



Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, Feb. 23, 2023, 9 a.m.

Call to order

1. Consent agenda *Motion to approve*
 - a. Minutes of the regular meeting of Dec. 8, 2022
 - b. Incorporation into record of resolution 11-22: 2023 board of directors regular meeting schedule
 - c. Transfer of 2022 capital budget carryover to 2023 Strategic Budget

Public comment

Annual meeting

2. Platte River Power Authority annual meeting
 - a. Annual election of officers *Resolution 01-23*
 - b. Annual retirement committee appointments *Resolution 02-23*
 - c. Year-end operations and financial reports, 2022 Platte River year in review

Management presentations

3. Timeline of 2023 milestone activities
4. Daily market volatility
5. Third-party transmission service terms and conditions
6. Board discussion: General manager annual performance review policy

Management reports

7. GM annual review process
8. Resource Diversification Policy status update

Monthly informational reports

9. Q4 performance dashboard
10. Legal, environmental and compliance report
11. Transition and integration report
12. Operating report
13. Financial report
14. General management report

Adjournment



2023 board meeting planning calendar

Updated Feb. 13, 2023

March 30, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
General manager annual review	Preparation for 2024 Integrated Resource Plan		Legal, environmental and compliance report
GM annual performance review policy - potential update	Legislative preview		Transition and integration report
GM authority over third-party transmission service terms and conditions			Operating report
Committee report			Financial report
Retirement committee report			General management report

April 27, 2023

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

May 25, 2023

Retirement committee meeting

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

June 16-21, 2023

APPA National Conference (Seattle, Washington)

July 27, 2023

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

Aug. 31, 2023

Retirement committee meeting

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

Sept. 28, 2023

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

Oct. 26, 2023

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

November 2023**Retirement committee meeting****No board of directors meeting**

Dec. 7, 2023

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

Topics to be scheduled:

- Chimney Hollow Reservoir tour

This calendar is for planning purposes only and may change at management's discretion.



2023 board of directors

Owner communities

Term expiration

Town of Estes Park

P.O. Box 1200, Estes Park, Colorado 80517

Mayor Wendy Koenig

April 2024

Reuben Bergsten—Chair, Board of Directors

December 2024

City of Fort Collins

P.O. Box 580, Fort Collins, Colorado 80522

Mayor Jeni Arndt

November 2023

Kendall Minor

December 2026

City of Longmont

350 Kimbark Street, Longmont, Colorado 80501

Mayor Joan Peck

November 2023

David Hornbacher

December 2026

City of Loveland

500 East Third Street, Suite 330, Loveland, Colorado 80537

Mayor Jacki Marsh

November 2023

Kevin Gertig—Vice Chair, Board of Directors

December 2025



Our vision

To be a respected leader and responsible power provider improving the region's quality of life through a more efficient and sustainable energy future.

Our mission

While driving utility innovation, Platte River will safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities of Estes Park, Fort Collins, Longmont and Loveland.

Our values

Safety

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

Integrity

We will conduct business equitably, transparently and ethically while complying fully with all regulatory requirements.

Service

As a respected leader and responsible energy partner, we will empower our employees to provide energy and superior services to our owner communities.

Respect

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

Operational excellence

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

Sustainability

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

Innovation

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



Memorandum

Date: 2/15/2023

To: Board of directors

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

Subject: **Consent agenda – February**

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

Attachments

- Minutes of the regular meeting Dec. 8, 2022
- Incorporation into record of resolution 11-22: 2023 board of directors' regular meeting schedule
- Transfer of 2022 capital budget carryover to 2023 Strategic Budget



Estes Park • Fort Collins • Longmont • Loveland

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Dec. 8, 2022

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Jeni Arndt and Kendall Minor
Representing Longmont: Mayor Joan Peck¹ and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

Absent

Platte River staff

Jason Frisbie (general manager/CEO)
Sarah Leonard (general counsel)
Dave Smalley (chief financial officer and deputy general manager)
Melie Vincent (chief operating officer)
Raj Singam Setti (chief transition and integration officer)
Eddie Gutiérrez (chief strategy officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance and IT)
Josh Pinsky (IT service desk technician II)
Shelley Nywall (director of finance)
Caroline Schmiedt (senior counsel)
Julie Depperman (director of treasury services)
Jason Harris (controller)
Wade Hancock (financial planning and rates manager)
Libby Clark (director of human services and safety)
Staci Sears (human resource manager)

Guests

none

Call to order

Chair Bergsten called the meeting to order at 9:01 a.m. A quorum of board members was present via roll call. The meeting, having been duly convened, proceeded with the business on the agenda.

¹ Attended via Zoom Webinar; left meeting at 11:30 a.m.

Action items

1. Consent agenda

- a. Approval of the regular meeting minutes of Oct. 27, 2022
- b. 2023 proposed board of directors regular meeting schedule – Resolution 11-22

Director Hornbacher moved to approve Resolution 11-22: the 2023 proposed board of directors regular meeting schedule as presented. Director Koenig seconded. The motion carried 8-0. Sarah Leonard, general counsel, reminded the chair that a motion to approve the consent agenda was needed, not just the resolution. Chair Bergsten finished the first vote and asked for a motion to approve the Oct. 27, 2022 regular meeting minutes. Director Marsh moved to approve regular meeting minutes of Oct. 27, 2022 as presented. Director Gertig seconded. The motion carried 8-0.

Public comment

Chair Bergsten opened the public comment section by reading instructions, noting that time to accommodate each speaker would be divided equitably by the number of callers wishing to speak at the start of public comment. No members of the public asked to address the board.

Committee reports

2. Defined Benefit Plan committee report

Director Hornbacher, committee chair, provided a summary from the Nov. 8 meeting. The plan's investment consultant, Northern Trust reported on the plan's performance through September, noting that assets decreased \$23 million as negative market returns and benefit payments exceeded contributions. The portfolio return was -18% due to the portfolio's exposure to high quality, low volatility equities, which provided downside protection during the turbulent markets. Northern Trust also provided a summary of its five-year market outlook anticipating low but positive returns for fixed income and moderate returns for equities and real assets.

The plan's actuary and staff presented a plan amendment related to post-retirement benefit adjustments based on increases in Internal Revenue Code section 415 limits, along with plan amendments related to the SECURE Act, which increased the age required for mandatory distributions from retirement plans from 70½ to 72, and minor revisions to clarify when participants may change their beneficiaries. The committee approved the plan amendments and submitted the amendments for adoption by the full board under board action items.

Committee Chair Hornbacher confirmed that the next committee meeting is scheduled for Feb. 23, 2023.

Board action items

3. Defined Benefit Plan amendment

Dave Smalley, chief financial officer and deputy general manager, provided a brief overview of the two retirement plans available to Platte River employees; the Defined Benefit (DB) Plan for all employees hired before 2010 and the Defined Contribution (DC) Plan for employees hired after the DB plan closed. Mr. Smalley introduced Caroline Schmiedt, senior counsel, to explain the two proposed plan amendments.

Ms. Schmiedt explained how Platte River is required to periodically review its retirement benefit plans to ensure compliance to current law and Internal Revenue Service regulations. She confirmed the plan amendments presented for approval were recommended by Platte River's outside pension counsel Reinhart Boerner Van Deuren.

Ms. Schmiedt listed the proposed changes for the DB Plan in amendment number six, as provided in the board packet starting on page 35.

Director Arndt moved to approve Resolution 12-22: the Defined Benefit Plan amendment number six as presented. Director Minor seconded. The motion carried 8-0.

4. Defined Contribution Plan amendment

Ms. Schmiedt listed the proposed changes for the DC Plan in amendment number two, as provided in the board packet starting on page 45.

Director Koenig moved to approve Resolution 13-22: the Defined Contribution Plan amendment number two as presented. Chair Bergsten seconded. The motion carried 8-0.

5. 2022 budget contingency appropriation transfer

Shelley Nywall, director of finance, explained how the budget contingency appropriation transfer funds are used and described past uses. Ms. Nywall summarized the 2022 budget contingency appropriation transfer funds, referring to page 39 of the 2023 Strategic Budget document and discussed how the transfer funds will be allocated to cover 2022 expenses.

Jason Frisbie, general manager and chief executive officer, discussed an operational issue on Rawhide Unit 1 and how that will affect budgeted surplus sales and fuels expenses. Director Minor asked what the issue was at Rawhide. Melie Vincent, chief operating officer, explained a bearing issue and that the part that failed was sent to a vendor to repair. She further noted that gas prices were below expected pricing and December is forecasted to be a mild month. Discussion continued among directors and staff regarding stressors on equipment.

Ms. Nywall reminded the board that the contingency carryover approval process will be covered during the February meeting and details are provided on a monthly basis in the financial report.

Director Koenig asked if the contingency funds will be moved in 2022 or if the funds are being moved into the 2023 budget to help cover expenses. Ms. Nywall described the differences between the contingency transfer, which covers over budget 2022 expenses, and the separate process for the capital carryover to cover projects that continue into the next year. Mr. Frisbie explained the capital carryover process helps keep project managers accountable for their timing and budgets. Ms. Nywall noted the internal approval process for additional funds for projects that exceed budget or new projects that come up during a budgeted year.

Director Hornbacher moved to approve Resolution 14-22: the 2022 budget contingency appropriation transfer as presented. Director Gertig seconded. The motion carried 8-0.

6. 2023 Strategic Budget review and adoption

Ms. Nywall thanked staff who contributed to the final budget document and recommended the board adopt the 2023 budget. Ms. Nywall provided an overview of the financial results and highlights for the 2023 Strategic Budget. Ms. Nywall said there were no changes since the public hearing held at the October board meeting.

Director Hornbacher complimented staff on a well-organized and easy to read budget document. Chair Bergsten asked how deferred revenues will affect days cash on hand. Deferred revenues affect Platte River's earnings and coverage metrics, but do not directly affect days cash on hand. When we defer revenues we expect days cash on hand to increase from our strong financial results, and this will facilitate future capital additions. Mr. Frisbie said staff will provide an additional report to show how the deferred revenues and expenses are being recognized. Mr. Smalley added the 2022 annual report will be the first time the deferred revenues will be reflected in the report.

Director Hornbacher moved to approve Resolution 15-22: the 2023 Strategic Budget as presented. Director Peck seconded. The motion carried 8-0.

Management presentations

7. Strategic Plan update (presenter: Eddie Gutiérrez)

Eddie Gutiérrez, chief strategy officer, outlined the implementation process for the strategic plan and provided a status report of action items to complete the document.

Director Arndt commented on the city works program and the NoCo leadership program and asked if Platte River would consider including members of the public in the education sessions. Mr. Frisbie noted that Platte River planned to host educational opportunities for city staff and the public in the Energy Engagement Center when designing the room. Director Peck suggested city councils for all four owner municipalities could benefit from education sessions. Mr. Frisbie asked if the strategic plan process reflects what the board had in mind during the board work session earlier in the year. Director Hornbacher complimented how the plan captures the board's feedback and said the strategic plan outline seems to cover everything the board had discussed. Director Bergsten observed how the strategic plan could be a great start to the

education strategy for our owner communities and how the plan will incorporate the entire vision of Platte River. Director Marsh commented on engaging the utility customers in the education process and helping them understand the path Platte River is on. Discussion continued among directors and staff on engaging customers of the four owner communities, how board members can help accomplish goals along the way and messaging.

Break at 10:00 a.m.

8. Resource Diversification Policy review (presenter: Jason Frisbie)

Mr. Frisbie started the board discussion to review the Resource Diversification Policy (RDP) and highlighted the key decision points and discussions planned for 2023.

Raj Singam Setti, chief transition and integration officer, reviewed the 2018 RDP and key considerations at the time of board approval. He summarized progress since board approval in 2018 and future planning considerations for Platte River staff and the board.

Chair Bergsten asked when the next required integrated resource plan (IRP) submission to the Western Area Power Administration (WAPA) was due. Mr. Singam Setti responded that IRPs for WAPA preference customers are required every five years. Because Platte River made its last formal submission in 2020, the next mandatory deadline would be 2025, but Platte River has elected to submit its next plan a year early, in 2024.

Director Hornbacher commented on putting together an IRP more frequently between the 2020 IRP and the 2030 goal and referred back to the software implemented during the 2020 IRP process. Sarah Leonard, general counsel, discussed obligations to meet WAPA's federal requirements. Director Koenig asked what dispatchable capacity is needed by 2030. Mr. Frisbie asked to wait until the end of the presentation because that is a question for the whole board to answer. He also noted the significant progress in the last four years to add renewable generation; more will be added in the near future. Chair Bergsten commended staff for locking in advantageous pricing for the Roundhouse wind project and the Rawhide Prairie solar project before those projects were needed. Mr. Frisbie discussed staff's system modeling work to identify favorable pricing and how to accommodate additional resources before they were needed.

Director Minor commented on the projected hydro allocation affecting the results of the next IRP. Mr. Singam Setti confirmed that the lower hydro allocation will impact the generation configuration in the next IRP study.

Mr. Frisbie pointed out the percentage of wind that will be on the system by 2030 and how different the portfolio is compared to past generation plans. He mentioned how moving into an organized market will affect Platte River's 2030 portfolio. He observed that storage does not show as a separate resource because, while storage allows Platte River to manage mismatches between when energy is produced and when we need it, storage does not actually produce any energy. Mr. Frisbie continued to discuss future planning considerations while remaining committed to the RDP and how dispatchable thermal capacity will be needed to integrate increased renewable generation while maintaining Platte River's three pillars.

Director Minor asked to review information for refining the RDP. Director Koenig noted that information will continue to change and suggested scheduling six-month status reviews to continue being transparent to the public and city councils. Mr. Frisbie offered to provide a range of renewable generation percentages to account for different intermittent production and mentioned staff is already working on the next IRP. He expressed concern that others will question why the goal is still 100% when staff knows it is not feasible with current technology and the decision on a dispatchable resource will need to be made by the end of 2023. Director Minor asked for updates more frequently than every six months. Mr. Frisbie noted that the board will receive presentations in 2023 that will dive deeper into the future considerations and the status of key decisions.

Discussions continued among directors and staff regarding status updates, information that will be provided and future resource considerations.

Management reports

9. Distributed Energy Resources update (presenter: Raj Singam Setti)

Mr. Singam Setti provided an update on the Distributed Energy Resource (DER) teams' progress with outside vendors to evaluate a DER Management System to facilitate virtual power plant development. Chair Bergsten recognized the staffs' groundwork evaluating the DER options and the possible impacts of joining an organized market.

There were no questions from the board.

10. Benefits update (presenter: Libby Clark)

Libby Clark, director of human resources and safety, summarized the benefits that have been evaluated, modified and provided to Platte River employees with a focus on retaining and attracting staff.

There were no questions from the board.

October 2022 informational reports

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

Ms. Leonard highlighted the Air Quality Control Commission rulemaking update on the proposed State Implementation Plan related to ozone. Chair Bergsten asked what precipitated the proposal to remove language from the Colorado's regulations on affirmative defense against penalties for air pollution exceedances that occur during startup, shutdown or malfunction beyond a source's control. Ms. Leonard responded that the Air Quality Control Commission seemed to be responding to federal case law evolving Environmental Protection Agency interpretations.

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

Mr. Singam Setti highlighted the Black Hollow solar project progress with ongoing negotiations on pricing. He said construction should begin in 2023, and also discussed the next request for proposals for additional solar.

There were no questions from the board.

13. Operating report (presenter: Melie Vincent)

Ms. Vincent highlighted the operating results for the month, with lower energy and demand for the owner communities and higher than expected power pricing in the market. She noted the availability factor for Rawhide Unit 1 was lower for the month due to a bearing issue. The new part was in route to the plant, which will return to normal service by end of day.

Ms. Vincent commented on the ongoing situation with the railroad strike and substation security concerns at Duke Energy.

There were no questions on the operating report from the board.

14. Financial report (presenter: Dave Smalley)

Mr. Smalley highlighted favorable results for the month of October, including below-budget operating expenses, municipal sales below budget and surplus sales above budget. He commented on the negative wind variance, which lowered purchased power costs. This affected the intermittent price true-up reimbursements to the cities. Staff projects reimbursement of about \$150,000, to be split among the owner communities by the end of the year.

There were no questions from the board.

15. General management report (presenter: Jason Frisbie)

Mr. Frisbie commented on higher wind and solar production in 2022 compared to years past and how it relates to the resource portfolio planning. He reminded the board of the Holiday Employee Appreciation Party, commented on the economic development checks disbursement and Tri-State's payment to reconcile the shaft-sharing agreement.

Chair Bergsten thanked the board for approving the 2023 Strategic Budget, as it is always encouraging for our customers to have a stable financial outlook.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities.



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Adjournment

With no further business, the meeting adjourned at 11:58 a.m. The next regular board meeting is scheduled for Thursday, Feb. 23, 2023, at 9:00 a.m. either virtually or at Platte River Power Authority, 2000 E. Horsetooth Road, Fort Collins, Colorado.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this _____ day of _____, 2023.

Secretary



Memorandum

Date: 2/15/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Sarah Leonard, general counsel

Subject: **Incorporation into record of Resolution No. 11-22**

Colorado law, CRS § 24-6-402(2)(c), specifically requires that the place for the posting of a local public body's meeting notices be established each year during the first meeting of its governing body. The Platte River Power Authority Board of Directors' practice is to approve the regular meeting schedule for the upcoming year and the place for posting notices at the last meeting of the then-current year and to include the following provision in the resolution (see attached Resolution No. 11-22, approved by the board on Dec. 8, 2022):

For purposes of CRS § 24-6-402(2)(c), this action is deemed to have occurred at the first regular meeting of the board of directors in calendar year 2023 and will be incorporated into the records of this meeting.

The purpose of this consent agenda item is to comply with the language of the above-quoted resolution by incorporating the regular meeting schedule of the board of directors for 2023 and the location for the posting of notices of meetings into the record of the first regular meeting of 2023.

Attachment

- Resolution 11-22: 2023 board of directors regular meeting schedule

RESOLUTION NO. 11-22

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

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

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

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

AS WITNESS, I have executed my name as secretary and have affixed the corporate seal of the Platte River Power Authority this 8 day of December, 2022.


Secretary

Adopted: Dec. 8, 2022
Vote: 8-0





Memorandum

Date: 2/15/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Dave Smalley, chief financial officer and deputy general manager
Shelley Nywall, director of finance
Jason Harris, controller

Subject: **Transfer of 2022 capital budget carryover to 2023 Strategic Budget**

Throughout the year, staff gives the board monthly reports on anticipated budget variances, potential contingency requests and expected amounts to be carried over into the following year. Capital expenditures at the end of 2022 were \$20.4 million below budget after adding \$5.5 million of contingency transfer to the capital additions budget. Staff requests the \$20.4 million be carried over to the 2023 budget.

State budget law provides for carryover of unspent budget funds. Although changes in spending for some projects can be determined early enough in the year to allow for re-budgeting in the subsequent year, staff prefers the carryover process. The points below explain how the carryover process provides better project accountability and transparency, as well as how it supports consistent budget reporting and processes.

- Funds have been appropriated for the project and will remain with the project until complete. This does not free up funds for over-budget or unplanned projects. Over-budget and unplanned projects go through an approval process and may require a transfer of contingency funds. Both carryover funds and contingency transfer requests are reported to and approved by the board.
- When projects go through the carryover process, it provides greater transparency for project planning evaluation and requires project managers to provide justification and ensures accountability.
- In most cases, actual amounts that need to be carried over to start or complete a project are not known until late in the year. This makes it unfeasible to re-budget, as there is not enough time to capture the amount in the next year's budget.

- Projects often cannot be planned and executed in a single budget year and are planned far in advance due to the annual budget process. Further, large multi-year projects have variability from year to year so will often require carryover funds.
- The carryover process also makes a clear distinction between canceled projects versus projects that still require funds but are delayed, which is important for cash flow planning.

While project managers provide revisions throughout the year on projected carryovers, the year-end process includes project manager justification for the carryover funds, approvals by the senior leader and general manager, and final approval by the board. During this process, projects are evaluated in conjunction with the current year's budgeted projects to re-evaluate priorities and feasibility of all planned projects.

Platte River has consistently made progress in planning and executing projects. While there is still progress to be made, successes can be seen in an overall change in project planning mindset and project managers' greater use of resource allocation tools to more accurately determine project requests.

Resolution No. 15-22, adoption of the 2023 Strategic Budget, authorizes the unexpended balance of funds for 2022 capital additions to be carried over to the 2023 Strategic Budget. Staff is requesting a carryover of \$20,353,662.

Seven significant projects represent approximately 77% of the carryover amount. The largest contributing factor to project carryovers was vendor and third-party delays; second is supply chain issues. Since the COVID-19 pandemic, supply chains across the world slowed down due to disrupted shipping, labor and material shortages and fluctuating demand. There are also multi-year projects with uncertain timing. Other projects were slated for carryover during the year due to staff and vendor resource availability, priority shifts and changes in overall project schedules for various reasons. A few of the projects requesting carryover were close to completion by year end and are now in final stages. The majority of the projects, along with brief descriptions of delays and carryover justifications, are detailed in the December financial report. A complete list of the projects and amounts requiring carryover to 2023 is attached and categorized by the general reason for carryover.

The final capital budget for 2023 is as follows.

\$ 22,366,513	Original 2023 capital budget
<u>20,353,662</u>	Capital carryover requests
\$ 42,720,175	Final 2023 capital budget

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

Attachment

- Carryover summary

Platte River Power Authority

2022 to 2023 capital carryover projects	Carryover amount	% of total amount
Vendor/third party delay	\$ 12,063,369	59.2%
Solar substation 230 kV*	6,368,158	
Monofill upgrade - Rawhide *	2,208,906	
Pipeline Reroute - Rawhide Pipeline*	2,015,947	
52G breaker replacement - combustion turbine units A-D *	600,000	
Southern toe drain modifications - Rawhide	593,328	
Coal mill inert steam system modifications - Rawhide Unit 1	149,693	
Relay upgrades - Marys Lake Substation	87,185	
Fiber optic patch panel replacement - Valley Substation	23,497	
Fiber optic patch panel and lateral replacement - Crossroads Substation	16,655	
Supply chain issues	4,005,755	19.7%
Transformer T3 replacement - Timberline Substation *	1,486,783	
Transmission line vault upgrades - Crossroads Substation *	994,407	
SONET communications system replacement	559,542	
Transmission line vault upgrades - Rogers Road Substation	308,530	
Capacitor coupled voltage transformer replacement - Dixon Creek Substation	272,294	
Fiber optic cable replacement - Fort Collins Riverside	152,667	
Switch 169 and 469 replacement - Loveland East Substation	150,759	
Overhead doors - outbuildings	80,773	
Multi-year project with timing uncertainty	3,391,568	16.7%
SCADA and energy management system*	2,078,851	
Spray dry absorber direct lime injection	427,729	
Pipeline reroute - Soldier Canyon Pipeline	309,315	
Market software - PCI GenManager	152,493	
Transformer T1 replacement - Longs Peak Substation	137,237	
Enterprise resource planning software	111,823	
Air heater leakage control and fire protection upgrade	96,596	
HVAC unit replacements - substations	39,204	
Relay upgrades - (T1 and T2 bays) Dixon Creek Substation	17,453	
Relay upgrades (T2) - Loveland East Substation	14,076	
Combustion component upgrade - combustion turbine Unit D	6,791	
Resource availability/priority shifts**	705,742	3.5%
Metering system modifications	154,395	
Auto transfer switch (control building) - Rawhide Substation	125,513	
Telecom PBX replacement	105,069	
Boundary metering remote terminal unit - disaster recovery center	91,018	
Relay panel and breaker replacements - Airport Substation	65,233	
Uninterruptible power supply system - headquarters warehouse	65,038	
Coal feeder fire detection - Rawhide Unit 1	55,000	
Fiber optic patch panel replacement-Estes Park Substation	19,955	
Fiber optic monitoring tool - Boyd Substation	12,668	
Pallet shelving - headquarters warehouse	10,000	
GeoEvent server and application	1,853	
Substantially complete - final costs	187,228	0.9%
Automated dispatch signal to Ovation - Rawhide	57,333	
HVAC replacement rotary car dumper building - Rawhide	55,000	
Fire protection system upgrade - combustion turbine Unit D	20,000	
Ash conveying improvements - Rawhide Unit 1	19,895	
Controls upgrade to Ovation - Soldier Canyon Pump Station	10,000	
Uninterruptible power supply replacement - Owl Creek Inlet Station	10,000	
Analyzer replacement cation conductivity Deltacon - Rawhide Unit 1	10,000	
HVAC replacement - elevator mechanical room - Rawhide	5,000	
Total carryover	\$ 20,353,662	100%

*These projects comprise 77% of the total carryover amount.

**Relates to internal and external resources (labor and materials).



Memorandum

Date: 2/15/2023

To: Board of directors

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

Subject: **Platte River Power Authority annual meeting**

Item two on the agenda is the annual meeting of Platte River Power Authority. Sections 2.3.7 and 2.4.1 of the Organic Contract Establishing Platte River (organic contract) require the board of directors to hold an annual meeting within the first 120 days in each year to elect officers, pass on reports for the preceding fiscal year, and transact other business that may come before the meeting. The first order of business under agenda item two is the election of officers to serve until the next annual meeting. For ease of reference, the current officers are listed:

2022 Platte River Officers

Elected Officers:

Reuben Bergsten, Chair
 Kevin Gertig, Vice Chair
 Angela Walsh, Secretary
 Dave Smalley, Treasurer
 Jason Frisbie, General Manager/CEO

Authorized Assistant Officers:

Sarah Leonard, Assistant Secretary

The chair and vice chair are nominated to serve one-year terms as stipulated in the organic contract. The current board meeting governance document provides for a leadership team composed of the chair and vice-chair. Within the discussion of the function of the leadership team the governance document states “[h]istorically, the board has tried to rotate chair and vice chair responsibilities to provide opportunities for representatives from each of the owner communities to serve in leadership capacities.”

The officer positions that are filled by management staff are traditionally retained and reaffirmed solely for the purpose of meeting the requirements of the organic contract. Officers are appointed through the attached resolution and the board chair will open the floor for nominations.

The second order of business is the appointment of directors and members of management to serve on Platte River's retirement committee. For ease of reference, the current directors and management members are listed below.

2022 retirement committee members

Director Members:

Reuben Bergsten
Jeni Arndt
David Hornbacher
Jacki Marsh

Management Members:

Jason Frisbie
Dave Smalley

Again, the retirement committee members are appointed by the attached resolution and the board chair will entertain nominations.

The last order of business under agenda item two is the "2022 Platte River review." The senior management team will present accomplishments for 2022. The 2022 year-end operating and financial reports are also attached.

Attachments

- Resolution 01-23: Annual election of officers
- Resolution 02-23: Annual retirement committee appointments
- 2022 year-end operating report
- 2022 year-end financial report

RESOLUTION NO. 01-23

Background

Section 2.4.1 of the Organic Contract requires the board of directors of Platte River Power Authority to elect its officers at each annual meeting.

Resolution

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

1. _____ is elected chair of Platte River Power Authority;
2. _____ is elected vice chair of Platte River Power Authority;
3. David Smalley is elected treasurer of Platte River Power Authority;
4. Angela Walsh is elected secretary of Platte River Power Authority, with Sarah Leonard appointed as assistant secretary; and
5. Jason Frisbie is elected general manager and chief executive officer of Platte River Power Authority.

The terms of all officers elected and appointed above begin at the conclusion of this meeting and will continue until the conclusion of the next annual board meeting, unless earlier terminated by board action.

The secretary is delegated the authority to authenticate the documents of Platte River.

AS WITNESS, I have signed my name as secretary and have affixed the corporate seal of the Platte River Power Authority this _____ day of _____, 2023.

Secretary

Adopted:

Vote:

RESOLUTION NO. 02-23Background

A. The board of directors of Platte River Power Authority has established a Retirement Committee under the Platte River Defined Benefit Plan consisting of four directors and two members of management to administer the Platte River Defined Benefit Plan.

B. The director members of the Retirement Committee are appointed each year at the annual meeting.

Resolution

The board of directors of Platte River Power Authority therefore resolves that the following directors are appointed to serve on the Retirement Committee until the next annual meeting:

David Hornbacher,

Jeni Arndt,

Reuben Bergsten, and

Jacki Marsh

and the board of directors acknowledges that the following members of management have been selected to serve on the Retirement Committee until the next annual meeting:

Jason Frisbie

David Smalley

AS WITNESS, I have signed my name as secretary and have affixed the corporate seal of the Platte River Power Authority this _____ day of _____, 2023.

Secretary

Adopted:

Vote:



2022 operating report

Annual review



Executive summary

In 2022, Platte River announced plans to join the Southwest Power Pool's (SPP) Western Energy Imbalance Service (WEIS) in April 2023. Platte River also announced the intention to commit to SPP's Regional Transmission Organization West (RTOW) in 2023, with a market go-live of no sooner than 2025. Multiple projects were initiated to meet the requirements of the real-time WEIS market, including the installation of individual meters on each of the combustion turbines (CTs), automatic dispatch control systems on all thermal resources, and the implementation of an energy management system (EMS). Concurrently, power markets staff and finance staff collaborated on the continued deployment of an energy trading risk management system and other software solutions to ensure reliable data communications and accurate settlements of energy market activities.

The energy marketing activity in 2022 was marked with volatility in natural gas prices, coal supply availability concerns, and extreme weather events. Average natural gas prices reached double digits, for the first time since 2008, when increased production due to fracking caused prices to tumble. The coal market experienced turmoil due to labor disputes, causing concern regarding the ability to transport coal. The volatility in fuel costs pushed purchased power prices above budget, resulting in above budget surplus sales pricing and purchased power costs. Weather events were also a challenge throughout the year. With a heat wave in each summer month, multiple cold snaps during the month of November, and a historically cold period in late December, extreme weather drove owner community demand and energy sales above budget. As more Platte River generation was reserved to serve the increased owner community load, surplus sales volume was pushed below budget. Higher purchased power prices reduced opportunities to purchase energy below Platte River's cost to generate which drove purchased power volumes below budget, as well. Despite these challenges, the net variable cost to serve owner community load in 2022 was below budget.

Platte River resources performed well throughout the year. Wind and solar ended the year above and near budget, respectively. The combustion turbines exceeded four monthly generation records, ending the year with an annual production record second only to the one set in 2021. Rawhide Unit 1's net capacity factor was slightly below budget. Two key contracts were executed in 2022 for supply and price certainty at Rawhide. First, the coal supply was secured through 2029. Second, a rail transportation agreement was signed with a term through the end of 2026. Net capacity factor for Craig Units 1 and 2 was above budget. Beginning in April, Craig experienced coal inventory challenges, although the year ended with near target inventory levels.

Platte River's transmission system had no loss of load in 2022, maintaining a transmission service availability factor of 100% for the fourth year in a row. Reliability was further enhanced with the installation of additional air spoilers, the hardening of substation security and the completion of vegetation management activities.

Variances

Category	December variance		YTD variance	
Owner community demand	8.2%	●	4.2%	●
Owner community energy	0.5%	◆	1.0%	◆
Wind generation	20.2%	●	4.0%	●
Solar generation	(20.0%)	■	1.4%	◆
Net variable cost to serve owner community load	9.3%	●	18.1%	●

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

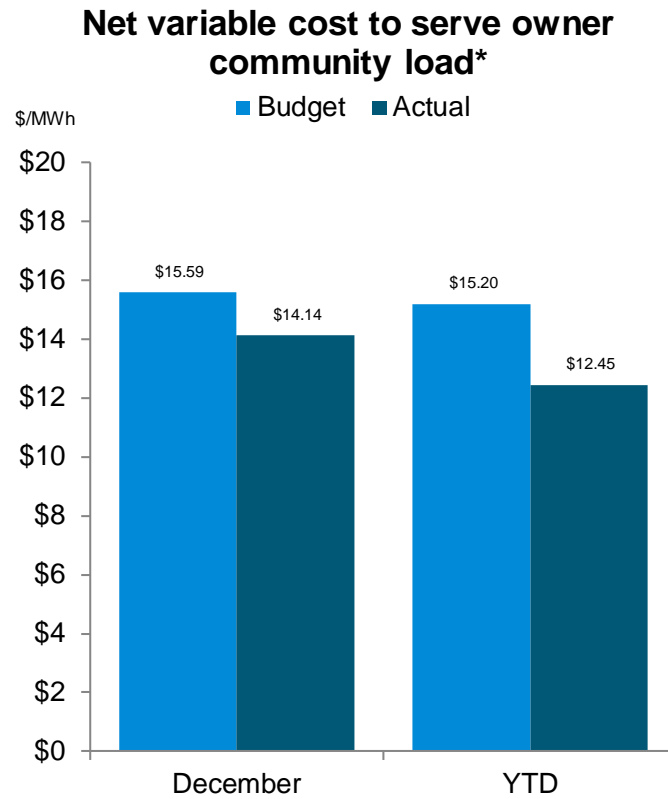
Loss of load

System disturbances

There were no system disturbances resulting in loss of load in 2022.

2022 goal		December actual		YTD total	
0	●	0	●	0	●

Net variable cost to serve owner community load



* The net variable operating cost to serve owner community load is equal to the sum of fuel, renewable purchases, energy purchases less surplus energy sales. The net variable cost is divided by total owner community load to determine average net variable cost to serve owner community load.

Events of significance

Fuels and water

- Contract negotiations with Navajo Transitional Energy company were completed and the Rawhide coal contract was signed for 2023 – 2029 (or the life of the plant). It provides coal supply certainty and stability from Antelope Mine through the life of Rawhide Unit 1.
- Pricing was locked in for all Rawhide coal for 2023 and 2024, providing budget certainty for the next two years.
- Platte River and BNSF Railway signed a new rail transportation agreement for coal delivery to the Rawhide Energy Station. The term of the agreement is Jan. 1, 2023, through Dec 31, 2026. The new agreement provides operational flexibility and meets Platte River's strategic objectives by reducing price volatility.
- A water rights exchange with the City of Greeley was completed to firm Platte River's process water supply through the life of Rawhide Unit 1. The agreement is an example of the regional water partnerships that will become increasingly important amid tightening water supplies.

Power supply

- In January, Xcel Energy-Colorado, Platte River Power Authority and Black Hills Colorado announced plans to join the Southwest Power Pool's Western Energy Imbalance Service market. This move will allow cost savings, improve operational efficiencies and facilitate the integration of renewable energy. The WEIS market go-live date is April 1, 2023.
- Gas was pre-purchased daily for January and February to allow for cold weather testing of the combustion turbines. This allowed staff to fine-tune the CTs, increasing the reliability of the units during cold weather events.
- On Aug. 11, 2022, at hour ending 17:00, Platte River's 2022 peak was 684 megawatts, 51 MW above budget. Platte River's obligation at the time of peak totaled 805 MW. Demand response was not called upon at the time of peak.
- September had warmer than anticipated weather which drove up the demand and pricing for surplus sales. This led to the highest monthly gross revenues for surplus sales since 2000.
- Dec. 21 – Dec. 23, Xcel Gas called an under delivery operational flow order which requires customers to schedule gas according to their needs and maintain a prescribed tolerance bandwidth established by Xcel Gas. In addition, there were two periods during this time of mandatory interruption where interruptible customers were not allowed to burn gas at all.

Power production

- The CTs broke four monthly generation records: January - 8,779 MWh; April - 2,927 MWh; November - 16,303 MWh; and December - 25,159 MWh. In total, 2022 was the second-best year for CT generation with 163,262 MWh versus 2021's 192,873 MWh.
- Rawhide Unit 1 came offline Jan. 21 for its planned screen outage. The unit returned to service Jan. 26.
- Rawhide Unit 1 had been in continuous operation for 203 days until it was taken offline on Oct. 12 to repair a tube leak. The unit returned to service on Oct. 16.
- Rawhide Unit 1 was curtailed to 172 MW, from Dec. 4 to Dec. 16, due to a bearing failure on induced draft fan 102.
- On Dec. 16, Rawhide Unit 1 was brought offline to replace two turbine governor valve actuators which were leaking. The unit returned to service that same evening at 17:39.

- In preparation for the WEIS market entry, automatic dispatch signal systems were installed on all generating units at Rawhide, allowing the units to better respond to market signals.

Power delivery

- Platte River's 2022 transmission service availability factor was 100%.
- Power delivery staff hosted the 2022 JTAC meeting for the first time since the pandemic.
- Power delivery staff participated in disaster response outreach activities, coordinating with sheriff, local police and fire in preparation for emergency operations.
- WAPA announced that Estes Park's transmission system would be in abnormal operating conditions throughout a two-year rebuild of two transmission lines. In response, Platte River installed, commissioned, and implemented equipment at Mary's Lake to prevent islanding.
- The implementation of the EMS began. EMS is a tool used by Platte River's transmission and power markets departments, needed for safe, reliable, and economic operations. EMS helps with day-ahead and real-time transmission studies and marketing tools for controlling generation when operating in a structured energy market.

System maintenance and facilities

- All final additions to the Energy Engagement Center were completed in March and the building was made available for meetings and events.
- Staff supported efforts to modify the transmission tap structure in Loveland. Subsequently, the Loveland West Substation and all associated equipment were removed from service, retiring Platte River's last oil circuit breaker.
- Staff completed commission testing on the Timberline-Avery transmission line and supported efforts to energize the new PSCo-owned substation which is interconnected to a Platte River-owned 230-kV transmission line.
- The Harmony – Timberline transmission line cell tower equipment removal was completed on June 2.
- The installation of air-flow spoilers on the Longs Peak – St. Vrain double circuit transmission line was completed, reducing line galloping during icing and storm conditions.
- On Dec. 30, the Fordham – Fort St. Vrain transmission line relayed out of service. System maintenance confirmed that an overhead to underground transition (pothead) termination had faulted and exploded causing line damage to all three phases. Repairs will be completed in Q1 2023.

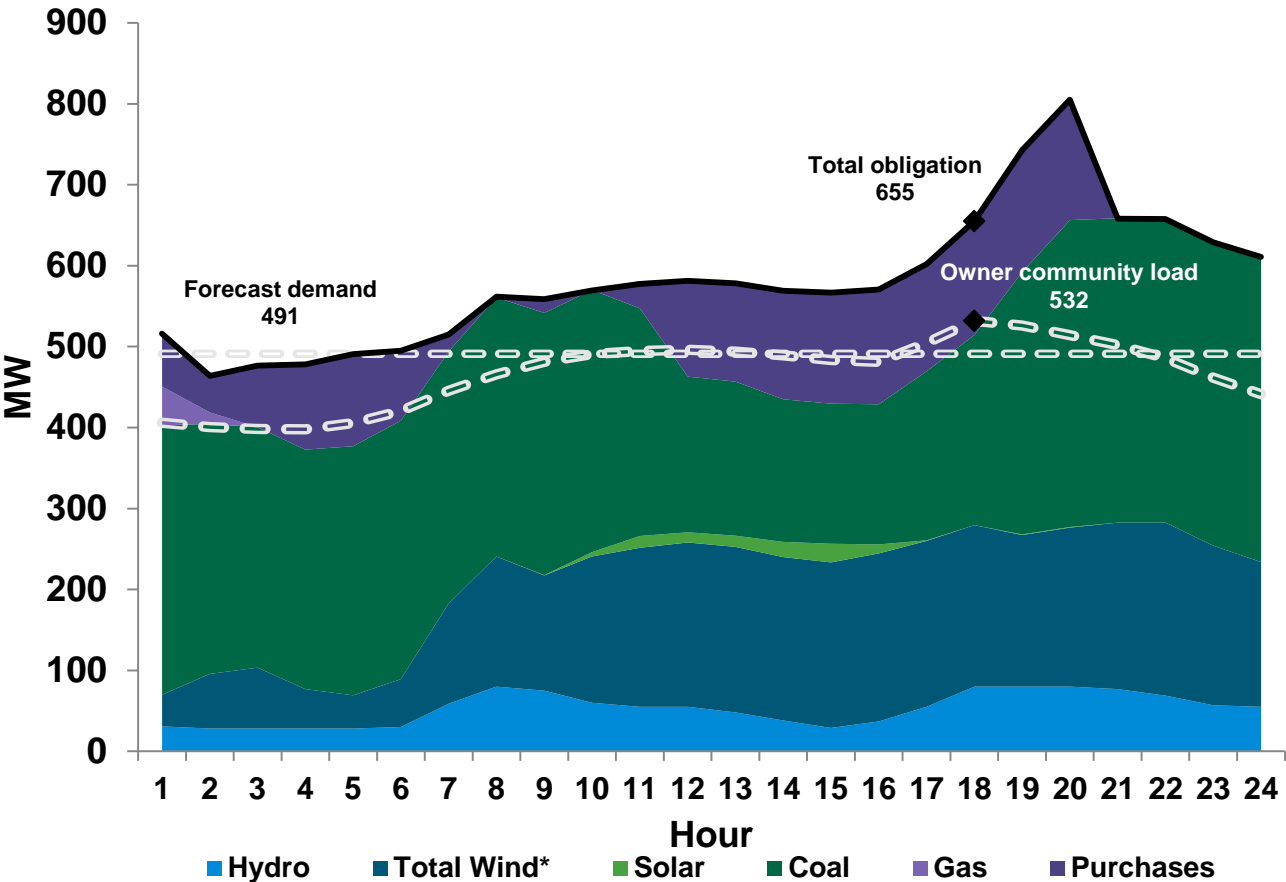
Peak day

Peak day obligation

December. Peak demand for the month of December was 532 megawatts, which occurred on Dec. 22, 2022, at hour ending 18:00 and was 41 megawatts above budget. Platte River’s obligation at the time of the peak totaled 655 megawatts. Demand response was not called upon at the time of the peak.

2022. Peak demand for the year was 684 megawatts on Aug. 11, at hour ending 17:00 and was 22 megawatts below Platte River’s all-time 2021 system peak. Platte River’s obligations at the time of the peak totaled 805 megawatts. Demand response was not called upon at the time of peak.

Peak day obligation: Dec. 22, 2022



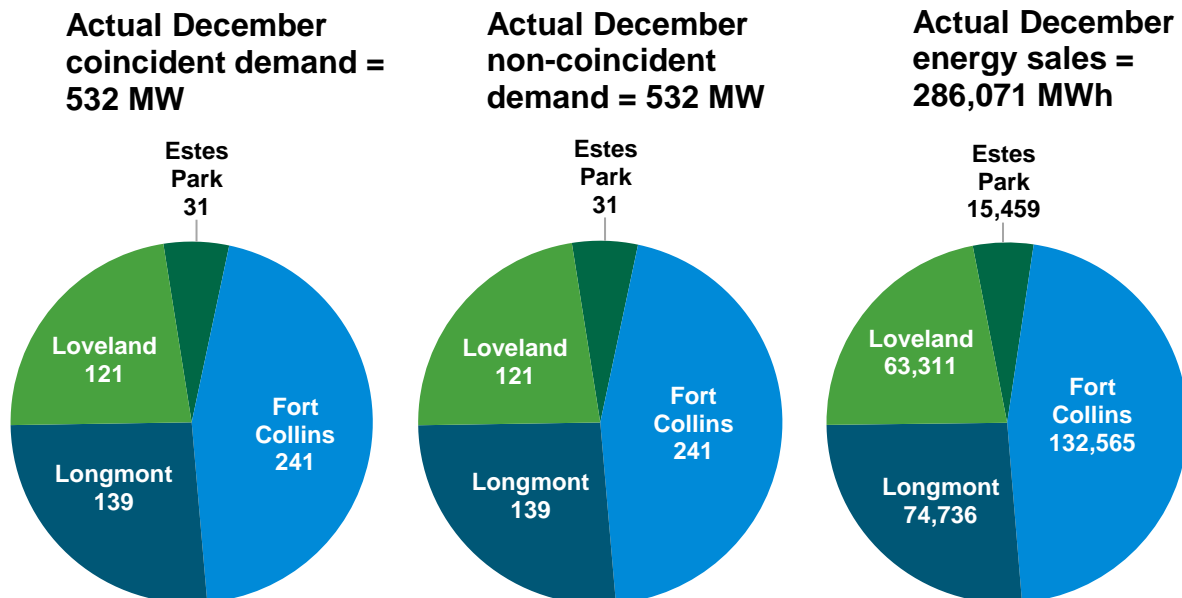
*Some off-system wind renewable energy credits and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.

Owner community loads

	Dec. budget	Dec. actual	Minimum	Actual variance	
Coincident demand (MW)	491	532	496	8.4%	●
Estes Park	26	31	14	19.2%	●
Fort Collins	227	241	229	6.2%	●
Longmont	126	139	139	10.3%	●
Loveland	112	121	114	8.0%	●
Non-coincident demand (MW)	499	532	502	6.6%	●
Estes Park	29	31	20	6.9%	●
Fort Collins	228	241	229	5.7%	●
Longmont	126	139	139	10.3%	●
Loveland	116	121	114	4.3%	●
Energy sales (MWh)	284,673	286,071		0.5%	◆
Estes Park	14,709	15,459		5.1%	●
Fort Collins	134,158	132,565		(1.2%)	◆
Longmont	72,685	74,736		2.8%	●
Loveland	63,121	63,311		0.3%	◆

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

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

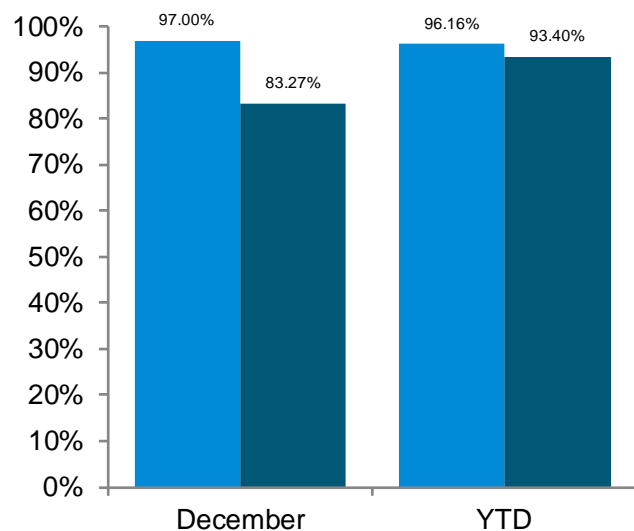


Thermal resources

Power generation – Rawhide

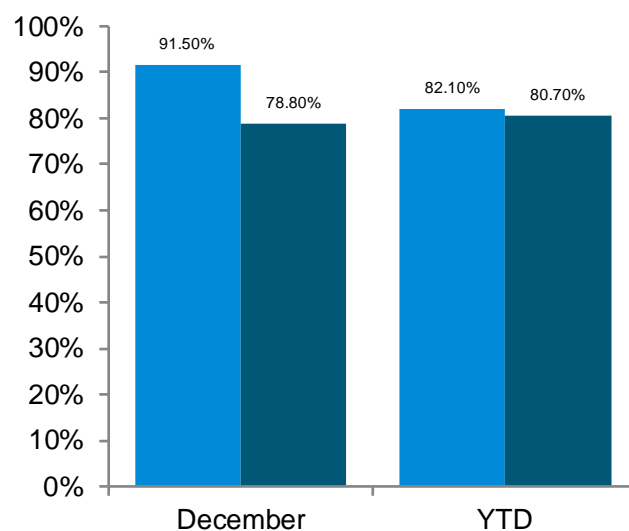
Equivalent availability factor

■ Budget ■ Actual



Net capacity factor

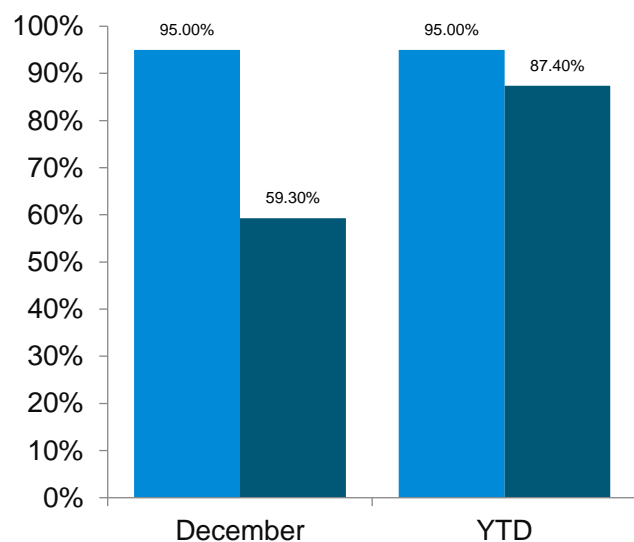
■ Budget ■ Actual



Power generation – Craig

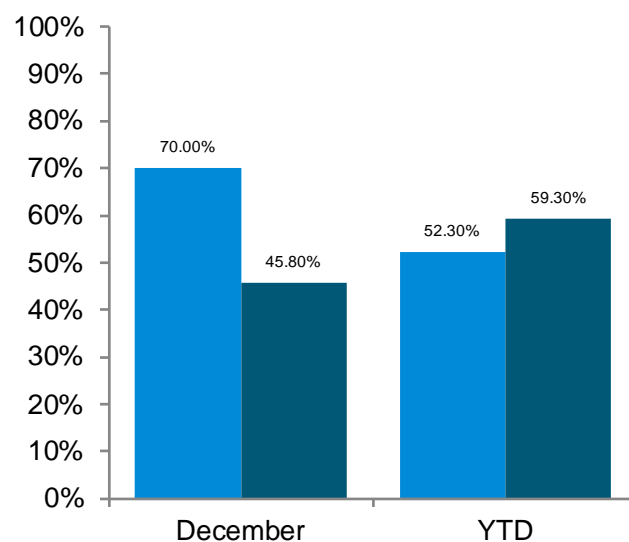
Equivalent availability factor*

■ Budget ■ Actual



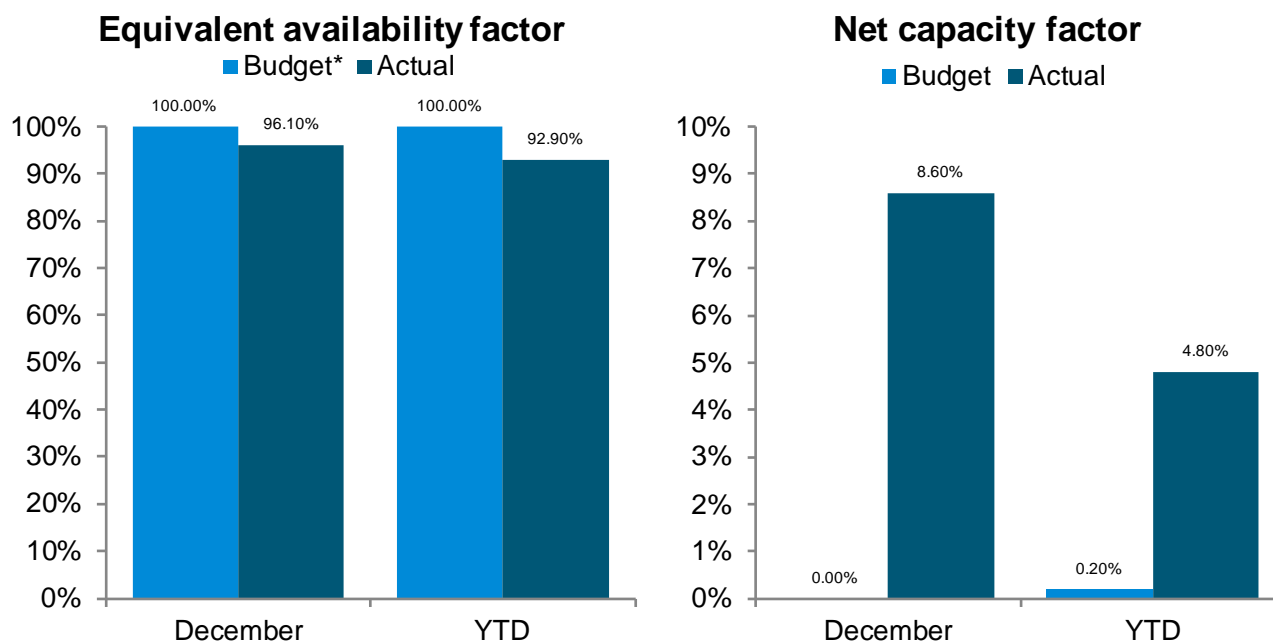
Net capacity factor

■ Budget ■ Actual



* Estimated due to a delay of the actual results

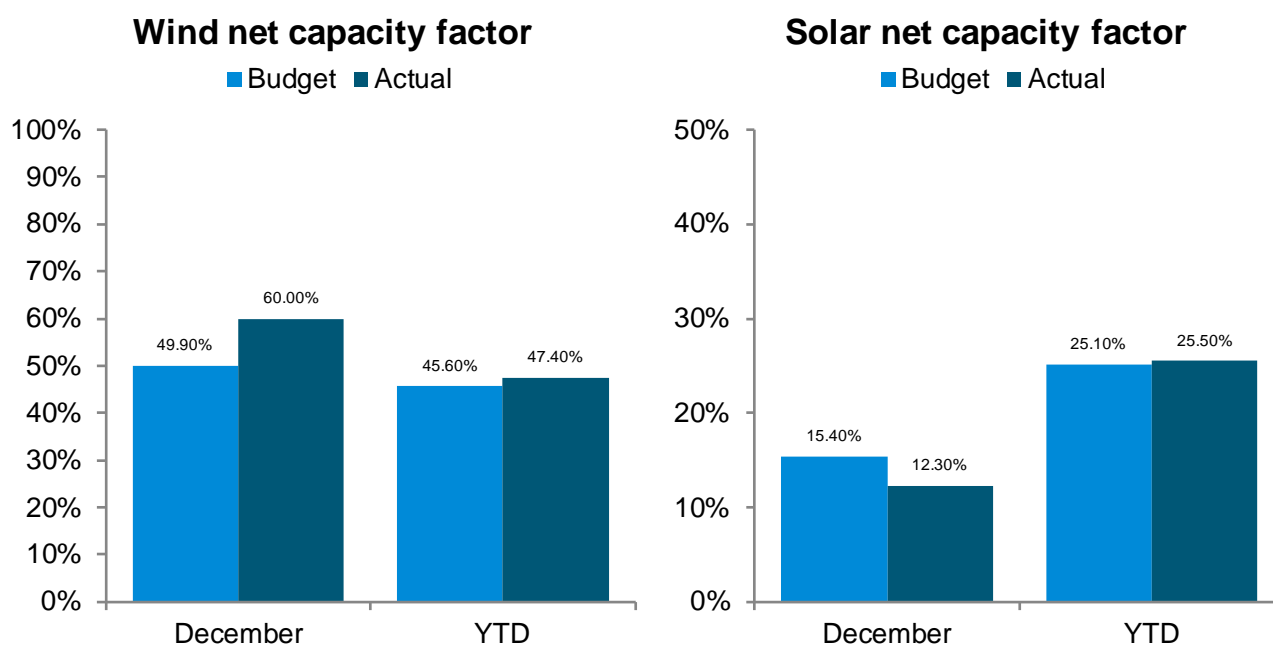
Power generation – combustion turbines



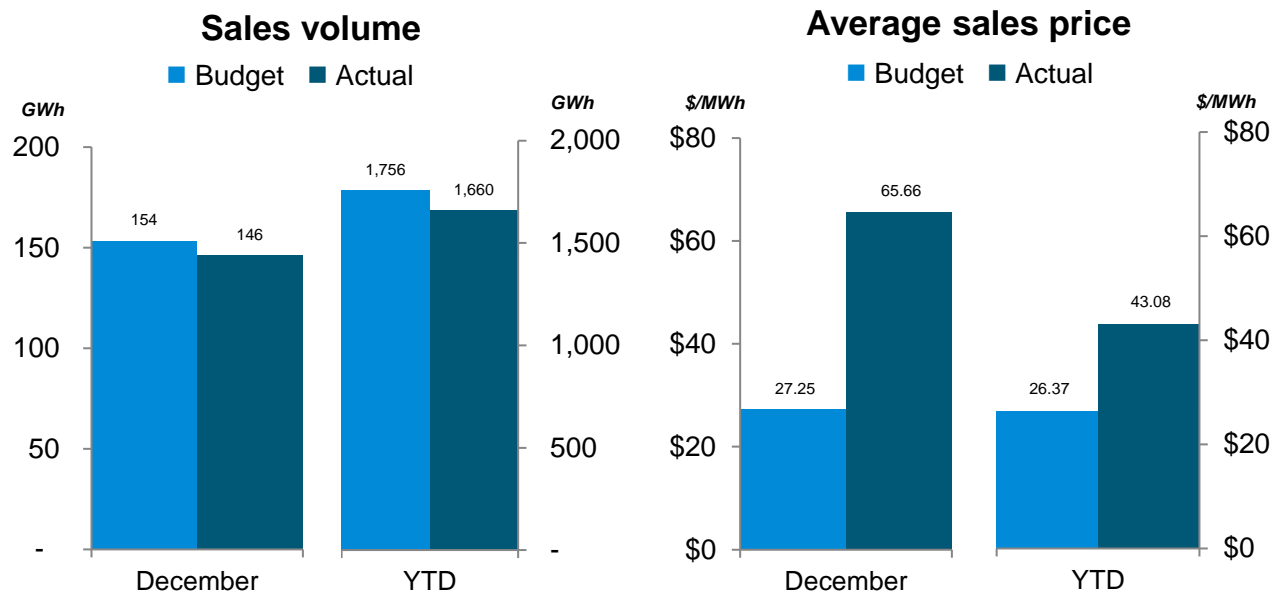
* No budgeted outages

Renewable resources

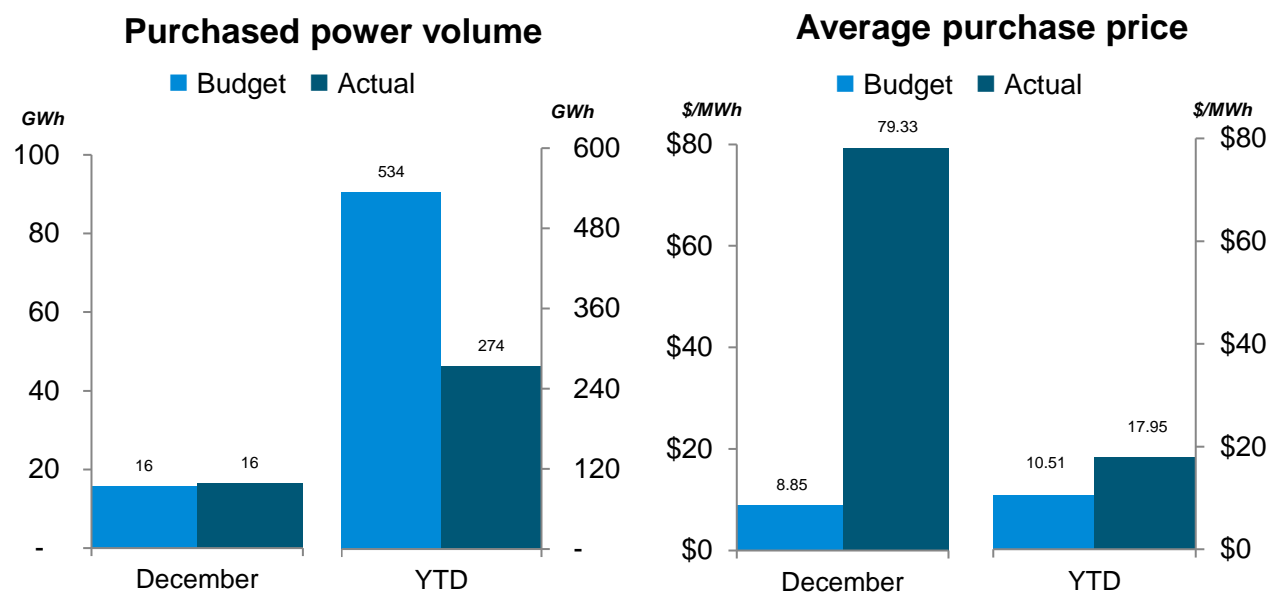
Power generation – wind and solar production



Surplus sales

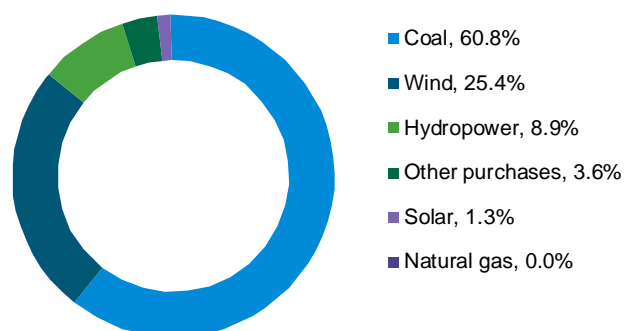


Purchased power

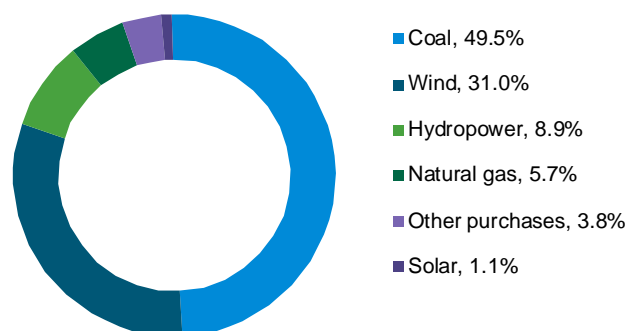


Total resources

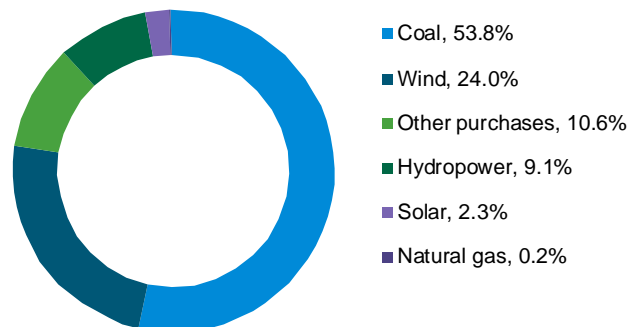
December generation budget



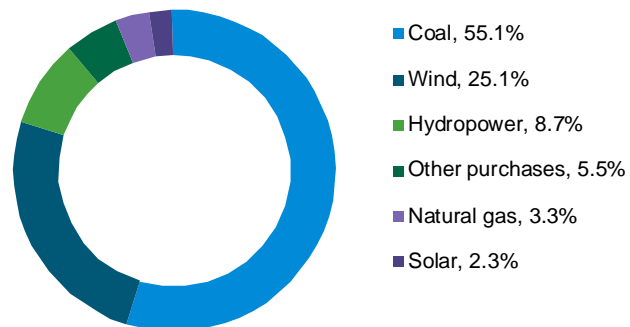
December generation actual

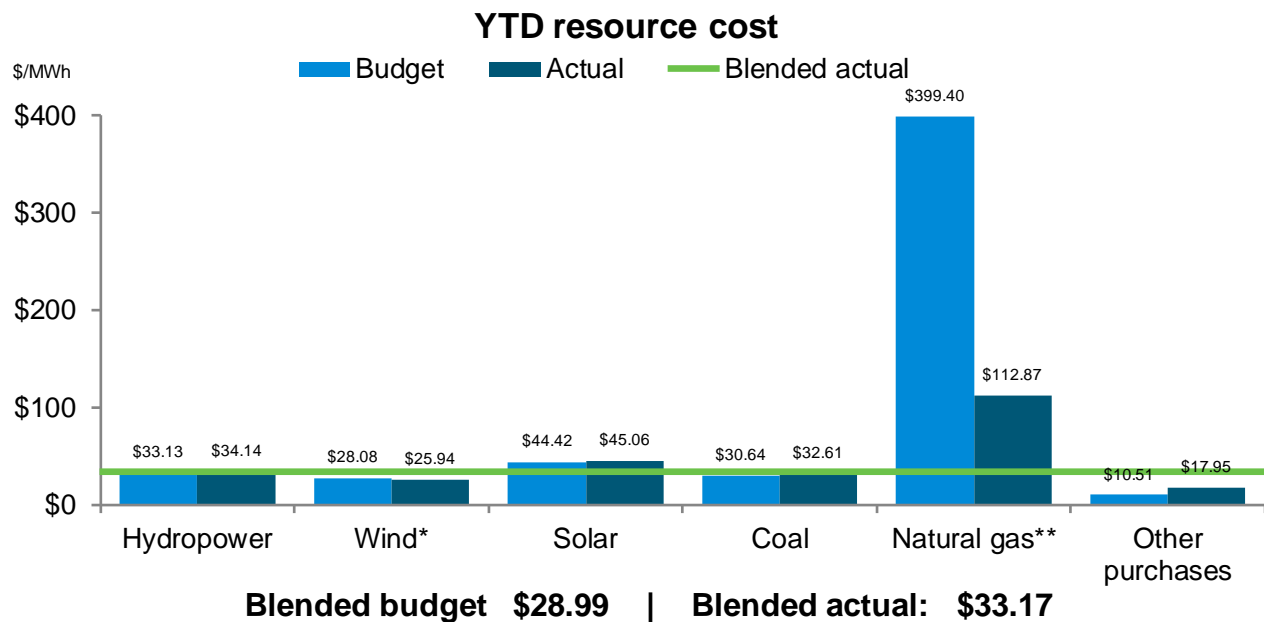
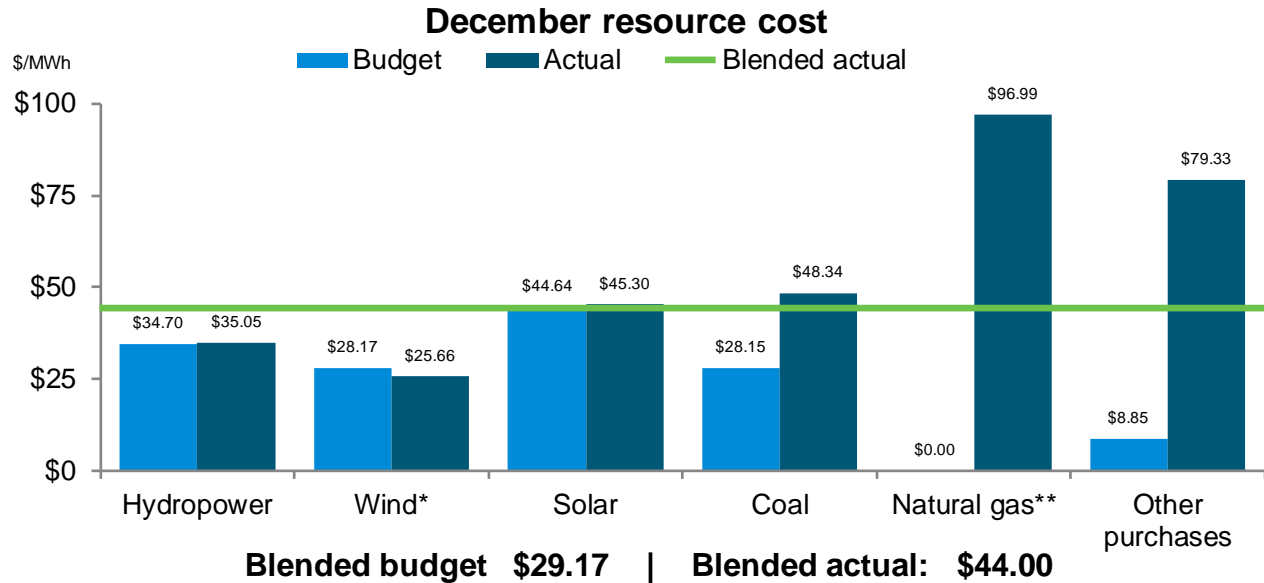


YTD budget



YTD actual





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

** December budgeted natural gas pricing was \$0/MBtu while actual was \$6.82/MBtu. YTD budgeted natural gas pricing was \$4.21/MBtu while actual was \$7.94/MBtu. 2022 annual budgeted natural gas pricing is \$4.21/MBtu.



Financial report

December 2022



Financial highlights year to date

Platte River reported favorable results year to date with above-budget revenues, partially offset by above-budget expenses and unrealized losses on investments as interest rates have increased.

Net income was \$28.3 million, favorable by \$14.5 million prior to deferring revenues under the board-approved accounting policy as described in the other financial information section. The general manager/CEO approved deferring \$21.6 million of current-year revenues (approval attached). The revenue deferral is based on long-term financial and rate projections and ensures reported results meet or exceed strategic financial plan targets for 2022. Net income after the revenue deferral was \$6.7 million.

Key financial results (\$ millions)	December		Favorable (unfavorable)		Year to date		Favorable (unfavorable)		Annual budget
	Budget	Actual			Budget	Actual			
Net income/(loss)	\$ 0.4	\$ (23.4)	■	\$ (23.8) (5,950.0%)	\$ 13.7	\$ 6.7	■	\$ (7.0) (51.1%)	\$ 13.7
Fixed obligation charge coverage	1.75x	(6.14x)	■	(7.89x) (450.9%)	2.03x	2.02x	◆	(.01x) (0.5%)	2.03x

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

At this time, the entries to update the pension liability are not complete because the actuary report is not received until mid to late February. The financial statements will be included in the final audit report and only budget schedules are included in this report. Results are preliminary until the financial audit is complete.

Budgetary highlights year to date

After closing 2022, \$17.1 million of board contingency was required. Operating expenses, specifically fuel, required \$11.6 million and capital additions required \$5.5 million. This created a zero budget variance for overall operating expenses. The \$20.4 million variance for capital additions will be requested to be carried over to the 2023 Strategic Budget to continue work on several projects.

The following budgetary highlights are presented on a non-GAAP budgetary basis.

Budget results (\$ millions)	December		Favorable (unfavorable)		Year to date		Favorable (unfavorable)		Annual budget
	Budget	Actual			Budget	Actual			
Total revenues	\$ 22.1	\$ 28.0	●	\$ 5.9 26.7%	\$ 263.2	\$ 296.7	●	\$ 33.5 12.7%	\$ 263.2
Sales to owner communities	17.2	17.0	◆	(0.2) (1.2%)	208.0	212.3	●	4.3 2.1%	208.0
Sales for resale - long-term	1.7	3.6	●	1.9 111.8%	18.7	23.1	●	4.4 23.5%	18.7
Sales for resale - short-term	2.6	6.1	●	3.5 134.6%	29.6	50.4	●	20.8 70.3%	29.6
Wheeling	0.5	1.0	●	0.5 100.0%	5.9	7.6	●	1.7 28.8%	5.9
Interest and other income	0.1	0.3	●	0.2 200.0%	1.0	3.3	●	2.3 230.0%	1.0
Total operating expenses	\$ 29.9	\$ 26.3	●	\$ 3.6 12.0%	\$ 221.3	\$ 221.3	◆	\$ - 0.0%	\$ 221.3
Purchased power	4.7	6.3	■	(1.6) (34.0%)	57.7	53.4	●	4.3 7.5%	57.7
Fuel	16.1	8.1	●	8.0 49.7%	56.1	66.5	■	(10.4) (18.5%)	56.1
Production	4.2	5.4	■	(1.2) (28.6%)	50.4	48.9	●	1.5 3.0%	50.4
Transmission	1.4	1.8	■	(0.4) (28.6%)	18.7	18.5	◆	0.2 1.1%	18.7
Administrative and general	2.5	3.2	■	(0.7) (28.0%)	26.0	25.6	◆	0.4 1.5%	26.0
Distributed energy resources	1.0	1.5	■	(0.5) (50.0%)	12.4	8.4	●	4.0 32.3%	12.4
Capital additions	\$ 8.8	\$ 4.5	●	\$ 4.3 48.9%	\$ 44.5	\$ 24.1	●	\$ 20.4 45.8%	\$ 44.5
Debt service expenditures	\$ 1.5	\$ 1.5	◆	\$ - 0.0%	\$ 17.8	\$ 17.8	◆	\$ - 0.0%	\$ 17.8

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

Total revenues, \$33.5 million above budget

Key variances greater than 2% or less than (2%)

- **Sales to owner communities** were above budget \$4.3 million. Energy revenues were \$1.7 million or 1.5% above budget due to 1% above-budget energy. Demand revenues were \$2.6 million or 3.4% above budget as non-coincident and coincident billing demand were above budget 3.2% and 3.1%, respectively. The owner communities set a new nonsummer peak load of 532 MW on December 22 at 6 p.m.
- **Sales for resale - long-term** were above budget \$4.4 million due to unbudgeted calls on a capacity contract, partially offset by lower available baseload generation that serve contracts.
- **Sales for resale - short-term** were above budget \$20.8 million as average prices were 89.1% above budget, partially offset by 9.8% below-budget energy volume.
- **Wheeling** was above budget \$1.7 million primarily due to unplanned point-to-point transmission sales and a higher-than-budgeted transmission rate, partially offset by network customers' actual demand and losses being lower than projected.
- **Interest and other income** was above budget \$2.3 million primarily due to higher interest income earned on investments.

Total operating expenses, at budget after contingency transfer

Key variances greater than 2% or less than (2%)

- **Fuel** was \$22 million above budget before the contingency transfer of \$11.6 million into the fuel budget. After the contingency transfer, fuel was \$10.4 million above budget.

Natural Gas 71 % of the overall variance, \$15.5 million above budget. The combustion turbine units were used to make sales, meet load requirements and replace Rawhide Unit 1's generation during the scheduled screen outage. Price was above budget due to significantly higher market prices.

Coal - Craig units 33% of the overall variance, \$7.3 million above budget. Price was above budget due to an updated price from Trapper Mine and cancellation of a planned coal sale. Generation was above budget to replace Rawhide Unit 1's generation during the scheduled screen outage, replace purchases due to higher market prices, make additional sales and meet load requirements. In addition, the heat rate was higher than budgeted resulting in the units running less efficiently.

Coal - Rawhide Unit 1 (4%) of the overall variance, \$0.8 million below budget. Generation was below budget due to unplanned outages, curtailments and the two-day extension of the screen outage. Price was also below budget due to updated contract pricing, burning lower-cost coal from inventory and a planned stockpile adjustment that did not occur. Partially offsetting the below-budget variances was above-budget oil due to increased consumption during startup after unplanned outages.

- **Production, transmission, and administrative and general** were \$2.1 million below budget. Projects were either completed below budget or expenses not required. The below-budget expenses include: 1) market implementation, 2) Rawhide non-routine projects, 3) IT consulting, 4) IT software and hardware, 5) legal services, 6) wheeling, 7) travel and training, 8) insurance and 9) environmental services. The above-budget expenses include: 1) Rawhide equipment repairs, 2) personnel, 3) Rawhide Unit 1's scheduled screen outage and forced outages, 4) joint facilities and 5) inventory write-offs.
- **Distributed energy resources** were \$4 million below budget due to the unpredictability of the completion of customers' energy efficiency projects, below-budget personnel expenses and consulting services. The energy efficiency rebates and incentives finished the year below budget primarily due to slow participation in small and medium business and multifamily programs, which was driven by the continued effects of the COVID-19 pandemic and economic recovery challenges, including supply chain issues and labor shortages.
- **Purchased power** was \$4.3 million below budget. The below-budget expenses include: 1) net energy provided to Tri-State Generation and Transmission Association, Inc. (Tri-State) under the forced outage assistance agreement, 2) joint dispatch agreement purchases due to below-budget volume partially offset by unfavorable pricing, 3) purchased reserves due to a rate true-up received for Schedule 16 flex reserve service and 4) hydropower purchases due to drought conditions. The above-budget expenses include: 1) wind and solar generation 2) bilateral purchases due to unfavorable pricing and 3) owner communities' solar programs due to higher market prices.

Significant above-budget bilateral prices occurred during December as unplanned purchases were required to maintain reliability during coal unit curtailments coinciding with low renewable generation and mandatory interruption of natural gas supplies.

Capital additions (year-end results for 2022)

Capital expenditures at the end of the year were \$14.9 million below budget before the contingency transfer. Several projects were not completed during 2022 and the remaining funds for those projects, approximately \$20.4 million, will need to be carried over into 2023 for project completion. The majority of these projects are summarized below.

Several additional requests for funds have occurred due to out-of-budget projects, schedule changes and scope changes to projects. As a result, \$5.5 million of the reserved contingency in the 2022 budget was moved to capital additions. With this contingency transfer, the under-budget amount for capital projects will be sufficient to accommodate the requested carryover of approximately \$20.4 million into 2023. Project managers are continuously improving work planning and budgeting by better aligning scope, schedules and available resources.

The projects listed below ended the year with a budget variance of more than \$100,000. In addition, the amounts below are costs for 2022 and may not represent the total cost of the project.

Project (\$ in thousands)	2022 budget	Actual	Favorable (unfavorable)	Carryover request
Below budget projects				
* Solar substation 230 kV - This project was below budget due to an amendment in the power purchase agreement resulting in a delay in the commercial operation date. In addition, acquiring land rights has taken longer than anticipated. Major equipment was ordered this year to ensure delivery times do not impact the overall revised project schedule. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 6,464	\$ 96	\$ 6,368	\$ 6,368
* Monofill upgrade - Rawhide - This project was below budget due to a delay for final project items, including preparation of the final regulatory report for the State of Colorado. <i>A portion of the below-budget funds will be requested to be carried over into 2023.</i>	\$ 9,022	\$ 5,598	\$ 3,424	\$ 2,209
Transformer T3 replacement - Timberline Substation - This project was below budget due to a delay in vendor selection and supply chain issues. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 2,316	\$ 829	\$ 1,487	\$ 1,487
* 52G breaker replacement - combustion turbine units A-D - This project was below budget due to a delay as two breakers did not pass factory acceptance testing. In addition, less internal labor was used and contingency funds were not needed. Breaker replacements for combustion turbine units A and B are expected to be completed in early 2023. <i>A portion of the below-budget funds will be requested to be carried over into 2023.</i>	\$ 2,273	\$ 1,401	\$ 872	\$ 600
* Transmission line vault upgrades - Crossroads Substation - This project was below budget as it was delayed due to contractor supply chain issues. Additional funds were requested in 2022 due to significant increases in contractor labor for specialized underground transmission work. <i>The below-budget funds and additional funds will be requested to be carried over into 2023.</i>	\$ 686	\$ 42	\$ 644	\$ 994
* Southern toe drain modifications - Rawhide - This project was below budget due to a delay, as the project plans submitted to the State of Colorado are awaiting approval. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 606	\$ 13	\$ 593	\$ 593
* SONET communications system replacement - This project was below budget due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 608	\$ 48	\$ 560	\$ 560
* Energy trading software - This project was below budget as the scope was reduced to remove the market software to be reported as a separate project for tracking and transparency. The market software project was submitted as an out-of-budget project.	\$ 779	\$ 336	\$ 443	\$ -
* Spray dry absorber direct lime injection - This project was below budget due to a delay in order for the final installation to occur when Rawhide Unit 1 is offline for the scheduled minor maintenance outage in 2023. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 462	\$ 34	\$ 428	\$ 428

Project (\$ in thousands)	Budget	Actual	Favorable (unfavorable)	Carryover request
* Capacitor coupled voltage transformer replacement - Dixon Creek Substation - This project was below budget due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 273	\$ 1	\$ 272	\$ 272
* Circuit switcher (T2, T4) addition and relay upgrade - Harmony Substation - This project was below budget as labor costs were significantly lower than anticipated due to efficiencies gained from recent projects at Harmony Substation. In addition, materials and supplies were lower than anticipated.	\$ 871	\$ 656	\$ 215	\$ -
* Transmission line vault upgrades - Rogers Road Substation - This project was below budget as it was delayed due to contractor supply chain issues. Additional funds were requested in 2022 due to significant increases in contractor labor for specialized underground transmission work. <i>The below-budget funds and additional funds will be requested to be carried over into 2023.</i>	\$ 189	\$ 30	\$ 159	\$ 309
* Switch 169 and 469 replacement - Loveland East Substation - This project was below budget due to delays in the procurement process. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 156	\$ 5	\$ 151	\$ 151
* Coal mill inert steam system modifications - Rawhide Unit 1 - This project was below budget due to priority shifts and delays in the procurement process. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 207	\$ 57	\$ 150	\$ 150
* Craig units 1 and 2 projects - These projects were below budget based on final costs provided by Tri-State. Several projects were canceled or are below budget.	\$ 586	\$ 474	\$ 112	\$ -
* Telecom PBX replacement - This project was below budget due to delays as additional hardware and migrations were needed in order to complete the project. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 363	\$ 258	\$ 105	\$ 105
Above budget projects				
* Enterprise resource planning software - This project was above budget as an additional milestone payment was made in 2022 that was not originally anticipated. <i>Additional funds were requested in 2022, of which a portion will be requested to be carried over into 2023.</i>	\$ 940	\$ 1,308	\$ (368)	\$ 112
* Airflow spoilers - This project was above budget due to an increase in scope for additional sections of transmission line and an increase in contractor labor and material costs.	\$ 748	\$ 994	\$ (246)	\$ -
* Metering system modifications - This project was above budget due to increases in equipment costs and contractor labor. <i>Additional funds were requested in 2022, of which a portion will be requested to be carried over into 2023.</i>	\$ 411	\$ 603	\$ (192)	\$ 154

Project (\$ in thousands)	Budget	Actual	Favorable (unfavorable)	Carryover request
* SCADA and energy management system - This project was above budget due to additional consulting services needed to support technical components of the project. Software and hardware costs also increased due to additional software module and server requirements that were uncertain at budget submission. <i>Additional funds were requested in 2022, of which a portion will be requested to be carried over into 2023.</i>	\$ 2,500	\$ 2,660	\$ (160)	\$ 2,079
Energy Engagement Center - This multiyear project was completed below total construction estimates. However, due to timing of expenses, additional funds in the 2022 budget were needed to complete final components of the project.	\$ 180	\$ 287	\$ (107)	\$ -
Out-of-budget projects				
Transformer T1 replacement - Longs Peak Substation - This project will replace the existing three single-phase transformers with a single three-phase unit in order to maintain reliability and reduce maintenance costs. To keep the project on schedule for 2025, transformer procurement began in 2022 due to long lead times. The initial contract payment for 2022 was less than anticipated. However, all funds are needed for final transformer procurement. <i>Funds were requested in 2022, of which a portion will be requested to be carried over into 2023.</i>	\$ -	\$ 823	\$ (823)	\$ 137
* Combustion component upgrade - combustion turbine Unit D - This project includes upgrading the combustion turbine Unit D hardware comprised of the combustion cans, transitions and fuel nozzles. The upgraded components will extend the combustion inspection outage interval, which will eliminate an entire series of inspections, reducing downtime and costs. <i>Funds were requested in 2022, of which a portion will be requested to be carried over into 2023.</i>	\$ -	\$ 747	\$ (747)	\$ 7
Oil circuit breaker replacement - Ault Substation 1882 - This project removes and replaces a 230kV oil circuit breaker. Funds were budgeted in the prior year, however WAPA's project estimates have increased for material and service costs requiring additional funds in the current year.	\$ -	\$ 357	\$ (357)	\$ -
* Market software - PCI GenManager - This project includes the software modules for participation in an organized energy market. These costs were originally included in the Energy Trading Software project but is its own project for tracking and transparency. The project start was delayed one month which shifted expenses to 2023. <i>Funds were requested in 2022, of which a portion will be requested to be carried over into 2023.</i>	\$ -	\$ 238	\$ (238)	\$ 152
Oil circuit breaker replacement - Ault Substation 1886 - This project removes and replaces a 230kV oil circuit breaker. Funds were budgeted in the prior year, however WAPA's project estimates have increased for material and service costs requiring additional funds in the current year.	\$ -	\$ 178	\$ (178)	\$ -

Project (\$ in thousands)	Budget	Actual	Favorable (unfavorable)	Carryover request
* Strategy room remodel - headquarters - This project created a dedicated space for senior leadership meetings. In addition to remodeling, new furniture and technology equipment was purchased.	\$ -	\$ 143	\$ (143)	\$ -
Delayed projects				
Pipeline reroute - Soldier Canyon Pipeline - This project was delayed due to a delay in determining water needs for future generation resources. Preliminary planning and engineering are expected to resume in 2023. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 309	\$ -	\$ 309	\$ 309
Fiber optic cable replacement - Fort Collins Riverside - This project was delayed due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 153	\$ -	\$ 153	\$ 153
* Auto transfer switch (control building) - Rawhide Substation - This project was delayed in order to align work with other Rawhide Substation projects. <i>The below-budget funds will be requested to be carried over into 2023.</i>	\$ 126	\$ -	\$ 126	\$ 126
Canceled projects				
Oil circuit breaker replacement - Ault 2182 & 2186 WAPA - This project was canceled due to a change in WAPA's schedule and is expected to be rebudgeted in a future year.	\$ 610	\$ -	\$ 610	\$ -
* Station service 230-12.47 kV transformer replacement - Rawhide Substation - This project was canceled and will be evaluated with future generation resources to ensure construction and system impacts at the Rawhide site are optimized.	\$ 467	\$ -	\$ 467	\$ -
12.47 kV switchgear replacement - Rawhide - This project was canceled and will be rebudgeted when future generation resources are brought online.	\$ 109	\$ -	\$ 109	\$ -

* Project details or amounts have changed since last report.

** Project is new to the report.

Debt service expenditures

The outstanding principal for Series JJ and KK represents debt associated with transmission assets (\$115.6 million) and the Rawhide Energy Station (\$22.5 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1. The final payment for Series II was made in June. The table below shows current debt outstanding.

Series	Debt outstanding \$/thousands	Par issued \$/thousands	True interest cost	Maturity date	Callable date	Purpose
Series JJ - April 2016	\$ 113,490	\$ 147,230	2.2%	6/1/2036	6/1/2026	\$60M new money for Rawhide & transmission projects & refund portion of Series HH (\$13.7M NPV/12.9% savings)
Series KK - December 2020	24,595	\$ 25,230	1.6%	6/1/2037	N/A*	Refund a portion of Series II (\$6.5M NPV/27.6% savings)
Total par outstanding	138,085					
Unamortized bond premium	11,938					
Total revenue bonds outstanding	150,023					
Less: due within one year	(12,215)					
Total long-term debt, net	\$ 137,808					

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

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

Other financial information

- **Accounting policies** - The deferred revenue and expense accounting policy was approved by the board in October. The policy allows deferring revenues and expenses to reduce rate pressure and achieve rate smoothing during the portfolio transition to meet the Resource Diversification Policy goal.

As a board-regulated entity, Platte River is subject to the provisions of GASB 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.

- **Accounting standard** - Platte River is subject to the new lease reporting model applicable under GASB 87 *Leases*. This standard was implemented in 2022. Certain amounts historically considered operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract are now recognized as leased assets and liabilities for leases and will be reflected in the final audited financial statements.
- **Forced outage assistance agreement** - This agreement, which involves Platte River's Rawhide Unit 1 and Tri-State's Craig Unit 3, provides that each party supply replacement energy to the other party during a forced outage of either unit. The Energy Account Balance Limit, defined in the agreement, was exceeded and Tri-State was invoiced \$1.6 million. Pursuant to the terms of the agreement, this payment buys down the energy balance to half of the contract limit.

Budget schedules

Schedule of revenues and expenditures, budget to actual

December 2022

Non-GAAP budgetary basis (in thousands)

	Month of December		Favorable (unfavorable)
	Budget	Actual	
Revenues			
<i>Operating revenues</i>			
Sales to owner communities	\$ 17,167	\$ 17,013	\$ (154)
Sales for resale - long-term	1,704	3,584	1,880
Sales for resale - short-term	2,642	6,190	3,548
Wheeling	504	966	462
Total operating revenues	22,017	27,753	5,736
<i>Other revenues</i>			
Interest income ⁽¹⁾	42	495	453
Other income/(loss)	12	(233)	(245)
Total other revenues	54	262	208
Total revenues	\$ 22,071	\$ 28,015	\$ 5,944
Expenditures			
<i>Operating expenses</i>			
Purchased power	\$ 4,696	\$ 6,265	\$ (1,569)
Fuel	16,111	8,071	8,040
Production	4,207	5,374	(1,167)
Transmission	1,443	1,849	(406)
Administrative and general	2,458	3,226	(768)
Distributed energy resources	1,015	1,509	(494)
Total operating expenses	29,930	26,294	3,636
<i>Capital additions</i>			
Production	3,143	3,213	(70)
Transmission	2,851	519	2,332
General	2,800	804	1,996
Total capital additions	8,794	4,536	4,258
<i>Debt service expenditures</i>			
Principal	1,018	1,018	-
Interest expense	464	464	-
Total debt service expenditures	1,482	1,482	-
Total expenditures	\$ 40,206	\$ 32,312	\$ 7,894
Revenues less expenditures	\$ (18,135)	\$ (4,297)	\$ 13,838

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

Schedule of revenues and expenditures, budget to actual

December 2022 year-to-date

Non-GAAP budgetary basis (in thousands)

	December year to date		Favorable	Annual
	Budget	Actual	(unfavorable)	budget
Revenues				
<i>Operating revenues</i>				
Sales to owner communities	\$ 208,017	\$ 212,319	\$ 4,302	\$ 208,017
Sales for resale - long-term	18,687	23,036	4,349	18,687
Sales for resale - short-term	29,557	50,403	20,846	29,557
Wheeling	5,930	7,638	1,708	5,930
Total operating revenues	262,191	293,396	31,205	262,191
<i>Other revenues</i>				
Interest income ⁽¹⁾	608	2,897	2,289	608
Other income	371	429	58	371
Total other revenues	979	3,326	2,347	979
Total revenues	\$ 263,170	\$ 296,722	\$ 33,552	\$ 263,170
Expenditures				
<i>Operating expenses</i>				
Purchased power	\$ 57,733	\$ 53,379	\$ 4,354	\$ 57,733
Fuel	56,111	66,456	(10,345)	56,111
Production	50,386	48,916	1,470	50,386
Transmission	18,634	18,536	98	18,634
Administrative and general	26,020	25,562	458	26,020
Distributed energy resources	12,378	8,413	3,965	12,378
Total operating expenses	221,262	221,262	-	221,262
<i>Capital additions</i>				
Production	19,555	11,290	8,265	19,555
Transmission	15,115	5,708	9,407	15,115
General	9,786	7,104	2,682	9,786
Total capital additions	44,456	24,102	20,354	44,456
<i>Debt service expenditures</i>				
Principal	11,984	11,984	-	11,984
Interest expense	5,803	5,803	-	5,803
Total debt service expenditures	17,787	17,787	-	17,787
Total expenditures	\$ 283,505	\$ 263,151	\$ 20,354	\$ 283,505
Contingency appropriation	6,878	-	6,878	6,878
Total expenditures and contingency	\$ 290,383	\$ 263,151	\$ 27,232	\$ 290,383
Revenues less expenditures and contingency	\$ (27,213)	\$ 33,571	\$ 60,784	\$ (27,213)

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



Memorandum

Date: 2/6/2023

To: Jason Frisbie, general manager/CEO

From: Dave Smalley, chief financial officer
Shelley Nywall, director of finance
Jason Harris, controller

Subject: 2022 year-end deferred revenue recommendation

The board-approved deferred revenue and expense accounting policy (resolution 09-22), authorizes the general manager/CEO to defer revenues or expenses to reduce rate pressure and achieve rate smoothing during the portfolio transition to meet the Resource Diversification Policy goal.

After the financial statements are prepared at year end, any amount of change in net position above the minimum required to achieve the strategic financial plan targets can be deducted from operating revenues (reducing reported net income) and held on the statement of net position to be recorded as revenue in one or more future periods.

The preliminary 2022 financial results reflect net income and fixed obligation charge coverage ratio above the strategic financial plan targets. Based on long-term financial and rate projections, the opportunity to defer current-year revenues exists and is desired. Below are the results and the recommended amount of revenue to be deferred. If any adjustments to net income are recorded as financial results are finalized, this amount will be adjusted dollar for dollar without an additional approval. We will inform you of the revised deferred revenue amount if any adjustment is made.

Net income (prior to audit)	\$ 28,256,804
Strategic financial plan net income target, 3% of annual operating expenses	6,654,478
Recommended revenue deferral amount	<u>\$ 21,602,326</u>

After the deferral of revenue, the fixed obligation charge coverage ratio changed from 2.64x to 2.02x, maintaining above the strategic financial plan target of 1.5x. The 2022 deferred revenue amount represents approximately 50% of the estimated deferred revenue total of \$42 million in the long-term financial and rate projections from the fall 2022 model. (Note, there was no expense deferral in this model.) As discussed in 2022 when the policy was adopted, the subsequent recognition of deferred


revenues during the resource transition period allowed Platte River to reduce annual rate increase projections for the next several years from 6.1% to 5.0%. The financial and rates projection model is continually updated, and the total deferred revenue or expense amounts may vary from the fall projection due to the uncertainty and volatility in modeling assumptions including items such as surplus sales and resource additions.

Please let us know if you would like to discuss the recommendation; otherwise, please provide your approval to defer revenue of \$21,602,326 (and any adjusted future amount, if required) by signing below. The recognition period on this deferral will be determined at a later time and based on long-term financial and rate projections.


DocuSigned by:
 2/7/2023
A5102DD4BDB24E6...

Jason Frisbie, General Manager/CEO


Recommendation provided by:

 2/7/2023

Dave Smalley, Chief Financial Officer

 2/7/2023

Shelley K. Nywall, Director of Finance

 2/6/2023

Jason Harris, Controller



Memorandum

Date: 2/15/2023

To: Board of directors

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

Subject: **Timeline of 2023 milestone activities**

This presentation will be a preview of the goals and milestones Platte River plans to accomplish in 2023 as the organization works with our owner communities to provide education and community outreach. This presentation will inform directors on how working together can create a strong baseline to educate the value proposition of our upcoming engagement.

This presentation is for informational purposes only and no board action will be requested.



Memorandum

Date: 2/15/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operating officer

Subject: **Daily market volatility**

Staff will present a review of Platte River objectives in power marketing, the data intelligence necessary to responsibly participate in a market as well as a summary of market risks. Examples of actual operating days will be reviewed to illustrate current and future power market challenges.

This presentation is for informational purposes only and no board action will be requested.



Memorandum

Date: 2/15/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Sarah Leonard, general counsel

Subject: **Transmission service terms and conditions**

As Platte River transitions to organized market participation, how Platte River uses and shares its transmission system will evolve. For example, before Platte River enters the Southwest Power Pool (SPP) Western Energy Imbalance Service (WEIS) market in April, Platte River must revise its open access transmission tariff (OATT) to allow the SPP, as the market operator, to use available transmission capacity on the Platte River system (along with all other participants' available transmission) to solve its dispatch algorithm.

Under Platte River's board-approved fiscal resolution (Resolution 25-16), Platte River's general manager has authority to enter into contracts in Platte River's name. Platte River's OATT is a form of contract. The OATT establishes terms and conditions for Platte River transmission service to third parties (but not the owner communities). Platte River's past practice has been to request board approval of changes to its OATT.

Staff believes general manager authority to adapt OATT terms and conditions will help Platte River more efficiently manage organized market entry and participation. The board will retain its existing authority to approve all power and transmission rates, including rates for service under Platte River's OATT.

At the February meeting, staff will provide general background on the WEIS dispatch process and how transmission fits into that process, and preview expected rates and terms for WEIS-related transmission service.

If the board agrees with staff's suggested approach, staff will develop a resolution to clarify the general manager's authority to approve OATT revisions and ask for board approval in March.

Staff will not ask the board to take any action at the February meeting.

Attachment

- Resolution 25-16: Revised fiscal resolution

RESOLUTION NO. 25-16

WHEREAS, the Board of Directors of Platte River Power Authority ("the Authority") has the duty under the Organic Contract "to adopt a fiscal resolution... to govern the financial transactions of the Authority..."; and

WHEREAS, the Organic Contract provides that the General Manager "shall be the principal executive officer of the Authority with full responsibility for the planning, operations, and administrative affairs of the Authority..."; and

WHEREAS, the Organic Contract provides that the Treasurer "shall serve as financial officer of the Authority and shall, pursuant to the fiscal resolution..., be responsible for the receipt, custody, investment, and disbursement of the Authority's funds and securities and for duties incident to the office of Treasurer, and shall perform other duties as the Board of Directors may prescribe."

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Platte River Power Authority that:

(1) Title

This Resolution shall govern the financial transactions of the Authority and may be cited as the Authority's "Fiscal Resolution." The Fiscal Resolution is based on the Organic Contract establishing the Authority, the General Power Bond Resolution (No. 5-87), and the financial requirements for local governments under Colorado law. If any conflict shall be found to exist between the Fiscal Resolution and Resolution No. 5-87, the latter Resolution shall govern. This Resolution replaces Resolution No. 20-08.

(2) Delegation of Authority

The General Manager and the Treasurer are authorized to delegate responsibility and authority to conduct financial transactions as established in this and other policies to the appropriate staff members as deemed necessary and reasonable to carry out the

Authority's operations. The delegation shall be by written memorandum or policy and shall be retained as a record of the Authority.

(3) Funds and Accounts

- (a) The General Manager and Treasurer are hereby authorized to establish the funds and accounts specified in Resolution No. 5-87. Additional accounts and sub-accounts may be established for purposes of facilitating cash management, investments, and financial planning.
- (b) The General Manager and Treasurer shall review and revise the investment policy statement governing the administration, custodianship, and investment of all of the Authority's funds, with the exception of Defined Benefit Plan funds. When investing funds, the Authority must act pursuant to the relevant provisions of Colorado Revised Statutes, Title 24, Article 75. The Investment Policy Statement shall be provided to the Board of Directors when significant changes are made.

(4) Authority to Manage Financial Transactions

- (a) The General Manager, Treasurer, and their delegates are authorized to execute security purchase and sale authorizations, deposits, and withdrawals on the funds and accounts established in accordance with Section (3) of the Fiscal Resolution, and to otherwise act as custodians of moneys of the Authority.
- (b) Pursuant to Section 2.11 of the Organic Contract, the General Manager, Treasurer, and their delegates are authorized to execute all checks, drafts, or other orders of payment of money and all notes, bonds, or other evidence of indebtedness issued in the name of the Authority.
- (c) The General Manager is responsible for approving a Purchasing Policy. The Purchasing Policy shall establish purchasing limits and provide appropriate guidelines for purchasing procedures.

(5) Insurance against Financial Malfeasance

As referenced in Section 2.4.4 of the Organic Contract, the Authority will secure and maintain adequate insurance on the Treasurer and any other officer or employee of the Authority charged with responsibility for the handling or custody of any of its funds or property.

(6) Annual Budget

Pursuant to C.R.S. §§ 29-1-101, *et seq.*, an annual budget will be adopted by the Board of Directors. The adopted budget and appropriating resolutions shall authorize the General Manager to make expenditures during the ensuing year in accordance therewith, including the authority to enter into multi-year contracts that support the ongoing activities of the Authority. Expenditures in excess of the appropriating resolutions shall require prior Board of Directors' approval unless the General Manager determines the expenditures are necessary to support the continued operation of the Authority's system. Such expenditures will be reported to the Board of Directors at its next regular meeting.

(7) Financial Statements

Financial statements of the Authority shall be prepared in accordance with generally accepted accounting principles. Pursuant to C.R.S. §§ 29-1-601, *et seq.*, the Board of Directors shall retain the services of a firm of independent certified public accountants who shall conduct an audit in accordance with generally accepted auditing standards and report, at least annually, upon the status of the financial records, balances of funds maintained by the Authority, and adequacy of internal controls. The audit firm's representative shall present the audit report at a Board of Directors' meeting within 120 days of the end of each year. A representative of the Authority will file the audit report with the Colorado Office of State Auditor.

(8) Contracts

Pursuant to Section 2.10 of the Organic Contract, the General Manager or his/her delegate is authorized to enter into contracts in the name of the Authority, including contracts for the wholesale purchase and sale of electric power and energy.

AS WITNESS, I have executed my name as Assistant Secretary and have affixed the corporate seal of the Platte River Power Authority this 8 day of December, 2016.


Assistant Secretary

Adopted: December 8, 2016
Vote: 8-0





Memorandum

Date: 2/15/2023

To: Board of directors

From: Sarah Leonard, general counsel
Libby Clark, director of human resources & safety

Subject: Discussion of general manager annual performance review process policy

The board's annual review of the general manager's performance and compensation occurs in March of each year. The board's review for 2022 will be governed by the current version of the general manager annual performance review process policy (policy).

We understand the board would like to review the current policy and consider potential changes. Staff may also suggest refinements to more clearly tie performance metrics to the board's Resource Diversification Policy and Platte River's strategic plan and to simplify policy administration.

If the board wishes to make changes, staff will develop recommended revisions to bring to the board for approval in March.

Staff will not request board action at the February meeting.



Memorandum

Date: 2/15/2023

To: Board of directors

From: Eddie Gutiérrez, chief strategy officer
Libby Clark, director of human resources and safety

Subject: **General manager annual review process**

At the March board meeting, the board will conduct the annual review for the general manager.

Survey questions and data collection process

In 2020, the appraisal questions were updated to align with Platte River's major strategic initiatives:

- 1) enhanced customer experience, 2) collaborative communications and community outreach,
- 3) resource diversification and alignment and 4) infrastructure advancement and technology utilization.

An online survey will be sent separately to each board member and designated Platte River staff. The survey will consist of four questions, one for each strategic initiative. For each initiative, there will be a short definition and description of expected accomplishments. The rater will provide a quantitative rating and then have an opportunity to provide comments on strengths and constructive suggestions for each initiative. Data will be consolidated and results of the appraisal will be sent to board members before the March board meeting.

Survey administration timeline

February 24: Feedback survey opens

- Survey links will be sent via email to the board of directors and designated Platte River staff
- Email to the board will include a completed self-assessment from the general manager for reference to complete the feedback survey
- The general manager/CEO will ask for feedback from his direct reports
- All responses will be anonymous and confidential

March 10: Survey completion deadline


March 22: Confidential review packets provided

- Confidential review packet will be provided in addition to the regular board packets for the board of directors to review in advance of the March board meeting
- Confidential packet includes completed performance survey results and compensation review information

March 30: Board meeting and annual review discussion

Attachment

- Policy on general manager annual performance review process

 Platte River Power Authority	<h1 style="text-align: center;">Policy</h1>	Version #: 4.1 Original effective date: 03/27/2014 Next review date: 10/30/2023
	TITLE: General manager annual performance review process policy	Page 1 of 3

Purpose:

The purpose of this policy is to establish the process by which the board of directors provides performance feedback to the general manager. The intent of such feedback is to help ensure that the general manager is aware of the board's expectations and to provide the support needed to be successful in their job.

Policy:


It is the board's policy to provide regular feedback on performance to the general manager, and to do so in a way that incorporates input from a variety of sources while focusing on board expectation and strategies. An annual review with the general manager will be held in March of each year. The focus of the review should be two-fold. First, accomplishments for the previous year should be reviewed individually and feedback provided regarding the quality, timeliness and acceptability of their results. Second, a discussion should take place regarding the board's expectations for the upcoming year.

In preparation for that discussion, the board will solicit input from all board members and designated direct reports. The board may further consider input from selected internal Platte River staff. Such input will be solicited in early March of each year and reported to the board prior to the March meeting.

If any board member wishes to make changes to the performance feedback survey, such proposal should be first brought to the full board for discussion and approval. Since the content of the performance feedback survey incorporates board expectations, any future changes to that survey should be made as early in the year as feasible in order to best provide guidance to the general manager.

The board may provide performance feedback to the general manager using the feedback surveys, the appointee's annual reports, direct board discussion or other means that appropriately reflect job performance. Copies of all written feedback will be provided to each direct report. The general manager shall prepare a written, memo-style annual report including a self-evaluation prior to any performance discussions with the board. The general manager will include his annual performance appraisal with general counsel as part of his report to the board. In all situations, the board is committed to following Platte River's Equal Opportunity Policy [\[Handbook\]](#) and will not discuss, allude to or be influenced by non-job-related factors.

As part of the annual performance review process, the board will review the salary of the general manager and shall determine any applicable adjustments. This review should be conducted in a manner consistent with the board's employee total compensation policy regarding market-based compensation practices and methodology. The board may direct staff to either use the existing internal market survey process or may choose to use an external third-party vendor to evaluate the market practices and current pay levels for the position. In either case, the market survey

 Platte River Power Authority	Policy	Version #: 4.1 Original effective date: 03/27/2014 Next review date: 10/30/2023
	TITLE: General manager annual performance review process policy	Page 2 of 3

should reflect a broad cross section of similarly situated generation and transmission utilities. Any changes in pay resulting from the survey should be communicated to the general manager during the March board meeting.

Implementing parties and assigned responsibilities:


The board of directors is responsible for carrying out this policy and may delegate actions under this policy through the general manager to internal Platte River staff.




The board chair and vice chair, in conjunction with the general manager, are responsible for identifying the appropriate internal support staff to assist with the process, for working with all board members to determine the content and audience for any performance feedback survey, and to direct staff regarding any desired market survey to help determine compensation.

Associated items (if applicable):

Employee total compensation policy originally adopted by the board on March 28, 2013.
Platte River's Employee Handbook

Definitions (if applicable):

 Platte River Power Authority	<h1>Policy</h1>	Version #: 4.1 Original effective date: 03/27/2014 Next review date: 10/30/2023
		TITLE: General manager annual performance review process policy Page 3 of 3

Document owner: Director of human resources and safety DocuSigned by:  6FAAF373D904473... 10/13/2022		Original effective date: 03/27/2014
Authority: Board of directors 	DS	Review frequency: Annually
Counsel review: General counsel 	DS	Current effective date: 10/30/2022

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0	03/27/2014	Original policy - board Resolution No. 06-14	Karin Hollohan	New
2.0	10/29/2015	Revised by board of directors - Resolution No. 12-15	Karin Hollohan	Revision
3.0	02/25/2016	Revised by board of directors - Resolution No. 01-16	Karin Hollohan	Revision
3.1	10/30/2020	Placed on new template and reviewed	Libby Clark	Review
4.0	08/26/2021	Revised by board of directors - Resolution No. 08-21	Libby Clark	Revision
4.1	10/11/2022	Reviewed, no changes	Libby Clark	Review



Memorandum

Date: 2/15/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Raj Singam Setti, chief transition integration officer

Subject: **Resource Diversification Policy status update**

The Resource Diversification Policy (RDP) was passed unanimously by Platte River's Board of Directors in 2018. The policy provided a roadmap to work proactively toward the goal of reaching a 100% noncarbon resource mix by 2030, while ensuring Platte River remains committed to its three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services.

Since the board approved the RDP, Platte River has made significant progress towards its goal. The organization has added 1.1 million MWh of renewable generation through projects such as the 225 MW Roundhouse wind farm and the 22 MW Rawhide Prairie Solar project with a 2 MWh battery, as well as signing a 150 MW Black Hollow Solar purchase power agreement in 2019.

To support the RDP, Platte River completed the 2020 Integrated Resource Plan, Distributed Energy Resource charter, revised rate projections and announced its entry into the Southwest Power Pool Regional Transmission Organization market in 2025.

Platte River is committed to the generation asset transition, with a focus on accelerated renewable integration by 2028 and maintaining reliability with 200 MW energy storage, 100 MW virtual power plant, and 166 MW dispatchable quick-response capacity.

Platte River remains fully committed to the RDP and will continue working diligently to reach its goal of a 100% noncarbon resource mix by 2030. The company recognizes that the timing of emerging technologies plays a crucial role in integrating renewable energy while maintaining its three pillars of reliability, environmental responsibility and financial sustainability.

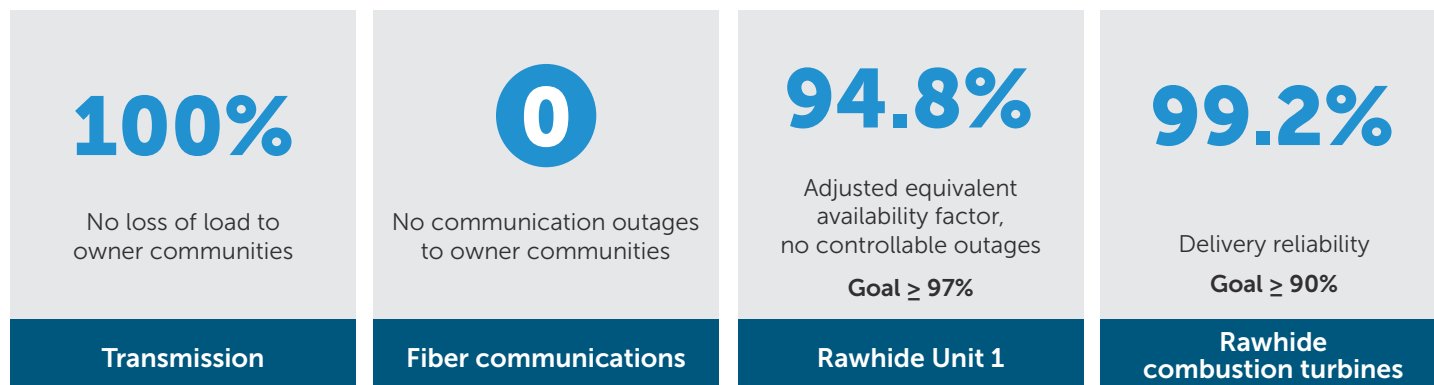


Estes Park • Fort Collins • Longmont • Loveland

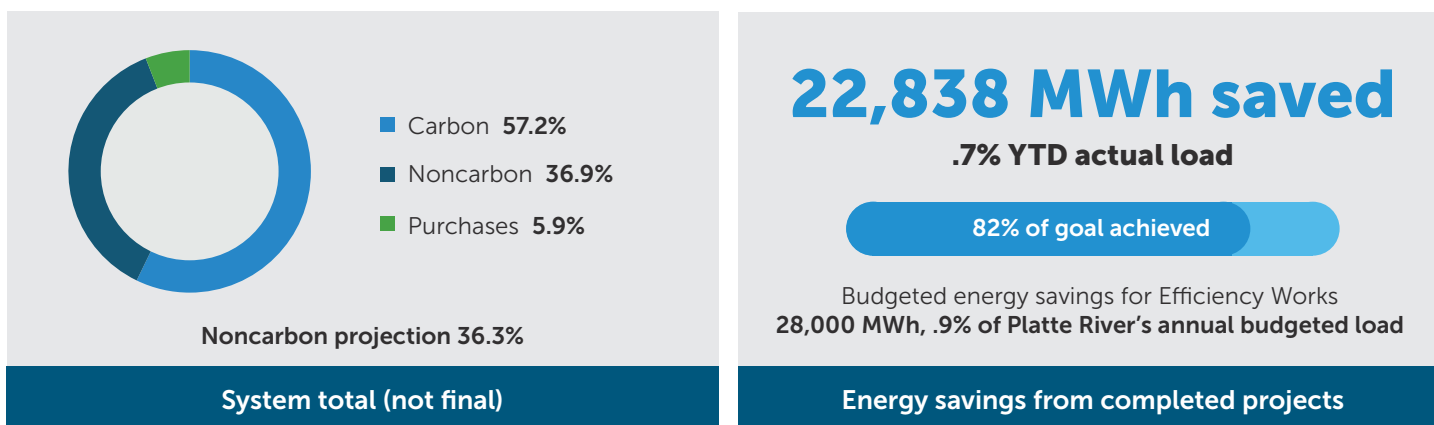
Performance dashboard

Dec. 31, 2022 (YTD)

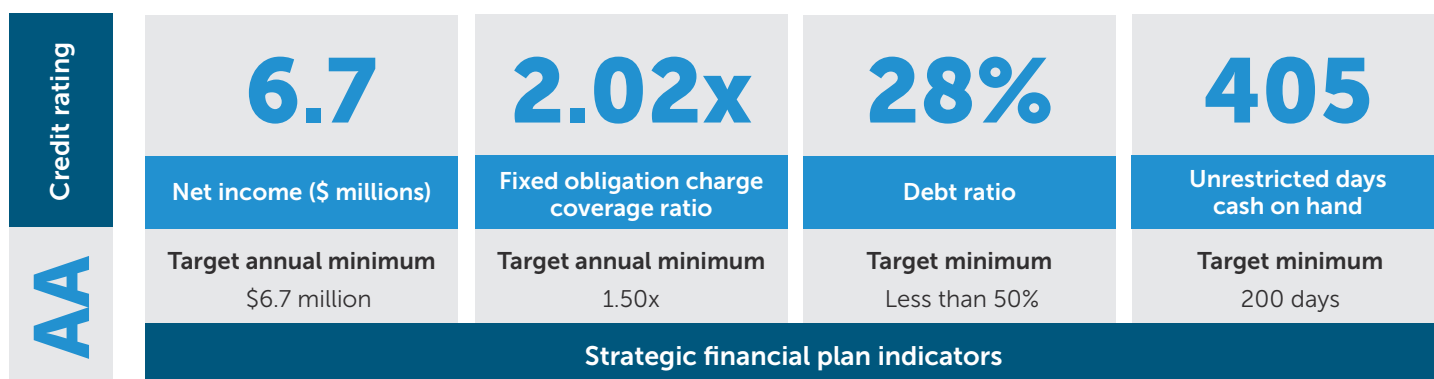
Reliability



Environmental responsibility



Financial sustainability*



*Unaudited financial results



Legal, environmental and compliance report

December 2022

January 2023





Overview of recent developments

Legal matters

Solar Power Purchase Agreement Amended and Restated

In December 2020, Platte River signed a Power Purchase Agreement (Solar PPA) with a solar developer for 150 MW of solar energy. The COVID-19 pandemic and other factors disrupted the solar component markets in 2020 and 2021, and the developer asked to renegotiate the Solar PPA. After almost two years of negotiations, on Dec. 20, 2022, Platte River and the developer signed an Amended and Restated Solar PPA with updated pricing and new milestone dates. The full report is on [page 3](#) of this document.

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

The Colorado Air Quality Control Commission (Air Commission) held a hearing on Dec. 16, 2022 related to Colorado's state implementation plan for ozone. During the hearing the Air Commission considered proposed changes to an affirmative defense for air pollution exceedances that happen during startup, shutdown, and malfunction (SSM) and are outside the source's control. The Air Commission decided to keep the SSM affirmative defense in the state implementation plan until June 1, 2024, and begin a stakeholder process in 2023. This is a favorable outcome for Platte River and other industry partners that rely on the affirmative defense to address uncontrollable exceedances during SSM. The full report is on [page 3](#) of this document.

El Paso Electric Co. v. Federal Energy Regulatory Commission

Platte River is a party to the WestConnect Planning and Participation Agreement for transmission planning under Federal Energy Regulatory Commission (FERC) Order 1000. In December 2018, El Paso Electric Co. and other investor-owned utilities that participate in WestConnect filed appeals in the Fifth Circuit Court of Appeals (Fifth Circuit) to challenge FERC-approved cost allocation provisions in the Planning and Participation Agreement. These provisions allow utilities not subject to FERC jurisdiction (like Platte River) to opt out of cost allocation for regional transmission projects. In February 2022, the parties filed a settlement agreement with FERC and the Fifth Circuit stayed the appeal to await FERC's decision. On Dec. 15, 2022, FERC rejected the settlement agreement. The Fifth Circuit will now set a date for oral argument. The full report is on [page 4](#) of this document.

Western Area Power Administration Rate Order 202

On May 25, 2022, the Western Area Power Administration (WAPA) issued Rate Order 202, proposing additional rate increases for firm electric service and surplus sales. The previous rate orders governing these formula rates expired on Dec. 31, 2022; new rates will take effect Jan. 1, 2023. Platte River submitted written comments to WAPA on Aug. 23, 2022. On Jan. 1, 2023, WAPA adopted its Rate Order as proposed. As a result, Platte River's rate for hydropower will increase 16.5%. The full report is on [page 4](#) of this document.



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

On Oct. 1, 2019, Save the Colorado and other environmental groups sued in the United States District Court for Arizona challenging the Bureau of Reclamation's (Bureau) record of decision to approve the Long-Term Experimental and Management Plan for Glen Canyon Dam. On Dec. 23, 2022, the court granted the Bureau's motion for summary judgment and denied the plaintiffs' motion, ending the case with a favorable decision for the Colorado River Storage Project and Platte River's hydropower interests. The full report is on [page 4](#) of this document.

Environmental matters

There are no new environmental matters to report.

Compliance matters

There are no new compliance matters to report.

Grant opportunities

There are no new developments on grant opportunities to report.

Monitoring—status unchanged

[Page 6](#) of this document provides a list of matters previously reported but unchanged since our last report.

Recently concluded matters

[Page 7](#) of this document provides a list of matters that have concluded within the last three months.



Active matters

Legal matters

Solar Power Purchase Agreement Amended and Restated

In December 2020, Platte River signed a Power Purchase Agreement (Solar PPA) with a solar developer for 150 MW of solar energy concluding an extensive Request for Proposals process. Starting in 2020 with the COVID-19 pandemic, and continuing through 2021 and into 2022, industry forces, supply chain constraints and trade measures disrupted the solar industry. Platte River's preferred developer asked Platte River to renegotiate the Solar PPA.

After almost two years of negotiation, on Dec. 20, 2022, Platte River and the developer signed an Amended and Restated Solar PPA with updated pricing (increased by roughly 60%) and new milestone dates (extending the construction period by about one year). We expect the project to be ready for operation by December 2024.

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

Background:

In fall 2022, the Colorado Air Quality Control Commission (Air Commission) proposed a new State Implementation Plan to address the front range's designation of "severe non-attainment" for ground level ozone (Ozone SIP). As part of the Ozone SIP rulemaking, but unrelated to ozone, the Air Pollution Control Division (Division) proposed to remove regulations that provide an affirmative defense against penalties for air pollution exceedances during startup, shutdown, or malfunction (SSM). The Division argued the Environmental Protection Agency could not approve the Ozone SIP or any other SIP if it contained an affirmative defense for SSM. But Colorado law requires regulations for SSM.

Platte River joined other utility partners in the Colorado Utilities Coalition for Clean Air (CUC) to oppose complete removal of the SSM affirmative defense. The CUC worked with the Division to propose keeping the SSM affirmative defense in state regulations while removing it from the federal Ozone SIP (State Only Approach).

Current Status:

The Air Commission held a hearing on Dec. 16, 2022, on the Ozone SIP and the SSM defense. The Air Commission decided to keep the SSM affirmative defense in the Ozone SIP until June 1, 2024, and begin a stakeholder process in 2023. The State Only Approach will take effect June 1, 2024. This is a favorable outcome for Platte River and other industry partners that rely on the affirmative defense to address uncontrollable exceedances during SSM.



El Paso Electric Co. v. Federal Energy Regulatory Commission

Background:

The Federal Energy Regulatory Commission (FERC) issued Order 1000 in 2011. Order 1000 requires FERC-jurisdictional utilities to create regional organizations to plan transmission expansions and allocate costs to the beneficiaries of the new transmission projects. Although Platte River is not subject to FERC jurisdiction, Platte River is a party to the WestConnect Planning and Participation Agreement along with other FERC-jurisdictional and non-jurisdictional utilities in the planning region (Arizona, Colorado, Nevada, New Mexico, Utah and Wyoming).

In December 2018, El Paso Electric Co. and several other FERC-jurisdictional utilities filed appeals in the Fifth Circuit Court of Appeals (Fifth Circuit) challenging FERC's approval of WestConnect cost allocation provisions. These provisions allow utilities not subject to FERC jurisdiction (Coordinating Transmission Owners or CTOs) to opt out of cost allocation for regional transmission projects not approved by CTO governing bodies. The appeals claim CTOs' ability to opt out of cost allocation could impose unjust and unreasonable rates on FERC-jurisdictional participants.

Platte River took part in settlement negotiations between the jurisdictional and non-jurisdictional utilities to modify the cost allocation and governance provisions of the Planning and Participation Agreement. The parties filed a settlement agreement with FERC in February 2022 and the Fifth Circuit stayed the case to await FERC's decision.

Current Status:

On Dec. 15, 2022, FERC rejected the parties' settlement agreement. The Fifth Circuit will now set a date for oral argument.

Western Area Power Administration Rate Order 202

Although WAPA discussed Platte River's comments in its final rule, the Rate Order went into effect on Jan. 1, 2023, as proposed. Platte River will now pay the 16.5% increased rate for hydropower.

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

On Dec. 23, 2022, the Court granted the Bureau's motion for summary judgment and denied the plaintiffs' motion, ending the case with a favorable decision for Colorado River Storage Project and Platte River's hydropower interests.

Environmental matters

There are no active environmental matters to report.



Compliance matters

There are no active compliance related matters to report.

Grant opportunities

There are no active grant opportunities to report.



Monitoring—status unchanged

Legal matters

Inflation Reduction Act direct pay provisions

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

Western wholesale market activities

There are no new developments in the Colorado Public Utilities Commission's rulemaking on the Colorado Transmission Coordination Act since the last report. Platte River is on track to enter the Southwest Power Pool's Western Energy Imbalance Service market on April 1, 2023.

Federal Energy Regulatory Commission Notices of Proposed Rulemaking – Regional Transmission Planning and Generator Interconnection Reform

There are no new developments in this matter.

Environmental matters

Groundwater and waste management

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

Compliance matters

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

Grant opportunities

There are no grant related opportunities being monitored this month.



Recently concluded matters (last three months)

Legal matters

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

On Oct. 30, 2020, Public Service Company of Colorado (PSCo) filed with FERC to revise, among other things, rates for ancillary services under its open access transmission tariff—specifically, Schedule 3, Regulation and Frequency Response Service; Schedule 3A, Regulation and Frequency Response Service for Point-to-Point Transmission Service; and Schedule 16, Flex Reserve Services (as well as non-rate terms in its Schedule 1). Platte River currently pays PSCo to provide flex reserve services so that there is sufficient capacity to continue serving load and maintain system stability when output from intermittent wind resources abruptly drop.

On April 6, 2022, PSCo filed a comprehensive settlement agreement with FERC. Platte River, along with Colorado Springs Utilities, Black Hills Energy Colorado, and others, joined the settlement. On Aug. 15, 2022, FERC approved the settlement agreement and the parties began exploring a potential “flex reserve pool” to manage the cost of flex reserve services. But both Platte River and PSCo are preparing to join the WEIS market in April 2023, and Platte River plans to enter the Southwest Power Pool’s western regional transmission organization within the next few years. Platte River has therefore decided not to participate in the proposed flex reserve pool.

Environmental matters

There are no recently concluded environmental matters.

Compliance matters

There are no recently concluded compliance matters.

Grant opportunities

There are no recently concluded grant opportunities.



Transition and integration report

January 2023



Resource integration

Platte River recently agreed to an amended and restated power purchase agreement with 174 Power Global to purchase the output of a proposed 150 MW nameplate solar project in the Town of Severance, between the City of Fort Collins and the Town of Ault. This project is currently scheduled to begin construction by mid-2023, with a commercial operation date of December 2024.

Platte River is currently negotiating terms sheets with two developers to purchase additional solar capacity that is expected to begin commercial operation in late 2025. Evaluation of the proposals was delayed due to the Department of Commerce investigating whether solar panels assembled in southeast Asia are circumventing duties imposed on solar panels from China, and therefore violating antidumping rules. Passage of the Inflation Reduction Act of 2022 added to these delays. Staff intends to agree to a term sheet with a preferred developer in the first quarter of 2023 and finalize an agreement to purchase the output of this preferred solar project by mid-2023. Due to higher-than-expected battery prices, Platte River has decided to delay purchasing additional battery capacity.

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

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

DER system integration

Platte River and its owner communities share a vision of integrating distributed energy resources (DERs) into the electric system through collaboration and coordination between the owner communities and Platte River to provide value to all customers.

The DER planning forecast shown in the table below indicates anticipated DER magnitude. Planning is underway to develop solutions that make these resources an integral part of the electric system. This work is taking place through the DER Advisory Committee and DER Planning and Programs teams, which include leadership and staff from Platte River, as well as representatives of each owner community.

DER planning forecast (noncoincident MW)

	2023	2024	2025	2026	2027	2028	2029	2030
Distributed Generation	-38	-46	-55	-64	-72	-79	-85	-90
Electric vehicles	10	12	16	21	27	35	44	55
Building electrification (winter)	0	1	1	3	5	8	13	20
Demand response	0	-2	-5	-10	-15	-23	-30	-30

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

Staff initiated a DER forecast and potential study in January. Dunskey Energy + Climate advisors will perform the study, which will focus on distributed solar and storage, transportation electrification, electric efficiency and demand response (including electric vehicle charging and storage flexibility). The study will provide forecasts for DER adoption and DER integration solution potential. Customers are expected to adopt DERs based on perceived environmental benefits, such as ability to reduce greenhouse gas emissions, and economic benefits, including reduced electricity, natural gas or gasoline purchases. The DER potential portion of the study will evaluate DER program solutions that encourage DERs to operate in a manner that provides system benefits.



Operating report

January 2023



Executive summary

Owner community load

Owner community demand came in above budget due to the cold spell at the end of January, while energy came in slightly above budget for the month. The overall net variable cost to serve owner community load was significantly below budget, mainly due to considerably above budget surplus sales pricing.

Thermal resources

Rawhide Unit 1 had a brief unplanned outage to replace the governor valve actuator and two curtailments due to recycle slurry flow in the spray-dry absorber and cold weather limiting the capacity of the unit. Rawhide equivalent availability factor was slightly above budget and net capacity factor was below budget for the month.

Craig Unit 1 had numerous curtailments due to multiple issues throughout the month. Craig Unit 2 was curtailed all month long, with a brief forced outage due to high temperatures in the superheater and having then tripped offline on Jan. 18. The decision was then made to leave the unit out of service until repairs can be made, later this spring. Shaft share was delivered three separate times for Craig Unit 3 issues. As a result, Craig equivalent availability factor and net capacity factor were significantly below budget.

Gas was pre-purchased daily for the month to provide opportunities to conduct cold weather testing on the combustion turbines (CTs) on days when temperatures fell to 10 degrees or below. The opportunity to test the units was limited but successful, on the few days available for testing. The CTs ran throughout the month, primarily, to facilitate sales and replace generation during curtailments, outages, and periods of shaft share delivery. CT equivalent availability factor came in below budget, while net capacity factor came in above budget.

Renewable resources

Both wind and solar generation came in well below budget for the month of January. Wind was occasionally curtailed due to feeder, breaker, and icing issues, while solar panels were covered in snow for a few days and did not produce well on cloudy days. This resulted in net capacity factors being below budget for both wind and solar. The battery associated with the Rawhide Prairie Solar farm was charged and discharged 28 times throughout the month, with lost production on three days due to a lack of solar.

Surplus sales

Surplus sales volume was significantly below budget for the month, due to below budget resource availability and shaft share obligations. The average surplus sales price for the month was considerably above budget, as pricing in the region was higher than anticipated.

Purchased power

Overall purchased power volume was above budget for the month, as the result of above budget bilateral purchases and joint dispatch market purchases made to replace power during resource curtailments and outages. Overall purchase pricing was well above budget.

Total resources

Total blended resource costs came in above budget for the month, mainly due to the volume of natural gas generation produced in January.

Variances

Category	January variance	
Owner community demand	4.8%	●
Owner community energy	1.4%	◆
Wind generation	(23.8%)	■
Solar generation	(34.1%)	■
Net variable cost to serve owner community load	(59.7%)	●

Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

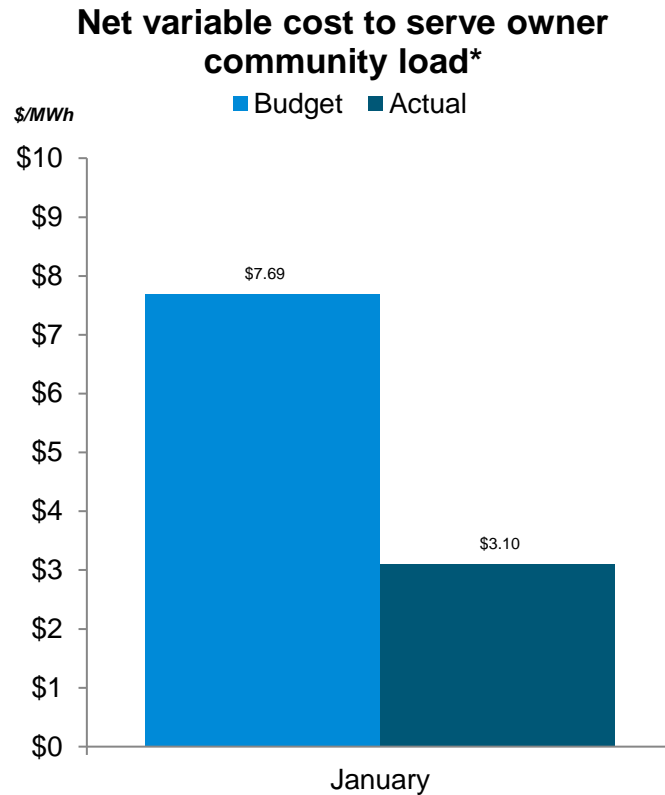
Loss of load

System disturbances

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

2023 goal		January actual		YTD total	
0	●	0	●	0	●

Net variable cost to serve owner community load



* The net variable operating cost to serve owner community load is equal to the sum of fuel, renewable purchases, energy purchases less surplus energy sales. The net variable cost is divided by total owner community load to determine average net variable cost to serve owner community load.

Events of significance

- System maintenance completed metering system installations on CT units A, C and D.
- Transmission power system operators participated in 51 switching events and 1,550 phone and radio communications.
- On the morning of Jan. 14, Rawhide Unit 1 had an outage to replace a cylinder on governor valve 2. The unit returned to service that afternoon.
- The CTs eclipsed the previous January CT generation record of 8,779 MWh from January 2022, having produced 34,867 MWh of generation in January 2023.
- CT Unit F ran from Jan. 19 at 8:51 a.m. to Jan. 24 at 4:53 p.m. The five-day, eight hour and two-minute run was the longest continuous run of a CT in Rawhide CT unit history.

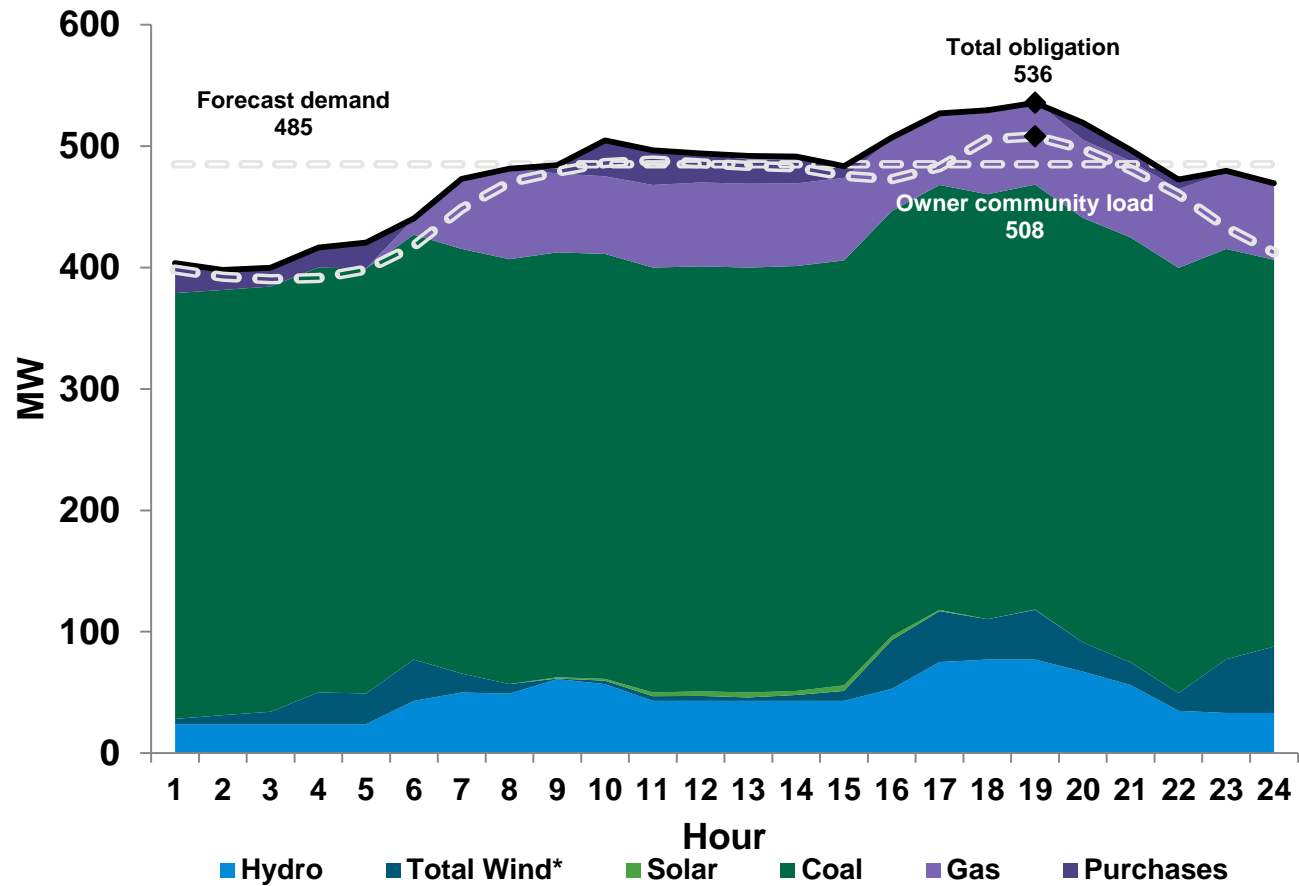
- All five CTs were run on both Jan. 3 and Jan 4. This was only the second time in Rawhide CT unit history that all five CTs were run simultaneously, outside the months of June, July, August, and September.
- Natural gas was pre-purchased daily for the month of January to allow for continued cold weather testing on the CTs. CT cold weather testing was first conducted in the winter of 2022 and produced valuable improvements in the performance and reliability of the units.
- Platte River faced another cold weather event at the end of January. The natural gas transportation system was in an under delivery operational flow order which requires that sufficient gas be supplied to the system to operate the CTs. The event was managed successfully with sufficient resources to meet owner community loads.

Peak day

Peak day obligation

Peak demand for the month was 508 megawatts which occurred on Jan. 30, 2023, at hour ending 19:00 and was 23 megawatts above budget. Platte River’s obligation at the time of the peak totaled 536 megawatts. Demand response was not called upon at the time of peak.

Peak day obligation: Jan. 30, 2023



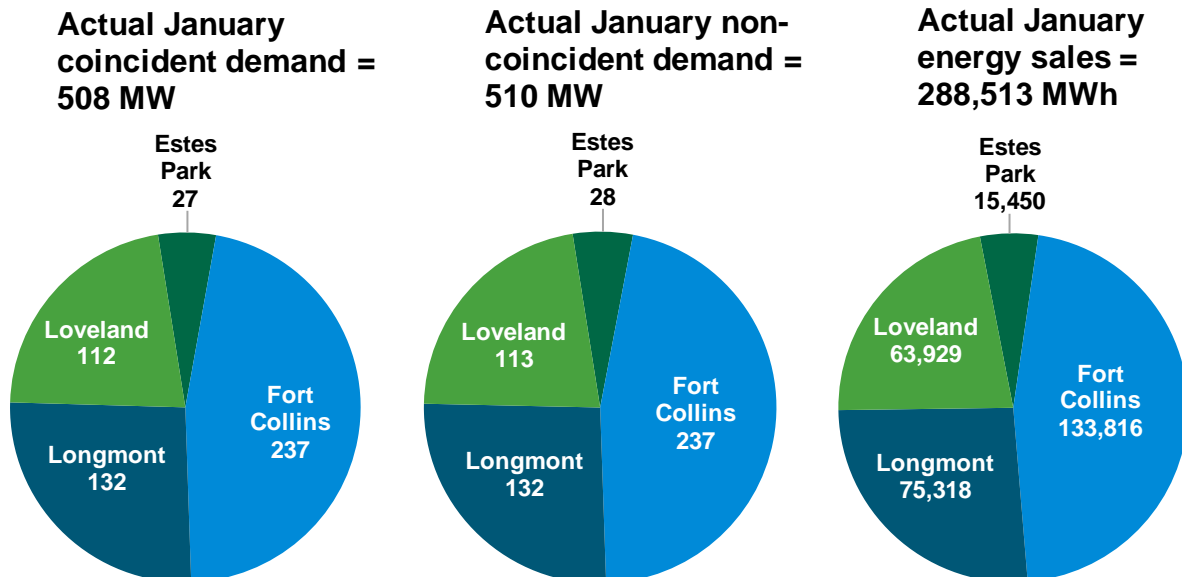
*Some off-system wind renewable energy credits and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.

Owner community loads

	Jan. budget	Jan. actual	Minimum	Actual variance	
Coincident demand (MW)	485	508	500	4.7%	●
Estes Park	24	27	13	12.5%	●
Fort Collins	227	237	229	4.4%	●
Longmont	123	132	142	7.3%	●
Loveland	111	112	116	0.9%	◆
Non-coincident demand (MW)	487	510	508	4.7%	●
Estes Park	25	28	20	12.0%	●
Fort Collins	227	237	229	4.4%	●
Longmont	124	132	142	6.5%	●
Loveland	111	113	117	1.8%	◆
Energy sales (MWh)	284,670	288,513		1.3%	◆
Estes Park	14,244	15,450		8.5%	●
Fort Collins	134,903	133,816		(0.8%)	◆
Longmont	71,924	75,318		4.7%	●
Loveland	63,599	63,929		0.5%	◆

Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

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

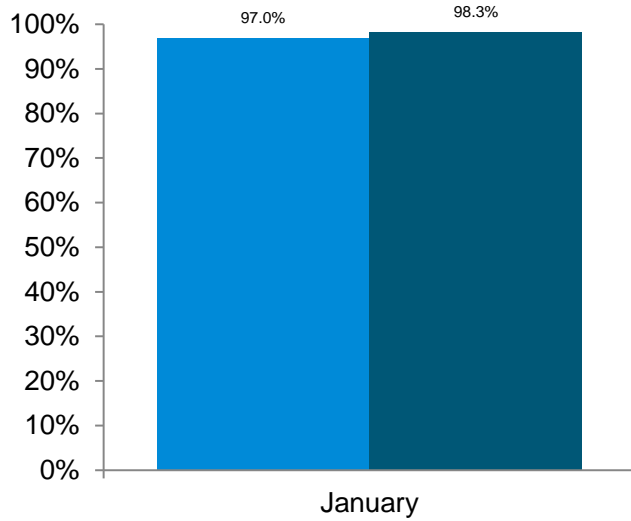


Thermal resources

Power generation - Rawhide

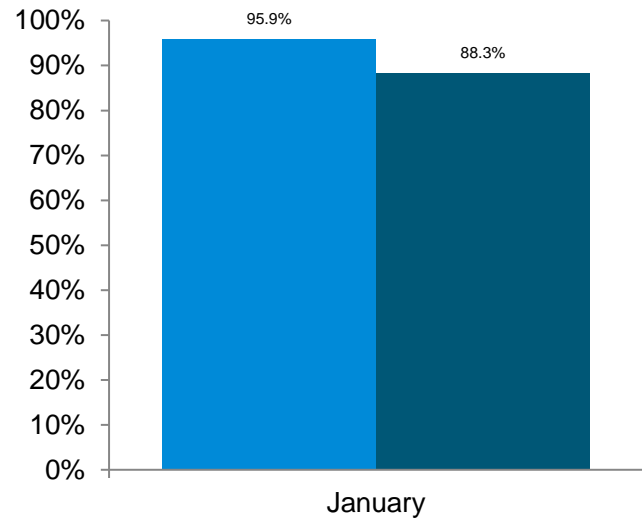
Equivalent availability factor

■ Budget ■ Actual



Net capacity factor

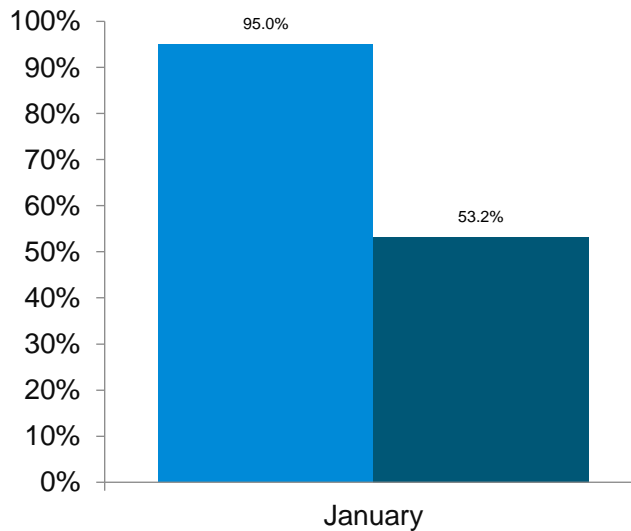
■ Budget ■ Actual



Power generation – Craig

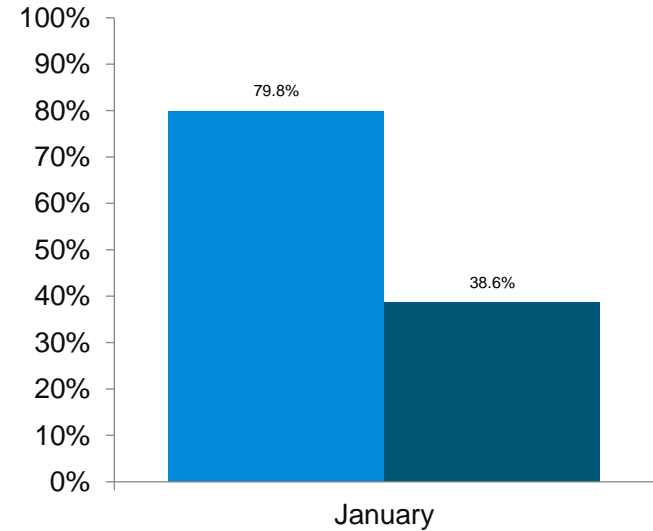
Equivalent availability factor*

■ Budget ■ Actual



Net capacity factor

■ Budget ■ Actual

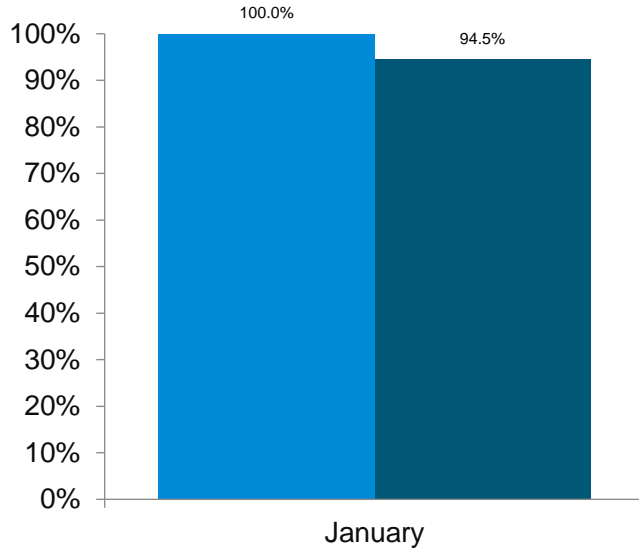


*Estimated due to a delay

Power generation – combustion turbines

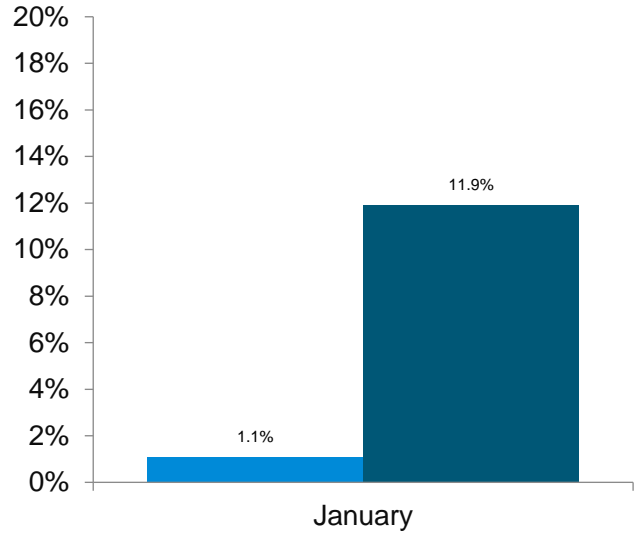
Equivalent availability factor

■ Budget ■ Actual



Net capacity factor

■ Budget ■ Actual

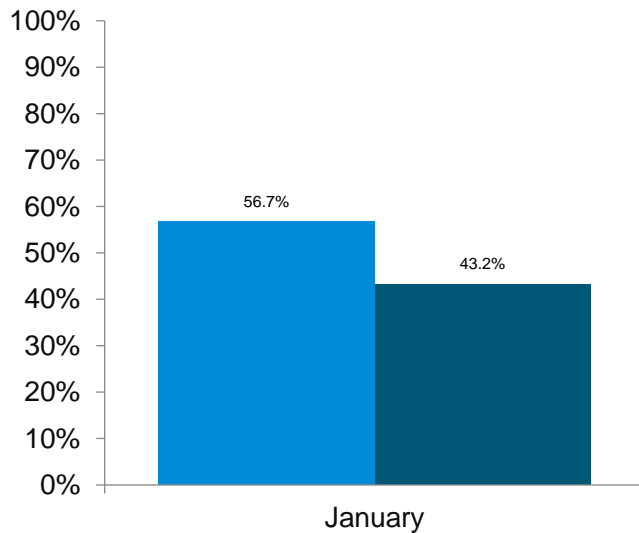


Renewable resources

Power generation – wind and solar production

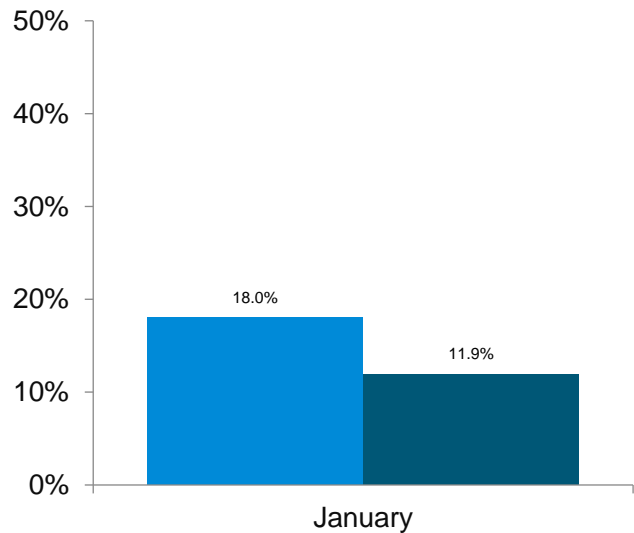
Wind net capacity factor

■ Budget ■ Actual

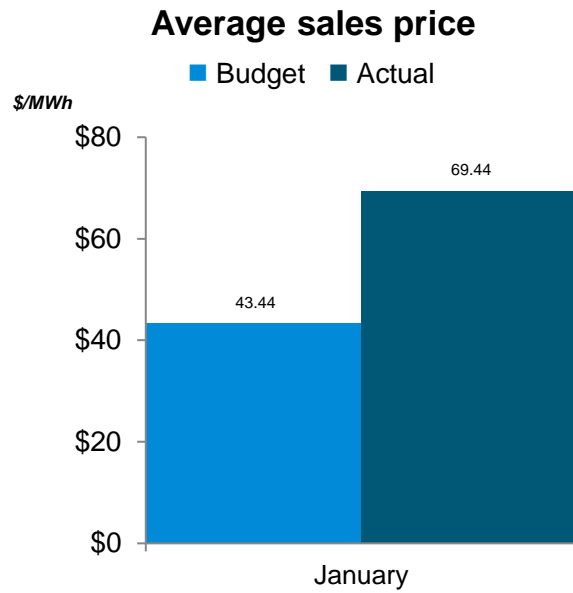
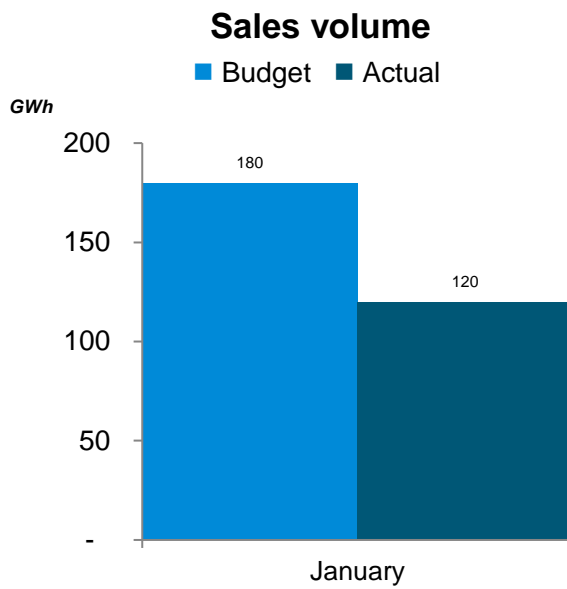


Solar net capacity factor

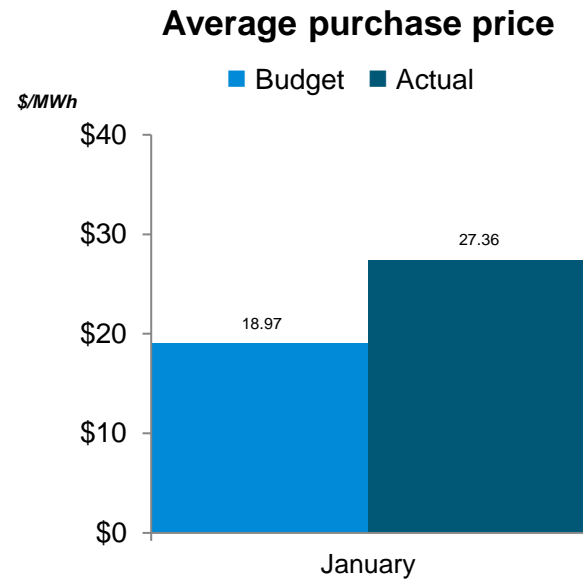
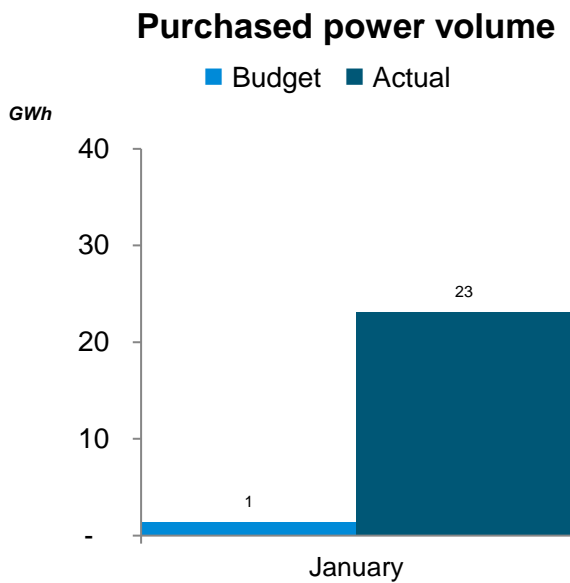
■ Budget ■ Actual



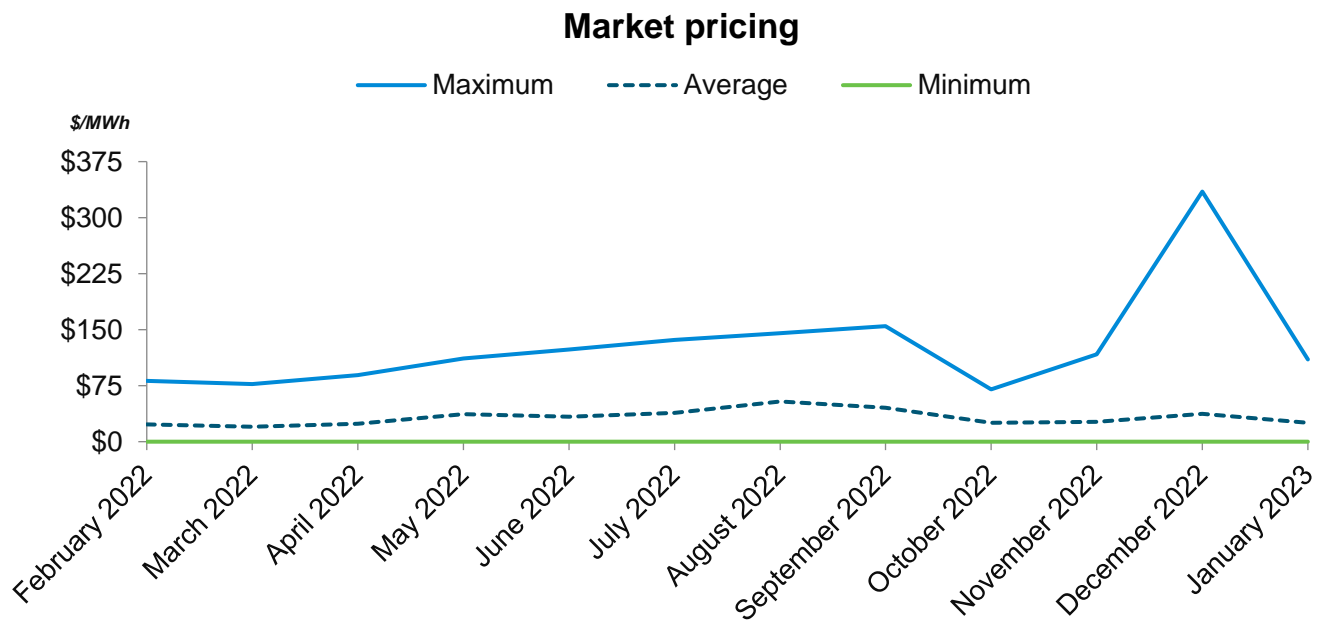
Surplus sales



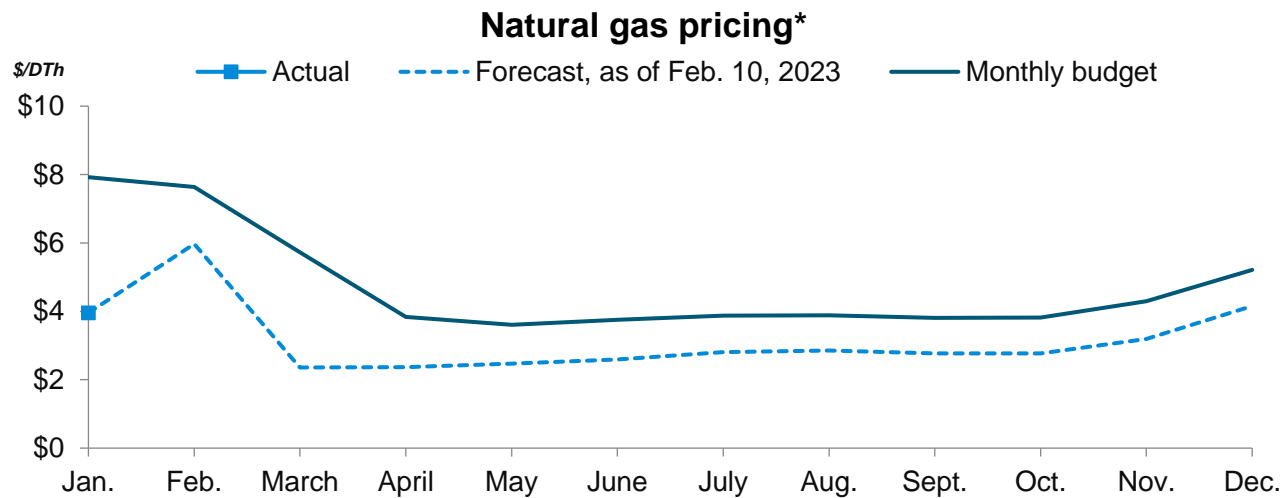
Purchased power



Market pricing



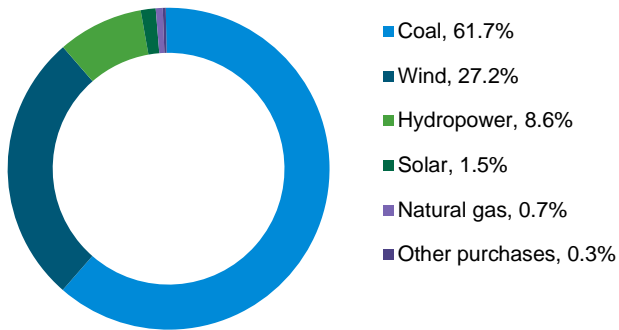
Natural gas pricing



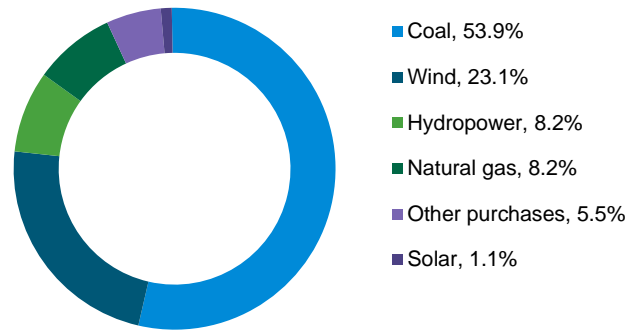
*Forecast based on Bloomberg natural gas futures. Pricing does not include transport. January and February forecast data is based on pre-purchased gas prices made in early January.

Total resources

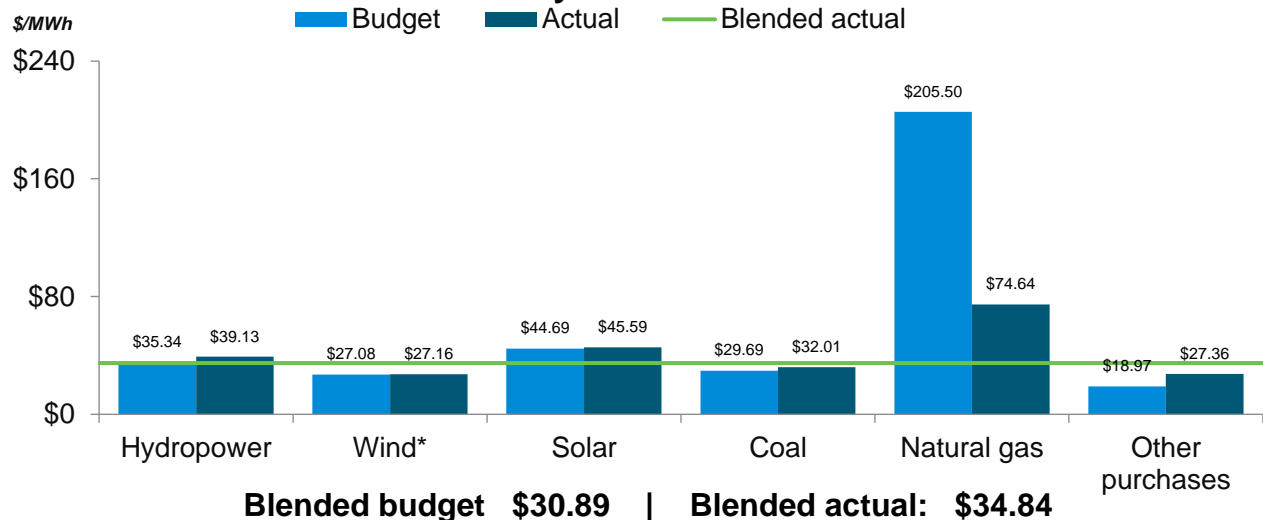
January generation budget



January generation actual



January resource cost



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



Financial report

January 2023



Financial highlights year to date

Platte River reported favorable results year to date. Net income of \$7.2 million was favorable by \$4 million compared to budget due to below-budget operating expenses, above-budget revenues and unrealized gains on investments.

Key financial results (\$ millions)	January		Favorable (unfavorable)		Annual budget
	Budget	Actual			
Net income	\$ 3.2	\$ 7.2	●	\$ 4.0 125.0%	\$ 22.4
Fixed obligation charge coverage	2.69x	3.94x	●	1.25x 46.5%	2.43x

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

At this time, the 2022 entries to update the pension liability are not complete because the actuarial report is not received until mid to late February. As a result, financial statements are not included in this report.

Budgetary highlights year to date

The following budgetary highlights are presented on a non-GAAP budgetary basis.

Budget results (\$ millions)	January		Favorable (unfavorable)		Annual budget
	Budget	Actual			
Total revenues	\$ 27.3	\$ 28.4	●	\$ 1.1 4.0%	\$ 305.0
Sales to owner communities	18.2	18.5	◆	0.3 1.6%	224.1
Sales for resale - long-term	1.3	2.0	●	0.7 53.8%	14.9
Sales for resale - short-term	6.7	6.5	■	(0.2) (3.0%)	53.6
Wheeling	0.5	0.8	●	0.3 60.0%	6.1
Interest and other income	0.6	0.6	◆	0.0 0.0%	6.3
Total operating expenses	\$ 20.5	\$ 18.5	●	\$ 2.0 9.8%	\$ 238.1
Purchased power	5.1	3.5	●	1.6 31.4%	55.1
Fuel	5.7	6.5	■	(0.8) (14.0%)	62.7
Production	4.5	4.0	●	0.5 11.1%	54.8
Transmission	1.9	1.9	◆	0.0 0.0%	20.2
Administrative and general	2.5	2.3	●	0.2 8.0%	31.5
Distributed energy resources	0.8	0.3	●	0.5 62.5%	13.8
Capital additions	\$ 2.6	\$ 1.3	●	\$ 1.3 50.0%	\$ 42.7
Debt service expenditures	\$ 1.5	\$ 1.5	◆	\$ - 0.0%	\$ 17.8

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

Total revenues, \$1.1 million above budget

Key variances greater than 2% or less than (2%)

- **Sales for resale - long-term** were above budget \$0.7 million due to calls on a capacity contract, partially offset by below-budget resold wind generation and lower available baseload generation that serves a contract.
- **Sales for resale - short-term** were below budget \$0.2 million as energy volume was 47.3% below budget, partially offset by 83.1% above-budget average prices.
- **Wheeling** was above budget \$0.3 million due to unplanned point-to-point transmission sales.

Total operating expenses, \$2 million below budget

Key variances greater than 2% or less than (2%)

- **Purchased power** was \$1.6 million below budget. The below-budget expenses include: 1) net energy provided to Tri-State Generation and Transmission Association, Inc. (Tri-State) under the forced outage assistance agreement, 2) wind and solar generation and 3) hydropower purchases due to drought conditions. The above-budget expenses include: 1) market and bilateral purchases were made at higher-than-budgeted prices to replace baseload generation during unplanned outages and curtailments.
- **Production and administrative and general** were \$0.7 million below budget. Projects were either completed below budget or expenses not required. The below-budget expenses include: 1) market expenses, 2) chemicals, 3) general facility maintenance, 4) utilities and 5) environmental services. The above-budget expenses include: 1) IT software and hardware. Of the net below-budget variance, at least \$0.4 million is expected to be spent and catch up by the end of the year.
- **Distributed energy resources** were \$0.5 million below budget due to the unpredictability of the completion of customers' energy efficiency projects, below-budget personnel expenses and consulting services. Of the net below-budget variance, at least \$0.4 million is expected to be spent and catch up by the end of the year.
- **Fuel** was \$0.8 million above budget.
 - Natural Gas** 238% of the overall variance, \$1.9 million above budget. The combustion turbine units were used to make sales and meet load requirements. Price was below budget due to lower market prices.
 - Coal - Rawhide Unit 1** (25%) of the overall variance, \$0.2 million below budget. Generation was below budget due to an unplanned outage and curtailments.
 - Coal - Craig units** (113%) of the overall variance, \$0.9 million below budget. Generation was below budget due to unplanned outages and curtailments.

Capital additions (year-end estimates as of January 2023)

The projects listed below are projected to end the year with a budget variance of more than \$100,000. In addition, the amounts below are costs for 2023 and may not represent the total cost of the project. Further changes to capital projections are anticipated and staff will continue to monitor spending estimates to ensure capital projects are appropriately funded.

Project (\$ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
Above budget projects				
** Relay upgrades - (T1 and T2 bays) Dixon Creek Substation - This project will be above budget for the construction of relay upgrades which will improve the transformer bus protection and modernize the existing relay protection package. Project design began in late 2022 and funds could not be budgeted timely for 2023.				
	\$ 17	\$ 197	\$ (180)	\$ -

Project (\$ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
Canceled projects				
** Subscription based information technology arrangements - Due to the implementation of GASB 96 <i>Subscription-Based Information Technology Arrangements</i> , a right-to-use subscription asset was budgeted as capital for a variety of subscription software. After further analysis, it was determined that appropriated funds for this standard should not be attributed to capital additions. Rather, the related expenditures will be classified as financing arrangements and reported as debt service for budgetary purposes.	\$ 1,160	\$ -	\$ 1,160	\$ -
** Transformer (Flats) replacement - Rawhide Substation - This project was canceled and will be evaluated with future generation resources to ensure construction and system impacts at the Rawhide Energy Station are optimized.	\$ 949	\$ -	\$ 949	\$ -

* Project details or amounts have changed since last report.

** Project is new to the report.

Debt service expenditures

The outstanding principal for Series JJ and KK represents debt associated with transmission assets (\$115.6 million) and the Rawhide Energy Station (\$22.5 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1. The table below shows current debt outstanding.

Series	Debt outstanding \$/thousands	Par issued \$/thousands	True interest cost	Maturity date	Callable date	Purpose
Series JJ - April 2016	\$ 113,490	\$ 147,230	2.2%	6/1/2036	6/1/2026	\$60M new money for Rawhide & transmission projects & refund portion of Series HH (\$13.7M NPV/12.9% savings)
Series KK - December 2020	24,595	\$ 25,230	1.6%	6/1/2037	N/A*	Refund a portion of Series II (\$6.5M NPV/27.6% savings)
Total par outstanding	138,085					
Unamortized bond premium	11,744					
Total revenue bonds outstanding	149,829					
Less: due within one year	(12,215)					
Total long-term debt, net	\$ 137,614					

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

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

As discussed in the capital additions section, Platte River is subject to the new subscription reporting model applicable under GASB 96 *Subscription-Based Information Technology Arrangements*. Payments for right-to-use subscription assets will be presented as debt service expenditures rather than capital additions. Because these were budgeted as capital additions, an appropriation for debt service expenditures was not approved for these transactions. Therefore, a contingency transfer appropriation will be required. Staff will continue to evaluate subscriptions and results presented may not represent full implementation of the standard until the end of 2023.

Budget schedules

Schedule of revenues and expenditures, budget to actual

January 2023 year-to-date

Non-GAAP budgetary basis (in thousands)

	January year to date		Favorable	Annual
	Budget	Actual	(unfavorable)	budget
Revenues				
<i>Operating revenues</i>				
Sales to owner communities	\$ 18,236	\$ 18,494	\$ 258	\$ 224,082
Sales for resale - long-term	1,281	2,036	755	14,889
Sales for resale - short-term	6,688	6,449	(239)	53,584
Wheeling	498	801	303	6,165
Total operating revenues	26,703	27,780	1,077	298,720
<i>Other revenues</i>				
Interest income ⁽¹⁾	399	509	110	5,978
Other income	184	112	(72)	301
Total other revenues	583	621	38	6,279
Total revenues	\$ 27,286	\$ 28,401	\$ 1,115	\$ 304,999
Expenditures				
<i>Operating expenses</i>				
Purchased power	\$ 5,133	\$ 3,522	\$ 1,611	\$ 55,115
Fuel	5,636	6,463	(827)	62,676
Production	4,537	4,005	532	54,770
Transmission	1,901	1,863	38	20,254
Administrative and general	2,532	2,320	212	31,508
Distributed energy resources	769	345	424	13,789
Total operating expenses	20,508	18,518	1,990	238,112
<i>Capital additions</i>				
Production	348	326	22	14,668
Transmission	1,389	499	890	14,953
General	902	499	403	13,048
Asset retirement obligations	-	-	-	52
Total capital additions	2,639	1,324	1,315	42,721
<i>Debt service expenditures</i>				
Principal	1,018	1,018	-	12,550
Interest expense	464	464	-	5,233
Total debt service expenditures	1,482	1,482	-	17,783
Total expenditures	\$ 24,629	\$ 21,324	\$ 3,305	\$ 298,616
Contingency reserved to board	-	-	-	52,000
Total expenditures and contingency	\$ 24,629	\$ 21,324	\$ 3,305	\$ 350,616
Revenues less expenditures and contingency	\$ 2,657	\$ 7,077	\$ 4,420	\$ (45,617)

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



General management report

January 2023



Business strategies

Communications, marketing and external affairs

For the November-January period, communications, marketing and external affairs staff:

- Attended the in-person American Public Power Association Legal and Regulatory Conference in Colorado Springs.
- Engaged with stakeholder groups in Fort Collins and Loveland, providing an update on Platte River's progress toward the Resource Diversification Policy goals.
- Conducted a United Way fundraising appreciation event for employee donors to celebrate a record-breaking campaign.
- Organized the holiday employee appreciation party for Platte River employees, retirees and board members.
- Engaged with staff at Colorado State University's Powerhouse Energy Campus to discuss collaboration opportunities with She's in Power and other programs.
- Started planning the fourth-annual NoCo Time Trials solar/battery car competition for middle school students (scheduled for early May).
- Conducted a virtual panel presentation for faculty of Colorado State University's College of Business and Career Management Center to discuss collaboration opportunities.
- Announced an increase to the Roy J. Rohla Memorial Scholarship and invited eligible students to apply (deadline is Feb. 24).

Efficiency Works™ marketing staff:

- Completed brand awareness efforts for 2022 with advertisements on: Google, YouTube, Facebook, LinkedIn, BizWest and Colorado Public Radio.
- Completed a large-scale radio and television advertising campaign. The campaign included more than 5,000 individual runs of a radio advertisement and 2,600 commercial runs for television.
- Developed and deployed outreach plans for Efficiency Works Business programs, including social media campaigns, letters to prospective participants and informational resource sheets for small and medium businesses and multifamily properties.
- Developed and deployed outreach plans for Efficiency Works Homes programs in collaboration with the owner communities, including social media campaigns and multiple direct mail postcards to advertise end-of-year opportunities.

Human resources

Mid-December, human resources rolled out updated benefits programs specific to hybrid and remote work, personal leave, sick leave, Platte River Family Leave and holiday pay. The updates and additions were overwhelmingly well received by staff. Human resources contracted with outside legal and tax consultants to ensure hybrid and remote work will comply with specific state laws when applicable.

Our compensation consultant completed the initial compensation study work and delivered it to Platte River's senior leadership. Senior leadership is making final decisions for implementation in 2023. The human resources team worked with the consultant to develop compensation 101 training to explain compensation study outcomes and communicate a larger rollout to employees.

The human resources talent acquisition specialist and manager, along with communications and marketing staff, reintroduced a Platte River and Colorado State University partnership to inform university staff about intern and employment opportunities at Platte River.

Human resources also initiated the request for proposal process with Platte River's benefits broker to evaluate its third-party administrator for medical and dental benefits.

Safety

The safety team participated in an Enneagram (personality-type based) coaching session at Rawhide with great success. An additional 20 employees at headquarters who became certified in cardiopulmonary resuscitation and automated external defibrillator (AED) operation. Staff conducted hazard communication and hazardous waste training at headquarters and Rawhide.

RMEL held a safety roundtable at headquarters with high participation in the topic of sleep health presented by Natalie Rolle, occupational therapist and expert in behavioral insomnia treatments and Dona Leonard, occupational therapist and ergonomics assessment specialist II.

Rawhide safety staff has scheduled and conducted ongoing occupational health testing as well as confined space entry training for department employees.

The safety team sourced a quick response (QR) code method of performing AED inspections to more efficiently track and store inspection records. The team also created a list of nominees for the 2022 Focus on Safety awards.

January safety meetings were held at both Rawhide and Headquarters to present arc flash training, a historical look at injuries and illnesses and the vast improvements we are making as an organization.

All employees received a gift of recognition for reaching 1 million hours worked without a lost time accident.

Injury statistics	2021 year end	2022 year end	YTD through January 2022	YTD through January 2023
Recordable injury rate	1.67	1.25	0.00	3.81
DART	0.00	0.83	0.00	0.00
Lost time rate	0.00	0.00	0.00	0.00

Platte River experienced no recordable injuries in November or December.

Platte River experienced one recordable injury in January. The recordable injury rate of 3.81 through January of 2023 is high due to the one early recordable injury with fewer hours worked so far.

Emergency response team

An outside subject-matter expert conducted two trainings to recertify members in hazmat operations for the state of Colorado.

Rawhide held a team member appreciation and status report luncheon and included all members, their supervisors and managers, as well as directors and senior leadership.

Rawhide also engaged an outside subject-matter expert to conduct training on electric vehicle fire and extrication and lithium-ion battery safety measures.

Two team members completed their National Registry and Colorado State certification testing to become Emergency Medical Technicians.

Two members of the emergency response team with 10+ years of experience retired or left for other work.

Financial

2022 budget contingency

At the December board meeting, the board adopted a contingency transfer of up to \$20.0 million, which was potentially needed for above-budget operating expenses and capital project expenditures.

The actual contingency transfer needed was \$17.1 million. A contingency transfer of \$11.6 million was added to the 2022 fuel budget to cover additional natural gas expenses. Also, \$5.5 million was added to capital additions to cover additional projects requested during the year and to accommodate the carryover of \$20.4 million to the 2023 Strategic Budget to continue ongoing projects.

Financial statements

Financial statements will not be finalized until staff receives the actuarial report for the pension plan, which will provide the information necessary to update the pension liability. The internal financial report in the board materials for December and January includes budget schedules only. The financial statements will be included in the final audit report.

Risk management

Platte River continues to emphasize risk management and refine its enterprise risk management program. Platte River hired Moss Adams to perform an enterprise risk assessment. Moss Adams' staff is collecting informational documents, interviewing management and conducting an employee survey. Moss Adams will provide preliminary results to the enterprise risk management team in February. This process will help Platte River identify risks across the organization and concerns of employees. The final results will be reviewed with the risk oversight committee.

Enterprise resource planning project update

In 2022, Platte River initiated a multi-year enterprise resource planning (ERP) project to replace business systems with Oracle Cloud. Platte River hired Emtec as our implementation partner. Platte River designated staff leads for each of its functional areas. The leads meet weekly with counterparts at Emtec to ensure the project is on-track to meet the phase one implementation goal of April 2024. The "discovery phase" is now complete, as staff has identified the areas that will be included in the first phase. Test cases are being created and training is scheduled for March and April 2023.

Transition and integration

Energy solutions

The Energy Solutions department was able to grow Efficiency Works™ customer programming participation in multiple areas. They were also busy collaborating with owner community staff on future program changes to meet community goals and to align with Platte River's strategic initiatives. Key department achievements from November 2022 through January 2023 include the following:

- Efficiency Works Homes launched a promotion to encourage residential customers to sign up for home audits, with 360 participants scheduling home audits over the coming months.
- Collaborative efforts continued with owner community staff to develop home building electrification measures that align with the Inflation Reduction Act where possible, with official launch of incentives planned for April 1, 2023.
- Efficiency Works Consumer Engagement programming launched initiatives to promote smart thermostats for all-electric homes with baseboard heating, which brought record energy savings for this market segment. Additionally, this attracted a Canadian manufacturing company to promote in our region and offer further discounts for our customers.

- The Think! Energy Program began serving fourth-grade students in our owner communities. This program helps promote energy literacy and conservation, following State of Colorado curriculum standards. Since launch, 30 classrooms across three of our communities have registered to participate.
- Efficiency Works Business continued to experience strong participation among the largest commercial and industrial customers with savings of over 2,400 MWh after completion of the single largest energy savings project in more than 20 years of offering customer programs.

With strong customer programming participation rates to end 2022, the Energy Solutions department provided energy services to 6,500 customers with the Efficiency Works programs, accomplishing 22,838 MWh of energy savings, and incurred \$8.1 million in overall incentives and administrative costs. More funding and energy savings went to supporting the income qualified community in 2022 than any previous year.

Resource planning

The resource planning team spent the past few weeks working to prepare for the 2024 Integrated Resource Plan, the evaluation of long duration storage and the 2023 Q1 Power Supply Plan (PSP). Key activities included:

- Managing resource adequacy study with Astrape Consulting to determine future planning reserve margin (additional firm capacity necessary for reliable power supplies in the future). This study will also help estimate effective load carrying capability of renewable generation and storage.
- Kicking off Location Marginal Prices (LMP) study with ACES consulting. This study will help estimate LMPs in and around Platte River territory to reveal potential transmission bottlenecks and support potential locations for new renewable generation.
- Starting the dispatchable technology screening study with Black & Veatch. The study is guided by managers from various Platte River departments and will include an assessment of emerging technologies like long-duration energy storage, low carbon and no carbon fuels like biodiesel and Hydrogen. The study will screen these technologies and determine when they will be available to provide highly reliable noncarbon energy to Platte River. It will help identify the most suitable dispatchable technology to complement and provide backup for renewable generation by 2028.
- Assessing the economic value and reliability contribution of long-duration (10 to 100 hours) energy storage with internally developed tools and the Plexos resource planning tool.
- Preparing for the Q1 2023 PSP, the basis for the first look at the 2024 power supply budget.

Digital department

The digital department is a large department spanning many different areas and projects within Platte River. The following are some of the key department initiatives and activities completed or underway.

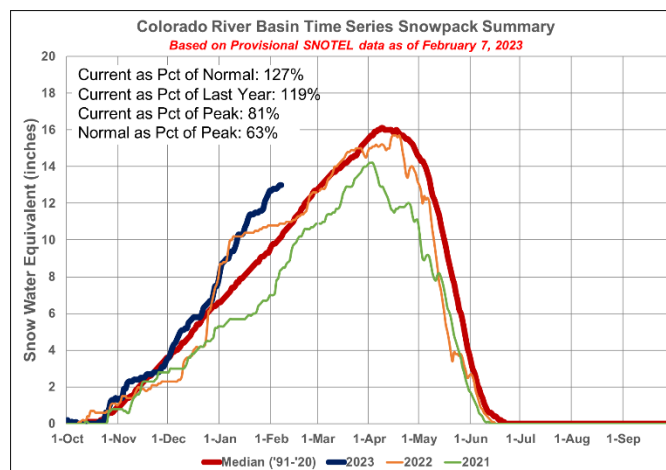
- Supporting enterprise resource planning system implementation, as described above

- OSI Energy Management System implementation
 - In January, the infrastructure team completed the deployment of the primary network and computing infrastructure required to support the first of four environments for the OSI Energy Management System.
 - The system control and data acquisition team completed implementation of the Automatic Dispatch Signaling (ADS) functionality in the OSI application. OSI came on-site in January to perform site acceptance testing and we were successful in passing dispatch signals from the Southwest Power Pool to the control systems at Rawhide Energy Station. This was a culmination of thousands of hours of work across multiple teams over the last nine months.
 - Over the upcoming weeks and months, the teams will continue to deploy the support systems required for the ADS environment, including systems for multi-factor authentication, backup and recovery, security incident and event management, systems monitoring and baselining, remote access, patch and vulnerability management, intrusion detection and prevention and various other systems. The ADS system is slated for go-live on April 1.
- Microsoft 365 tenant migration
 - We recently began Microsoft 365 (M365) tenant migration. With Microsoft 365 Government Cloud, certain features of M365 were simply not available. Our systems integrator therefore set those features up in the Microsoft Commercial Cloud. Platte River data was spread across two different cloud infrastructures; certain features did not behave as expected. There are also further security features Platte River would like to use that are unavailable in the Government Cloud. The project is scheduled to take 10 weeks and should be completed in mid-April.
- InfoTech Digital Strategy workshop and strategic plan update
 - The digital department leadership team completed a week-long workshop to update the Platte River Digital strategic plan. Draft documents were received shortly after, and work began to finalize the plan within the next few weeks. Some key areas of focus were:
 - Revisiting department mission and vision statement
 - Reviewing guiding principles.
 - Identifying four strategic goals designed to support the goals and objectives of the organization and developing strategies to achieve those goals over the next 18 to 24 months.

Operations

Fuels and water

Through the first four months of the water year, snowpack in the upper Colorado river basin stands at 127% of normal (see graph). However, due to dry underlying soil conditions, initial runoff projections are only at or slightly above average. Typically, the remaining two months of the snow season account for 37% of the total seasonal accumulation; significant uncertainty remains. As final snowpack conditions become clearer, the implications for Windy Gap project pumping and Platte River operations for the remainder of the water year will come into focus. Snow conditions in the rest of the Colorado River basin have also been exceptional this year. But the long-term outlook for the Colorado River remains challenging. As widely reported, six of the seven states in the Colorado River basin outlined a proposal that includes improved accounting and reduced water use to help boost the struggling system. Northern Water and the Municipal Subdistrict gave input on the plan and are working with allottees to enhance existing programs and develop new programs and initiatives to provide system resiliency for both the Windy Gap and Colorado-Big Thompson (C-BT) projects.



At the end of December, Platte River finalized a water rights transaction with the City of Greeley to exchange Platte River's Poudre River water rights for long-term C-BT rental water to firm the Rawhide Unit 1 process water supply through the life of the unit. This is a great example of the type of regional partnerships that will be increasingly important in Northern Colorado as water supplies are stretched by drought and population growth.

Though beneficial to the regional water supply, winter weather has hampered progress at the Chimney Hollow reservoir construction site. In mid-December, WALO, the Swiss contracting partner responsible for the dam's asphalt core, shut down its operations, as forecasted temperatures were too cold to place asphalt or work on dam rockfill. Because the base of the dam is the widest point, the rockfill portion of the project takes longer to construct than the asphalt core. Work on the asphalt core is scheduled to resume in early March, depending on weather forecasts and progress on the embankment fills. In January, there were 11 adverse weather days, compared to eight scheduled weather days. Despite the January weather delays, thus far the project has had fewer weather delays than originally anticipated. Additionally, in December, a section of rock on the left abutment (west side) shifted during foundation preparation. This rockslide will require some foundation rework and a redesign of that section to decrease the slope angle and relieve groundwater pressure. Due to slower progress during the winter, the project is lagging behind the original schedule by approximately one week. The contractor plans a significant staffing increase along with night shifts in the spring, which should improve schedule performance. The primary work planned for 2023 includes completion of the main dam foundation, tunneling excavations and lining, spillway construction, and reaching a height of approximately 180 feet

on the main dam embankment (total height will be 350 feet). Overall, the project is still scheduled for completion by mid-2025.

In December, Platte River finalized negotiations with BNSF Railway (BNSF) on the rail transportation agreement for Rawhide Unit 1 coal supplies, which runs through 2026. The timing and provisions of the agreement will give Platte River staff flexibility to support Rawhide Unit 1 operations during the transition toward its retirement. Platte River's partnership and solid working relationship with BNSF continues to support the operational reliability of Rawhide Unit 1.