 adopting the annual budget for fiscal year 2022 included a contingency appropriation of \$24 million. Through the attached resolution, staff requests an amount not to exceed \$20 million to be re-appropriated to operating expenses and capital additions expenditures based on final 2022 financial results. Attached is a description of the budget contingency with a 10-year history of the amount budgeted each year and the purpose of the transfer, when applicable.

Staff will be available at the board meeting to answer questions.

Attachment

Budget contingency

The budget contingency can be used to meet unexpected expenditures that could not be foreseen when the budget was prepared. Events that may require contingency funds 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 that impacts expenditures. It may also be used for existing capital projects that require expenditures above those budgeted due to 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. Before transferring contingency funds to an expense category, staff must notify the board of the need for the transfer and present a proposed resolution. Until 2018, the budgeted contingency appropriation was a fixed amount. From 2018 to 2022, the amount was approximately 10% of the operating expenses and capital additions to align with fluctuations in the budget. Beginning in 2023, the contingency appropriation amount increased to approximately 20% of operating expenses and capital additions due to increased uncertainty in future budgets related to the resource transition plan and organized energy market activities.

Year	Contingency appropriation budget (\$000)	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	\$20,000 ⁽¹⁾	83%	Additional natural gas expense for high natural gas prices and additional combustion turbine generation to make sales and serve load, as well as additional expenditures for several capital projects including the SCADA and energy management system, enterprise resource planning software, transmission line vault upgrades - Crossroads Substation, metering system modification, pipeline reroute - Rawhide pipeline, combustion component upgrade - combustion turbine Unit D, transformer T1 replacement - Longs Peak Substation, market software - PCI GenManager and oil circuit breaker replacement - Ault Substation 1882.

(1) Total not-to-exceed amount requested at the December 2022 board of directors meeting.

RESOLUTION NO. _-22Background

- A. The 2022 Strategic Budget for Platte River Power Authority (Platte River) contains a budget contingency appropriation of \$24 million.
- B. As explained in the memorandum dated Nov. 30, 2022 (memo), Platte River has experienced higher-than-budgeted operating expenses during 2022, due in large part to above-forecast gas prices and greater use of Platte River's combustion turbines to serve owner community load and support surplus sales.
- C. As further explained in the memo, various capital projects cannot be completed within the existing 2022 capital budget and require additional funds during 2022.
- D. Though final numbers will be unclear until year-end, Platte River accounting staff anticipates 2022 above-budget operating expenses and capital additions will not exceed \$20 million. Management recommends the board of directors re-appropriate, from the budget contingency appropriation category for 2022, funds not to exceed \$20 million, of which portions would be transferred to the operating expense category and to the capital additions category as needed. These transfers would enable Platte River to fully fund the above-budget operating expenses and capital projects included in the 2022 Strategic Budget.

Resolution

The board of directors of Platte River Power Authority therefore resolves that funds, not to exceed \$20 million, be transferred from the budget contingency appropriation category in the 2022 Strategic Budget to the operating expense category and to the capital additions category based on final 2022 financial results.

RESOLUTION NO. _-22

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

Adopted:

Vote:



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

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: 2023 Strategic Budget review and adoption

Thank you for your engagement and support through the budget process. The steps in the budget process included a budget work session on Sept. 29, 2022. A public hearing with review of the proposed budget was held on Oct. 27, 2022, and there were no changes to the budget since the October update. The budget is now in final form and ready for adoption.

The final budget includes total revenues of \$305 million and total expenditures of \$330.3 million, including a board contingency appropriation of \$52 million. Net income is projected to be \$22.4 million with fixed obligation charge coverage at 2.43 times.

Attached is the proposed resolution to adopt the 2023 Strategic Budget and appropriation of funds for 2023 expenditures. A copy of the 2023 Strategic Budget document is provided with your board materials and is available on Platte River's website. At the December board meeting, staff will provide a brief budget overview. Staff recommends adoption of the 2023 Strategic Budget amounts as submitted and will be available at the board meeting to answer any questions.

Attachments



Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

2023 strategic budget at a glance

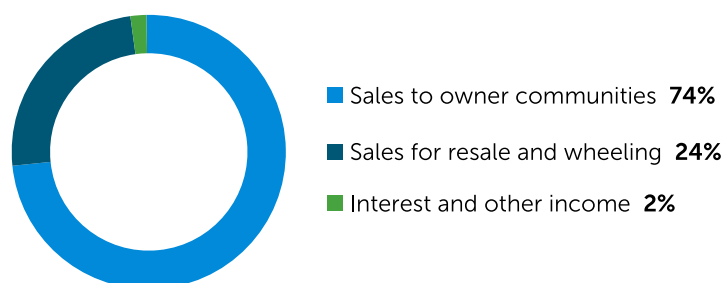
The Platte River Power Authority 2023 Strategic Budget is produced in alignment with the long-range strategic plan, under the direction of the organization's leadership, to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River's tactical, operational and capital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

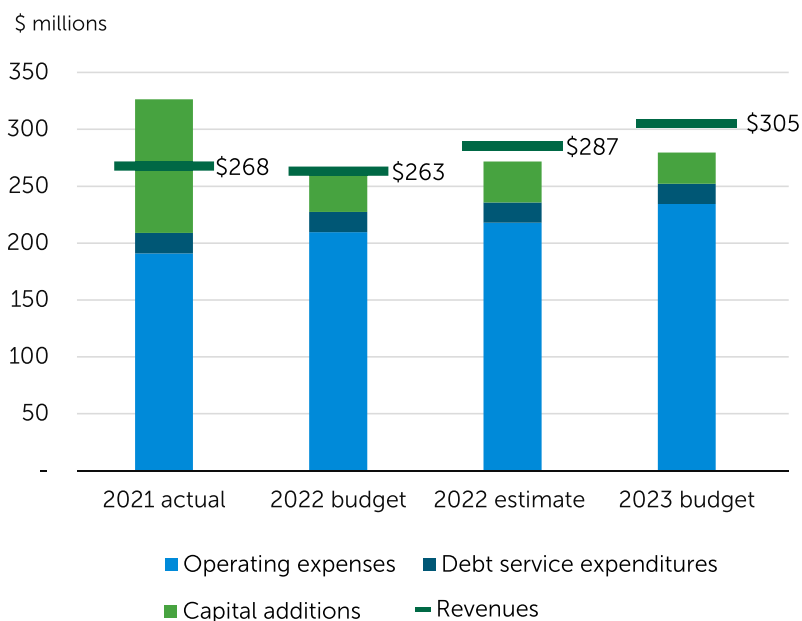
Expenses are managed from a broad perspective with the goal of operating the system in a safe, compliant and reliable manner while expanding environmental stewardship. Platte River communicates and collaborates with the owner communities to align processes and outcomes to the benefit of all customers.

Platte River's budget includes \$305 million in revenues and \$278.3 million in expenditures consisting of operating, capital and debt. Of the \$260.5 million in operating expenses and capital additions, approximately 86% and 14% are allocated to activities supporting core operations and strategic initiatives, respectively.

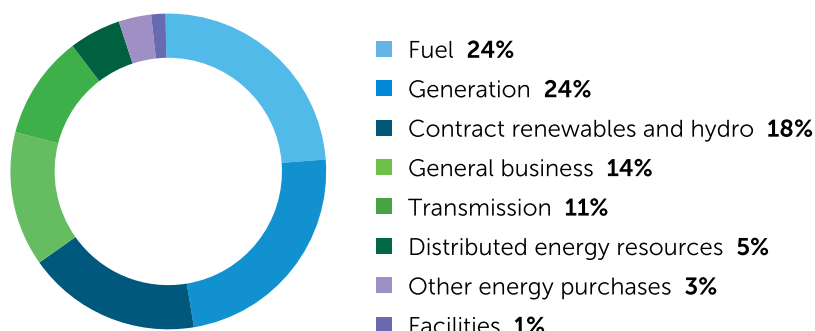
Revenues



Revenues and expenditures



Operating and capital additions



Platte River's core pillars



Reliability



Environmental
responsibility



Financial
sustainability

Strategic initiatives

\$37.1 million, 14% of operating and capital

- Enhanced customer experience, \$13.1 million, 5%
- Communications and community outreach, \$3 million, 1%
- Resource diversification and alignment, \$13 million, 5%
- Infrastructure advancement and technology development, \$8 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

\$223.4 million, 86% of operating and capital

- Generation, including fuel, \$137.6 million, 53%
- Transmission, \$32.9 million, 13%
- Energy purchases including wind, hydropower and solar energy, \$52.9 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 ten-day scheduled minor maintenance outage, Craig Unit 2 six-week scheduled 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 upgrade, Trapper Mine reclamation, transmission line rebuild and transformer replacements
- Staffing additions to support organization changes and strategic initiatives

Operating expenses and capital additions



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





2023 Strategic Budget





Table of contents

Overview

Letter from board chair and general manager	4
Platte River at a glance	6
Vision, mission and values	8
Our communities.....	10
Board of directors.....	12
Senior leadership team.....	13
2023 goals.....	14
Organizational structure	16

Summary

2023 Strategic Budget summary	26
Strategic initiatives	28
Core operations	33

Budget

Financial review	37
Consolidated budget schedules	39
Revenues	48
Operating expenses	55
Capital additions	75
Debt service expenditures and other long-term obligations.....	93

Additional information

Budget process	97
Financial governance.....	105
Acronyms and terms	112

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 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 \$278.3 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 by mid-2023. The project will be a solar installation with up to 150 MW of nameplate capacity and operational by late 2024. We will also continue to evaluate an additional 250 MW to 300 MW of wind and solar projects for expected operation by late 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 2023 Strategic Budget includes a 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 as 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, 283 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

\$ 305 million

Operating expenses

\$ 238.1 million

Capital additions

\$ 22.4 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 **56.8%**
- Wind **22.7%**
- Hydropower **8.4%**
- 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

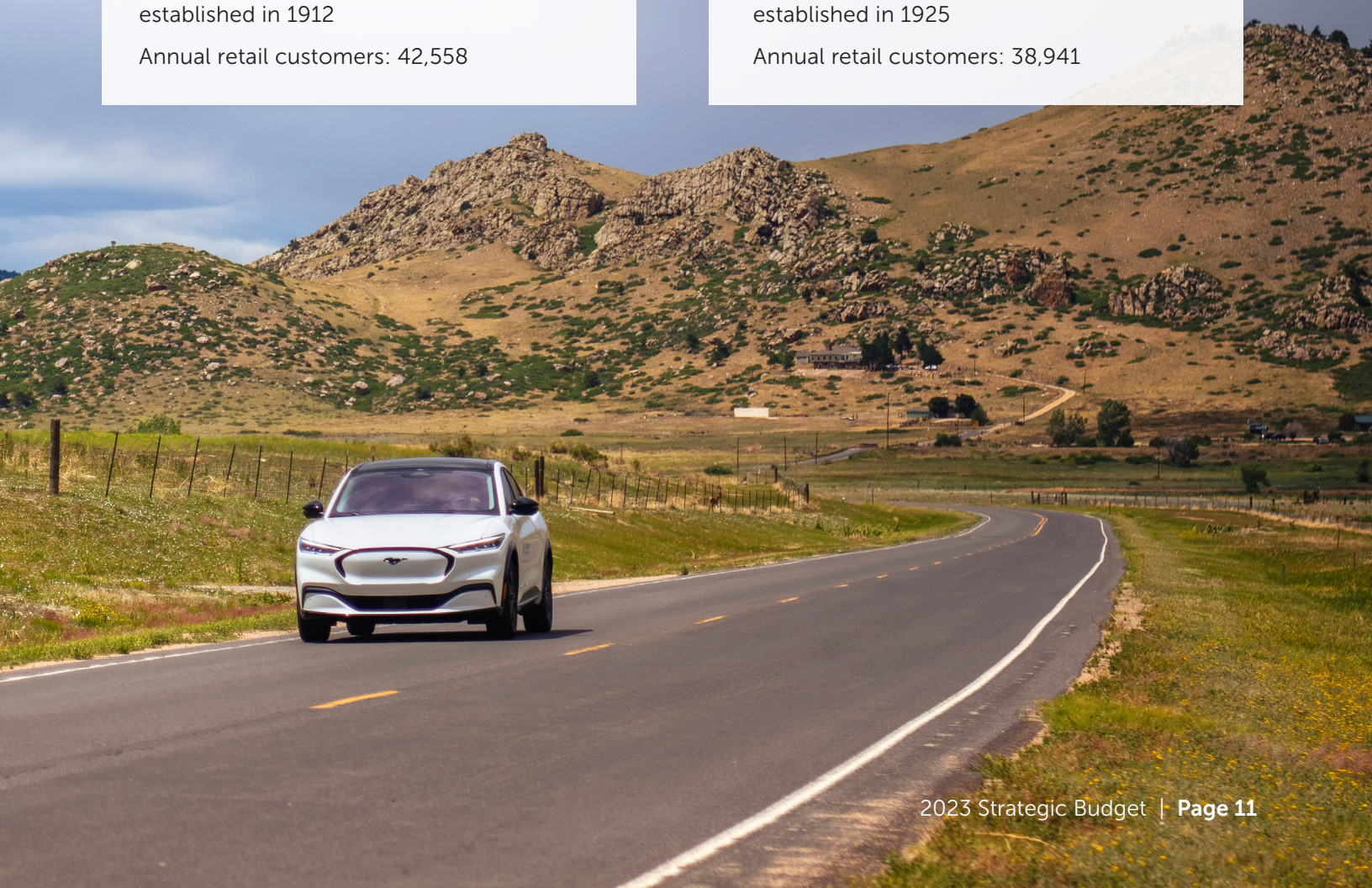


City of Loveland

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 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

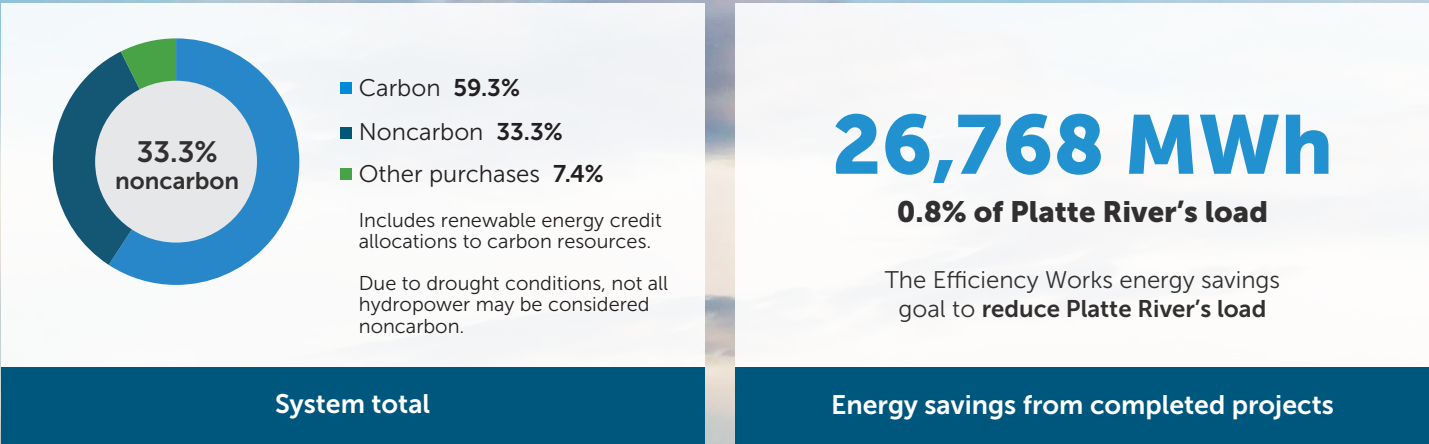
Rawhide Unit 1

≥ 90%

Delivery reliability

Rawhide combustion turbines

Environmental responsibility

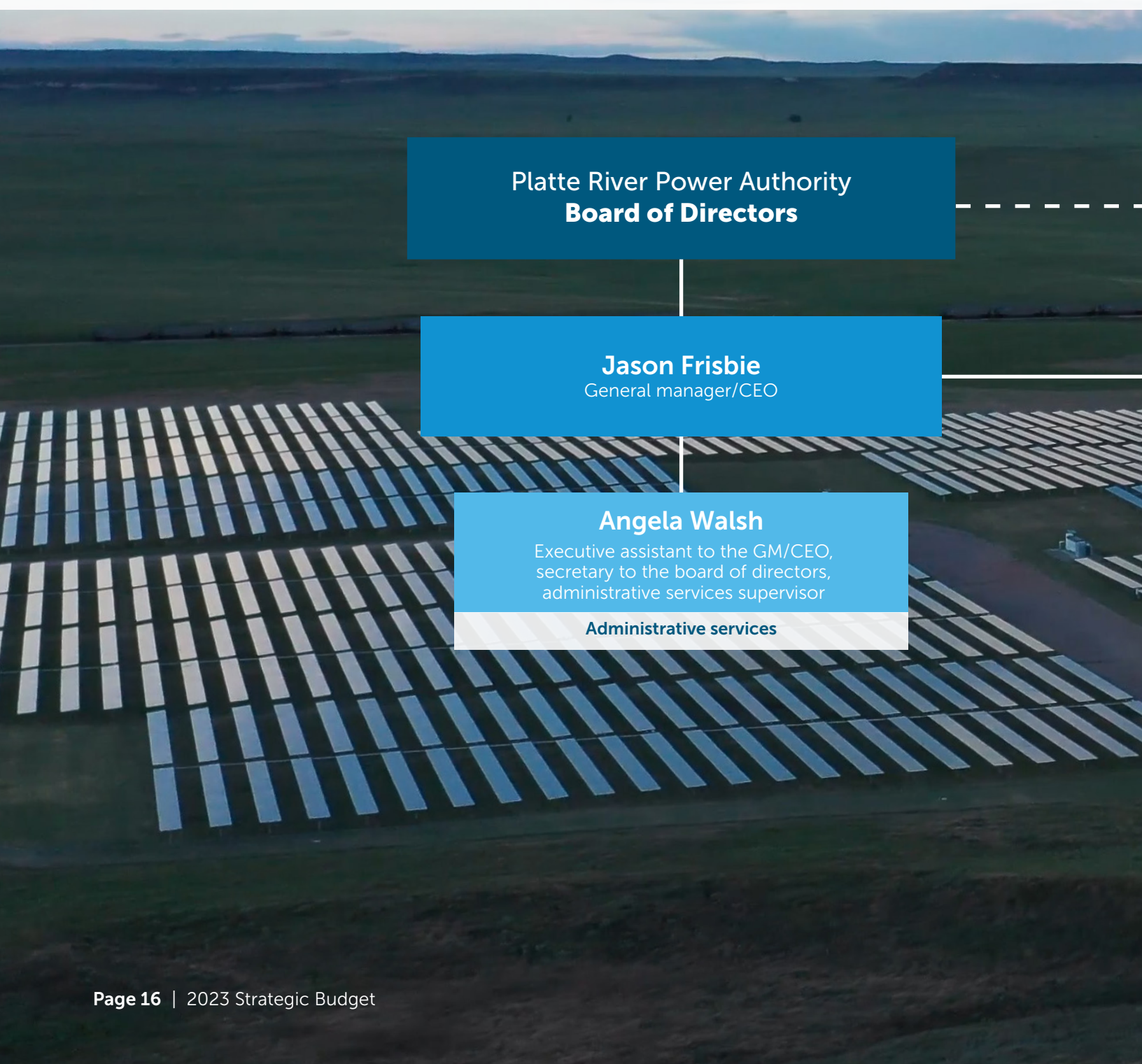


Financial sustainability

Credit rating AA	\$22.4	2.43x	25%	422
	Net income (millions)	Fixed obligation charge coverage ratio	Debt ratio	Unrestricted days cash on hand
	Target minimum \$7.1	Target minimum 1.50x	Target minimum Less than 50%	Target minimum 200 days
	2023 strategic financial plan (SFP) metrics			

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.

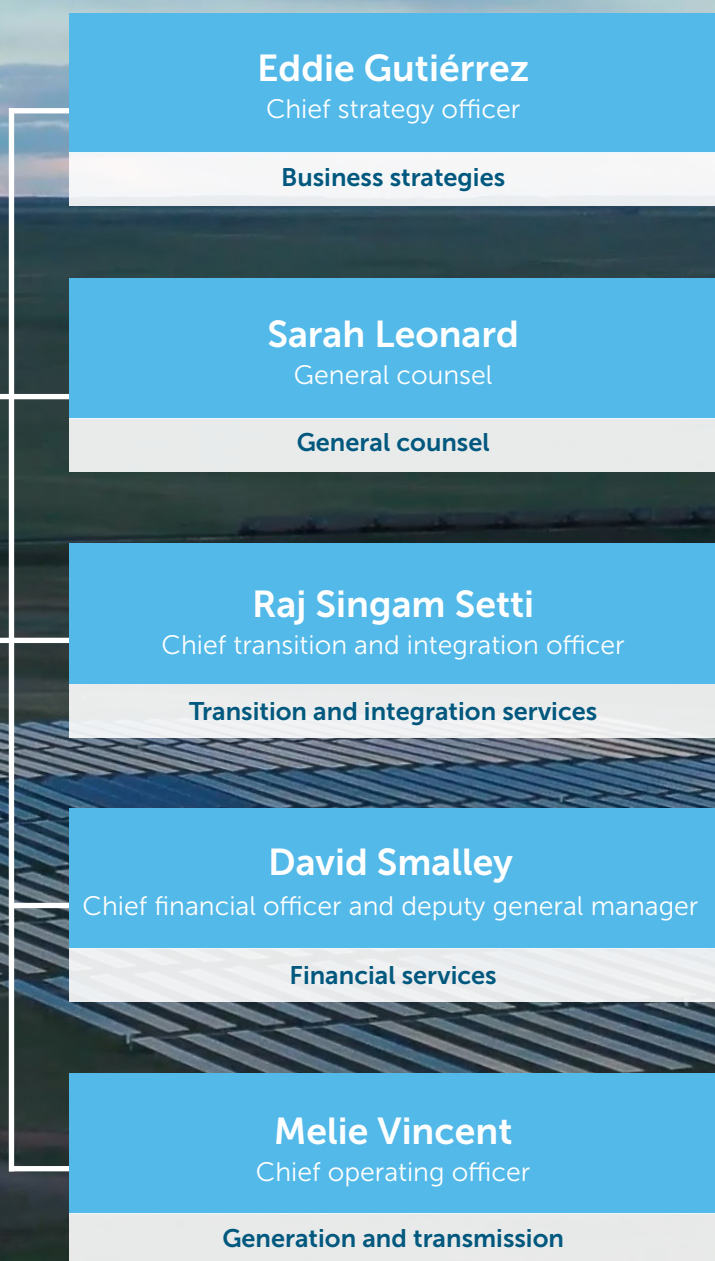


**Platte River Power Authority
Board of Directors**

Jason Frisbie
General manager/CEO

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

Administrative services



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 which are 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 support Platte River's entry into the WEIS while exploring future participation in 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 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 WECC staff ahead of Platte River's next formal 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 a potential 4,080 MWh of additional 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 or lead the development of additional DER programs, with the initial focus on building electrification and income qualified sector 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 283 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 scheduled inspections of combustion turbine units C-D. 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.

2023 Strategic Budget summary

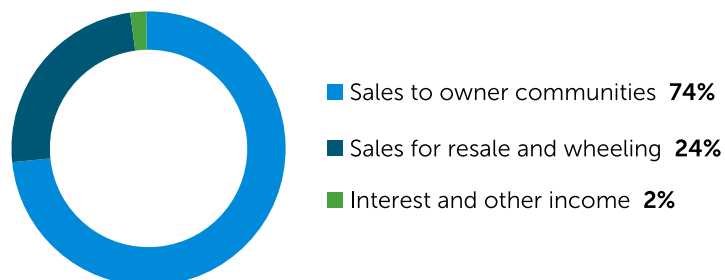
The Platte River Power Authority 2023 Strategic Budget is produced in alignment with the long-range strategic plan, under the direction of the organization's leadership, to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River's tactical, operational and capital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

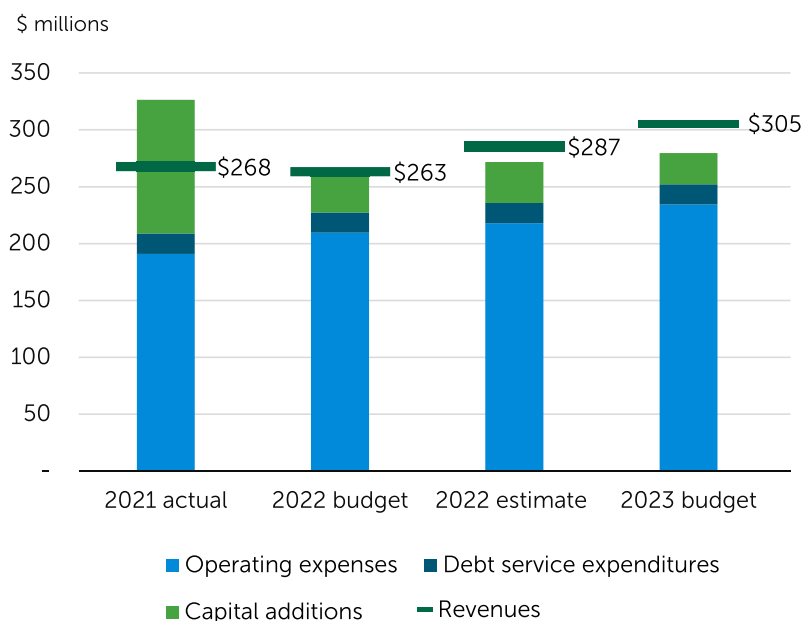
Expenses are managed from a broad perspective with the goal of operating the system in a safe, compliant and reliable manner while expanding environmental stewardship. Platte River communicates and collaborates with the owner communities to align processes and outcomes to the benefit of all customers.

Platte River's budget includes \$305 million in revenues and \$278.3 million in expenditures consisting of operating, capital and debt. Of the \$260.5 million in operating expenses and capital additions, approximately 86% and 14% are allocated to activities supporting core operations and strategic initiatives, respectively.

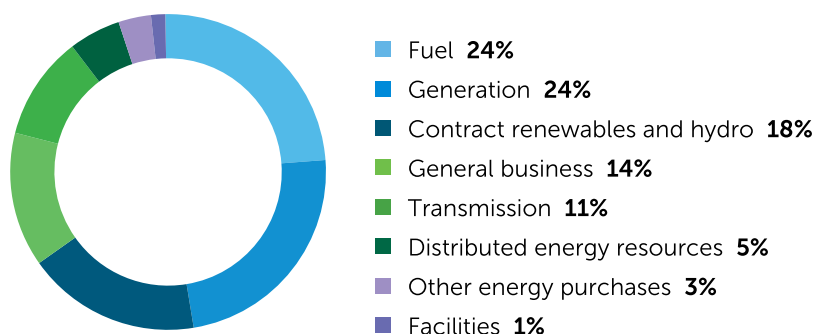
Revenues



Revenues and expenditures



Operating and capital additions



Platte River's core pillars



Reliability



Environmental
responsibility



Financial
sustainability

Strategic initiatives

\$37.1 million, 14% of operating and capital

- Enhanced customer experience, \$13.1 million, 5%
- Communications and community outreach, \$3 million, 1%
- Resource diversification and alignment, \$13 million, 5%
- Infrastructure advancement and technology development, \$8 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

\$223.4 million, 86% of operating and capital

- Generation, including fuel, \$137.6 million, 53%
- Transmission, \$32.9 million, 13%
- Energy purchases including wind, hydropower and solar energy, \$52.9 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 ten-day scheduled minor maintenance outage, Craig Unit 2 six-week scheduled 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 upgrade, Trapper Mine reclamation, transmission line rebuild and transformer replacements
- Staffing additions to support organization changes and strategic initiatives

Operating expenses and
capital additions



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



Strategic initiatives

\$37.1 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

\$13.1 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 \$11.1 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 supplement 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

\$13 million, 5%

Noncarbon resources

Noncarbon resources will represent 33.3% 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 by late 2024. Staff anticipates entering into PPAs for an additional 250 MW to 300 MW of wind and solar projects for expected operation by late 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 \$1.4 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.

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 \$5.1 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

\$8 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 multiyear 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

\$223.4 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 41.6% and 2.5%, respectively, of the resource portfolio before renewable credit allocations. In 2023, Rawhide Unit 1 will undergo a ten-day 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 \$2.2 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 C.

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 represent 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.

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 \$1.1 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 \$0.5 million. Upgrades will be completed by plant operator Tri-State Generation and Transmission Association, Inc. (Tri-State) and primarily benefit switchyard and emissions systems. Additionally, Craig Unit 2 will undergo a six-week scheduled maintenance outage in the spring. 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. 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 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 \$4.7 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 13.8% from 2022. For 2023, salary market adjustments will 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 \$305 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 \$20.5 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 5% average wholesale rate increase, which reflects impacts of the adopted 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 \$5.2 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	\$ 24,252	\$ 22,373
Fixed obligation charge coverage ratio	1.50 times	2.80x	2.03x	2.60x	2.43x
Debt ratio	less than 50%	30%	28%	28%	25%
Unrestricted days cash on hand	200	412	381	416	422
Other selected data (\$000 except bond service coverage ratio)					
Accumulated net position		\$ 651,287	\$ 660,453	\$ 675,539	\$ 697,912
Dedicated reserves and available funds		\$ 223,499	\$ 226,541	\$ 251,708	\$ 282,961
Long-term debt and other long-term obligations		\$ 260,369	\$ 245,207	\$ 245,207	\$ 229,766
Capital additions		\$ 117,411	\$ 38,919	\$ 30,918	\$ 22,367
Bond service coverage ratio (minimum 1.1x)		4.25x	3.01x	4.11x	3.76x

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

(2) Net income is synonymous with change in net position. 2022 estimate and 2023 budget exclude projections for a portion of revenues that will be deferred to a future period and will be reflected in year-end results. This is in accordance with the board-approved deferred revenue and expense accounting policy.

**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	\$ 211,512,292	\$ 224,081,909
Sales for resale	60,422,107	48,244,228	65,342,672	68,473,255
Wheeling	5,748,033	5,929,826	7,186,083	6,164,920
Total operating revenues ⁽¹⁾	265,378,420	262,191,347	284,041,047	298,720,084
Operating expenses				
Purchased power	54,606,395	57,733,218	51,501,928	55,114,915
Fuel	47,524,838	44,526,114	61,651,081	62,676,500
Operations and maintenance ⁽²⁾	60,505,294	69,019,792	66,965,841	75,023,200
Administrative and general ⁽²⁾	21,584,627	26,020,323	25,397,705	31,507,820
Distributed energy resources ⁽²⁾	6,944,928	12,377,531	8,624,282	13,789,562
Depreciation, amortization and accretion ⁽²⁾	34,428,173	35,583,223	37,286,509	40,758,303
Total operating expenses	225,594,255	245,260,201	251,427,346	278,870,300
Operating income	39,784,165	16,931,146	32,613,701	19,849,784
Nonoperating revenues (expenses)				
Interest income	1,350,833	624,913	2,660,832	5,924,208
Other income	912,970	370,329	483,197	300,762
Interest expense	(6,358,573)	(5,803,340)	(5,803,334)	(5,232,940)
Amortization of bond financing costs ⁽²⁾	1,830,287	1,640,728	1,640,728	1,476,520
Net increase in fair value of investments ⁽²⁾	(1,826,345)	(16,811)	(7,342,702)	54,310
Total nonoperating revenues (expenses)	(4,090,828)	(3,184,181)	(8,361,279)	2,522,860
Change in net position	35,693,337	13,746,965	24,252,422	22,372,644
Net position at beginning of period	615,593,653	646,705,610	651,286,990	675,539,412
Net position at end of period	\$ 651,286,990	\$ 660,452,575	\$ 675,539,412	\$ 697,912,056

(1) 2022 estimate and 2023 budget exclude projections for a portion of revenues that will be deferred to a future period and will be reflected in year-end results. This is in accordance with the board-approved deferred revenue and expense accounting policy.

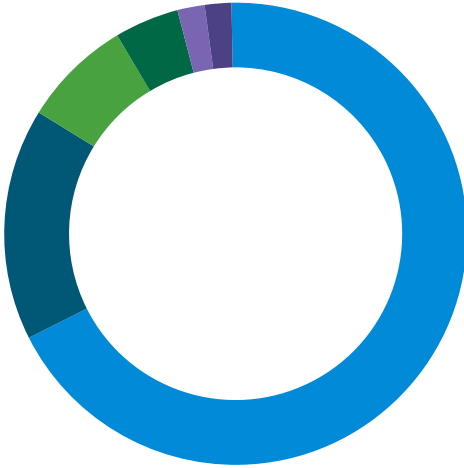
(2) Actual and estimate include nonappropriated expenses due to basis of accounting differences discussed in the financial governance section.

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	\$ 211,512,292	\$ 224,081,909
Sales for resale - long-term	19,895,556	18,686,816	20,678,722	14,889,513
Sales for resale - short-term	40,526,551	29,557,412	44,663,950	53,583,742
Wheeling	5,748,033	5,929,826	7,186,083	6,164,920
Total operating revenues	265,378,420	262,191,347	284,041,047	298,720,084
Other revenues				
Interest income	1,364,846	608,102	2,644,020	5,978,518
Other income	912,970	370,329	483,197	300,762
Total other revenues	2,277,816	978,431	3,127,217	6,279,280
Total revenues	267,656,236	263,169,778	287,168,264	304,999,364
Funds from prior reserves and financing	58,706,781	27,213,236	(24,297,631)	25,262,503
Total sources	\$ 326,363,017	\$ 290,383,014	\$ 262,870,633	\$ 330,261,867
Use of funds				
Operating expenses				
Purchased power	\$ 54,606,395	\$ 57,733,218	\$ 51,501,928	\$ 55,114,915
Fuel	47,524,838	44,526,114	61,651,081	62,676,500
Production	41,680,072	50,385,604	48,577,816	54,769,640
Transmission	18,785,438	18,634,188	18,687,980	20,253,560
Administrative and general	21,401,273	26,020,323	25,166,804	31,507,820
Distributed energy resources	6,957,887	12,377,531	8,579,861	13,789,562
Total operating expenses	190,955,903	209,676,978 ⁽¹⁾	214,165,470	238,111,997
Capital additions				
Production	105,828,730	16,706,235	15,653,735	8,016,860
Transmission	2,997,752	14,666,264	6,782,334	4,640,737
General	7,891,623	7,546,447	8,482,010	9,657,153
Asset retirement obligations	692,517	-	-	51,763
Total capital additions	117,410,622	38,918,946 ⁽¹⁾	30,918,079	22,366,513
Total operating expenses and capital additions	308,366,525	248,595,924	245,083,549	260,478,510
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	262,870,633	278,261,867
Contingency appropriation	-	24,000,000 ⁽¹⁾	-	52,000,000
Total uses	\$ 326,363,017	\$ 290,383,014	\$ 262,870,633	\$ 330,261,867

(1) Excludes projections for contingency transfers.

2023 sources



■	68%	Sales to owner communities	\$ 224,081,909
■	16%	Sales for resale - short-term	53,583,742
■	4%	Sales for resale - long-term	14,889,513
■	2%	Interest and other income	6,279,280
■	2%	Wheeling	6,164,920
		Total revenues	304,999,364
■	8%	Funds from prior reserves and financing	25,262,503
		Total sources	\$ 330,261,867

2023 uses



■	19%	Fuel	\$ 62,676,500
■	17%	Purchased power	55,114,915
■	17%	Production	54,769,640
■	9%	Administrative and general	31,507,820
■	7%	Capital additions	22,366,513
■	6%	Transmission	20,253,560
■	5%	Debt service expenditures	17,783,357
■	4%	Distributed energy resources	13,789,562
		Total expenditures	278,261,867
■	16%	Board contingency	52,000,000
		Total uses	\$ 330,261,867

Revenue and expenditure detail	2021 actual	2022 budget	2022 estimate	2023 budget
Revenues				
Sales to owner communities	\$ 199,208,280	\$ 208,017,293	\$ 211,512,292	\$ 224,081,909
Sales for resale - long-term	19,895,556	18,686,816	20,678,722	14,889,513
Sales for resale - short-term	40,526,551	29,557,412	44,663,950	53,583,742
Wheeling	5,748,033	5,929,826	7,186,083	6,164,920
Interest income	1,364,846	608,102	2,644,020	5,978,518
Other income	912,970	370,329	483,197	300,762
Total revenues	267,656,236	263,169,778	287,168,264	304,999,364
Funds from prior reserves and financing	58,706,781	27,213,236	(24,297,631)	25,262,503
Total revenues and prior funds	\$ 326,363,017	\$ 290,383,014	\$ 262,870,633	\$ 330,261,867
Expenditures				
Personnel expenses				
Salaries				
Regular wages	\$ 31,180,631	\$ 34,159,788	\$ 32,737,566	\$ 38,627,091
Overtime wages	2,866,588	1,491,623	2,259,705	1,947,481
Total salaries	34,047,219	35,651,411	34,997,271	40,574,572
Benefits				
Pension - defined contribution	1,441,297	1,943,853	1,663,796	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	2,484,930	2,918,877
Long-term disability	113,016	120,000	118,451	130,000
Medical and dental	4,115,808	5,451,520	5,140,839	5,692,000
Recruiting	197,949	145,000	228,589	182,000
Life insurance	115,384	120,000	121,852	130,000
Accidental death	25,789	25,000	26,888	30,000
Workers' compensation	51,721	140,000	105,107	130,000
Unemployment compensation	14,641	15,000	5,514	15,000
Salary and pension services	343,039	342,500	251,700	371,400
Total benefits	14,233,030	15,796,318	15,046,465	16,252,918
Total personnel expenses	48,280,249	51,447,729	50,043,736	56,827,490
Less charged to capital and other	1,882,663	3,271,539	1,924,071	2,017,205
Total operating personnel expenses	46,397,586	48,176,190	48,119,665	54,810,285
Materials and other expenses				
Office expenses	13,187	18,525	20,891	26,775
Safety expenses	158,804	220,800	166,515	217,330
Furniture and equipment	39,421	31,200	52,205	17,900
Local business expense	234,024	396,156	313,031	615,243
Postage and deliveries	39,685	40,324	19,971	39,158

**Revenue and expenditure
detail (continued)**

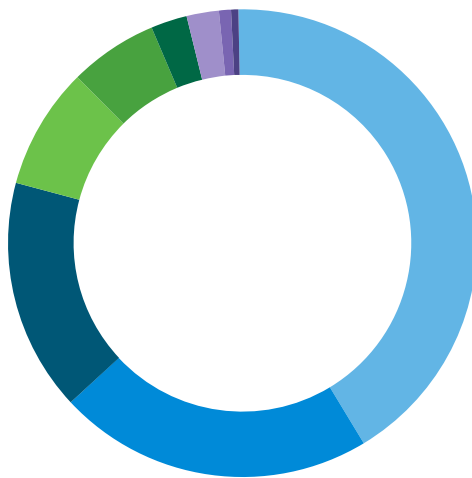
	2021 actual	2022 budget	2022 estimate	2023 budget
Materials and other expenses (continued)				
Rawhide O&M materials	\$ 5,326,907	\$ 3,768,676	\$ 4,041,518	\$ 4,091,828
Other O&M materials	680,480	567,781	1,385,433	1,265,995
Rawhide coal	22,509,051	33,202,774	32,053,955	36,721,806
Craig units 1 and 2 coal	12,345,081	10,048,159	15,708,886	16,534,601
Oil	158,475	42,000	213,957	60,000
Natural gas (Rawhide units A, B, C, D and F)	11,438,135	466,714	12,827,910	8,261,211
Natural gas (Craig units startup)	126,211	85,000	146,489	100,000
Gasoline and diesel	156,441	126,540	178,977	156,476
Tools, shop and garage equipment	54,653	114,004	75,581	119,908
Purchased power	56,033,918	57,513,000	51,281,710	54,393,436
Craig units 1 and 2 operating expenses	8,383,662	8,912,834	8,760,896	9,452,309
Computer equipment	603,355	914,878	694,162	974,100
Wheeling expense	5,109,896	4,663,600	4,279,553	4,250,469
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⁾	135,737,820	140,919,166
Contractual services				
Rawhide contracted services	10,563,464	4,645,764	4,600,430	7,695,070
Other contracted services	10,061,443	14,805,290	11,911,514	17,039,678
Insurance	1,949,802	2,751,200	2,600,380	3,080,200
Travel and training	332,333	971,447	915,539	1,268,046
Telephone services	167,952	194,182	160,123	205,561
Utilities	800,077	698,458	668,978	709,164
Dues, memberships and fees	731,706	822,964	810,249	939,673
Trustees fees	18,000	19,500	18,000	12,000
Water leases and rents	1,435,604	3,385,006	3,360,355	3,465,827
Other leases and rents	113,518	134,243	116,212	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	4,215,750	6,681,000
Rebates/incentives to owner communities	117,882	169,422	158,281	154,870
Audits/assessments for retail customers	356,984	395,000	595,000	805,000
Other financing expenses	42,863	57,200	40,957	58,700
Total contractual services	30,566,005	36,851,643	30,307,985	42,382,546

**Revenue and expenditure
detail** (continued)

	2021 actual	2022 budget	2022 estimate	2023 budget
Capital additions				
Personnel expenses				
Regular wages	\$ 929,328	\$ 1,902,751	\$ 991,147	\$ 1,123,927
Overtime wages	155,304	134,636	134,636	30,619
Benefits allocation	437,786	966,209	491,629	519,115
Total personnel expenses	1,522,418	3,003,596	1,617,412	1,673,661
Capital expenditures	115,753,373	35,919,100	29,364,947	20,641,089
Capital reimbursements and trade-in value	(557,686)	(3,750)	(64,280)	-
Asset retirement obligations	692,517	-	-	51,763
Total capital additions	117,410,622	38,918,946 ⁽¹⁾	30,918,079	22,366,513
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	262,870,633	278,261,867
Contingency appropriation	-	24,000,000 ⁽¹⁾	-	52,000,000
Total expenditures and contingency appropriation	\$ 326,363,017	\$ 290,383,014	\$ 262,870,633	\$ 330,261,867

(1) Excludes projections for contingency transfers.

2023 resources

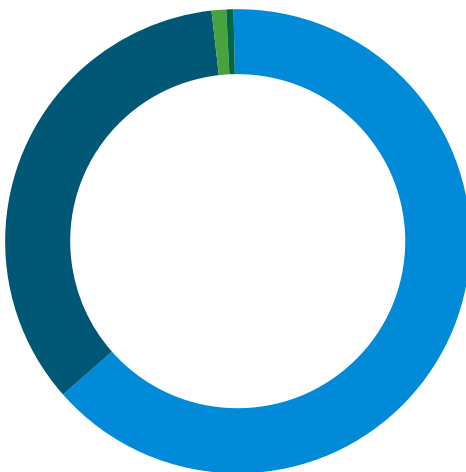


- Rawhide Unit 1 (2,153 GWh)
- Wind (1,125 GWh)
- Craig units 1 and 2 (832 GWh)
- Hydropower (435 GWh)
- Market purchases (316 GWh)
- Combustion turbines (129 GWh)
- Solar (115 GWh)
- Bilateral purchases and owner community solar (43 GWh)
- Forced outage exchange (26 GWh)

Total resources* = 5,174 GWh

* Excludes renewable energy credit allocations to carbon resources

2023 deliveries



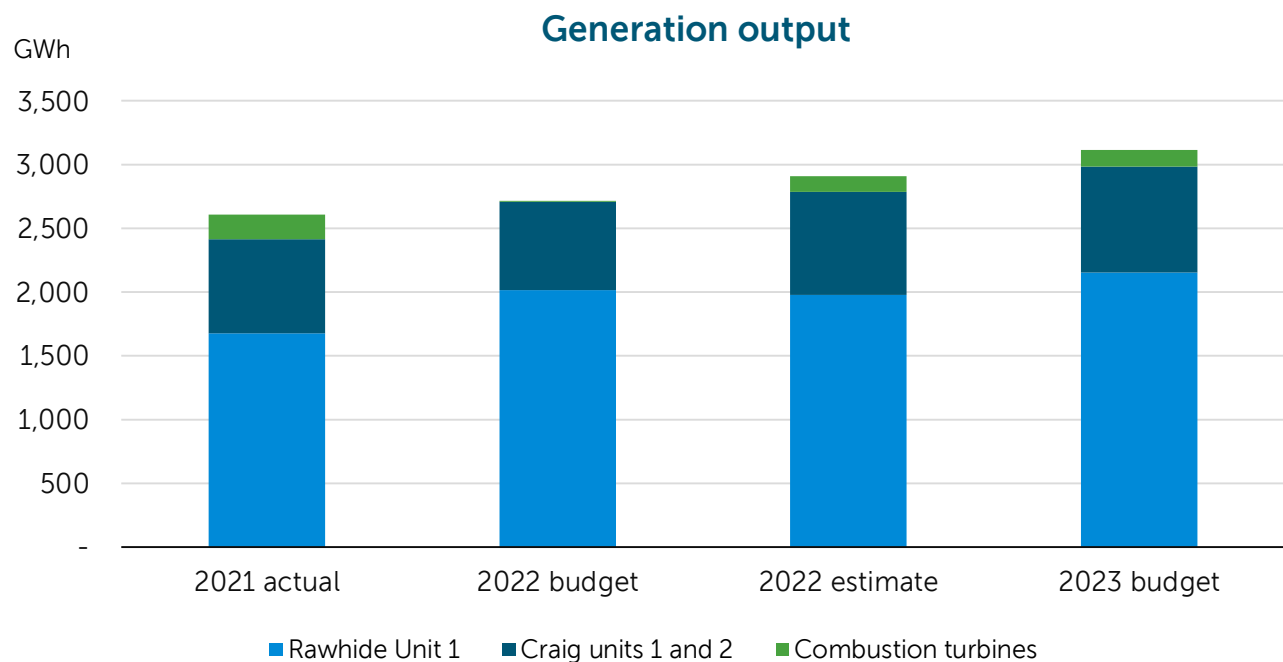
- Owner communities (3,301 GWh)
- Sales for resale (1,794 GWh)
- Losses and other (53 GWh)
- Forced outage exchange (26 GWh)

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	1,972	2,153
Capacity factor	68.2%	82.1%	80.4%	87.8%
Fuel cost (\$/MWh)	\$ 14.0	\$ 16.7	\$ 16.6	\$ 17.4
O&M cost (\$/MWh)	21.8	15.1	15.4	16.0
Total Rawhide (\$/MWh)	\$ 35.8	\$ 31.8	\$ 32.0	\$ 33.4
Craig units 1 and 2 (151 MW) ⁽¹⁾				
Generation (GWh)	744	691	810	832
Capacity factor	56.2%	52.3%	61.3%	62.9%
Fuel cost (\$/MWh)	\$ 17.1	\$ 15.0	\$ 19.8	\$ 20.4
O&M cost (\$/MWh)	10.8	12.3	10.5	10.8
Total Craig (\$/MWh)	\$ 27.9	\$ 27.3	\$ 30.3	\$ 31.2
Combustion turbines (388 MW) ⁽²⁾				
Generation (GWh)	191	8	127	129
Capacity factor	5.6%	0.2%	3.7%	3.8%
Fuel cost (\$/MWh)	\$ 60.0	\$ 60.8	\$ 101.3	\$ 64.0
O&M cost (\$/MWh)	11.3	338.6	22.8	27.0
Total combustion turbines (\$/MWh)	\$ 71.3	\$ 399.4	\$ 124.1	\$ 91.0

(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	924	838
Capacity factor	42.7%	46.1%	46.9%	42.5%
Total Roundhouse (\$/MWh) - delivered	\$ 22.0	\$ 21.5	\$ 19.6	\$ 21.2
Spring Canyon II and III (60 MW) ⁽¹⁾				
Generation (GWh)	223	242	242	231
Capacity factor	42.4%	46.0%	46.0%	44.0%
Total Spring Canyon (\$/MWh) - delivered	\$ 44.8	\$ 45.1	\$ 44.9	\$ 45.3
Silver Sage (12 MW) ⁽²⁾				
Generation (GWh)	30	38	34	38
Capacity factor	28.3%	36.5%	32.1%	36.0%
Total Silver Sage (\$/MWh) - delivered	\$ 63.7	\$ 65.1	\$ 65.1	\$ 66.8
Medicine Bow (6 MW)				
Generation (GWh)	18	19	15	18
Capacity factor	34.4%	37.2%	29.5%	34.9%
Total Medicine Bow (\$/MWh) - delivered	\$ 48.8	\$ 49.0	\$ 52.1	\$ 50.4
Total wind (303 MW)				
Generation (GWh)	1,113	1,209	1,215	1,125
Capacity factor	41.9%	45.6%	45.8%	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	327	325
Capacity factor	45.2%	32.9%	30.9%	30.7%
Total WAPA-CRSP (\$/MWh)	\$ 26.3	\$ 34.2	\$ 35.6	\$ 35.7
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	437	435
Capacity factor	44.2%	34.4%	32.8%	32.7%
Total hydropower (\$/MWh)	\$ 26.9	\$ 33.1	\$ 34.1	\$ 35.5

Purchased power resources (continued)	2021 actual	2022 budget	2022 estimate	2023 budget
Solar				
Rawhide Flats Solar (30 MW)				
Generation (GWh)	62	61	67	61
Capacity factor	23.6%	23.2%	25.5%	23.3%
Total Rawhide Flats Solar (\$/MWh) - including ancillary services and maintenance	\$ 53.9	\$ 54.2	\$ 53.9	\$ 54.2
Rawhide Prairie Solar (22 MW)				
Generation (GWh)	42	53	51	54
Capacity factor	21.6%	27.7%	26.7%	27.8%
Total Rawhide Prairie Solar (\$/MWh) - including ancillary services, maintenance, interconnection and battery fee	\$ 31.3	\$ 33.3	\$ 33.6	\$ 33.3
Total solar (52 MW)				
Generation (GWh)	104	114	118	115
Capacity factor	22.8%	25.1%	26.0%	25.2%
Total solar (\$/MWh)	\$ 44.8	\$ 44.4	\$ 45.1	\$ 44.4
Other purchases				
Market purchases				
Energy (GWh)	439	494	248	316
Total market purchases (\$/MWh)	\$ 8.8	\$ 8.8	\$ 10.3	\$ 7.1
Bilateral purchases				
Energy (GWh)	60	32	16	35
Total bilateral purchases (\$/MWh)	\$ 50.5	\$ 34.0	\$ 52.4	\$ 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	\$ 48.8	\$ 25.4
Total other purchases				
Energy (GWh)	507	534	272	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, estimated available capacity ranges from 34 MW to 51 MW. In the winter season, estimated 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

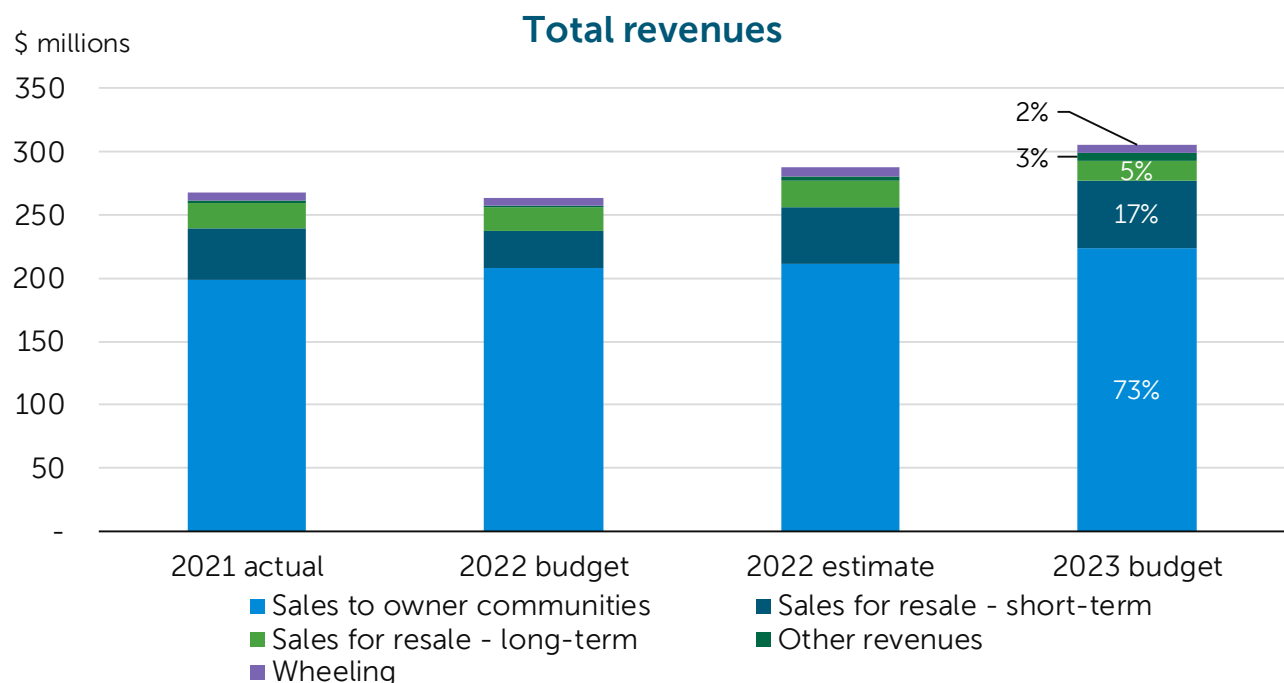
Wheeling revenues represent payments from other parties for the use of Platte River's transmission system. There is a limited amount of demand for usage of the system; thus, it represents a smaller portion of the budget. Platte River charges others for the use of its transmission system per the Wholesale 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

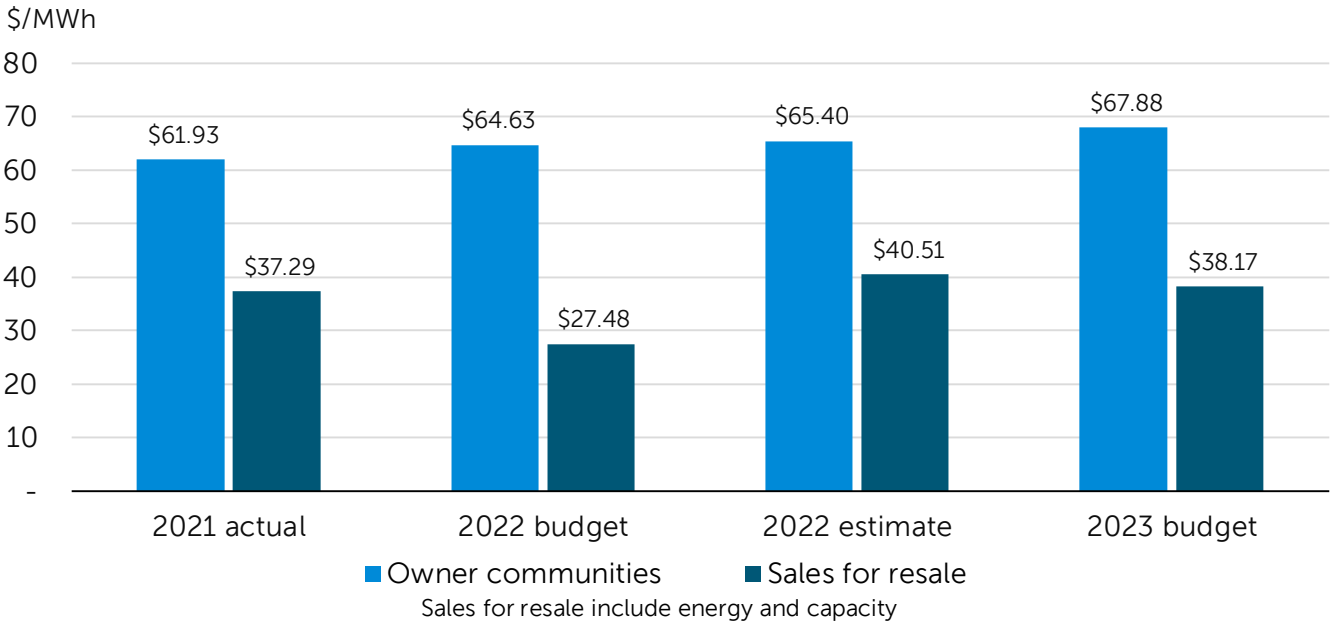
Interest and other income

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.

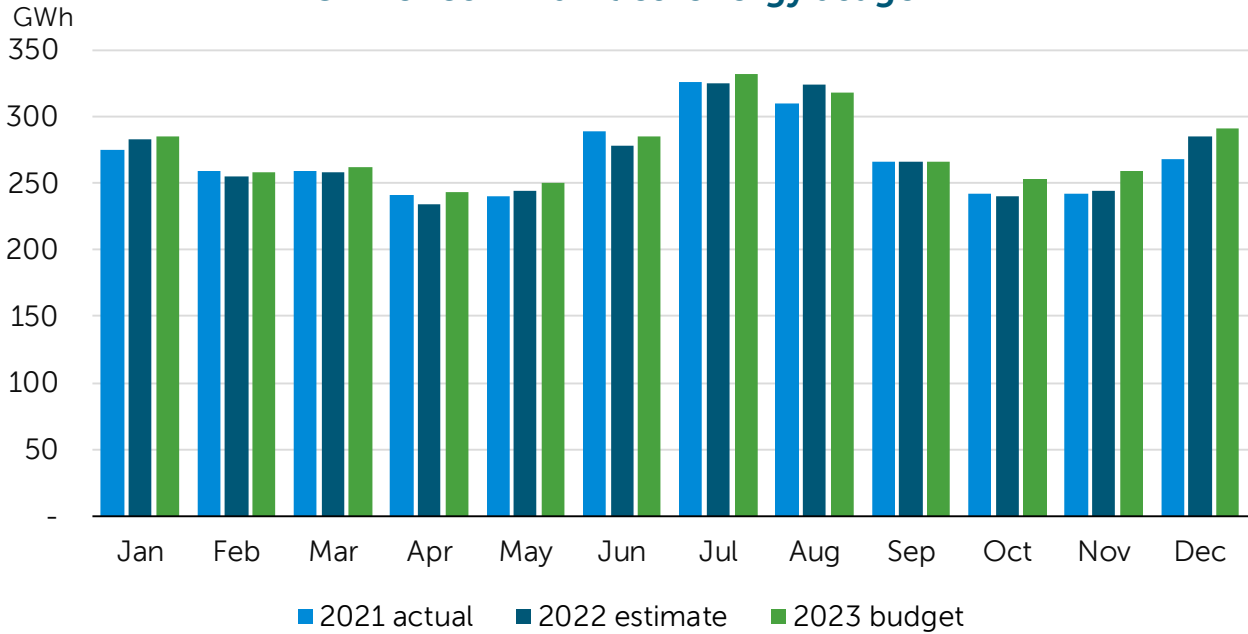
Total revenues (\$000)	2021 actual	2022 budget	2022 estimate	2023 budget
Operating revenues				
Sales to owner communities	\$ 199,208	\$ 208,017	\$ 211,512	\$ 224,082
Sales for resale - long-term	19,895	18,687	20,679	14,889
Sales for resale - short-term	40,527	29,557	44,664	53,584
Wheeling	5,748	5,930	7,186	6,165
Total operating revenues	265,378	262,191	284,041	298,720
Other revenues				
Interest income	1,365	608	2,644	5,978
Other income	913	371	483	301
Total other revenues	2,278	979	3,127	6,279
Total revenues	\$ 267,656	\$ 263,170	\$ 287,168	\$ 304,999



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	493	499
Metered coincident demand (MW) ⁽²⁾	6,158	6,162	6,327	6,327
Billing determinants ^{(2) (3)}				
Noncoincident billing demand (MW)	6,681	6,522	6,712	6,702
Coincident billing demand (MW)	6,653	6,481	6,659	6,654
Energy (GWh)	3,217	3,218	3,234	3,301
Sales for resale				
Energy (GWh) ⁽⁴⁾	1,620	1,756	1,613	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	3,044	3,030
Coincident billing demand (MW)	3,064	2,961	3,037	3,022
Energy (MWh)				
Dispatchable	1,050,839	1,026,479	1,001,980	1,099,760
Intermittent	453,603	497,176	507,926	458,343
Total energy supplied	1,504,442	1,523,655	1,509,906	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	\$ 20,153,655	\$ 20,358,736
Generation demand	15,370,669	15,094,367	15,555,015	15,741,272
Total demand charges	\$ 34,177,919	\$ 34,725,149	\$ 35,708,670	\$ 36,100,008
Energy charges				
Fixed cost energy	\$ 21,994,941	\$ 23,951,853	\$ 23,735,715	\$ 24,711,508
Variable cost energy	29,885,277	31,512,111	31,209,747	35,415,668
Total energy charges	\$ 51,880,218	\$ 55,463,964	\$ 54,945,462	\$ 60,127,176
Total charges	\$ 92,079,481	\$ 96,770,717	\$ 97,235,736	\$ 103,769,304
Average blended rate (\$/MWh)	\$ 61.2	\$ 63.5	\$ 64.4	\$ 66.6
Longmont				
Owner community allocation	25.2%	25.4%	25.4%	25.6%
Noncoincident billing demand (MW)	1,848	1,811	1,860	1,869
Coincident billing demand (MW)	1,846	1,809	1,858	1,862
Energy (MWh)				
Dispatchable	589,667	558,224	557,073	602,558
Intermittent	252,326	268,262	282,393	249,433
Total energy supplied	841,993	826,486	839,466	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	\$ 12,311,336	\$ 12,559,160
Generation demand	9,282,362	9,229,360	9,529,091	9,695,043
Total demand charges	\$ 20,628,744	\$ 21,218,799	\$ 21,840,427	\$ 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	\$ 13,196,395	\$ 13,512,580
Variable cost energy	16,701,617	17,069,390	17,351,749	19,365,756
Total energy charges	\$ 29,011,555	\$ 30,061,749	\$ 30,548,144	\$ 32,878,336
Total charges	\$ 52,828,144	\$ 54,789,084	\$ 55,897,107	\$ 59,191,731
Average blended rate (\$/MWh)	\$ 62.7	\$ 66.3	\$ 66.6	\$ 69.5
Loveland				
Owner community allocation	23.2%	22.9%	22.9%	22.7%
Noncoincident billing demand (MW)	1,510	1,480	1,540	1,533
Coincident billing demand (MW)	1,518	1,477	1,535	1,532
Energy (MWh)				
Dispatchable and large customer service	518,181	499,596	502,160	540,686
Intermittent	215,041	232,515	243,598	210,696
Total energy supplied	733,222	732,111	745,758	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	\$ 10,193,728	\$ 10,303,221
Generation demand	7,637,501	7,535,059	7,889,140	7,981,796
Total demand charges	\$ 16,895,494	\$ 17,331,699	\$ 18,082,868	\$ 18,285,017
Energy charges				
Fixed cost energy	\$ 9,377,230	\$ 10,115,910	\$ 10,215,328	\$ 10,283,402
Variable cost energy and large customer service	17,539,783	17,793,447	18,811,305	20,321,022
Total energy charges	\$ 26,917,013	\$ 27,909,357	\$ 29,026,633	\$ 30,604,424
Total charges	\$ 46,337,220	\$ 47,989,272	\$ 49,857,717	\$ 52,040,593
Average blended rate (\$/MWh)	\$ 63.2	\$ 65.6	\$ 66.9	\$ 69.3
Estes Park				
Owner community allocation	4.1%	4.1%	4.1%	4.2%
Noncoincident billing demand (MW)	260	266	268	270
Coincident billing demand (MW)	225	234	229	238

Sales to owner communities (continued)	2021 actual	2022 budget	2022 estimate	2023 budget
Estes Park (continued)				
Energy (MWh)				
Dispatchable	94,238	90,515	91,833	97,497
Intermittent	42,949	45,688	46,553	42,403
Total energy supplied	137,187	136,203	138,386	139,900
Owner community charge	\$ 521,394	\$ 570,936	\$ 570,936	\$ 661,980
Demand charges				
Transmission demand	\$ 1,596,553	\$ 1,761,182	\$ 1,777,308	\$ 1,818,042
Generation demand	1,099,177	1,157,140	1,129,717	1,201,536
Total demand charges	\$ 2,695,730	\$ 2,918,322	\$ 2,907,025	\$ 3,019,578
Energy charges				
Fixed cost energy	\$ 1,996,127	\$ 2,141,111	\$ 2,183,307	\$ 2,218,808
Variable cost energy	2,750,184	2,837,851	2,860,464	3,179,915
Total energy charges	\$ 4,746,311	\$ 4,978,962	\$ 5,043,771	\$ 5,398,723
Total charges	\$ 7,963,435	\$ 8,468,220	\$ 8,521,732	\$ 9,080,281
Average blended rate (\$/MWh)	\$ 58.1	\$ 62.2	\$ 61.6	\$ 64.9
Total owner communities				
Owner community allocation	100.0%	100.0%	100.0%	100.0%
Noncoincident billing demand (MW)	6,681	6,522	6,712	6,702
Coincident billing demand (MW)	6,653	6,481	6,659	6,654
Energy (MWh)				
Dispatchable and large customer service	2,252,925	2,174,814	2,153,046	2,340,501
Intermittent	963,919	1,043,641	1,080,470	960,875
Total energy supplied	3,216,844	3,218,455	3,233,516	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	\$ 44,436,027	\$ 45,039,159
Generation demand	33,389,709	33,015,926	34,102,963	34,619,647
Total demand charges	\$ 74,397,887	\$ 76,193,969	\$ 78,538,990	\$ 79,658,806
Energy charges				
Fixed cost energy	\$ 45,678,236	\$ 49,201,233	\$ 49,330,745	\$ 50,726,298
Variable cost energy and large customer service	66,876,861	69,212,799	70,233,265	78,282,361
Total energy charges	\$ 112,555,097	\$ 118,414,032	\$ 119,564,010	\$ 129,008,659
Total charges	\$ 199,208,280	\$ 208,017,293	\$ 211,512,292	\$ 224,081,909
Average blended rate (\$/MWh)	\$ 61.9	\$ 64.6	\$ 65.4	\$ 67.9

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, estimated available capacity ranges from 34 MW to 51 MW. In the winter season, estimated 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. Platte River has a minority ownership share of the mine. 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 37% 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

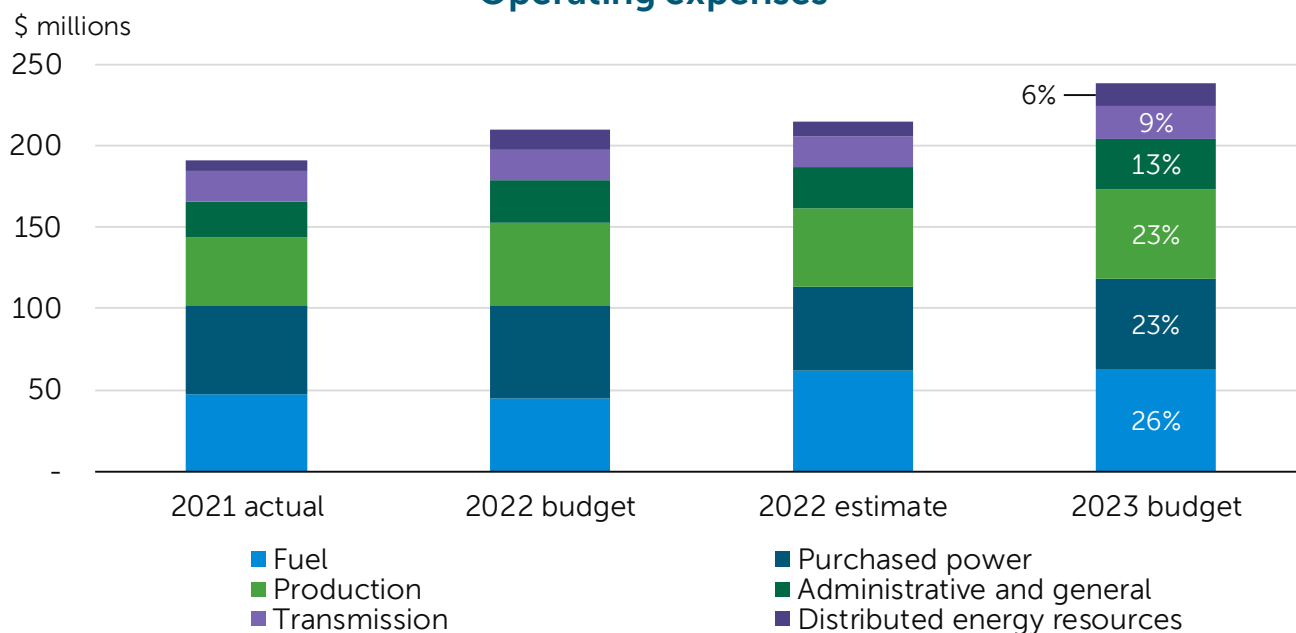
Administrative and general expenses include all expenses incurred that are not directly allocated to capital or assignable to fuel, production, transmission or DER. These expenses include those related to the general manager, communications, community and government affairs, human resources, safety, 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	\$ 51,502	\$ 55,115
Fuel	47,525	44,526	61,651	62,676
Production	41,680	50,386	48,578	54,770
Transmission	18,786	18,634	18,688	20,254
Administrative and general	21,401	26,020	25,166	31,508
Distributed energy resources	6,958	12,378	8,580	13,789
Total operating expenses	\$ 190,956	\$ 209,677	\$ 214,165	\$ 238,112

Operating expenses



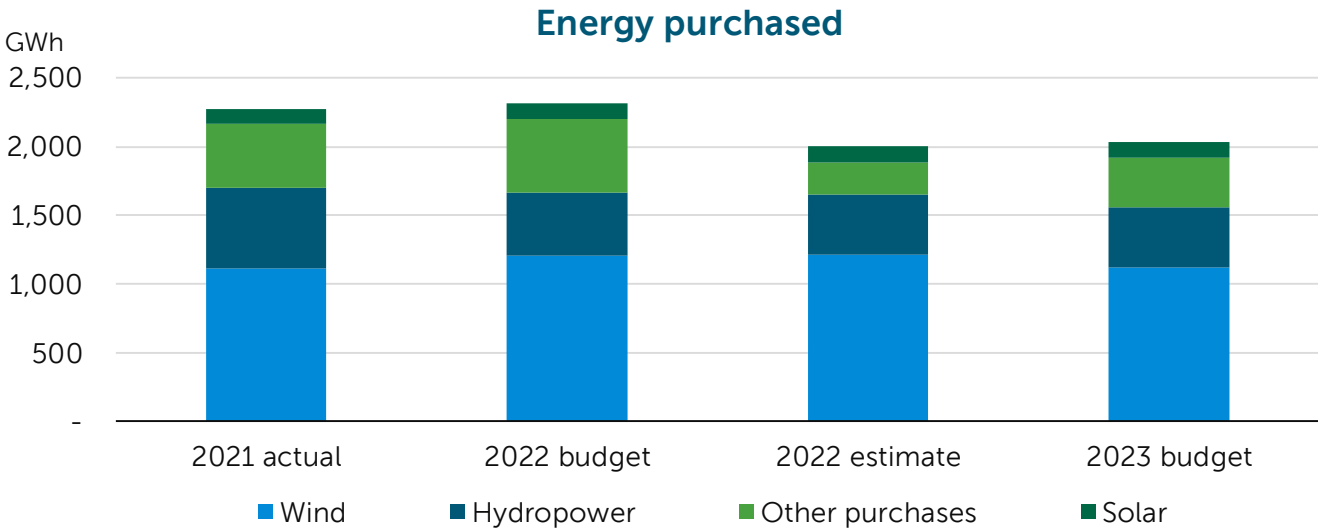
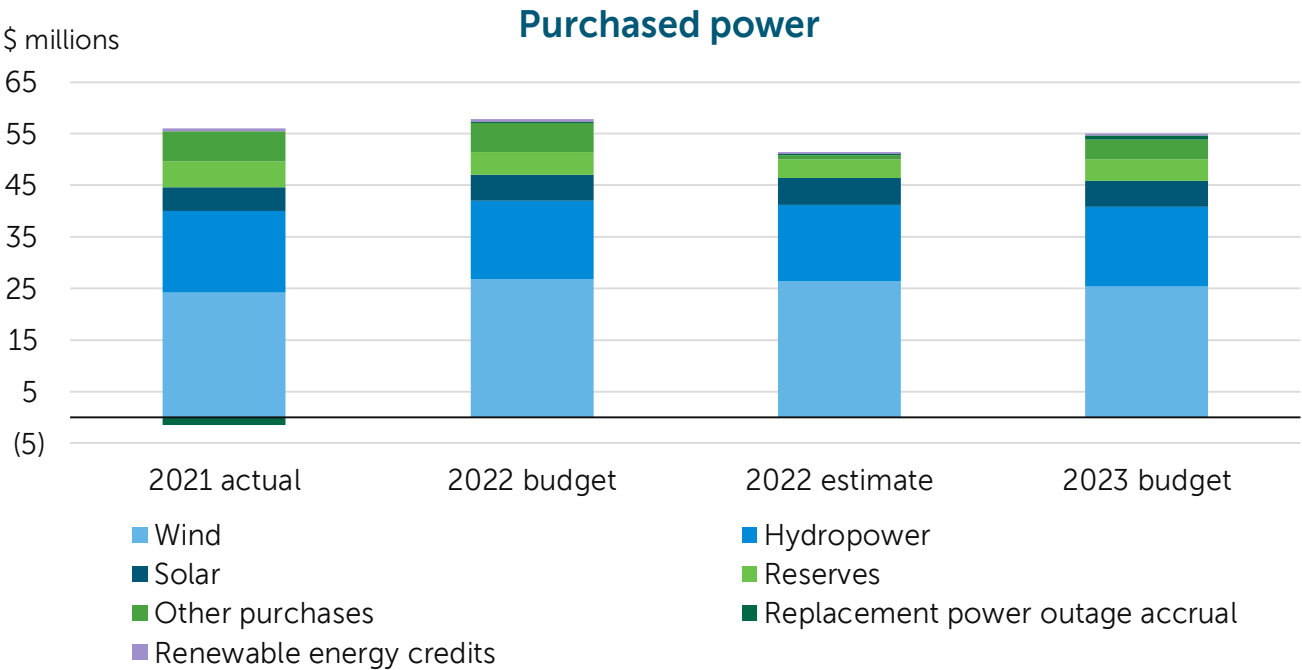
Purchased power	2021 actual	2022 budget	2022 estimate	2023 budget
Wind				
Roundhouse				
Energy (kWh)	842,302,318	909,604,558	923,809,717	837,499,424
Energy \$	\$ 14,571,830	\$ 15,736,160	\$ 15,722,923	\$ 14,488,742
Spring Canyon II ⁽¹⁾				
Energy (kWh)	119,313,998	130,929,461	128,824,877	125,207,621
Energy \$	\$ 3,747,912	\$ 4,214,672	\$ 4,147,507	\$ 4,131,203
Spring Canyon III ⁽¹⁾				
Energy (kWh)	103,596,625	110,786,465	112,831,933	105,944,909
Energy \$	\$ 3,243,108	\$ 3,559,446	\$ 3,624,983	\$ 3,488,986
Silver Sage ⁽²⁾				
Energy (kWh)	29,733,083	38,378,606	33,691,798	37,849,763
Energy \$	\$ 1,893,403	\$ 2,499,385	\$ 2,194,213	\$ 2,527,506
Medicine Bow				
Energy (kWh)	18,093,686	19,558,956	15,524,695	18,346,543
Energy \$	\$ 728,113	\$ 782,359	\$ 620,988	\$ 733,862
Total wind				
Energy (kWh)	1,113,039,710	1,209,258,046	1,214,683,020	1,124,848,260
Energy \$	\$ 24,184,366	\$ 26,792,022	\$ 26,310,614	\$ 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	327,419,176	325,785,010
Energy \$	\$ 5,498,461	\$ 4,309,136	\$ 4,046,905	\$ 4,026,704
Total CRSP	\$ 12,585,266	\$ 11,921,648	\$ 11,659,417	\$ 11,639,216
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	436,955,597	435,321,431
Energy \$	\$ 7,220,373	\$ 6,031,047	\$ 5,768,816	\$ 6,032,316
Total \$	\$ 15,842,315	\$ 15,178,695	\$ 14,916,464	\$ 15,433,338
Solar				
Rawhide Flats Solar				
Energy (kWh)	62,151,526	61,042,876	67,039,501	61,114,995
Energy \$	\$ 3,321,998	\$ 3,262,743	\$ 3,583,261	\$ 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	51,408,635	53,522,251
Energy \$	\$ 1,277,332	\$ 1,755,104	\$ 1,691,344	\$ 1,758,757
Total solar				
Energy (kWh)	103,708,891	114,478,137	118,448,136	114,637,246
Energy \$	\$ 4,599,330	\$ 5,017,847	\$ 5,274,605	\$ 5,025,353
Other purchases				
Market purchases				
Energy (kWh)	439,332,000	493,974,361	247,733,525	316,265,879
Energy \$	\$ 3,865,234	\$ 4,347,128	\$ 2,558,759	\$ 2,257,529
Bilateral purchases				
Energy (kWh)	59,636,000	31,879,825	16,224,112	35,312,125
Energy \$	\$ 3,013,273	\$ 1,082,331	\$ 837,882	\$ 1,361,737
Owner community solar programs ⁽³⁾				
Energy (kWh)	7,855,657	7,798,850	7,731,539	7,773,742
Energy \$	\$ 380,588	\$ 181,312	\$ 390,556	\$ 197,153
Forced outage exchange				
Energy (kWh)	(42,096,000)	-	(38,400,000)	-
Energy \$	\$ (1,433,839)	\$ -	\$ (3,005,471)	\$ -
Total other purchases				
Energy (kWh)	464,727,657	533,653,036	233,289,176	359,351,746
Energy \$	\$ 5,825,256	\$ 5,610,771	\$ 781,726	\$ 3,816,419
Reserves	\$ 5,032,671	\$ 4,363,685	\$ 3,448,321	\$ 4,198,047
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	\$ 54,606,395	\$ 57,733,218	\$ 51,501,928	\$ 55,114,915

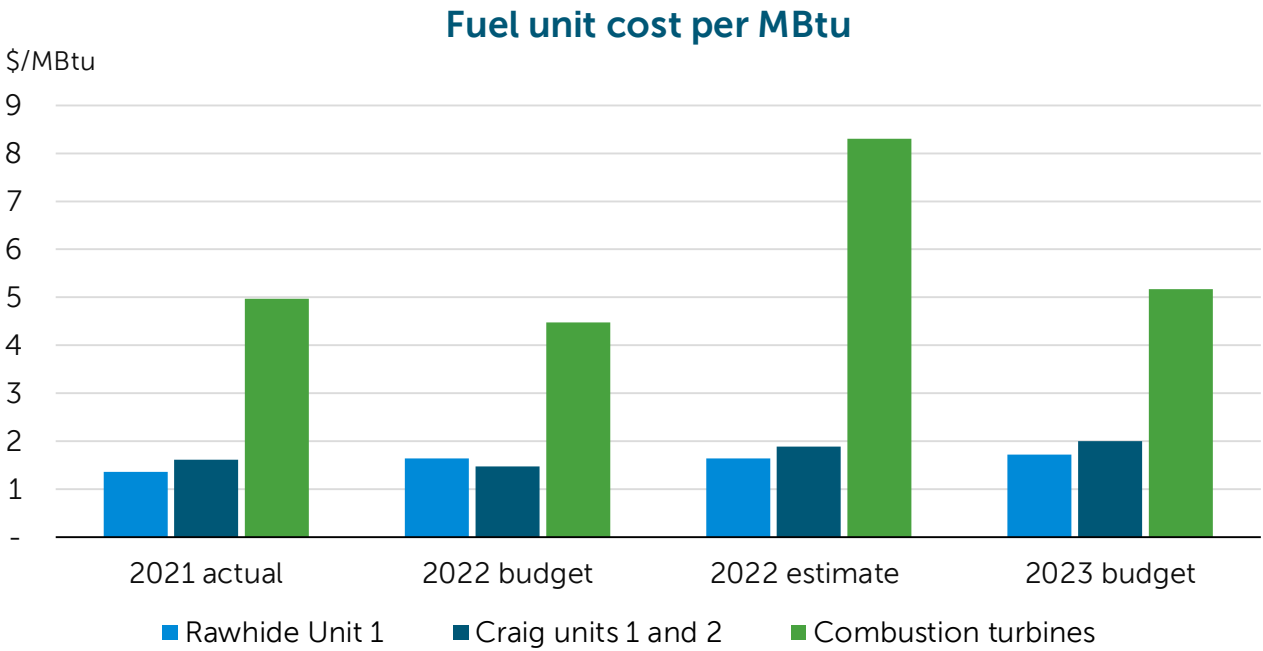
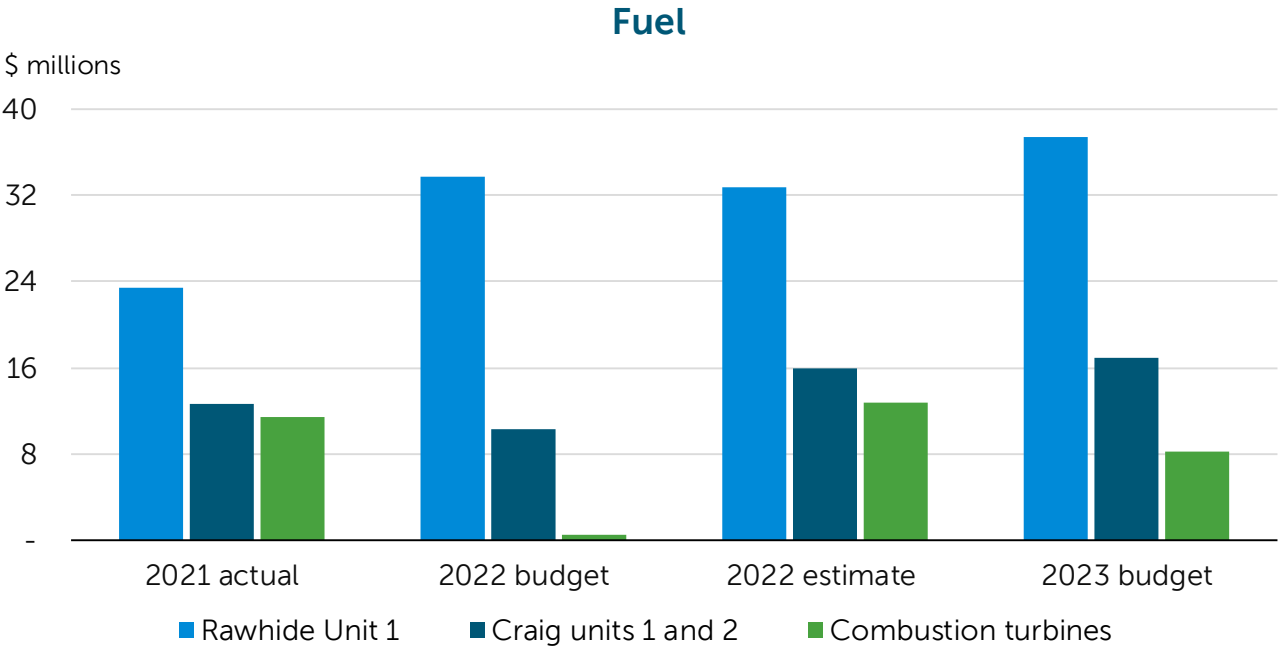
(1) Effective June 2020, Spring Canyon II and III energy and renewable attributes have been sold to a third party.

(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.

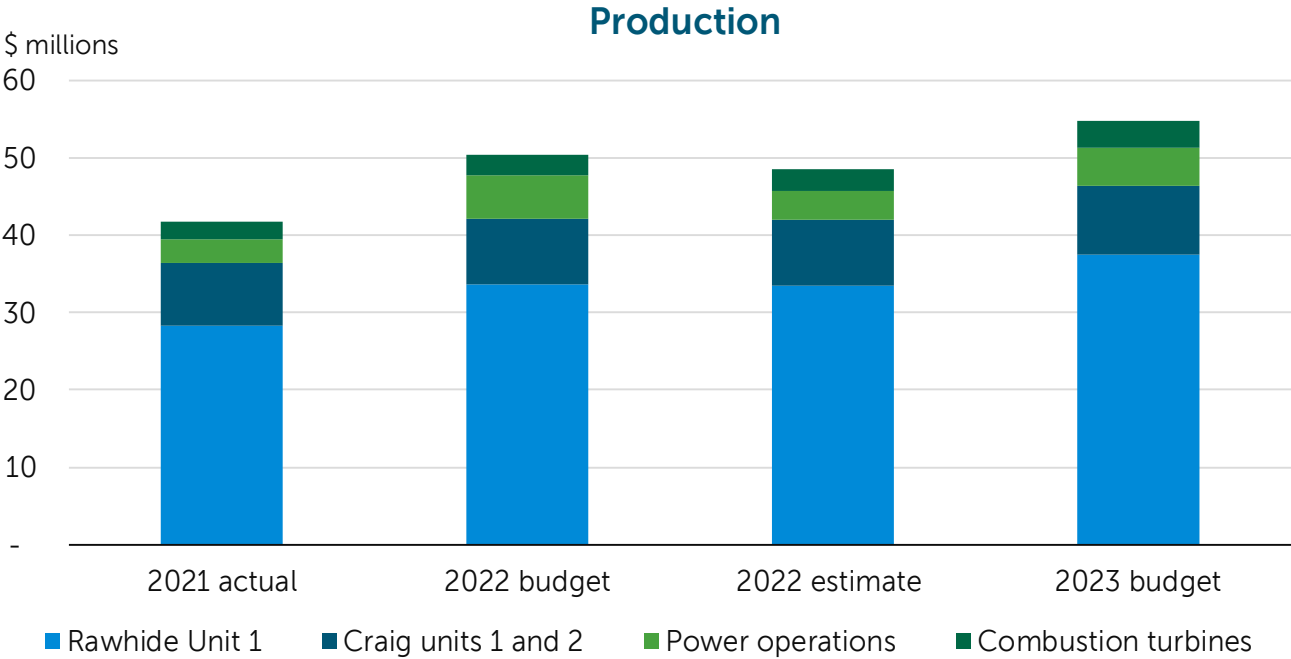


Fuel	2021 actual	2022 budget	2022 estimate	2023 budget
Rawhide Unit 1				
Coal burned (MBtu)	17,121,470	20,354,430	19,758,887	21,776,624
\$/MBtu	\$ 1.31	\$ 1.63	\$ 1.62	\$ 1.69
Coal expense	\$ 22,497,470	\$ 33,189,074	\$ 32,053,448	\$ 36,702,106
Car lease and other	11,581	13,700	507	19,700
Oil	156,697	32,000	227,894	50,000
Fuel ash disposal	(72,026)	(75,000)	(89,573)	(75,000)
Fuel handling	759,674	488,090	568,949	725,514
Testing and analysis	35,539	42,500	41,894	43,500
Total Rawhide Unit 1	\$ 23,388,935	\$ 33,690,364	\$ 32,803,119	\$ 37,465,820
Craig units 1 and 2				
Coal burned (MBtu)	7,818,702	7,051,361	8,461,548	8,483,030
\$/MBtu	\$ 1.58	\$ 1.42	\$ 1.86	\$ 1.95
Coal expense	\$ 12,345,081	\$ 10,048,159	\$ 15,708,886	\$ 16,534,601
Oil	1,778	10,000	(13,937)	10,000
Natural gas	126,211	85,000	146,489	100,000
Fuel handling	224,698	225,877	178,614	304,868
Total Craig units 1 and 2	\$ 12,697,768	\$ 10,369,036	\$ 16,020,052	\$ 16,949,469
Rawhide units A, B, C, D and F (combustion turbines)				
Natural gas burned (MBtu)	2,300,564	104,036	1,545,901	1,597,729
\$/MBtu	\$ 4.97	\$ 4.21	\$ 8.24	\$ 5.11
Natural gas expense	\$ 11,436,413	\$ 438,176	\$ 12,740,164	\$ 8,161,211
Other gas expense	1,722	28,538	87,746	100,000
Total natural gas	\$ 11,438,135	\$ 466,714	\$ 12,827,910	\$ 8,261,211
Total fuel	\$ 47,524,838	\$ 44,526,114	\$ 61,651,081	\$ 62,676,500

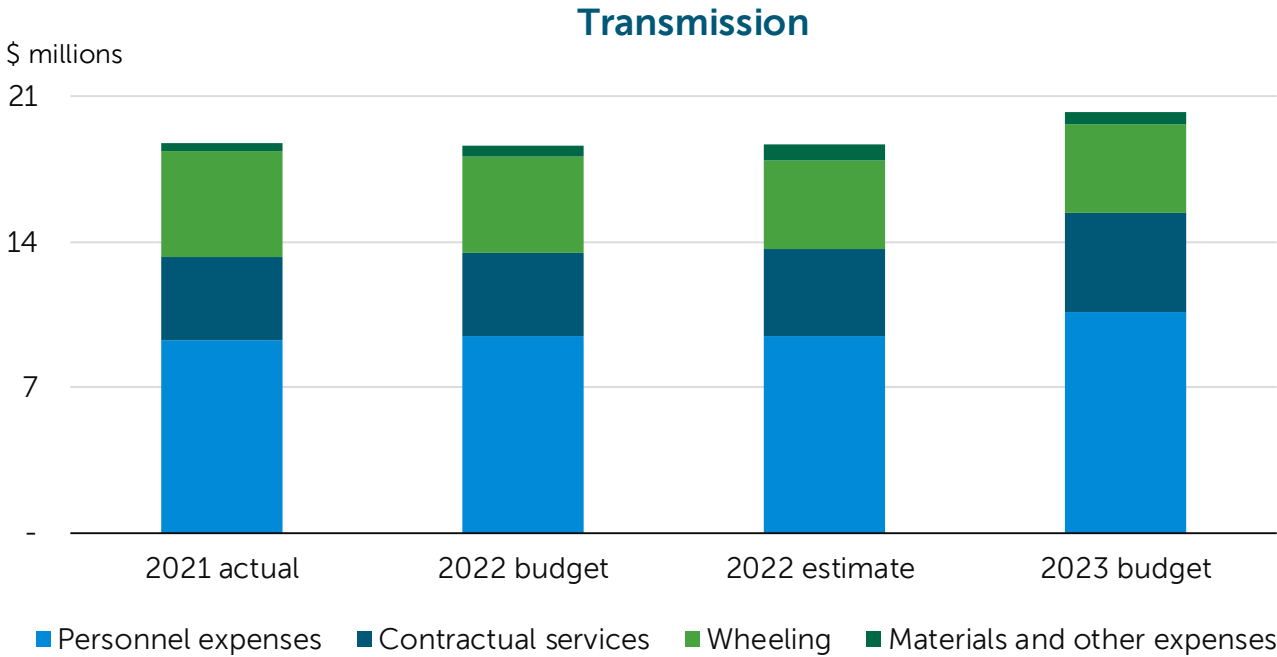


	2021 actual	2022 budget	2022 estimate	2023 budget
Production				
Rawhide Unit 1				
Personnel expenses				
Regular wages	\$ 10,045,958	\$ 10,406,925	\$ 9,872,279	\$ 10,637,071
Overtime wages	1,921,646	752,938	1,336,101	1,246,805
Benefits allocation	4,909,480	4,887,415	4,712,498	4,693,725
Total personnel expenses	16,877,084	16,047,278	15,920,878	16,577,601
Operations and maintenance				
Office expenses	12,302	19,900	12,483	17,400
Safety expenses	82,417	112,250	66,581	100,640
Furniture and equipment	29,027	20,400	6,863	10,400
Local business expense	60,043	18,300	14,997	24,500
Postage and deliveries	25,269	9,800	5,852	11,000
O&M materials and supplies	5,592,309	4,070,630	4,314,844	4,414,441
Gasoline and diesel	110,394	72,840	125,436	86,660
Tools and shop equipment	16,479	70,000	45,791	71,800
Total operations and maintenance	5,928,240	4,394,120	4,592,847	4,736,841
Contractual services				
Contracted services	10,513,466	4,618,764	4,558,535	7,667,070
Insurance	779,044	1,103,900	1,049,329	1,193,300
Travel and training expenses	77,682	220,850	190,147	252,200
Telephone services	54,304	61,794	46,565	55,753
Utilities	597,359	444,048	441,504	454,984
Dues, memberships and fees	48,727	55,946	53,616	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	9,635,658	12,574,254
Windy Gap				
Water O&M expenses	384,357	496,999	472,348	661,856
Pooled financing expenses	1,050,914	2,888,007	2,888,007	2,888,007
Total Windy Gap	1,435,271	3,385,006	3,360,355	3,549,863
Total Rawhide Unit 1 production	28,319,626	33,627,668	33,509,738	37,438,559
Craig units 1 and 2				
Operating expenses	8,028,632	8,437,829	8,450,289	8,974,398
Fiscal impact payment	36,217	36,217	36,217	36,217
Total Craig units 1 and 2 production	8,064,849	8,474,046	8,486,506	9,010,615
Total thermal production	36,384,475	42,101,714	41,996,244	46,449,174
Rawhide units A, B, C, D and F (combustion turbines)				
Regular wages	444,462	627,263	546,315	606,123
Overtime wages	95,688	33,509	130,072	88,001
Benefits allocation	221,570	289,833	286,387	275,083
O&M materials and supplies	413,264	342,245	738,822	817,060

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	\$ 740,728	\$ 1,180,475
Insurance	376,850	453,400	426,871	463,800
Travel and training expenses	6,000	28,900	11,798	36,000
Telephone services	585	600	536	600
Utilities	1,370	2,400	1,405	2,400
Dues, memberships and fees	<u>6,246</u>	<u>6,500</u>	<u>7,222</u>	<u>7,500</u>
Total Rawhide units A, B, C, D and F (combustion turbines)	2,145,960	2,597,225	2,890,156	3,477,042
Power operations				
Regular wages	1,667,929	1,972,326	1,743,993	2,297,785
Overtime wages	72,996	64,708	79,467	73,946
Benefits allocation	724,171	878,963	794,372	922,648
Local business expense	115	1,800	3,619	3,600
Craig units 1 and 2 operating expenses	26,313	40,392	27,744	26,784
Contracted services	631,785	2,679,304	964,657	1,329,668
Travel and training expenses	7,453	28,900	21,016	110,110
Telephone expenses	11,775	11,672	11,349	12,695
Dues, memberships and fees	<u>7,100</u>	<u>8,600</u>	<u>45,199</u>	<u>66,188</u>
Total power operations	<u>3,149,637</u>	<u>5,686,665</u>	<u>3,691,416</u>	<u>4,843,424</u>
Total production	<u>\$ 41,680,072</u>	<u>\$ 50,385,604</u>	<u>\$ 48,577,816</u>	<u>\$ 54,769,640</u>



Transmission	2021 actual	2022 budget	2022 estimate	2023 budget
Personnel expenses				
Regular wages	\$ 6,156,767	\$ 6,168,864	\$ 6,186,489	\$ 7,217,599
Overtime wages	409,472	432,484	453,309	402,782
Benefits allocation	2,695,846	2,874,503	2,830,269	3,000,090
Total personnel expenses	9,262,085	9,475,851	9,470,067	10,620,471
Materials and other expenses				
Office supplies	768	250	-	5,000
Safety expenses	13,643	15,490	12,120	14,310
Local business expense	825	9,966	6,194	11,558
Postage and deliveries	-	6,004	834	5,508
O&M materials and supplies	290,093	338,242	633,463	447,800
Gasoline and diesel	32,581	29,700	35,187	38,616
Tools and shop equipment	12,125	29,004	19,503	26,008
Computer equipment	36,150	87,978	35,332	72,000
Total materials and other expenses	386,185	516,634	742,633	620,800
Contractual services				
Contracted services	3,330,140	2,989,085	3,363,468	3,796,745
Travel and training expenses	28,737	131,534	160,843	149,029
Telephone services	39,655	51,037	39,351	70,534
Utilities	2,184	22,510	5,102	21,080
Dues, memberships and fees	400,517	431,250	396,740	436,550
Leases and rents	113,518	134,243	116,212	131,540
Craig units 1 and 2 transmission expenses	112,521	218,444	114,011	156,342
Total contractual services	4,027,272	3,978,103	4,195,727	4,761,820
Total operations and maintenance	13,675,542	13,970,588	14,408,427	16,003,091
Transmission by others				
Wheeling expense				
Load	2,023,974	1,468,872	1,148,495	1,315,155
Spring Canyon Wind Energy Center	3,052,560	3,136,752	3,068,812	2,843,838
Medicine Bow Wind Project	33,362	57,976	62,246	91,476
Total wheeling expense	5,109,896	4,663,600	4,279,553	4,250,469
Total transmission	\$ 18,785,438	\$ 18,634,188	\$ 18,687,980	\$ 20,253,560



Administrative and general	2021 actual	2022 budget	2022 estimate	2023 budget
Operations				
Personnel expenses				
Regular wages	\$ 10,044,254	\$ 11,044,020	\$ 11,490,925	\$ 13,760,693
Overtime wages	162,589	45,900	157,601	42,800
Benefits allocation	<u>4,153,340</u>	<u>4,772,744</u>	<u>4,836,943</u>	<u>5,340,077</u>
Total personnel expenses	14,360,183	15,862,664	16,485,469	19,143,570
Office operations and other expenses				
Office expenses	117	(1,625)	8,408	4,375
Furniture and equipment	6,699	5,800	17,189	7,500
Local business expense	57,828	168,240	158,400	326,290
Postage and deliveries	11,172	23,520	12,335	19,350
Gasoline and diesel	13,466	24,000	18,354	31,200
Computer equipment	<u>598,279</u>	<u>859,954</u>	<u>685,452</u>	<u>977,182</u>
Total office operations and other expenses	687,561	1,079,889	900,138	1,365,897
Safety and training expenses				
Safety expenses	2,469	9,660	11,233	6,980
Local business expense	-	3,000	1,300	3,000
Contracted services	436	24,125	38,012	40,625
Travel and training expenses	198,365	441,405	368,380	544,769
Dues, memberships and fees	445	655	580	705
Wellness and incentive program	<u>102,683</u>	<u>145,100</u>	<u>127,684</u>	<u>156,900</u>
Total safety and training expenses	304,398	623,945	547,189	752,979
Contractual services				
Contracted services	776,669	908,405	677,865	938,655
Travel and training expenses	3,326	75,708	61,183	128,288
Telephone services	39,679	45,953	44,361	48,048
Utilities	199,164	229,500	220,967	230,700
Dues, memberships and fees	81,418	112,598	131,961	175,990
Other financing expenses	<u>42,863</u>	<u>57,200</u>	<u>40,957</u>	<u>58,700</u>
Total contractual services	1,143,119	1,429,364	1,177,294	1,580,381
Insurance	793,908	1,193,900	1,124,180	1,423,100
Board and enterprise expenses				
Local business expense	5,936	9,000	6,826	11,000
Contracted services	-	-	-	20,000
Travel and training expenses	575	12,500	24,030	15,000
Dues, memberships and fees	143,923	168,200	131,536	147,150
Trustees fees	18,000	19,500	18,000	12,000
Owner community economic development	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total board and enterprise expenses	268,434	309,200	280,392	305,150

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	\$ 97,806	\$ 198,995
Contracted services	128,174	268,250	210,260	939,900
Total reporting and other expenses	199,618	424,800	308,066	1,138,895
Planning and customer service expenses				
Contracted services	206,892	436,500	491,805	789,500
Dues, memberships and fees	7,500	-	-	13,000
Total planning and customer service expenses	214,392	436,500	491,805	802,500
Compliance expenses				
Local business expenses	232	400	366	7,400
Computer equipment	55	-	-	-
Contracted services	4,212	24,550	9,501	25,000
Travel and training expenses	10,195	31,650	20,642	30,650
Dues, memberships and fees	-	375	375	325
Total compliance expenses	14,694	56,975	30,884	63,375
Total administrative and general operations	17,986,307	21,417,237	21,345,417	26,575,847
Maintenance				
Building and grounds maintenance				
Furniture and equipment	2,904	-	-	-
Materials and supplies	65,710	62,886	98,067	93,812
Tools and shop equipment	2,446	5,500	3,013	10,000
Contracted services	399,995	322,024	567,412	432,716
Total building and grounds maintenance	471,055	390,410	668,492	536,528
Computer maintenance				
Contracted services	2,530,875	3,732,788	2,678,190	3,844,418
Total computer maintenance	2,530,875	3,732,788	2,678,190	3,844,418
Office equipment maintenance				
Postage and deliveries	3,244	1,000	950	3,300
Telephone services	19,682	20,026	15,855	14,499
Total office equipment maintenance	22,926	21,026	16,805	17,799
Vehicle maintenance				
Materials and supplies	16,390	15,000	3,339	20,255
Tools and shop equipment	20,528	6,000	3,929	8,500
Contracted services	3,629	20,800	23,763	6,000
Total vehicle maintenance	40,547	41,800	31,031	34,755

Administrative and general (continued)

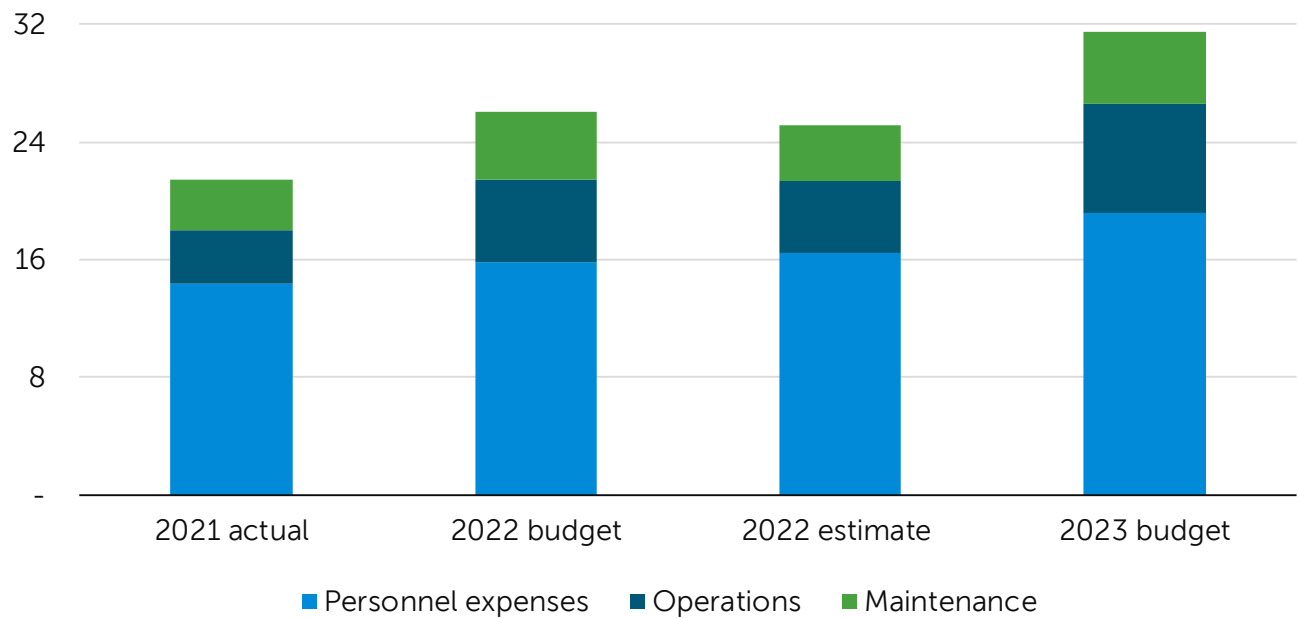
Maintenance (continued)

Security maintenance

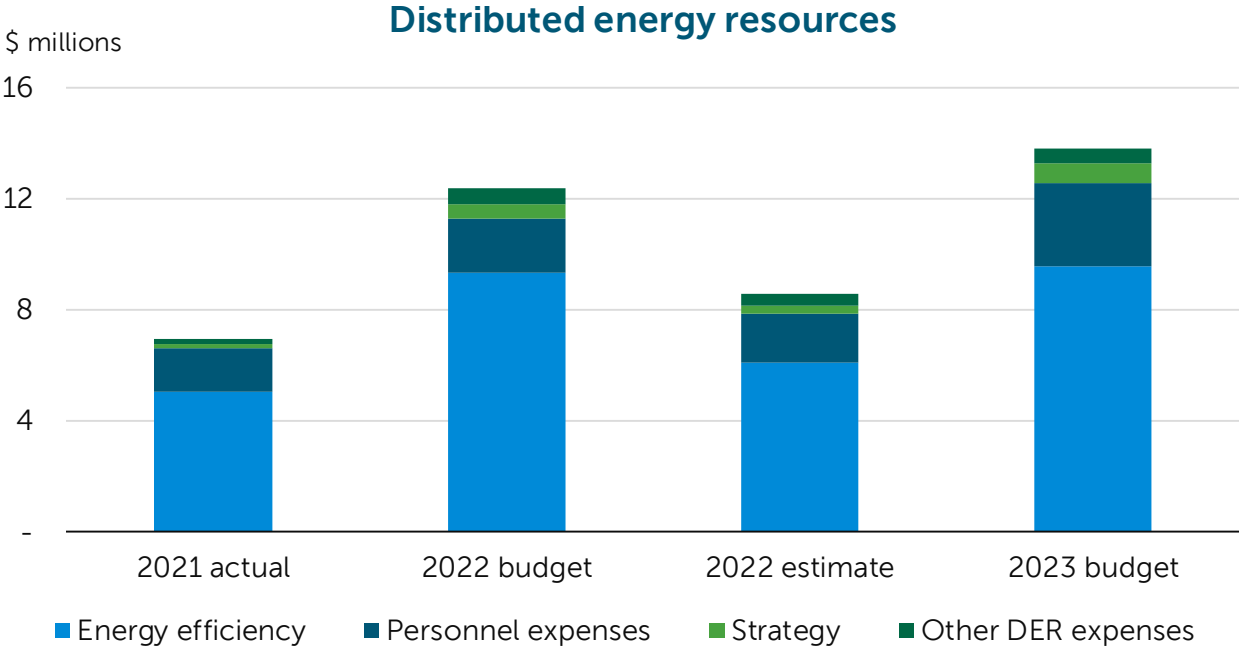
	2021 actual	2022 budget	2022 estimate	2023 budget
Materials and supplies	\$ 33,169	\$ 28,962	\$ 48,179	\$ 59,541
Tools and shop equipment	3,075	3,500	3,345	3,600
Contracted services	313,319	384,600	375,345	435,332
Total security maintenance	349,563	417,062	426,869	498,473
Total administrative and general maintenance	3,414,966	4,603,086	3,821,387	4,931,973
Total administrative and general	\$ 21,401,273	\$ 26,020,323	\$ 25,166,804	\$ 31,507,820

Administrative and general

\$ millions



Distributed energy resources	2021 actual	2022 budget	2022 estimate	2023 budget
Personnel expenses				
Regular wages	\$ 1,096,423	\$ 1,363,401	\$ 1,245,804	\$ 2,145,383
Benefits allocation	<u>452,669</u>	<u>592,742</u>	<u>501,083</u>	<u>838,992</u>
Total personnel expenses	1,549,092	1,956,143	1,746,887	2,984,375
Strategy				
Contracted services	<u>145,058</u>	<u>500,000</u>	<u>299,554</u>	<u>700,000</u>
Total strategy	145,058	500,000	299,554	700,000
Energy efficiency				
Contracted services	969,618	1,276,276	1,225,645	2,090,100
Travel and training expenses	-	-	57,500	-
Telephone services	2,272	2,600	2,026	2,880
Rebates/incentives for retail customers	3,738,160	7,665,750	4,215,750	6,681,000
Audits/assessments for retail customers	<u>356,984</u>	<u>395,000</u>	<u>595,000</u>	<u>805,000</u>
Total energy efficiency	5,067,034	9,339,626	6,095,921	9,578,980
General				
Contracted services	36,900	150,000	89,300	237,500
Business travel and training expenses	-	-	-	2,000
Telephone services	-	500	80	552
Dues, memberships and fees	<u>35,830</u>	<u>38,840</u>	<u>43,020</u>	<u>40,460</u>
Total general	72,730	189,340	132,400	280,512
Demand response wholesale pilot				
Contracted services	-	35,000	25,000	28,325
Rebates/incentives to owner communities	<u>117,882</u>	<u>169,422</u>	<u>158,281</u>	<u>154,870</u>
Total demand response wholesale pilot	117,882	204,422	183,281	183,195
Electric vehicles				
Contracted services	<u>6,091</u>	<u>138,000</u>	<u>96,818</u>	<u>62,500</u>
Total electric vehicles	6,091	138,000	96,818	62,500
Smart thermostat				
Contracted services	<u>-</u>	<u>50,000</u>	<u>25,000</u>	<u>-</u>
Total smart thermostat	<u>-</u>	<u>50,000</u>	<u>25,000</u>	<u>-</u>
Total distributed energy resources	<u>\$ 6,957,887</u>	<u>\$ 12,377,531</u>	<u>\$ 8,579,861</u>	<u>\$ 13,789,562</u>



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.

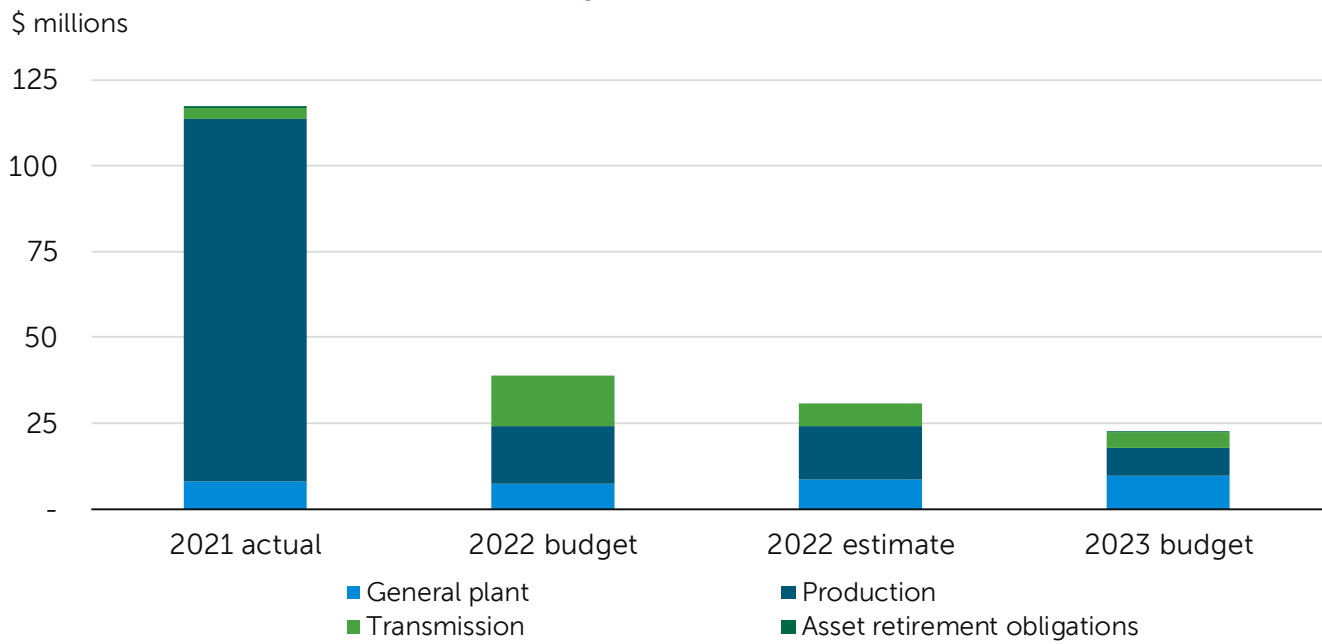
The five-year capital forecast is developed to outline future investment in capital projects. Capital planning is an ongoing effort as needs change, thus the plan is reviewed and updated three times annually along with financial projections. The plan is the basis for each budget year. Production projects 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.

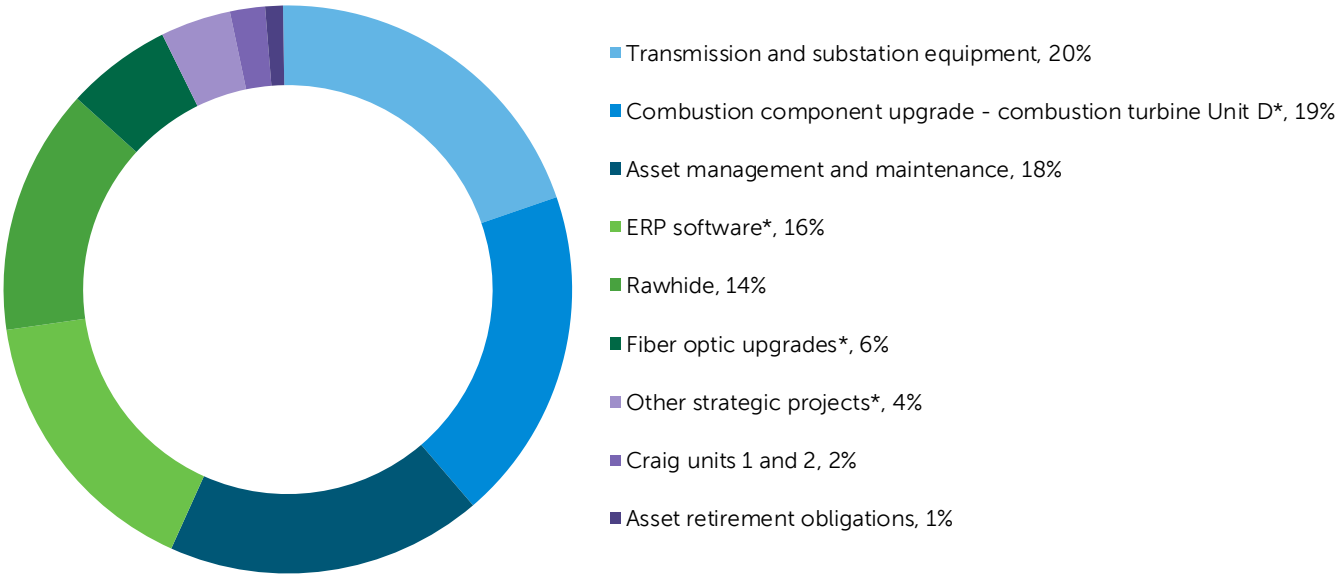
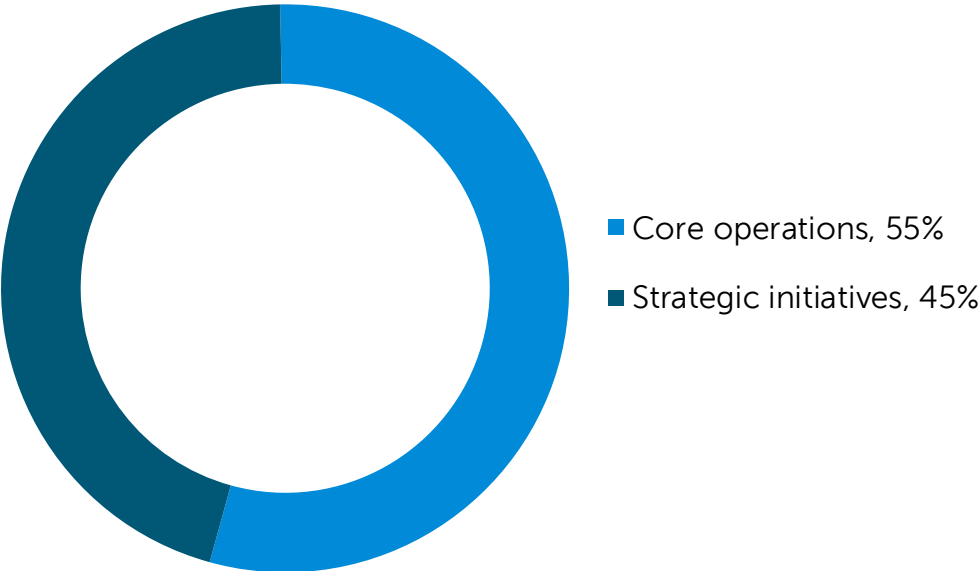
The next pages include brief project descriptions as well as estimated project cost and carryover amounts. The projects supporting the strategic initiatives of infrastructure advancement and technology development or resource diversification and alignment are also identified.

Capital additions (\$000)	2021 actual	2022 budget	2022 estimate	2023 budget
Production	\$ 105,829	\$ 16,706	\$ 15,654	\$ 8,017
Transmission	2,998	14,666	6,782	4,641
General plant	7,892	7,547	8,482	9,657
Asset retirement obligations	692	-	-	52
Total capital additions	\$ 117,411	\$ 38,919	\$ 30,918	\$ 22,367

Capital additions

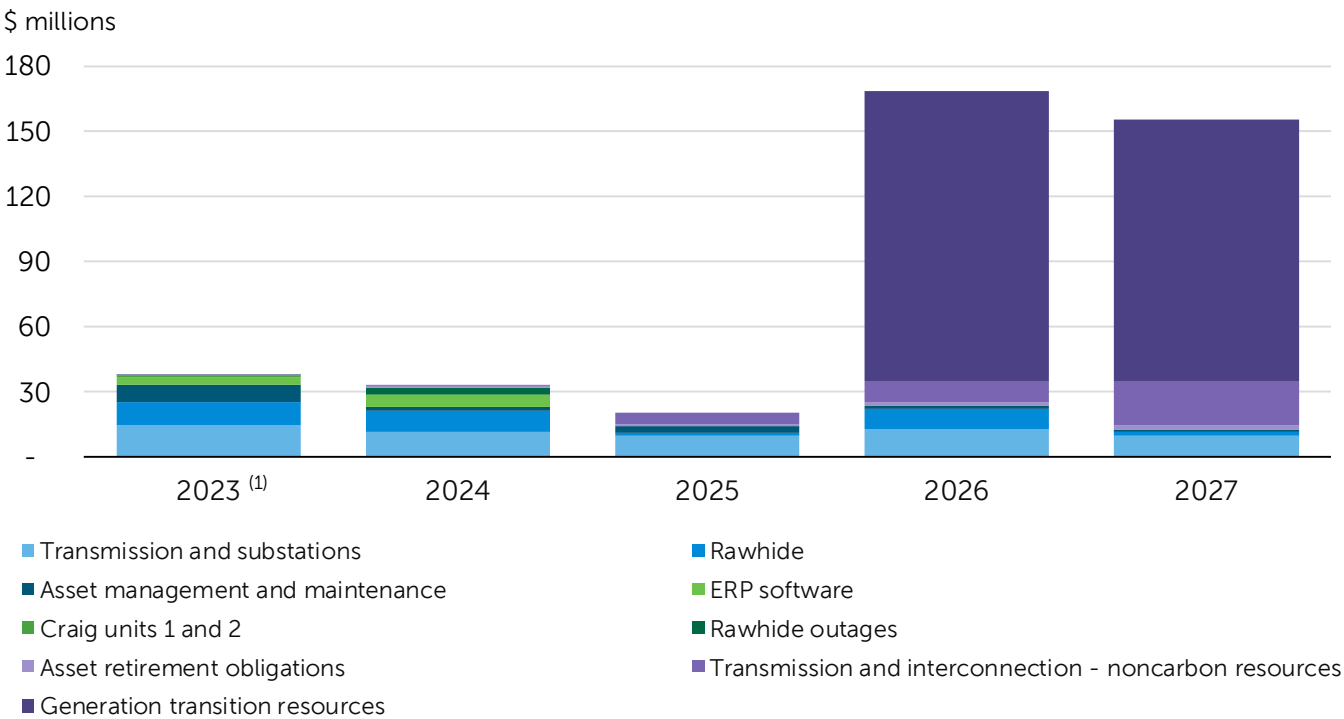
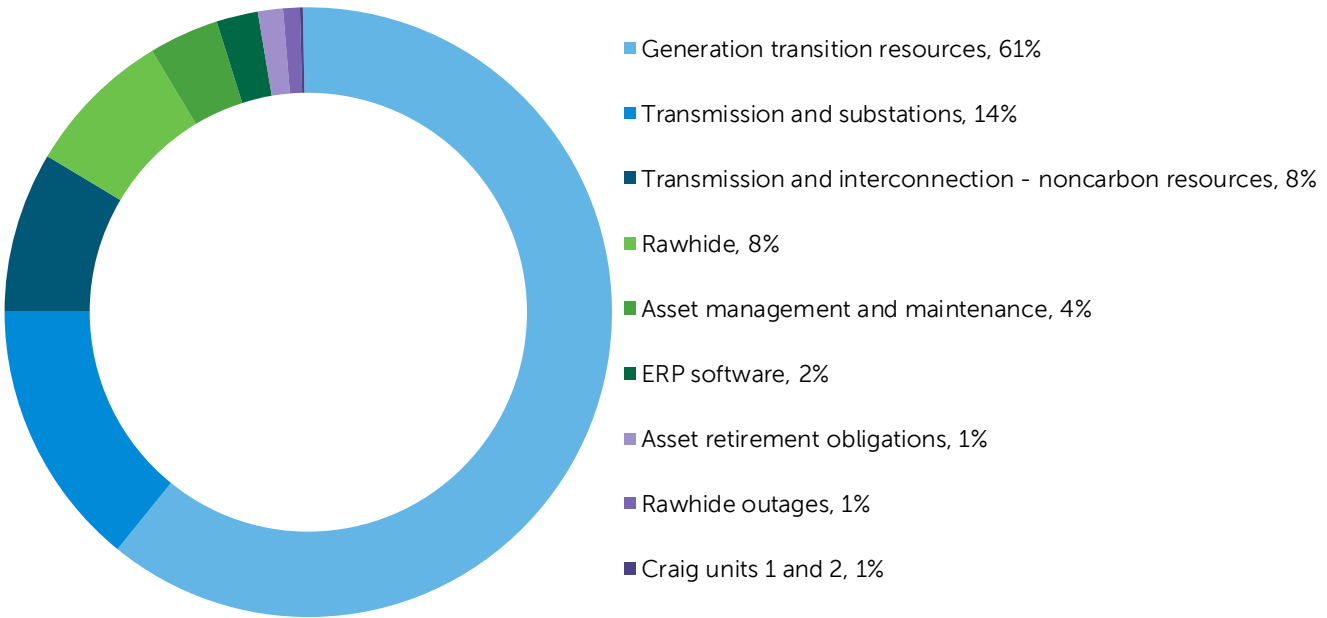


2023 capital additions: \$22.4 million



* Strategic projects

**Capital five-year forecast
2023-2027
\$415.4 million**



(1) Includes \$15.6 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	\$ 5,088,000
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	7,028,584	
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	
Rawhide purchases		
Calibration test equipment - Rawhide	35,000	
Other production projects		
Craig units 1 and 2 projects	540,788	
Total production capital additions	\$ 8,016,860	

Transmission capital additions	2023 budget	Total cost estimate⁽¹⁾
Transmission projects		
Relay panel and breaker replacements - Airport Substation ⁽²⁾	\$ 1,763,635	\$ 2,346,000
Transformer (Flats) replacement - Rawhide Substation ⁽²⁾	949,487	2,310,000
Transformer T1 replacement - Longs Peak Substation	767,750	4,747,000
Control enclosure and relay upgrades - Valley Substation	453,282	2,225,000
115 kV transmission line replacement - Drake transmission line	224,617	8,025,000
Remote terminal unit replacement - Rogers Road Substation	126,623	
Switch 2089 replacement - Boyd Substation	108,294	
• Metering system modifications	105,013	863,000
Relay upgrades (T2) - Loveland East Substation	66,065	
• Direct current power circuit separation - Loveland East Substation	56,411	
Total transmission projects	4,621,177	
Transmission purchases		
• Partial discharge meter	19,560	
Total transmission capital additions	\$ 4,640,737	

General plant capital additions	2023 budget	Total cost estimate ⁽¹⁾
General plant projects		
• Enterprise resource planning software	\$ 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	
Compliance management software	348,467	
Wireless network replacement	345,000	
• Market software - PCI GenManager ⁽²⁾	307,000	697,000
Overhead doors - outbuildings	300,163	1,000,000
• Perimeter detection system - Boyd Substation	175,087	
• 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	8,084,823	
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	1,159,500	
Total general plant capital additions	\$ 9,657,153	

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	\$ 22,366,513	

- 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:	\$5,088,000
<p>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.</p>	
Simulator evergreen upgrade - Rawhide Unit 1	1,170,064
<p>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.</p>	
Fire protection system upgrade - combustion turbine Unit C	582,195
<p>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.</p>	
Control system network switch and firewall replacement - Rawhide	311,410
<p>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.</p>	
Switchgear replacement - Soldier Canyon Pump Station	209,598
<p>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.</p>	

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
---	---------------

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
--	---------------

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	\$ 7,028,584
-------------------------------	---------------------

Rawhide outage projects

Dust collection system replacement - crusher building	\$ 221,934
--	-------------------

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
--	----------------

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
--------------------------------------	-------------------

Rawhide purchases

Calibration test equipment - Rawhide	\$ 35,000
---	------------------

Purchase the recommended calibrator to use with Platte River's Beamex software database. The new calibrator will improve efficiency in the field and reduce the amount of test equipment required for conducting annual preventive maintenance calibrations.

Other production projects

Craig units 1 and 2 projects	\$ 540,788
-------------------------------------	-------------------

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 related to switchyard bus support insulator remediation and selective catalytic reduction. The amount shown represents Platte River's ownership share responsibility.

Total production capital additions	\$ 8,016,860
---	---------------------

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

Carryover estimate: \$67,000

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: 2023-2025

Total cost estimate: \$2,310,000

Carryover estimate: \$45,000

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: \$4,747,000

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: 2023-2027

Total cost estimate: \$8,025,000

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.

Remote terminal unit replacement - Rogers Road Substation	126,623
--	----------------

Replace the legacy remote terminal unit at Rogers Road Substation. The current unit is being phased out by the manufacturer and replacement parts will become difficult to find. In order to maintain the reliable operation of the transmission system, this unit will be replaced with a modern unit.

Switch 2089 replacement - Boyd Substation	\$ 108,294
--	-------------------

Replace the 230 kV hand-operated line disconnect switch 2089 at Boyd Substation. The existing switch has been repaired multiple times and is at the end of its useful life. Installing a new switch will reduce maintenance costs and ensure the unit operates reliably.

● Metering system modifications	105,013
--	----------------

Project time frame: 2021-2023

Total cost estimate: \$863,000

Install individual meters on combustion turbine units A-D in order to meet energy imbalance market metering needs. This will provide Platte River with revenue-quality meter data for each individual combustion turbine required to participate in the SPP WEIS.

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	\$ 4,621,177
------------------------------------	---------------------

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	\$ 4,640,737
---	---------------------

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⁾

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.

(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

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.

- **Fiber optic cable replacement - Long-Haul East (Fort Collins to Loveland)** 829,834

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.

- **Network replacement - substations** 600,000

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.

- **Fiber optic expansion - Long-Haul West (Fort Collins to Loveland)** 379,522

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.

Compliance management software	\$ 348,467
---------------------------------------	-------------------

Implement software that will assist staff in performing and tracking SCADA compliance activities. The solution will be installed on premise in compliance with bulk electric system cyber system information requirements. The software includes custom workflows, task tracking, status dashboards and audit support capabilities. This project will bring all SCADA compliance activities, documentation management, and evidence storage into a single system.

Wireless network replacement	345,000
-------------------------------------	----------------

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.

● Market software - PCI GenManager	307,000
---	----------------

Project time frame: 2022-2023

Total cost estimate: \$697,000

Carryover estimate: \$90,000

Implement additional software modules needed to perform market activities in the SPP WEIS. Modules included in this project enable submitting bids and other unit information to the market, receiving dispatch awards, receiving and shadowing settlements, performing analysis on market results and integrating results with financial and other reporting tools.

Overhead doors - outbuildings	300,163
--------------------------------------	----------------

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.

● Perimeter detection system - Boyd Substation	175,087
---	----------------

Install forward-looking infrared thermal cameras to detect any perimeter breach into the Boyd Substation. The project will include infrastructure on perimeter walls for mounting cameras and electronics. The cameras will be positioned on the perimeter wall and send alerts to Platte River security if the perimeter is breached. This system provides thermal alarm triggering which will add another layer of protection against vandalism, theft and malicious threats. In addition, perimeter lighting will be installed to aid in investigation and act as a deterrent upon alarm.

● Infrastructure automation	\$ 130,000
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
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
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
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
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
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	\$ 8,084,823

General plant purchases

Vehicle fleet replacements	\$ 291,440
<p>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.</p>	
Asset management software licensing	53,790
<p>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.</p>	
Telecom testing tools	30,000
<p>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.</p>	
Copier replacements - headquarters	20,000
<p>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.</p>	
Plotter replacement - Rawhide	10,000
<p>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.</p>	
Fiber optic locating tool replacement	7,600
<p>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.</p>	
Total general plant purchases	\$ 412,830

Other general plant projects

Subscription-based information technology arrangements	\$	1,159,500
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	\$	9,657,153

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	\$	22,366,513

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 2.43 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⁾

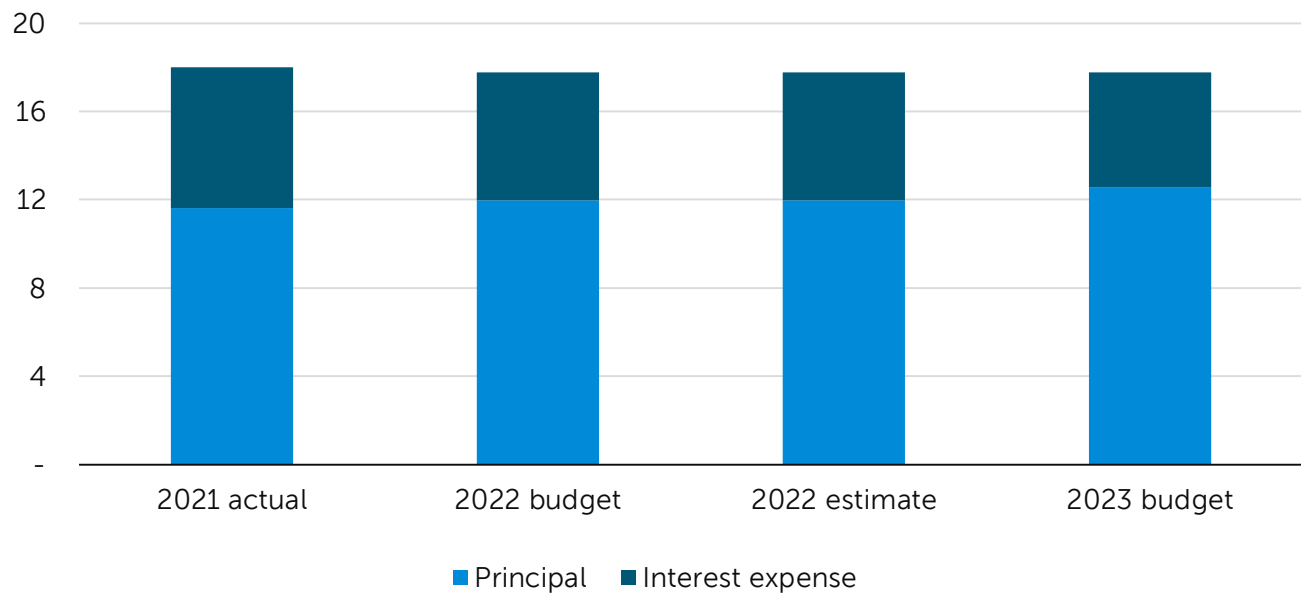
(1) A credit rating was not obtained from Moody’s for the Series JJ debt issuance.

(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 ⁽¹⁾	\$ 265,378,420	\$ 262,191,347	\$ 284,041,047	\$ 298,720,084
Operating expenses, excluding depreciation, amortization and accretion	<u>(191,166,082)</u>	<u>(209,676,978)</u>	<u>(214,140,837)</u>	<u>(238,111,997)</u>
Net operating revenues	74,212,338	52,514,369	69,900,210	60,608,087
Plus interest and other income	<u>2,277,816</u>	<u>978,431</u>	<u>3,127,217</u>	<u>6,279,280</u>
Net revenues before rate stabilization	76,490,154	53,492,800	73,027,427	66,887,367
Rate stabilization				
Deposits	-	-	-	-
Withdrawals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net revenues	\$ 76,490,154	\$ 53,492,800	\$ 73,027,427	\$ 66,887,367
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	4.11x	3.76x
Fixed obligation charge coverage				
Total net revenues, above	\$ 76,490,154	\$ 53,492,800	\$ 73,027,427	\$ 66,887,367
Fixed obligation charges included in operating expenses ⁽²⁾	<u>14,434,804</u>	<u>16,979,039</u>	<u>16,832,302</u>	<u>16,630,919</u>
Adjusted net revenues before fixed obligation charges	\$ 90,924,958	\$ 70,471,839	\$ 89,859,729	\$ 83,518,286
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>16,832,302</u>	<u>16,630,919</u>
Total fixed obligation charges	\$ 32,431,296	\$ 34,766,129	\$ 34,619,386	\$ 34,414,276
Coverage				
Fixed obligation charge coverage ratio	2.80x	2.03x	2.60x	2.43x

(1) 2022 estimate and 2023 budget exclude projections for a portion of revenues that will be deferred to a future period and will be reflected in year-end results. This is in accordance with the board-approved deferred revenue and expense accounting policy.

(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 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. Prior to 2018, the budgeted contingency appropriation was a fixed amount. From 2019 to 2022, the amount was approximately 10% of the operating expenses and capital additions to align with fluctuations in the budget. Beginning in 2023, the contingency appropriation amount increased to approximately 20% of operating expenses and capital additions due to increased uncertainty in future budgets related to the resource transition plan and organized energy market activities.

Year	Contingency appropriation budget (\$000)	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	- (1)	-	

(1) 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 budget may be made before board adoption which, for the 2023 Strategic Budget, is 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. The following table summarizes the changes between the proposed budget and the adopted budget.

Summary of changes	2023 proposed budget	2023 adopted budget	Change from proposed budget
Revenues			
Sales to owner communities	\$ 224,081,909	\$ 224,081,909	\$ -
Sales for resale - long-term	14,889,513	14,889,513	-
Sales for resale - short-term	53,583,742	53,583,742	-
Wheeling	5,883,813	6,164,920	281,107
Interest income	5,410,399	5,978,518	568,119
Other income	300,751	300,762	11
Total revenues	\$ 304,150,127	\$ 304,999,364	\$ 849,237
Operating expenses			
Purchased power	\$ 55,301,781	\$ 55,114,915	\$ (186,866)
Fuel	61,777,501	62,676,500	898,999
Production	52,153,297	54,769,640	2,616,343
Transmission	20,587,577	20,253,560	(334,017)
Administrative and general	30,821,003	31,507,820	686,817
Distributed energy resources	13,639,110	13,789,562	150,452
Total operating expenses	234,280,269	238,111,997	3,831,728
Capital additions			
Production	14,284,688	8,016,860	(6,267,828)
Transmission	4,300,807	4,640,737	339,930
General	8,976,599	9,657,153	680,554
Asset retirement obligations	51,763	51,763	-
Total capital additions	27,613,857	22,366,513	(5,247,344)
Total operating expenses and capital additions	261,894,126	260,478,510	(1,415,616)
Debt service expenditures			
Principal	12,550,417	12,550,417	-
Interest expense	5,232,940	5,232,940	-
Total debt service expenditures	17,783,357	17,783,357	-
Total expenditures	279,677,483	278,261,867	(1,415,616)
Contingency appropriation	26,000,000	52,000,000	26,000,000
Total expenditures and contingency	\$ 305,677,483	\$ 330,261,867	\$ 24,584,384

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.

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Platte River Power Authority for its 2022 Strategic Budget for the fiscal year beginning Jan. 1, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This is the third consecutive year Platte River has earned this award.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Platte River Power Authority
Colorado**

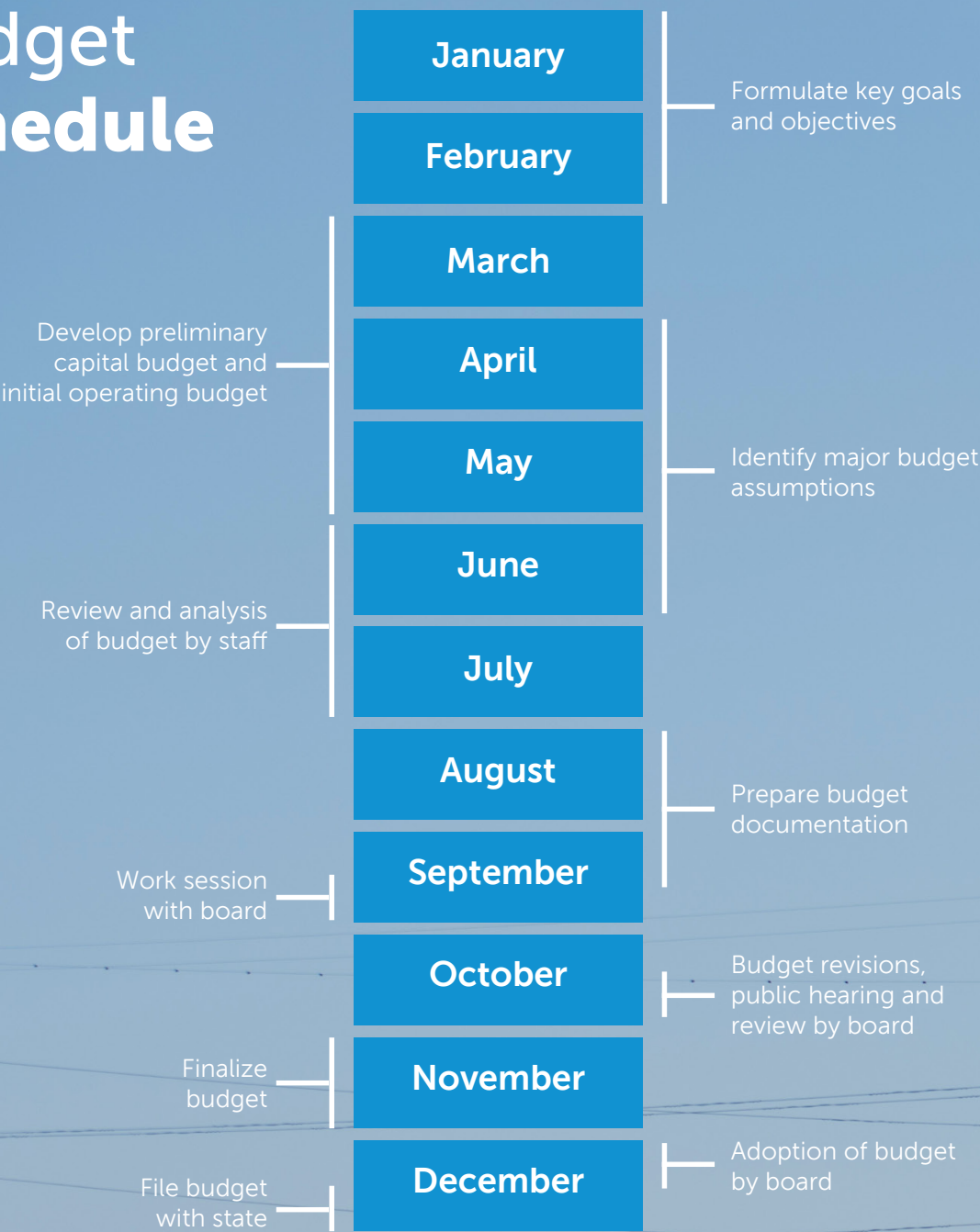
For the Fiscal Year Beginning

January 01, 2022

Christopher P. Morill

Executive Director

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

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.

	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
Asset retirement obligations				
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 October) and budget revenues and expenditures (November and December). 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.
GFOA	Government Finance Officers Association of the United States and Canada.
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.

Page intentionally left blank



www.PRPA.org

RESOLUTION NO. __-22Background

A. Platte River Power Authority (Platte River) is a municipally owned utility and political subdivision of the state of Colorado, subject to the Local Government Budget Law of Colorado, Colorado Revised Statutes (C.R.S.) § 29-1-101, *et seq.*

B. Platte River's staff has prepared and submitted to the board of directors (board) a proposed Strategic Budget for Platte River for the fiscal year that begins on Jan. 1, 2023, and ends on Dec. 31, 2023 (2023 Strategic Budget) and issued public notice (on Sept. 28, 2022) that the 2023 Strategic Budget was available for public inspection as required by C.R.S. § 29-1-106.

C. The board received the proposed 2023 Strategic Budget and held a public hearing on Oct. 27, 2022 to consider any public comments on or objections to the budget as required by C.R.S. § 29-1-108.

D. The board has reviewed the proposed 2023 Strategic Budget and determined that the anticipated revenues, prior period reserves and financing are sufficient to meet Platte River's costs of operation and maintenance, debt expense, capital additions, and contingencies and will provide an adequate earnings margin, all in accordance with the power supply agreements with the owner communities, Platte River's General Power Bond Resolution (Resolution No. 5-87) and the Strategic Financial Plan (Resolution No. 03-18).

Resolution

The board of directors of Platte River Power Authority therefore resolves that:

1. The 2023 Strategic Budget, in the form submitted, is hereby approved and adopted.
2. This resolution constitutes the "Platte River Power Authority 2023 Strategic Budget and Appropriation Resolution." This resolution, together with the 2023 Strategic Budget, represents a complete financial plan and makes total expenditure appropriations for the fiscal year 2023 of \$330,261,867.

RESOLUTION NO. __-22

3. The board hereby budgets and appropriates, from funds available to Platte River and not otherwise subject to restricted purposes under the General Power Bond Resolution, the unexpended balance of funds authorized for expenditure by the Platte River Power Authority 2022 Strategic Budget and Appropriation Resolution for the purposes specified in that resolution or in this resolution.

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

Adopted:

Vote:



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

To: Board of directors

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

Subject: Strategic Plan update

Focused on the implementation phase of Platte River's current strategic plan, this presentation will discuss tactical planning that is underway to refine our core implementation strategies and metrics. As we work cross-functionally across the organization, we anticipate an updated strategic plan for the organization by early 2023.

This presentation is informational only, and no action is required.



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Sarah Leonard, general counsel
Eddie Gutiérrez, chief strategy officer
Dave Smalley, chief financial officer and deputy general manager
Melie Vincent, chief operating officer
Raj Singam Setti, chief transition and integration officer

Subject: **Resource Diversification Policy review**

The board first adopted Platte River's Resource Diversification Policy in December 2018. Much has changed since then, from cost and availability of renewable energy sources to disruption of supply chains to the legislative and regulatory landscape to the state of the nation's economy. We have also learned more about challenges to reliability as we, and our neighboring utilities, strive to transition our resource portfolios.

Staff will update the board on the evolution of the many factors that have shaped and will shape our journey toward a noncarbon future, highlighting key developments during the past two years and what we see ahead.

Attachment

 Platte River Power Authority	<h1 style="text-align: center;">Policy</h1>	Version #: 1.2 Original effective date: 12/06/2018 Next review date: 12/01/2022
		TITLE: Resource diversification policy Page 1 of 3

Purpose:

This policy is established to provide guidance for resource planning, portfolio diversification and carbon reduction.

Policy:

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

The board recognizes the following advancements must occur in the near term to achieve the 2030 goal and to successfully maintain Platte River's three pillars:

- An organized regional market must exist with Platte River as an active participant
- Battery storage performance must mature and the costs must decline
- Utilization of storage solutions to include thermal, heat, water and end user available storage
- Transmission and distribution infrastructure investment must be increased
- Transmission and distribution delivery systems must be more fully integrated
- Improved distributed generation resource performance
- Technology and capabilities of grid management systems must advance and improve
- Advanced capabilities and use of active end user management systems
- Generation, transmission and distribution rate structures must facilitate systems integration

Resource planning is an ongoing process and Platte River continuously evaluates opportunities to add noncarbon resources. Platte River reviews its generation portfolio annually as part of the budgeting and planning process. This process sets the foundation for developing an integrated resource plan (IRP) submitted to the Western Area Power Administration every five years as required. The resource planning process includes evaluating the progress of energy storage, distributed power sources and new technologies.

As a leader in the utility industry in Colorado for many years, Platte River will continue to move forward to meet the resource needs and wants of the four owner communities. The board recognizes the integration of noncarbon resources and new technologies will shape the future of Platte River's and the four owner communities' energy supply.

Implementing Parties and Assigned Responsibilities:

The chief strategy officer reviews this policy and necessary revisions are brought before the Platte River Board of Directors.

Associated Items (if applicable):

 Platte River Power Authority	<h1 style="text-align: center;">Policy</h1>	Version #: 1.2 Original effective date: 12/06/2018 Next review date: 12/01/2022
	TITLE: Resource diversification policy	Page 2 of 3

Definitions (if applicable):

Reliable

Platte River will provide wholesale electric power to its owner communities with the highest possible power quality and transmission service availability while providing the lowest amount of energy supply disruptions. Platte River will abide by North America Energy Regulatory Corporation (NERC) regulatory conventions for reserve requirements and reliability standards using a planning reserve margin of 15 percent and a loss of load expectation (LOLE) of 1 day in 10 years. Platte River will continue to exceed NERC reliability standards by consistently providing power delivery and transmission service to our owner communities by meeting our goal of an annual availability factor of 99.97 percent or greater.

Environmentally responsible

Platte River will provide energy products and services to its owner communities while proactively minimizing environmental impacts. Platte River will meet or exceed all federal, state and local environmental regulatory requirements and will continue to work with its owner communities to respect, protect and enhance the ecosystems along the Front Range for future generations.

Financially sustainable

Platte River's strategic financial plan (SFP) is designed to provide long-term financial viability, manage financial risk and support Platte River's mission, vision and values. Financial metrics have been established in consideration of rating agency guidelines. 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. Rates shall be established to generate adequate cash flows and maintain access to low-cost capital while providing wholesale rate stability. Platte River will continue to establish and offer competitive rates and services to provide value to our four owner communities.

Document owner: Director of community and government affairs

DocuSigned by:

Irista Fugate

11/23/2021

Original effective date: 12/06/2018

Authority: Board of directors

DS

AW

Review frequency: Annually

Counsel review: General counsel

DocuSigned by:

Sarah D. Leonard

11/23/2021

Current effective date: 12/01/2021

5BEB61CE1A02432...

 Platte River Power Authority	Policy	Version #: 1.2 Original effective date: 12/06/2018 Next review date: 12/01/2022
	TITLE: Resource diversification policy	Page 3 of 3

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0	12/06/2018	Original Policy or Board Resolution 28-18	Alyssa Clemesen Roberts	New
1.1	11/03/2020	Review, no changes	Alyssa Clemesen Roberts	Review
1.2	10/26/2021	Review, no changes	Trista Fugate	Review



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

To: Board of directors

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

Subject: **Distributed Energy Resources update**

Platte River Power Authority and its owner communities continue to work toward the integration of distributed energy resources (DERs) into our electric systems. Integration of DERs will support our ability to decarbonize the resource mix while maintaining reliability and financial sustainability. In addition, a decarbonized resource mix can support decarbonization within the owner communities through transportation and building electrification.

This work is taking place through the collaborative efforts of the DER Advisory Committee and DER Planning and Programs teams, which include leadership and staff from Platte River as well as representatives of each owner community.

Following is an update on recent DER planning activities.

DER systems: gap assessment, roadmap and DERMS procurement

Platte River and the owner communities continue to work on the DER gap assessment and roadmap project, with the consulting support of Utilicast. This planning project will identify our collective requirements for effectively integrating DERs. This includes the development and documentation of desired outcomes and specific use cases for DERs, such as controlling DERs for market value and resource adequacy or distribution system reliability. These defined use cases will point toward functional requirements for DER-enabling systems, such as a DER management systems (DERMS), customer information systems, advanced metering infrastructure or advanced distribution management systems. A gap assessment will compare these functional requirements to current capabilities. The roadmap will describe the plan for closing the gaps. This roadmap is expected to be complete by summer of 2023.

We anticipate the DER roadmap will show the need for a DERMS as a key enabler of DERs management. A DERMS may provide some or all of the following functions as part of this enablement: a means for customers to voluntarily enroll and register their devices in DER programs; ability to monitor, forecast, and dispatch DERs; ability to manage DERs for reliability, economics or distribution constraints; and post-event analysis and reporting. DERMS capabilities are growing as DER technology improves and as the requirements of utilities, energy markets and energy regulators continue to evolve. Staff plans to develop a request for information (RFI) from DERMS providers based on functional requirements determined from the DER roadmap process. Information gleaned from the RFI will be used to inform other aspects of the DER roadmap and to inform next steps in the DERMS procurement process, which may include a request for proposals.

DER forecast and potential study

Platte River is evaluating proposals received for a DER forecast and potential study. The scope of the study is expected to include distributed solar and storage, transportation electrification, electric efficiency and demand response. (A building electrification forecast was recently provided as part of a separate project earlier in 2022 and will not be part of this new study.) The study will provide forecasts for DER adoption and DER integration solution potential. Customers are expected to adopt DERs based on perceived environmental benefits, such as ability to reduced greenhouse gas emissions, and economic benefits, including reduced electricity, natural gas or gasoline purchases. The DER potential portion of the study will evaluate DER program solutions that encourage DERs to operate in a manner that provides system benefits.

Owner community staff will be consulted throughout for inputs required for the study, such as aggregate customer data and electric rate forecasts, and to review study results. Results are expected to be provided for Platte River in total and for each owner community to support their distribution system planning in response to anticipated DER growth.

Building electrification

Energy solutions department staff are working with owner community program staff to plan building electrification service offerings. Services will be focused on the existing Efficiency Works™ Homes program and are expected to include support for customers to reduce or eliminate natural gas or propane heat with efficient heat pump technology. Staff members are working on the technical requirements and will inform service providers that work within the Homes program to provide efficient services and equipment to customers to ensure they understand the new program before it begins.

In addition, Platte River has hired Apex Analytics to re-evaluate cost effectiveness and carbon reductions considering Platte River's forecasted carbon emission rates and wholesale rate projections. This information will be used to help inform customers regarding the economics of electrification.



Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 11/30/2022

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: **Benefits update**

Each year, Platte River human resources staff evaluates the organization's insurance plans (medical, dental, vision, life and accidental death and disability, long-term disability, etc.) and identifies protections to cap Platte River's liability as well as ensures our plans remain competitive and sustainable for the future.

Throughout this year, the human resources staff has been conducting a comprehensive review of all benefit offerings including medical and non-medical benefits. An employee survey was also conducted to gain an understanding of what employees would like offered as part of our comprehensive benefits package. The results of the survey were consolidated and evaluated with external benchmarking data to determine the benefit enhancements to be implemented for 2023.

Enhancements made to non-medical benefit offerings included personal leave, bereavement leave and holiday pay. Additionally, Platte River is introducing an industry-leading paid family leave program that complements the federal Family Medical Leave Act and provides a greater benefit than the Colorado Family and Medical Leave Insurance program.

Also added were new voluntary medical benefit offerings for employees with accident and critical illness coverage. These additions are at no cost to the organization, but provide options for employees for their benefits package.

In 2022 our medical plan incurred several high claims that exceeded the stop-loss threshold. Fortunately, our plan has the protections we implemented in 2020 to protect us from significant increases in cost and potential lasers for those high claims. The flexibility of our self-funded plan continues to provide Platte River with the advantage of evaluating our benefit offerings independently. This allows us to offer high-quality benefits at the most reasonable prices. Our partnership with our benefits consultant, Alliant Insurance, enabled us to market our plans and receive competitive bids from other providers, guaranteeing continuation coverage at a competitive rate. Stop-loss premiums will

increase for 2023, but we were able to limit the increase to 12.6% versus the renewal bid from our current stop-loss provider at an increase of approximately 47%.

We are committed to continuously evaluating our plans and services to align our actions with our strategic roadmap and ensure we provide competitive benefits for our employees while maintaining financial sustainability for the organization.



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Legal, environmental and compliance report

October 2022





Overview of recent developments

Legal matters

Air Quality Control Commission Startup, Shutdown, and Malfunction Affirmative Defense

The Colorado Air Quality Control Commission (Commission) has proposed a new State Implementation Plan to address the front range area's designation of "severe non-attainment" for ground level ozone (Ozone SIP). As part of the Ozone SIP rulemaking, but unrelated to ozone, the Air Quality Control Division (Division) proposed to remove language from Colorado's regulations that provided an affirmative defense against penalties for air pollution exceedances that occur during startup, shutdown, or malfunction (SSM), out of a source's control. Platte River joined with other utility partners as part of the Colorado Utilities Coalition for Clean Air (CUC) to oppose removal of the SSM affirmative defense and instead maintain the defense in state law only. The Division supports this approach. Should the Commission decide to remove the SSM affirmative defense entirely, Platte River may face increased risk of fines and penalties for alleged violations outside of Platte River's control. The Commission will hold a hearing on this matter Dec. 14 - 16, 2022. The full report is on [page 2](#) of this document.

Environmental matters

There are no new environmental matters to report.

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 3](#) of this document provides a list of matters previously reported but unchanged since our last report.

Recently concluded matters

[Page 5](#) of this document provides a list of matters that have concluded within the last three months.



Active matters

Legal matters

Air Quality Control Commission Startup, Shutdown, and Malfunction Affirmative Defense

The Colorado Air Quality Control Commission (Commission) has proposed a new State Implementation Plan to address the front range area's designation of "severe non-attainment" for ground level ozone (Ozone SIP). As part of the Ozone SIP rulemaking, but unrelated to ozone, the Air Quality Control Division (Division) proposed to remove language from Colorado's regulations that provided an affirmative defense against penalties for air pollution exceedances that occur during startup, shutdown, or malfunction (SSM). According to the Division, various legal developments since 2015 mean that the Environmental Protection Agency (EPA) cannot approve the Ozone SIP or any other SIP that contains an affirmative defense for SSM. But Colorado law still requires regulations addressing SSM.

Platte River joined with other utility partners as part of the Colorado Utilities Coalition for Clean Air (CUC) to oppose complete removal of the SSM affirmative defense. The CUC understands that, in the Division's view, the EPA will not approve the Ozone SIP with an affirmative defense for SSM. Therefore the CUC worked with the Division to propose keeping the SSM affirmative defense in state regulations while removing it from the federal Ozone SIP (State Only Approach).

The CUC filed its prehearing statement supporting the State Only Approach on Oct. 31, 2022 and its rebuttal statement on Nov. 21, 2022. The Commission will hold a hearing on this matter Dec. 14 - 16, 2022. The Division will support the State Only Approach, with the CUC. Various other industry groups support maintaining the SSM affirmative defense in both Colorado regulations and the Ozone SIP; various environmental groups support removing it entirely. Should the Commission decide to remove the SSM affirmative defense entirely, Platte River may face increased risk of fines and penalties for alleged violations Platte River cannot control.

Environmental matters

There are no active environmental matters to report.

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

El Paso Electric Co. v. Federal Energy Regulatory Commission

Current Status:

The Federal Energy Regulatory Commission (FERC) has not yet acted on the parties' proposed settlement. The Fifth Circuit scheduled oral argument for the week of Oct. 3, 2022, but on Sept. 21, 2022, ordered the case stayed for another 90 days to allow FERC to act. The parties to the case sent a letter to FERC requesting prompt action on the settlement because the Fifth Circuit will grant no further stays.

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

Current Status:

On Aug. 15, 2022, FERC approved a settlement agreement with Public Service Company of Colorado (PSCo) and other parties, including Platte River. The parties are discussing how a concept for sharing "flex reserve" (rapidly deployable generator capacity to cover rapid, large-scale declines in energy output from wind facilities) could work in the Western Energy Imbalance Service (WEIS) market, which the parties will enter in April 2023.

Inflation Reduction Act direct pay provisions

Current Status:

Platte River is working with our trade associations and our staff to better understand the Inflation Reduction Act and how we can benefit from the direct pay provisions.

Western Area Power Administration Rate Order 202

Current Status:

Platte River submitted written comments to WAPA on Aug. 23, 2022. We will update the board when WAPA issues a final order, expected on or near Dec. 1, 2022.

Western wholesale market activities

Current status:

On June 28, 2022, the Colorado Public Utilities Commission (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

Current status:

There are no new developments in this matter.

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

Current status:

There are no new developments in this matter since our last report. Oral arguments on various motions for summary judgment were held 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

Current status:

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

Current status:

There are no grant related opportunities being monitored this month.



Recently concluded matters (last three months)

Legal matters

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

Over the past year or so, Platte River and several owner communities have collaborated to develop a general contract template to facilitate rapid and flexible technical support when owner communities request assistance and Platte River has qualified on-staff expertise available. In recent months, Platte River has entered into agreements based on this template with three owner communities.

Specifically, in May 2021 Platte River and Longmont signed an agreement for engineering support services. In March 2022 Platte River and Estes Park signed an agreement for technical support services. Platte River and Fort Collins signed an agreement for fiber and communications support services in April 2022 and an agreement for customer information systems support in June 2022. The Loveland city council approved the technical support services agreement between Platte River and Loveland on Aug. 16, 2022.

Platte River worked with the owner communities to update the technical support agreements (except for Loveland's, which is current) to allow staffing flexibility. Those updates are now complete and Platte River will provide technical services support under the updated agreements.

Environmental matters

There are no recently concluded environmental matters.

Compliance matters

There are no recently concluded compliance matters.

Grant opportunities

There are no recently concluded grant opportunities.



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Transition and integration report

October 2022



Resource integration

Platte River is close to finalizing revisions to the 150 MW Black Hollow Sun power purchase agreement. This project 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 of solar capacity and up to 25 MW of four-hour battery capacity in February 2022. Evaluation of the proposals was delayed due to the Department of Commerce investigating that solar panels assembled in southeast Asia are circumventing duties imposed on solar panels from China, and therefore violating antidumping rules. Passage of the Inflation Reduction Act of 2022 added to these delays. Platte River has selected a preferred solar developer and is continuing to negotiate a term sheet. Staff intends to finalize an agreement to purchase the output of this preferred solar project by late 2022 or early 2023. The project is expected to begin commercial operations by late 2025. Due to higher-than-expected battery prices, Platte River has decided to delay purchasing additional battery capacity at this time.

The table below summarizes Platte River’s most recent plan for additional resources to meet our power supply objectives:

	2023	2024	2025	2026	2027	2028	2029	2030
<u>Existing Resources</u>								
Rawhide 1	278	278	278	278	278	278	278	
Craig 1 & 2	151	151	151	151	74	74		
Peaking capacity	388	388	388	388	388	388	388	388
Wind	231	231	231	231	231	231	231	285
Solar	52	52	52	52	52	52	52	52
<u>New Resources</u>								
Solar		150	125		175			
Wind				100		100		100
Storage				50	50	100		
Dispatchable capacity						166		

DER system integration

Platte River and its owner communities share a vision of integrating distributed energy resources (DERs) 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 an integral part of the electric system. This work is taking place through the DER Advisory Committee and DER Planning and Programs teams, which include leadership and staff from Platte River as well as representatives of each owner community.

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.



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Operating report

October 2022



Executive Summary

Owner community load

The month of October experienced mild weather with no extreme temperatures resulting in owner community demand and energy coming in below budget. 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 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 a brief curtailment due to the loss of a coal mill feeder and had an unplanned outage for tube leak repairs. As a result, equivalent availability factor was below budget while net capacity factor was slightly above budget for the month. Year to date, Rawhide equivalent availability and net capacity factors are slightly below budget.

Craig Unit 1 had several curtailments for scrubber booster fan issues, safety valve testing and fan issues. The unit was taken out of service on Oct. 21 for its planned fall outage. Craig Unit 2 had numerous curtailments throughout the month, mainly due to fan issues. During one of the curtailment periods, the unit tripped offline but returned to service within a few hours. As a result, equivalent availability factor for the Craig units was below budget while net capacity factor was above budget for the month. Year to date, Craig equivalent availability factor is below budget and net capacity factor is above budget.

The combustion turbines were run for testing and to facilitate sales, during the month of October. Equivalent availability factor for the units was below budget and net capacity factor was 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 and solar generation came in below budget for the month, resulting in both net capacity factors being below budget. Year to date, wind generation is near budget and solar generation is above budget. The battery associated with the Rawhide Prairie Solar farm was charged and discharged daily throughout the month.

Surplus sales

Surplus sales volume was below budget, due to baseload generation outages and curtailments, the delivery of shaft share for two Craig Unit 3 outages, and below budget renewable resource generation. Surplus sales pricing was above budget for the month. Year to date, surplus sales volume is below budget and surplus sales pricing is above budget.

Purchased power

Overall purchased power volume was significantly below budget, as substantially less joint dispatch energy was purchased than budgeted. Joint dispatch purchased power pricing was below budget, while bilateral purchased power pricing was remarkably high for the month, resulting in the overall purchased power pricing to be above budget. Purchased power volume is significantly below budget and pricing is significantly above budget, year to date.

Total resources

Total blended resource costs were above budget for the month, with wind, solar, coal, natural gas and other purchases coming in above budget. Dispatch costs are above budget, year to date.

Variances

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%

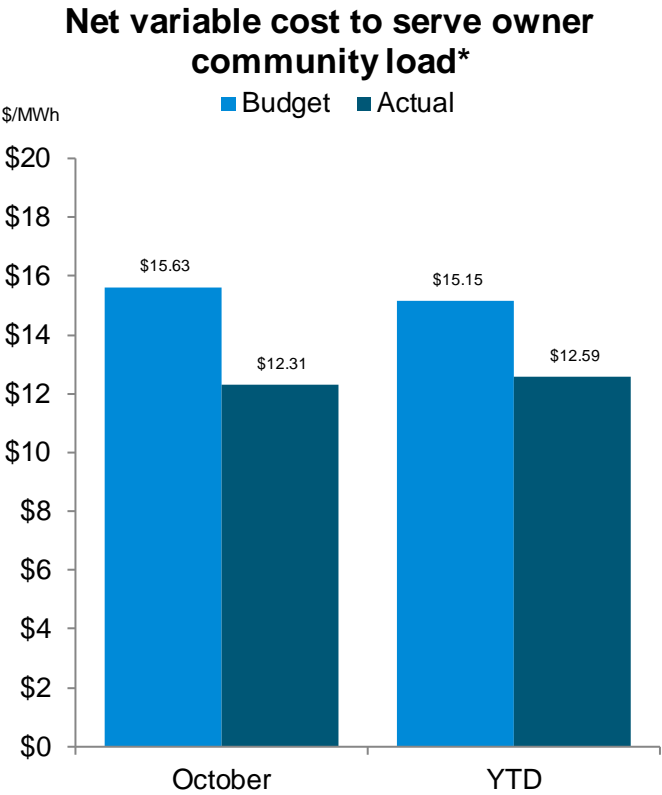
Loss of load

System disturbances

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

2022 goal		October 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

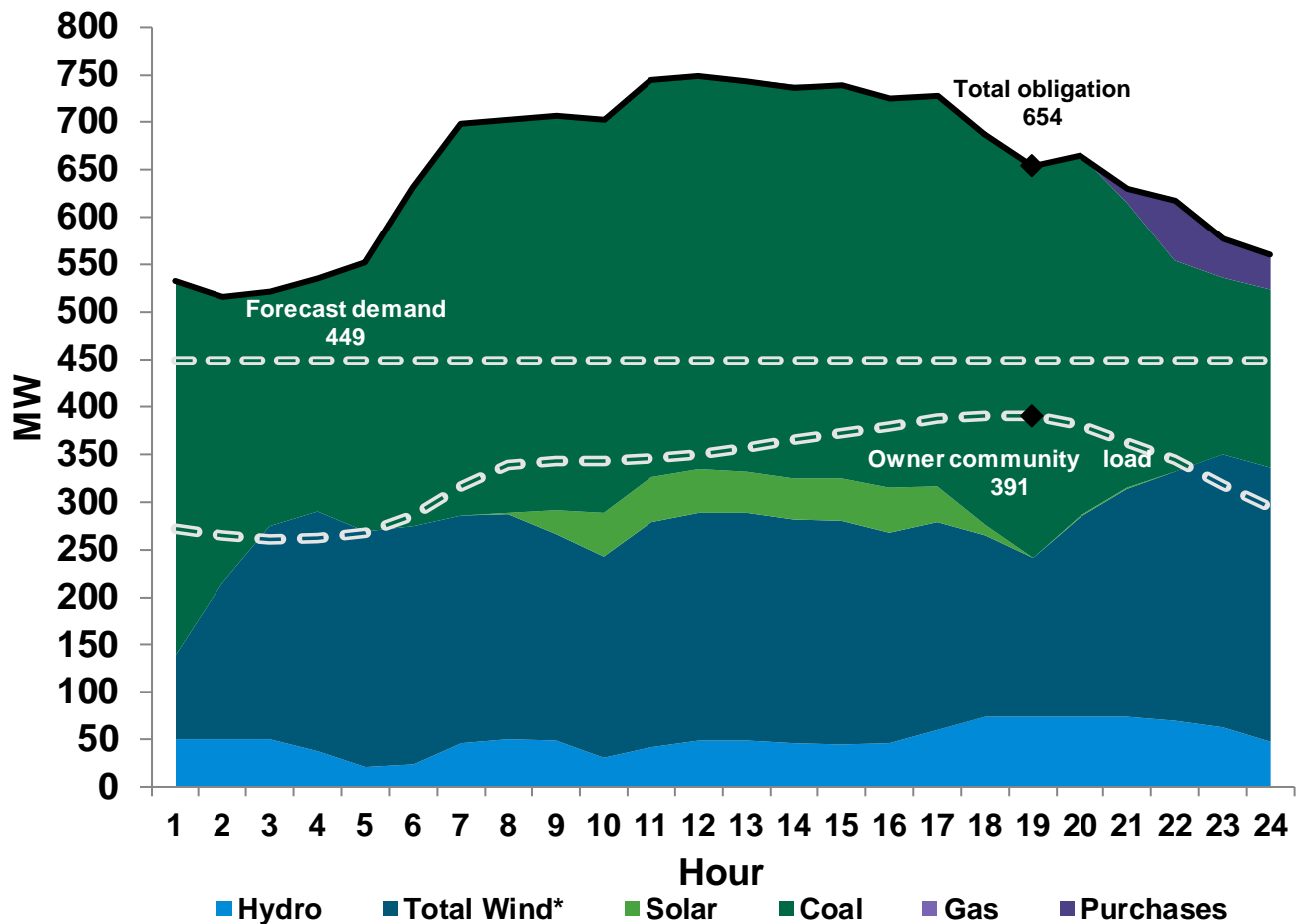
- The LRS - Keota 345 kV line tripped and reclosed, on Oct. 15.
- There were 89 switching events for October; eleven were cancelled.
- Transmission power system operators (PSOs) participated in 1,338 phone and radio interactions.
- The Richards Lake – Timnath 115 kV line tripped and reclosed, on Oct. 4. Bird feces were the suspected cause.
- Platte River's TOT 5 limit was reduced from 190 MW to 99 MW, several times, due to outages at the Cabin Creek Substation and the Craig – Rifle 230 kV line tripping, on Oct. 1.
- Transmission PSOs received multiple low frequency and voltage alarms across Platte River's transmission system, on Oct. 6, as the result of PSCo's Weld transformer KV1A having tripped.
- The Mary's Lake – Estes East 115 kV line tripped, on Oct. 4, as the result of a Bureau of Reclamation technician having inadvertently sent a trip signal to the breakers. The line was out of service for several hours.
- On Oct. 15, Chimney Hollow construction crews hand-placed the first section of asphalt on the main dam. Going forward, the asphalt will be placed 10 inches per lift along the concrete plinth which serves as the base of the dam until the dam reaches a height of about 350 feet. Rockfill is occurring, concurrently, to stabilize the asphalt core and will cover the plinth.
- Several system maintenance and facilities projects were completed during the month of October. Completed projects included having supported Platte River's contracts department in the completion of the contract to secure the purchase of two autotransformers for the Timberline and Longs Peak substations, the installation of air flow spoilers on the Longs Peak – St. Vrain and Fordham – St. Vrain transmission lines, CT Unit C transformer testing, and semi-annual transmission line patrols.
- The Lyons – Estes 115 kV line tripped, on Oct. 6, leaving Estes Park to only be fed from the tunnel, as WAPA's Flatirons – Polehill 115 kV line section was out of service for work. The cause was due to a WAPA contractor having cut a guy wire which snapped into the phases. The line returned to service several hours later and the WAPA contractors had a safety stand down for the rest of the day. It is important to note that the work that WAPA is doing to move the two 115 kV lines which serve Estes Park to steel structures will cause Estes Park to only be served from the tunnel at various time.

Peak day

Peak day obligation

Peak demand for the month was 391 megawatts which occurred on Oct. 20, 2022, at hour ending 19:00 and was 58 megawatts below budget. Platte River's obligation at the time of the peak totaled 654 megawatts. Demand response was not called upon at the time of peak.

Peak day obligation: Oct. 20, 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.

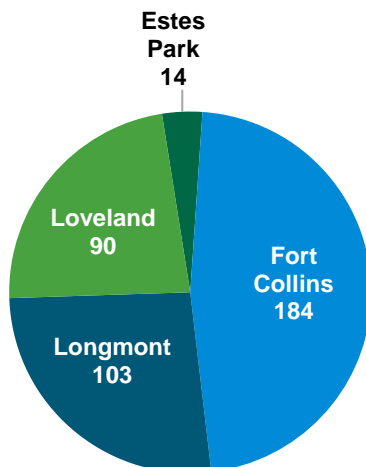
Owner community loads

	Oct. budget	Oct. actual	Minimum	Actual variance	
Coincident demand (MW)	449	391	496	(12.9%)	■
Estes Park	19	14	14	(26.3%)	■
Fort Collins	210	184	229	(12.4%)	■
Longmont	116	103	139	(11.2%)	■
Loveland	104	90	114	(13.5%)	■
Non-coincident demand (MW)	458	398	502	(13.1%)	■
Estes Park	24	19	20	(20.8%)	■
Fort Collins	211	184	229	(12.8%)	■
Longmont	116	103	139	(11.2%)	■
Loveland	107	92	114	(14.0%)	■
Energy sales (MWh)	252,314	240,236		(4.8%)	■
Estes Park	11,078	10,620		(4.1%)	■
Fort Collins	119,840	112,027		(6.5%)	■
Longmont	64,083	62,751		(2.1%)	■
Loveland	57,313	54,838		(4.3%)	■

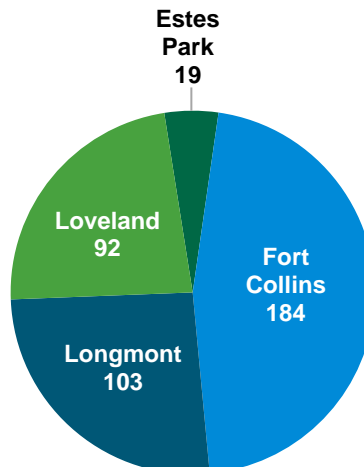
Variance key: Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <-2%

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.

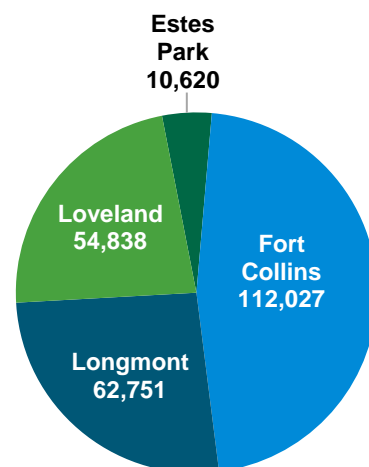
**Actual October
coincident demand =
391 MW**



**Actual October non-
coincident demand =
398 MW**

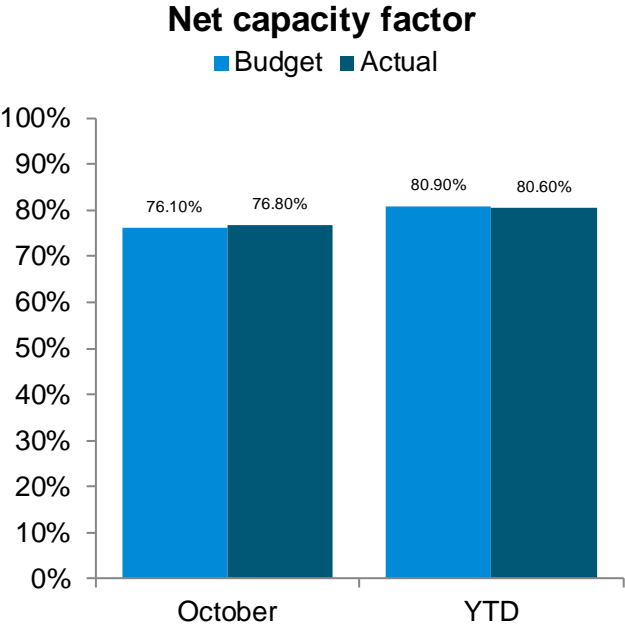
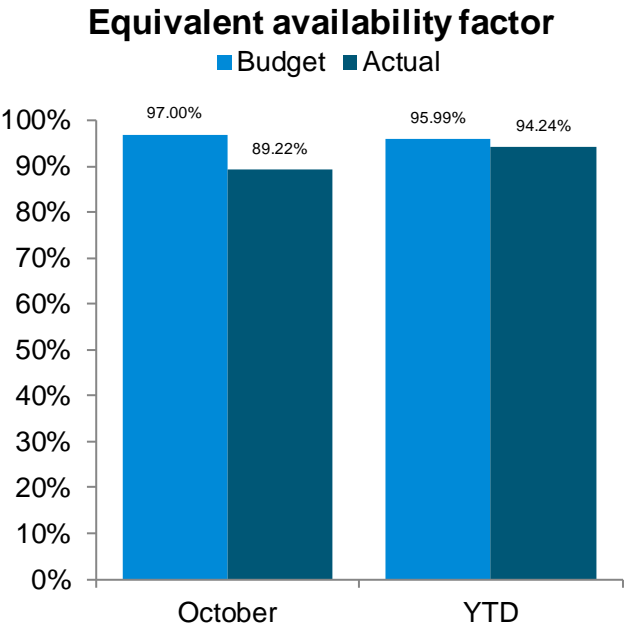


**Actual October
energy sales =
240,236 MWh**

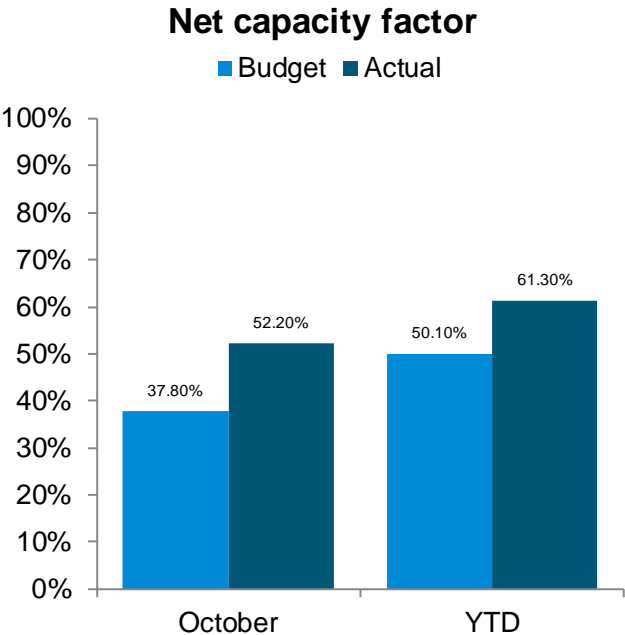
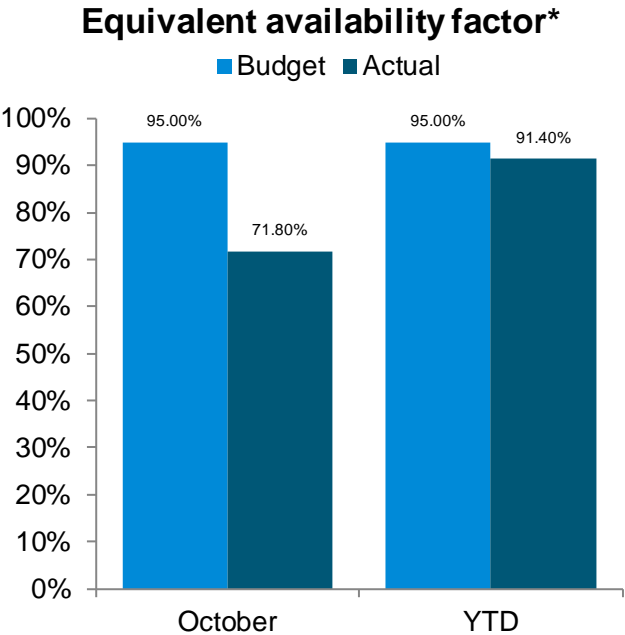


Thermal resources

Power generation - Rawhide

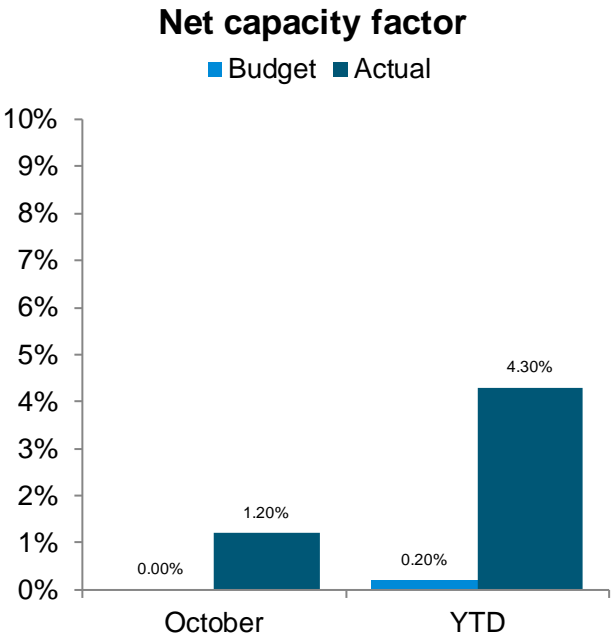
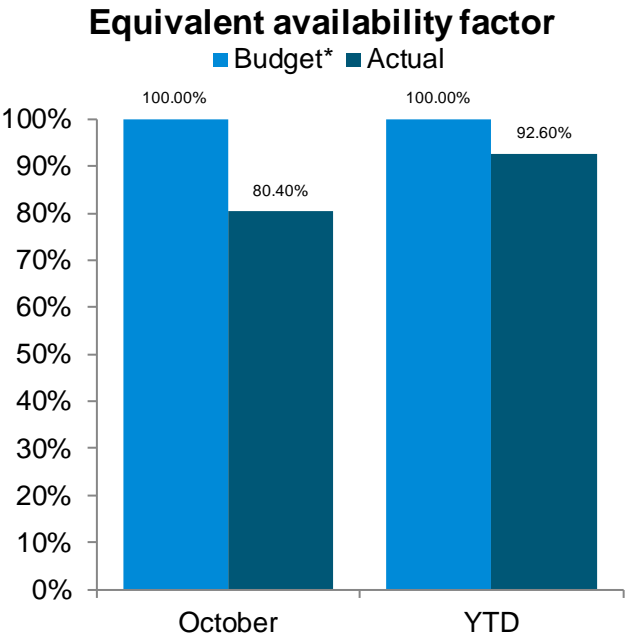


Power generation - Craig



* Estimated due to a delay of the actual results

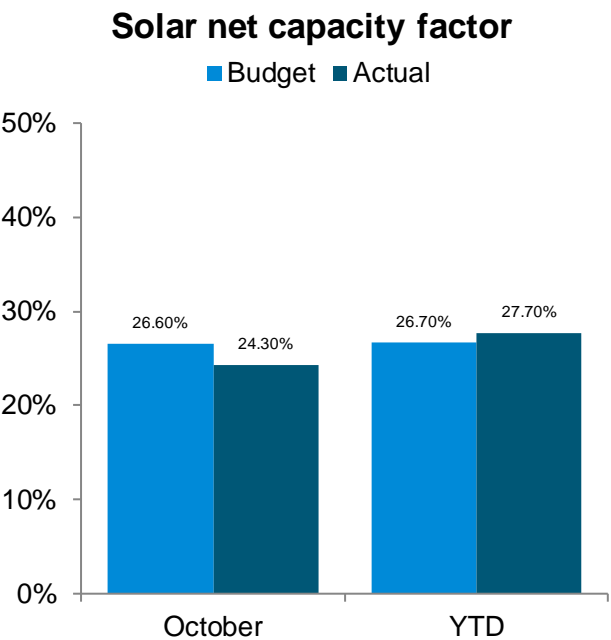
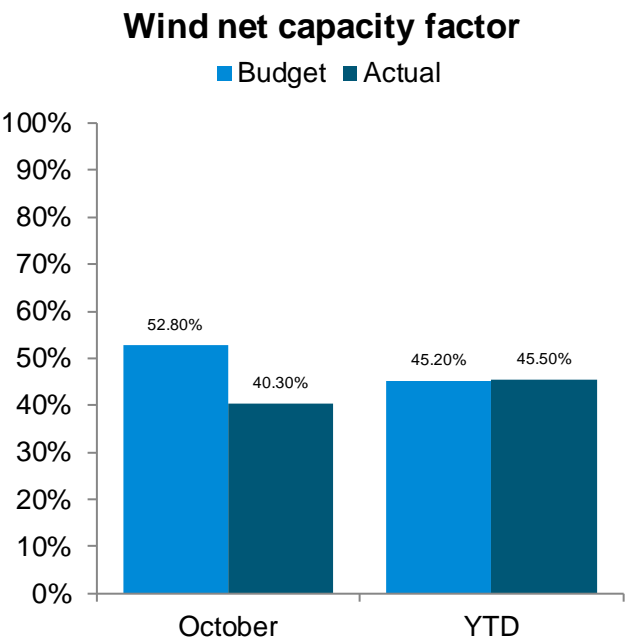
Power generation – combustion turbines



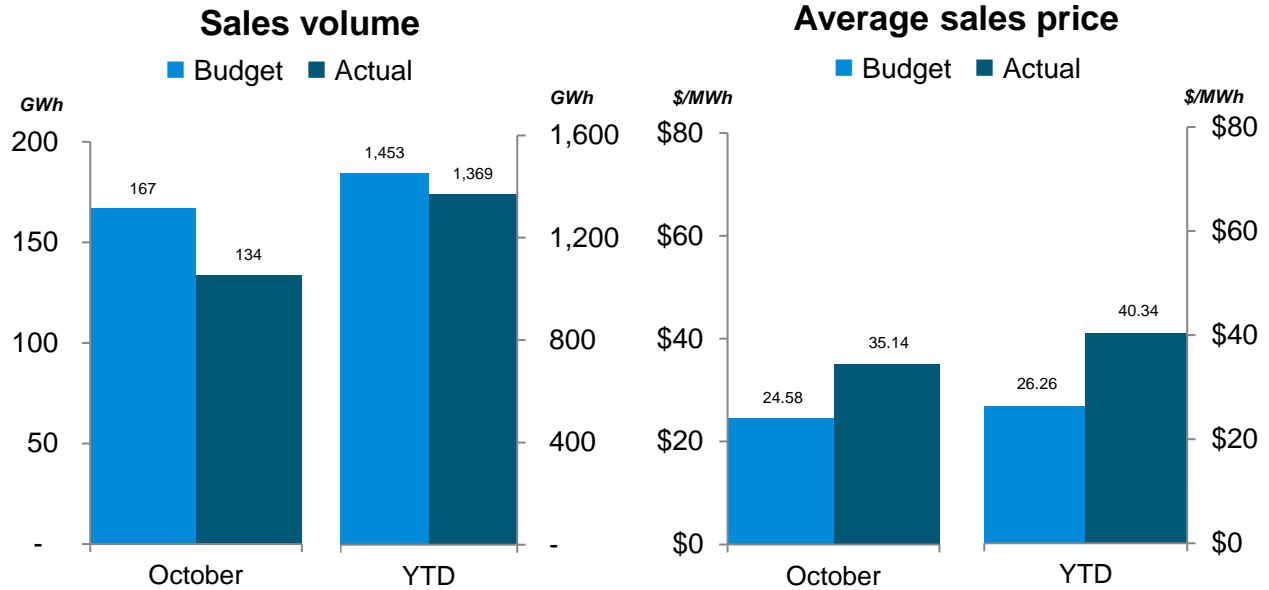
* No budgeted outages

Renewable resources

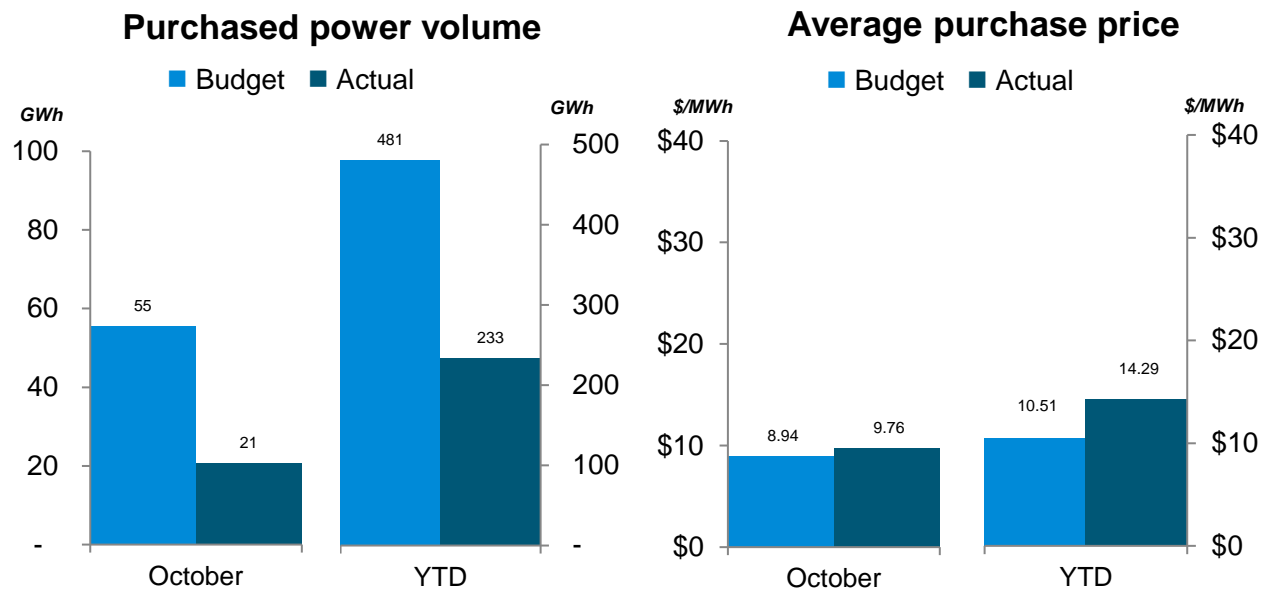
Power generation – wind and solar production



Surplus sales

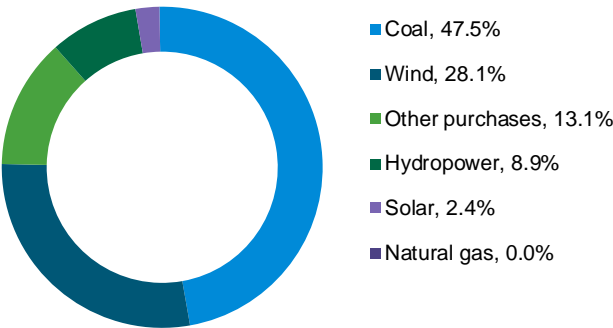


Purchase power

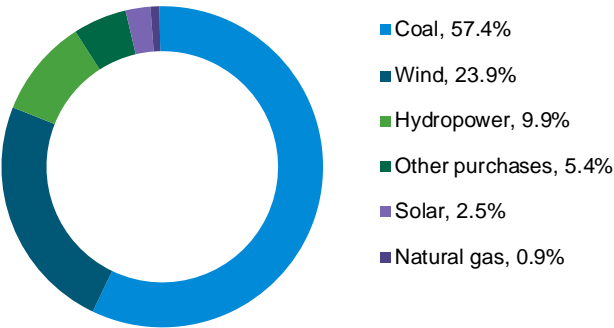


Total resources

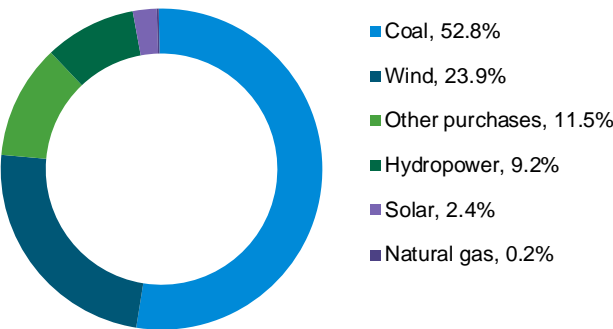
October generation budget



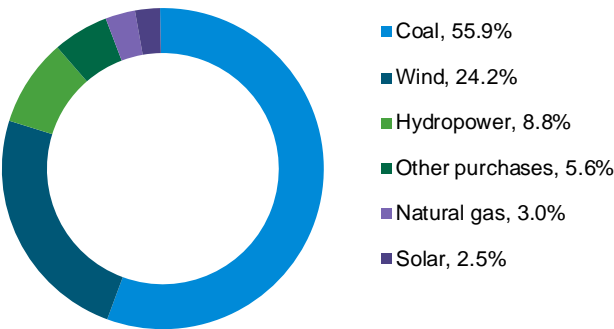
October generation actual

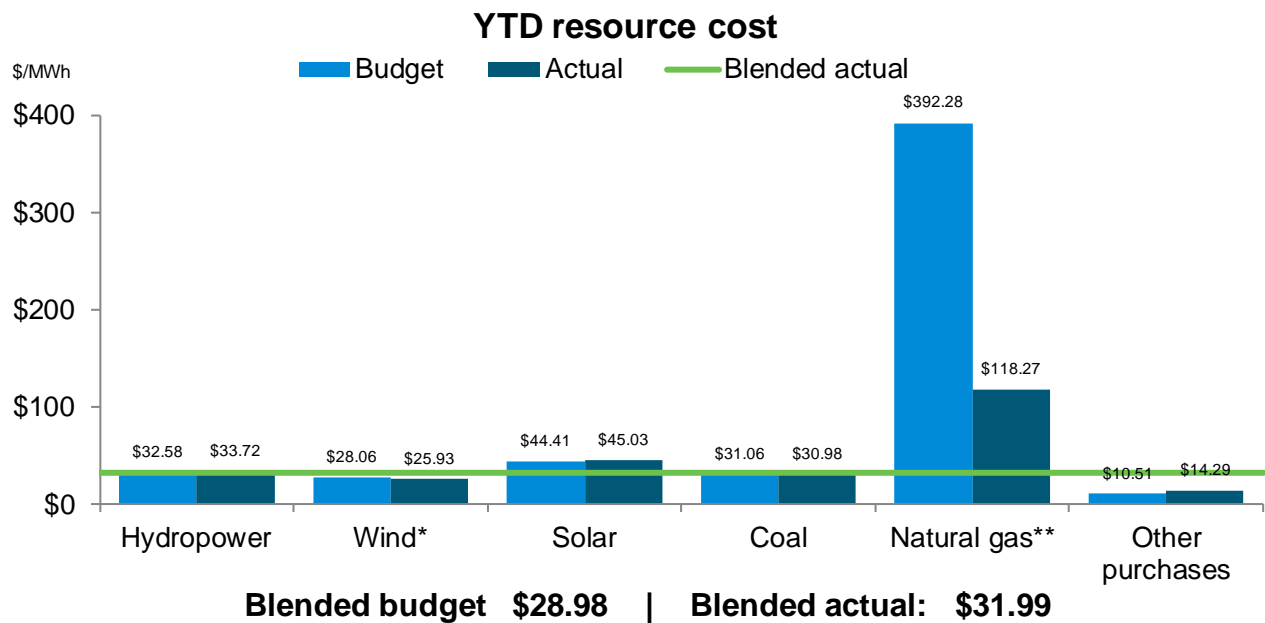
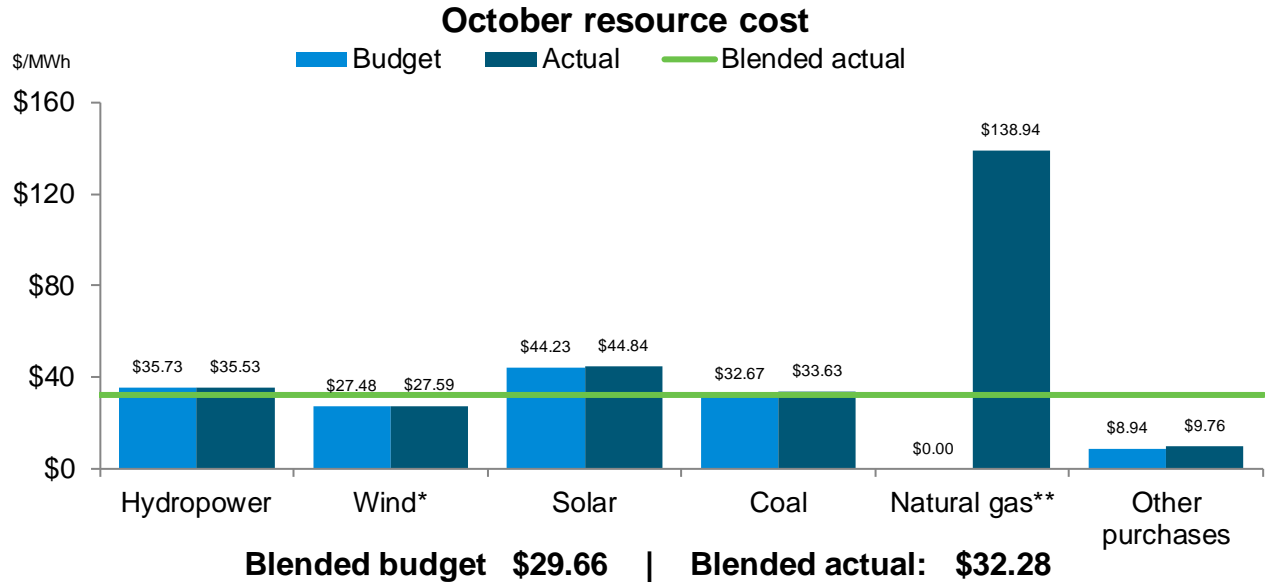


YTD budget



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.

** October budgeted natural gas pricing was \$0/MBtu while actual was \$6.52/MBtu. YTD budgeted natural gas pricing was \$4.24/MBtu while actual was \$8.29/MBtu. 2022 annual budgeted natural gas pricing is \$4.21/MBtu.



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Financial report

October 2022



Financial highlights year to date

Platte River reported favorable results year to date. Net income of \$27 million was favorable by \$13.9 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.

Based on the most recent trends and assumptions, net income for 2022 is projected to be approximately \$24.3 million. This amount will vary as actual outcomes will differ from assumptions.

Above-budget projected operating revenues are partially offset by above-budget projected operating expenses. 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, net energy provided under the forced outage assistance agreement and a rate true-up in reserves will 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, remaining useful lives of certain assets were refined and recognition of deferred losses is expected in accordance with a board-approved accounting policy.

Since operating expenses are expected to be above budget, a budget contingency transfer appropriation will be required and is expected not to exceed \$10 million.

Key financial results (\$ millions)	October		Favorable (unfavorable)			Year to date		Favorable (unfavorable)			Annual budget
	Budget	Actual				Budget	Actual				
Net income	\$ (0.1)	\$ 1.5	●	\$ 1.6	1600.0%	\$ 13.1	\$ 27.0	●	\$ 13.9	106.1%	\$ 13.7
Bond service coverage	2.18x	3.59x	●	1.41x	64.7%	3.12x	4.59x	●	1.47x	47.1%	3.01x
Fixed obligation charge coverage	1.57x	2.35x	●	.78x	49.7%	2.09x	2.85x	●	.76x	36.4%	2.03x
Budget results											
Total revenues	\$ 21.1	\$ 21.5	◆	\$ 0.4	1.9%	\$ 220.2	\$ 244.3	●	\$ 24.1	10.9%	\$ 263.2
Sales to owner communities	16.3	15.6	■	(0.7)	(4.3%)	174.6	178.8	●	4.2	2.4%	208.0
Sales for resale - long-term	1.7	1.5	■	(0.2)	(11.8%)	15.5	17.6	●	2.1	13.5%	18.7
Sales for resale - short-term	2.6	3.4	●	0.8	30.8%	24.3	39.3	●	15.0	61.7%	29.6
Wheeling	0.5	0.6	●	0.1	20.0%	4.9	6.0	●	1.1	22.4%	5.9
Interest and other income	-	0.4	●	0.4	-	0.9	2.6	●	1.7	188.9%	1.0
Total operating expenses	\$ 17.9	\$ 16.2	●	\$ 1.7	9.5%	\$ 173.9	\$ 176.3	◆	\$ (2.4)	(1.4%)	\$ 209.7
Purchased power	5.3	4.0	●	1.3	24.5%	47.9	42.7	●	5.2	10.9%	57.7
Fuel	3.3	4.3	■	(1.0)	(30.3%)	36.1	52.6	■	(16.5)	(45.7%)	44.5
Production	4.4	3.9	●	0.5	11.4%	42.3	39.4	●	2.9	6.9%	50.4
Transmission	1.5	1.2	●	0.3	20.0%	15.8	15.4	●	0.4	2.5%	18.7
Administrative and general	2.3	2.1	●	0.2	8.7%	21.7	20.3	●	1.4	6.5%	26.0
Distributed energy resources	1.1	0.7	●	0.4	36.4%	10.1	5.9	●	4.2	41.6%	12.4
Capital additions	\$ 3.3	\$ 2.1	●	\$ 1.2	36.4%	\$ 31.1	\$ 13.5	●	\$ 17.6	56.6%	\$ 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 \$4.2 million. Energy revenues were \$1.8 million or 1.8% above budget due to above-budget energy. Demand revenues were \$2.4 million or 3.6% above budget as non-coincident and coincident billing demand were above budget 3.5% and 3.3%, respectively.
- **Sales for resale - long-term** were above budget \$2.1 million due to unbudgeted calls on a capacity contract, partially offset by below-budget resold wind generation and lower available baseload generation that serve contracts.
- **Sales for resale - short-term** were above budget \$15 million as average prices were 76.4% above budget, partially offset by 8.4% below-budget energy volume.
- **Wheeling** was above budget \$1.1 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 \$1.7 million primarily due to higher interest income earned on investments, a dividend from Trapper Mine, additional fiber revenues, unplanned sales of inventory and interconnection agreement applications.

Total operating expenses

- **Fuel** was \$16.5 million above budget.
 - Natural Gas** 73% of the overall variance, \$12 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** 29% of the overall variance, \$4.8 million above budget. Generation was above budget to replace Rawhide Unit 1's generation during the scheduled screen outage, replace purchases due to higher market prices, make additional sales and meet load requirements. Price was above budget due to an updated price from Trapper Mine and cancellation of a planned coal sale.
 - Coal - Rawhide Unit 1** (2%) of the overall variance, \$0.3 million below budget. Generation was at budget but the unit ran more efficiently resulting in below-budget coal consumption. Price was also below budget due to updated contract pricing, burning lower-cost coal from inventory and a planned stockpile adjustment that will not occur. Partially offsetting the below-budget variances was above-budget oil due to increased consumption during startup after unplanned outages.
- **Distributed energy resources** were \$4.2 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.

- **Production, transmission, and administrative and general** were \$4.7 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) IT consulting, 5) legal services, 6) environmental services, 7) wheeling, 8) travel and training, 9) chemicals, 10) insurance and 11) Craig operating expenses. The above-budget expenses include: 1) Rawhide equipment repairs, 2) personnel, 3) Rawhide Unit 1's scheduled screen outage and forced outages and 4) joint facilities. Of the net below-budget variance, at least \$2.3 million is expected to catch up by the end of the year.
- **Purchased power** was \$5.2 million below budget. Net energy was provided to Tri-State Generation and Transmission Association, Inc. (Tri-State) 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 below budget due to a rate true-up received for Schedule 16 flex reserve service. Wind purchases were also below budget primarily due to favorable pricing. In addition, hydropower purchases were below budget due to drought conditions. Above-budget solar generation partially offset the below-budget variances.

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.
- **Forced outage assistance agreement** - This agreement, which involves Platte River's Rawhide Unit 1 and Tri-State's Craig Unit 3, provides that each party supply replacement energy to the other party during a forced outage of either unit. The Energy Account Balance Limit, defined in the agreement, was exceeded and Tri-State was invoiced \$1.6 million. Pursuant to the terms of the agreement, this payment buys down the energy balance to half of the contract limit.
- **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>12,374</u>					
Total revenue bonds outstanding	150,459					
Less: due within one year	<u>(12,215)</u>					
Total long-term debt, net	<u>\$ 138,244</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 October 2022)

At this time, capital expenditures are expected to be approximately \$8.0 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 \$15.6 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 will be required to cover the additional capital project expenses in 2022 and will not exceed \$10 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	\$ 959	\$ 1,357	\$ 1,357
** 52G breaker replacement - combustion turbine units A-D - This project will be below budget due to a delay as two breakers did not pass factory acceptance testing. In addition, less internal labor was used and contingency funds were not needed. Breaker replacements for combustion turbine units A and B are expected to be completed in early 2023. <i>A portion of the below-budget funds will be requested to be carried over into 2023.</i>	\$ 2,273	\$ 1,352	\$ 921	\$ 600
* Transmission line vault upgrades - Crossroads Substation - This project will be below budget as it is delayed due to contractor supply chain issues. Additional funds were requested in 2022 due to significant increases in contractor labor for specialized underground transmission work. <i>The below-budget funds and additional funds will be requested to be carried over into 2023.</i>	\$ 686	\$ 22	\$ 664	\$ 1,014
* Southern toe drain modifications - Rawhide - This project will be below budget due to a delay, as the project plans submitted to the State of Colorado are awaiting approval. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 606	\$ 23	\$ 583	\$ 583

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	\$ 335	\$ 444	\$ -
** Spray dry absorber direct lime injection - This project will be below budget due to a delay in order for the final installation to occur when Rawhide Unit 1 is offline for the scheduled minor maintenance outage in 2023. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 462	\$ 32	\$ 430	\$ 430
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
** Monofill upgrade - Rawhide - This project will be below budget due to a delay for final project items, including preparation of the final regulatory report for the State of Colorado. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 9,022	\$ 8,822	\$ 200	\$ 200
* Transmission line vault upgrades - Rogers Road Substation - This project will be below budget as it is delayed due to contractor supply chain issues. Additional funds were requested in 2022 due to significant increases in contractor labor for specialized underground transmission work. <i>The below-budget funds and additional funds will be requested to be carried over into 2023.</i>	\$ 189	\$ 22	\$ 167	\$ 317
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
** Auto transfer switch (control building) - Rawhide Substation - This project will be below budget due to a delay in order to align work with other Rawhide Substation projects. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 126	\$ 1	\$ 125	\$ 125
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. <i>Additional funds were requested in 2022, of which a portion will be requested to be carried over into 2023.</i>	\$ 2,500	\$ 3,181	\$ (681)	\$ 1,559
* Enterprise resource planning software - This project will be above budget as an additional milestone payment will be made in 2022 that was not originally anticipated.	\$ 940	\$ 1,420	\$ (480)	\$ -

Project (\$ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
Metering system modifications - This project will be above budget due to increases in equipment costs and contractor labor.	\$ 411	\$ 758	\$ (347)	\$ -
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)	\$ -
* Energy Engagement Center - This multiyear project will be completed below total construction estimates. However, due to timing of expenses, additional funds in the 2022 budget were needed to complete final components of the project.	\$ 180	\$ 287	\$ (107)	\$ -
Out-of-budget projects				
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.	\$ -	\$ 959	\$ (959)	\$ -
* 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. The project timeline has shifted to 2023 to align with Larimer County's construction schedule. <i>Funds were requested in 2022, of which a portion will be requested to be carried over into 2023.</i>	\$ -	\$ 807	\$ (807)	\$ 1,289
Combustion component upgrade - combustion turbine Unit D - This project includes upgrading the combustion turbine Unit D hardware comprised of the combustion cans, transitions and fuel nozzles. The upgraded components will extend the combustion inspection outage interval, which will eliminate an entire series of inspections, reducing downtime and costs.	\$ -	\$ 753	\$ (753)	\$ -
** Oil circuit breaker replacement - Ault Substation 1882 - This project will remove and replace a 230kV oil circuit breaker. Funds were budgeted in the prior year, however WAPA's project estimates have increased for material and service costs requiring additional funds in the current year.	\$ -	\$ 357	\$ (357)	\$ -
* 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. The project start was delayed one month which shifted expenses to 2023. <i>Funds were requested in 2022, of which a portion will be requested to be carried over into 2023.</i>	\$ -	\$ 300	\$ (300)	\$ 90
** Oil circuit breaker replacement - Ault Substation 1986 - This project will remove and replace a 230kV oil circuit breaker. Funds were budgeted in the prior year, however WAPA's project estimates have increased for material and service costs requiring additional funds in the current year.	\$ -	\$ 178	\$ (178)	\$ -

Project (\$ in thousands)	Budget	Estimate	Favorable (unfavorable)	Carryover request
** Strategy room remodel - headquarters - This project creates a dedicated space for senior leadership meetings. In addition to remodeling, new furniture and technology equipment was purchased.	\$ -	\$ 134	\$ (134)	\$ -
Delayed projects				
Station service 230-12.47 kV transformer replacement - Rawhide Substation - This project will be delayed to allow for additional time to ensure construction and system impacts at the Rawhide site are optimized. The project is expected to resume in 2023. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 467	\$ -	\$ 467	\$ 467
* Pipeline reroute - Soldier Canyon Pipeline - This project will be delayed 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	\$ -	\$ 309	\$ 309
** Fiber optic cable replacement - Fort Collins Riverside - This project will be delayed due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 153	\$ -	\$ 153	\$ 153
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	\$ -
** 12.47 kV switchgear replacement - Rawhide - This project was canceled and will be rebudgeted when future generation resources are brought online.	\$ 109	\$ -	\$ 109	\$ -

* 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

October 2022

Non-GAAP budgetary basis (in thousands)

	Month of October		Favorable
	Budget	Actual	(unfavorable)
Revenues			
<i>Operating revenues</i>			
Sales to owner communities	\$ 16,305	\$ 15,592	\$ (713)
Sales for resale - long-term	1,677	1,468	(209)
Sales for resale - short-term	2,582	3,390	808
Wheeling	492	621	129
Total operating revenues	21,056	21,071	15
<i>Other revenues</i>			
Interest income ⁽¹⁾	43	384	341
Other income/(loss)	7	(3)	(10)
Total other revenues	50	381	331
Total revenues	\$ 21,106	\$ 21,452	\$ 346
Expenditures			
<i>Operating expenses</i>			
Purchased power	\$ 5,285	\$ 3,991	\$ 1,294
Fuel	3,324	4,317	(993)
Production	4,351	3,949	402
Transmission	1,537	1,201	336
Administrative and general	2,253	2,094	159
Distributed energy resources	1,119	679	440
Total operating expenses	17,869	16,231	1,638
<i>Capital additions</i>			
Production	1,300	1,091	209
Transmission	1,580	543	1,037
General	433	477	(44)
Total capital additions	3,313	2,111	1,202
<i>Debt expense</i>			
Principal	1,018	1,018	-
Interest expense	464	464	-
Total debt expense	1,482	1,482	-
Total expenditures	\$ 22,664	\$ 19,824	\$ 2,840
Revenues less expenditures	\$ (1,558)	\$ 1,628	\$ 3,186

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

Schedule of revenues and expenditures, budget to actual

October 2022 year-to-date

Non-GAAP budgetary basis (in thousands)

	October year to date		Favorable	Annual
	Budget	Actual	(unfavorable)	budget
Revenues				
<i>Operating revenues</i>				
Sales to owner communities	\$ 174,665	\$ 178,827	\$ 4,162	\$ 208,017
Sales for resale - long-term	15,468	17,617	2,149	18,687
Sales for resale - short-term	24,304	39,251	14,947	29,557
Wheeling	4,932	6,009	1,077	5,930
Total operating revenues	219,369	241,704	22,335	262,191
<i>Other revenues</i>				
Interest income ⁽¹⁾	523	1,946	1,423	608
Other income	345	658	313	371
Total other revenues	868	2,604	1,736	979
Total revenues	<u>\$ 220,237</u>	<u>\$ 244,308</u>	<u>\$ 24,071</u>	<u>\$ 263,170</u>
Expenditures				
<i>Operating expenses</i>				
Purchased power	\$ 47,917	\$ 42,673	\$ 5,244	\$ 57,733
Fuel	36,131	52,648	(16,517)	44,526
Production	42,291	39,408	2,883	50,386
Transmission	15,814	15,372	442	18,634
Administrative and general	21,694	20,275	1,419	26,020
Distributed energy resources	10,102	5,928	4,174	12,378
Total operating expenses	173,949	176,304	(2,355)	209,677
<i>Capital additions</i>				
Production	15,427	5,552	9,875	16,706
Transmission	9,077	1,913	7,164	14,666
General	6,618	5,996	622	7,547
Total capital additions	31,122	13,461	17,661	38,919
<i>Debt expense</i>				
Principal	9,948	9,948	-	11,984
Interest expense	4,875	4,875	-	5,803
Total debt expense	14,823	14,823	-	17,787
Total expenditures	<u>\$ 219,894</u>	<u>\$ 204,588</u>	<u>\$ 15,306</u>	<u>\$ 266,383</u>
Contingency reserved to board	-	-	-	24,000
Total expenditures and contingency	<u>\$ 219,894</u>	<u>\$ 204,588</u>	<u>\$ 15,306</u>	<u>\$ 290,383</u>
Revenues less expenditures and contingency				
	\$ 343	\$ 39,720	\$ 39,377	\$ (27,213)

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

Financial statements

Statements of net position

Unaudited (in thousands)

	October 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	1,455,662	1,438,320
Less: accumulated depreciation and amortization	(930,967)	(896,262)
Plant in service, net	544,141	561,504
Construction work in progress	24,773	27,009
Total electric utility plant	568,914	588,513
<i>Special funds and investments</i>		
Restricted funds and investments	19,022	19,485
Dedicated funds and investments	150,344	131,846
Total special funds and investments	169,366	151,331
<i>Current assets</i>		
Cash and cash equivalents	48,174	51,300
Other temporary investments	47,591	44,236
Accounts receivable - owner communities	15,538	15,194
Accounts receivable - other	10,673	6,138
Fuel inventory, at last-in, first-out cost	9,795	10,014
Materials and supplies inventory, at average cost	16,343	15,191
Prepayments and other assets	5,123	2,731
Total current assets	153,237	144,804
<i>Noncurrent assets</i>		
Regulatory assets	124,977	126,784
Other long-term assets	5,162	4,858
Total noncurrent assets	130,139	131,642
Total assets	1,021,656	1,016,290
<i>Deferred outflows of resources</i>		
Deferred loss on debt refundings	3,225	4,140
Pension deferrals	2,116	2,024
Asset retirement obligations	22,899	22,395
Total deferred outflows of resources	28,240	28,559
Liabilities		
<i>Noncurrent liabilities</i>		
Long-term debt, net	138,244	153,122
Other long-term obligations	94,295	96,073
Net pension liability	7,770	15,604
Asset retirement obligations	29,178	28,977
Other liabilities and credits	7,444	6,495
Total noncurrent liabilities	276,931	300,271
<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	-
Accounts payable	14,792	23,115
Accrued interest	2,320	2,555
Accrued liabilities and other	3,268	3,801
Total current liabilities	35,190	41,131
Total liabilities	312,121	341,402
<i>Deferred inflows of resources</i>		
Deferred gain on debt refundings	129	142
Regulatory credits	53,346	55,393
Pension deferrals	6,024	-
Total deferred inflows of resources	59,499	55,535
Net position		
Net investment in capital assets	399,149	397,068
Restricted	16,702	16,930
Unrestricted	262,425	233,914
Total net position	\$ 678,276	\$ 647,912

Statements of revenues, expenses and changes in net position

Unaudited (in thousands)

	Month of October	October year to date		Twelve months ended October 31	
		2022	2021	2022	2021
Operating revenues					
Sales to owner communities	\$ 15,592	\$ 178,827	\$ 167,551	\$ 210,484	\$ 198,773
Sales for resale	4,858	56,868	49,131	68,160	56,311
Wheeling	621	6,009	4,760	6,996	5,758
Total operating revenues	<u>21,071</u>	<u>241,704</u>	<u>221,442</u>	<u>285,640</u>	<u>260,842</u>
Operating expenses					
Purchased power	3,991	42,673	43,961	53,319	54,683
Fuel	4,317	52,648	40,703	59,470	46,362
Operations and maintenance	5,066	54,480	50,658	64,327	63,361
Administrative and general	2,079	20,506	17,908	24,182	21,438
Distributed energy resources	686	5,972	5,342	7,575	7,389
Depreciation, amortization and accretion	3,142	30,206	27,296	37,338	36,258
Total operating expenses	<u>19,281</u>	<u>206,485</u>	<u>185,868</u>	<u>246,211</u>	<u>229,491</u>
Operating income	<u>1,790</u>	<u>35,219</u>	<u>35,574</u>	<u>39,429</u>	<u>31,351</u>
Nonoperating revenues (expenses)					
Interest income	384	1,962	1,164	2,149	1,451
Other (loss)/income	(3)	658	754	817	1,030
Distribution to owner communities	-	-	-	-	(1,000)
Interest expense	(464)	(4,875)	(5,336)	(5,897)	(6,571)
Amortization of bond financing costs	137	1,367	1,525	1,672	1,867
Net decrease in fair value of investments	(329)	(7,342)	(1,363)	(7,806)	(1,562)
Total nonoperating revenues (expenses)	<u>(275)</u>	<u>(8,230)</u>	<u>(3,256)</u>	<u>(9,065)</u>	<u>(4,785)</u>
Change in net position	<u>1,515</u>	<u>26,989</u>	<u>32,318</u>	<u>30,364</u>	<u>26,566</u>
Net position at beginning of period, as previously reported	<u>676,761</u>	<u>651,287</u>	<u>615,594</u>	<u>647,912</u>	<u>621,346</u>
Net position at end of period	<u>\$ 678,276</u>	<u>\$ 678,276</u>	<u>\$ 647,912</u>	<u>\$ 678,276</u>	<u>\$ 647,912</u>

Statements of cash flows

Unaudited (in thousands)

	Month of October	October year to date		Twelve months ended October 31	
		2022	2021	2022	2021
Cash flows from operating activities					
Receipts from customers	\$ 30,026	\$ 242,932	\$ 225,661	\$ 281,203	\$ 262,454
Payments for operating goods and services	(14,022)	(137,797)	(120,879)	(169,829)	(142,208)
Payments for employee services	(4,706)	(40,666)	(38,134)	(47,890)	(46,446)
Net cash provided by operating activities	11,298	64,469	66,648	63,484	73,800
Cash flows from capital and related financing activities					
Additions to electric utility plant	(1,592)	(13,000)	(17,186)	(20,482)	(20,544)
Payments from accounts payable incurred for electric utility plant additions	(273)	(1,581)	(1,271)	(1,234)	(1,065)
Proceeds from disposal of electric utility plant	3	74	270	82	27,303
Deposits into escrow for bond defeasance	-	-	-	-	(237)
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	(1,862)	(30,122)	(32,637)	(40,316)	(12,547)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	(5,791)	(29,130)	(37,186)	(29,175)	(51,996)
Interest and other income, including realized gains and losses	377	2,550	1,882	2,881	2,437
Distribution to owner communities	-	-	-	-	(1,000)
Net cash used in investing activities	(5,414)	(26,580)	(35,304)	(26,294)	(50,559)
Increase/(decrease) in cash and cash equivalents	4,022	7,767	(1,293)	(3,126)	10,694
Balance at beginning of period in cash and cash equivalents	44,152	40,407	52,593	51,300	40,606
Balance at end of period in cash and cash equivalents	\$ 48,174	\$ 48,174	\$ 51,300	\$ 48,174	\$ 51,300
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	\$ 1,790	\$ 35,219	\$ 35,574	\$ 39,429	\$ 31,351
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	3,350	32,487	30,955	38,716	39,203
Amortization	(516)	(5,162)	(4,585)	(4,548)	(4,585)
Changes in assets and liabilities that provided/(used) cash					
Accounts receivable	10,221	491	3,300	(4,879)	1,041
Fuel and materials and supplies inventories	621	(277)	3,330	(932)	2,956
Prepayments and other assets	(1,236)	(3,560)	(455)	(2,696)	(908)
Regulatory assets	86	861	822	1,025	596
Deferred outflows of resources	197	(452)	(1,337)	(597)	1,125
Accounts payable	(3,844)	(1,198)	5,401	(7,611)	11,666
Net pension liability	-	-	-	(7,834)	(3,075)
Asset retirement obligations	(176)	1,628	1,385	1,907	(2,110)
Other liabilities	456	826	1,295	481	1,409
Deferred inflows of resources	349	3,606	(9,037)	11,023	(4,869)
Net cash provided by operating activities	\$ 11,298	\$ 64,469	\$ 66,648	\$ 63,484	\$ 73,800
Noncash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	522	522	1,234	522	1,234
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	73	81	89	93
Amortization of bond premiums, deferred loss and deferred gain on refundings	(144)	(1,440)	(1,606)	(1,762)	(1,960)
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 October	October year to date		Twelve months ended October 31	
		2022	2021	2022	2021
Bond service coverage					
Net revenues					
Operating revenues	\$ 21,071	\$ 241,704	\$ 221,442	\$ 285,640	\$ 260,842
Operations and maintenance expenses, excluding depreciation, amortization and accretion	16,139	176,279	158,572	208,873	193,233
Net operating revenues	4,932	65,425	62,870	76,767	67,609
Plus interest income on bond accounts, other income and distribution to owner communities ⁽¹⁾	381	2,604	1,937	2,945	1,502
Net revenues before rate stabilization	5,313	68,029	64,807	79,712	69,111
Rate stabilization					
Deposits	-	-	-	-	-
Withdrawals	-	-	-	-	-
Total net revenues	\$ 5,313	\$ 68,029	\$ 64,807	\$ 79,712	\$ 69,111
Bond service					
Power revenue bonds	\$ 1,482	\$ 14,823	\$ 15,031	\$ 17,789	\$ 18,068
Coverage					
Bond service coverage ratio	3.59	4.59	4.31	4.48	3.83
	Month of October	October year to date		Twelve months ended October 31	
		2022	2021	2022	2021
Fixed obligation charge coverage					
Total net revenues, above	\$ 5,313	\$ 68,029	\$ 64,807	\$ 79,712	\$ 69,111
Fixed obligation charges included in operating expenses ⁽²⁾	1,361	13,967	11,251	17,151	13,756
Adjusted net revenues before fixed obligation charges	\$ 6,674	\$ 81,996	\$ 76,058	\$ 96,863	\$ 82,867
Fixed obligation charges					
Power revenue bonds, above	\$ 1,482	\$ 14,823	\$ 15,031	\$ 17,789	\$ 18,068
Fixed obligation charges	1,361	13,967	11,251	17,151	13,756
Total fixed obligation charges	\$ 2,843	\$ 28,790	\$ 26,282	\$ 34,940	\$ 31,824
Coverage					
Fixed obligation charge coverage ratio	2.35	2.85	2.89	2.77	2.60

⁽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

Estes Park • Fort Collins • Longmont • Loveland

General management report

October 2022



Business Strategies

Communications, marketing and external affairs

In October, communications, marketing and external affairs staff:

- Continued employee focus group sessions to collect feedback in support of Platte River's messaging and new strategic plan.
- Developed a multi-channel communications strategy for the new enterprise resource planning that will inform employees of the "what, why, how and when" of the new program's implementation.
- Hosted events in the Energy Engagement Center for the Colorado Association of Municipal Utilities and the NoCo Time Trials celebration.
- Collaborated with the cybersecurity team to develop a National Cybersecurity Awareness Month campaign, including digital and physical signage, social media posts and an interactive cybersecurity game.
- Launched the annual United Way fall fundraising campaign with a goal to raise \$50,000 from 50% of employees with 50 opportunities to make a difference.
- Attended the quarterly Large Public Power Council (LPPC) Government Relations Working Group in-person meeting in Colorado Springs to discuss strategy in the upcoming legislative sessions for member states as well as the impacts of the Infrastructure Investment and Jobs Act and Inflation Reduction Act bills, in addition to attending the LPPC CEO meeting where challenges facing member utilities were discussed.
- Coordinated a kick-off meeting to discuss grant opportunities and assess needs and logistics to apply.

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.
- Continued to run a large-scale radio and television advertising campaign. The campaign included more than 5,000 individual runs of a radio advertisement and 2,600 commercial runs for television.
- 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.
- Concluded the National Drive Electric Week celebration with a wrap up of a social media campaign and an in-person event at the Longmont Electric Vehicle Fair for the Sustainable Resilient Longmont organization.

Human resources

Human resources conducted a full-scale review of non-medical benefits and finalized new approaches to employee leaves for 2023 implementation. These leaves included personal leave, sick leave, and a

Platte River family leave that serves as a replacement for the organization opting out of the Colorado Family and Medical Leave Insurance program.

The human resources team, along with its consultant, completed the market matches of all Platte River roles while compensation structure development began.

Safety

A total of 47 headquarters employees were certified in cardiopulmonary resuscitation and automated external defibrillator operation.

The safety manager attended the American Public Power Association fall education institute in San Antonio and completed the Public Power Manager Certificate Program.

The safety manager participated in a site walk through and assessment of Rawhide equipment for AEGIS, the property insurance provider. Platte River was highly congratulated for having such an amazing facility.

Safety team members participated in employee focus groups to help shape the language for the strategic plan.

Injury statistics	2020 year end	2021 year end	YTD through October 2021	YTD through October 2022
Recordable injury rate	1.29	1.67	0.92	1.41
DART	0.43	0.00	0.00	0.94
Lost time rate	0.43	0.00	0.00	0.00

There were zero recordable injuries in the month of October.

Emergency Response Team

Emergency Response Team staff assisted with four tours of Rawhide involving six elementary school classes.

Financial

2022 board contingency – operating expenses and capital additions

In 2022, Platte River has experienced increased revenues from the owner communities and market sales. Weather and regional issues contributed to increased average surplus sales prices. To support those increases revenues, fuel expense, primarily natural gas, was above budget to serve the increased sales, meet load and replace Rawhide Unit 1 generation during the scheduled maintenance outage. As a result, total operating expenses are projected to be above budget and a contingency appropriation transfer is required.

Capital additions also requires a contingency appropriation transfer due to out-of-budget and over budget projects combined with the need to carryover funds to 2023 to complete projects.

The board contingency transfer request is for a not-to-exceed amount. This will enable staff to refine the actual transfer, up to the maximum, after year-end close when actual costs are known. The final amount transferred will be reported to the board at the February meeting. A memorandum and resolution are included in the December board materials to cover the additional expenses related to operating expenses and capital project work to be completed in 2022 that exceed original planned expenses.

Proposed 2023 Strategic Budget

Included in this month's board materials is a memorandum accompanying the final budget document, as well as a proposed resolution to adopt the 2023 Strategic Budget and appropriate funds for 2023 expenditures. Staff recommends adoption of the 2023 Strategic Budget amounts as submitted and will be available at the board meeting to answer any questions.

Below is a condensed schedule of the overall budget process.

March to May	Kickoff presentations and preparation of budget details by departments
May-June	Data compilation, reporting and meetings with division managers
July	Senior leadership and general manager/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

Preliminary financial audit work

During the week beginning November 28 FORVIS, Platte River's external auditors, reviewed documentation on financial processes, met with staff to review internal controls, and reviewed documentation related to the Sept. 30, 2022 financial results.

Economic Development

Payments for community economic development have been made per the direction given by each owner community. The payments total the budgeted amount of \$100,000, one-half of which is divided equally between the owner communities and the other half based on MWh sales during 2021.

Forced Outage Assistance Agreement

This agreement, which involves Platte River's Rawhide Unit 1 and Tri-State's Craig Unit 3, provides that each party will supply replacement energy to the other party during a forced outage of either unit. Tri-

State exceeded the Energy Account Balance Limit, defined in the agreement, and paid Platte River \$1.6 million. This payment buys down the energy balance to half of the contract limit.

Credit rating update

Fitch Ratings conducted its annual surveillance of Platte River. In Fitch's published report, Fitch affirmed Platte River's AA rating with a stable outlook. The ratings reflect Fitch's base and stress scenarios showing strong operating cash flow and downward trending debt throughout most of the next five years. Platte River's strong revenue defensibility is based on long-term, all requirements wholesale electric power contracts with the owner communities, which have very strong purchaser credit quality, as well as Platte River and the owner communities' ability to independently establish rates. Platte River's very low operating cost burden drives its similarly situated operating risk and reflects a diverse resource mix, including historically low-cost coal-fired units, as well as natural gas-fired units, wind, hydropower and solar sources. The report also referenced that over the past several years, Platte River has begun to expand its renewable resources as it prepares to retire coal-fired generation.

Transition and integration

Energy solutions

October brought a mix of activities for the Energy Solutions staff. As always, they remained focused on assisting customers with home and business upgrades, primarily energy efficiency, to finish the year with momentum leading into 2023. Staff also looked to the future with consultant contract development and ongoing collaboration with owner community staff. The ongoing dialogue seeks to evaluate building electrification technologies to support electrification initiatives at the community level and develop numerous implementation strategies for long-term customer distributed energy resources programs offerings.

Key department initiatives and activities completed or underway:

- Efficiency Works™ Homes completed 43 home efficiency assessments and helped customers upgrade 137 homes in October.
- Building electrification program design continues to incorporate into the existing Efficiency Works Homes programming with focus shifting to identifying the necessary incentive levels to encourage participation in the region while aligning technical standards and requirements with other regional utilities and national standards.
- Oct. 1, 2022 was the launch of the all-electric home upgrade triple rebates. This program focuses on serving those with all-electric heat, the clients most expected to be affected by upcoming rate changes. Since then, the program has experienced a significant increase among customers interested in home upgrades and has begun the process of improving their homes.
- Bonus rebates began on Sept. 20 for smart thermostats that control electric baseboard heaters to allow residential customers to manage their heating loads more effectively. The bonus rebate caught the attention of Canadian smart thermostat manufacturer Mysa, which offered additional incentives to increase participation during our promotional efforts. Within the first six weeks of

the promotion, over 400 units were sold compared to eight units sold in the first six months of 2022, significantly increasing the energy savings for electrically heated homes.

- Efficiency Works Business continues to experience strong participation from the largest commercial customers while lacking participation from the small and medium business sector. While it is still unclear how the ongoing supply chain challenges will impact participation over the coming months, increased outreach efforts through door-to-door energy advising and social media are underway to continue to re-engage the small and medium business sector.
- The Efficiency Works program teams held appreciation events on Nov. 3 for residential contractors and Nov. 17 for commercial contractors. The participating contractors were enthusiastic about interacting with the team, in person, and provided great feedback for the future success of the program offerings.
- With the completion of an additional nine homes receiving residential income qualified offerings, Platte River staff continues to lead the collaborative effort with owner community staff to develop additional partnerships to increase the impact of the residential income qualified program offerings. The initial efforts focused on scaling to double the impact in the communities by the end of 2023.
- To continue to provide quality services to the owner community customers into 2023, Platte River staff is currently developing 27 contracts with various agencies for nearly \$4.7 million in services.

Through October 2022, the Efficiency Works programs have achieved 15,524 MWh of energy savings and incurred \$6.5 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 of 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 used only if an individual owner community exceeds its Platte River budget.

Resource planning

The Resource Planning team spent the month of October managing consultants' studies to prepare for the 2024 Integrated Resource Plan (IRP) and evaluation for surplus energy sale options. Key activities included:

- Managing a resource assessment study that will help determine Platte River's future planning reserve margin (additional firm capacity necessary to provide reliable power supplies in the future).
- Managing a study to assess the difference between developing an IRP in a traditional non-market environment and in a future organized market.
- Contract preparation for a study to assess location marginal prices (LMPs). This study will help estimate LMPs in and around Platte River's territory to reveal potential transmission bottlenecks.
- Finalizing the scope of a study for dispatchable technology selection to complement future renewable generation in our supply portfolio. The study will look at the major vendors providing commercially proven technologies and help Platte River choose the best option.

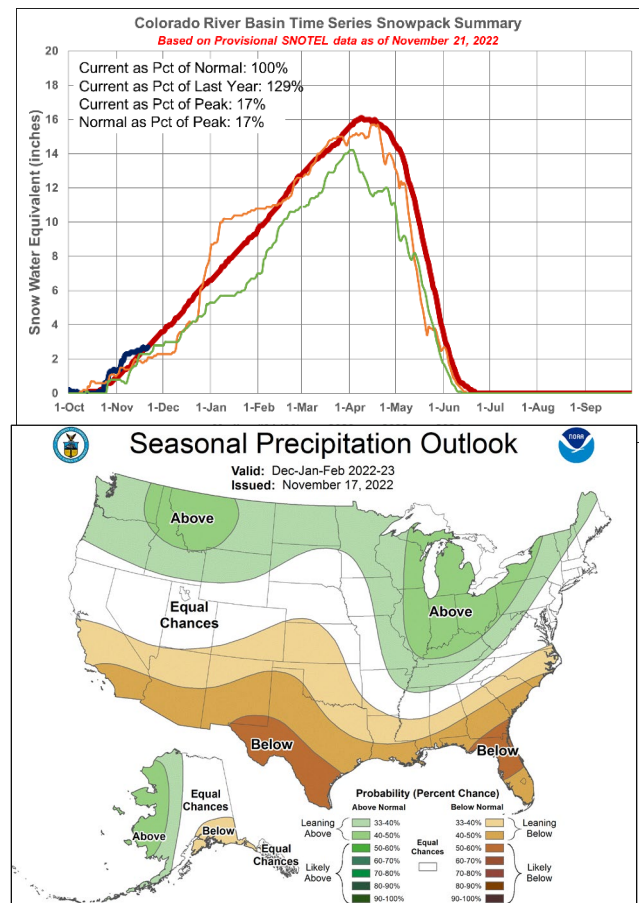
- Finalizing an internal study to assess surplus power availability in the next few years for possible long-term contract sales. The results of the study provide a foundation for risk and value assessment for actual sale transactions.
- Assessing the value of long-duration storage with internally developed tools and the resource planning tool, Plexos.
- Working with IT staff to support their work to move some of the dashboards built by resource planning from RStudio to the Power BI platform.

Operations

Fuels and water

Thus far in the 2023 water year, snowpack in the upper Colorado river basin has generally trended above average and currently sits at the 30-year average (see graph). Although the water year has just started, early season snowpack provides the significant benefit of boosting basin soil moisture content, which provides a solid foundation for building additional snowpack through the remainder of the year and increases runoff volumes in the spring.

Looking ahead, a La Niña pattern has developed in the Pacific for the third year in a row, which typically has mixed implications for Colorado. As shown in the precipitation outlook, northern Colorado is expected to receive average precipitation through the winter months. However, a slight shift in the weather pattern could bring drier conditions and reduced snowpack to the region. For reference, the past two years of La Niña conditions have led to peak snowpacks in the upper Colorado basin of 87% and 99% of average.



The Chimney Hollow Reservoir project continues to make good progress across a variety of work areas. A significant milestone was achieved when the initial lifts of the asphalt core were placed in October (see image). Each lift is nine inches thick, and the contractor is currently placing two or three lifts per day. Concurrent with the asphalt operations is the placement of the rock fill layers that will ultimately support the dam core. Elsewhere on the site, Bald Mountain tunnel interconnection construction was completed ahead of schedule. Approximately 1,400 feet of the pressure conduit that will run from the interconnection to the valve house has also been installed. The inlet-outlet tunnel is approximately 27% complete and the underground valve vault has been fully excavated. Overall, the project is approximately 23% complete and remains on schedule for completion in 2025.



Initial asphalt core construction