



Platte River
Power Authority
Energy leaders since 1973

2023 Strategic Budget





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Letter from board chair and general manager

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

In our 50th year as a public power provider, and in our fifth year since the passage of the Resource Diversification Policy (RDP), we are at a critical point on our path to achieve a noncarbon energy future. Now in the implementation phase, our 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.



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

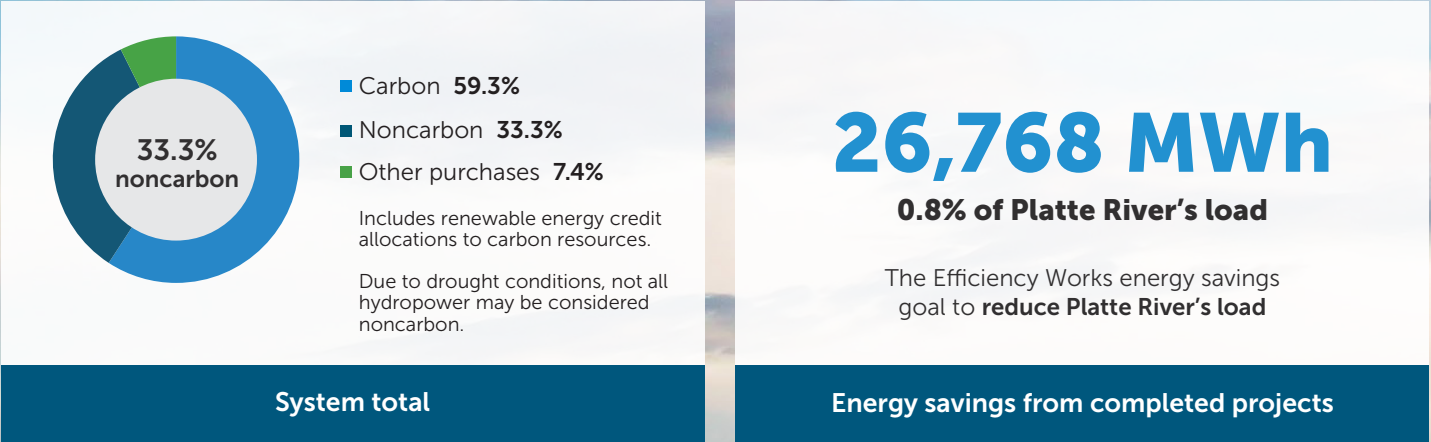
Rawhide Unit 1

≥ 90%

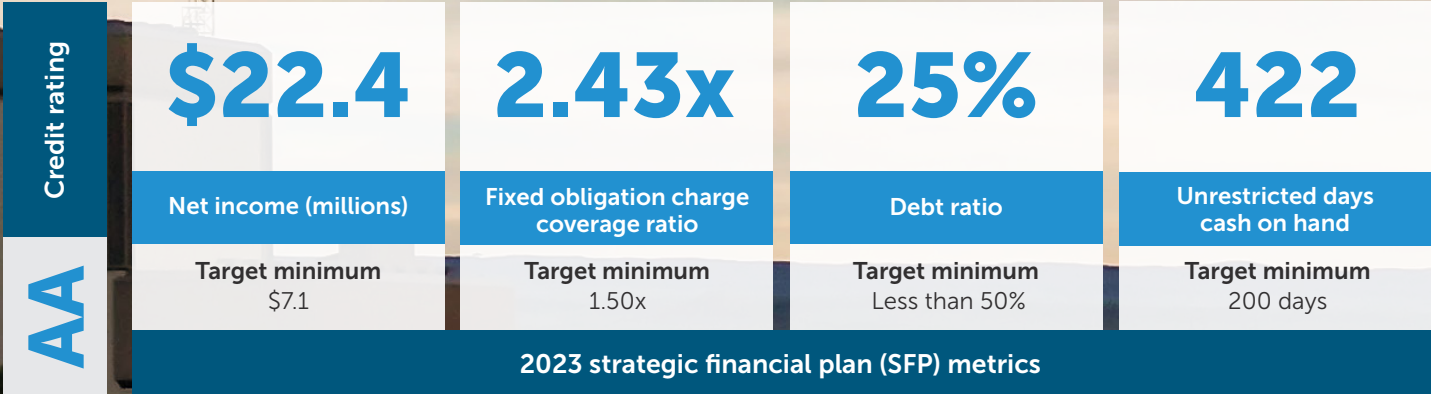
Delivery reliability

Rawhide combustion turbines

Environmental responsibility



Financial sustainability



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.



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graph TD; A[Platte River Power Authority Board of Directors] --> B[Jason Frisbie General manager/CEO]; B --> C[Angela Walsh Executive assistant to the GM/CEO, secretary to the board of directors, administrative services supervisor]; C --> D[Administrative services];
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**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



The organizational chart is positioned in the center of the page, overlaid on a background image of a solar farm at dusk. It consists of five horizontal bars, each representing a senior officer. Each bar is divided into two sections: the top section is blue and contains the officer's name and title, while the bottom section is white and contains their primary responsibility area. A vertical white line on the left side of the chart connects the bars, indicating a unified reporting structure. A horizontal dashed white line is located to the left of the Sarah Leonard bar.

Eddie Gutiérrez

Chief strategy officer

Business strategies

Sarah Leonard

General counsel

General counsel

Raj Singam Setti

Chief transition and integration officer

Transition and integration services

David Smalley

Chief financial officer and deputy general manager

Financial services

Melie Vincent

Chief operating officer

Generation and transmission

General manager/CEO

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

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

Business strategies

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

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

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

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

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

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

The **emergency response team**, certified by the state of Colorado, protects staff and infrastructure at the Rawhide Energy Station and provides mutual aid assistance to the owner communities, the Nunn Fire Protection District and the Wellington Fire Protection District. In 2023, the team will conduct 10 training events 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

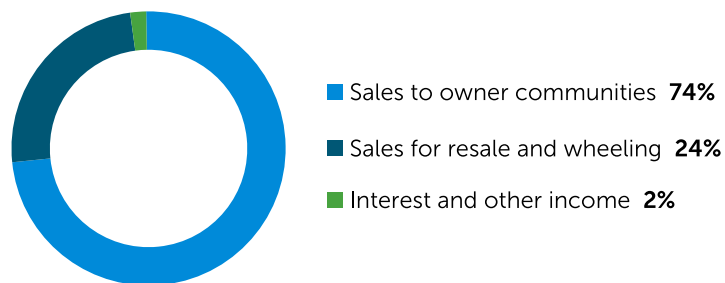
The Platte River Power Authority 2023 Strategic Budget is produced in alignment with the long-range strategic plan, under the direction of the organization's leadership, to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River's tactical, operational and capital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

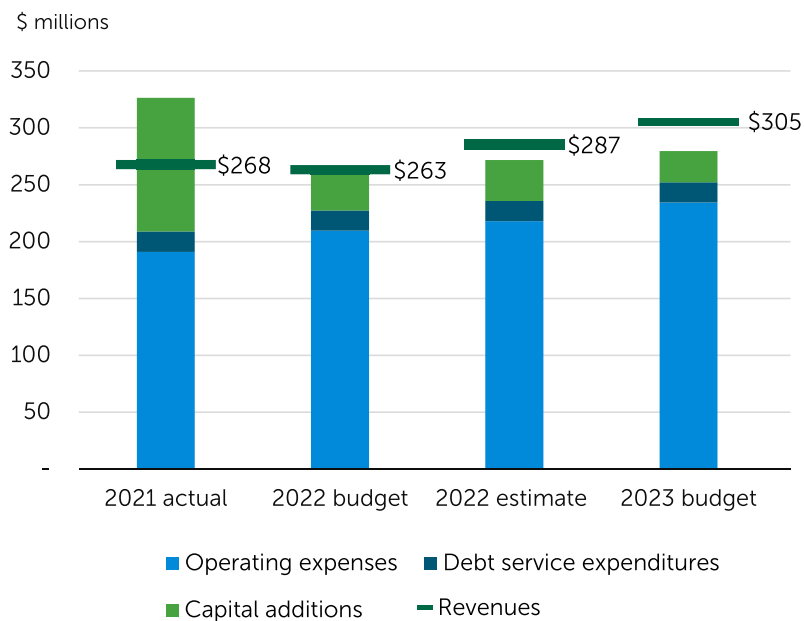
Expenses are managed from a broad perspective with the goal of operating the system in a safe, compliant and reliable manner while expanding environmental stewardship. Platte River communicates and collaborates with the owner communities to align processes and outcomes to the benefit of all customers.

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.

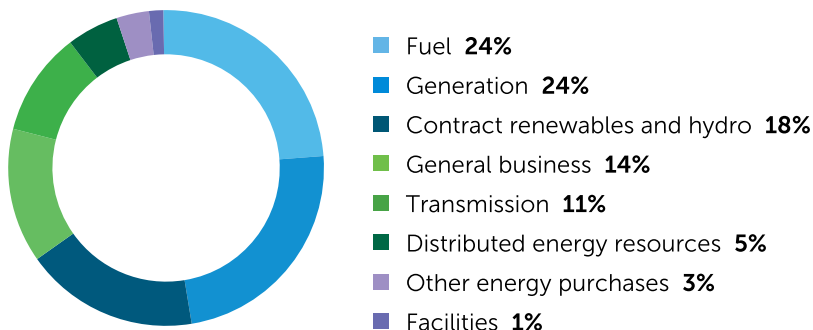
Revenues



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.

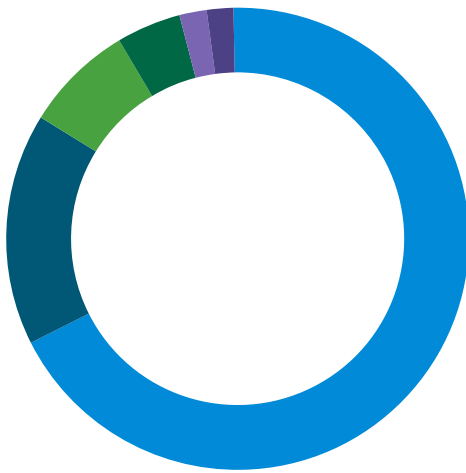
(2) Actual and estimate include nonappropriated expenses due to basis of accounting differences discussed in the financial governance section.

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)**

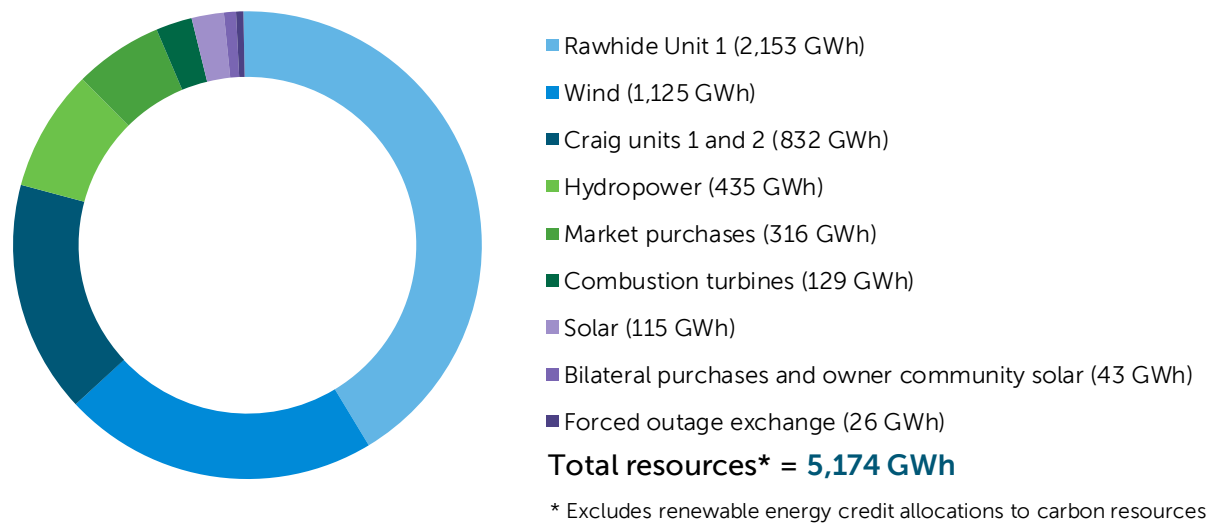
| | 2021 actual | 2022 budget | 2022 estimate | 2023 budget |
|---|----------------|----------------------------|------------------|----------------|
| Materials and other expenses (continued) | | | | |
| Rawhide O&M materials | \$ 5,326,907 | \$ 3,768,676 | \$ 4,041,518 | \$ 4,091,828 |
| Other O&M 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)

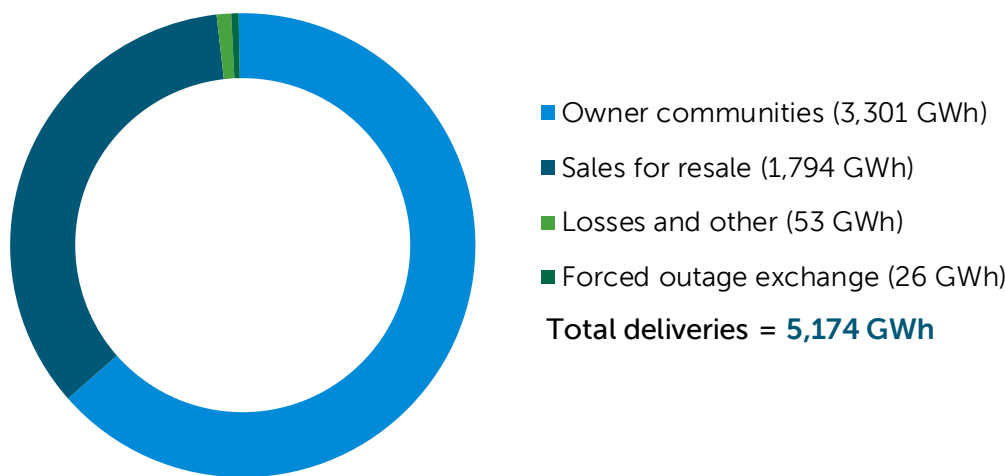
| | 2021 actual | 2022 budget | 2022 estimate | 2023 budget |
|--|----------------|---------------------------|------------------|----------------|
| Capital additions | | | | |
| Personnel expenses | | | | |
| Regular wages | \$ 929,328 | \$ 1,902,751 | \$ 991,147 | \$ 1,123,927 |
| Overtime wages | 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



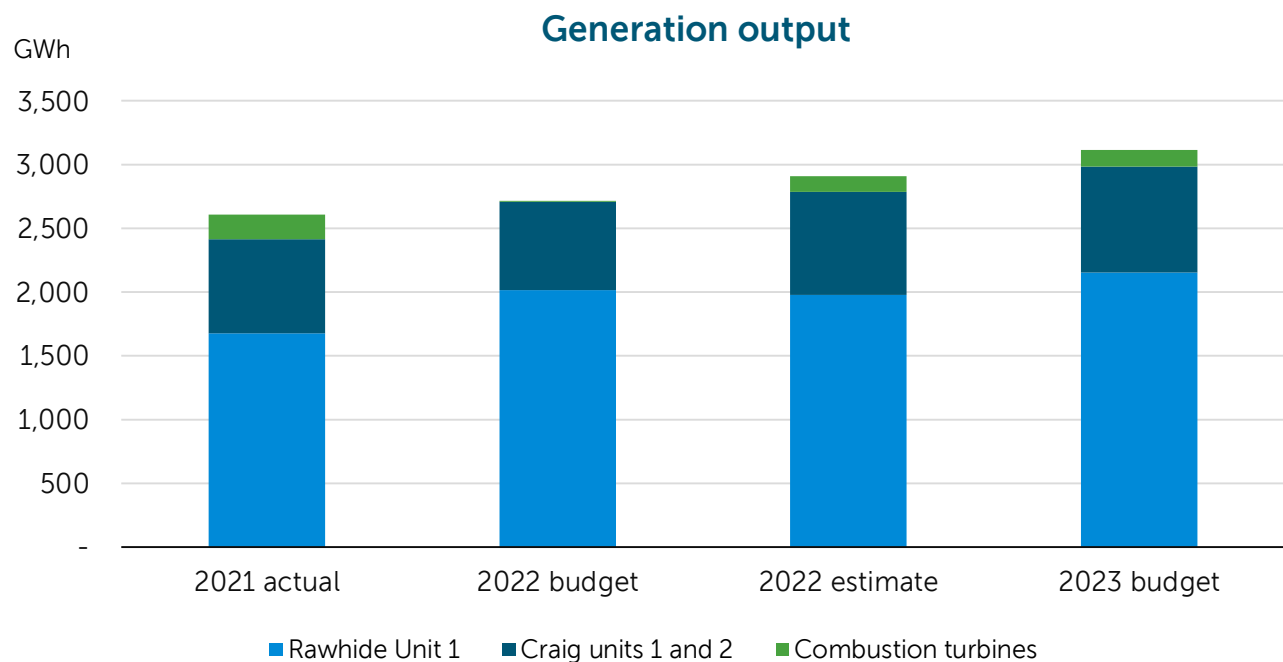
2023 deliveries



| 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

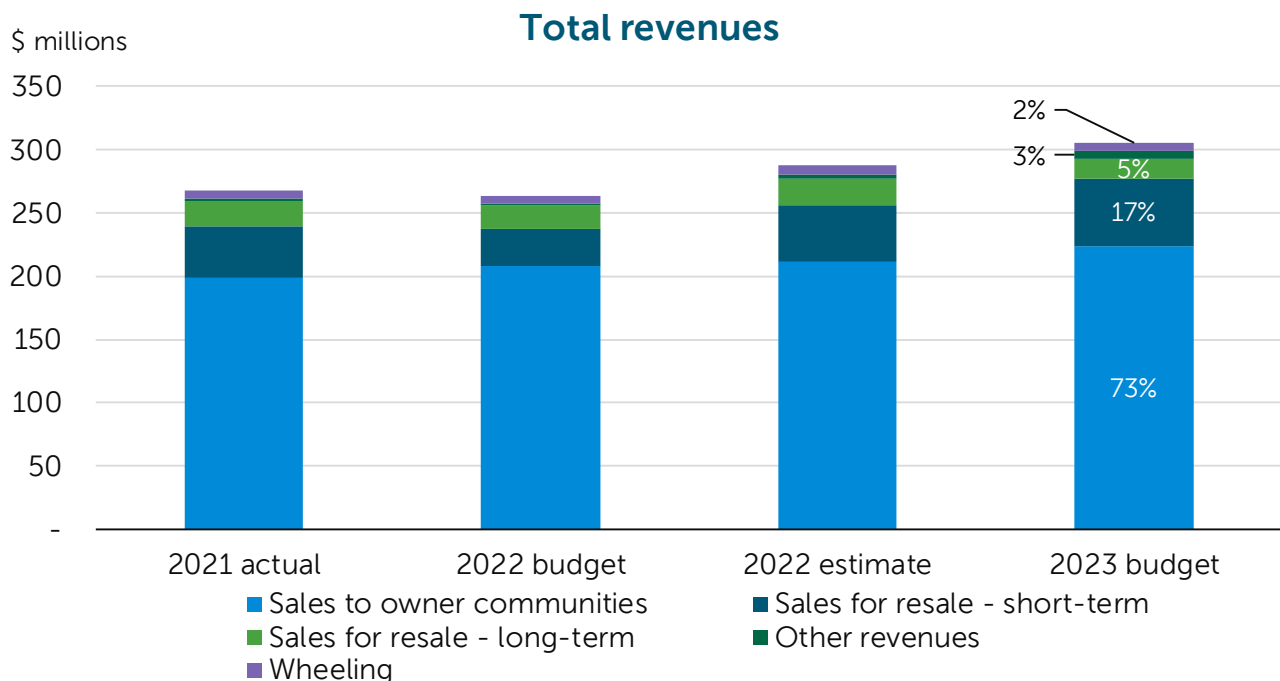
Wheeling revenues represent payments from other parties for the use of Platte River's transmission system. There is a limited amount of demand for usage of the system; thus, it represents a smaller portion of the budget. Platte River charges others for the use of its transmission system per the Wholesale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

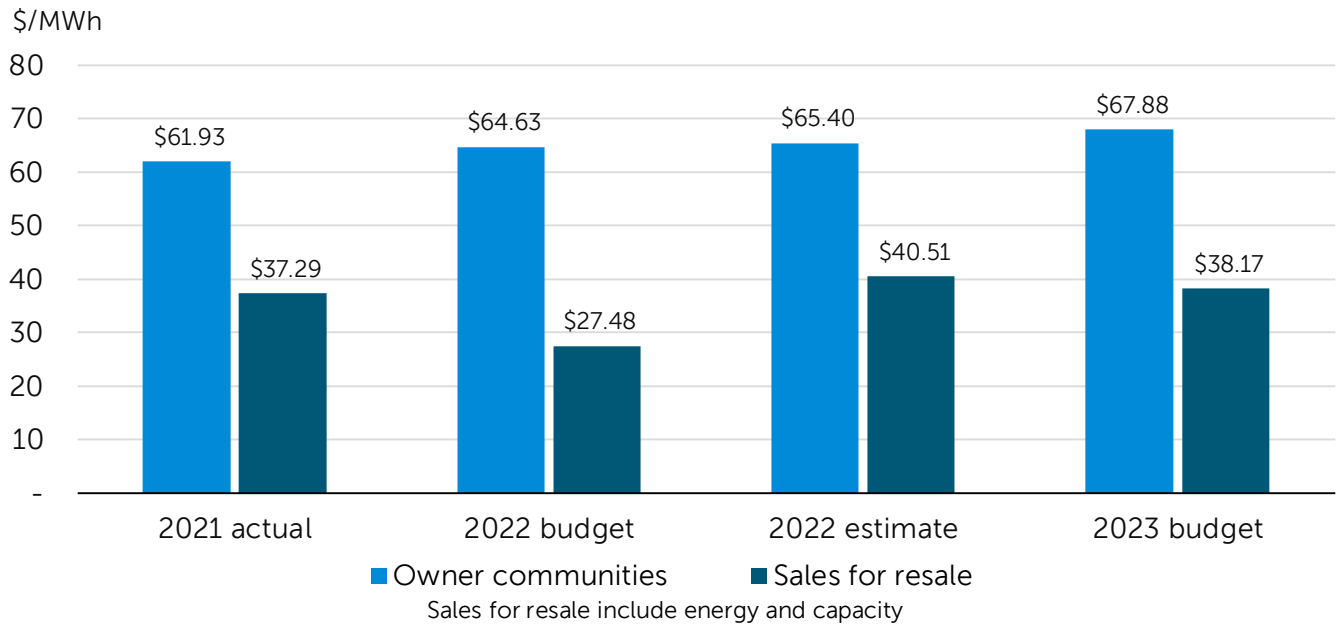
Interest and other income

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.

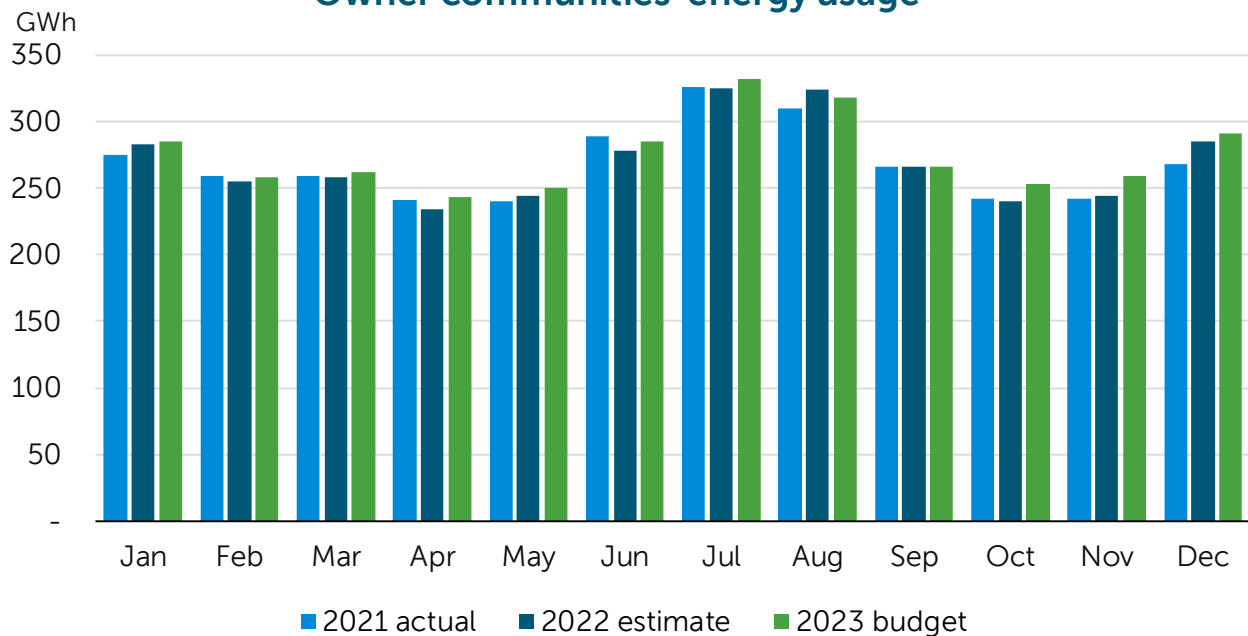
| Total revenues (\$000) | 2021 actual | 2022 budget | 2022 estimate | 2023 budget |
|-------------------------------|----------------|----------------|------------------|----------------|
| Operating revenues | | | | |
| Sales to owner communities | \$ 199,208 | \$ 208,017 | \$ 211,512 | \$ 224,082 |
| 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)

Longmont (continued)

| | 2021 actual | 2022 budget | 2022 estimate | 2023 budget |
|-------------------------------|----------------|----------------|------------------|----------------|
| 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.

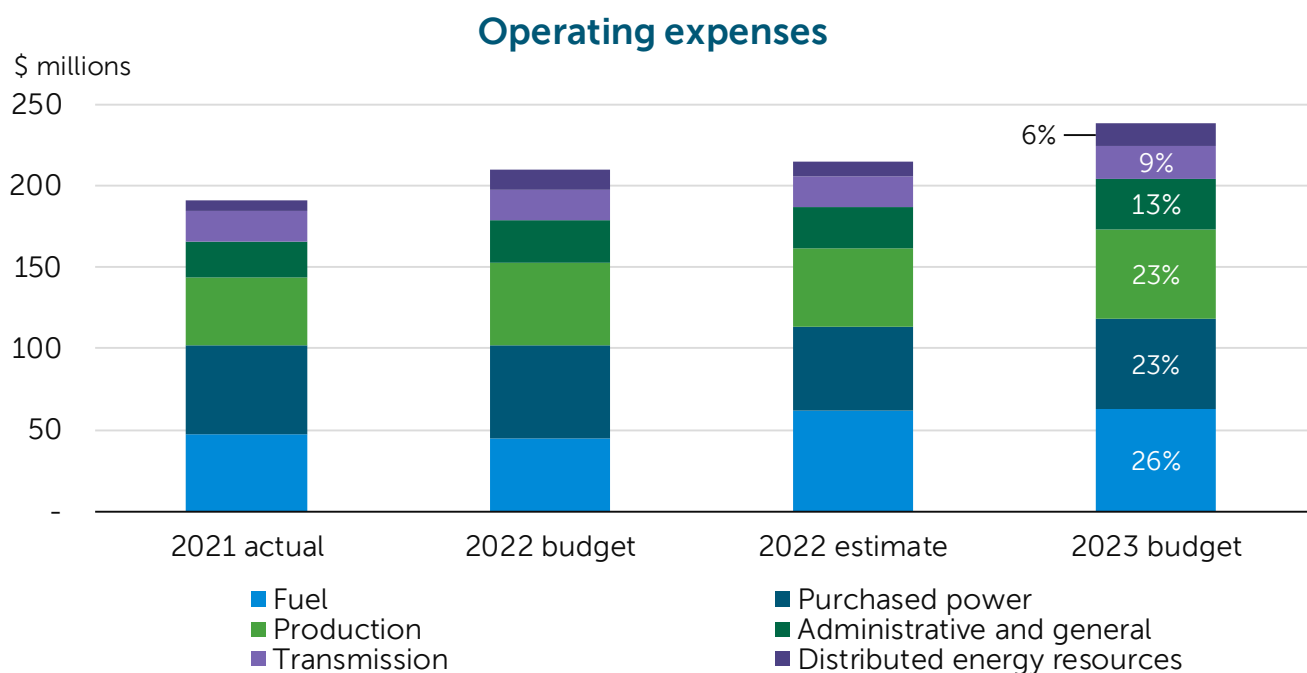
Administrative and general

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 |



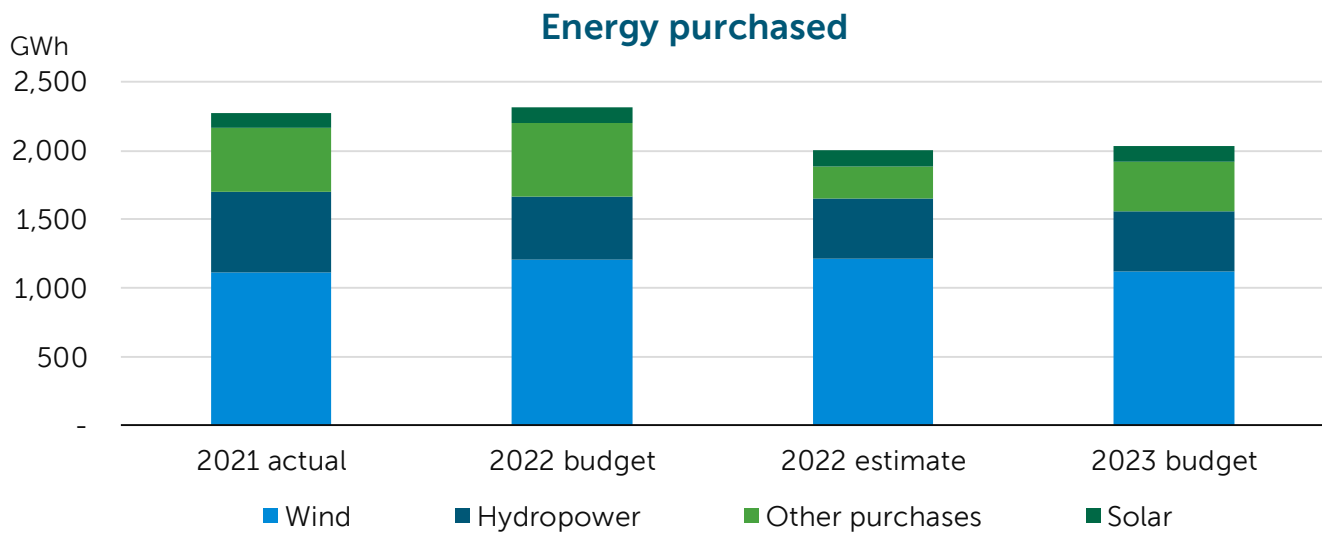
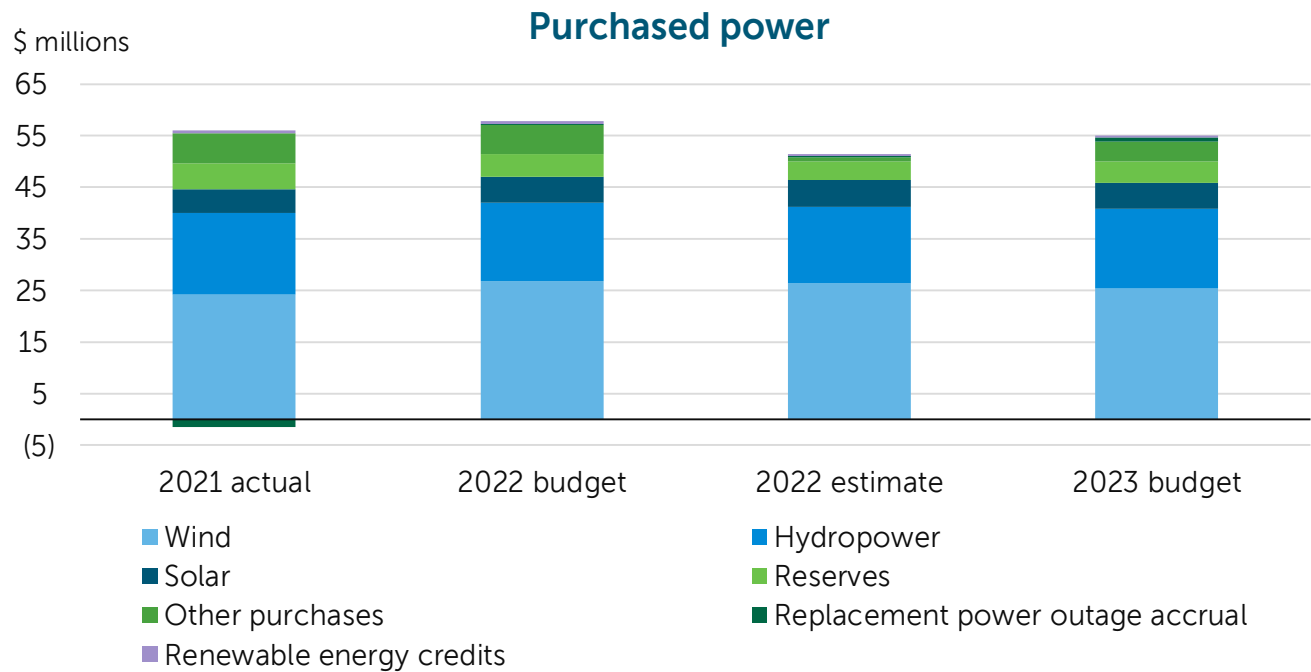
| Purchased power | 2021 actual | 2022 budget | 2022 estimate | 2023 budget |
|---|----------------|----------------|------------------|----------------|
| Wind | | | | |
| Roundhouse | | | | |
| Energy (kWh) | 842,302,318 | 909,604,558 | 923,809,717 | 837,499,424 |
| Energy \$ | \$ 14,571,830 | \$ 15,736,160 | \$ 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.

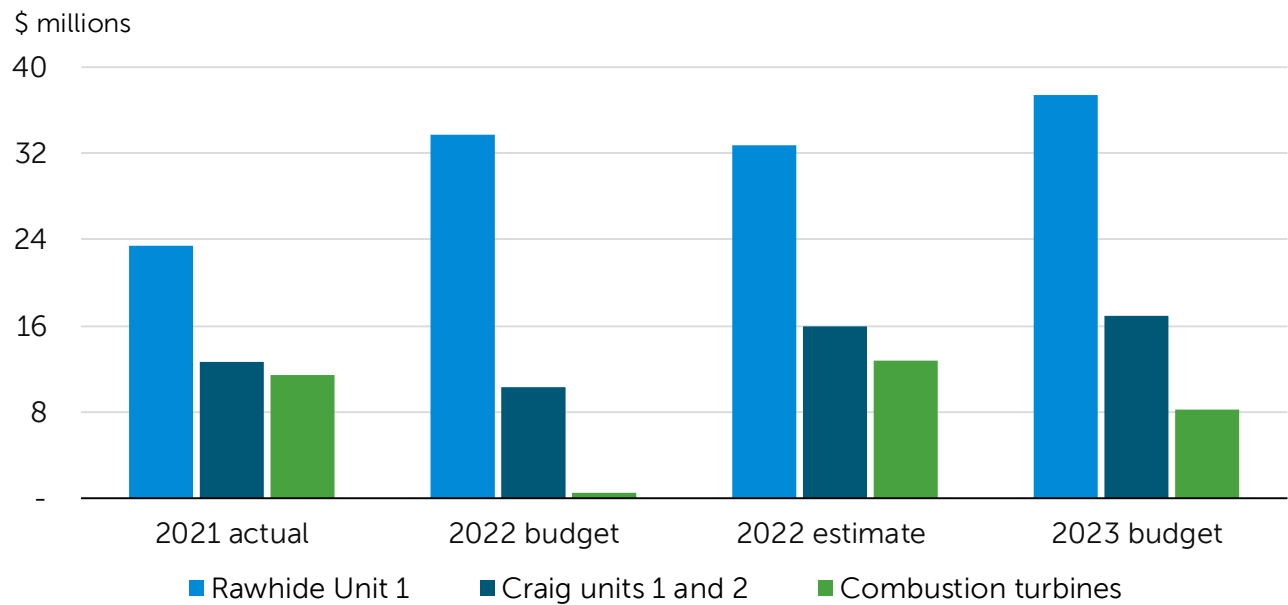
(2) Effective October 2018, Silver Sage energy and the renewable attribute have been sold to a third party.

(3) The owner communities retain the renewable attribute.

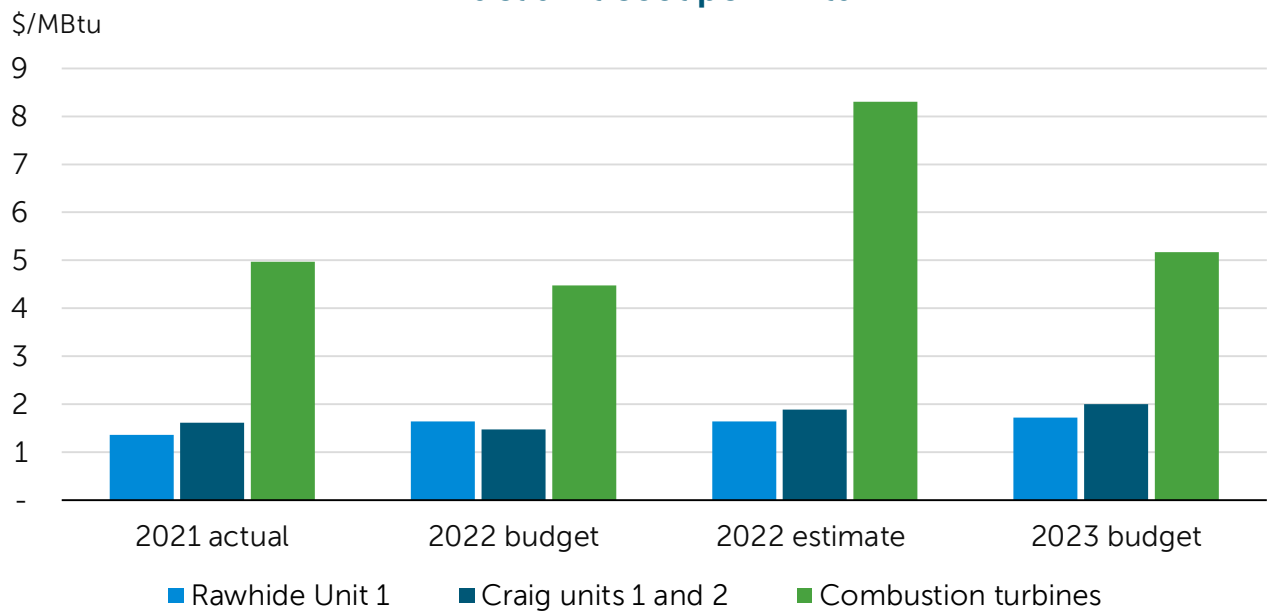


| Fuel | 2021 actual | 2022 budget | 2022 estimate | 2023 budget |
|---|------------------------|------------------------|--------------------------|------------------------|
| Rawhide Unit 1 | | | | |
| Coal burned (MBtu) | 17,121,470 | 20,354,430 | 19,758,887 | 21,776,624 |
| \$/MBtu | \$ 1.31 | \$ 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 |

Fuel



Fuel unit cost per MBtu



| | 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> |

Production

\$ millions

60

50

40

30

20

10

-

2021 actual

2022 budget

2022 estimate

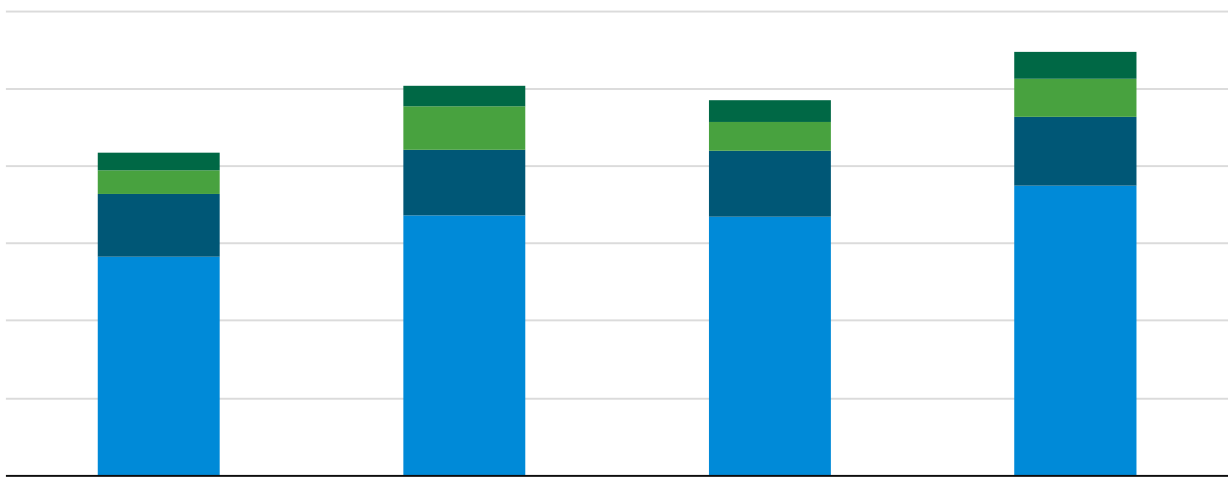
2023 budget

■ Rawhide Unit 1

■ Craig units 1 and 2

■ Power operations

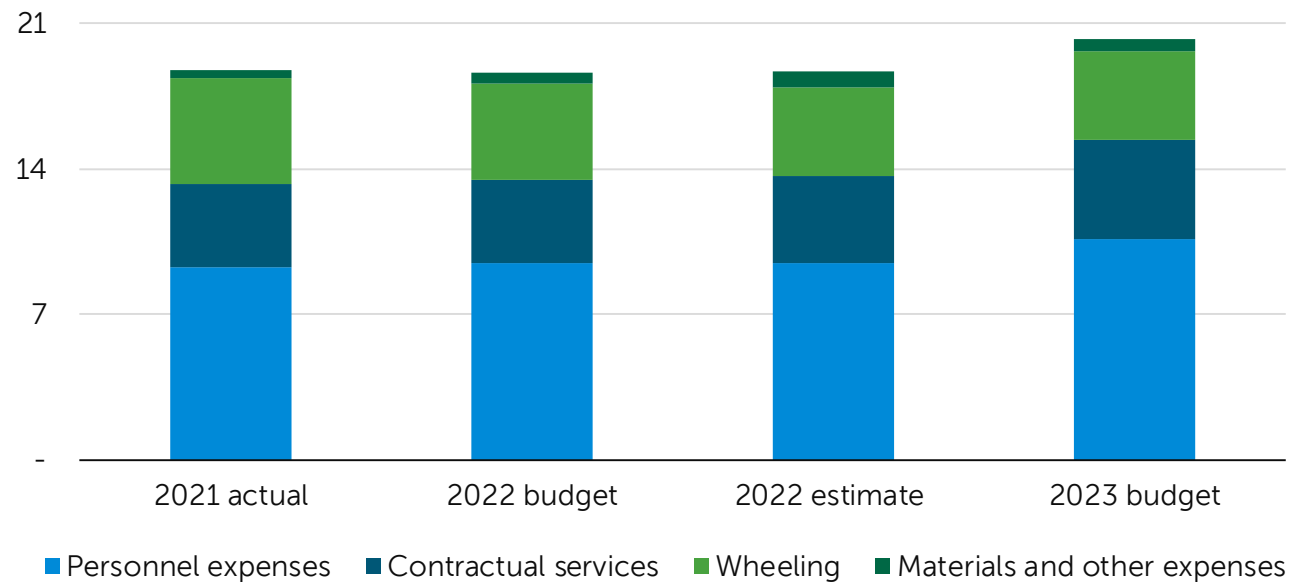
■ Combustion turbines



| 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 |

Transmission

\$ millions



| 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)

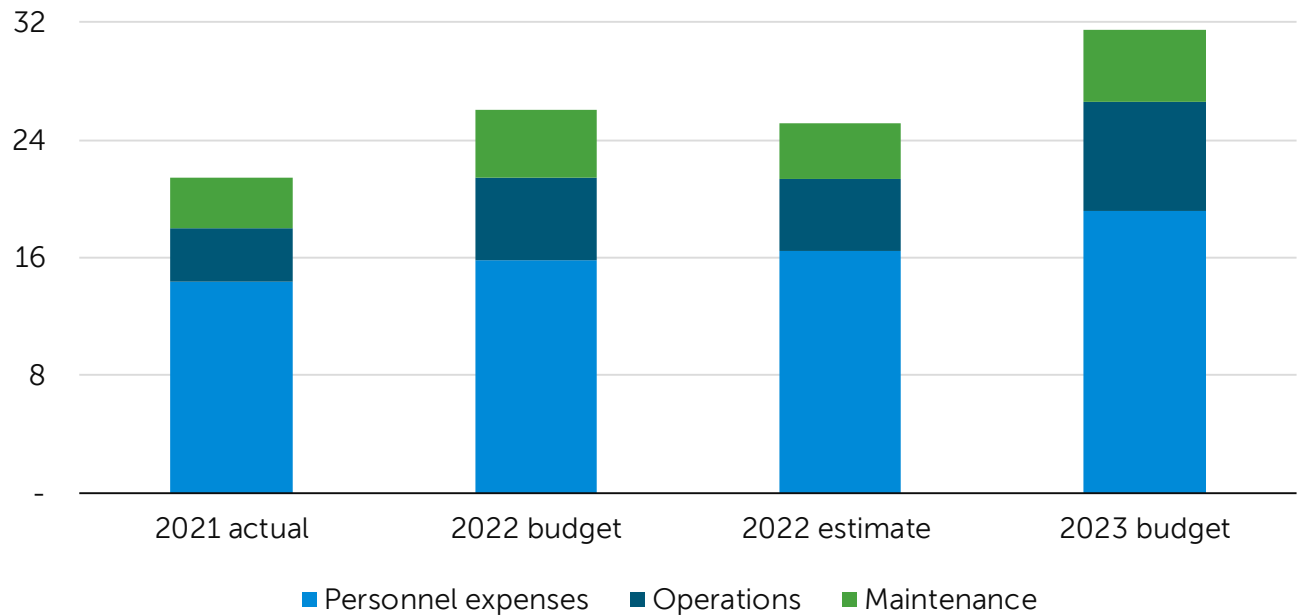
Maintenance (continued)

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 |

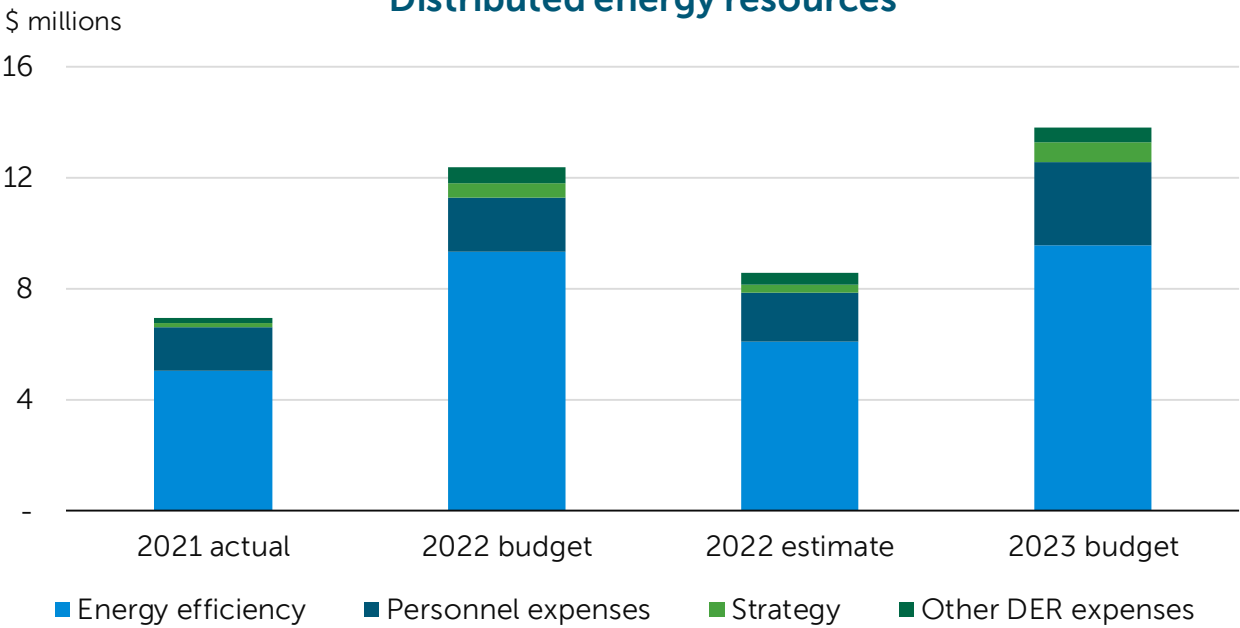
Administrative and general

\$ 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 | - | 50,000 | 25,000 | - |
| Total smart thermostat | - | 50,000 | 25,000 | - |
| Total distributed energy resources | <u>\$ 6,957,887</u> | <u>\$ 12,377,531</u> | <u>\$ 8,579,861</u> | <u>\$ 13,789,562</u> |

Distributed energy resources



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.

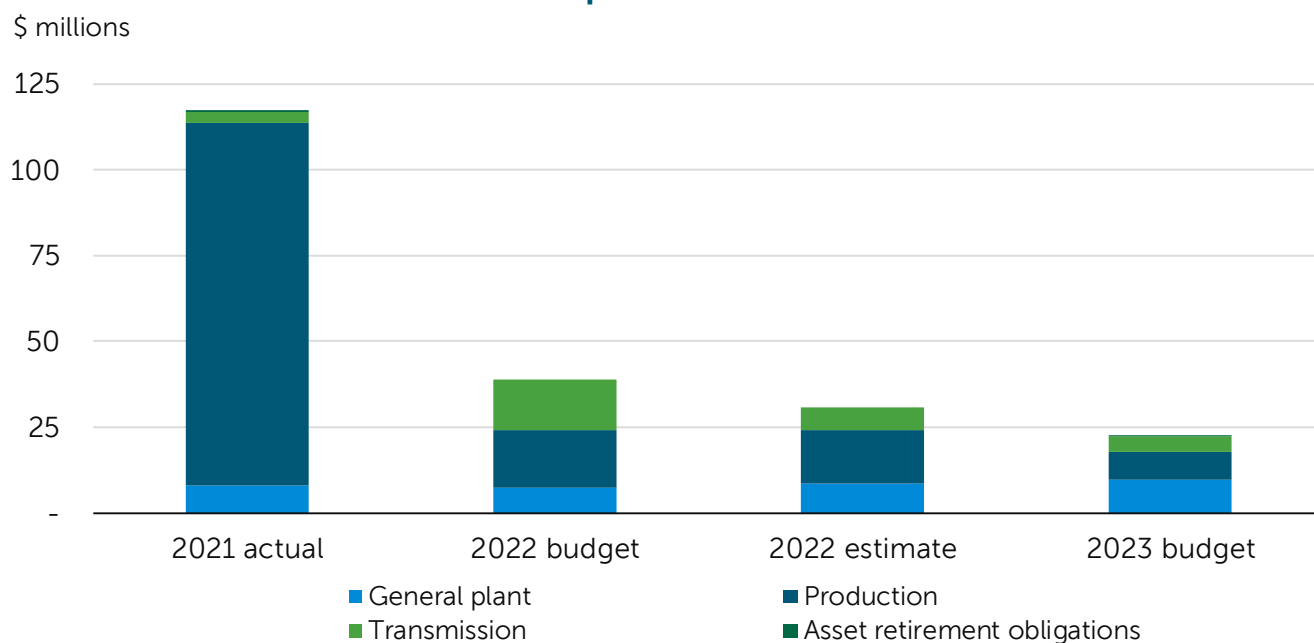
The five-year capital forecast is developed to outline future investment in capital projects. Capital planning is an ongoing effort as needs change, thus the plan is reviewed and updated three times annually along with financial projections. The plan is the basis for each budget year. Production projects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

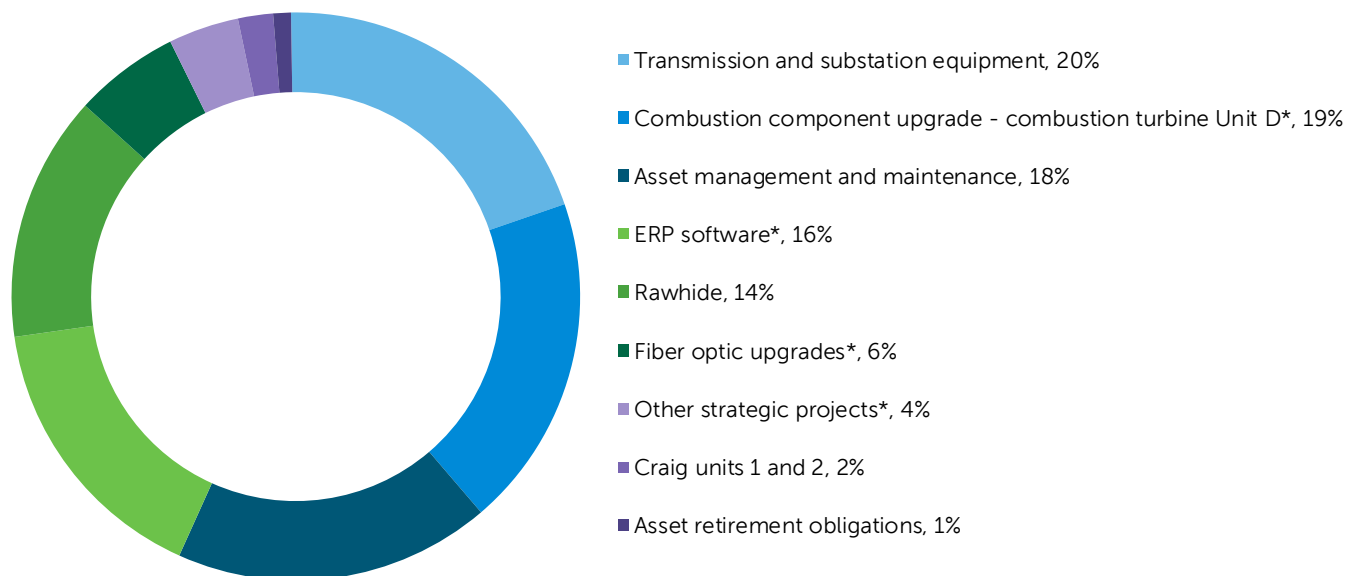
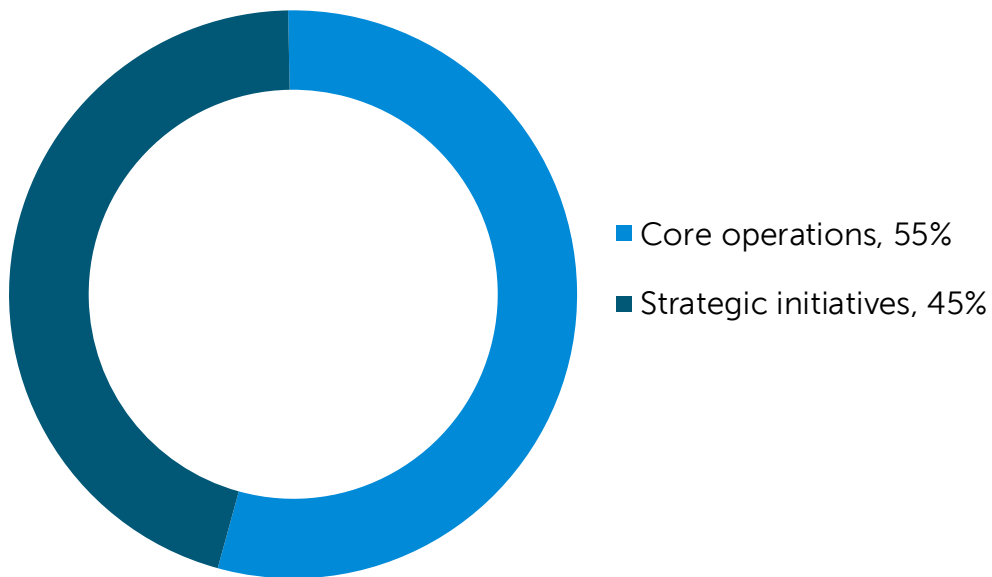
The next pages include brief project descriptions as well as estimated project cost and carryover amounts. The projects supporting the strategic initiatives of infrastructure advancement and technology development or resource diversification and alignment are also identified.

| 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 | <u>\$ 117,411</u> | <u>\$ 38,919</u> | <u>\$ 30,918</u> | <u>\$ 22,367</u> |

Capital additions

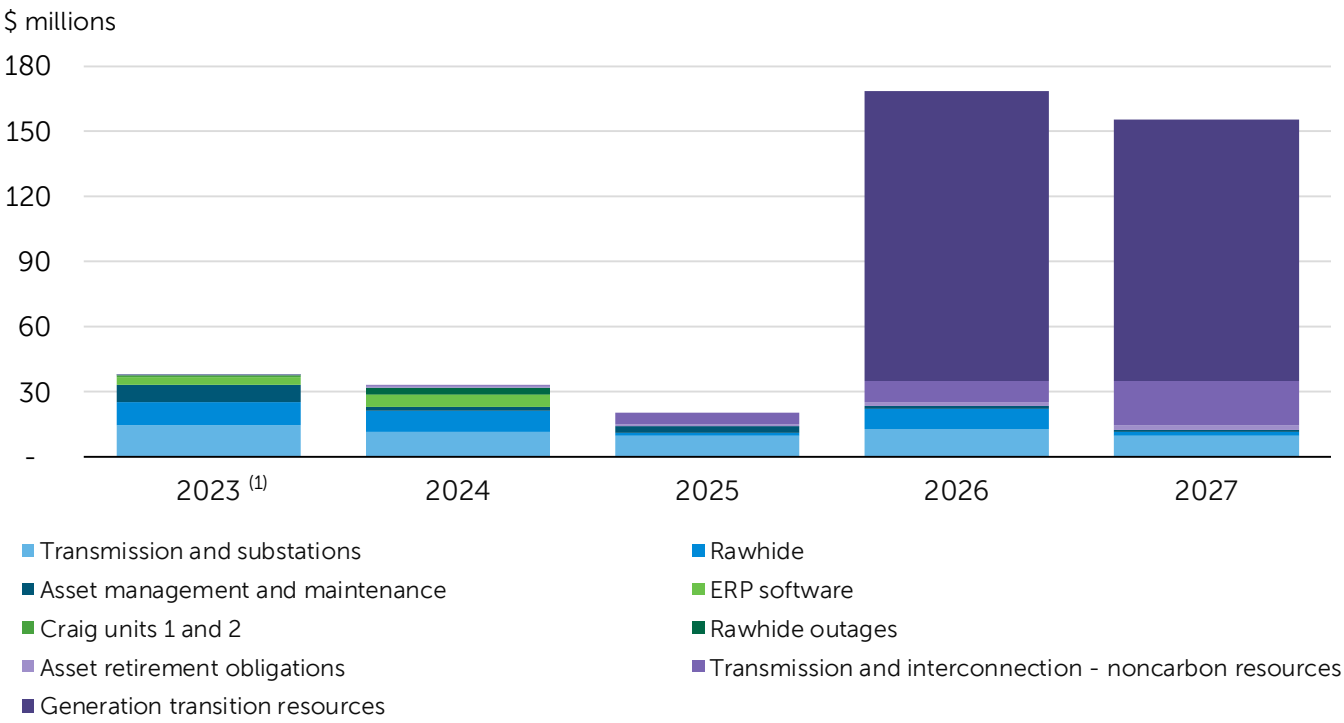
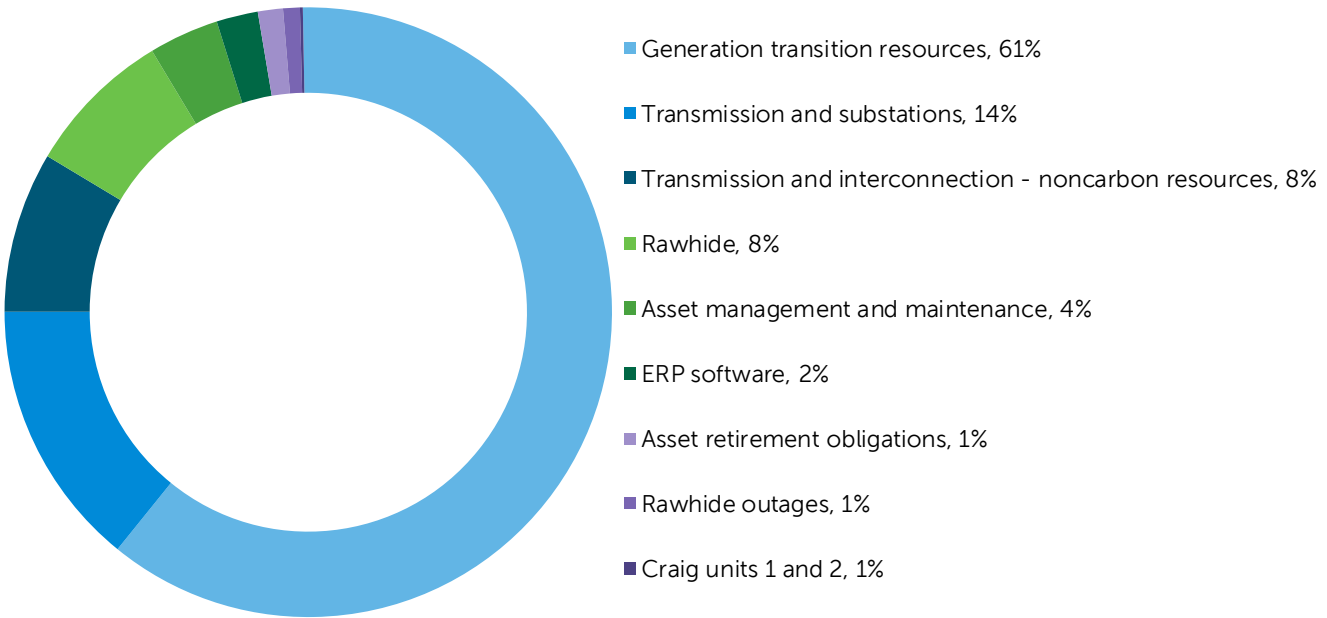


2023 capital additions: \$22.4 million



* 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

| | |
|--|--------------|
| <ul style="list-style-type: none"> Combustion component upgrade - combustion turbine Unit D | \$ 4,335,132 |
| <p>Project time frame: 2022-2023</p> <p>Total cost estimate: \$5,088,000</p> <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> | |
| <p>Simulator evergreen upgrade - Rawhide Unit 1</p> | 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> | |
| <p>Fire protection system upgrade - combustion turbine Unit C</p> | 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> | |
| <p>Control system network switch and firewall replacement - Rawhide</p> | 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> | |
| <p>Switchgear replacement - Soldier Canyon Pump Station</p> | 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. | |
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- | | |
|---|---------|
| ● 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. | |
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- | | |
|---|---------|
| 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. | |
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- | | |
|--|---------|
| 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 |
|-----------------------------------|-------------------|

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

| | |
|--|---------------|
| Asset management software licensing | 53,790 |
|--|---------------|

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

| | |
|------------------------------|---------------|
| Telecom testing tools | 30,000 |
|------------------------------|---------------|

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

| | |
|---|---------------|
| Copier replacements - headquarters | 20,000 |
|---|---------------|

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

| | |
|--------------------------------------|---------------|
| Plotter replacement - Rawhide | 10,000 |
|--------------------------------------|---------------|

Replace an existing plotter at Rawhide that has reached the end of its useful life and is starting to present software and security issues due to outdated and unsupported software with no option to update.

| | |
|--|--------------|
| Fiber optic locating tool replacement | 7,600 |
|--|--------------|

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

| | |
|--------------------------------------|-------------------|
| Total general plant purchases | \$ 412,830 |
|--------------------------------------|-------------------|

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.

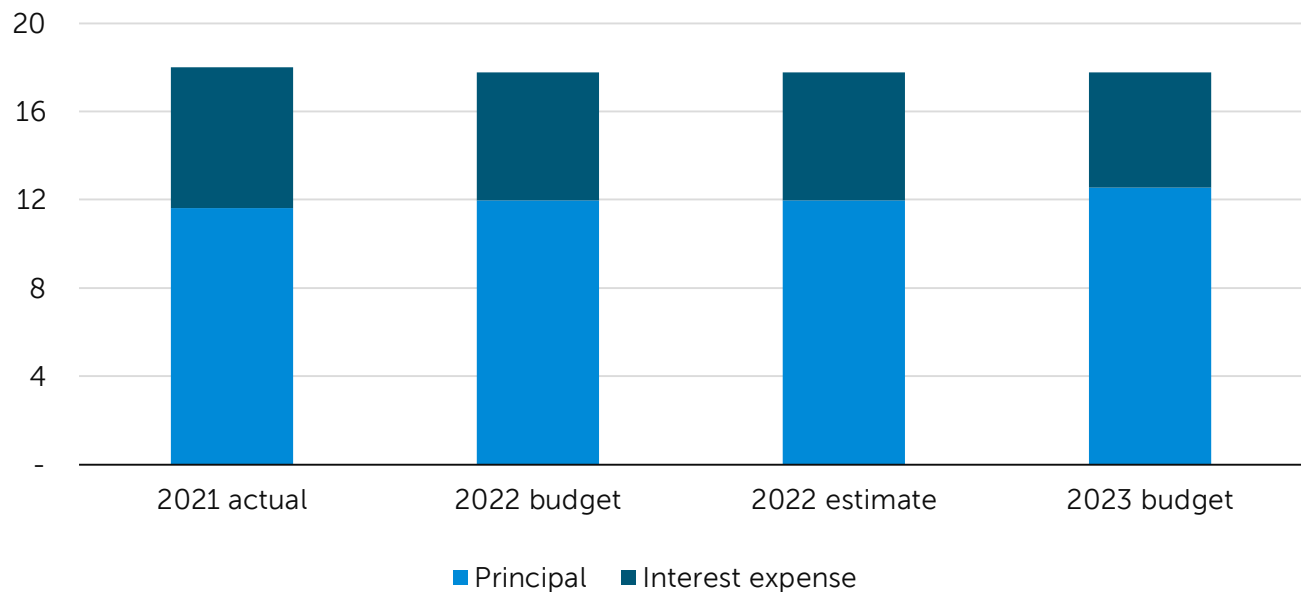
| Bond issue | Moody's | Fitch | S&P |
|---------------------|------------------|-------|------------------|
| Series JJ | - ⁽¹⁾ | AA | AA |
| Series KK - taxable | Aa2 | AA | - ⁽²⁾ |

(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**

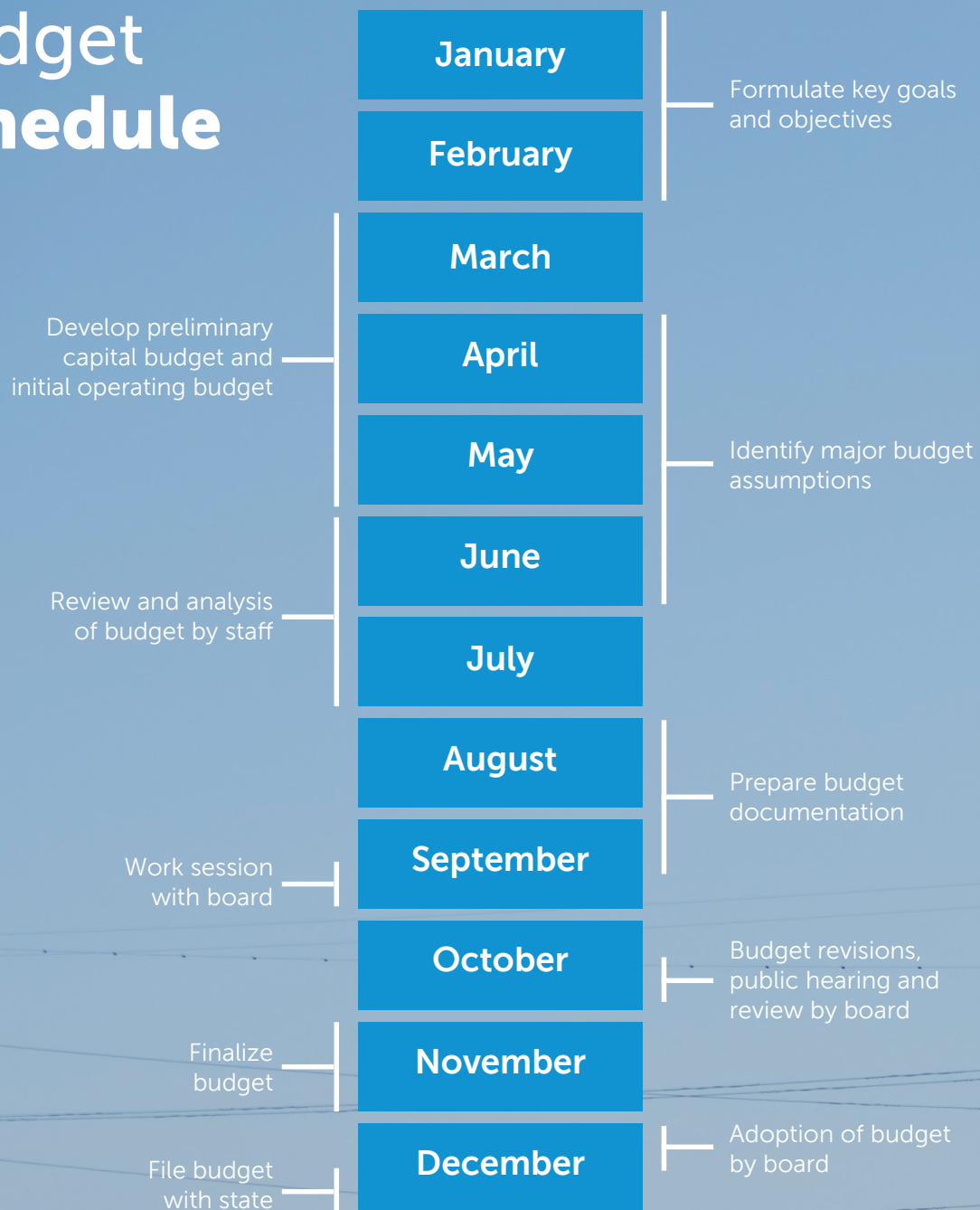
For the Fiscal Year Beginning

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.

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

Acronyms and terms

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| 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. |

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| 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. |

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| 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. |

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| 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. |

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

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