Strategic plan

Eddie Gutiérrez, chief strategy officer
Agenda

- Final overview of strategic areas
- Next actions
Strategic planning timeline

Q2 2022
Board working session and draft goal areas discussed

Q3 2022
Planning process evaluations and additional stakeholder outreach

Q4 2022
Finalize goal areas and identify measurements and tactics

April 2023
Draft document submitted in management reports

May 2023
Board presentation on the updated strategic plan

July 2023
Final board approval of the strategic plan

Q1 2022
Board SWOT session, interviews and surveys

March 2023
Align final objectives and approve the final strategic goals

June 2023
Final board approval of the strategic plan
Strategic planning overview

Current strategic initiatives

• Enhanced customer experience
• Collaborative communications and community outreach
• Resource diversification and alignment
• Infrastructure development and technology utilization

Updated strategic initiatives

• Resource diversification planning and integration
• Community partner and engagement
• Workforce culture
• Process management and coordination
Resources Diversification Planning and Integration

Implementation areas

- Incorporate reliability resources dispatchable capacity and emerging technologies such as long-duration storage and hydrogen
- Undertake strategic transmission planning and expansion
- Participate in a full regional transmission organization
- Design and align rates for the energy transition
- Leverage data science, artificial intelligence and machine learning
COMMUNITY PARTNER AND ENGAGEMENT

Implementation areas

• Organize working groups across the owner communities
• Identify regional engagement opportunities
• Create and implement regional educational assets and campaigns
• Engage proactively with national, regional and industry media partners
• Develop and deploy an effective, multi-media strategy
WORKFORCE CULTURE

Implementation areas

• Build a workforce roadmap that focuses on employee development and planning
• Modernize the organization’s total benefits and rewards program
• Utilize market-based modeling for a new, comprehensive compensation philosophy and approach
• Create more hybrid and work flexibility
• Create a talent review and succession planning process
• Create a matrix-driven, performance review process
• Identify more systemic ways to bridge a digital and physical workforce
• Create a baseline assessment for a larger diversity, equity and inclusion initiative
• Work alongside the strategic budgeting process
PROCESS MANAGEMENT AND COORDINATION

Implementation areas

• Create a project management culture guided by the design of project and process management strategies for internal and external initiatives
• Develop energy management tools and other integration capabilities
• Facilitate more regional transmission and distribution coordination and planning
• Clearly define roles and responsibilities to create more cross-functional teams across owner communities and within Platte River
• Develop a comprehensive risk management strategy for Platte River
Next actions

• **July**: Request formal approval of the strategic plan
Questions
Board of directors

May 25, 2023

Energy leaders since 1973
Recap of the 2023 Colorado legislative session

Javier C. Camacho, director of public and external affairs, strategic communications and social marketing
Agenda

- Facts from legislative session
- External affairs guiding principles
- HBS introduction, Carrie Hackenberger
- Review tracked legislation
  - Priority legislation summaries
  - Additional legislation summaries
- Next steps
74th Colorado General Assembly

January 11 thru May 8, 2023

- 617 bills introduced; 78% passed
  - Over 300 bills were left in the last two weeks of session
  - Platte River tracked 27 bills
- House: super majority of democrats (46 democrats; 19 republicans)
- Senate: democratic control (23 democrats; 12 republicans)
- Characterized in four groups:
  - A cohort of freshmen legislatures
  - Tenured democrats
  - Progressive democrats
  - A self-proclaimed socialist caucus
Guiding principles of legislative advocacy

Principles

• Maintain high ethical, transparent standards in alignment with Platte River’s Board of Directors
• Support our three pillars of environmental responsibility, financial sustainability, and reliability
• Ensure stable regulatory environment for planning
• Work in partnership with coalitions and our owner communities

Support

• CAMU
  • Legislative Committee
• Colorado Chamber of Commerce
  • Energy and environment council
  • Government affairs council
• Husch Blackwell Strategies (Carrie and Micki Hackenberger)
Clean Energy Plans (CEP) - Passed

- Attempted to make significant changes to the Colorado CEP process including adding a new interim emissions reduction target
- Platte River coordinating with CAMU on amending to remove interim emission targets and obligations to provide detailed resource plan information, including contracts, to the state
- Utilities must provide a model of their portfolio to CDPHE who will have until June 1, 2028 to determine if utilities are on track to achieve 80% carbon reduction by 2030
- Platte River worked closely with HBS, CAMU, and bill supporters and sponsors to incorporate a series of amendments
HB23-1039

Electric Resource Adequacy Reporting - *Passed*

- Beginning 2024, utilities must file with the entity responsible for approving its resource plans and an annual report detailing the adequacy of its electric resources.
- On or before April 30 each year, each regulatory oversight entity must submit any resource adequacy annual reports to the Colorado Energy Office.
- Platte River along with Municipal Energy Agency of Nebraska and Colorado Association of Municipal Utilities (CAMU) submitted amendments that recognize our current governance structure; amendments successfully adopted switching position from *amend* to *monitor*.
- The amendment also clarifies that load-serving entities, including wholesale customers, once they join an organized market become exempt from this requirement.
HB23-1294

Pollution Protection Measures - Passed

- As introduced, broad sweeping policy changes related to ozone and air quality permitting completely shifting Air Pollution Control Division’s permitting program, as well as allowing civil rights of action against emitting entities
- CDPHE and Colorado Oil and Gas Conservation Committee took an opposition; governor alluded to veto action if passed in its original form
- Through a series of amendments, an interim committee was created to study ozone issues, allowed to meet six times before 2024 session
- Colorado Oil and Gas Conservation Committee must complete a rulemaking to cumulative impacts by April 28, 2024
- Increased the ability on filing complaints
Other bills of interest

SB23-053: Restrict Governmental Nondisclosure Agreements - *Passed*
- Concerning restrictions on nondisclosure agreements that affect government employees

SB23-111: Public Employees’ Workplace Protection - *Passed*
- Public employees’ workplace protection regarding collective bargaining

SB23-016: Greenhouse Gas Emission Reduction Measures – *Signed on May 11*
- Updates the statewide GHG emission reduction goals to add a 65% reduction goal for 2035, 80% reduction goal of 2040, 90% reduction goal for 2045, and 100% by 2050
Other bills of interest, cont’d

HB23-1080: Reliable Alternative Energy Sources - *Postponed*
• Requires the Colorado Energy Office to study the feasibility of using small modular nuclear reactors as a carbon-free energy source in the state

HB23-1233: Electric Vehicle Charging and Parking Requirements - *Passed*
• Requires the state to adopt rules that require multifamily buildings be EV capable and EV ready, and to have EV supply equipment installed
Next steps

Building an external affairs team and strategy

• Leigh Gibson, senior external affairs specialist
• 2023 Legislative session recap analysis to prep for 2024
• Coordinate with state agencies on follow up action from 2023 legislation
• Update Legislative Resource Book
Legislative delegation

State Senators
- Joann Ginal (D – Larimer County, District 14)
- Janice Marchman (D – Boulder and Larimer Counties, District 15)
- Stephen Fenberg (D – Boulder County, District 18)

State Representatives
- Junie Joseph (D – Boulder County, District 10)
- Judy Amabile (D – Boulder and Larimer Counties, District 49)
- Ron Weinberg (R – Larimer County, District 51)
- Cathy Kipp (D – Larimer County, District 52)
- Andrew Boesenecker (D – Larimer County, District 53)
- Ryan Armagost (R – Larimer and Weld Counties, District 64)
Hydro allocation update

Carol Ballantine, director of power markets
Agenda

• Background
• Loveland Area Project (LAP) resources
• Colorado River Storage Project (CRSP) resources
• Platte River’s 2022 CRSP allocations
• Current hydropower conditions
• Future hydropower conditions
• Current rates
• Summary
Background

- Platte River receives hydropower allocations from the Colorado River Storage Project (CRSP) and Loveland Area Project (LAP)
- Contract term
  - LAP – Sept. 30, 2054
  - CRSP – Sept. 30, 2057
- Western Area Power Administration (WAPA) distributes the electricity produced by the Bureau of Reclamation to its LAP and CRSP firm electric customers
- Low hydropower output and high power and gas prices in 2021 and 2022 negatively impacted WAPA’s purchased power expenses
  - Decreased the CRSP Basin Fund used to support purchased power for CRSP
  - LAP implemented a rate drought adder to the rate component
Background

• Both LAP and CRSP hydropower allocations have two components
  • Capacity
  • Energy
• Each hydro project responded to drought conditions differently
  • LAP
    • Maintained contractual capacity and energy allocations
    • Added rate drought adder component to recover purchased power expenses needed to meet capacity and energy obligations
  • CRSP
    • Provided several options to retain full use of transmission system with less capacity and energy
CRSP resources

Majority of CRSP generation comes from Glen Canyon Dam
Platte River’s 2022 CRSP allocations

- Deliverable Service Amount
- Contract Rate of Delivery
- Sustainable Hydro Power

Platte River capacity
Bundled product(s) to utilize full capacity

Energy only
Current hydropower conditions

- Improved hydropower conditions since last reported in April 2022 with above average water year
  - 2022/2023 winter season conditions like 2011
- CRSP hydropower allocations are above deliverable sales amount for the first time since December 2021
- Projected to receive sustainable hydropower allocations for May and June with the potential through September
Lake Powell End of Month Elevations

Projections from the March 2022 24-Month Study Inflow Scenarios

Most Probable End of CY 2022 Projection: 3,520.08 feet (23% full)
Min/Max Range: 3,505.84 to 3,564.97 feet

Most Probable End of CY 2023 Projection: 3,533.37 feet (27% full)
Min/Max Range: 3,499.31 to 3,602.51 feet
Lake Powell End of Month Elevations

Projections from the April 24-Month Study Inflow Scenarios

As of April 2023

Projected Lake Mead end of month physical elevations from the latest 24-Month Study inflow scenarios. The Drought Response Operations Agreement (DROA) is available online at: https://www.usbr.gov/dcp/finaldocs.html.
Glen Canyon Dam

1984 water level at full level

2022 water level at 180’ below full

Water level at 155’ below full as reported in October 2021

Water level at 75’ below full projected in 2023
Future hydropower conditions

Is this drought over?

• Unfortunately, no…one above average water year does not solve the problem!
• Need five to six above average years to refill Glen Canyon and Lake Mead
• Need 10 normal years to reach full level at both reservoirs
• Water demand continues to increase
• **Interesting fact:** Substantially more water is needed to fill the last 50 feet as the lake is conically shaped
• Historical elevation levels for Lake Powell
  • Approximately 50% full at elevation of 3,600 feet
  • Remaining 50% is achieved in the next 100 feet, at an elevation of 3,700 feet
Current rates

<table>
<thead>
<tr>
<th>LAP</th>
<th>Current rate</th>
<th>CRSP</th>
<th>Current rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand charge</td>
<td>$4.36/kW</td>
<td>Demand charge</td>
<td>$5.25/kW</td>
</tr>
<tr>
<td>Drought adder</td>
<td>$0.44/kW</td>
<td>Energy charge</td>
<td>$0.1236/kWh</td>
</tr>
<tr>
<td>Energy charge</td>
<td>$0.01663/kWh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drought adder</td>
<td>$0.00168/kWh</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LAP rates effective Jan. 1, 2023, through Dec. 31, 2027

CRSP rates effective Dec. 2021, through Dec. 31, 2023

• Federal Register Notice for new rates expected to publish first part of June
• Currently do not have estimate of what new rates will be
Summary

• Had a phenomenal water year, but drought conditions persist
• Too early to determine changes to resource impacts
• Rates have increased and will continue to increase for CRSP
• Maintain current modeling of drought conditions with lower allocations and rate increases
• Continue to pursue Platte River’s Resource Diversification Policy
  • Find replacement resources for loss of hydropower noncarbon energy
Board of directors

May 25, 2023

Energy leaders since 1973
Integrated Resource Plan overview

Raj Singam Setti, chief transition and integration officer
- Reliability
- Environmental responsibility
- Financial sustainability

- Foundation for Integrated Resource Plan (IRP)
- Must maintain Platte River’s three pillars
- Emerging technologies

- Quantitative analysis
- Long term fundamentals
- Forecasting and uncertainty quantification

- Portfolio development
- Emerging technologies
- Distributed generation
# 2020 IRP lessons learned: actions and progress

<table>
<thead>
<tr>
<th>Lesson</th>
<th>What we are doing</th>
</tr>
</thead>
<tbody>
<tr>
<td>More pointed and pertinent external studies</td>
<td>We continue to engage in extensive studies, as the technology landscape and market situation have become increasingly complex and dynamic.</td>
</tr>
<tr>
<td>Continuous model improvement</td>
<td>We have successfully developed RP22, a refreshed version of IRP 20. Continuous modeling of emerging technologies and ensuring their reliability.</td>
</tr>
<tr>
<td>Better external engagements/communications</td>
<td>Facilitating public engagements and providing comprehensive support for stakeholder Q&amp;A sessions.</td>
</tr>
</tbody>
</table>
Pre IRP studies

Complex modeling of future

- Weather, renewable profiles and load forecasts
- DER profiles
- Market price volatility
- Required reserve margin

Technology assessment

- Emerging technologies
  - Hydrogen, RNG and long duration storage
- Commercially available technologies
  - Highly efficient, low emitting, and flexible
Modeling process

Input assumptions
- Load forecast
- DER potential
- Power price forecast
- Resource cost forecast
- Extreme weather models
- Renewable profiles

Portfolio development
- Resource mix
- Renewable
- Low cost
- Carbon reduction
- Meets reserve margins

Reliability testing
- Resource portfolio testing with
  - Dark calms
  - Extreme weather
  - Different wind/solar profiles
Timeline

Community engagement
- Listening session
- Support messaging and public engagement

Resource planning
- IRP modeling
- Model IRP portfolios
- Portfolio review
- Board pres.
- IRP report narrative
- Portfolio evaluation
- Reliability challenges
- Pre IRP studies
- Load forecasting
- Other inputs, assumptions
Our opportunity

• Formulate an economically efficient strategy utilizing commercially available technologies that consistently fulfills state regulatory mandates and effectively progresses towards the RDP
• Reliable access to non-carbon electricity at all times, irrespective of weather conditions
• Explore and integrate emerging technologies, including long-duration energy storage and virtual power plants, into Platte River’s system
Questions
Board of directors

May 25, 2023

Energy leaders since 1973
Average wholesale rate projections and 2024 tariff schedule charges

Shelley Nywall, director of finance
Wade Hancock, financial planning and rates manager
Introduction

• Current environment
  • Complexity
  • Uncertainty
  • Enhanced communication and collaboration

• Recent activities
  • Educational session for utility directors and city staff
    • Resource planning and portfolio modeling
    • Financial planning and rates
  • Charges developed earlier to facilitate owner community processes
  • Additional rates analysis
Discussion

- Strategic financial plan and rate setting framework
- Historical average wholesale rates
- Financial plan updates and projections
- 2024 Firm Power Service and other rate tariff schedules
- Summary and next steps
# Strategic financial plan

<table>
<thead>
<tr>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Support mission, vision and values</td>
</tr>
<tr>
<td>• Long-term financial sustainability</td>
</tr>
<tr>
<td>• Manage financial risk and maintain enterprise risk management</td>
</tr>
<tr>
<td>• Rate requirements and practices</td>
</tr>
<tr>
<td>• Financial metrics</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Minimum 1.50 fixed obligation charge coverage ratio</td>
</tr>
<tr>
<td>• Minimum net income equal to 3% of projected annual operating expenses</td>
</tr>
<tr>
<td>• Debt ratio less than 50%</td>
</tr>
<tr>
<td>• Minimum 200 days unrestricted cash-on-hand</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Financial metrics identified as most suitable to achieving obligations and long-term financial sustainability</td>
</tr>
<tr>
<td>• Multi-year rate smoothing strategies will also be utilized, as deemed appropriate, to avoid greater single year rate impacts or to accomplish specified financial objectives</td>
</tr>
</tbody>
</table>

# Rate setting framework

<table>
<thead>
<tr>
<th><strong>Strategic financial plan</strong></th>
<th>Rate requirements and practices</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Review rates annually (Power Supply Agreements and General Power Bond Resolution)</td>
</tr>
<tr>
<td></td>
<td>• Sufficient to cover all operating and maintenance expenses, purchased power costs, debt service expenses and provide reasonable reserves and adequate earnings margin to obtain favorable debt financing</td>
</tr>
<tr>
<td></td>
<td>• Multi-year rates smoothing strategies used to avoid greater single year rate impacts and achieve specified financial objectives</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Rate setting policy and rate setting reference document</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improve value added of Platte River in support of owner communities</td>
<td></td>
</tr>
<tr>
<td>• Offer a desirable portfolio of services and rates that meet owner communities’ needs</td>
<td></td>
</tr>
<tr>
<td>• Better align wholesale pricing signals with cost of service and owner community retail pricing signals</td>
<td></td>
</tr>
<tr>
<td>• Send pricing signals that result in system benefits</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>GASB 62 accounting policies</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Allows certain expenses or revenues to be recognized when included in wholesale rates charged to the owner communities rather than when normally recorded.</td>
<td></td>
</tr>
</tbody>
</table>
Historical average wholesale rates
Average wholesale $/MWh

- 1980s
  - Significant rate increases with construction/operation or Rawhide Unit 1
- 1980s and 1990s
  - Surplus sales for excess generation
- 2000s
  - Natural gas capacity expansion
  - Transmission capital investment
- Projections
  - Noncarbon asset integration

<table>
<thead>
<tr>
<th>Period</th>
<th>Avg. annual</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978 – 1984</td>
<td>9.6%</td>
<td>73%</td>
</tr>
<tr>
<td>1984 – 2003</td>
<td>0.1%</td>
<td>2%</td>
</tr>
<tr>
<td>2003 – 2023</td>
<td>3.3%</td>
<td>93%</td>
</tr>
<tr>
<td>2023 – 2033</td>
<td>4.2%</td>
<td>52%</td>
</tr>
</tbody>
</table>
Average wholesale $/MWh changes

- Actual $/MWh annual increases
- Significant rate increases with the addition/construction of Rawhide Unit 1
- Strategic financial plan and board preference to smooth rate increases to avoid significant single-year increases
Financial plan updates
Our energy future

• Commitment to providing reliable, environmentally responsible and financially sustainable energy and services to its owner communities

• Committed to helping its owner communities achieve their respective but united energy goal of a 100% noncarbon energy mix by 2030

• Reduce emissions by integrating lower carbon emitting assets

![Graph showing Tons of carbon emitted over time with categories: Coal, Combustion turbines, New dispatchable thermal]
Generation asset transition

- Noncarbon and lower carbon emitting dispatchable thermal replacing coal and current natural gas-based generation
- Expense to replace current resource mix approximately $100 million annually
Financial projections

- **Owner community revenue requirement, net of surplus sales, increase $181 million**
  - 89% increase
- **Contract energy and fuel increasing $106 million**
- **Other expenses increasing $41 million**
- **Surplus sales decreasing $34 million**
Financial projections

Case comparison: July 2022 to current
Case comparison of total revenue and expense

2023 – 2033 time period: $128 million increase

- Sales for resale
- Interest & other income
- Revenue deferrals
- Expense deferrals
- Distributed energy resources
- Depreciation
- Purchased power
- Administrative & general
- Owner community sales
- Operations & maintenance
- Interest expense
- Fuel
- Capital investment

$ Millions

Rate relief → Rate pressure
# Case comparison of total revenue and expense

## 2023 – 2033 time period: $128 million increase

<table>
<thead>
<tr>
<th>Category</th>
<th>Activity</th>
<th>$ Change (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rate relief</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus sales</td>
<td>• Market price updates and increased natural gas sales</td>
<td>$(78.8)</td>
</tr>
<tr>
<td>Interest &amp; other income</td>
<td>• Increased rate of return</td>
<td>$(30.2)</td>
</tr>
<tr>
<td>Deferrals: net revenue and expense</td>
<td>• Mechanism to smooth rates. Deferrals and recognition extend outside the planning horizon</td>
<td>$(26.2)</td>
</tr>
<tr>
<td>Other</td>
<td>• Distributed energy resources, purchased power, depreciation</td>
<td>$(6.3)</td>
</tr>
<tr>
<td><strong>Rate pressure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital investment</td>
<td>• Wind resource integration, dispatchable capacity interconnection, Windy Gap Firming Project (Chimney Hollow Reservoir) cost increase</td>
<td>$96.8</td>
</tr>
<tr>
<td>Fuel</td>
<td>• Commodity price increase</td>
<td>$59.8</td>
</tr>
<tr>
<td>Interest expense</td>
<td>• Increased debt: less cash generated, increased capital investment</td>
<td>$55.0</td>
</tr>
<tr>
<td>Operations &amp; maintenance</td>
<td>• Inflation and personnel expenses</td>
<td>$24.1</td>
</tr>
<tr>
<td>Owner community sales</td>
<td>• Lower load forecast reduces sales $91.5 million; Despite load growth, 2033 loads 5.1% lower than previous forecast • Offsetting the lower loads is $72.9 million increased revenues from higher rate increases</td>
<td>$18.6</td>
</tr>
<tr>
<td>Administrative &amp; general</td>
<td>• Inflation and personnel expenses</td>
<td>$15.1</td>
</tr>
</tbody>
</table>
Increased debt

- $150 million increase in debt outstanding and issued earlier than prior projections
- Increased capital investments
  - Wind resource integration expense for transmission lines and substation interconnections
  - Dispatchable capacity interconnection
  - Windy Gap Firming Project (Chimney Hollow Reservoir) cost increase
  - New technology and project feasibility studies on-going; cost uncertainty
- Less cash generated
- Issuance rate uncertainty
Financial projection change summary

Case comparison: July 2022 to current

- Decreased owner community revenue
- Increased operating expenses
- Increased capital investments
- Increased debt issuances

Increased rate pressure
Increased rate pressure

- Current projections
  - 5.0% 2024 – 2030
  - 2.5% 2031 – 2033
  - 51.5% cumulative 2023 – 2033
- July 2022
  - 5.0% 2024 – 2029
  - 0.0% 2030 – 2033
  - 34.0% cumulative 2023 – 2033
- Near-term rate projections maintained
- Increased rate pressure beginning in 2030
Rate smoothing strategy

Deferred revenue and expense accounting policy

• Background
  • In 2022, board adopted the deferred revenue and expense accounting policy to help reduce rate pressure and achieve rate smoothing
  • Mechanism to defer revenues earned and expenses incurred in one period to be recognized in one or more future periods
  • Recognition of expense deferrals to occur prior to Dec. 31, 2024

• Current projections
  • To maintain 5.0% from 2024 – 2029, deferrals are maximized
    • Relative to 2022, total of revenue and expense deferrals have increased
    • Limited remaining deferral flexibility
Deferred revenue and expense accounting policy

- Deferred revenues
  - $22 million revenues deferred in 2022
  - $75 million total
  - $34 million increase, total

- Deferred expenses
  - $39 million total
  - $8 million increase, total
Rate smoothing

- Strategies used to avoid single year rate spikes and to accomplish specified financial objectives
  - Accounting policies under GASB 62
- Revenue and expense deferral maximized, limited flexibility remaining
- Rate driver
  - Resource transition plan
  - Uncertainty

![Cumulative average increase](chart1)

![Average annual increase](chart2)
## Strategic financial plan projections

<table>
<thead>
<tr>
<th>Metric variance</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>2032</th>
<th>2033</th>
</tr>
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<tbody>
<tr>
<td>Net Income (Millions)</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$1.5</td>
<td>$4.0</td>
<td>$4.4</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.7</td>
<td>$1.0</td>
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<tr>
<td>Fixed Obligation Charge Coverage Ratio</td>
<td>0.5</td>
<td>0.5</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Days Cash on Hand</td>
<td>281</td>
<td>252</td>
<td>221</td>
<td>96</td>
<td>0</td>
<td>21</td>
<td>30</td>
<td>23</td>
<td>40</td>
<td>31</td>
</tr>
<tr>
<td>Debt Ratio</td>
<td>-27%</td>
<td>-29%</td>
<td>-3%</td>
<td>1%</td>
<td>-11%</td>
<td>-14%</td>
<td>-13%</td>
<td>-14%</td>
<td>-16%</td>
<td>-16%</td>
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<table>
<thead>
<tr>
<th>Metric target</th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Net Income (Millions)</td>
<td>$7.0</td>
<td>$7.9</td>
<td>$8.8</td>
<td>$9.7</td>
<td>$9.8</td>
<td>$10.1</td>
<td>$10.0</td>
<td>$10.1</td>
<td>$10.5</td>
<td>$11.1</td>
</tr>
<tr>
<td>Fixed Obligation Charge Coverage Ratio</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Days Cash on Hand</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Debt Ratio</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metric projections</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (Millions)</td>
<td>$7.0</td>
<td>$7.9</td>
<td>$8.8</td>
<td>$11.3</td>
<td>$13.8</td>
<td>$14.5</td>
<td>$10.0</td>
<td>$10.1</td>
<td>$11.2</td>
<td>$12.1</td>
</tr>
<tr>
<td>Fixed Obligation Charge Coverage Ratio</td>
<td>2.0</td>
<td>2.0</td>
<td>1.7</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Days Cash on Hand</td>
<td>481</td>
<td>452</td>
<td>421</td>
<td>296</td>
<td>200</td>
<td>221</td>
<td>230</td>
<td>223</td>
<td>240</td>
<td>231</td>
</tr>
<tr>
<td>Debt Ratio</td>
<td>23%</td>
<td>21%</td>
<td>47%</td>
<td>51%</td>
<td>39%</td>
<td>36%</td>
<td>37%</td>
<td>36%</td>
<td>34%</td>
<td>34%</td>
</tr>
</tbody>
</table>
Modeling uncertainties

Significant uncertainty exists with key assumptions. Potential assumption changes include, but are not limited to, the items detailed below:

- Capital investment forecast
- Coal inventory sales
- Commodity prices
- Debt issuance costs
- Economic externalities
- Integrated Resource Plan
- Load forecast
- Regulations
- Staffing
- Surplus sales prices and volumes

New challenges from evolving industry

- Asset integration schedule
- Federal hydropower allocations
- Decommissioning
- Deferred revenues and expenses
- Distributed energy resources and strategy
- Emissions expense
- Noncarbon energy curtailments
- Organized energy markets
- Resource diversification policy
2024 Firm Power Service (FP-24)
## Average wholesale rate recommendation

5.0% average wholesale rate increase (2023 Strategic Budget to 2024 budget estimate)

<table>
<thead>
<tr>
<th></th>
<th>2023 budget</th>
<th>2024 budget estimate</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average rate ($/MWh) *</td>
<td>$67.88</td>
<td>$71.26</td>
<td>5.0%</td>
</tr>
<tr>
<td>Energy sales (GWh)</td>
<td>3,301.4</td>
<td>3,314.1</td>
<td>0.4%</td>
</tr>
<tr>
<td>Revenues (millions)</td>
<td>$224.1</td>
<td>$236.2</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

*Based on Platte River’s projections for owner community energy and demand
# Owner community charges and revenue

<table>
<thead>
<tr>
<th></th>
<th>2023 budget</th>
<th>2024 budget</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Charge</td>
<td>Revenue</td>
<td>Charge</td>
</tr>
<tr>
<td><strong>Owner community charge</strong></td>
<td>$13,229</td>
<td>$15.4</td>
<td>$13,059</td>
</tr>
<tr>
<td><strong>Demand charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transmission</td>
<td>$6.72</td>
<td>$45.0</td>
<td>$6.68</td>
</tr>
<tr>
<td>Generation: summer</td>
<td>$6.15</td>
<td>$15.9</td>
<td>$6.61</td>
</tr>
<tr>
<td>Generation: nonsummer</td>
<td>$4.60</td>
<td>$18.7</td>
<td>$4.92</td>
</tr>
<tr>
<td><strong>Energy charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed</td>
<td>$0.01586</td>
<td>$50.8</td>
<td>$0.01681</td>
</tr>
<tr>
<td>Variable</td>
<td>$0.02273</td>
<td>$78.3¹</td>
<td>$0.02427</td>
</tr>
<tr>
<td><strong>Revenues (millions)</strong></td>
<td>$224.1</td>
<td></td>
<td>$236.2</td>
</tr>
<tr>
<td><strong>Energy sales (GWh)</strong></td>
<td>3,301.4</td>
<td></td>
<td>3,314.1</td>
</tr>
<tr>
<td><strong>Average rate ($/MWh)</strong></td>
<td>$67.88</td>
<td></td>
<td>$71.26</td>
</tr>
</tbody>
</table>

¹ Includes large customer service

Pending board direction and barring any significant unanticipated events, the May recommended charges will remain unchanged.
## Firm Power Service charge changes

### 2022 actual loads

<table>
<thead>
<tr>
<th>Load year</th>
<th>2022 actual</th>
<th>2022 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tariff charges*</td>
<td>FP-23</td>
<td>FP-24</td>
</tr>
<tr>
<td>Revenues (millions)</td>
<td>$223.3</td>
<td>$234.1</td>
</tr>
<tr>
<td>MWh</td>
<td>3,248,869</td>
<td>3,248,869</td>
</tr>
<tr>
<td>$/MWh</td>
<td>$68.73</td>
<td>$72.05</td>
</tr>
</tbody>
</table>

| Change due to load | - |
| Change due to charges | 4.8% |
| $/MWh change | 4.8% |

*Firm Power Service charges, owner allocations and demand minimums

### Budgeted loads

<table>
<thead>
<tr>
<th>Load year</th>
<th>2023 budget</th>
<th>2024 budget</th>
<th>2024 budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tariff charges*</td>
<td>FP-23</td>
<td>FP-23</td>
<td>FP-24</td>
</tr>
<tr>
<td>Revenues (millions)</td>
<td>$224.1</td>
<td>$225.5</td>
<td>$236.2</td>
</tr>
<tr>
<td>MWh</td>
<td>3,301,376</td>
<td>3,314,141</td>
<td>3,314,141</td>
</tr>
<tr>
<td>$/MWh</td>
<td>$67.88</td>
<td>$68.05</td>
<td>$71.26</td>
</tr>
</tbody>
</table>

| Change due to load | 0.3% | - |
| Change due to charges | - | 4.7% |
| $/MWh change | 5.0% |

Monthly 2024 budget estimate detail will be provided to the owner community rate staff.
# Firm Power Service charges

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average $/MWh</strong></td>
<td>$61.92</td>
<td>$61.93</td>
<td>$65.34</td>
<td>$67.88</td>
<td>$71.26</td>
</tr>
<tr>
<td><strong>Owner community charge</strong></td>
<td>$9,979</td>
<td>$10,546</td>
<td>$11,520</td>
<td>$13,229</td>
<td>$13,059</td>
</tr>
<tr>
<td><strong>Demand charges</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transmission</td>
<td>$5.74</td>
<td>$6.14</td>
<td>$6.62</td>
<td>$6.72</td>
<td>$6.68</td>
</tr>
<tr>
<td>Generation: summer</td>
<td>$6.24</td>
<td>$5.90</td>
<td>$6.10</td>
<td>$6.15</td>
<td>$6.61</td>
</tr>
<tr>
<td>Generation: nonsummer</td>
<td>$4.34</td>
<td>$4.45</td>
<td>$4.48</td>
<td>$4.60</td>
<td>$4.92</td>
</tr>
<tr>
<td><strong>Energy charges</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed</td>
<td>$0.01544</td>
<td>$0.01462</td>
<td>$0.01572</td>
<td>$0.01586</td>
<td>$0.01681</td>
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<tr>
<td>Variable</td>
<td>$0.02067</td>
<td>$0.02273</td>
<td>$0.02427</td>
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<td></td>
</tr>
<tr>
<td>Dispatchable variable</td>
<td>$0.01779</td>
<td>$0.01511</td>
<td>$0.01520</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Intermittent variable</td>
<td>$0.04112</td>
<td>$0.03088</td>
<td>$0.03200</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Premium intermittent</td>
<td>$0.04279</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*2020 – 2022 average $/MWh are actuals, 2023 and 2024 are budget*
Firm Power Service revenues

Revenue allocation: $236.2 million

<table>
<thead>
<tr>
<th>Charges</th>
<th>2024 revenue $ millions</th>
<th>% of revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner community charge</td>
<td>$15.2</td>
<td>6.4%</td>
</tr>
<tr>
<td>Demand charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transmission</td>
<td>$45.4</td>
<td>19.2%</td>
</tr>
<tr>
<td>Generation: summer</td>
<td>$17.3</td>
<td>7.3%</td>
</tr>
<tr>
<td>Generation: nonsummer</td>
<td>$20.3</td>
<td>8.6%</td>
</tr>
<tr>
<td>Energy charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed</td>
<td>$54.0</td>
<td>22.9%</td>
</tr>
<tr>
<td>Variable*</td>
<td>$84.0</td>
<td>35.6%</td>
</tr>
</tbody>
</table>

*Includes large customer service

92% of revenues from owner community and demand charges are known.
2024 other rate tariff schedules

- Standard Offer Energy Purchase (Tariff SO-24)
- Wholesale Transmission Service (Tariff WT-24)
- Large Customer Service (Tariff LC-24)
Standard Offer Energy Purchase (Tariff SO-24)

Avoided energy rate

Applicability
• Power production facilities that have registered with the Federal Energy Regulatory Commission as Qualifying Facilities under the Public Utilities Regulatory Policies Act and are electrically connected to Platte River’s transmission system or the distribution system of one of Platte River’s owner communities

Calculation
• Hourly resource model marginal cost analysis
• Balance of owner community load after ‘must-take’ energy projections
• Remaining hourly load served by lowest marginal cost resource: coal-fired generation, natural gas-fired generation and market purchases
• Hourly average determines the avoided energy rate

2024 rate
• 7.8% increase to $0.02191 from $0.02033 per kilowatt hour
  • Increase frequency of combustion turbines and market purchases as the marginal resource
  • Fuel and market price increases
Other tariff schedules

**Wholesale Transmission Service (Tariff WT-24)**
- Consent agenda; effective June 1 of each year
- Transmission service charged to third parties
- Charges based on prior year actuals

**Large Customer Service (Tariff LC-24)**
- Charges established through separate contract
- Changes tied to firm power service tariff and annual budget
Summary and next steps

• Platte River’s foundation
  • Strategic financial plan
  • Rate setting framework

• Rates
  • 5.0% (2024 – 2030), 2.5% (2031 – 2033)
  • 2024 Firm Power Service charges provided (earlier than in previous years)
    • Pending board direction and barring any unanticipated significant events, the May recommended charges will remain unchanged

• Next steps
  • June: Details provided to the owner communities rates staff
  • September: Draft tariff schedules
  • October: Board approval of the 2024 tariff schedules
Questions
### April operational results

<table>
<thead>
<tr>
<th>Category</th>
<th>April variance</th>
<th>YTD variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner community demand</td>
<td>0.9%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Owner community energy</td>
<td>(1.8%)</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Wind generation</td>
<td>(0.7%)</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>Solar generation</td>
<td>10.8%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Net variable cost to serve owner community load*</td>
<td>26.1%</td>
<td>27.8%</td>
</tr>
</tbody>
</table>

**Variance key:**
- Favorable: ●
- Near budget: ◆
- Unfavorable: ■

*Total resource variable costs plus purchased power costs less sales revenue
# April financial summary

<table>
<thead>
<tr>
<th>Category</th>
<th>April variance from budget ($ in millions)</th>
<th>YTD variance from budget ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income *</td>
<td>$1.2</td>
<td>$5.3</td>
</tr>
<tr>
<td>Fixed obligation charge coverage</td>
<td>.24x</td>
<td>.23x</td>
</tr>
<tr>
<td>Revenues</td>
<td>$(1.6)</td>
<td>$(6.2)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$2.4</td>
<td>$9.2</td>
</tr>
<tr>
<td>Capital additions</td>
<td>$0.1</td>
<td>$9.5</td>
</tr>
</tbody>
</table>

Variance key:  
- **Favorable:** ●  
- **Near budget:** ◦  
- **Unfavorable:** ■

* YTD net income results impacted by unrealized gains on investments of $2.3 million