



Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, Sept. 28, 2023, 9 a.m.

Call to order

1. Consent agenda
 - a. Minutes of the regular meeting of Aug. 31, 2023

Motion to approve

Public comment

Committee report

2. Defined Benefit Plan committee report

Board action items

3. Policy on real estate transactions for resource development

Resolution 09-23

Management presentations

4. 2024 rate tariff schedules
5. 2024 proposed Strategic Budget work session
6. Dispatchable capacity implementation
 - a. Draft resolution of support
7. Marketing and community engagement update

Management reports

8. Strategic Financial Plan update
9. Staffing update

Monthly informational reports – August

10. Legal, environmental and compliance report
11. Resource diversification report
12. Operating report
13. Financial report
14. General management report

Strategic discussions

Adjournment



2023 board meeting planning calendar

Updated Sept. 20, 2023

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
Dispatchable resource support resolution	SPP RTO West update		Resource diversification 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)	Rawhide Transition Plan update (internal study and document)	Benefits update	Legal, environmental and compliance report
2024 Strategic Budget review and adoption	Resource Diversification Policy update		Resource diversification report
2024 proposed board of directors regular meeting schedule	Windy Gap request for proposal recap		Operating report
Strategic Financial Plan			Financial report
Committee report			General management report
Defined Benefit Plan committee report			

Topics to be scheduled:

-

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

Reuben Bergsten—Chair, Board of Directors

April 2024

December 2024

City of Fort Collins

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

Mayor Jeni Arndt

Kendall Minor

November 2023

December 2026

City of Longmont

350 Kimbark Street, Longmont, Colorado 80501

Mayor Joan Peck

David Hornbacher

November 2023

December 2026

City of Loveland

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

Mayor Jacki Marsh

Kevin Gertig—Vice Chair, Board of Directors

November 2023

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: 9/20/2023

To: Board of directors

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

Subject: **Consent agenda – September**

Staff requests approval of the following item on the consent agenda. The supporting document is included for the item listed below. Approval of the consent agenda will approve the item unless a member of the board removes the item from consent for further discussion.

Attachment

- Minutes of the regular meeting Aug. 31, 2023



Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Aug. 31, 2023

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten

Representing Fort Collins: Kendall Minor

Representing Longmont: Mayor Joan Peck¹ and David Hornbacher²

Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

Absent: Mayor Jeni Arndt

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)

Josh Pinsky (IT service desk technician II)

Shelley Nywall (director of finance)

Javier Camacho (director of public and external affairs, strategic communications and social marketing)

Kendal Perez (strategic communications and community relations manager)

Leigh Gibson (senior external affairs specialist)

Darren Buck (director of power delivery)

Guests

None

¹ Arrived at 9:08 am

² Attended via Zoom Webinar

Call to order

Chair Bergsten called the meeting to order at 9:00 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.

Action items

1. Consent Agenda

- a. Approval of the regular meeting minutes of July 27, 2023

Director Marsh moved to approve the consent agenda as presented. Director Koenig seconded. The motion carried 6-0.

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 in-person members of the public and callers wishing to speak at the start of public comment. No member of the public addressed the board.

Management presentations

2. Policy on real estate transactions for resource development (presenter: Sarah Leonard)

Sarah Leonard, general counsel, presented a draft policy to give the general manager flexible authority to approve real estate transactions that support potential resource development opportunities. She also provided suggested revisions to the board meeting governance document to address board concerns about standing policies and resolutions that give the general manager broad authority.

Director Marsh commented on potential mechanisms for board review following a change in leadership. Jason Frisbie, general manager and chief executive officer, reminded the board that Dave Smalley, chief financial officer and deputy general manager, would step into the general manager role if anything were to happen to Mr. Frisbie until the board appointed a new general manager. Chair Bergsten suggested the board review all broad policies on an annual basis. Director Koenig thought it would be preferable to review policies as updates are needed. Mr. Frisbie suggested incorporating the policies into the orientation process for new board members. Chair Bergsten asked for clarification from Director Marsh on her suggested review schedule. Director Marsh reiterated that a change in general managers should trigger review and reaffirmation of board-approved policies with broad authority. Director Hornbacher supported the policy giving the general manager authority to approve real estate transactions and agreed it would be helpful to have a review process when a change in the general manager occurs. He also suggested incorporating a suspension of authority for a short period to give

the board review time. Ms. Leonard noted any kind of suspension would need to be added to all relevant policies and recommended against putting broad language in a document outside of the policy that was designed to override it. She suggested using different tools to have staff conduct a review of policies on a regular basis. Discussion ensued among directors and staff regarding policy language and real estate transactions. Chair Bergsten summarized the consensus among the board to support the real estate transactions policy as written and staff will proceed with suggested language for the board meeting governance document.

3. Resource planning studies update (presenter: Raj Singam Setti)

Raj Singam Setti, chief transition and integration officer, presented the studies completed or in progress for the 2024 Integration Resource Plan (IRP), including studies of extreme weather events, dark calm occurrences, planning reserve margins and Effective Load Carrying Capabilities modeling. He explained how the resource modeling efforts illustrate and address the challenges Platte River is trying to solve to maintain the three pillars of Platte River through the clean energy transition.

Director Koenig asked for the definition of “very warm” and “very cold” weather. Mr. Singam Setti explained that extreme weather event modeling uses averages of summer temperatures and winter temperatures; if they reach the 85th percentile, they are categorized as extreme weather events.

Chair Bergsten asked if the inverters on the distribution side were impacting reliability to the system. Mr. Singam Setti clarified the solar and wind generation resources and distributed storage are all inverter based, meaning, that, unlike synchronized resources, they do not rotate in unison with power system frequency, and present unique reliability challenges.

Director Marsh asked why studies evaluate 40 or more years of historic data and suggested they should only go back 10 years. Mr. Singam Setti explained using a 40-year period shows consistency in growth. Chair Bergsten stated that evaluating at least 40 years of information provides a base case to evaluate planning reserve margin needs. Mr. Singam Setti confirmed the evaluation timeframes are standards for modeling to determine capacities for generation and transmission as a system. Director Koenig commented on Western Area Power Administration (WAPA) building more transmission will change study results in the future. Mr. Singam Setti noted that studies use information today to predict the future needs of the system. Mr. Frisbie clarified that loss of load is the inability to serve load at any given time and modeling projects the resources we will need to supply the total needs of the system across all hours and all predicted conditions.

Director Peck asked if Mr. Singam Setti has comparable studies for fossil fuels to show how each generation resource affects rates. Mr. Singam Setti noted the studies evaluate many factors, including cost comparisons, and results will be published on the Platte River website for the public to review. Discussion ensued among directors and staff on electrification building codes and standards for new construction throughout the municipalities.

Director Koenig asked if the electric vehicle (EVs) penetration information provided was Colorado data only or if it was national data and what effect gas vehicle trade-in marketing efforts might have.

Mr. Singam Setti confirmed it was Platte River territory data only and that modeling practices use uncertain variables to predict local customer demand while also looking at customer demand in other parts of the county. Discussion ensued among directors and staff regarding EV adoption within the owner communities, rooftop solar, household battery storage and their use within a virtual power plant.

Director Gertig requested a checklist for the distribution utilities to help prepare for the clean energy transition. Mr. Singam Setti described how owner community staff and Platte River staff are working collaboratively on individual utility and system needs. The board thanked staff for using solid, analytical data and working collectively. Director Minor noted receiving more questions about rooftop and community solar. Discussion ensued among directors and staff on community solar, household energy storage, leadership in the industry and future studies.

Break 10:25-10:38

4. Transmission strategy and planning (presenter: Darren Buck)

Darren Buck, director of power delivery, presented on how Platte River's transmission system serves load in the region, the history of Platte River transmission investment and transmission-related planning activities for entering the Southwest Power Pool Regional Transmission Organization West (SPP RTO West).

Director Minor asked about the Drake transmission pole replacement project. Mr. Buck explained that soil buildup around the bases of the poles has created corrosion. Mr. Frisbie reminded the board that the City of Fort Collins built the Drake line and when Platte River was formed the city turned the line over to Platte River to operate and maintain. In connection with planned substation work, Director Minor asked if Platte River was replacing the high-side transformers. Mr. Buck confirmed. Chair Bergsten asked why Platte River was replacing four transformers with one. Mr. Buck explained there are currently four single circuit transformers and they will be replaced with one with a three-phase design and each one can serve 100 percent of the load individually.

Mr. Frisbie commented on the WAPA Flatiron-Estes-Lyons-Estes transmission line rebuild was delayed, pushing the completion of the project into October.

Director Gertig emphasized the importance of proactive project planning to give owner communities time to plan and budget for upgrades and advanced communications. Mr. Buck noted that engineering staff completes 10-year planning, in some cases further out, and is happy to coordinate planning efforts with city staff. Director Minor asked if congestion is currently on the system or if that is a concern in the future. Mr. Buck described how staff continually evaluate the health of the transmission system as new generating facilities are added, particularly when they alter resource locations. Director Minor asked if rapid shutdown devices are being installed to mitigate wildfires at a utility size scale. Mr. Singam Setti responded that rapid shutdown devices may be required in the future but cost recovery structures do not include them yet. He noted that the devices are considered in large scale storage projects as a safety feature. Chair Bergsten discussed managing power purchase agreement negotiations and price volatility with added costs into the 10-year planning process. Mr. Buck explained how shared efforts to

keep the system-wide coincident peak as low as possible will help manage costs. Discussion ensued among directors and staff on cost allocation, location of generating facilities, SPP RTO West zone uncertainty and serving load throughout the region in coordination with other utilities.

5. Community engagement update (presenter: Eddie Gutiérrez)

Eddie Gutiérrez, chief strategy officer, provided a summary of community engagement presentations completed to date. He highlighted other collaborative communication strategies Platte River and the four owner communities are working on together and the next steps in the IRP community engagement process and the associated social media strategy.

Monthly informational reports for July

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

Ms. Leonard highlighted a recent Federal Energy Regulatory Commission rule, Order No. 2023, intended to speed up and streamline the generator interconnection process and address long queues that have delayed renewable projects. She stated that Platte River is currently not affected by this rule but will continue to monitor as Platte River moves into SPP RTO West.

7. Resource diversification report (presenter: Raj Singam Setti)

Mr. Singam Setti highlighted a request for proposals (RFP) this fall for wind and storage to begin commercial in 2027. He noted studies currently in progress and how teams are evaluating potential locations for distributed energy resources with distributed storage throughout the owner communities. Director Minor asked about timing for technology upgrades for distributed energy resource management systems (DERMS) and gap analysis. Mr. Singam Setti responded that staff is awaiting study results that will identify the current state of the system and what the requirements are. Staff will use these study results to develop an RFP for a DERMS. Chair Bergsten inquired about the timing of the gap analysis. Mr. Singam Setti said they expect the results by the fourth quarter.

8. Operating report (presenter: Melie Vincent)

Melie Vincent, chief operating officer, highlighted operating results for July. Because of continued mild weather, owner community demand and energy were below budget for the month and year to date. She stated that the overall net variable cost to serve owner community load was significantly below budget for the month, due to summer surplus sales and other bilateral sales with favorable pricing. Ms. Vincent proposed to adjust the operating report in 2024 to reflect market purchases and sales as Platte River operates in the Western Energy Imbalance Service (WEIS) real-time market. She referred back to previous mentions of interconnection queue congestion issues, noting that planned generation projects have sometimes experienced delays as long as five years.

9. Financial report (presenter: Dave Smalley)

Mr. Smalley highlighted favorable results for the month of July, reflecting operating revenues \$3.7 million above budget, below-budget in operating expenses, increased interest income and an increase in fair market value of investments. He added that sales from resale and transmission revenues were above budget due to a favorable contract and point-to-point transmission sales, even though sales to the owner communities came in below budget for the month of July. As mentioned in the operating report, purchased power from the WEIS market continues to be above budget but was offset by below-budget fuel expenses and increased hydropower allocations. Operations and maintenance expenses were above budget due to increased costs with both Unit 1 and 2 at the Craig Station.

Director Gertig asked if WAPA hydropower will have greater priority in the market, suggesting this topic could be a future presentation. Ms. Vincent provided a high-level response that WAPA is reviewing wind and solar generation to replace decreasing hydropower supplies.

10. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the Platte River 50th celebration invitation for the board members, staff discussions with existing fiber customers on transitioning to market rates for dark fiber and staff working on an energy storage grant for Estes Park. Chair Bergsten commented Platte River costs for ongoing reinvestments to maintain the fiber backbone, which requires charging a current market rate. Discussion ensued among directors and staff regarding the Estes Park grant.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities. Chair Bergsten commented on the value chain of Platte River and requested future discussions for collaborating on grid resiliency.

Adjournment

With no further business, the meeting adjourned at 12:07 p.m. The next regular board meeting is scheduled for Thursday, Sept. 28, 2023, at 9:00 a.m. virtually and 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: 9/20/2023

To: Board of directors

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

Subject: **Defined Benefit Plan committee report**

The retirement committee held its quarterly meeting on Aug. 31, 2023. The minutes of the meeting are included in the board packet. At the board meeting, committee member Dave Smalley will provide a summary of the August retirement committee meeting.

This report is for informational purposes only and no board action will be requested during the September board meeting.

Attachment

- Aug. 31, 2023 defined benefit plan committee minutes - DRAFT

Regular meeting minutes of the defined benefit plan committee

2000 E. Horsetooth Road, Fort Collins, CO and virtually via Microsoft Teams
Thursday, August 31, 2023

Attendance

Committee members

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

Committee members - absent

Jeni Arndt

Platter River staff

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

Guests

Jason Palmer of Northern Trust Asset Management (Northern Trust)
Dan Phillips of Northern Trust
Jordan Dekhayser of Northern Trust
Jim Hayes of Northern Trust

Call to order

The meeting was called to order at 12:56 p.m. A quorum was present and the meeting, having been duly convened, was ready to proceed with business. Dave Smalley led the meeting as the chair, David Hornbacher, joined virtually. Jason Palmer of Northern Trust introduced his colleagues, Jim Hayes, Jordan Dekhayser and Dan Phillips.

Action items

- (1) **Review minutes of May 25, 2023, meeting.** Dave Smalley asked for a motion to approve the minutes from the May 25, 2023, meeting. Reuben Bergsten moved to approve the minutes as submitted. Jacki Marsh seconded, and the motion carried 5-0.
- (2) **Second quarter investment performance.** Dan Phillips of Northern Trust reviewed the second quarter performance and highlighted the plan's performance relative to its benchmarks

(included in the meeting materials). Northern Trust staff summarized key market developments, economic indicators, and significant events that impacted the market.

Mr. Palmer provided a brief portfolio overview, highlighting that inception to date the portfolio returned 6.6%, meeting the benchmark of 6.6%. The long-term return goal is 7.5%. Mr. Palmer reviewed the plan's portfolio position for the second quarter and overviewed their firm's asset allocation process. The portfolio consists of risk control and risk assets. For the quarter the plan was moderately underweight in risk assets and overweight in cash and high yield.

For the quarter, the plan assets increased from \$106.8 million to \$108.5 million, which accounts for contributions, income, appreciation, depreciation and benefit payments.

Mr. Palmer reviewed the plan's key performance drivers for the quarter. Global equities rose sharply, fixed Income was flat or positive, while real assets declined during the quarter. Overweight natural resources and an underweight allocation to U.S. equities hurt performance. Tactical positioning hurt results by 0.2%. Investment manager selection was negative during the quarter. U.S. and international low volatility equity strategies underperformed their benchmarks. Overall, investment manager selection hurt performance by 1.4% to 1.6%.

Page 17 of the quarterly investment report provides rationales for the portfolio's positioning in each asset class.

(3) Educational session: quality low volatility equity. Jordan Dekhayser of Northern Trust provided an educational session on the quality low-volatility investment strategy. Mr. Dekhayser explained that the quality low-volatility strategy seeks to build a diverse, higher quality and lower volatility portfolio that delivers attractive up-market participation and down-market mitigation. (Included in the meeting materials.)

(4) Plan amendment. Caroline Schmiedt provided a high-level overview of an upcoming plan amendment. Several plan references will be updated to comply with the SECURE ACT 2.0. There are also changes to the definitions of "Compensation" and "Final Average Monthly Compensation." Revisions will include clarification to the calculation of maximum permissible benefit, and historical outdated language will be deleted. Staff intends to present the proposed amendment to the committee at the October meeting.

(5) Other business. None.

The next regular committee meeting is scheduled for Oct. 26, 2023, at 12:30 p.m. in the Platte River board room or virtually via Microsoft Teams.

The meeting adjourned at 1:56 p.m.

Chair David Hornbacher



Memorandum

Date: 9/20/2023

To: Board of directors

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

Subject: Policy on real estate transactions for resource development

At the July 2023 board of directors' meeting, staff presented a proposed policy on real estate transactions for resource development, explaining that, under Platte River's purchasing policy, the board must approve any sale of Platte River real property, land and land rights. Given the speed at which opportunities to participate in resource innovation emerge and lapse, staff recommended the board authorize the general manager to approve real estate transactions (other than permanent transfers of full ownership) if they advance key Platte River goals related to resource diversification.

Staff also proposed revisions to the board's meeting governance document to support board oversight of resolutions and policies that confer broad authority on Platte River's general manager.

Platte River staff requests board approval, by resolution, of the attached policy titled *General manager authorization related to real estate transactions for resource development*.

The accompanying materials also include the board meeting governance document, as revised.

Attachments

- Resolution to adopt policy on general manager authorization related to real estate transactions for resource development
- Proposed policy on general manager authorization related to real estate transactions for resource development
- Revised form of board meeting governance document

RESOLUTION NO. 09-23

Background

- A. As Platte River Power Authority (Platte River) works to achieve its Resource Diversification Policy goals, innovation will be an important strategy element. Taking advantage of emerging opportunities may require flexibility and quick action.
- B. To enable Platte River to pursue innovative resource development opportunities that depend on Platte River land (or facilities), expanding existing land rights, or acquiring new land rights, the board of directors (board) wishes to delegate to the general manager authority to enter into certain categories of real estate transactions.
- C. At the August 2023 board meeting, staff presented a draft policy on general manager authorization related to real estate transactions for resource development, together with proposed revisions to the board meeting governance document to support board oversight of resolutions and policies that grant broad authority to the general manager.
- D. The board has determined it is in Platte River's best interests to empower the general manager to approve real estate transactions that further Platte River's Resource Diversification Policy.

Resolution

By this resolution, the board of directors of Platte River Power Authority therefore adopts the attached policy on general manager authorization related to real estate transactions for resource development.

RESOLUTION NO. 09-23


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:

 Platte River Power Authority	<h1 style="text-align: center;">Policy</h1>	Version #: 1.0 Original effective date: 09/28/2023 Next review date: 09/01/2026
		TITLE: General manager authorization related to real estate transactions for resource development

Page 1 of 3

Purpose:

This policy authorizes Platte River's general manager to approve real estate transactions that facilitate resource development opportunities, subject to required determinations and an obligation to promptly inform Platte River's board of directors. This policy supplements the narrower authority granted to the general manager by Resolution 23-84 but does not authorize Platte River's general manager to sell Platte River property.

Policy:

As Platte River works to achieve its Resource Diversification Policy goals, innovation will be an important strategy element. Taking advantage of emerging opportunities may require flexibility and quick action.

To enable Platte River to pursue innovative resource development opportunities that depend on Platte River land (or facilities), expanding existing land rights, or acquiring new land rights, the board of directors delegates to the general manager authority to enter into real estate transactions as described below.

Provided the general manager determines a proposed real estate transaction

- (1) is in Platte River's best interest,
- (2) furthers Platte River's Resource Diversification Policy goals,
- (3) helps Platte River maintain its "three pillars" of reliability, financial sustainability, and environmental responsibility,
- (4) can be completed with approved budget or contingency funds, and
- (5) complies with relevant bond covenants,

the general manager may:

- (a) encumber Platte River-owned real estate (through lease agreements, easements, access rights, or other acceptable arrangements),
- (b) expand existing Platte River real estate rights, and
- (c) acquire new real estate or real estate rights (through fee ownership, lease agreements, easements, access rights, or other acceptable arrangements).

This policy supplements the narrower authority granted to the general manager by Resolution 23-84 but does not authorize the general manager to transfer full ownership rights (fee title) to Platte River-owned real estate.

Whenever the general manager exercises the authority granted by this policy, after completing a real estate transaction the general manager will report to the board at the next regularly scheduled board meeting.

 Platte River Power Authority	<h1>Policy</h1>	Version #: 1.0 Original effective date: 09/28/2023 Next review date: 09/01/2026
		TITLE: General manager authorization related to real estate transactions for resource development Page 2 of 3

Implementing parties and assigned responsibilities:
Board of Directors Resolution 09-23
Associated items (if applicable):
Purchasing Policy Resolution 23-84
Definitions (if applicable):

 Platte River Power Authority	<h1>Policy</h1>		Version #: 1.0 Original effective date: 09/28/2023 Next review date: 09/01/2026
	TITLE: General manager authorization related to real estate transactions for resource development		Page 3 of 3

Document owner: Secretary to the Board of Directors	Original effective date: 09/28/2023
Authority: Board of Directors	Review frequency: Annually or every 3 years
Counsel review: General counsel	Current effective date: 09/08/2026

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0	09/28/2023	Board Resolution 09-23	Assistant Secretary to the Board	New

Discussion Draft - Updated Board Meeting Governance Document

LEADERSHIP

Officers

Under the Organic Contract, Platte River must have at least five officers, consisting of a chair, vice chair, secretary, treasurer, and general manager. The chair and vice chair must be board members. The Organic Contract specifies the basic duties of each officer, but the board may also prescribe additional duties to any officer.

Chair

The chair has the following privileges and duties:

1. Meeting director. The chair presides at all meetings of the board. The chair seeks to clarify any pending actions before the board votes. The chair is encouraged to restate motions, announce expectations for the meeting agenda, and recommend to the board the proper procedure for a particular course of action.
2. Parliamentarian. The chair is the meeting parliamentarian and decides all questions of process and procedure. The chair may consult with general counsel or administrative staff to assist in applying the rules of order. The board as a whole can appeal the chair's ruling.
3. Facilitator. The chair should generally encourage other board members to propose or second motions and lead initial discussions. The chair has the same rights as other board members to present and second motions and participate in board deliberations.

Vice chair

In the absence of the chair (or if the chair is unable or refuses to act) the vice chair performs the duties of the chair and, when so acting, has all the powers and restrictions that apply to the chair.

General manager and chief executive officer

The general manager is Platte River's principal executive officer, with full responsibility for its planning, operations, and administrative affairs according to policies and programs approved by the board.

Treasurer

The treasurer serves as Platte River's financial officer and, as provided in the board-adopted fiscal resolution (and subject to law), is responsible for the receipt, custody, investment, and disbursement of Platte River's funds and securities and for other duties incident to the office of treasurer.

Secretary

The secretary maintains Platte River's official records, including all resolutions and regulations approved by the board, the minutes of board meetings, and a register of the names and

Updated September 2023

addresses of directors and officers. The secretary also issues notices of board meetings and attests and affixes the corporate seal to Platte River documents.

Leadership team

The leadership team for the board is composed of the chair and vice chair. Ahead of board meetings the leadership team coordinates with the general manager/CEO and general counsel to review and provide direction on the pending and future agendas. Individual members of the leadership team may reach out to other individual board members ahead of meetings to discuss agenda items or other issues, but all outside-of-meeting conversations about Platte River business must be limited to two board members (because three or more would trigger open meetings and notice requirements). The leadership team may perform other responsibilities as directed by the board. Historically, 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.

Committees

1. Defined Benefit Retirement Committee. Section 8.1 of the Platte River Defined Benefit Plan establishes a Defined Benefits Retirement Committee of six members, four of whom must be board members and two of whom must be members of Platte River's senior management. Under the plan, the general manager and the chief financial officer serve as the senior management representatives. Board representatives to the Defined Benefit Retirement Committee are nominated and elected at annual board meetings.
2. Audit committee. The board serves as Platte River's audit committee.
3. Other committees. The board may form additional temporary or standing committees of board members with assigned areas of responsibility, but committees made up of less than all board members cannot exercise board decision-making power.

BOARD MEMBER CONDUCT

Fiduciary duties

Neither the Organic Contract nor Platte River's governing statutes specify the duties board members owe to Platte River. Under the Colorado Corporate Code, a corporation's board members have duties of good faith and loyalty to the organization—that is, to act in a manner they reasonably believe to be in the best interest of the entity, with the same care a prudent person would use in similar circumstances. At a minimum, board members should: (1) avoid conflicts of interest and (2) make informed decisions. A personal conflict of interest exists when a board member (or someone close to the board member) stands to benefit (financially or possibly in other ways) from a matter coming before the board. This has rarely come up for Platte River board members, but were it to arise, the board member should promptly consult with general counsel.

In making informed decisions, board members can rely on information provided by staff or outside experts as long as they have no reason to believe the information is not reliable. Board members

Updated September 2023

must not disclose Platte River confidential information they receive in their capacities as board members.

Board members may also encounter conflicts if they participate in multiple governing bodies. Serving on multiple bodies is not by itself a conflict of interest, but in their capacities as directors of Platte River, board members must act in Platte River's best interests. Should a board member confront the potential for divided loyalties in a matter that comes before the board, he or she should disclose the potential conflict to the rest of the board and abstain from voting on that matter.

Ethical duties

Board members must adhere to the rules of conduct and ethical principles Colorado law has established for local government officials (such as Colorado Revised Statutes §§ 24-18-101, *et seq.*). Board members should consult with general counsel if they have questions about these rules.

Communications on behalf of Platte River

Whether communicating through social media, media interviews or in other ways, board members must abide by the laws, policies, fiduciary duties and ethical obligations that govern them as board members. Individual board members should refrain from making public statements of opinion on behalf of Platte River. If a board member feels the need to comment publicly, best practices are to provide a disclaimer, such as "these statements reflect my personal views, not those of Platte River or its board of directors."

MEETING LOGISTICS

Notice

Notices of meetings must be posted on the Platte River website no less than 24 hours ahead of each board meeting, but at least seven days' prior notice is preferable. Agendas are posted when available.

Place and time

At each December board meeting, the board establishes the date and location of the annual and regular meetings for the next year. Notices of all meetings are posted in newspapers within the owner communities during January.

Meeting agenda

1. Procedures for setting the agenda. The general manager/CEO is responsible for setting board meeting agendas, with input from the board. Each board meeting packet includes a planning calendar. The planning calendar generally identifies planned agenda items for each meeting through the end of the calendar year. Board members are encouraged to provide input to staff on future agenda items at each meeting. Even if not included on the planning calendar, items may be added to meeting agendas as necessary.
2. Standard order of the agenda. The standard agenda order is:

Updated September 2023

- Call to order
- Consent agenda, including approving minutes
- Public comment
- Committee reports
- Board action items
- Management presentations
- Management reports
- Monthly informational reports
- Strategic discussions
- Adjournment

In general, significant matters will be introduced in the “management reports” section of the agenda and may be expanded upon at later meetings as “management presentations.” When formal action is required, the final step will be a “board action item.”

3. Modifying the agenda. Once a meeting has convened, the board may modify the agenda by motion (which requires a second and affirmative vote of the board).

Distribution of meeting materials

1. Board meeting agenda and materials (in hardcopy form if requested) will be distributed to each board member (and posted to Platte River’s website) at least seven days before each board meeting.
2. Visual material supporting presentations will be posted to Platte River’s website at least two days before each board meeting.
3. Confidential material will be distributed to board members with a “CONFIDENTIAL” designation (and, when circulated by email, with “#PRIVATE” in the subject line). When possible, the confidential materials will be distributed with the board packet, either in hard copy or electronically as requested.

Rules of order

The basic rules of order for Platte River board meetings are summarized in Attachment A to this document.

Public hearings

When conducting a public hearing the chair must describe the purpose of the public hearing and state any procedural rules for identifying witnesses and length of comments. The chair will open the record and accept public comment. The chair may exercise control of the hearing and may rule comments out of order and make other rulings to ensure orderly conduct of the hearing. Once members of the public have been allowed to comment the chair will close the record and move to other business.

Public comment guidelines

Public comment at board meetings is at the board's discretion, rather than a legal requirement.

Generally, public comment will be limited to 30 minutes, with each speaker limited to three minutes.

When the number of speakers exceeds 10, speaking time is shared equally (30 minutes divided by the number of speakers). When there are more than 30 speakers, anyone unable to speak before time expires may submit comments by email.

The board chair may permit exceptions.

Executive session

The Colorado Open Meetings Law allows the board to convene executive sessions in certain limited circumstances, such as discussions of transactions or matters subject to ongoing negotiations, conferences with legal counsel to receive legal advice, discussions of security arrangements or matters required to be kept confidential by law, and personnel matters. The general counsel can provide guidance about whether an executive session is permitted for a particular matter.

1. Vote necessary. Two-thirds of the quorum present must vote yes to convene an executive session for any of the purposes allowed by law.
2. Form of motion. Without compromising the purpose of the executive session, the motion must set forth in detail the matters to be discussed during the executive session, including the specific sections of the Colorado Open Meetings Law that authorize the executive session.
3. No formal action. The board may not take any formal action or adopt any proposed policy, position or resolution during an executive session.
4. Audio recording of executive session. Platte River must record all discussions in executive session (except when the discussions are privileged attorney-client communications). Audio recordings must be retained for at least 90 days.
5. Confidentiality. All board members and any others present in an executive session must protect the confidentiality of information gained in executive session (except as otherwise authorized by the board, required or permitted by judicial order, or required or permitted by law).

Special meetings

Under Section 2.3.9 of the Organic Contract, any director (including the chair) may call a special board meeting.

Meeting minutes

Minutes must be taken at any public board meeting at which the board may or does adopt any proposed policy, position, resolution or take other formal action. This includes regular, annual and special board meetings, as well as study sessions and board retreats (if there is the potential for formal action).

As noted above, Platte River must record executive sessions.

OTHER BOARD RESPONSIBILITIES

Continuity of management; periodic review of broad delegations

If the general manager/CEO resigns or retires, the chair is responsible for (1) communicating (through one-on-one outreach) the situation to the other board members and seeking their input on the process to replace the general manager/CEO, and (2) placing an agenda item on the next available board meeting agenda, including a special meeting if necessary, to determine a replacement process.

If the general manager/CEO position will be vacant for a time, the board must appoint an interim general manager (as provided in Section 2.4.3(v) of the Organic Contract). The deputy general manager serves as general manager/CEO until the board can appoint an interim general manager.

The board should periodically review any policies and resolutions that grant broad authority to the general manager—particularly when an incoming general manager first takes office—to confirm they continue to meet Platte River’s evolving needs. Examples of existing policies that grant broad authority include the Resource Diversification Policy, the Fiscal Resolution, the water resources policy, and the employee total compensation policy.

Representation of Platte River

The board will make an appointment if a membership organization or related business organization requires a board member to represent Platte River’s interests. Otherwise, the general manager appoints employees of Platte River to participate in industry-related organizations.

ORGANIC CONTRACT

Attachment B to this document summarizes Organic Contract provisions that may bear on meeting procedures and board member responsibilities.

ATTACHMENT A

Board meeting basic rules of order

These basic rules of order govern annual, regular and special board meetings. These rules of order are based upon Robert's Rules of Order, Newly Revised, but have been modified as necessary to conform to existing board practices and the Organic Contract. For example, while passage of some motions listed below requires a two-thirds vote under Robert's Rules of Order, under the Organic Contract all board motions, except a motion to go into executive session, require the affirmative vote of only a majority of the directors present (provided a quorum is present). The Organic Contract also defines the procedure to resolve a deadlock.

If there is a question of procedure not addressed by these rules, the chair may refer to Robert's Rules of Order for clarification or direction, but following Robert's Rules of Order is not mandatory. These rules govern if they conflict with Robert's Rules of Order, but if they conflict with the Organic Contract, the Organic Contract governs.

1. MAIN MOTIONS

- a. Main motions are used to bring business before the board for consideration and action.
- b. A main motion can be introduced only if no other motion or business is pending.
- c. All main motions require a second and may be adopted by majority vote of the directors present at a meeting at which a quorum is present, except a motion to go into executive session, which requires a two-thirds vote of those present.
- d. Any director may make or second a main motion, including the chair.
- e. After a motion has been made and seconded, the chair will allow time for discussion.
- f. A main motion is debatable and may be amended.

2. SUBSIDIARY MOTIONS

Subsidiary motions may apply to another motion to modify it, delay action on it, or dispose of it. The forms of subsidiary motions are as follows:

- a. Motion to amend. The point of a motion to amend is to modify the wording and, within certain limits, the meaning of a pending motion before the pending motion itself is acted upon.
 1. A motion to amend, once seconded, is debatable and may itself be amended once.
 2. Once a motion to amend has been seconded and debated, it is decided before the main motion is decided.
 3. Rejection of a motion to amend leaves the pending main motion worded as it was before the amendment was offered.
 4. Certain motions to amend are improper and the chair may so determine.
 - An amendment must be "germane" to be in order. To be germane, an amendment must in some way involve the same question that is raised by the motion to which it is applied. An amendment that is not germane to the original motion is improper.

Updated September 2023

- A motion that would make the adoption of the amended question equivalent to a rejection of the original motion is improper.
 - A motion that would make the question as amended identical with, or contrary to, one previously decided by the board during the same session, or previously considered and still not finally decided, is improper.
5. A director's vote on an amendment does not obligate the director to vote in a particular way on the motion to which the amendment applies.
- b. Motion to postpone to a certain time.
1. A question may be postponed either to consider it at a more convenient time or because debate has shown reasons to delay a decision until later.
 2. This motion can be made regardless of how much debate there has been on the motion it proposes to postpone.
 3. A motion to postpone can be debated only to the extent necessary to enable the board to determine whether the main motion should be postponed and, if so, to what date or time.
 4. Similarly, a director can move to amend a motion to postpone only to change the date or time to which the main motion should be postponed.

3. FRIENDLY AMENDMENTS

A "friendly" amendment is a change in the wording that enhances and strengthens the original motion. Friendly amendments acceptable to those who made and seconded the main motion do not require a second and are permissible any time before a vote is taken on motions to amend the main motion.

4. WITHDRAWAL OF A MOTION.

After a motion has been seconded and stated by the chairperson it belongs to the board as a whole. The maker must request the board's permission to withdraw the motion. If one or more board members object to the request, a majority of the board must consent to the withdrawal of the motion.

ATTACHMENT B

Excerpts from the Organic Contract

The following summarizes Organic Contract provisions that may bear on meeting procedures and board member responsibilities:

1. Number and selection of directors. Each owner community is represented by two board members. The mayor of each owner community is designated as a board member. Any mayor may designate some other member of the owner community's governing body to serve in place of the mayor. The governing body of each owner community appoints one additional board member. (Organic Contract Sections 2.3.1 and 2.3.2)
2. Terms of directors. The mayor of each owner community, or the member of the owner community's governing body designated by the mayor, serve as a director throughout his or her term as mayor. The terms of the appointed directors are staggered. Each appointed director serves a term of four years from the date the director's predecessor's term expired. (Organic Contract Section 2.3.3)
3. Removal of directors. A mayor must relinquish his or her seat on the board upon leaving the office of mayor. A member of the owner community's governing body designated to serve in place of a mayor may be removed at any time by the mayor, with or without cause. Any director appointed by the governing body of an owner community may be removed at any time by the governing body, with or without cause. (Organic Contract Section 2.3.4)
4. Compensation. Directors do not receive compensation for board service but may be reimbursed their actual expenses to attend board meetings and for expenses otherwise incurred on behalf of Platte River. (Organic Contract Section 2.3.6)
5. Annual meetings. An annual board meeting must be held within the first 120 days in each year, within Fort Collins at a place designated in the notice of the meeting. The purpose of the annual meeting is to elect officers, pass upon reports for the preceding fiscal year, and transact other business that comes before the board. (Organic Contract Section 2.3.7)
6. Regular meetings. The board may provide for the time and place for regular meetings by resolution without notice to the directors other than the resolution adopting the meeting schedule. (Organic Contract Section 2.3.8)
7. Special meetings. The chair or any director may call a special board meeting. The secretary must notify each director not less than seven days and not more than 35 days before the date fixed for the special meeting. Special meetings are held at the time and place (within Colorado) determined by the chair or the director calling the meeting. (Organic Contract Section 2.3.9). Note that by statute notice periods may be as short as 24 hours. Occasionally special meetings may be scheduled on notice shorter than seven days. This is typical for special meetings to authorize bond issuances.
8. Notice of meetings. Notice of the annual board meeting or any special board meeting must be delivered to each director either personally or by mail, not less than seven days and not more than 35 days before the date fixed for the meeting. (Organic Contract Section 2.3.10)

Updated September 2023

9. Waiver of notice. A director may waive any required meeting notice by written waiver. A director's attendance at any board meeting constitutes the director's waiver of notice of the meeting (except if the director attends the meeting for the purpose of objecting to the transaction of business because the meeting was not properly convened). (Organic Contract Section 2.3.11)
10. Quorum. The presence of five directors constitutes a quorum to transact business. The act of a majority of the directors present at a meeting with a quorum present is the act of the board. (Organic Contract Section 2.3.12)
11. Attendance by teleconference. Directors may attend and fully participate in any meeting by teleconference. (Organic Contract Section 2.3.13)
12. Vote in case of deadlock. If the board is deadlocked and unable to obtain a majority vote (provided a quorum is present), any director may require a "weighted vote." For a weighted vote, each director is assigned voting power equal to one-half of the following ratio:
 - a. The dollar amount of electric power and energy purchased from Platte River during the 12-month period ending with the close of the billing period for the month two months before the month of the deadlocked meeting and paid for by the owner community appointing the director

divided by
 - b. The dollar amount of the electric power and energy purchased from Platte River and paid for by all owner communities during the same 12-month period.

(Organic Contract Section 2.3.14)
13. Duties. The board's duties include the following:
 - governing the business and affairs of Platte River
 - exercising the powers of Platte River
 - complying with the Colorado Local Government Budget Law
 - adopting a fiscal resolution
 - obtaining the services of independent certified public accountants to examine the financial records and accounts of Platte River on an annual basis and to provide a report to the board
 - keeping minutes of board proceedings.

(Organic Contract Section 2.3.15)
14. Officers. The officers of Platte River consist of a chair, vice chair, secretary, treasurer, general manager and any other officers and assistant officers the board may authorize to perform duties as assigned by the board. The chair and vice chair must be board members. The other officers of Platte River need not be board members. (Organic Contract Section 2.4)



Memorandum

Date: 9/20/2023

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
Wade Hancock, financial planning and rates manager

Subject: 2024 Rate Tariff Schedules

At the September board meeting, staff will review the 2024 Rate Tariff Schedules. These documents are attached for your review.

Staff presented details of the 2024 Rate Tariff Schedules and proposed changes at the May board meeting. Staff provided the charges earlier than in years past to accommodate the owner communities' budget preparation and rate development schedules.

The tariffs below include the rate recommendations as presented in May.

- Firm Power Service Tariff (Tariff FP-24) 5.0% average wholesale rate increase per megawatt hour purchased
- Standard Offer Energy Purchase Tariff (Tariff SO-24) 7.8% increase in the Avoided Energy Rate

The Wholesale Transmission Service Tariff (Tariff WT-24) Long-Term and Short-Term Firm Point-to-Point Transmission Service includes an error correction to the posted tariff yearly rate from \$78,447.13 to \$78,477.13 per megawatt of Reserved Capacity per year. The dollar amount of the error is negligible.

At the October board meeting, staff will ask the board to adopt the 2024 Rate Tariff Schedules with a Jan. 1, 2024 effective date.

Attachments

- 2024 Rate Tariff Schedule - draft
- 2024 Rate Tariff Schedule – draft redline



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

2024 Rate Tariff Schedules

Draft - redline



Firm Power Service Tariff (Tariff FP-~~2324~~)

Applicability:

The Firm Power Service Tariff (Tariff FP-~~2324~~) will apply to all firm electric service furnished to an Owner Community for distribution and resale pursuant to its contract with Platte River Power Authority (Platte River), unless the Owner Community purchases a portion of its electricity requirements under another tariff schedule. For the purposes of this tariff the "Owner Communities" means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland.

This tariff will not be available to an Owner Community for service to (a) any retail customer that requests new service entrance capacity of 10,000 kilowatts or greater or (b) any retail customer that has a new load of an unusual nature that cannot be readily served from the Owner Community's distribution system. Electric power and energy services that are provided to an Owner Community for resale to customers that are excluded from service under this tariff will be provided under the terms and conditions of the Large Customer Service Tariff.

Character of Service:

Alternating current 60 hertz; three-phase; delivery at 115 kilovolt or at other voltages subject to conditions as agreed upon; metering at each delivery point.

Monthly Rate:

The Monthly Rate charged to Owner Communities, as approved by the Platte River board of directors, will be as follows:

Owner Community Charge:

Owner Community rate of \$~~13,229~~ 13,059 per month per Owner Community Allocation

Transmission Demand Charge

\$~~6.726~~ 6.68 per kilowatt of Noncoincident Billing Demand

Generation Demand Charge:

Summer Season \$~~6.156~~ 6.61 per kilowatt of Coincident Billing Demand

Nonsummer Season \$~~4.604~~ 4.92 per kilowatt of Coincident Billing Demand

Fixed Cost Energy Charge:

\$~~0.01586~~ 0.01681 per kilowatt-hour for all energy supplied

Variable Cost Energy Charge:

\$~~0.02273~~ 0.02427 per kilowatt-hour for all energy supplied

Summer / Nonsummer Season:

The Summer Season will be the period June 1 through September 30 of each year. The Nonsummer Season will be the period January 1 through May 31 and October 1 through December 31.

Owner Community Allocation:

The Owner Community Allocation represents each Owner Community's share of Platte River's total Owner Community energy sales over the previous six-year period as determined at the end of the year. The Owner Community Allocation is calculated as the sum of each Owner

Community's energy sales over the previous six-year period divided by the total Owner Community energy sales during that time, utilizing the year-end sales values as determined by Platte River. The resulting ratio is multiplied by 100 to create a value to be utilized as the Owner Community Allocation which is multiplied by the Owner Community Charge.

Billing Demand:

The Coincident Billing Demand will be the 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Owner Community receives electric power and energy, measured coincident with the Monthly System Peak Demand for Platte River.

The Monthly System Peak Demand for Platte River will be the maximum coincident sum of the hourly demands for the Owner Communities recorded during the billing month subject to a minimum demand calculation. The minimum demand for the Coincident Billing Demand will be equal to 75% of the Owner Community's average maximum Coincident Demand during the three preceding summer periods beginning with the most recent completed year. Each summer period will have one peak Coincident Demand value, which is the peak Coincident Demand value during the summer period. The average is the total of the peak Coincident Demand values for the three preceding summer periods divided by three.

The Noncoincident Billing Demand will be the maximum 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Owner Community receives electric power and energy, without regard to the timing of the Monthly System Peak Demand subject to a minimum demand calculation. The minimum demand for the Noncoincident Billing Demand will be equal to 75% of the Owner Community's average maximum Noncoincident Demand during the three preceding annual periods beginning with the most recent completed year. Similarly, each annual period will have one peak Noncoincident Demand value, which is the peak Noncoincident Demand value during that period. The average is the total of the Noncoincident Demand values for the three preceding annual periods divided by three.

Standard Offer Energy Purchase Tariff (Tariff SO-~~2324~~)

Applicability:

The Standard Offer Energy Purchase Tariff (Tariff SO-~~2324~~) applies to power production facilities that (1) have registered with the Federal Energy Regulatory Commission (FERC) as Qualifying Facilities (QFs) under the Public Utility Regulatory Policies Act of 1978, as amended, and its associated regulations (the PURPA Provisions) and (2) are electrically connected to Platte River's transmission system or the distribution system of one of Platte River's owner communities (the Town of Estes Park, the City of Fort Collins, the City of Longmont or the City of Loveland). Any Platte River purchase of output from a QF is subject to Platte River's policy governing purchase from QFs, as stated below.

Platte River's policy governing purchases from PURPA QFs

Capacity Forecast:

Platte River prepares an Integrated Resource Plan as required by 10 Code Federal Regulations (CFR) part 905. The Integrated Resource Plan forecasts Platte River's load, identifies and compares all practicable distributed energy resources and energy supply resource options to meet that load, and includes an action plan and timing to implement any additional capacity requirements. The Integrated Resource Plan is used to determine how much additional capacity Platte River will require and when. Platte River will maintain for public inspection its plans for capacity additions, by amount and type, for purchases of firm energy and capacity and for its capacity requirements.

Obligation to Purchase Energy:

Platte River will purchase, on a nondiscriminatory basis, the output from any QFs subject to the following limitations:

- a) Firm energy. Platte River is under no obligation to purchase firm energy or capacity offered by a QF under a "legally enforceable obligation" for a period greater than five years.
- b) Non-firm energy. Platte River is under no obligation to enter into a contract or "legally enforceable obligation" to purchase non-firm energy offered by a QF. For purposes of this policy, "non-firm" energy means power provided under an arrangement that does not guarantee scheduled availability for a specified term. At its discretion, Platte River may negotiate with a QF to develop mutually acceptable contract terms under which Platte River would purchase non-firm energy offered by the QF.

During a system emergency, Platte River may discontinue purchases of energy or capacity (or both) where necessary to protect the safety and reliability of the Platte River system. Platte River will have no obligation to purchase or accept delivery of energy or capacity for as long as an emergency condition exist.

Pricing:

Each QF has the option either:

- a) To provide energy as the QF determines to be available for purchases, in which case the rates for the energy will be based on Platte River's avoided costs calculated at the time of delivery; or

- b) To provide energy or capacity under a legally enforceable obligation for delivery of energy or capacity over a specified term, in which case the rates for the energy will be either of the following (at the QF's option, exercised before the specified term begins):
- i) Platte River's Avoided Energy Rate (\$~~0.020330~~0.02191 per kilowatt-hour for electricity made available to Platte River); or
 - ii) Platte River's avoided energy rate calculated at the time the obligation is incurred.

Platte River's Avoided Energy Rate is based on its current portfolio of generation resources and is subject to change on an annual basis. Platte River will separately calculate its avoided capacity costs.

Capacity Payments:

The capacity value of firm QF power offered for sale to Platte River during periods where Platte River has no projected needs for additional capacity will be zero dollars (\$0.00). During these periods, QFs offering to sell firm capacity to Platte River will not be entitled to any capacity payments, and will be entitled only to avoided energy costs. Platte River will not enter into any new written contracts to make capacity payments to QFs in any year when Platte River has no projected resource deficit. In any year in which Platte River determines it needs to procure additional capacity, Platte River will calculate its avoided capacity costs using the information available to it and will publish the result of its studies. Platte River will not, in any event, be obligated to make capacity payments for any capacity greater than the resource deficit projected.

Interconnection:

A QF seeking to interconnect with Platte River's electric system for the delivery of energy and/or capacity to Platte River or a third party must sign an interconnection agreement with Platte River. The terms and conditions of such interconnection will be governed by Platte River's then-current interconnection policies and procedures applicable to third party providers. A QF must pay any interconnection costs Platte River assesses to customers with similar facility and operational characteristics.

Wholesale Transmission Service Tariff (Tariff WT-24)

Platte River Power Authority (Platte River) offers transmission service through this Wholesale Transmission Service Tariff (Tariff WT-24). Tariff WT-24 does not apply to any entity taking service under Platte River's Firm Power Service Tariff; Standard Offer Energy Purchase Tariff; or Large Customer Service Tariff. Tariff WT-24 may or may not be equivalent to Platte River's open access transmission service tariff (OATT), posted on Platte River's Open Access Same-Time Information System (OASIS) web site.

A summary of the charges follows.

(1) Scheduling, System Control, and Dispatch Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(2) Reactive Supply and Voltage Control from Generation Sources Service

The charges equal the following:

Yearly	\$1,056.85 per megawatt of Reserved Capacity per year
Monthly	\$88.07 per megawatt of Reserved Capacity per month
Weekly	\$20.32 per megawatt of Reserved Capacity per week
Daily	\$4.06 per megawatt of Reserved Capacity per day
Hourly	\$0.25 per megawatt of Reserved Capacity per hour

(3) Regulation and Frequency Response Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(4) Energy Imbalance Service

Platte River is not a Balancing Authority or market operator and does not offer this service. To the extent the Balancing Authority or Western Energy Imbalance Service (WEIS) Market Operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Balancing Authority or WEIS Market Operator.

(5) Operating Reserve—Spinning Reserve Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(6) Operating Reserve—Supplemental Reserve Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(7) Long-Term and Short-Term Firm Point-to-Point Transmission Service

The charges can be up to the following limits:

Yearly delivery	\$78,447.13 <u>\$78,477.13</u> per megawatt of Reserved Capacity per year
Monthly delivery	\$6,539.76 per megawatt of Reserved Capacity per month
Weekly delivery	\$1,509.18 per megawatt of Reserved Capacity per week
Daily delivery	\$301.84 per megawatt of Reserved Capacity per day
Hourly delivery	\$18.87 per megawatt of Reserved Capacity per hour

Daily rate of \$301.84 not to exceed the product of the number of megawatts reserved for the week times the maximum weekly demand charge of \$1,509.18.

Hourly rate of \$18.87 not to exceed the product of the number of megawatts reserved for the day times the maximum daily demand charge of \$301.84 not to exceed the product of the number of megawatts reserved for the week times the maximum weekly demand charge of \$1,509.18.

(8) Nonfirm Point-to-Point Transmission Service

The charges can be up to the following limits:

Monthly delivery	\$6,539.76 per megawatt of Reserved Capacity per month
Weekly delivery	\$1,509.18 per megawatt of Reserved Capacity per week
Daily delivery	\$301.84 per megawatt of Reserved Capacity per day
Hourly delivery	\$18.87 per megawatt of Reserved Capacity per hour

Daily rate of \$301.84 not to exceed the product of the number of megawatts reserved for the week times the maximum weekly demand charge of \$1,509.18.

Hourly rate of \$18.87 not to exceed the product of the number of megawatts reserved for the day times the maximum daily demand charge of \$301.84 not to exceed the product of the number of megawatts reserved for the week times the maximum weekly demand charge of \$1,509.18.

Real power losses

Real Power Losses are associated with all Transmission Service and Network Integration Transmission Service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer and Network Customer must replace losses associated with all Transmission Service and Network Integration Transmission Service as calculated by the Transmission Provider or the Balancing Authority. Transmission Customer and Network Customer will pay based on the Real Power Loss factor of 0.99% for Transmission Service and Network Integration Transmission Service on the Transmission Provider's transmission capacity in the Public Service Company of Colorado (PSCo) Balancing Authority. Transmission Customer and Network Customer will pay a pass-through charge of Western Area Power Administration (WAPA) assessed losses for Transmission Service and Network Integration Transmission Service on the Transmission Provider's transmission capacity in the WAPA Balancing Authority Area. Transmission Customer and Network Customer will pay both the Real Power Loss factor and the WAPA pass-through charges for Transmission Service and Network

Integration Transmission Service using transmission capacity in both PSCo and WAPA Balancing Authority Areas.

Transmission Revenue Requirement

The charge for Network Integration Transmission Service is calculated pursuant to the Federal Energy Regulatory Commission (FERC) Pro Forma Open Access Transmission Tariff Attachment H based on Platte River's annual transmission revenue requirement of \$45,044,265. This transmission revenue requirement is calculated in accordance with the FERC pro-forma Network Service Rate calculation requirement.

WEIS Joint Dispatch Transmission Service

Platte River, as a WEIS Joint Dispatch Transmission Service Provider, will provide WEIS Joint Dispatch Transmission Service on Platte River's transmission facilities to a WEIS Joint Dispatch Transmission Service Customer commensurate with, and to accommodate, the energy dispatched within the WEIS Market, as set forth in the WEIS Tariff. The rate Platte River for WEIS Joint Dispatch Transmission Service is set forth below:

Hourly delivery:

On-Peak Hours: the on-peak rate \$0.00/MWh

Off-Peak Hours: the off-peak rate \$0.00/MWh

Large Customer Service Tariff (Tariff LC-~~2324~~)

Applicability:

The Large Customer Service Tariff (Tariff LC-~~2324~~) is available and may be required for firm and interruptible energy furnished by Platte River Power Authority (Platte River) to Owner Communities for resale to Large Customers. For the purposes of this tariff the “Owner Communities” means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Large Customers are end-use customers meeting any of the following criteria:

- Customer requests new service entrance capacity of 10,000 kilowatts or greater.
- Customer has a new load that cannot be readily served from the Owner Community’s distribution system under the Firm Power Service Tariff or its successor due to the unusual nature of the load.
- Customer metered demand is anticipated to reach 1,000 kilowatts at a single site within 12 months of requesting such service as demonstrated to the Owner Community and Platte River’s satisfaction; provided, however, that if the metered demand does not reach 1,000 kilowatts within a 12-month time frame, the customer must receive service under another tariff offered by the Owner Community until the metered demand reaches 1,000 kilowatts for a continuous 12-month period.
- Customer with load at a single site with a single meter measuring a minimum metered demand of 1,000 kilowatts or greater.
- Customer with load at a single site with multiple meters, where the sum of the coincident metered demand for such meters is 1,000 kilowatts or greater.
- Total load for a customer with multiple, non-contiguous sites aggregated under a single Service Agreement with the Owner Community provided that the customer has at least one site where the minimum metered demand is 1,000 kilowatts or greater and all loads are located within the Owner Community’s service territory.

Prior to receiving service pursuant to this tariff, the Large Customer must enter into an agreement for electric service (Service Agreement) with the Owner Community in which their load is located. The Service Agreement will identify Platte River as a third-party beneficiary of the Service Agreement. The Service Agreement will address, at a minimum, the following material terms:

- Charges for service, including responsibility for infrastructure costs
- Term of Service Agreement
- Initial date of service under this tariff
- Rate adjustments
- Amount and timing of curtailments or interruptions (if any)
- Standby provisions

Each of these terms and conditions will be established in consultation with Platte River and will be confirmed in a letter from the Platte River General Manager/CEO to the Owner Community. The Owner Community will negotiate the specific form of the Service Agreement with the Large Customer.

Charges for Service:

The monthly charges to an Owner Community for service by Platte River under this tariff will be determined based on the unique load characteristics, service requirements, and related costs to serve the Large Customer and will be approved by the Platte River board of directors.

Adjustment of Charges:

Unless otherwise agreed, adjustments to the charges will be made on an annual basis at a minimum and will reflect actual changes in Platte River's cost of service including, but not limited to, financing costs, fuel (including delivery), operation and maintenance, environmental management, and purchased power.

Character of Service:

Alternating current at approximately 60 hertz; three-phase; delivery at 115 kilovolts or at other voltages subject to conditions as agreed upon; metering at each delivery point.

Metering, Invoicing and Losses:

The Owner Community will provide to Platte River the monthly demand, energy, power factor and other usage characteristics as may be required for billing the Owner Community on a calendar month basis, for the Large Customer usage. The Owner Community should provide this information to Platte River within five business days of obtaining such data. Following its receipt of the monthly billing data for the Large Customer, Platte River will prepare and send to the Owner Community an invoice for the electric power service provided to the Owner Community for the Large Customer, with the appropriate charges.

The Owner Community, at its discretion, may opt to include in the Large Customer's monthly energy usage the distribution losses that occur between the Platte River point of delivery to the Owner Community and the point of delivery to the Large Customer. In such case, the Owner Community will provide to Platte River the total energy usage including losses of the Large Customer and an appropriate charge will be invoiced.



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

2024 Rate Tariff Schedules

Draft



Firm Power Service Tariff (Tariff FP-24)

Applicability:

The Firm Power Service Tariff (Tariff FP-24) will apply to all firm electric service furnished to an Owner Community for distribution and resale pursuant to its contract with Platte River Power Authority (Platte River), unless the Owner Community purchases a portion of its electricity requirements under another tariff schedule. For the purposes of this tariff the "Owner Communities" means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland.

This tariff will not be available to an Owner Community for service to (a) any retail customer that requests new service entrance capacity of 10,000 kilowatts or greater or (b) any retail customer that has a new load of an unusual nature that cannot be readily served from the Owner Community's distribution system. Electric power and energy services that are provided to an Owner Community for resale to customers that are excluded from service under this tariff will be provided under the terms and conditions of the Large Customer Service Tariff.

Character of Service:

Alternating current 60 hertz; three-phase; delivery at 115 kilovolt or at other voltages subject to conditions as agreed upon; metering at each delivery point.

Monthly Rate:

The Monthly Rate charged to Owner Communities, as approved by the Platte River board of directors, will be as follows:

Owner Community Charge:

Owner Community rate of \$13,059 per month per Owner Community Allocation

Transmission Demand Charge

\$6.68 per kilowatt of Noncoincident Billing Demand

Generation Demand Charge:

Summer Season \$6.61 per kilowatt of Coincident Billing Demand

Nonsummer Season \$4.92 per kilowatt of Coincident Billing Demand

Fixed Cost Energy Charge:

\$0.01681 per kilowatt-hour for all energy supplied

Variable Cost Energy Charge:

\$0.02427 per kilowatt-hour for all energy supplied

Summer / Nonsummer Season:

The Summer Season will be the period June 1 through September 30 of each year. The Nonsummer Season will be the period January 1 through May 31 and October 1 through December 31.

Owner Community Allocation:

The Owner Community Allocation represents each Owner Community's share of Platte River's total Owner Community energy sales over the previous six-year period as determined at the end of the year. The Owner Community Allocation is calculated as the sum of each Owner Community's energy sales over the previous six-year period divided by the total Owner

Community energy sales during that time, utilizing the year-end sales values as determined by Platte River. The resulting ratio is multiplied by 100 to create a value to be utilized as the Owner Community Allocation which is multiplied by the Owner Community Charge.

Billing Demand:

The Coincident Billing Demand will be the 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Owner Community receives electric power and energy, measured coincident with the Monthly System Peak Demand for Platte River.

The Monthly System Peak Demand for Platte River will be the maximum coincident sum of the hourly demands for the Owner Communities recorded during the billing month subject to a minimum demand calculation. The minimum demand for the Coincident Billing Demand will be equal to 75% of the Owner Community's average maximum Coincident Demand during the three preceding summer periods beginning with the most recent completed year. Each summer period will have one peak Coincident Demand value, which is the peak Coincident Demand value during the summer period. The average is the total of the peak Coincident Demand values for the three preceding summer periods divided by three.

The Noncoincident Billing Demand will be the maximum 60-minute average kilowatt demand of the electric system of the Owner Community, computed as the sum of 60-minute average kilowatt demands recorded simultaneously at all delivery points through which such Owner Community receives electric power and energy, without regard to the timing of the Monthly System Peak Demand subject to a minimum demand calculation. The minimum demand for the Noncoincident Billing Demand will be equal to 75% of the Owner Community's average maximum Noncoincident Demand during the three preceding annual periods beginning with the most recent completed year. Similarly, each annual period will have one peak Noncoincident Demand value, which is the peak Noncoincident Demand value during that period. The average is the total of the Noncoincident Demand values for the three preceding annual periods divided by three.

Standard Offer Energy Purchase Tariff (Tariff SO-24)

Applicability:

The Standard Offer Energy Purchase Tariff (Tariff SO-24) applies to power production facilities that (1) have registered with the Federal Energy Regulatory Commission (FERC) as Qualifying Facilities (QFs) under the Public Utility Regulatory Policies Act of 1978, as amended, and its associated regulations (the PURPA Provisions) and (2) are electrically connected to Platte River's transmission system or the distribution system of one of Platte River's owner communities (the Town of Estes Park, the City of Fort Collins, the City of Longmont or the City of Loveland). Any Platte River purchase of output from a QF is subject to Platte River's policy governing purchase from QFs, as stated below.

Platte River's policy governing purchases from PURPA QFs

Capacity Forecast:

Platte River prepares an Integrated Resource Plan as required by 10 Code Federal Regulations (CFR) part 905. The Integrated Resource Plan forecasts Platte River's load, identifies and compares all practicable distributed energy resources and energy supply resource options to meet that load, and includes an action plan and timing to implement any additional capacity requirements. The Integrated Resource Plan is used to determine how much additional capacity Platte River will require and when. Platte River will maintain for public inspection its plans for capacity additions, by amount and type, for purchases of firm energy and capacity and for its capacity requirements.

Obligation to Purchase Energy:

Platte River will purchase, on a nondiscriminatory basis, the output from any QFs subject to the following limitations:

- a) Firm energy. Platte River is under no obligation to purchase firm energy or capacity offered by a QF under a "legally enforceable obligation" for a period greater than five years.
- b) Non-firm energy. Platte River is under no obligation to enter into a contract or "legally enforceable obligation" to purchase non-firm energy offered by a QF. For purposes of this policy, "non-firm" energy means power provided under an arrangement that does not guarantee scheduled availability for a specified term. At its discretion, Platte River may negotiate with a QF to develop mutually acceptable contract terms under which Platte River would purchase non-firm energy offered by the QF.

During a system emergency, Platte River may discontinue purchases of energy or capacity (or both) where necessary to protect the safety and reliability of the Platte River system. Platte River will have no obligation to purchase or accept delivery of energy or capacity for as long as an emergency condition exist.

Pricing:

Each QF has the option either:

- a) To provide energy as the QF determines to be available for purchases, in which case the rates for the energy will be based on Platte River's avoided costs calculated at the time of delivery; or

- b) To provide energy or capacity under a legally enforceable obligation for delivery of energy or capacity over a specified term, in which case the rates for the energy will be either of the following (at the QF's option, exercised before the specified term begins):
 - i) Platte River's Avoided Energy Rate (\$0.02191 per kilowatt-hour for electricity made available to Platte River); or
 - ii) Platte River's avoided energy rate calculated at the time the obligation is incurred.

Platte River's Avoided Energy Rate is based on its current portfolio of generation resources and is subject to change on an annual basis. Platte River will separately calculate its avoided capacity costs.

Capacity Payments:

The capacity value of firm QF power offered for sale to Platte River during periods where Platte River has no projected needs for additional capacity will be zero dollars (\$0.00). During these periods, QFs offering to sell firm capacity to Platte River will not be entitled to any capacity payments, and will be entitled only to avoided energy costs. Platte River will not enter into any new written contracts to make capacity payments to QFs in any year when Platte River has no projected resource deficit. In any year in which Platte River determines it needs to procure additional capacity, Platte River will calculate its avoided capacity costs using the information available to it and will publish the result of its studies. Platte River will not, in any event, be obligated to make capacity payments for any capacity greater than the resource deficit projected.

Interconnection:

A QF seeking to interconnect with Platte River's electric system for the delivery of energy and/or capacity to Platte River or a third party must sign an interconnection agreement with Platte River. The terms and conditions of such interconnection will be governed by Platte River's then-current interconnection policies and procedures applicable to third party providers. A QF must pay any interconnection costs Platte River assesses to customers with similar facility and operational characteristics.

Wholesale Transmission Service Tariff (Tariff WT-24)

Platte River Power Authority (Platte River) offers transmission service through this Wholesale Transmission Service Tariff (Tariff WT-24). Tariff WT-24 does not apply to any entity taking service under Platte River's Firm Power Service Tariff; Standard Offer Energy Purchase Tariff; or Large Customer Service Tariff. Tariff WT-24 may or may not be equivalent to Platte River's open access transmission service tariff (OATT), posted on Platte River's Open Access Same-Time Information System (OASIS) web site.

A summary of the charges follows.

(1) Scheduling, System Control, and Dispatch Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(2) Reactive Supply and Voltage Control from Generation Sources Service

The charges equal the following:

Yearly	\$1,056.85 per megawatt of Reserved Capacity per year
Monthly	\$88.07 per megawatt of Reserved Capacity per month
Weekly	\$20.32 per megawatt of Reserved Capacity per week
Daily	\$4.06 per megawatt of Reserved Capacity per day
Hourly	\$0.25 per megawatt of Reserved Capacity per hour

(3) Regulation and Frequency Response Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(4) Energy Imbalance Service

Platte River is not a Balancing Authority or market operator and does not offer this service. To the extent the Balancing Authority or Western Energy Imbalance Service (WEIS) Market Operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Balancing Authority or WEIS Market Operator.

(5) Operating Reserve—Spinning Reserve Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(6) Operating Reserve—Supplemental Reserve Service

Platte River is not a Balancing Authority Area and does not offer this service. To the extent a Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

(7) Long-Term and Short-Term Firm Point-to-Point Transmission Service

The charges can be up to the following limits:

Yearly delivery	\$78,477.13 per megawatt of Reserved Capacity per year
Monthly delivery	\$6,539.76 per megawatt of Reserved Capacity per month
Weekly delivery	\$1,509.18 per megawatt of Reserved Capacity per week
Daily delivery	\$301.84 per megawatt of Reserved Capacity per day
Hourly delivery	\$18.87 per megawatt of Reserved Capacity per hour

Daily rate of \$301.84 not to exceed the product of the number of megawatts reserved for the week times the maximum weekly demand charge of \$1,509.18.

Hourly rate of \$18.87 not to exceed the product of the number of megawatts reserved for the day times the maximum daily demand charge of \$301.84 not to exceed the product of the number of megawatts reserved for the week times the maximum weekly demand charge of \$1,509.18.

(8) Nonfirm Point-to-Point Transmission Service

The charges can be up to the following limits:

Monthly delivery	\$6,539.76 per megawatt of Reserved Capacity per month
Weekly delivery	\$1,509.18 per megawatt of Reserved Capacity per week
Daily delivery	\$301.84 per megawatt of Reserved Capacity per day
Hourly delivery	\$18.87 per megawatt of Reserved Capacity per hour

Daily rate of \$301.84 not to exceed the product of the number of megawatts reserved for the week times the maximum weekly demand charge of \$1,509.18.

Hourly rate of \$18.87 not to exceed the product of the number of megawatts reserved for the day times the maximum daily demand charge of \$301.84 not to exceed the product of the number of megawatts reserved for the week times the maximum weekly demand charge of \$1,509.18.

Real power losses

Real Power Losses are associated with all Transmission Service and Network Integration Transmission Service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer and Network Customer must replace losses associated with all Transmission Service and Network Integration Transmission Service as calculated by the Transmission Provider or the Balancing Authority. Transmission Customer and Network Customer will pay based on the Real Power Loss factor of 0.99% for Transmission Service and Network Integration Transmission Service on the Transmission Provider's transmission capacity in the Public Service Company of Colorado (PSCo) Balancing Authority. Transmission Customer and Network Customer will pay a pass-through charge of Western Area Power Administration (WAPA) assessed losses for Transmission Service and Network Integration Transmission Service on the Transmission Provider's transmission capacity in the WAPA Balancing Authority Area. Transmission Customer and Network Customer will pay both the Real Power Loss factor and the WAPA pass-through charges for Transmission Service and Network

Integration Transmission Service using transmission capacity in both PSCo and WAPA Balancing Authority Areas.

Transmission Revenue Requirement

The charge for Network Integration Transmission Service is calculated pursuant to the Federal Energy Regulatory Commission (FERC) Pro Forma Open Access Transmission Tariff Attachment H based on Platte River's annual transmission revenue requirement of \$45,044,265. This transmission revenue requirement is calculated in accordance with the FERC pro-forma Network Service Rate calculation requirement.

WEIS Joint Dispatch Transmission Service

Platte River, as a WEIS Joint Dispatch Transmission Service Provider, will provide WEIS Joint Dispatch Transmission Service on Platte River's transmission facilities to a WEIS Joint Dispatch Transmission Service Customer commensurate with, and to accommodate, the energy dispatched within the WEIS Market, as set forth in the WEIS Tariff. The rate Platte River for WEIS Joint Dispatch Transmission Service is set forth below:

Hourly delivery:

On-Peak Hours: the on-peak rate \$0.00/MWh

Off-Peak Hours: the off-peak rate \$0.00/MWh

Large Customer Service Tariff (Tariff LC-24)

Applicability:

The Large Customer Service Tariff (Tariff LC-24) is available and may be required for firm and interruptible energy furnished by Platte River Power Authority (Platte River) to Owner Communities for resale to Large Customers. For the purposes of this tariff the “Owner Communities” means the Town of Estes Park, the City of Fort Collins, the City of Longmont and the City of Loveland. Large Customers are end-use customers meeting any of the following criteria:

- Customer requests new service entrance capacity of 10,000 kilowatts or greater.
- Customer has a new load that cannot be readily served from the Owner Community’s distribution system under the Firm Power Service Tariff or its successor due to the unusual nature of the load.
- Customer metered demand is anticipated to reach 1,000 kilowatts at a single site within 12 months of requesting such service as demonstrated to the Owner Community and Platte River’s satisfaction; provided, however, that if the metered demand does not reach 1,000 kilowatts within a 12-month time frame, the customer must receive service under another tariff offered by the Owner Community until the metered demand reaches 1,000 kilowatts for a continuous 12-month period.
- Customer with load at a single site with a single meter measuring a minimum metered demand of 1,000 kilowatts or greater.
- Customer with load at a single site with multiple meters, where the sum of the coincident metered demand for such meters is 1,000 kilowatts or greater.
- Total load for a customer with multiple, non-contiguous sites aggregated under a single Service Agreement with the Owner Community provided that the customer has at least one site where the minimum metered demand is 1,000 kilowatts or greater and all loads are located within the Owner Community’s service territory.

Prior to receiving service pursuant to this tariff, the Large Customer must enter into an agreement for electric service (Service Agreement) with the Owner Community in which their load is located. The Service Agreement will identify Platte River as a third-party beneficiary of the Service Agreement. The Service Agreement will address, at a minimum, the following material terms:

- Charges for service, including responsibility for infrastructure costs
- Term of Service Agreement
- Initial date of service under this tariff
- Rate adjustments
- Amount and timing of curtailments or interruptions (if any)
- Standby provisions

Each of these terms and conditions will be established in consultation with Platte River and will be confirmed in a letter from the Platte River General Manager/CEO to the Owner Community. The Owner Community will negotiate the specific form of the Service Agreement with the Large Customer.

Charges for Service:

The monthly charges to an Owner Community for service by Platte River under this tariff will be determined based on the unique load characteristics, service requirements, and related costs to serve the Large Customer and will be approved by the Platte River board of directors.

Adjustment of Charges:

Unless otherwise agreed, adjustments to the charges will be made on an annual basis at a minimum and will reflect actual changes in Platte River's cost of service including, but not limited to, financing costs, fuel (including delivery), operation and maintenance, environmental management, and purchased power.

Character of Service:

Alternating current at approximately 60 hertz; three-phase; delivery at 115 kilovolts or at other voltages subject to conditions as agreed upon; metering at each delivery point.

Metering, Invoicing and Losses:

The Owner Community will provide to Platte River the monthly demand, energy, power factor and other usage characteristics as may be required for billing the Owner Community on a calendar month basis, for the Large Customer usage. The Owner Community should provide this information to Platte River within five business days of obtaining such data. Following its receipt of the monthly billing data for the Large Customer, Platte River will prepare and send to the Owner Community an invoice for the electric power service provided to the Owner Community for the Large Customer, with the appropriate charges.

The Owner Community, at its discretion, may opt to include in the Large Customer's monthly energy usage the distribution losses that occur between the Platte River point of delivery to the Owner Community and the point of delivery to the Large Customer. In such case, the Owner Community will provide to Platte River the total energy usage including losses of the Large Customer and an appropriate charge will be invoiced.



Memorandum

Date: 9/20/2023

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, senior manager, financial reporting and budget

Subject: **Proposed 2024 Strategic Budget work session**

We are pleased to present the proposed 2024 Strategic Budget document, which demonstrates how planned expenses for the upcoming year are aligned with our three foundational pillars, strategic initiatives and core operations. A copy is attached for your review. The budget reflects the direction and guidance provided by the 2023 Strategic Plan. The budget document has four main sections:

- Overview – This section introduces the budget document and provides background information about the organization, the owner communities, and Platte River’s goals and departmental objectives.
- Summary – This section describes how the budget supports our three foundational pillars, strategic initiatives and core operations. This section also describes the specific work planned in each area and outlines related expenses.
- Budget – This area consists of several sections, including a summary of financial results, comparisons to the strategic financial plan and consolidated budget schedules. These sections also include brief descriptions of revenues, operating expenses, capital additions and debt service expenditures, as well as detailed comparison schedules. The capital additions section also describes capital projects and project cost estimates.
- Additional information – The budget process section details the budget development process and includes the overall schedule. The financial governance section refers to the financial policies that provide the framework for our financial activities and budget development.

Staff will present the proposed budget at the September board meeting, reviewing the revenues and expenses related to the key activities planned for 2024. To provide a comprehensive view of the

budget, there will also be detail slides and related trend information at the end of the slide deck for your reference. Staff will not present this detail information.

We are continually refining the budget as the production cost model is updated each quarter and new information becomes available about other expenditures. We anticipate changes that are not yet quantified. The net change will not impact the proposed 2024 charges included in the 2024 Rate Tariff Schedule. Staff will present any changes to the budget at the October board meeting.

A second review session and the required public hearing are scheduled for October. Staff will ask the board to adopt the budget in December, and so will not request board action at this meeting.

Attachment

- Proposed 2024 Strategic Budget – draft

Proposed 2024 Strategic Budget

TABLE OF CONTENTS





Overview

Letter from board chair and general manager/CEO	4
At a glance	6
Capacity and energy.....	7
Vision, mission and values.....	8
Our communities	10
Board of directors	12
Senior leadership team	13
2024 goals	14
Organizational structure.....	16

Summary

Proposed 2024 Strategic Budget Summary	28
Strategic initiatives	30
Core operations.....	38

Budget

Financial review	43
Consolidated budget schedules	45
Revenues.....	54
Operating expenses.....	61
Capital additions.....	82
Debt service expenditures and other long-term obligations	98

Additional information

Budget process.....	104
Financial governance	112
Acronyms and terms	119

LETTER FROM BOARD CHAIR AND GENERAL MANAGER/CEO

After more than 50 years of providing reliable, environmentally responsible and financially sustainable energy and services (the foundational pillars of the organization), Platte River Power Authority and our owner communities of Estes Park, Fort Collins, Longmont and Loveland continue to lead the energy transition in Northern Colorado. As challenges and opportunities arise on our path toward a noncarbon energy future, our organizations remain committed to each other and focused on the customers we serve.

The Resource Diversification Policy (RDP) adopted in 2018 continues to serve as our North Star. This proposed 2024 Strategic Budget reflects the current investments needed to proactively decarbonize our portfolio while maintaining our foundational pillars and includes developing and expanding our workforce in the areas of legal, contracts, data analytics, settlements and trading as we transition to a more integrated organization. The budget also aligns with the updated strategic initiatives established by Platte River's Board of Directors and senior leadership team in 2023.

We plan nearly \$294 million in expenditures, with approximately 85% of operating and capital budgets allocated to core operations and 15% contributing to strategic initiatives. These investments reflect the accelerated integration of noncarbon resources and the installation of a dispatchable resource to support the increasing number of renewable energy facilities on Platte River's system.

The proposed 2024 Strategic Budget includes tariff charges reflecting a budgeted 5% average wholesale rate increase. The increase is part of a multiyear strategy to minimize rate volatility in support of our continued trajectory as we journey toward a noncarbon energy future. As we move forward, we will continue to evaluate our rate strategy to maintain financial sustainability

and work with Platte River's Board of Directors if adjustments are needed to fulfill the RDP. Construction of the 150 megawatt (MW) Black Hollow Sun project continues in 2024 following numerous setbacks during the COVID-19 pandemic. We expect to sign a power purchase agreement (PPA) for our next solar and storage project in late 2023 or early 2024, increasing future renewable energy on our system. We are also moving forward with development of a new dispatchable resource to help maintain system reliability while enabling deeper decarbonization as we wait for long-duration storage technology to mature and for distributed energy resources (DER) to be deployed in our owner communities.

Developing and integrating DER in our owner communities is fundamental to our progress toward the RDP. Successful integration of DER will enable us to accurately forecast how DER operate. This will improve our ability to manage costs to serve load and leverage DER flexibility to provide energy and reliability services to the market.

In 2024, we will celebrate 10 years of the Efficiency Works™ program, a successful collaboration between the four owner communities and Platte River. Since 2014, Platte River and the owner communities have invested over \$70 million in the Efficiency Works program, bringing cumulative energy savings of approximately 269,000 megawatt-hours (MWh), about 1% of Platte River's load, and cumulative demand reduction of 38 MW. In 2024, the Efficiency Works program will continue evolving into distributed energy solutions (DES) to support our joint DER efforts.

Platte River has operated in Southwest Power Pool (SPP) Western Energy Imbalance Service (WEIS) market since April 2023. In this time, we have observed reductions in capacity factors on our baseload facilities when renewable resource output in the market is high; conversely, we have



seen volatile market pricing when loads are high and renewable output is low. These market conditions represent significant changes to our operations. This budget reflects the ongoing investments required to operate in this new environment. As we continue navigating WEIS, we are also preparing for entry into the SPP Regional Transmission Organization West (RTO West) in 2026.

In 2024, we will celebrate the 40th anniversary of commercial operation of Rawhide Unit 1. Since startup in 1984, Rawhide Unit 1 has operated as a baseload unit, produced over 77 million MWh of energy with a lifetime capacity factor of 84% and has been recognized with numerous awards for operational and environmental performance. Going forward, the unit must operate more flexibly. Our team is successfully using plant modernization investments to maximize renewables during periods of high output and help buffer us from volatile market pricing during high loads and low renewable output. With the unit's closure date planned for Dec. 31, 2029, we determined the next scheduled major maintenance outage can be moved from 2024 to 2025, reducing duration and costs of a future outage.

Despite challenges and setbacks, Platte River and our owner communities continue to work together toward the same goal. We are relentless and responsible in our pursuit of a noncarbon energy future. We will be transparent with our owner communities and their customers and will need their support and engagement to achieve our energy transition. With more than a half-century of experience as a community-owned, public power provider, we have a proven track record of success, and we can apply what we have learned as we move forward together in this new energy era.

Reuben Bergsten
Board chair

Jason Frisbie
General manager/CEO

PLATTE RIVER AT A GLANCE

Platte River Power Authority is a not-for-profit, community-owned public power utility that generates and delivers safe, reliable, environmentally responsible and financially sustainable energy and services to Estes Park, Fort Collins, Longmont and Loveland, Colorado, for delivery to their utility customers.

Headquarters

Fort Collins, Colorado

2024 peak demand of owner communities

713 MW

General manager/CEO

Jason Frisbie

2024 deliveries of energy

4,795,823 MWh

Began operations

1973

2024 deliveries of energy to owner communities

3,314,141 MWh

Staff 2024 budget

312

2024 revenues

\$313.3 million

Transmission system

Platte River has equipment in 27 substations, 263 miles of wholly owned and operated high-voltage lines, and 522 miles of high-voltage lines jointly owned with other utilities.

2024 operating expenses

\$238.5 million

2024 capital additions

\$36.9 million

2024 debt service expenditures

\$18.6 million

CAPACITY AND ENERGY

Resource capacity

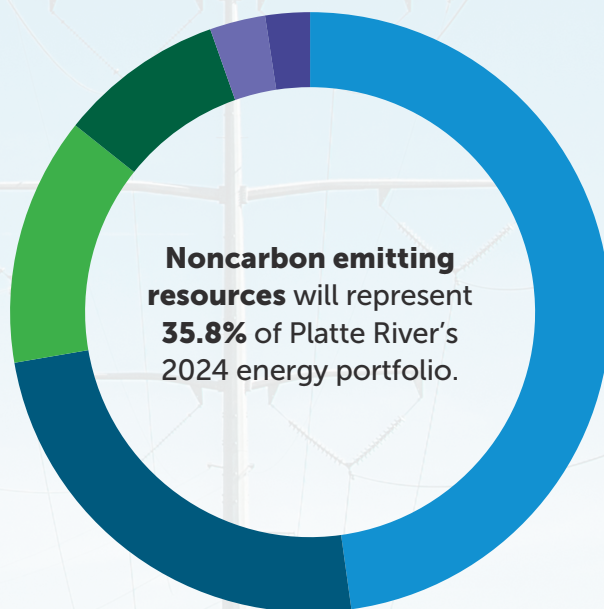
MW

Coal	431	
Natural gas	388	
Hydropower ⁽¹⁾	80	
Wind power ⁽²⁾⁽³⁾	303	67
Solar ⁽²⁾	52	22
Total	1,254	988

(1) Hydropower capacity is estimated and may vary with drought conditions.

(2) For the effective load carrying capability (ELCC) calculation, wind facilities are assigned firm capacity of 22% of their nameplate capacity and solar facilities are assigned 42% of their nameplate capacity. Platte River is also using a 2 MWh battery charged by solar.

(3) 72 MW of wind is currently sold to other entities, 60 MW of which will return to Platte River in 2030.



2024 system total

- Coal **47.8%**
- Wind **24.5%**
- Other purchases **13.4%**
- Hydropower **8.9%**
- Natural gas **3.0%**
- Solar **2.4%**

Includes renewable energy certificate (REC) allocations to carbon resources.

Due to drought conditions, not all hydropower may be considered noncarbon.

VISION, MISSION AND VALUES

VISION

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

MISSION

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



VALUES

The following values define our daily commitment to following the vision and mission of Platte River, which will strengthen our organization and improve the quality of life in the communities we serve.

SAFETY

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

INNOVATION

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

INTEGRITY

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

OPERATIONAL EXCELLENCE

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

RESPECT

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

SUSTAINABILITY

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

SERVICE

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

OUR COMMUNITIES

Platte River Power Authority is a Colorado political subdivision established to provide wholesale electric generation and transmission to the communities of Estes Park, Fort Collins, Longmont and Loveland.





ESTES PARK
COLORADO

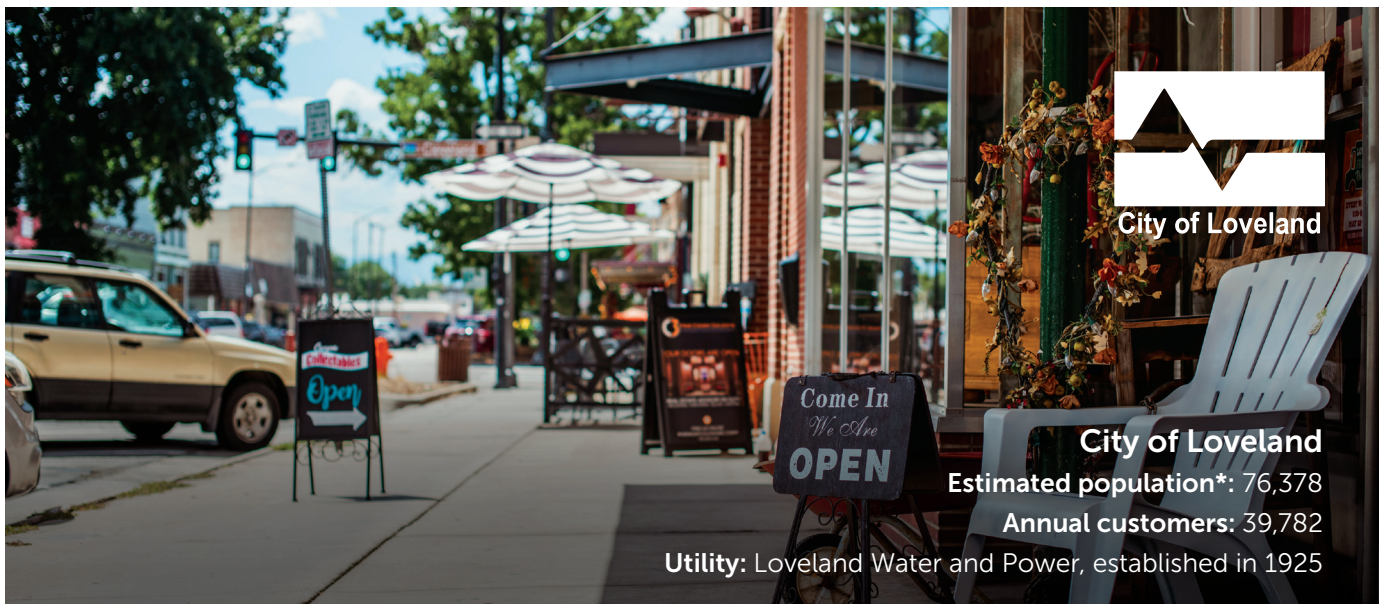
Town of Estes Park
Estimated population*: 5,904
Annual customers: 11,000
Utility: Estes Park Power and Communications, established in 1945





City of Longmont
Estimated population*: 98,885
Annual customers: 42,863
Utility: Longmont Power & Communications, established in 1912

*Based on the U.S. Census Bureau 2020 Decennial Census data



BOARD OF DIRECTORS

Platte River is governed by an eight-person board of directors designed to bring relevant expertise to the decision making process. The board includes two members from each owner community.

The mayor may serve or designate some other member of the governing board of their owner community to serve in their place on Platte River's Board of Directors. Each of the other four directors is appointed to a four-year staggered term by the governing body of the owner community represented by that director.



Wendy Koenig
Mayor
Town of Estes Park



Reuben Bergsten
Board chair
Director of utilities
Town of Estes Park



Jeni Arndt
Mayor
City of Fort Collins



Kendall Minor
Utilities executive
director
City of Fort Collins



Joan Peck
Mayor
City of Longmont



David Hornbacher
Assistant city
manager
City of Longmont



Jacki Marsh
Mayor
City of Loveland



Kevin Gertig
Vice chair
Director of Loveland
Water and Power
City of Loveland

SENIOR LEADERSHIP TEAM

Platte River operates under the direction of a general manager who serves at the pleasure of the board of directors. The general manager is the chief executive officer with full responsibility for planning, operations and the administrative affairs of Platte River. Platte River's senior leadership team has substantial experience in the utility industry.



Jason Frisbie
General manager/CEO



Eddie Gutiérrez
Chief strategy officer



Sarah Leonard
General counsel



Raj Singam Setti
Chief transition and
integration officer



Dave Smalley
Chief financial officer
and deputy general
manager



Melie Vincent
Chief operating officer



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

2024 GOALS

The proposed 2024 Strategic Budget supports Platte River’s ongoing efforts to carry out the RDP while maintaining our foundational pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities.

Reliability

100%

No loss of load to Platte River’s owner communities

Transmission

≥ 97%

Adjusted equivalent availability factor, no controllable outages

Rawhide Unit 1

0

No unplanned communication outages to Platte River’s owner communities

Fiber communications

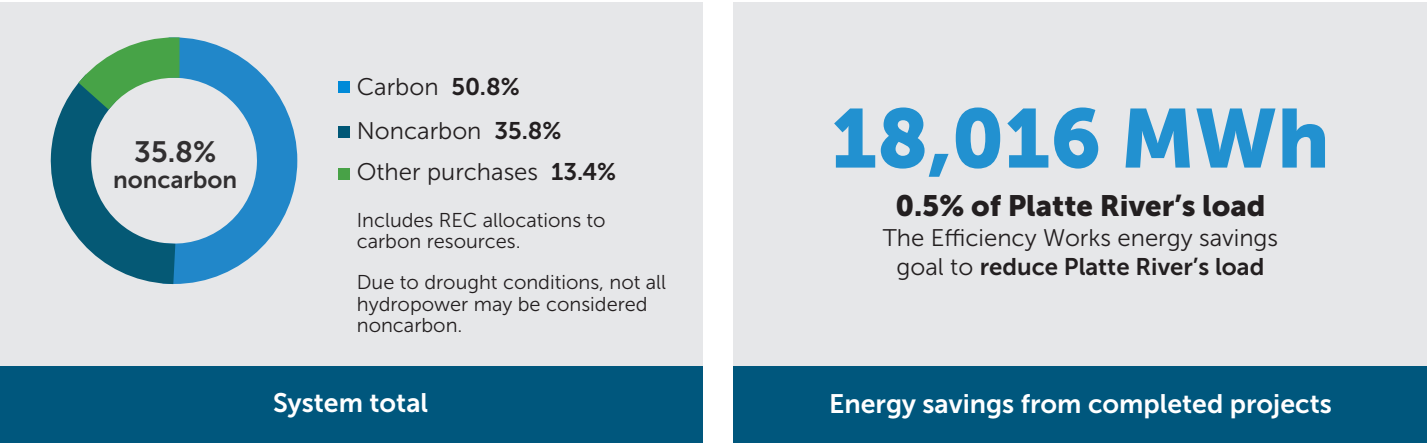
≥ 90%

Delivery reliability

Rawhide combustion turbines



Environmental responsibility



Financial sustainability

Credit rating	11%	2.58x	24%	439
	Net income as a percentage of projected operating expenses	Fixed obligation charge coverage ratio	Debt ratio	Unrestricted days cash on hand
AA	Target minimum 3%	Target minimum 1.50x	Target minimum Less than 50%	Target minimum 200 days
	2024 strategic financial plan (SFP) metrics			

ORGANIZATIONAL STRUCTURE

Platte River’s organizational structure consists of six divisions, each containing the departments needed to safely deliver reliable, environmentally responsible and financially sustainable energy and services to the owner communities. A brief description follows of each division and its departments, including 2024 objectives.

Platte River Power Authority
Board of Directors

Jason Frisbie
General manager/CEO

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

Administrative services

Eddie Gutiérrez

Chief strategy officer

Business strategies**Sarah Leonard**

General counsel

General counsel**Raj Singam Setti**

Chief transition and integration officer

Transition and integration services**Dave Smalley**

Chief financial officer and deputy general manager

Financial services**Melie Vincent**

Chief operating officer

Generation and transmission

General manager/CEO

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

In addition to ongoing operational oversight in 2024, the general manager will continue leading efforts to diversify Platte River's energy mix and achieve the board's and owner communities' electricity generation carbon reduction goals. Platte River will work with utility leaders from the owner communities to welcome DER and facilitate a distributed energy resources management system (DERMS) and further integrate the transmission and distribution systems. The general manager will lead essential collaborative efforts between Platte River and the owner communities.

Business strategies

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

Communications, marketing and external affairs develops and executes tactical and strategic plans to support Platte River's mission and provide information about the utility to staff, board of directors, stakeholders and the public. The department specifically manages internal and external communications, public relations, marketing, community engagement and support, legislative policies and government affairs to support Platte River, Efficiency Works and other specialized programs like DER. During 2024, the department will deploy significant outreach and communications programs to support the new strategic initiatives that emphasize greater engagement and collaboration with owner communities to collectively pursue a noncarbon energy future. Other focus areas include facilitating community engagement around Platte River's 2024 Integrated Resource Plan (IRP) and permitting of a new dispatchable resource; commemorating Rawhide Unit 1's 40th anniversary of operations; influencing public policy outcomes at the local, regional and statewide levels; and supporting regulatory processes for key projects. The department will also support growth in DER and DES programs.

Human resources proactively partners with internal operating departments to address strategic personnel opportunities in support of Platte River's strategic initiatives. The department focuses on attracting, developing and retaining talent for the organization. Human resources manages and focuses on minimizing controllable health care costs and risks while maintaining attractive and competitive staff benefits. In 2024, the department will focus on continuous process improvement of the overall total rewards strategy and program and support efforts toward the transition plan for Rawhide staff. Human resources will also refine and implement additional functionality within the human resources information system

while documenting processes and identifying more efficient ways to support the organization as it seeks to achieve the RDP.

Safety supports Platte River's core value of workforce, public and asset safety by administering and managing policies that leverage workforce training, education and safety culture development. The department will facilitate planned training for all staff and specialized groups in 2024 and track safety certifications required for designated roles. The department will also conduct annual occupational health testing, evaluate and acquire personal protective equipment and systems and provide issue-specific safety training through traditional and multimedia channels and by using third-party subject matter experts.

The **emergency response team**, certified by the state of Colorado, protects staff and infrastructure at the Rawhide Energy Station and provides mutual aid assistance to the owner communities, the Nunn Fire Protection District and the Wellington Fire Protection District. In 2024, the team will conduct 10 training events and perform required annual system testing and inspection in accordance with National Fire Protection Association standards.

General counsel

The general counsel division oversees Platte River's legal, environmental compliance and reliability compliance functions.

Legal provides a broad range of services to support all Platte River operations and strategic initiatives. Services include managing complex transactions, legal and regulatory compliance, support and advice to senior leadership and the board of directors, risk management and dispute resolution, contract management and review, and support for human resources and real estate matters. The legal department also supervises relationships with retained counsel who assist in specialized areas such as water law, public finance, pension and Federal Energy Regulatory Commission (FERC) regulations. In 2024, the legal department will emphasize efforts to expand noncarbon energy resources; advise on the legal implications of legislative and regulatory changes; continue to modernize contracting processes and documents; support Platte River as a participant in the Chimney Hollow Reservoir construction project; continue to improve information governance and privacy practices; and help train staff on legal and compliance obligations. Legal will continue to develop the framework for future participation in RTO West. The legal department will also work with outside counsel in legal proceedings to protect Platte River's interests, as appropriate.

Environmental compliance oversees Platte River's adherence to federal, state and local environmental regulatory requirements governing Platte River's operations. The department's primary activities include obtaining and managing compliance with various permits; reporting key operational data to local, federal and state regulatory agencies; monitoring emissions; managing environmental projects; assessing emerging regulatory changes; and collaborating with trade groups and other utilities on environmental topics. The department's focus in 2024 will be to support activities that advance the RDP by finalizing permitting of a dispatchable resource and to implement programs that comply with new federal and state requirements related to groundwater protection, which include regular field sampling, groundwater modeling and evaluation of mitigation options. The department will also

manage necessary environmental permitting in compliance with new or revised regional ozone nonattainment and greenhouse gas regulations.

Reliability compliance provides oversight and guidance for all North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) reliability obligations enforceable under the Energy Policy Act of 2005. Activities include compliance risk analysis and monitoring as well as compliance implementation guidance and support. In addition to providing reasonable assurance to senior leadership that Platte River meets all NERC and WECC regulatory compliance obligations, the department will continue to develop and implement a risk assessment and internal controls framework in 2024. This framework enables Platte River to demonstrate effective risk mitigation practices to WECC staff ahead of Platte River's next formal audit, as well as completing an outside compliance audit conducted by WECC.

Transition and integration services

The transition and integration services division drives Platte River's evolution toward a noncarbon energy future and focuses on energy transition leadership.

Portfolio strategy and integration

Portfolio strategy and integration develops near- and long-term power supply plans that drive strategies to achieve the RDP. These plans are developed with industry standard modeling tools and analytical methods and form the basis of the IRP, budgeting and wholesale rate projections. The department also provides analytical support for power transactions, DER integration, short-term operational optimization and WEIS analysis. During 2024, the department will complete and file the 2024 IRP, support stakeholder engagement for the dispatchable resource justification, refine a new resource integration schedule, continue assessment of innovative power generation and storage technologies and lead procurement of future PPAs for additional noncarbon resources as well as pursue opportunities for revenue generation through sales agreements.

Distributed energy resources

DER leads the coordinated and collaborative effort between Platte River and the owner communities to integrate DER to make them part of a reliable, financially sustainable and increasingly noncarbon electric system. In 2024, the department will collaborate with the chosen DERMS vendor to begin implementation, which is central to the integration of DER into Platte River's and the owner communities' electric systems by providing visibility into DER availability, aggregation and potential control. The department will also lead the distributed utility storage project, co-lead the development and implementation of flexible DER programs with the DES team, and support the completion of the 2024 IRP.

Distributed energy solutions

DES leads the development and implementation of customer DES, which provide technical and financial support to help customers use energy more wisely and better manage their electric loads. The department collaborates with owner community staff to provide DES to their customers under the Efficiency Works brand in addition to supporting the customer wind power purchase programs and associated REC tracking for the communities. In 2024, the department will continue expanding beyond energy efficiency program offerings to encourage the deployment of additional DER technologies in support of the RDP. The department will continue offering efficiency programs to residents and businesses and also plans to impact annual energy use and consumption through new DES offerings focused on building electrification, electric vehicle (EV) charging, demand flexibility and battery storage initiatives. These new offerings are anticipated to grow in future years to align with Platte River and owner community goals.

Digital

The digital department, composed of eight functional groups, enables a secure and reliable technology ecosystem by leading Platte River's digital transformation with innovative strategies and solutions.

Information and cyber governance develops cybersecurity strategy and manages the cyber risk remediation program. The group designs and implements the asset management program and provides information governance support to the organization, making data and information available, reliable, secure and transparent. The group researches technical security controls, manages security systems, provides cybersecurity education for the organization and oversees the vulnerability management program.

Client technology and security manages end-user computing devices and applications, including laptops and desktops, special-purpose computers, non-enterprise software, audio and video systems, building support systems, printers, mobile devices and more. The group is responsible for client-facing system administration and mobile device management via on-premise and cloud tools. The team collaborates with others to supply project resources, provides access services for market resources (local security administration), coordinates digital communications and remediates security vulnerabilities on client devices.

Enterprise applications manages the lifecycle of all enterprise applications, including data center and cloud-based applications used across the enterprise or by a large part of the user community. Examples include the financial, maintenance management and human resources information systems. Activities include supporting other departments with applications-related business need analysis, requirements gathering, product research, vendor evaluations, project planning, contractor management and ongoing maintenance.

Enterprise infrastructure manages the backend systems used by other departments to deliver services to end users. The group designs, implements and manages the wired and wireless enterprise networks, firewalls, servers, virtualization systems, storage systems and backup and recovery solutions.

Operational technology and critical infrastructure protection (CIP) compliance maintains the reliability, security and compliance of the regulated control systems that monitor 263 miles of wholly owned and operated high-voltage transmission lines and 27 electrical substations on Platte River's system. The group provides transmission system asset control, situational awareness, advanced applications and operations data exchange with critical partners while overseeing compliance with NERC regulations.

Fiber optics manages the network that provides high-speed, digital connectivity between Platte River's generating assets, its transmission system and the owner communities' distribution systems. Primary activities include maintenance, management and documentation of the physical fiber optic infrastructure and installation of new and relocation of existing fiber optic cable.

Telecommunications maintains the safe, reliable and secure operations of Platte River's wide-area communications network, a critical component to the transmission system's operation and communication with interconnected utilities.

Digital project management maintains the digital project portfolio and works with various digital leaders as well as other departments to perform project intake and assist in creating project documents. This new functional group represents an important step in the evolution of project portfolio management at Platte River as the organization works toward best practices in planning, prioritization and execution of projects.

During 2024, the digital department will initiate and manage multiple projects central to Platte River's operations and long-term objectives. A partial scope of projects includes:

- Replacement of the supervisory control and data acquisition (SCADA) system with an energy management system (EMS)
- Ongoing support and implementation of a compliance management platform, needed to comply with NERC regulatory standards
- Initiation of phase two of the rebuild project for the long-haul east fiber optic line, a 20-year-old overhead cable, that will add capacity between Boyd Substation and Longs Peak Substation
- Implementation and configuration of the enterprise resource planning (ERP) system
- Data archiving to identify, clean and migrate data for business units as they prepare for the ERP system implementation
- Selection and initial implementation of a DERMS
- Support of the implementation and integration of systems required for eventual operation in RTO West
- Data science and analytics projects to support the RDP

Financial services

As a service-providing division, financial services protects the short- and long-term financial sustainability of Platte River, manages the financial risk of the organization and supports organizational leadership through the following functions.

Treasury manages Platte River’s cash, investments and debt to verify the organization has sufficient financial resources to fund projects and initiatives while meeting the organization’s financial targets. Treasury includes Platte River’s accounts payable, purchasing, warehousing, inventory control and contract administration functions.

Financial reporting and budgeting monitors and reports on Platte River’s financial status. This includes budget development as well as monthly and annual financial reporting, giving managers, directors, senior leaders and the board of directors the tools and information they need to make informed decisions. This team also coordinates Platte River’s annual financial audit and leads the budget process in compliance with Colorado state budget law.

Accounting manages the transactional side of accounting including capital, fuel, metering, market settlements and invoicing for the organization. This team also provides reporting to managers, directors and senior leaders to make informed decisions in these areas. This team also assists with coordinating the annual financial audit and budget preparation.

Financial planning and rates develops financial and rates models and establishes metrics for financial sustainability. This team is responsible long-term financial planning using established models and works closely with the resource planning department. In collaboration with senior leadership and the board of directors, this team establishes rate strategy and design, maintains the rate setting policy and establishes rate tariffs.

Enterprise risk management coordinates risk management activities at Platte River. These activities include overseeing the risk assessment and mitigation process, working with risk owners in the organization and reporting to the risk oversight committee. The manager works with internal audit, other departments and the risk oversight committee to develop, support and maintain the enterprise and energy risk management programs.

Internal audit provides independent, objective assurance and consulting services. This includes assessing risks to organizational objectives, confirming asset protection and analyzing processes for compliance with regulations, policies and procedures. Internal audit helps management understand risks and provides recommendations to help enhance the efficiency and effectiveness of risk management, internal control and governance processes.

During 2024, the financial services division will participate in the implementation of the ERP system and support preparations for RTO West entry. The financial planning and rates team will also analyze varying cost allocations, rate designs and strategies for DER initiatives and support completion of the 2024 IRP. The risk team will provide training and educational risk sessions to the organization and continue to expand the enterprise risk management program by working through the results of the risk assessment performed in 2023.

Generation and transmission

The generation and transmission division manages the core functions of Platte River – the generation of power and the delivery of high-voltage electricity to substations in the owner communities. This division is composed of several departments and groups that collaborate to fulfill Platte River’s core operations and strategic direction.

Fuels and water

Fuels and water manages the availability and delivery of critical resources necessary to operate generation facilities reliably and efficiently. Primary activities include managing contracts, developing strategies to optimize coal and rail agreements, maintaining a reliable water supply and accurately planning for future fuels and water needs. In 2024, the fuels and water group will continue to support the Chimney Hollow Reservoir construction project while optimizing Platte River's water resources portfolio, engage in regional water discussions and continue strategic planning efforts at the Trapper Mine to optimize coal inventory levels at the Craig Generating Station. An additional focus will be strategic management of coal deliveries for Rawhide Unit 1 to align with projected burn rates.

Power generation

The power generation departments perform every job associated with the generation of electricity at the Rawhide Energy Station. These departments manage plant operation and maintenance, fuel handling, control systems, design and engineering, and building and property maintenance.

Power generation administration oversees power generation, plant operations, maintenance, engineering, fuel handling and facilities maintenance at the Rawhide Energy Station. The group also participates on the engineering and operations committee of the Craig Generating Station. 2024 efforts will include further adapting the Rawhide Energy Station to changing market conditions driven primarily by increased use of intermittent resources and participation in WEIS. The team will continue work on a transition plan for Rawhide staff and a decommissioning plan for Rawhide Unit 1.

Plant engineering services supports operations and maintenance activities for all Rawhide Energy Station infrastructure related to power generation. Primary functions include troubleshooting process issues, inspection and assessment of major plant equipment during outages, maintenance assistance and identification and implementation of capital projects. During 2024, the department will continue to make reliability and availability improvements to the combustion turbines and enhance flexibility of Rawhide Unit 1 to more effectively meet evolving market demands and accommodate increased noncarbon resources.

Mechanical maintenance conducts safe and effective maintenance of all mechanical equipment and systems at the Rawhide Energy Station. The group plans and executes all outages and collaborates with engineering for the planning and execution of capital projects. Efforts in 2024 include scheduled inspections of combustion turbine units F and C. The group will also conduct ongoing Rawhide Unit 1 mechanical maintenance.

Instrumentation and electrical conducts safe and effective maintenance of all low- and medium-voltage electrical equipment, instrumentation and control systems at the Rawhide Energy Station. The group performs troubleshooting and repair services for Rawhide Unit 1 and all combustion turbines. During 2024, the group will perform preventive maintenance and prioritize corrective action to maintain generation reliability.

Fuel handling manages the coal supply to Rawhide Unit 1. The department is responsible for operating the rotary car dumping system, suppressing dust in all plant areas, maintaining the Rawhide short-line railroad system and managing fly and bottom ash from Rawhide Unit 1. Significant objectives for 2024 include maintaining an adequate coal supply, efficiently transferring ash from the plant to the monofill in compliance with regulatory requirements and sustaining effective dust suppression throughout the facility.

Plant operations manages and maintains all systems and components of Rawhide Unit 1 and the combustion turbines to maintain reliable generation that meets load demand and other obligations. In addition, the department supports operations of the water pump stations that serve the Rawhide Energy Station. The group will work in 2024 to support Rawhide Unit 1's high reliability with greater operational flexibility, including enhanced ramp rate and turndown.

Rawhide facilities maintains all buildings and structures, roofing, roads, heating, ventilation and air conditioning (HVAC) systems, lighting, plumbing, elevators, doors, windows and floors for all 48 buildings at the Rawhide Energy Station. The group also manages the bison herds and maintains the grounds including landscaping, rangeland management, weed and pest control and fencing. During 2024, the group will conduct standard maintenance activities.

Power markets

Power markets and generation dispatch schedules and dispatches generating resources to reliably meet energy requirements of the owner communities and other obligations. The department optimizes available resources using bilateral and an organized energy market to create the most cost-effective and reliable supply of energy to meet customer demand. In 2024, staff will begin preparations to join RTO West in support of Platte River's strategic initiatives and the RDP. The department will also manage available resources, including hydropower energy allocations from the Western Area Power Administration (WAPA), while considering ongoing drought conditions, and monitoring the development of new noncarbon resources under PPAs.

Power delivery

Power delivery manages the complex, long-term planning and real-time demands of Platte River's high-voltage transmission system to deliver energy to the owner communities. Staff leverages various tools to continually monitor thousands of system components yielding maximum performance and energy channeling efficiency. Large amounts of data and long-range plans are used to design and build transmission systems to meet future customer demand and optimize participation in WEIS and RTO West. Power delivery will be a critical component in future work to better integrate Platte River's transmission system with the distribution systems of the owner communities.

System engineering conducts long-range system planning, designs safe, reliable and financially sustainable transmission lines and substations along with system relaying protection and supports compliance-related activities. The department also provides engineering services under intergovernmental agreements with the owner communities,

when requested. In 2024, the team will provide engineering and project management support to complete construction and commissioning of the new Severance Substation, located in Weld County, that will interconnect the Black Hollow Sun Project to the existing transmission system. The team will also provide engineering support and project management for replacement of an autotransformer located at the Timberline Substation and a breaker replacement and relay upgrade project at the Airport Substation.

System operations safely and reliably operates Platte River's transmission system service to the owner communities and administers the transmission tariff. The department conducts coordinated transmission operations with neighboring reliability operators while complying with all required NERC and WECC reliability standards and in accordance with Platte River's processes and procedures. During 2024, the group will continue to implement new energy management system technologies to maintain safe and reliable transmission service when operating within the western interconnection, WEIS and as DER are incorporated.

System maintenance and facilities

System maintenance is responsible for building and maintaining electrical substation assets including those wholly owned by Platte River and some assets owned by the distribution utilities of the owner communities. The department also inspects and maintains Platte River's 230 kilovolt (kV) and 115 kV transmission lines. Collaborating with internal and external groups, the department manages equipment installations and inspections for capital projects, provides ongoing maintenance and conducts testing of substation equipment. During 2024, the group will perform transformer maintenance, battery maintenance and testing and substation breaker maintenance at Platte River substations. The team will perform ongoing systemwide vegetation management and will oversee contracted maintenance on the transmission system. The department will also work with the system engineering department to complete upgrades and improvements to substations, Severance Substation construction and transmission line configuration changes for highway construction.

Headquarters facilities is responsible for all building and grounds maintenance and repairs at the headquarters campus and substations. The group oversees maintenance activities so that spaces, structures and infrastructure are in optimal operating condition. They oversee and perform routine, scheduled, and anticipated maintenance on building equipment and systems that support the bulk electric system. Facilities also oversees grounds maintenance at 27 sites around the four owner communities. During 2024, the team will complete substation HVAC unit replacements at the Portner and Mary's Lake substations, install a system that takes stormwater drainage from the west side of the maintenance building and ties it into the underground storm water system, and evaluate adding more solar to the Energy Engagement Center roof structure to provide enough generation to incorporate a commercial-size battery system. The group will also continue optimizing the building automation system to maximize efficiencies and energy savings.

Physical security designs, implements and maintains the physical access control systems, administers intrusion detection systems at substations, manages video surveillance systems, oversees security guard services, reviews security policies and procedures for all Platte River locations and oversees multiple critical infrastructure protection standards relating to

physical security controls. In addition to ongoing operations in 2024, the group will install perimeter detection systems on the LaPorte and Severance substations and provide compliance evidence for the 2024 WECC audit of CIP physical security standards.

Fleet is responsible for purchasing and maintaining all Platte River vehicles. The group also maintains records and performs inspections as required by the Department of Transportation program.

PROPOSED 2024 STRATEGIC BUDGET SUMMARY

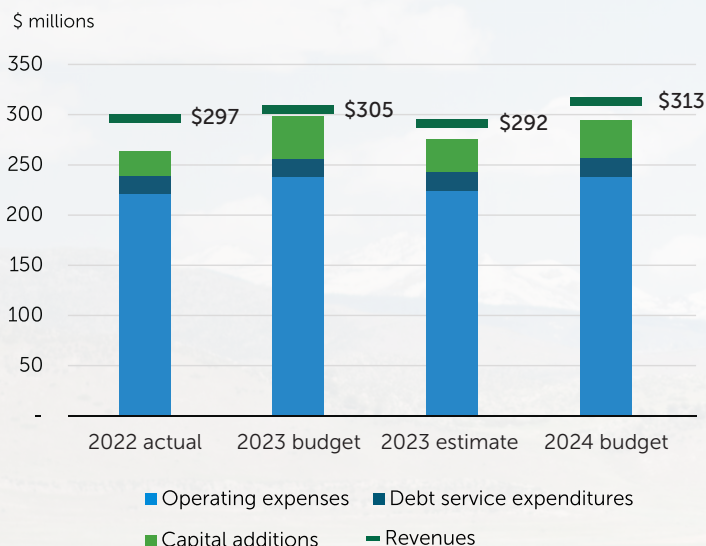
The Platte River Power Authority proposed 2024 Strategic Budget, produced under the direction of the organization's leadership, aligns with the long-range strategic plan to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River's tactical, operational and capital plans for the coming year.

The foundation for Platte River's 2024 budget represents ongoing investments to transform the organization based on its strategic initiatives and core operations. These reflect Platte River's foundational pillars of system reliability, environmental responsibility and financial sustainability. The pillars guide the decision making process that directs the resource allocations, revenues and expenses detailed in the budget.

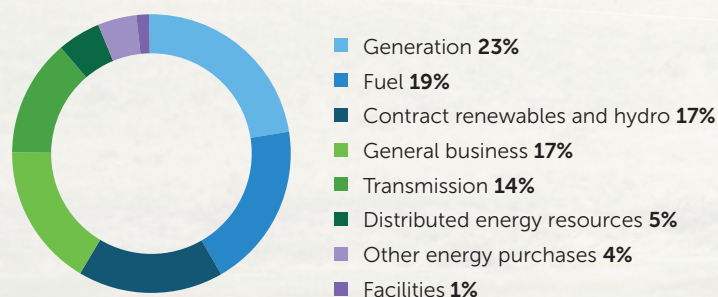
Expenses are managed from a broad perspective with the goal of operating the system in a safe, compliant and reliable manner while expanding environmental stewardship. Platte River communicates and collaborates with the owner communities to align processes and outcomes for the benefit of all customers.

Platte River's budget includes \$313.3 million in revenues and \$294 million in expenditures, consisting of operating, capital and debt. Of the \$275.4 million in operating expenses and capital additions, approximately 85% and 15% are allocated to activities supporting core operations and strategic initiatives, respectively.

Revenues



Operating and capital additions



Strategic initiatives

\$41.4 million, 15% of operating and capital

- Resource diversification planning and integration, \$27.4 million, 10%
- Community partner and engagement, \$2.2 million, 1%
- Workforce culture, \$2.1 million, 1%
- Process management and coordination, \$9.7 million, 3%

Activities

- Dispatchable resource design and air permitting
- Noncarbon resources infrastructure and planning
- DER, including DERMS, beneficial electrification and program development
- 2024 IRP development, RTO West planning and operational flexibility
- Public engagement for the RDP, IRP, DER and DES programs
- Workforce evolution and development
- ERP, enterprise risk management and project management

Core operations

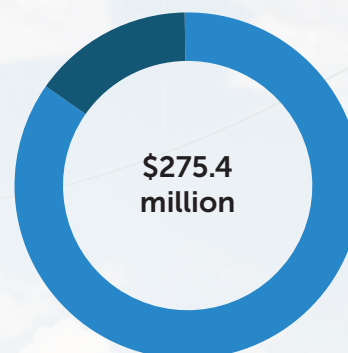
\$234 million, 85% of operating and capital

- Generation, including fuel, \$129.8 million, 47%
- Energy purchases including wind, hydropower and solar energy, \$58.9 million, 21%
- Transmission, \$35.1 million, 13%
- Energy efficiency programs, \$10.2 million, 4%

Activities

- Rawhide Energy Station and Craig Generating Station preventive, proactive maintenance and capital improvements for reliability, safety, efficiency and environmental compliance
- Proactive capital investments including combustion turbine Unit F projects, Trapper Mine reclamation, transmission line rebuild, transformer replacements, fiber optic replacement and expansion
- Continued generation from wind and solar resources under PPAs
- Ongoing operations and maintenance of the transmission system
- Energy efficiency programs
- Staffing additions to support organization changes and strategic initiatives

Operating expenses and capital additions



- Core operations **85%**
- Strategic initiatives **15%**

STRATEGIC INITIATIVES

\$41.4 million, 15% of operating and capital

Platte River remains committed to working toward the RDP adopted in 2018, which calls for a 100% noncarbon energy mix by 2030, while maintaining the organization’s foundational pillars of reliability, environmental responsibility and financial sustainability. According to the policy, achieving a 100% noncarbon energy mix requires key advancements in energy storage technology, transmission infrastructure, distributed generation resource performance and active participation in an organized energy market. Additional information is available at prpa.org/2030-goal/.

As Platte River celebrated half a century of public power in 2023, management and staff collaborated with the board of directors to develop a new strategic plan to reflect numerous industry changes since the 2018 Strategic Plan. Tied to Platte River’s vision, mission and values, the 2023 Strategic Plan provides direction and guidance for the future and aligns activities throughout the organization with the following four strategic initiatives:

- Resource diversification planning and integration
- Community partner and engagement
- Workforce culture
- Process management and coordination

The following information highlights investments in 2024 that support each strategic initiative.

Resource diversification planning and integration

\$27.4 million, 10%

Platte River’s resource diversification planning and integration effort is an evolution of the 2018 resource diversification and alignment strategic initiative. With a focus on implementing a diverse resource portfolio that reliably and affordably serves Platte River’s owner communities as coal-fired resources retire, this strategic initiative reflects the accelerated timeline of asset integration required to maintain the organization’s foundational pillars during the region’s energy transition and aligns with recommendations from ongoing resource planning efforts. This initiative also includes implementation of technological resources and data analytics to modernize the electric grid, optimization of assets for participation in an organized market and capturing opportunities as the industry continues to evolve.

Dispatchable resource

The RDP directs Platte River to proactively work toward a 100% noncarbon portfolio by 2030, provided the organization can maintain its foundational pillars and subject to necessary key advancements. The 2020 IRP identified the need for significant wind and solar resources to achieve this goal. The IRP also called for a dispatchable resource to maintain system reliability

while other technologies, such as long-duration storage, develop and reach maturity. The need for this type of resource was confirmed and further refined in subsequent resource planning activities in 2022 and is planned to be included in the 2024 IRP.

In 2023, Platte River established a cross-functional team to evaluate dispatchable resource technology options and make recommendations to senior leadership. The recommended technology is a high-efficiency, low-carbon dispatchable resource. The team also made substantial progress on air permit modeling and preliminary design activities.

In 2024, Platte River will invest approximately \$4.6 million of capital and \$0.3 million of operating funds in this multiyear project. Activities in 2024 will include further project definition, detailed engineering design and submitting an air permit application. This resource should begin commercial operation in early 2028, with total anticipated capital funding of \$239 million.

To support the dispatchable resource and other possible future resources, in 2024 Platte River will begin preliminary engineering and design of a \$13.5 million multiyear project to expand the existing Rawhide Substation by 2027. In addition to foundations, equipment installation and modifications to existing structures, the project will include grading land at the site and additional perimeter fencing.

Noncarbon resources

Noncarbon resources are expected to represent 35.8% of Platte River's 2024 total energy production, which includes REC allocations to carbon resources. Staff is advancing the RDP by working to secure additional solar, wind and storage resources before Rawhide Unit 1 retires. The goal is to spread out necessary investments and resulting rate impact while gaining needed operational experience and helping the owner communities achieve interim carbon reduction goals.

In late 2022, Platte River finalized an amended PPA to purchase solar energy from the 150 MW Black Hollow Sun Project. The project is expected to produce test energy in late 2024 and begin commercial operation in early 2025. Platte River will invest the final \$8.4 million of a total \$14.9 million project cost to complete construction and commissioning of the new Severance Substation in Weld County that will interconnect the Black Hollow Sun Project to Platte River's transmission system. Staff will also work to develop systems to view and, when needed to maintain reliability, limit solar output.

In 2024, staff will continue steps to integrate more renewables. The PPA for 100-150 MW of additional solar will be signed so that permitting and development can begin. Staff will also work to procure up to 200 MW of additional wind. Platte River's resource plans also call for a significant increase in storage to support decarbonization by aligning variable renewable energy generation with load. Having diverse storage types, durations and locations is important to improve their potential benefits. Until long-duration storage technology matures, Platte River will add short-term storage. For the next storage project, the DER department will coordinate with the owner communities on a 25 MW distribution-level storage project, with implementation starting in 2024 and a target commercial operation

date of 2026. Staff also plans to issue an RFP for a utility-scale 25 MW four-hour battery system in late 2023.

As Platte River continues to decarbonize its resource portfolio, it will need new substation facilities and modifications to existing substations to connect new renewable resource sites to the transmission system and improve transmission system reliability. It will also need to build new transmission lines to maintain reliability and relieve transmission congestion. Platte River will oversee these projects and, beginning in 2024 with a combined \$0.1 million investment, contract with external consulting services to support land rights, land acquisition efforts and permitting requirements. Specific project details will depend on new renewable resource types and locations. These multiyear substation projects are estimated to cost a total of \$10.1 million, with targeted completion in the fall of 2027, and multiyear transmission projects, estimated at \$50.3 million total, should conclude in summer 2028.

Distributed energy resources and solutions

DER are technologies deployed on the electric distribution system or on customer premises that can be used to provide individual customer benefits and value to all customers through electric system optimization. When deployed, DER enable individual customers to actively participate in and benefit from a reliable, financially sustainable increasingly noncarbon electric system. DER technologies include energy efficiency, EVs, energy storage, beneficial electrification and rooftop solar.

Investing \$3.3 million of operating funds in 2024, Platte River will work collaboratively with the owner communities to advance the following initiatives and impact an estimated 696 MWh:

- Technical and financial support for residential customers seeking to reduce the carbon impact of home space and water heating by converting from fossil fuel to efficient heat pump technology
- Information to support customers interested in transitioning to EVs through the EV educational website and new consulting services to support commercial customers evaluating fleet conversion to EVs
- Development of demand flexibility solution pilots for EVs and storage that can integrate with the DERMS described below
- Equitable program solutions to the owner communities and their customers
- Engagement and collaboration with other utilities and organizations that are developing and demonstrating effective approaches to integrate DER into customer DES program offerings
- Identification and evaluation of other new technologies that can provide additional benefits to customers and the electric system

Additionally, Platte River and the owner communities are working together on new programs that support development of a virtual power plant (VPP). A VPP is a portfolio of flexible DER capable of being operated, on a scheduled basis or in near-real time, to manage the electric supply-demand balance. A VPP could allow customers to save money by shifting energy

consumption from times when prices are high to times when prices are low and to be compensated by providing reliability services to the system.

Enabling a VPP requires significant upgrades to Platte River's and the owner communities' information technology and operations technology systems. A VPP needs additional systems for reliable, near-real-time communication with customers' DER. In addition, Platte River will need to aggregate DER in a system that allows individual DER to operate predictably and reliably in coordination with Platte River's participation in a regional market. VPP operation also must be coordinated with the owner communities as they manage DER for distribution system benefits.

Many different information and operation technology systems are involved in this coordination, such as customer information systems, advanced metering infrastructure and advanced distribution management systems. However, the DERMS is the core. Platte River expects to select a DERMS vendor in 2023 that can meet these requirements. This DERMS could be extended to owner communities for their use or integrated with a DERMS of their choice. After selection, Platte River will invest approximately \$2.5 million in 2024 to procure and begin implementing this \$9.9 million total multiyear project with an expected completion date by 2027.

Integrated resource plan

2023 included robust community engagement efforts and resource planning, including studies of current energy resources and those that may be added to meet anticipated energy demand while achieving the RDP. Traditionally due every five years, Platte River will complete the 2024 IRP one year ahead of schedule so that at least two IRPs are completed before Rawhide Unit 1 retires. These plans must reflect the most up-to-date assumptions and consider latest technologies. During 2024, Platte River will invest \$0.1 million in addition to extensive staff time to continue community engagement and finalize work on the 2024 IRP for board approval in the spring. The financial governance section has additional information about the IRP.

Organized energy markets

Platte River entered WEIS in April 2023, providing broader access to generation resources, enabling opportunities to improve operational efficiencies and seek out cost savings for the owner communities. In 2024, staff will continue managing day-to-day operations in WEIS to serve the owner communities' loads, economically and reliably dispatch available resources, and manage renewable generation resources.

As staff continues to navigate operating in WEIS, preparations to join RTO West will continue. A cross-functional team within Platte River and industry expert consultants will identify and develop requirements, training, business processes and systems needed for successful participation in this full, day-head market. Platte River will need new marketing software functionality to develop bids and offers and manage settlements in RTO West. In parallel, Platte River's finance, legal and transmission teams will collaborate to address transmission

cost recovery in RTO West. The 2024 budget includes approximately \$1 million towards these early efforts.

To optimize participation in organized energy markets, Rawhide staff will continue to test and operate Rawhide Energy Station resources under lower load conditions and identify opportunities for investments to improve performance, including operational flexibility and availability, and reduce maintenance expenses including outage costs.

Operational flexibility

Platte River's combustion turbines are increasingly important to the flexible integration of noncarbon resources, participation in WEIS and meeting peak energy demand. To increase energy output during summer months, the 2024 budget includes \$0.7 million for the addition of evaporative cooling technology for combustion turbine Unit F. The new cooling technology increases water vapor content of inlet air. The goals are to lower the heat rate, decrease fuel costs and reduce nitrogen oxide emissions.

Platte River will also invest approximately \$0.5 million to replace the generator hydrogen gas dryer with a dual-chamber system and install a generator auto-purge system in combustion turbine Unit F. The dual-chamber system continuously dries and recirculates generator cooling gas based on dew point levels, increasing unit efficiency. The auto-purge system automatically purges the generator for maintenance and emergencies, reducing the time to complete a purge from approximately six hours to 90 minutes and mitigating safety risks to personnel who would otherwise perform a manual purge.

Coal inventory optimization

Platte River will actively and strategically manage coal inventory at the Craig Generating Station, maintaining a gradual glidepath to zero inventory for Craig Unit 2 when it retires in 2028. Trapper Mine owners may buy and sell on-site coal among themselves to achieve inventory objectives while also supporting flexible operation at the station. Staff will also manage Rawhide coal inventory according to operational needs and contract compliance, adjusting as needed, with the goal of reaching zero inventory when Rawhide Unit 1 retires.

Chimney Hollow Reservoir

Platte River will continue to collaborate with its partners through the construction of Chimney Hollow Reservoir, the most significant component of the Windy Gap Firming Project. The project supports the long-term, dependable delivery of Platte River's Windy Gap water, which is essential for reliable operations and optimizes Platte River's water resource portfolio. In 2024, Platte River will provide its share of the estimated project completion costs and expenses, including the increase described in the debt service expenditures and other long-term obligations section of this document. Contractors expect construction to progress through 2025. Once the reservoir is completed, the time needed to fill it will depend on water supply.

Community partner and engagement

\$2.2 million, 1%

The 2023 Strategic Plan initiatives emphasize greater engagement and collaboration with owner communities to collectively pursue a noncarbon energy future and build a regional identity. Platte River will work to build a strong partnership with the owner communities and enhance regional visibility through continued engagement efforts, transparent education and communication, and ongoing community support and involvement activities.

Communications, marketing and external affairs

Staff will build on the momentum of the long-term public education program initiated in 2023 to establish a regional identity and continue to explain how Platte River will collaborate with the owner communities to achieve the shared noncarbon goals. Part of the collaboration includes expanding marketing efforts to support the 2024 IRP and progress toward achieving the RDP, including deployment of a multimedia brand marketing and communications campaign to engage communities. The team will also manage communications and marketing for all DES and DER programs, including the development of a new DES website and ongoing promotion and operation of the EV education microsite.

Community support and involvement activities will continue in 2024 to enhance the wellbeing of the citizens in the owner communities and increase awareness about Platte River. Platte River will also continue expanding its stakeholder engagement with public policy, business, educational, environmental and nonprofit organizations during 2024 by strengthening relationships in support of Platte River's objectives. Focus in 2024 will be on planning and permitting work for additional noncarbon and dispatchable resources, enabling Platte River to increase renewable energy delivered to the owner communities. The external affairs team and contract lobbyist will continue monitoring state and federal policies that could affect Platte River's operations.

Workforce culture

\$2.1 million, 1%

Platte River will build on its high-performing workforce by providing ongoing development opportunities, dynamic talent assessment, job retention and succession planning for employees at the headquarters campus and Rawhide Energy Station. As the organization continues to work toward its energy transition, Platte River will maintain and enhance its strong workforce culture by recruiting the best available talent, fostering diversity and a culture of learning, personal growth and mutual respect.

Workforce evolution and development

Human resources will continue updating Platte River's total rewards strategy, including work flexibility and overall employee wellness, to position the organization well for retaining and attracting high-quality employees. The department will also implement additional changes recommended by the compensation study conducted in 2022 and work done in 2023 to

enable benchmarking, comparisons and other analysis with the broader market beyond public power.

Platte River will focus on the long-term transition at the Rawhide Energy Station as Rawhide Unit 1 approaches retirement by the end of 2029. In 2024, human resources and plant leadership will continue work on the transition plan for Rawhide employees to determine future staffing needs and the skills and experience needed to manage the organization's future, more diverse energy mix. Platte River anticipates no involuntary workforce reductions and leadership will begin to design programs to re- or up-skill staff to take advantage of new job opportunities.

Internal engagement

Throughout 2024, Platte River will celebrate the 40th anniversary of Rawhide Unit 1 by emphasizing its legacy as a highly efficient, state-of-the-art resource while highlighting the unit's role in achieving the energy transition. Activities include special events and memorabilia for past and present staff, local and regional communications efforts including video, and media engagement. Community support and involvement activities planned for 2024 also support the enrichment of Platte River's workforce culture.

Process management and coordination

\$9.7 million, 3%

The RDP challenges Platte River to change how it generates and delivers electricity to its owner communities. To meet this challenge, staff must also change how processes and projects are organized and managed. This requires a new or refined approach to systems thinking and change management, project management, technology integration and long-term planning, and comprehensive risk management.

Enterprise resource planning system

Many of Platte River's critical business systems have reached the end of their useful lives, and some are well beyond design functionality. Others depend heavily on manual processes because they do not integrate with other systems. Manual processes between the outdated systems increase data integrity risks and decreases productivity. To upgrade and integrate digital systems, Platte River initiated a multiyear ERP project. In 2022, staff evaluated, selected and contracted to implement Oracle Cloud. In 2024, Platte River will invest approximately \$5.6 million to finalize the project, concluding this \$10.6 million estimated total investment. Contingency amounts are included in the total project cost as, periodically, scope and timeline are evaluated during project progression. Some uncertainty exists as requirements are clarified and best practices, sometimes requiring complete overhaul of existing processes, are considered. When complete, the ERP will fully integrate finance and accounting, cash management, procurement and contracts management, budgeting and forecasting, inventory management, asset and maintenance management and fleet tracking. It will improve productivity, reporting accuracy and functionality and align work products with organizational goals.

Enterprise risk management

A comprehensive risk management strategy will continue to develop and evolve as the enterprise risk manager works with internal audit, other departments and the risk oversight committee to develop, support and maintain the enterprise and energy risk management programs.

In 2024, the enterprise risk management program will continue to build on work performed in 2023 by analyzing and implementing recommendations from the third-party risk assessment. Staff also plans to continue to build a risk-aware culture by providing training and educational risk sessions to the organization.

Project management

As part of evolving process management and coordination, Platte River teams need new structures and processes to work more collaboratively across the organization. The creation of the digital project management functional group within the digital department is an example of a needed structure change. During 2024, Platte River leadership will continue to evaluate processes and structures with the objective to clearly define roles and responsibilities that allows cross-functional teams, across owner communities and within Platte River, to better identify, prioritize, plan and execute projects.

CORE OPERATIONS

\$234 million, 85% of operating and capital

Platte River must continue to invest in core operations to maintain the safe, reliable production and transmission of environmentally responsible and financially sustainable energy and services to the owner communities. To diversify its resource portfolio, Platte River has PPAs for wind, hydropower and solar. With a focus on preventive and predictive maintenance strategies, core operations and maintenance expenses are relatively consistent from year to year.

Generation

For 2024, approximately 52% of Platte River's energy will come from owned baseload coal-fired and natural gas resources. Through market participation in WEIS, Platte River will gain greater opportunities to purchase power if prices are lower than the cost to generate and to sell excess energy if production costs are below market prices. Purchasing power lowers fuel expense, which is partially offset by higher purchased power expense; selling power increases revenue, which is partially offset by higher fuel expense. Additional information about Platte River's generation and sources of electricity is available on Platte River's website at prpa.org/generation. Resource and load information, including resource mix, for the trailing 24-hour period is available at prpa.org/energy-production.

Rawhide Energy Station

Although Platte River continues to diversify its energy mix and plan for retirement of Rawhide Unit 1, this unit remains its single largest energy source. The Rawhide Energy Station began with the commercial operation of Rawhide Unit 1 in 1984 and has evolved into a diversified site with multiple forms of energy resources including natural gas, solar, battery storage and wind. As the portfolio changes, the ongoing performance of Rawhide Unit 1 and the combustion turbine units is critical to system reliability and instrumental to facilitating deeper levels of decarbonization of the resource portfolio. As a primary reliability resource, the combustion turbine units will receive more emphasis on upgrades and maintenance. In 2024, Rawhide Unit 1 and the combustion turbines will generate 38.9% and 3%, respectively, of Platte River's energy before REC allocations.

Rawhide Unit 1

While a major maintenance outage for Rawhide Unit 1 was initially planned for 2024, Platte River will delay this outage until 2025 to avoid an additional major maintenance outage in 2027, replacing it with one minor outage before the unit retires at the end of 2029. This provides overall cost savings. The delay also allows for the integration of the ERP system to facilitate more efficient work order and vendor management.

Combustion turbine units

Platte River will invest \$1.9 million to upgrade rotating and stationary compressor blades on combustion turbine Unit F to proactively address a known vulnerability with the existing blades. In addition to improving reliability, the upgraded blades may improve unit output from better air flow through the new compressor package.

To further increase reliability and reduce maintenance activities for combustion turbine Unit F, Platte River will invest \$0.6 million to replace all existing electro-hydraulic stop and speed ratio valves and gas control valves with electric actuated valves. In addition to giving operators advanced diagnostic capabilities, the new valves will improve the cold weather reliability of the unit, reduce operations and maintenance costs and minimize safety and environmental hazards. Similar replacements are planned for combustion turbine units A-D in future years.

Craig Generating Station

Continued operation of Craig Generating Station's units 1 and 2 requires investments to maintain optimal performance and environmental compliance until the units retire in 2025 and 2028, respectively. Platte River's share of planned capital investments in 2024 is \$0.1 million. Upgrades will be completed by plant operator Tri-State Generation and Transmission Association, Inc. (Tri-State) and primarily benefit the transmission system. No scheduled outages are planned. The Craig units will provide 9.7% of Platte River's energy, with a portion resold through June 2024 under a 25 MW long-term contract.

As the retirement dates for the Craig units approach, Trapper Mine reclamation activities will intensify. Beginning in 2023, Platte River annually appropriates funding for mine reclamation under a recent accounting pronouncement. Previously, Platte River appropriated reclamation liability expenses as operations and maintenance funds, but they are now considered capital as an asset retirement obligation. The mine's post-closure care period is expected to run through 2041, with currently estimated total funding of \$11.6 million. Actual funding need is uncertain. Platte River will evaluate these plans as additional information is obtained before closure, including the impact of highwall mining.

Purchased power

The remainder of Platte River's resource portfolio, approximately 40%, is sourced from wind, hydropower, solar (combined with battery storage) and other purchases.

Due to ongoing drought conditions that have depleted water supplies in the Colorado River basin, WAPA increased rates and reduced deliveries of Colorado River Storage Project (CRSP) hydropower in late 2021. Further CRSP delivery reductions are expected in 2024 but depend on water conditions. Deliveries from the Loveland Area Projects (LAP) have not been reduced and rates have been stable. The operating expenses section has more information on purchases.

Transmission, substations and fiber optics

Transmission and substations capital projects are determined through an annual 10-year load study that identifies areas Platte River must address to meet operational standards. Scheduling future delivery points and other system betterments requires collaboration and coordination with owner communities.

Transmission

During 2019, transmission line inspectors found significant corrosion on the base plates, anchor bolts and pole base sections along a 2-mile section of the 115 kV transmission line along Drake Road in Fort Collins. Corrosion stemmed from numerous road improvement projects that elevated the thoroughfare and buried the pole bases. Platte River will spend approximately \$0.1 million during 2024 on engineering and initial construction of this multiyear presumed overhead line replacement project. With an estimated total project cost of \$8 million, planned construction begins in 2026 and may be complete by 2027.

Substations

Due to the City of Loveland's lengthy planned outage to replace distribution switchgear, Platte River will consolidate and perform several replacements and upgrades to the Airport Substation in 2024, with multiyear costs totaling \$2.3 million. As a potential carryover project, unspent funds expected from 2023 (due to the overall schedule changes to align with the outage) will support project costs in 2024 to replace aged relay panels and two 115 kV breakers, along with related control cables and high-voltage switchgear. Following Platte River design work, contractors will complete ground and foundation work and remove existing equipment. Platte River substation teams expect to complete installation and inspections in 2025.

Replacement of aged, single-phase 230-115 kV transformers with a single three-phase autotransformer will continue at two substations in 2024. Platte River plans to invest \$1.6 million at the Longs Peak Substation near Longmont and approximately \$3 million at the Timberline Substation in Fort Collins. In addition to other activities, crews will upgrade control panels to align with current design standards at both substations, which will improve performance and reliability and will efficiently accommodate future maintenance. These multiyear projects represent total investment of \$5.1 million and \$5.3 million, respectively.

Fiber optics

Platte River's fiber optic system enables efficient data communications between generation and transmission assets and gives the owner communities robust communications service capabilities. Approximately \$1.8 million is budgeted in 2024 to replace the section of Long-Haul East overhead fiber cable from Boyd Substation in Loveland to Longs Peak Substation in Longmont. The project will also increase fiber strand capacity and reduce outage risk.

Billable projects

In 2024, Platte River staff will collaborate with the owner communities and other regional partners on several transmission and substation upgrades and enhancements that benefit and

will be billed to others. Examples include switchgear replacement and transmission line modifications necessitated by road improvements. While these projects, with estimated total billing of \$3.8 million during 2024, are fully funded by third-party facility owners and therefore not included in budget appropriation, Platte River staff will support design, engineering and project management to help maintain the safe and reliable operation of the transmission network.

Energy efficiency programs

The DES team works collaboratively with the owner communities to provide DES to their customers under the Efficiency Works brand. In 2024, Platte River will invest \$10.2 million by continuing to offer efficiency programs while expanding DES through the deployment of additional DER technologies to support the RDP, as discussed in the strategic initiatives section. Efficiency programs target 18,016 MWh of energy savings (using Platte River funds), with a potential 1,198 MWh of additional savings from anticipated owner community funds, for total potential portfolio energy savings of 19,214 MWh.

Funding provided by the owner communities is managed under an intergovernmental agreement, and owner communities may supplement Platte River's budget for these programs. Supplemental funding is used only after Platte River's budget is exhausted so that each community receives its load-ratio share of benefits through DES offerings. Projects under approved agreements and rebate applications are completed on a timeline determined largely by program participants (customers and their contractors). As a result, some projects intended for the current budget year could be moved into the next budget year if not completed. Conversely, a budget contingency may be required if projects are completed earlier than planned.

Personnel

Approximately 26% of the operating expense budget relates to employee salaries and benefits, which include retirement, medical and dental. Combined, these expenses are expected to rise 12.9% from 2023. For 2024, Platte River will begin to implement salary market adjustments from the compensation study conducted in 2022. Benefits for employees are spread across all functional areas as a percentage of salaries.

As timelines advance on strategic initiatives, new positions will require additional staffing. Platte River evaluates all vacancies to determine and align resources where they are needed most. Platte River evaluated and repurposed seven positions across all divisions in the organization to meet current and future needs. For 2024, Platte River will add 14 new positions, two of which were out of cycle additions from 2023. Of these new positions, three serve in business strategies, two in general counsel, four in transition and integration services, three in financial services and two in generation and transmission. From time to time, Platte River may reorganize its reporting structures and repurpose positions to better align with its strategic initiatives. Below is a summary of full-time positions by division, based on organizational structure at each year presented.

Positions by division	2022 actual	2023 budget ⁽¹⁾	2023 estimate	2024 budget
General manager/CEO	4	5	5	5
Business strategies	23	24	24	27
General counsel	12	12	12	14
Transition and integration services	63	71	71	75
Financial services	29	29	32	33
Generation and transmission	153	157	156	158
Total positions	284	298	300	312

(1) Reflects adjustment for one position added in 2022.

Revenues

Platte River anticipates approximately \$313.3 million in revenues during 2024. The majority of revenues, 75%, are derived from energy sales to the owner communities. The remainder are derived from sales for resale, wheeling, interest and other income. Owner communities' loads are forecasted to increase 0.4%. Revenues from sales for resale and wheeling are 21% of revenues and are expected to decrease by approximately \$9.1 million due primarily to less volume of energy sold, partially offset by increased average market price and revenues for use of Platte River's transmission system.

Platte River provides stable and financially sustainable wholesale rates while advancing the RDP. Platte River's rate philosophy includes implementing incremental increases to provide a more predictable path of smaller, more consistent annual rate increases. The 2024 budget includes a 5% average wholesale rate increase, which reflects implementation of the board-approved deferred revenue and expense accounting policy. This accounting policy helps reduce rate pressure during the resource transition and supports greater long-term rate stability.

Platte River's rate structure provides unbundled transmission and generation rates and transparent fixed and variable costs. The rate structure adds value to the owner communities by offering a desirable portfolio of services that meet community needs, more accurately aligning wholesale time-of-use pricing signals with costs of service and sending clear pricing signals that lead to system benefits.

Additional information about rates is available on Platte River's website at prpa.org/wholesale-rates/.

FINANCIAL REVIEW

In addition to the budget items discussed, the financial results shown below are compared to Platte River's SFP metrics, with more information on those metrics included in the financial governance section. In the years represented, all financial metrics were or are expected to be met.

Depreciation, amortization and accretion expense is a non-budgeted expense and is expected to increase in 2024 by \$4.5 million. Depreciation expense relates to capital assets in use and will increase as a result of new capital improvements placed into service and refinements of estimated useful lives as future capital needs are evaluated. Amortization expense relates to other assets due to board-approved accounting policies and Governmental Accounting Standards Board (GASB) pronouncements. Amortization expense will increase as the ERP is placed into service and for an increase for the Trapper Mine post-mining reclamation estimate. Accretion expense relates to the accrual for the board-approved accounting policy for decommissioning costs at the Craig Generating Station, which increases annually for inflation. The financial governance section includes more information on board-approved accounting policies.

Key financial indicators	Minimum SFP targets	2022 actual	2023 budget	2023 estimate ⁽¹⁾	2024 budget
Net income as a percentage of projected operating expenses ⁽²⁾	3%	3%	9%	10%	11%
Fixed obligation charge coverage ratio	1.50 times	2.02x	2.43x	2.37x	2.58x
Debt ratio	less than 50%	28%	25%	26%	24%
Unrestricted days cash on hand	200	405	422	438	439
Other selected data (\$000 except bond service coverage ratio)					
Change in net position ⁽²⁾		\$ 6,654	\$ 22,373	\$ 22,201	\$ 25,922
Accumulated net position		\$ 657,941	\$ 697,912	\$ 680,142	\$ 706,064
Dedicated reserves and available funds		\$ 254,807	\$ 282,961	\$ 278,896	\$ 294,470
Long-term debt, other long-term obligations and lease and subscription liabilities		\$ 245,327	\$ 229,766	\$ 231,510	\$ 217,029
Capital additions		\$ 24,102	\$ 42,721	\$ 32,849	\$ 36,898
Bond service coverage ratio (minimum 1.1x)		3.00x	3.76x	3.71x	4.19x

(1) 2023 estimate represents seven months actual and five months budget adjusted for revised projections on all budget schedules.

(2) Net income is synonymous with change in net position. 2023 estimate and 2024 budget exclude projections for a portion of revenues that will be deferred to a future period and will be reflected in year-end results. This accords with the board-approved deferred revenue and expense accounting policy.

**Statements of revenues,
expenses and changes in net
position**

	2022 actual	2023 budget	2023 estimate	2024 budget
Operating revenues				
Sales to owner communities	\$ 212,318,941	\$ 224,081,909	\$ 217,312,655	\$ 236,071,508
Sales for resale	73,438,783	68,473,255	58,253,412	56,433,351
Wheeling	7,637,897	6,164,920	8,419,282	9,123,091
Deferred regulatory revenues ⁽¹⁾	(21,602,326)	-	-	-
Total operating revenues	271,793,295	298,720,084	283,985,349	301,627,950
Operating expenses				
Purchased power	53,379,138	55,114,915	63,153,861	58,880,588
Fuel	66,455,232	62,676,500	41,800,388	52,831,043
Operations and maintenance ⁽²⁾	67,482,639	75,023,200	77,795,696	76,875,335
Administrative and general ⁽²⁾	26,015,354	31,507,820	32,166,266	36,297,841
Distributed energy resources ⁽²⁾	8,483,538	13,789,562	10,738,911	13,806,914
Depreciation, amortization and accretion ⁽²⁾	36,128,627	40,758,303	41,669,610	45,304,768
Total operating expenses	257,944,528	278,870,300	267,324,732	283,996,489
Operating income	13,848,767	19,849,784	16,660,617	17,631,461
Nonoperating revenues (expenses)				
Interest income	2,913,635	5,924,208	7,300,327	10,992,718
Other income	429,283	300,762	303,353	424,589
Interest expense	(5,803,334)	(5,232,940)	(5,242,841)	(4,664,790)
Amortization of bond financing costs ⁽²⁾	1,640,727	1,476,520	1,476,520	1,328,895
Net (decrease)/increase in fair value of investments ⁽²⁾	(6,374,600)	54,310	1,702,760	209,268
Total nonoperating revenues (expenses)	(7,194,289)	2,522,860	5,540,119	8,290,680
Change in net position	6,654,478	22,372,644	22,200,736	25,922,141
Net position at beginning of period	651,286,990	675,539,412	657,941,468	680,142,204
Net position at end of period	\$ 657,941,468	\$ 697,912,056	\$ 680,142,204	\$ 706,064,345

(1) 2023 estimate and 2024 budget exclude projections for a portion of revenues that will be deferred to a future period and will be reflected in year-end results. This accords with the board-approved deferred revenue and expense accounting policy.

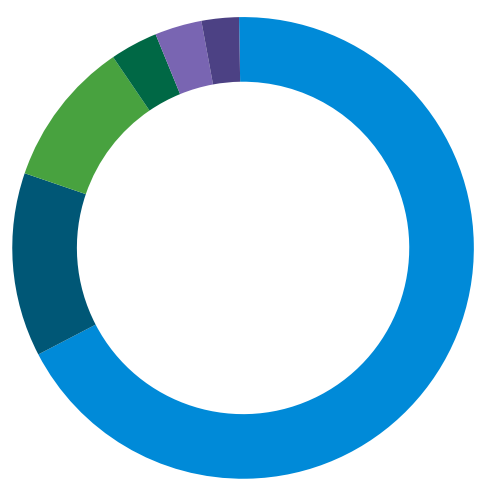
(2) Actual and estimate include nonappropriated expenses due to basis of accounting differences discussed in the financial governance section.

CONSOLIDATED BUDGET SCHEDULES

Source and use of funds	2022 actual	2023 budget	2023 estimate	2024 budget
Source of funds				
Operating revenues				
Sales to owner communities	\$ 212,318,941	\$ 224,081,909	\$ 217,312,655	\$ 236,071,508
Sales for resale - long-term	23,035,803	14,889,513	13,801,067	11,494,336
Sales for resale - short-term	50,402,980	53,583,742	44,452,345	44,939,015
Wheeling	7,637,897	6,164,920	8,419,282	9,123,091
Total operating revenues	293,395,621	298,720,084	283,985,349	301,627,950
Other revenues				
Interest income	2,896,824	5,978,518	7,354,637	11,201,986
Other income	429,283	300,762	303,353	424,589
Total other revenues	3,326,107	6,279,280	7,657,990	11,626,575
Total revenues	296,721,728	304,999,364	291,643,339	313,254,525
Funds from prior reserves	(33,570,767)	45,616,165	(15,638,818)	35,734,342
Total sources	\$ 263,150,961	\$ 350,615,529	\$ 276,004,521	\$ 348,988,867
Use of funds				
Operating expenses				
Purchased power	\$ 53,379,138	\$ 55,114,915	\$ 63,153,861	\$ 58,880,588
Fuel	66,455,232	62,676,500	41,800,388	52,831,043
Production	48,916,111	54,769,640	57,053,311	55,537,820
Transmission	18,536,259	20,253,560	20,338,480	21,098,511
Administrative and general	25,561,913	31,507,820	31,761,453	36,297,841
Distributed energy resources	8,412,889	13,789,562	10,700,856	13,806,914
Total operating expenses	221,261,542	238,111,997	224,808,349	238,452,717
Capital additions				
Production	11,290,471	14,667,393	14,146,803	8,721,615
Transmission	5,707,972	14,952,982	7,492,660	14,938,009
General	7,103,894	13,048,037	11,158,057	12,305,067
Asset retirement obligations	-	51,763	51,763	933,072
Total capital additions	24,102,337	42,720,175	32,849,283	36,897,763
Total operating expenses and capital additions	245,363,879	280,832,172	257,657,632	275,350,480
Debt service expenditures				
Principal	11,983,748	12,550,417	13,104,048	13,973,597
Interest expense	5,803,334	5,232,940	5,242,841	4,664,790
Total debt service expenditures	17,787,082	17,783,357 ⁽¹⁾	18,346,889	18,638,387
Total expenditures	263,150,961	298,615,529	276,004,521	293,988,867
Contingency appropriation	-	52,000,000 ⁽¹⁾	-	55,000,000
Total uses	\$ 263,150,961	\$ 350,615,529	\$ 276,004,521	\$ 348,988,867

(1) Excludes projections for contingency transfers.

2024 sources



68%	Sales to owner communities	\$ 236,071,508
13%	Sales for resale - short-term	44,939,015
3%	Interest and other income	11,626,575
3%	Sales for resale - long-term	11,494,336
3%	Wheeling	9,123,091
	Total revenues	313,254,525
10%	Funds from prior reserves	35,734,342
	Total sources	\$ 348,988,867

2024 uses



17%	Purchased power	\$ 58,880,588
16%	Production	55,537,820
15%	Fuel	52,831,043
11%	Capital additions	36,897,763
10%	Administrative and general	36,297,841
6%	Transmission	21,098,511
5%	Debt service expenditures	18,638,387
4%	Distributed energy resources	13,806,914
	Total expenditures	293,988,867
16%	Board contingency	55,000,000
	Total uses	\$ 348,988,867

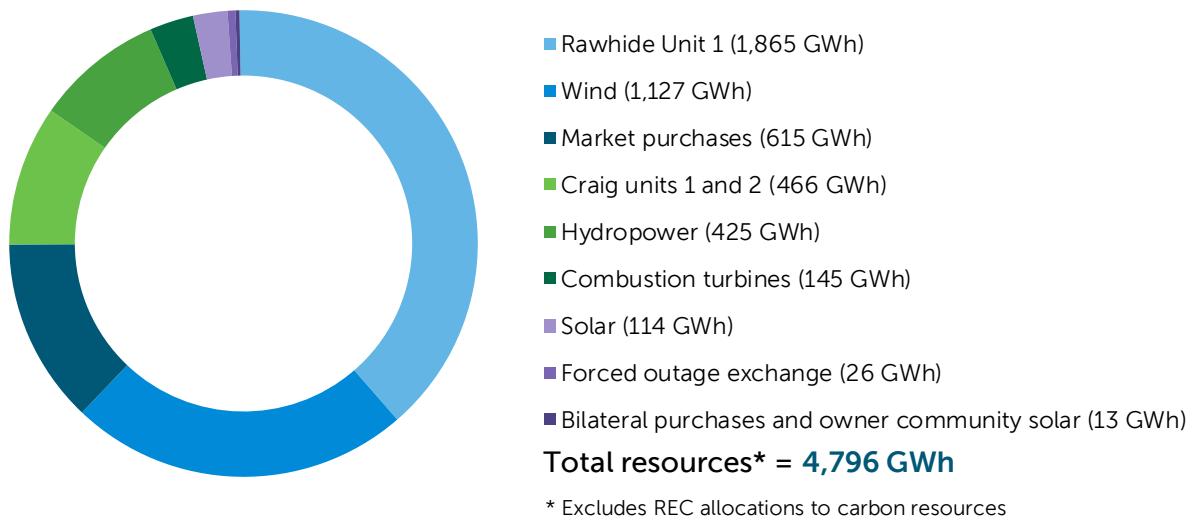
Revenue and expenditure detail	2022 actual	2023 budget	2023 estimate	2024 budget
Revenues				
Sales to owner communities	\$ 212,318,941	\$ 224,081,909	\$ 217,312,655	\$ 236,071,508
Sales for resale - long-term	23,035,803	14,889,513	13,801,067	11,494,336
Sales for resale - short-term	50,402,980	53,583,742	44,452,345	44,939,015
Wheeling	7,637,897	6,164,920	8,419,282	9,123,091
Interest income	2,896,824	5,978,518	7,354,637	11,201,986
Other income	429,283	300,762	303,353	424,589
Total revenues	296,721,728	304,999,364	291,643,339	313,254,525
Funds from prior reserves	(33,570,767)	45,616,165	(15,638,818)	35,734,342
Total revenues and prior funds	\$ 263,150,961	\$ 350,615,529	\$ 276,004,521	\$ 348,988,867
Expenditures				
Personnel expenses				
Salaries				
Regular wages	\$ 32,993,336	\$ 38,627,091	\$ 37,289,343	\$ 43,826,403
Overtime wages	2,187,417	1,947,481	2,427,488	1,893,296
Total salaries	35,180,753	40,574,572	39,716,831	45,719,699
Benefits				
Pension - defined contribution	1,707,065	2,138,232	2,002,065	2,352,055
Pension - defined benefit	4,898,799	4,515,409	4,515,409	6,571,899
Social security	2,473,394	2,918,877	2,678,664	3,274,034
Long-term disability	119,122	130,000	129,127	130,000
Medical and dental	5,375,398	5,692,000	5,729,574	5,713,000
Recruiting	213,380	182,000	206,870	207,000
Life insurance	123,324	130,000	132,621	143,000
Accidental death	27,508	30,000	28,677	33,000
Workers' compensation	61,079	130,000	129,693	140,000
Unemployment compensation	16,110	15,000	15,154	17,500
Salary and pension services	322,913	371,400	318,415	345,250
Total benefits	15,338,092	16,252,918	15,886,269	18,926,738
Total personnel expenses	50,518,845	56,827,490	55,603,100	64,646,437
Less charged to capital and other	1,718,035	2,017,205	1,909,991	2,744,935
Total operating personnel expenses	48,800,810	54,810,285	53,693,109	61,901,502
Materials and other expenses				
Office expenses	25,262	26,775	15,678	18,525
Safety expenses	185,914	217,330	186,197	224,465
Furniture and equipment	81,163	17,900	21,226	38,880
Local business expense	406,712	615,243	650,738	801,866
Postage and deliveries	18,012	39,158	24,712	36,850

Revenue and expenditure detail (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Materials and other expenses (continued)				
Rawhide O&M materials	\$ 4,298,376	\$ 4,091,828	\$ 3,754,558	\$ 3,571,778
Other O&M materials	1,001,644	1,265,995	1,629,909	2,269,710
Rawhide coal	32,104,422	36,721,806	22,507,610	34,073,489
Craig units 1 and 2 coal	17,353,692	16,534,601	8,789,663	9,832,080
Oil	253,750	60,000	257,602	30,000
Natural gas (Rawhide units A, B, C, D and F)	15,925,683	8,261,211	9,410,620	7,963,307
Natural gas (Craig units startup)	196,817	100,000	178,155	150,000
Gasoline and diesel	190,082	156,476	173,484	174,290
Tools, shop and garage equipment	77,923	119,908	88,633	130,754
Purchased power	53,158,920	54,393,436	62,432,382	58,880,588
Craig units 1 and 2 operating expenses	9,056,725	9,452,309	11,563,445	7,759,491
Computer equipment	767,656	974,100	872,151	655,100
Wheeling expense	4,222,379	4,250,469	3,969,258	4,291,010
Outage accrual	3,516,180	3,620,621	3,620,621	3,950,910
Total materials and other expenses	142,841,312	140,919,166	130,146,642	134,853,093
Contractual services				
Rawhide contracted services	4,662,476	7,695,070	7,824,939	6,520,589
Other contracted services	10,989,512	17,039,678	17,778,745	18,168,046
Insurance	2,584,854	3,080,200	3,036,119	3,020,340
Travel and training	827,881	1,268,046	1,112,297	1,481,024
Telephone services	156,953	205,561	187,594	185,347
Utilities	804,872	709,164	681,522	720,600
Dues, memberships and fees	830,674	939,673	952,727	1,178,859
Trustees fees	18,000	12,000	12,000	12,000
Water leases and rents	3,295,157	3,465,827	3,443,951	3,453,639
Other leases and rents	116,212	131,540	105,511	107,902
Economic development	100,000	100,000	100,000	120,000
Fiscal impact payment	36,217	36,217	36,217	36,217
Rebates/incentives for retail customers	4,343,546	6,681,000	4,186,067	5,269,571
Rebates/incentives to owner communities	99,835	154,870	84,354	104,828
Audits/assessments for retail customers	715,699	805,000	1,405,000	1,262,260
Other financing expenses	37,532	58,700	21,555	56,900
Total contractual services	29,619,420	42,382,546	40,968,598	41,698,122

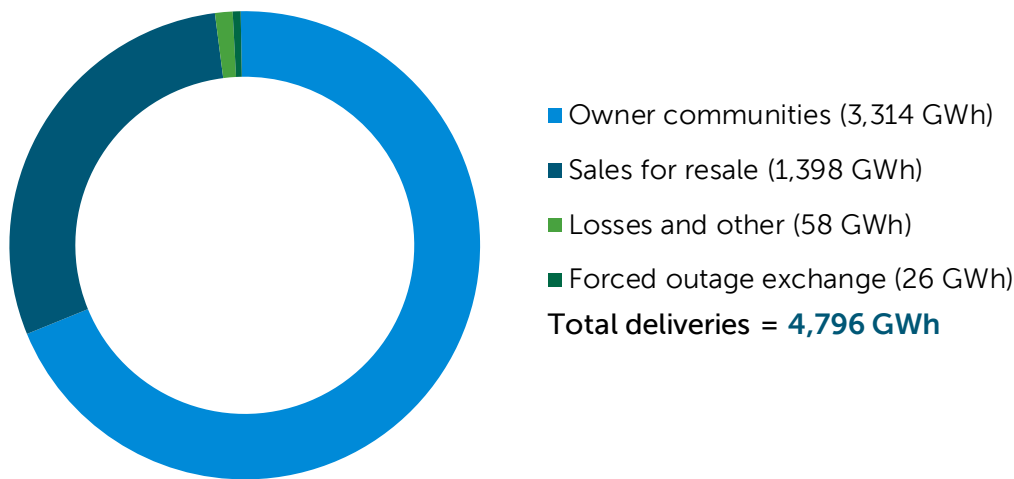
Revenue and expenditure detail (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Capital additions				
Personnel expenses				
Regular wages	\$ 857,649	\$ 1,123,927	\$ 980,321	\$ 1,649,693
Overtime wages	88,645	30,619	96,714	56,946
Benefits allocation	394,835	519,115	470,341	671,032
Total personnel expenses	1,341,129	1,673,661	1,547,376	2,377,671
Capital expenditures	22,825,488	40,994,751	31,304,702	33,659,690
Capital reimbursements and trade-in value	(64,280)	-	(54,558)	(72,670)
Asset retirement obligations	-	51,763	51,763	933,072
Total capital additions	24,102,337	42,720,175	32,849,283	36,897,763
Debt service expenditures				
Principal	11,983,748	12,550,417	13,104,048	13,973,597
Interest expense	5,803,334	5,232,940	5,242,841	4,664,790
Total debt service expenditures	17,787,082	17,783,357 ⁽¹⁾	18,346,889	18,638,387
Total expenditures	263,150,961	298,615,529 ⁽¹⁾	276,004,521	293,988,867
Contingency appropriation	-	52,000,000	-	55,000,000
Total expenditures and contingency appropriation	\$ 263,150,961	\$ 350,615,529	\$ 276,004,521	\$ 348,988,867

(1) Excludes projections for contingency transfers.

2024 resources



2024 deliveries

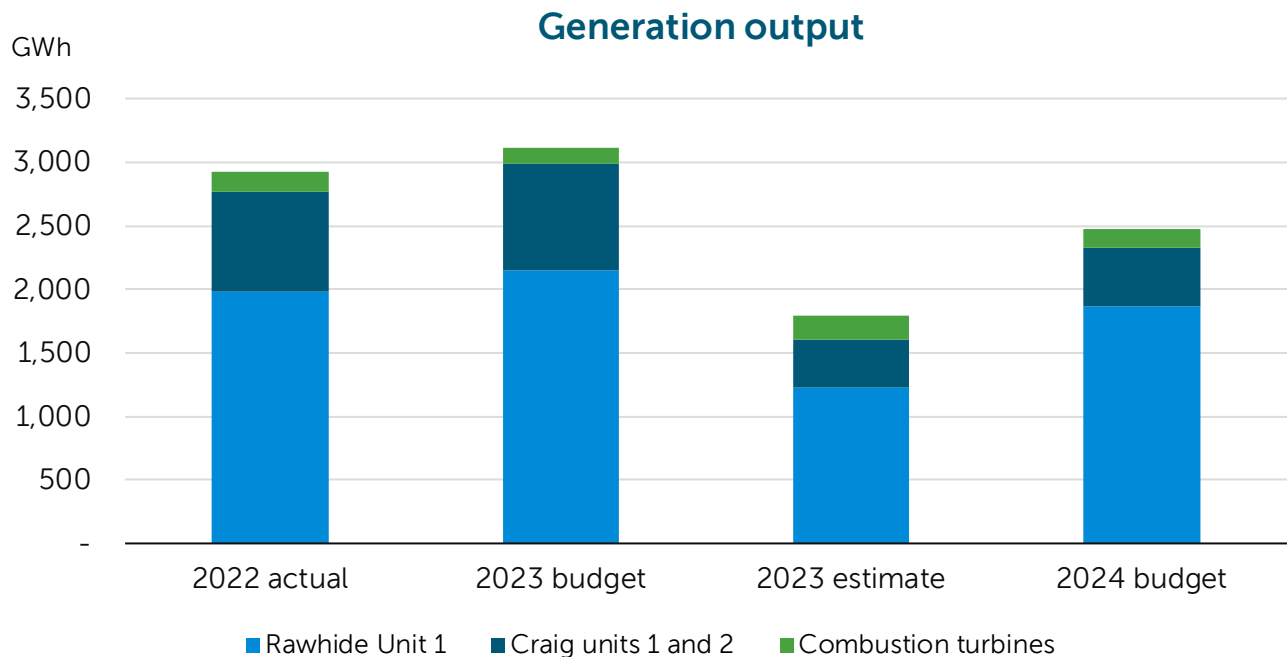


Power operations resources

	2022 actual	2023 budget	2023 estimate	2024 budget
Rawhide Unit 1 (280 MW)				
Generation (GWh)	1,978	2,153	1,231	1,865
Capacity factor	80.7%	87.8%	50.2%	75.8%
Fuel cost (\$/MWh)	\$ 16.6	\$ 17.4	\$ 18.8	\$ 18.6
O&M cost (\$/MWh)	15.5	16.0	28.2	17.9
Total Rawhide (\$/MWh)	\$ 32.1	\$ 33.4	\$ 47.0	\$ 36.5
Craig units 1 and 2 (151 MW) ⁽¹⁾				
Generation (GWh)	784	832	376	466
Capacity factor	59.3%	62.9%	28.4%	35.2%
Fuel cost (\$/MWh)	\$ 22.5	\$ 20.4	\$ 24.7	\$ 21.9
O&M cost (\$/MWh)	11.4	10.8	29.6	16.0
Total Craig (\$/MWh)	\$ 33.9	\$ 31.2	\$ 54.3	\$ 37.9
Combustion turbines (388 MW) ⁽²⁾				
Generation (GWh)	163	129	183	145
Capacity factor	4.8%	3.8%	5.4%	4.3%
Fuel cost (\$/MWh)	\$ 97.6	\$ 64.0	\$ 51.5	\$ 54.9
O&M cost (\$/MWh)	15.3	27.0	21.3	44.8
Total combustion turbines (\$/MWh)	\$ 112.9	\$ 91.0	\$ 72.8	\$ 99.7

(1) Craig Unit 1 = 77 MW, Craig Unit 2 = 74 MW.

(2) Rawhide units A, B, C, D = 260 MW, Rawhide Unit F = 128 MW.



Purchased power resources	2022 actual	2023 budget	2023 estimate	2024 budget
Wind				
Roundhouse (225 MW)				
Generation (GWh)	969	838	840	840
Capacity factor	49.2%	42.5%	42.6%	42.5%
Total Roundhouse (\$/MWh) - delivered	\$ 19.5	\$ 21.2	\$ 21.2	\$ 21.2
Spring Canyon II and III (60 MW) ⁽¹⁾				
Generation (GWh)	238	231	195	231
Capacity factor	45.3%	44.0%	37.1%	43.9%
Total Spring Canyon (\$/MWh) - delivered	\$ 45.0	\$ 45.3	\$ 47.3	\$ 46.4
Silver Sage (12 MW) ⁽²⁾				
Generation (GWh)	35	38	33	38
Capacity factor	33.1%	36.0%	31.2%	36.0%
Total Silver Sage (\$/MWh) - delivered	\$ 65.2	\$ 66.8	\$ 66.8	\$ 68.4
Medicine Bow (6 MW)				
Generation (GWh)	16	18	13	18
Capacity factor	29.9%	34.9%	24.6%	34.9%
Total Medicine Bow (\$/MWh) - delivered	\$ 49.7	\$ 50.4	\$ 54.2	\$ 46.7
Total wind (303 MW)				
Generation (GWh)	1,258	1,125	1,081	1,127
Capacity factor	47.4%	42.4%	40.7%	42.4%
Total wind (\$/MWh)	\$ 25.9	\$ 28.2	\$ 27.7	\$ 28.4
Hydropower				
WAPA-CRSP (106 MW-summer/ 136 MW-winter) ⁽³⁾				
Generation (GWh)	327	325	370	315
Capacity factor	30.9%	30.7%	34.9%	29.7%
Total WAPA-CRSP (\$/MWh)	\$ 35.6	\$ 35.7	\$ 32.9	\$ 36.5
WAPA-LAP (30 MW-summer/ 32 MW-winter) ⁽⁴⁾				
Generation (GWh)	110	110	110	110
Capacity factor	40.3%	40.3%	40.3%	40.1%
Total WAPA-LAP (\$/MWh)	\$ 29.7	\$ 34.6	\$ 34.6	\$ 34.6
Total hydropower (136 MW-summer/ 168 MW-winter)				
Generation (GWh)	437	435	480	425
Capacity factor	32.8%	32.7%	36.0%	31.8%
Total hydropower (\$/MWh)	\$ 34.1	\$ 35.5	\$ 33.3	\$ 36.0

Purchased power resources (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Solar				
Rawhide Flats Solar (30 MW)				
Generation (GWh)	66	61	64	61
Capacity factor	25.1%	23.3%	24.3%	23.1%
Total Rawhide Flats Solar (\$/MWh) - including ancillary services and maintenance	\$ 53.9	\$ 54.2	\$ 53.9	\$ 54.2
Rawhide Prairie Solar (22 MW)				
Generation (GWh)	50	54	50	53
Capacity factor	25.9%	27.8%	26.1%	27.5%
Total Rawhide Prairie Solar (\$/MWh) - including ancillary services, maintenance, interconnection and battery fee	\$ 33.4	\$ 33.3	\$ 33.8	\$ 33.3
Total solar (52 MW)				
Generation (GWh)	116	115	114	114
Capacity factor	25.5%	25.2%	25.0%	25.0%
Total solar (\$/MWh)	\$ 45.1	\$ 44.4	\$ 45.1	\$ 44.5
Other purchases				
Market purchases				
Energy (GWh)	244	316	889	615
Total market purchases (\$/MWh)	\$ 10.2	\$ 7.1	\$ 14.7	\$ 13.3
Bilateral purchases				
Energy (GWh)	22	35	83	5
Total bilateral purchases (\$/MWh)	\$ 89.8	\$ 38.6	\$ 32.3	\$ 40.7
Owner community solar programs (4.355 MW) ⁽⁵⁾				
Energy (GWh)	8	8	8	8
Total owner community solar programs (\$/MWh)	\$ 54.7	\$ 25.4	\$ 25.6	\$ 20.8
Total other purchases				
Energy (GWh)	274	359	980	628
Total other purchases (\$/MWh)	\$ 18.0	\$ 10.6	\$ 16.3	\$ 13.6

(1) Effective June 2020, Spring Canyon II and III energy and renewable attributes have been sold to a third party. At the end of the 10-year sales contract, the energy and renewable attributes will return to Platte River.

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

(3) WAPA-CRSP capacity amounts shown represent the contract rate of delivery. Actual capacity available varies by month. During the summer season, estimated available capacity ranges from 34 MW to 51 MW. In the winter season, estimated available capacity ranges from 40 MW to 48 MW. Available capacity and energy may fluctuate with drought conditions.

(4) WAPA-LAP actual capacity available varies by month. During the summer season, available capacity ranges from 23 MW to 30 MW. In the winter season, available capacity ranges from 26 MW to 32 MW.

(5) Owner community solar programs: Fort Collins = 4.022 MW, Loveland = 0.333 MW. The owner communities retain the renewable attributes.

REVENUES

Operating revenues

Platte River’s operating revenues consist of sales to owner communities, sales for resale and wheeling revenues. The production cost model determines the forecast of revenues for the budget; however, actual results are strongly influenced by weather and various market conditions and will vary from budget.

Sales to owner communities

Budgeted revenues from sales to owner communities are based on Platte River’s load forecast and tariff charges. Average wholesale rate increases, when applicable, support Platte River’s strategic initiatives and core operations. Sales to the owner communities represent the largest source of revenue.

Sales for resale

Sales for resale include long-term sales and short-term sales. Long-term sales are for a contracted term greater than one year. Short-term sales are for a term of one year or less and include seasonal, monthly, day-ahead and real-time bilateral and market sales. Platte River may also sell excess capacity. The production cost model determines the volume and price of sales for resale for the budget based on current market projections.

Typically, Platte River sells when energy available exceeds requirements of the owner communities and prices are higher than the marginal cost resource. Because of Platte River’s must-take obligations under noncarbon PPAs, certain sales may reflect that it is more economical to sell energy at a low price than to curtail generation. These sales typically occur when the coal-fired facilities are at minimum output levels. Platte River’s participation in WEIS helps further manage and dispatch the must-take energy on the system and allows more economic dispatch of regional resources.

Sales for resale contribute to low rates for the owner communities, help manage variability and high noncarbon output during lower load conditions and benefit the regional grid by providing access to the reliable, economic and environmental performance of Platte River’s baseload resources.

Wheeling

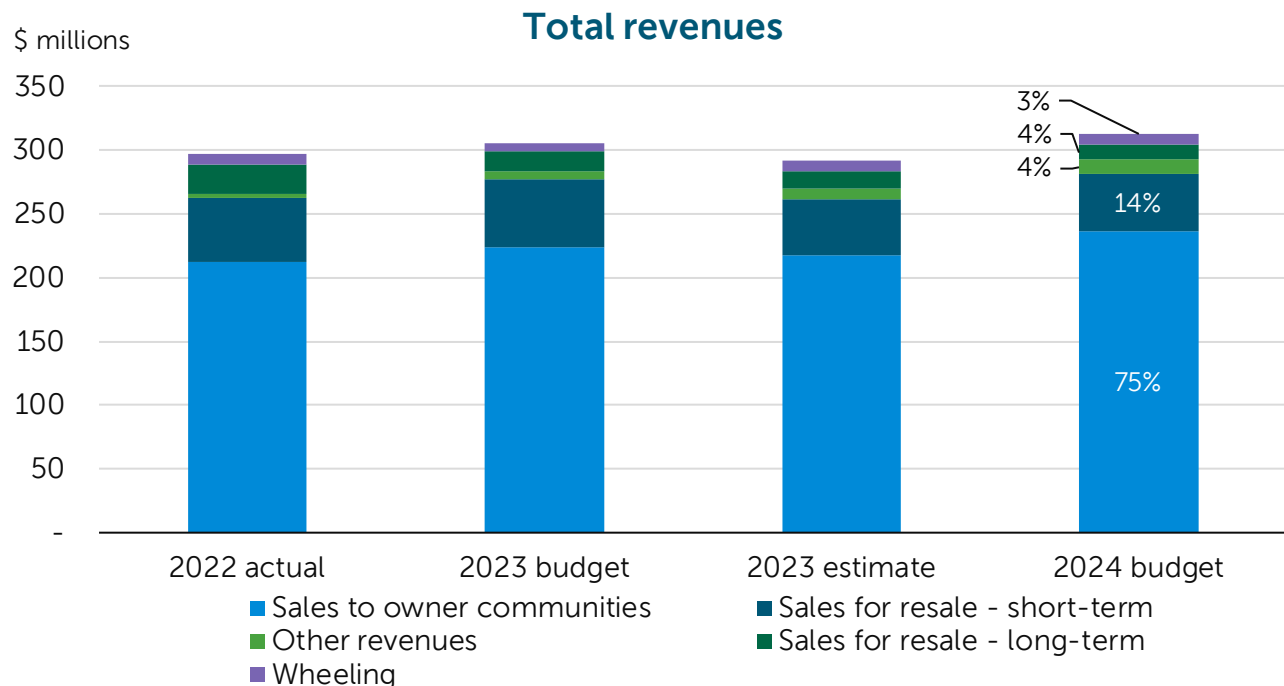
Wheeling revenues represent payments from other parties that use Platte River’s transmission system. Platte River charges others for transmission service under its Wholesale Transmission Service tariff. The transmission system usage rates are adjusted annually based on the prior year’s actual transmission system costs and loads.

Other revenues

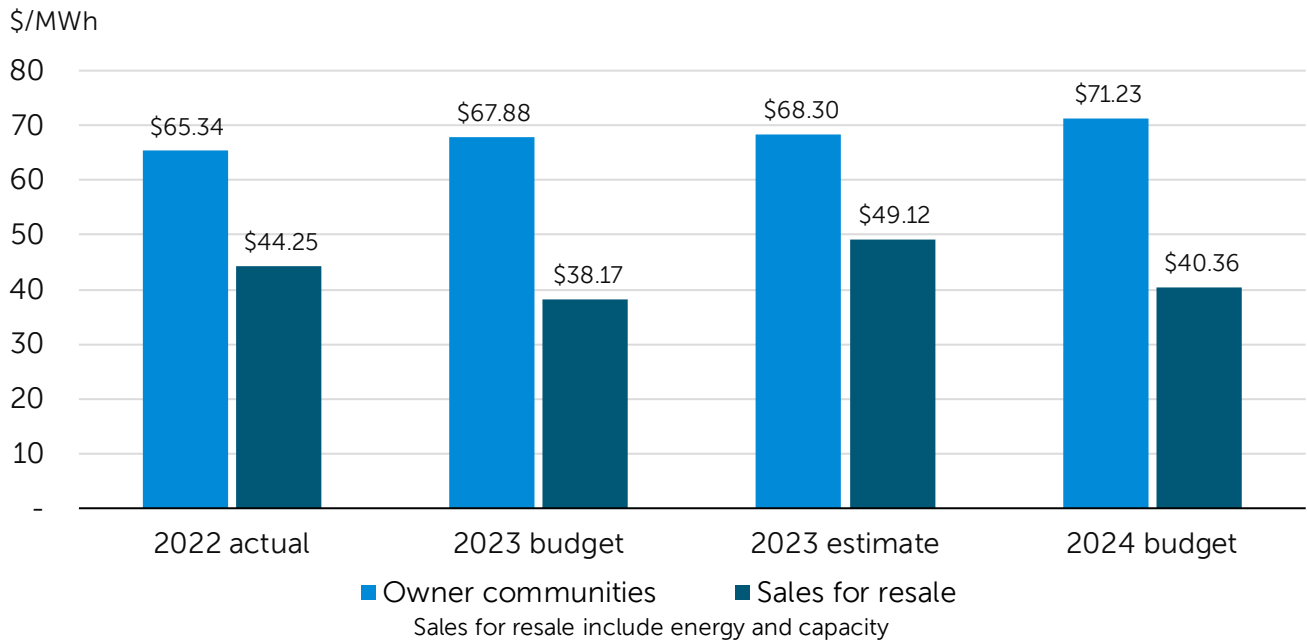
Interest and other income

Interest and other income represent a small portion of the revenue budget, but Platte River expects a significant increase in interest income due to higher interest rates. Interest income fluctuates with investment balances and interest rates. The sale of Windy Gap water units and above-budget overall financial results have improved investment balances over the past several years. Other income includes fiber and tower leases, fiber administration fees and other miscellaneous revenues.

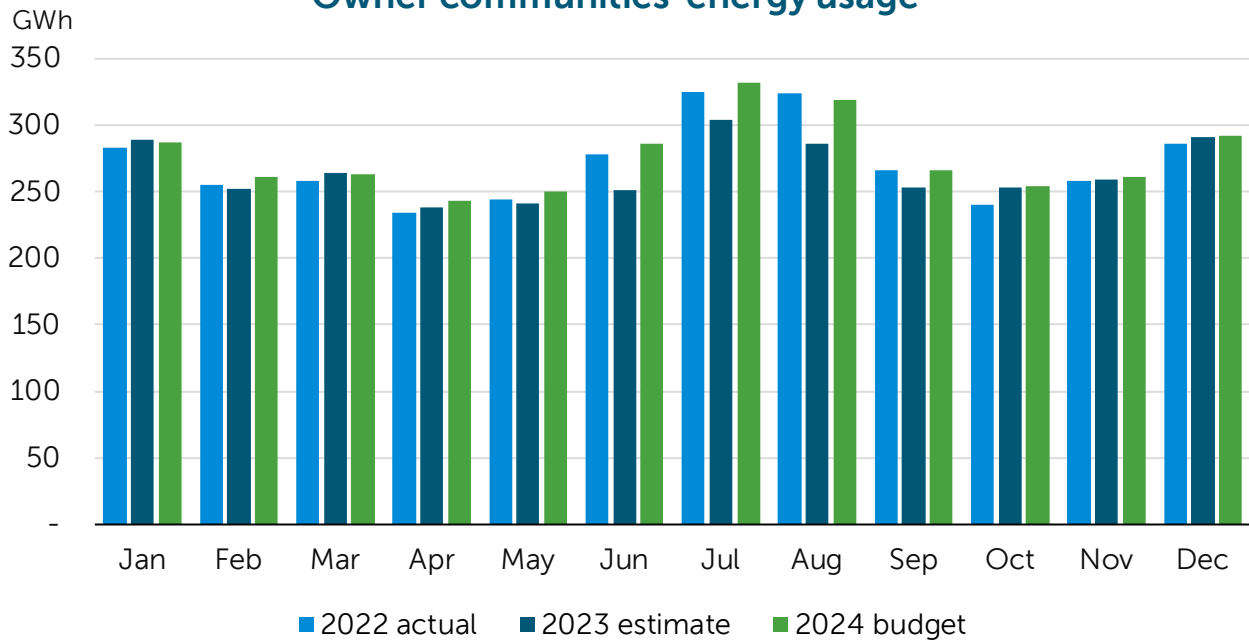
	2022 actual	2023 budget	2023 estimate	2024 budget
Total revenues (\$000)				
Operating revenues				
Sales to owner communities	\$ 212,319	\$ 224,082	\$ 217,313	\$ 236,072
Sales for resale - long-term	23,036	14,889	13,801	11,494
Sales for resale - short-term	50,403	53,584	44,452	44,939
Wheeling	7,638	6,165	8,419	9,123
Total operating revenues	293,396	298,720	283,985	301,628
Other revenues				
Interest income	2,897	5,978	7,355	11,202
Other income	429	301	303	425
Total other revenues	3,326	6,279	7,658	11,627
Total revenues	\$ 296,722	\$ 304,999	\$ 291,643	\$ 313,255



Average owner community rate and sales for resale price



Owner communities' energy usage



Owner communities' loads	2022 actual	2023 budget	2023 estimate	2024 budget
Summer peak demand (MW) ⁽¹⁾	684	707	654	713
Nonsummer peak demand (MW) ⁽¹⁾	532	499	508	503
Metered coincident demand (MW) ⁽²⁾	6,422	6,327	6,148	6,391
Billing determinants ^{(2) (3)}				
Noncoincident billing demand (MW)	6,731	6,702	6,543	6,794
Coincident billing demand (MW)	6,679	6,654	6,487	6,734
Energy (GWh)	3,249	3,301	3,182	3,314
Sales for resale				
Energy (GWh) ⁽⁴⁾	1,660	1,794	1,186	1,398
Capacity (MW-Mo) ⁽²⁾	780	780	780	780

(1) Summer season is June through September. The nonsummer season is January through May and October through December.

(2) Accumulated monthly values.

(3) Billing demand is subject to a monthly minimum demand charge and excludes large customer service.

(4) Includes long-term and short-term sales.

Sales to owner communities	2022 actual	2023 budget	2023 estimate	2024 budget
Fort Collins				
Owner community allocation	47.6%	47.5%	47.5%	47.3%
Noncoincident billing demand (MW)	3,057	3,030	2,947	3,047
Coincident billing demand (MW)	3,049	3,022	2,937	3,039
Energy (MWh)				
Dispatchable	996,911	1,099,760	1,027,629	1,082,557
Intermittent	516,182	458,343	453,297	448,694
Total energy supplied	1,513,093	1,558,103	1,480,926	1,531,251
Owner community charge	\$ 6,581,606	\$ 7,542,120	\$ 7,542,120	\$ 7,409,160
Demand charges				
Transmission demand	\$ 20,236,214	\$ 20,358,736	\$ 19,803,257	\$ 20,352,810
Generation demand	15,609,259	15,741,272	15,205,500	16,961,928
Total demand charges	\$ 35,845,473	\$ 36,100,008	\$ 35,008,757	\$ 37,314,738
Energy charges				
Fixed cost energy	\$ 23,785,828	\$ 24,711,508	\$ 23,487,496	\$ 25,740,321
Variable cost energy	31,275,641	35,415,668	33,661,463	37,163,450
Total energy charges	\$ 55,061,469	\$ 60,127,176	\$ 57,148,959	\$ 62,903,771
Total charges	\$ 97,488,548	\$ 103,769,304	\$ 99,699,836	\$ 107,627,669
Average blended rate (\$/MWh)	\$ 64.4	\$ 66.6	\$ 67.3	\$ 70.3
Longmont				
Owner community allocation	25.4%	25.6%	25.6%	25.7%
Noncoincident billing demand (MW)	1,860	1,869	1,825	1,898
Coincident billing demand (MW)	1,859	1,862	1,820	1,890
Energy (MWh)				
Dispatchable	559,500	602,558	579,531	616,884
Intermittent	287,803	249,433	255,636	254,165
Total energy supplied	847,303	851,991	835,167	871,049
Owner community charge	\$ 3,508,531	\$ 4,059,192	\$ 4,059,192	\$ 4,028,964
Demand charges				
Transmission demand	\$ 12,313,882	\$ 12,559,160	\$ 12,266,493	\$ 12,674,718
Generation demand	9,531,073	9,695,043	9,436,173	10,554,036
Total demand charges	\$ 21,844,955	\$ 22,254,203	\$ 21,702,666	\$ 23,228,754

Sales to owner communities (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Longmont (continued)				
Energy charges				
Fixed cost energy	\$ 13,319,595	\$ 13,512,580	\$ 13,245,755	\$ 14,642,336
Variable cost energy	17,513,742	19,365,756	18,983,351	21,140,360
Total energy charges	\$ 30,833,337	\$ 32,878,336	\$ 32,229,106	\$ 35,782,696
Total charges	\$ 56,186,823	\$ 59,191,731	\$ 57,990,964	\$ 63,040,414
Average blended rate (\$/MWh)	\$ 66.3	\$ 69.5	\$ 69.4	\$ 72.4
Loveland				
Owner community allocation	22.9%	22.7%	22.7%	22.8%
Noncoincident billing demand (MW)	1,540	1,533	1,494	1,571
Coincident billing demand (MW)	1,535	1,532	1,492	1,569
Energy (MWh)				
Dispatchable and large customer service	501,572	540,686	509,754	552,081
Intermittent	246,960	210,696	214,713	216,294
Total energy supplied	748,532	751,382	724,467	768,375
Owner community charge	\$ 2,748,211	\$ 3,151,152	\$ 3,151,152	\$ 3,115,356
Demand charges				
Transmission demand	\$ 10,193,728	\$ 10,303,221	\$ 10,036,338	\$ 10,497,502
Generation demand	7,889,140	7,981,796	7,736,746	8,757,901
Total demand charges	\$ 18,082,868	\$ 18,285,017	\$ 17,773,084	\$ 19,255,403
Energy charges				
Fixed cost energy	\$ 10,268,063	\$ 10,283,402	\$ 9,952,491	\$ 11,261,955
Variable cost energy and large customer service	18,892,005	20,321,022	19,581,831	22,087,340
Total energy charges	\$ 29,160,068	\$ 30,604,424	\$ 29,534,322	\$ 33,349,295
Total charges	\$ 49,991,147	\$ 52,040,593	\$ 50,458,558	\$ 55,720,054
Average blended rate (\$/MWh)	\$ 66.8	\$ 69.3	\$ 69.6	\$ 72.5
Estes Park				
Owner community allocation	4.1%	4.2%	4.2%	4.2%
Noncoincident billing demand (MW)	274	270	277	278
Coincident billing demand (MW)	236	238	238	236

Sales to owner communities (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Estes Park (continued)				
Energy (MWh)				
Dispatchable	90,216	97,497	97,069	100,128
Intermittent	50,355	42,403	44,244	43,338
Total energy supplied	140,571	139,900	141,313	143,466
Owner community charge	\$ 570,932	\$ 661,980	\$ 661,980	\$ 659,736
Demand charges				
Transmission demand	\$ 1,812,450	\$ 1,818,042	\$ 1,863,435	\$ 1,859,086
Generation demand	1,164,258	1,201,536	1,193,133	1,270,968
Total demand charges	\$ 2,976,708	\$ 3,019,578	\$ 3,056,568	\$ 3,130,054
Energy charges				
Fixed cost energy	\$ 2,199,178	\$ 2,218,808	\$ 2,232,695	\$ 2,411,662
Variable cost energy	2,905,605	3,179,915	3,212,054	3,481,919
Total energy charges	\$ 5,104,783	\$ 5,398,723	\$ 5,444,749	\$ 5,893,581
Total charges	\$ 8,652,423	\$ 9,080,281	\$ 9,163,297	\$ 9,683,371
Average blended rate (\$/MWh)	\$ 61.6	\$ 64.9	\$ 64.8	\$ 67.5
Total owner communities				
Owner community allocation	100.0%	100.0%	100.0%	100.0%
Noncoincident billing demand (MW)	6,731	6,702	6,543	6,794
Coincident billing demand (MW)	6,679	6,654	6,487	6,734
Energy (MWh)				
Dispatchable and large customer service	2,148,199	2,340,501	2,213,983	2,351,650
Intermittent	1,101,300	960,875	967,890	962,491
Total energy supplied	3,249,499	3,301,376	3,181,873	3,314,141
Owner community charge	\$ 13,409,280	\$ 15,414,444	\$ 15,414,444	\$ 15,213,216
Demand charges				
Transmission demand	\$ 44,556,274	\$ 45,039,159	\$ 43,969,523	\$ 45,384,116
Generation demand	34,193,730	34,619,647	33,571,552	37,544,833
Total demand charges	\$ 78,750,004	\$ 79,658,806	\$ 77,541,075	\$ 82,928,949
Energy charges				
Fixed cost energy	\$ 49,572,664	\$ 50,726,298	\$ 48,918,437	\$ 54,056,274
Variable cost energy and large customer service	70,586,993	78,282,361	75,438,699	83,873,069
Total energy charges	\$ 120,159,657	\$ 129,008,659	\$ 124,357,136	\$ 137,929,343
Total charges	\$ 212,318,941	\$ 224,081,909	\$ 217,312,655	\$ 236,071,508
Average blended rate (\$/MWh)	\$ 65.3	\$ 67.9	\$ 68.3	\$ 71.2

OPERATING EXPENSES

Expenses incurred to generate and deliver electricity include purchased power, fuel, production, transmission and administrative and general. In addition, operating expenses include investments in DER. The production cost model determines the budgeted expense for purchased power and fuel, whereas expenses for production, transmission, administrative and general and DER are predominately determined by departmental budgets. Platte River emphasizes preventive and predictive maintenance to help control expenses while also investing in strategic initiatives and accomplishing the RDP goal.

Purchased power

Purchased power is the largest classifications of operating expenses. Purchased power includes purchases under long-term contracts for wind, hydropower and solar energy. Other purchases supplement additional energy requirements. Platte River also includes an accrual for estimated future replacement power costs during specified maintenance outages when applicable. Purchased power fluctuates with outages and market conditions. When market prices are low, Platte River may decide, for economic reasons, to purchase rather than generate from a coal-fired or natural gas facility. Through market purchases, Platte River is able to take advantage of low-cost energy when pricing is less than marginal production costs.

Platte River continues to diversify its resource portfolio by adding more noncarbon resources and by relying less on coal-fired resources through the PPAs listed below.

Wind

Wind generation includes 303 MW of nameplate capacity (67 MW of ELCC) provided under long-term PPAs. The agreements are for deliveries from the following facilities.

- Roundhouse Wind Energy Center (225 MW) in Wyoming; contract ends May 31, 2042.
- Spring Canyon Wind Energy Center Phase II and III (60 MW combined) in Colorado; contracts end Oct. 31, 2039, and Dec. 10, 2039, respectively. To accommodate additional energy available from the Roundhouse Wind Energy Center and reduce ancillary services expense, Platte River has sold the energy and renewable attribute from these sites under a 10-year contract that began in 2020. This energy is therefore not delivered to the owner communities for the term of the sales contract. At the end of the sales contract, the energy will return to Platte River.
- Silver Sage Windpower Project (12 MW) in Wyoming; contract ends Sept. 30, 2029. To accommodate additional wind available from the Roundhouse Wind Energy Center and to reduce transmission and ancillary services expenses, Platte River has sold the energy and renewable attribute from this site under a long-term contract. This energy is therefore not delivered to the owner communities.
- Medicine Bow Wind Project (6 MW) in Wyoming; contract ends Dec. 30, 2033.

Hydropower

Platte River receives hydropower under two long-term contracts with WAPA. The hydropower contracts are subject to periodic price changes. The CRSP and LAP contracts end Sept. 30, 2057, and Sept. 30, 2054, respectively.

- CRSP contract rate of delivery amounts are 106 MW in the summer and 136 MW in the winter, which are not being met due to drought conditions. Actual capacity available varies by month. During the summer season, estimated available capacity ranges from 34 MW to 51 MW. In the winter season, estimated available capacity ranges from 40 MW to 48 MW. Available capacity and energy may further change with drought conditions, and as conditions worsen, there may be periods where no energy is delivered.
- LAP capacity is 30 MW in the summer and 32 MW in the winter. The available capacity from LAP varies from 23 MW to 30 MW in the summer season and 26 MW to 32 MW in the winter season.

Solar and battery storage

Solar generation includes 52 MW of nameplate capacity (22 MW of ELCC) with 2 MWh of battery storage provided under long-term PPAs. The agreements are for deliveries from the following facilities.

- Rawhide Flats Solar facility (30 MW) located at the Rawhide Energy Station; contract ends Dec. 14, 2041.
- Rawhide Prairie Solar facility (22 MW) located at the Rawhide Energy Station; contract ends March 18, 2041. This project has an integrated battery storage system of 2 MWh, which can be discharged once daily at a rate up to 1 MW per hour.

Other purchases

Market purchases provide energy through participation in WEIS, which provides access to lower-cost resources and increased operational efficiencies while enhancing reliability. WEIS is a real-time organized energy market operated by SPP, in which generation and load are balanced regionally based on marginal cost and generation resource characteristics calculated for every five-minute interval. Platte River entered WEIS in April 2023 and will participate until joining RTO West. Additional information about WEIS is available on SPP's website at spp.org/weis.

Bilateral purchases involve a single counterparty and are specifically negotiated deals. These provide energy to satisfy loads, replace power during outages and meet reserve requirements.

Platte River purchases capacity of approximately 4.022 MW and 0.333 MW from Fort Collins and Loveland community solar facilities, respectively. For these two facilities, the owner communities retain the renewable attributes and the facilities are not part of Platte River's noncarbon resource portfolio.

Platte River has a forced outage exchange agreement with Tri-State. If either Rawhide Unit 1 or Tri-State's Craig Unit 3 is out of service, the other utility will provide 100 MW of generation on a short-term basis not to exceed one week per forced outage. The agreement is in effect until March 31, 2024.

Maintenance outage accrual policy

This policy allows replacement power for Rawhide Unit 1 scheduled maintenance outage costs exceeding \$5 million to be spread over the interim period between outages to smooth rate impacts to the owner communities.

Fuel

Fuel expense is one of the largest classifications of operating expenses, although it has declined as a percentage of total operating expenses as fossil fueled generation becomes a smaller component of Platte River's resource portfolio. Changes to market conditions, primarily in coal and natural gas pricing, have significant impact on fuel expense. Fuel expense includes coal purchased for Rawhide Unit 1, Craig units 1 and 2 and natural gas purchased for the combustion turbines. The production cost model determines the majority of fuel expense for the budget year, which fluctuates as resource availability changes with outages and market conditions, including weather.

Rawhide Unit 1 (280 MW) is Platte River's largest baseload resource and has historically operated at a high capacity factor. As Platte River adds more noncarbon energy to its resource portfolio and participates in organized energy markets that help balance regional noncarbon generation, Rawhide Unit 1 will operate at lower load levels to accommodate higher renewable output. Platte River continues to assess the full impact of these operational changes.

Platte River purchases coal for Rawhide Unit 1 under a long-term contract that supplies all coal needed through the unit's useful life. The coal price defaults to a market index unless Platte River chooses to use price lock provisions outlined in the contract, which Platte River has exercised for all 2024 projected coal purchases. The current Rawhide coal contract is for low-sulfur coal from Antelope Mine in the Powder River Basin in Wyoming. A long-term transportation contract through 2026 establishes a base rate per delivered ton, which is subject to an annual adjustment based on specified indices and a fuel adjustment charge.

Platte River owns 18% of Craig units 1 and 2 (151 MW combined). Platte River purchases coal for the Craig units under the long-term contract with Trapper Mining, Inc. that runs through 2025. Platte River has a minority ownership share of the mine. Platte River will work to structure future fuel supply contracts and fuel inventory levels to align with operations and the planned closure timelines of the Craig units. Recent changes in mining technique to lessen the environmental impact and reduce future reclamation burden have increased price volatility for coal delivered from Trapper Mine.

Natural gas-fired combustion turbines include five simple-cycle combustion turbines: four GE 7EAs (Rawhide units A, B, C and D, 65 MW each) and one GE 7FA (Rawhide Unit F, 128 MW). The combustion turbines meet peak load demand, provide reserves during outages of

the coal-fired units and serve sales for resale. Platte River purchases natural gas at market prices as needed. Natural gas needs fluctuate with load, market energy prices and the addition of noncarbon energy resources.

Production

Production expenses include operations and maintenance expenses (excluding fuel) incurred for the Rawhide Energy Station, the Craig Generating Station and power operations. The Rawhide expenses are predominately determined by departmental budgets. Craig expenses are determined by Tri-State, the operating agent, and approved by the engineering and operations committee of which Platte River is a member. An accrual for estimated future costs during specified Rawhide maintenance outages is also included.

Rawhide Energy Station

Rawhide Unit 1 is Platte River's largest resource and will retire by December 2029. Platte River plans continued investment in preventive and predictive maintenance so that the resource is reliable, safe and compliant through its remaining operating life. Through this proactive and planned approach, ongoing operations and maintenance expenses have been consistent from year to year. Regular outages are required to keep the unit operable and reliable. An accrual for estimated future costs during specified maintenance outages of Rawhide Unit 1 is also included and smooths out costs of outages over a longer period. Historically, Rawhide Unit 1 has had major outages about every three years, with a scheduled minor maintenance outage about halfway between scheduled major maintenance outages. Platte River is evaluating future scheduled outages as the unit nears retirement, which will materially impact remaining outage needs. Scheduled maintenance outages are also required for the combustion turbines, based on the number of unit starts. Due to more frequent starts, outage needs have increased in recent years. Personnel expenses that are charged to operations and maintenance can fluctuate with labor charged to capital projects and fluctuations in headcount in any given year.

Craig Generating Station

Routine operations and maintenance expenses for Craig units 1 and 2 have decreased slightly as participants are prudently investing in the Craig units to maintain reliability until retirement. Scheduled maintenance outages typically cause a non-recurring increase in expenses. To limit reliance on coal-fired resources and avoid excessive capital costs to comply with changing environmental regulations, participants in Craig units 1 and 2 agreed to retire the facilities by December 2025 and September 2028, respectively.

Power operations

Power operations relates to managing resources, including purchases, to meet load and sales for resale obligations. The focus is to provide the owner communities with a reliable energy supply, cost-effectively optimize how that demand is served and create additional value through the sale of available energy and capacity to third parties.

Transmission

Transmission maintenance is important to support the safe and reliable delivery of power across Platte River's regional transmission system. Transmission expenses also include Platte River's share of operating and maintaining jointly owned transmission facilities, ancillary services for regulation of wind and solar, and wheeling expenses paid to WAPA and others for wind and a portion of Platte River's load. Transmission expenses are primarily developed through departmental budgets. Personnel expenses that are charged to operations and maintenance can fluctuate with the amount of labor charged to capital projects and fluctuations in headcount in any given year.

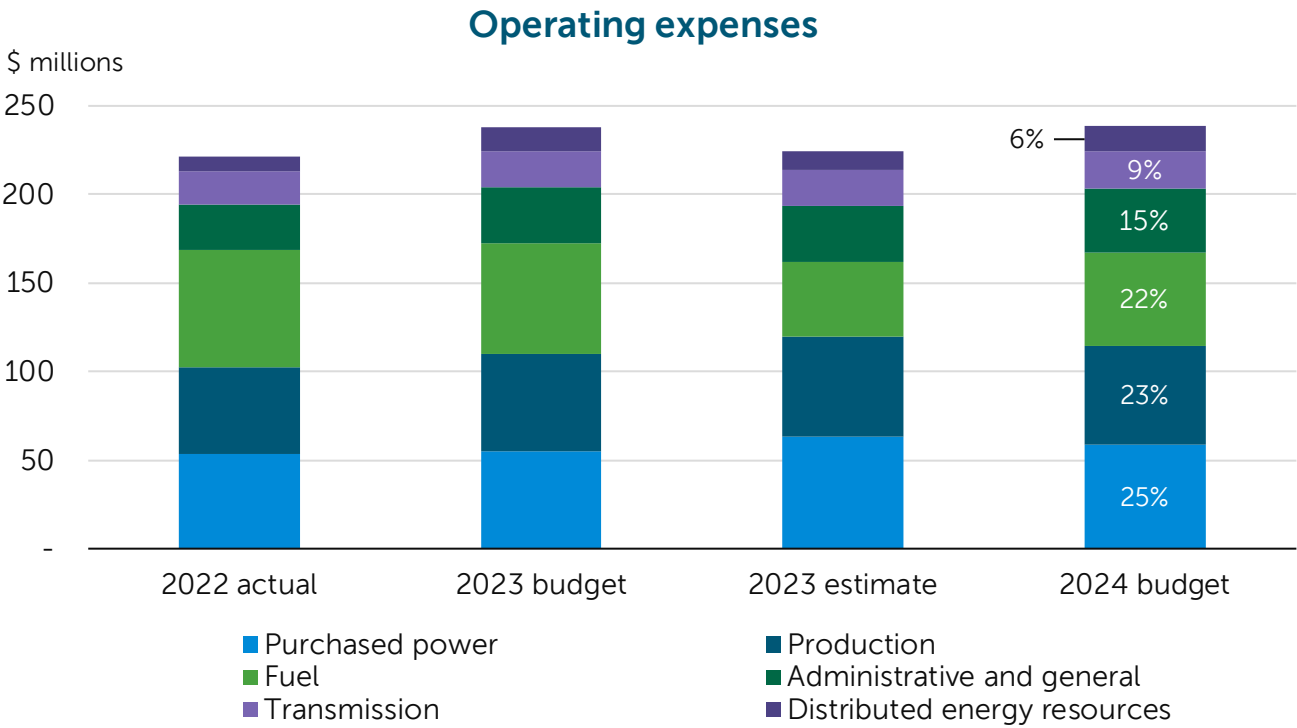
Administrative and general

Administrative and general expenses include all expenses incurred that are not directly allocated to capital or assignable to fuel, production, transmission or DER. These expenses include those related to the general manager, communications, community and government affairs, human resources, safety, general counsel, digital, financial services, facilities and fleet. The largest expense is personnel, which includes salaries and benefits. With the changing environment and continued focus on operational excellence, Platte River has made investments and will continue to invest in employees to achieve strategic initiatives and goals. These investments emphasize general counsel, business strategies and transition and integrations services.

Distributed energy resources

DER expenses include all expenses to administer and implement Platte River's DER programs. Energy efficiency and demand response programs, early forms of DER, began in 2002 with a budget of \$0.4 million. DER investment continues due to its success and positive system and community benefits. Development and testing continue with other DER, DERMS and demand response programs as Platte River continues to implement the long-range DER strategy to support the resource diversification planning and integration strategic initiative and the RDP.

Operating expenses (\$000)	2022 actual	2023 budget	2023 estimate	2024 budget
Purchased power	\$ 53,379	\$ 55,115	\$ 63,154	\$ 58,881
Fuel	66,456	62,676	41,800	52,831
Production	48,916	54,770	57,053	55,538
Transmission	18,536	20,254	20,339	21,098
Administrative and general	25,562	31,508	31,761	36,298
Distributed energy resources	8,413	13,789	10,701	13,807
Total operating expenses	\$ 221,262	\$ 238,112	\$ 224,808	\$ 238,453



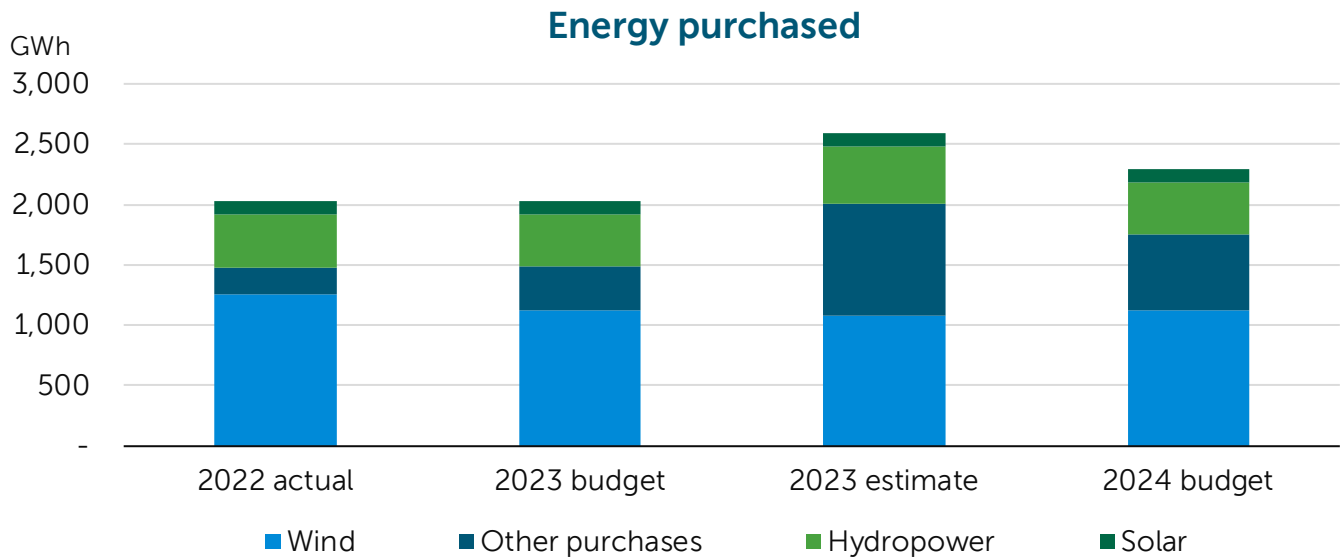
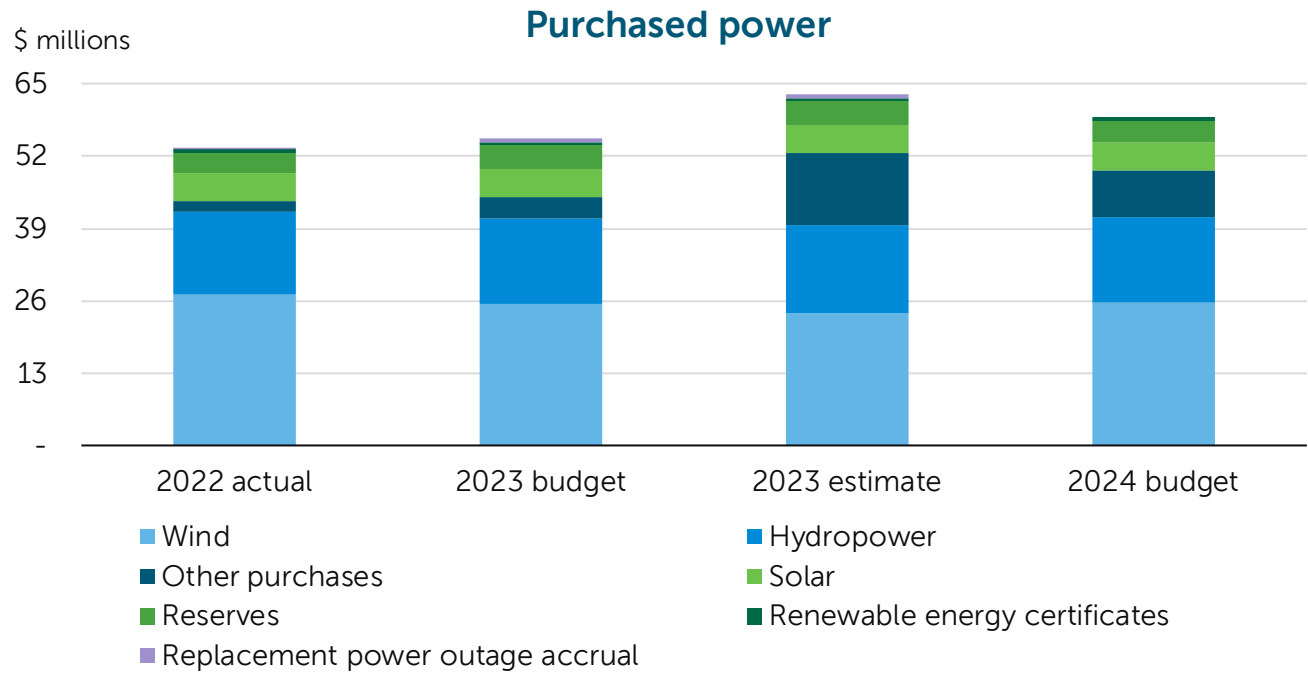
	2022 actual	2023 budget	2023 estimate	2024 budget
Purchased power				
Wind				
Roundhouse				
Energy (kWh)	969,525,431	837,499,424	839,971,377	839,692,859
Energy \$	\$ 16,513,805	\$ 14,488,742	\$ 14,557,523	\$ 14,526,688
Spring Canyon II ⁽¹⁾				
Energy (kWh)	126,214,234	125,207,621	105,700,374	125,251,164
Energy \$	\$ 4,061,773	\$ 4,131,203	\$ 3,490,585	\$ 4,235,815
Spring Canyon III ⁽¹⁾				
Energy (kWh)	111,885,524	105,944,909	89,397,888	105,981,753
Energy \$	\$ 3,590,337	\$ 3,488,986	\$ 2,945,582	\$ 3,577,339
Silver Sage ⁽²⁾				
Energy (kWh)	34,776,397	37,849,763	32,779,475	37,950,606
Energy \$	\$ 2,266,106	\$ 2,527,506	\$ 2,191,229	\$ 2,597,349
Medicine Bow				
Energy (kWh)	15,733,372	18,346,543	12,929,555	18,395,371
Energy \$	\$ 629,335	\$ 733,862	\$ 517,182	\$ 721,208
Total wind				
Energy (kWh)	1,258,134,958	1,124,848,260	1,080,778,669	1,127,271,753
Energy \$	\$ 27,061,356	\$ 25,370,299	\$ 23,702,101	\$ 25,658,399
Hydropower				
WAPA-CRSP				
Demand (kW-Mo)	1,450,002	1,450,002	1,450,002	1,450,002
Demand \$	\$ 7,612,511	\$ 7,612,512	\$ 7,612,512	\$ 7,612,512
Energy (kWh)	327,414,176	325,785,010	370,427,225	315,313,773
Energy \$	\$ 4,046,839	\$ 4,026,704	\$ 4,578,480	\$ 3,897,279
Total CRSP	\$ 11,659,350	\$ 11,639,216	\$ 12,190,992	\$ 11,509,791
WAPA-LAP				
Demand (kW-Mo)	372,606	372,606	372,606	371,694
Demand \$	\$ 1,535,137	\$ 1,788,510	\$ 1,788,510	\$ 1,784,130
Energy (kWh)	109,536,421	109,536,421	109,536,421	109,264,400
Energy \$	\$ 1,721,912	\$ 2,005,612	\$ 2,005,612	\$ 2,000,630
Total LAP	\$ 3,257,049	\$ 3,794,122	\$ 3,794,122	\$ 3,784,760
Total hydropower				
Demand (kW-Mo)	1,822,608	1,822,608	1,822,608	1,821,696
Demand \$	\$ 9,147,648	\$ 9,401,022	\$ 9,401,022	\$ 9,396,642
Energy (kWh)	436,950,597	435,321,431	479,963,646	424,578,173
Energy \$	\$ 5,768,751	\$ 6,032,316	\$ 6,584,092	\$ 5,897,909
Total \$	\$ 14,916,399	\$ 15,433,338	\$ 15,985,114	\$ 15,294,551
Solar				
Rawhide Flats Solar				
Energy (kWh)	66,072,558	61,114,995	63,773,075	60,801,529
Energy \$	\$ 3,531,578	\$ 3,266,596	\$ 3,408,671	\$ 3,249,843

Purchased power (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Solar (continued)				
Rawhide Prairie Solar				
Energy (kWh)	49,968,765	53,522,251	50,226,818	53,225,757
Energy \$	\$ 1,644,686	\$ 1,758,757	\$ 1,668,771	\$ 1,749,121
Total solar				
Energy (kWh)	116,041,323	114,637,246	113,999,893	114,027,286
Energy \$	\$ 5,176,264	\$ 5,025,353	\$ 5,077,442	\$ 4,998,964
Other purchases				
Market purchases				
Energy (kWh)	243,766,000	316,265,879	889,127,692	615,076,761
Energy \$	\$ 2,493,515	\$ 2,257,529	\$ 13,067,573	\$ 8,149,136
Bilateral purchases				
Energy (kWh)	22,419,000	35,312,125	82,879,663	5,043,497
Energy \$	\$ 2,013,131	\$ 1,361,737	\$ 2,679,700	\$ 205,129
Owner community solar programs ⁽³⁾				
Energy (kWh)	7,415,952	7,773,742	7,358,203	7,665,231
Energy \$	\$ 405,448	\$ 197,153	\$ 205,187	\$ 159,686
Forced outage exchange				
Energy (kWh)	(53,700,000)	-	(58,200,000)	-
Energy \$	\$ (3,072,160)	\$ -	\$ (3,080,008)	\$ -
Total other purchases				
Energy (kWh)	219,900,952	359,351,746	921,165,558	627,785,489
Energy \$	\$ 1,839,934	\$ 3,816,419	\$ 12,872,452	\$ 8,513,951
Reserves	\$ 3,614,987	\$ 4,198,047	\$ 4,245,293	\$ 3,864,503
Renewable energy certificates	\$ 549,980	\$ 549,980	\$ 549,980	\$ 550,220
Replacement power outage accrual	\$ 220,218	\$ 721,479	\$ 721,479	\$ -
Total purchased power	\$ 53,379,138	\$ 55,114,915	\$ 63,153,861	\$ 58,880,588

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

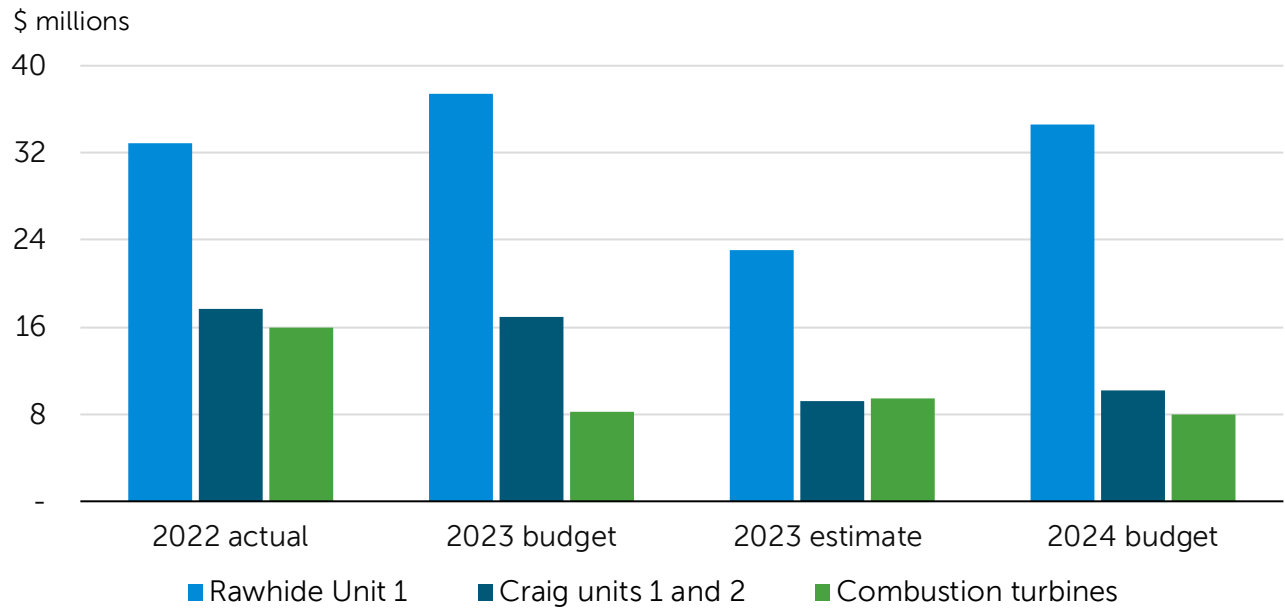
(2) Effective October 2018, Silver Sage energy and the renewable attribute have been sold to a third party.

(3) The owner communities retain the renewable attributes.

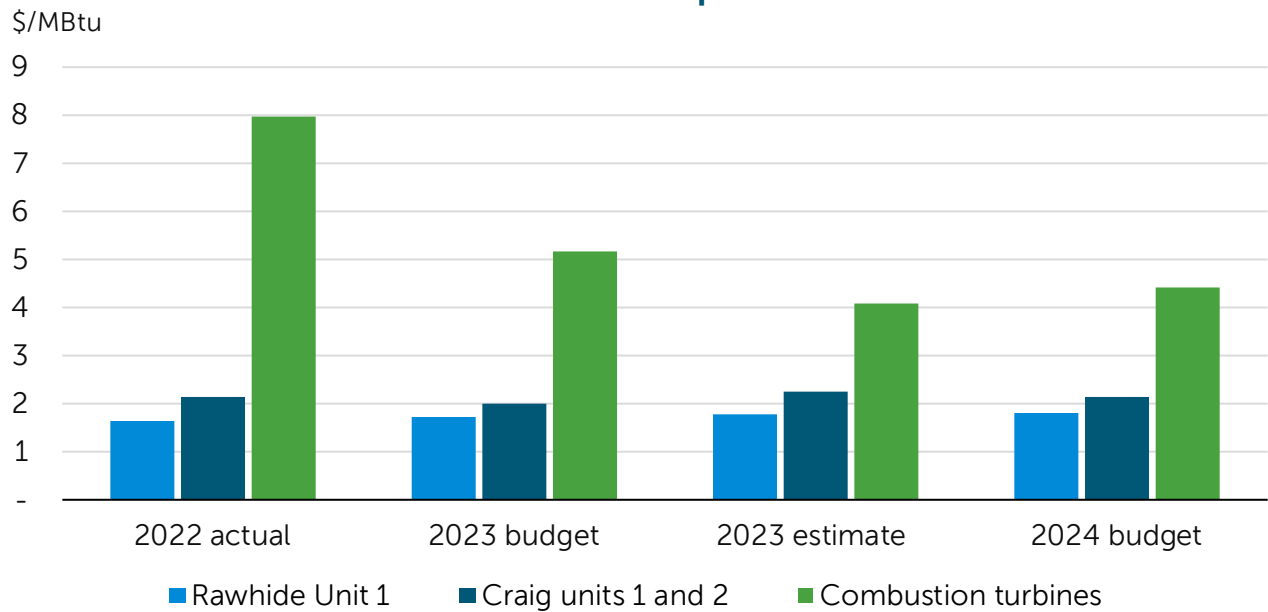


Fuel	2022 actual	2023 budget	2023 estimate	2024 budget
Rawhide Unit 1				
Coal burned (MBtu)	19,872,467	21,776,624	12,888,827	18,979,056
\$/MBtu	\$ 1.62	\$ 1.69	\$ 1.75	\$ 1.79
Coal expense	\$ 32,099,233	\$ 36,702,106	\$ 22,495,110	\$ 34,056,489
Car lease and other	5,189	19,700	12,500	17,000
Oil	271,884	50,000	210,102	20,000
Fuel ash disposal	(95,478)	(75,000)	(141,147)	(90,000)
Fuel handling	557,094	725,514	519,725	598,115
Testing and analysis	44,820	43,500	13,211	47,000
Total Rawhide Unit 1	\$ 32,882,742	\$ 37,465,820	\$ 23,109,501	\$ 34,648,604
Craig units 1 and 2				
Coal burned (MBtu)	8,227,537	8,483,030	4,120,528	4,756,277
\$/MBtu	\$ 2.11	\$ 1.95	\$ 2.13	\$ 2.07
Coal expense	\$ 17,353,692	\$ 16,534,601	\$ 8,789,663	\$ 9,832,080
Oil	(18,134)	10,000	47,500	10,000
Natural gas	196,817	100,000	178,155	150,000
Fuel handling	114,432	304,868	264,949	227,052
Total Craig units 1 and 2	\$ 17,646,807	\$ 16,949,469	\$ 9,280,267	\$ 10,219,132
Rawhide units A, B, C, D and F (combustion turbines)				
Natural gas burned (MBtu)	1,996,643	1,597,729	2,308,282	1,798,050
\$/MBtu	\$ 7.94	\$ 5.11	\$ 3.96	\$ 4.37
Natural gas expense	\$ 15,851,291	\$ 8,161,211	\$ 9,150,739	\$ 7,863,307
Other gas expense	74,392	100,000	259,881	100,000
Total natural gas	\$ 15,925,683	\$ 8,261,211	\$ 9,410,620	\$ 7,963,307
Total fuel	\$ 66,455,232	\$ 62,676,500	\$ 41,800,388	\$ 52,831,043

Fuel

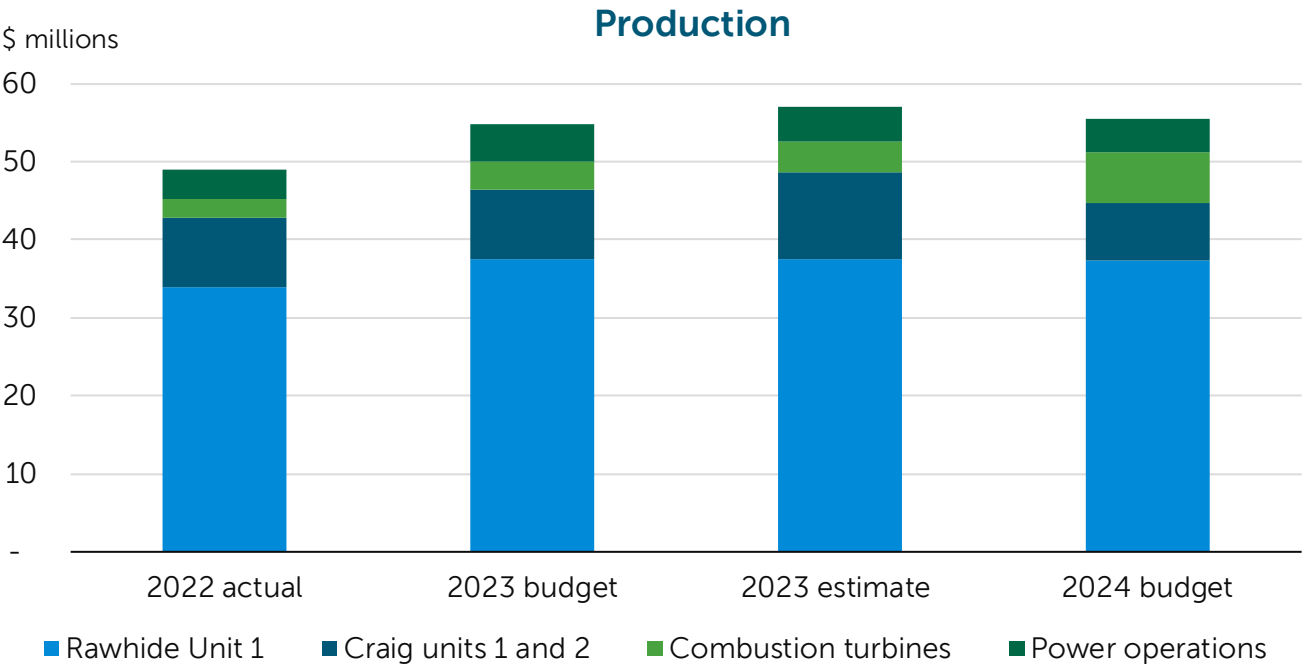


Fuel unit cost per MBtu

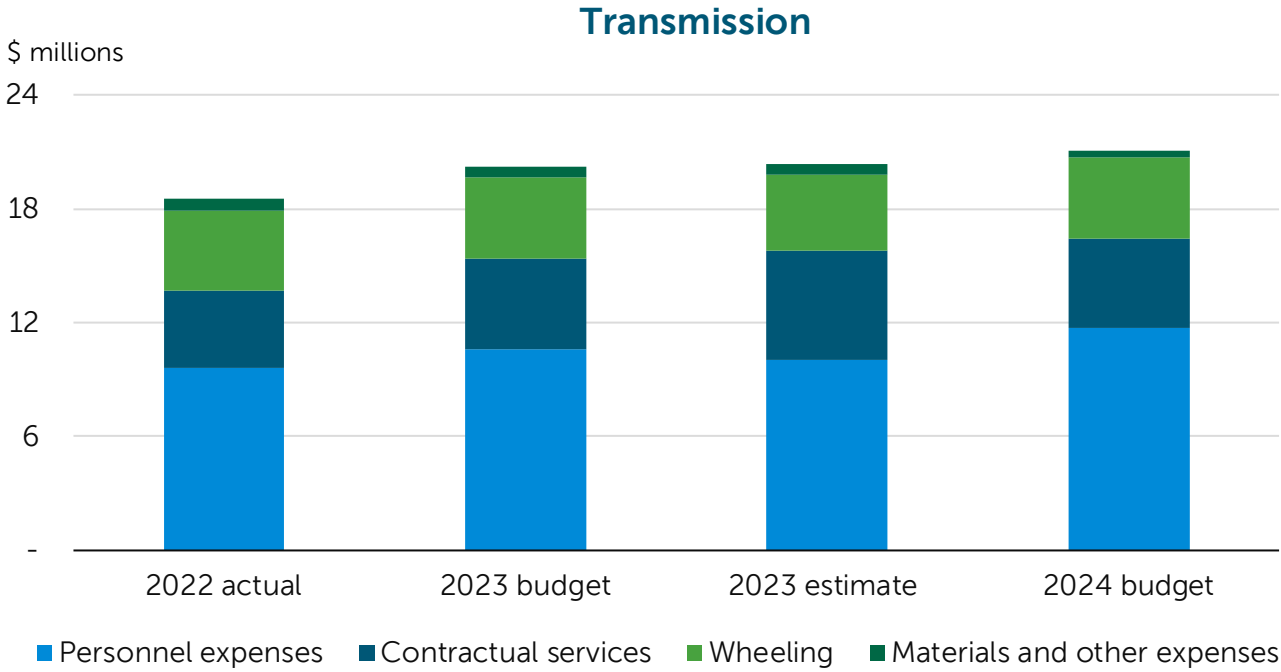


	2022 actual	2023 budget	2023 estimate	2024 budget
Production				
Rawhide Unit 1				
Personnel expenses				
Regular wages	\$ 9,901,196	\$ 10,637,071	\$ 10,481,840	\$ 10,783,610
Overtime wages	1,237,458	1,246,805	1,551,815	1,115,713
Benefits allocation	4,777,663	4,693,725	4,760,130	4,908,174
Total personnel expenses	15,916,317	16,577,601	16,793,785	16,807,497
Operations and maintenance				
Office expenses	14,626	17,400	13,824	15,900
Safety expenses	60,270	100,640	68,513	102,350
Furniture and equipment	21,966	10,400	10,606	20,200
Local business expense	16,495	24,500	45,209	28,800
Postage and deliveries	9,706	11,000	8,069	11,000
O&M materials and supplies	4,580,245	4,414,441	4,142,776	4,045,121
Gasoline and diesel	134,863	86,660	113,052	120,240
Tools and shop equipment	41,513	71,800	69,084	83,300
Total operations and maintenance	4,879,684	4,736,841	4,471,133	4,426,911
Contractual services				
Contracted services	4,617,656	7,667,070	7,819,453	6,489,845
Insurance	1,043,885	1,193,300	1,182,670	1,173,552
Travel and training expenses	167,827	252,200	304,529	326,754
Telephone services	45,417	55,753	49,713	56,450
Utilities	553,666	454,984	446,528	474,900
Dues, memberships and fees	54,576	51,805	50,932	59,375
Outage accrual	3,295,962	2,899,142	2,899,142	3,950,910
Total contractual services	9,778,989	12,574,254	12,752,967	12,531,786
Windy Gap				
Water O&M expenses	407,150	661,856	639,979	650,632
Pooled financing expenses	2,888,007	2,888,007	2,888,007	2,888,007
Total Windy Gap	3,295,157	3,549,863	3,527,986	3,538,639
Total Rawhide Unit 1 production	33,870,147	37,438,559	37,545,871	37,304,833
Craig units 1 and 2				
Operating expenses	8,857,922	8,974,398	11,092,077	7,393,939
Fiscal impact payment	36,217	36,217	36,217	36,217
Total Craig units 1 and 2 production	8,894,139	9,010,615	11,128,294	7,430,156
Total thermal production	42,764,286	46,449,174	48,674,165	44,734,989
Rawhide units A, B, C, D and F (combustion turbines)				
Regular wages	505,255	606,123	603,511	993,656
Overtime wages	129,309	88,001	110,189	105,389

Production (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Rawhide units A, B, C, D and F (combustion turbines) (continued)				
Benefits allocation	\$ 273,900	\$ 275,083	\$ 283,686	\$ 455,136
O&M materials and supplies	463,398	817,060	1,127,955	1,926,330
Contracted services	693,181	1,180,475	1,280,300	2,370,859
Insurance	421,151	463,800	469,034	587,028
Travel and training expenses	5,798	36,000	16,158	43,500
Telephone services	537	600	547	600
Utilities	1,504	2,400	1,912	2,400
Dues, memberships and fees	<u>7,222</u>	<u>7,500</u>	<u>8,450</u>	<u>7,500</u>
Total Rawhide units A, B, C, D and F (combustion turbines)	2,501,255	3,477,042	3,901,742	6,492,398
Power operations				
Regular wages	1,758,517	2,297,785	2,055,455	2,225,546
Overtime wages	65,500	73,946	74,479	73,296
Benefits allocation	785,105	922,648	856,454	938,997
Local business expense	3,724	3,600	2,104	3,200
Craig units 1 and 2 operating expenses	28,189	26,784	29,832	27,000
Contracted services	918,992	1,329,668	1,372,038	945,008
Travel and training expenses	21,460	110,110	28,432	69,500
Telephone expenses	11,143	12,695	14,351	13,086
Dues, memberships and fees	<u>57,940</u>	<u>66,188</u>	<u>44,259</u>	<u>14,800</u>
Total power operations	<u>3,650,570</u>	<u>4,843,424</u>	<u>4,477,404</u>	<u>4,310,433</u>
Total production	<u>\$ 48,916,111</u>	<u>\$ 54,769,640</u>	<u>\$ 57,053,311</u>	<u>\$ 55,537,820</u>



Transmission	2022 actual	2023 budget	2023 estimate	2024 budget
Personnel expenses				
Regular wages	\$ 6,265,104	\$ 7,217,599	\$ 6,719,737	\$ 7,858,226
Overtime wages	442,510	402,782	458,695	453,760
Benefits allocation	<u>2,880,326</u>	<u>3,000,090</u>	<u>2,832,071</u>	<u>3,402,719</u>
Total personnel expenses	9,587,940	10,620,471	10,010,503	11,714,705
Materials and other expenses				
Office supplies	89	5,000	100	-
Safety expenses	13,334	14,310	16,926	12,600
Local business expense	6,247	11,558	11,153	8,504
Postage and deliveries	-	5,508	2,295	3,000
O&M materials and supplies	497,800	447,800	460,084	310,624
Gasoline and diesel	35,809	38,616	32,803	36,950
Tools and shop equipment	22,979	26,008	13,578	22,004
Computer equipment	<u>35,409</u>	<u>72,000</u>	<u>12,006</u>	<u>18,000</u>
Total materials and other expenses	611,667	620,800	548,945	411,682
Contractual services				
Contracted services	3,352,476	3,796,745	4,951,971	3,778,568
Travel and training expenses	139,863	149,029	115,758	178,954
Telephone services	37,939	70,534	60,179	48,445
Utilities	4,477	21,080	11,381	6,600
Dues, memberships and fees	397,352	436,550	378,304	439,062
Leases and rents	116,212	131,540	105,511	107,902
Craig units 1 and 2 transmission expenses	<u>65,954</u>	<u>156,342</u>	<u>186,670</u>	<u>121,583</u>
Total contractual services	<u>4,114,273</u>	<u>4,761,820</u>	<u>5,809,774</u>	<u>4,681,114</u>
Total operations and maintenance	14,313,880	16,003,091	16,369,222	16,807,501
Transmission by others				
Wheeling expense				
Load	1,091,046	1,315,155	1,084,486	1,328,999
Spring Canyon Wind Energy Center	3,052,432	2,843,838	2,801,465	2,923,815
Medicine Bow Wind Project	<u>78,901</u>	<u>91,476</u>	<u>83,307</u>	<u>38,196</u>
Total wheeling expense	<u>4,222,379</u>	<u>4,250,469</u>	<u>3,969,258</u>	<u>4,291,010</u>
Total transmission	<u>\$ 18,536,259</u>	<u>\$ 20,253,560</u>	<u>\$ 20,338,480</u>	<u>\$ 21,098,511</u>



Administrative and general	2022 actual	2023 budget	2023 estimate	2024 budget
Operations				
Personnel expenses				
Regular wages	\$ 11,881,497	\$ 13,760,693	\$ 13,960,230	\$ 16,736,942
Overtime wages	192,088	42,800	97,130	52,300
Benefits allocation	<u>5,143,982</u>	<u>5,340,077</u>	<u>5,396,611</u>	<u>6,800,651</u>
Total personnel expenses	17,217,567	19,143,570	19,453,971	23,589,893
Office operations and other expenses				
Office expenses	10,547	4,375	1,754	2,625
Furniture and equipment	32,144	7,500	9,176	13,680
Local business expense	186,186	326,290	305,052	306,462
Postage and deliveries	8,306	19,350	14,213	19,550
Gasoline and diesel	19,410	31,200	27,629	17,100
Computer equipment	<u>756,232</u>	<u>977,182</u>	<u>902,038</u>	<u>741,566</u>
Total office operations and other expenses	1,012,825	1,365,897	1,259,862	1,100,983
Safety and training expenses				
Safety expenses	39,015	6,980	4,294	9,265
Local business expense	985	3,000	2,318	3,000
Contracted services	18,460	40,625	47,030	31,625
Travel and training expenses	327,177	544,769	487,624	638,396
Dues, memberships and fees	580	705	800	700
Wellness and incentive program	<u>153,379</u>	<u>156,900</u>	<u>158,238</u>	<u>169,400</u>
Total safety and training expenses	539,596	752,979	700,304	852,386
Contractual services				
Contracted services	504,168	938,655	734,400	808,012
Travel and training expenses	58,046	128,288	104,356	159,170
Telephone services	44,181	48,048	44,057	48,350
Utilities	245,225	230,700	221,701	236,700
Dues, memberships and fees	128,290	174,590	169,432	164,822
Other financing expenses	<u>37,532</u>	<u>58,700</u>	<u>21,555</u>	<u>56,900</u>
Total contractual services	1,017,442	1,578,981	1,295,501	1,473,954
Insurance	1,119,818	1,423,100	1,384,415	1,259,760
Board and enterprise expenses				
Local business expense	11,341	11,000	10,001	12,000
Contracted services	-	20,000	23,000	-
Travel and training expenses	23,530	15,000	29,731	28,500
Dues, memberships and fees	118,344	128,250	114,052	146,550

Administrative and general (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Operations (continued)				
Board and enterprise expenses (continued)				
Trustees fees	\$ 18,000	\$ 12,000	\$ 12,000	\$ 12,000
Owner community economic development	100,000	100,000	100,000	120,000
Total board and enterprise expenses	271,215	286,250	288,784	319,050
Reporting and promotional expenses				
Local business expenses	70,176	49,100	134,221	112,800
Contracted services	176,678	939,900	943,887	1,108,900
Total reporting and promotional expenses	246,854	989,000	1,078,108	1,221,700
Community engagement expenses				
Local business expenses	75,467	149,895	102,343	294,200
Dues, memberships and fees	15,850	20,300	29,386	20,300
Total community engagement expenses	91,317	170,195	131,729	314,500
Planning and customer service expenses				
Contracted services	362,792	789,500	1,597,628	1,061,500
Dues, memberships and fees	7,500	13,000	112,341	197,000
Total planning and customer service expenses	370,292	802,500	1,709,969	1,258,500
Compliance expenses				
Local business expenses	500	7,400	7,744	1,250
Contracted services	6,172	25,000	12,898	154,900
Travel and training expenses	26,680	30,650	24,375	34,250
Dues, memberships and fees	-	325	325	-
Total compliance expenses	33,352	63,375	45,342	190,400
Total administrative and general operations	21,920,278	26,575,847	27,347,985	31,581,126
Maintenance				
Building and grounds maintenance				
Materials and supplies	114,442	93,812	99,578	156,561
Tools and shop equipment	4,193	10,000	(5,755)	5,500
Contracted services	587,688	432,716	484,900	533,760
Total building and grounds maintenance	706,323	536,528	578,723	695,821
Computer maintenance				
Contracted services	2,487,935	3,844,418	3,306,425	3,409,139
Total computer maintenance	2,487,935	3,844,418	3,306,425	3,409,139

Administrative and general (continued)

Maintenance (continued)

Office equipment maintenance

	2022 actual	2023 budget	2023 estimate	2024 budget
Postage and deliveries	\$ -	\$ 3,300	\$ 135	\$ 3,300
Telephone services	15,854	14,499	16,316	14,984
Total office equipment maintenance	15,854	17,799	16,451	18,284

Vehicle maintenance

Materials and supplies	4,148	20,255	20,897	27,455
Tools and shop equipment	3,658	8,500	8,660	16,150
Contracted services	10,117	6,000	11,599	42,000
Total vehicle maintenance	17,923	34,755	41,156	85,605

Security maintenance

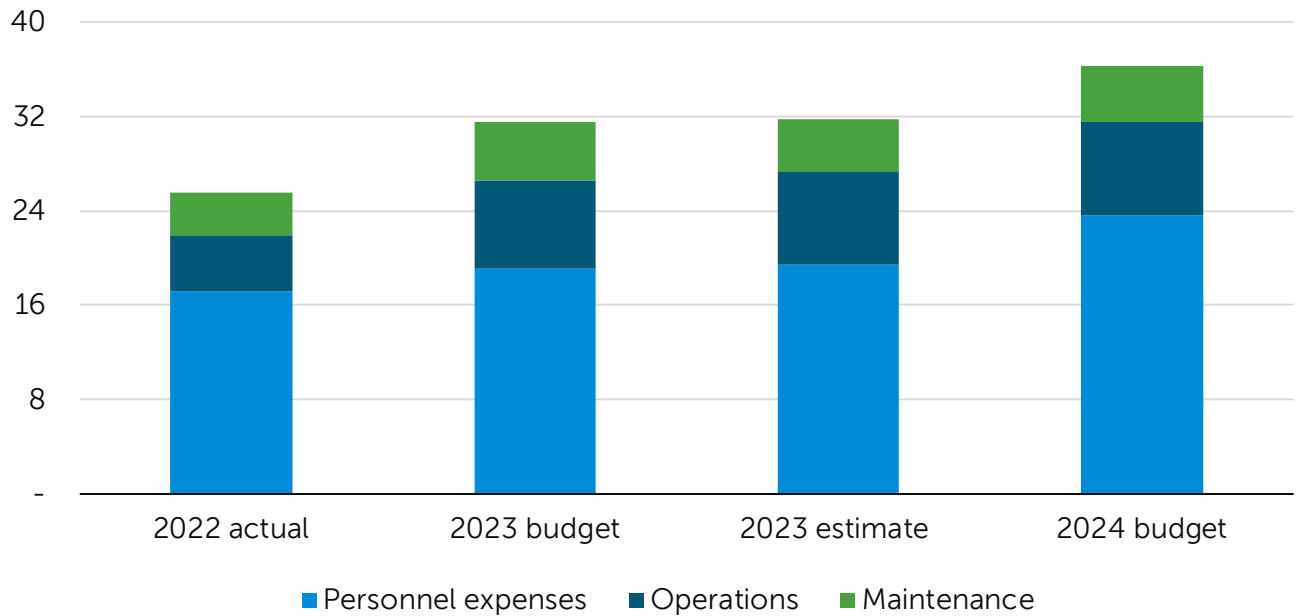
Materials and supplies	33,759	59,541	47,168	52,894
Tools and shop equipment	5,580	3,600	3,066	3,800
Contracted services	374,261	435,332	420,479	451,172
Total security maintenance	413,600	498,473	470,713	507,866

Total administrative and general maintenance	3,641,635	4,931,973	4,413,468	4,716,715
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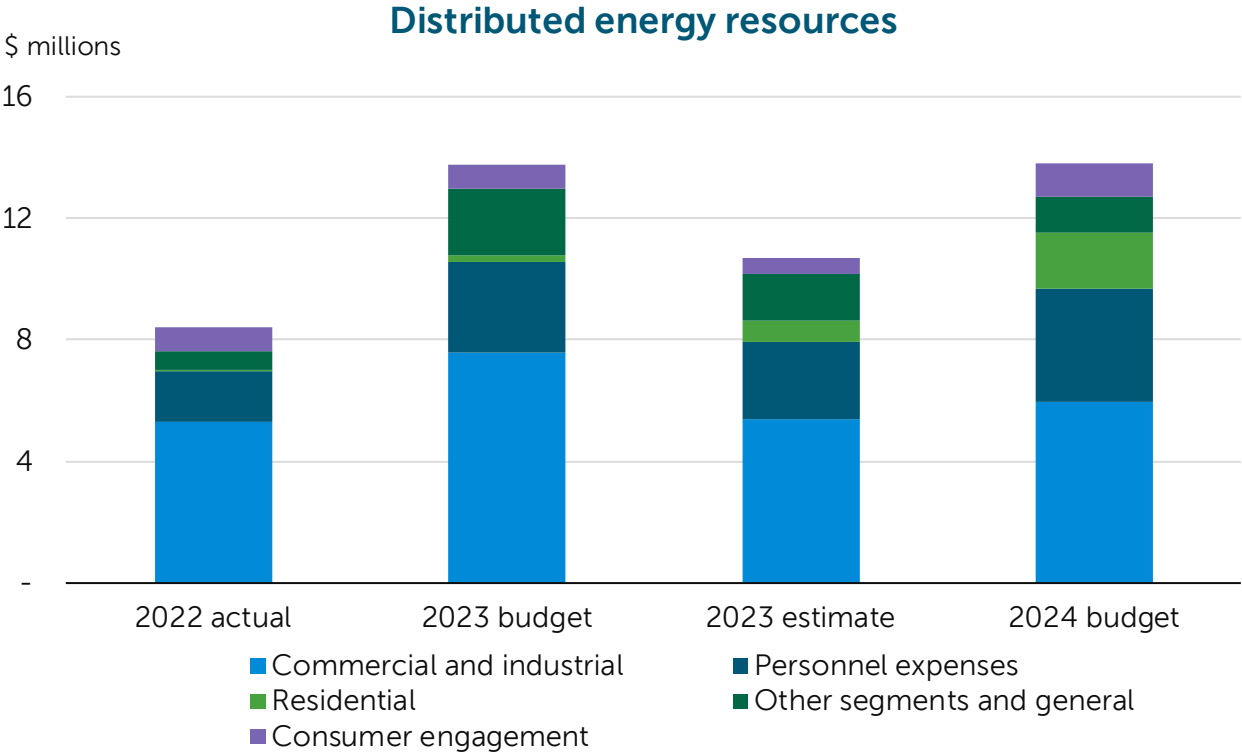
Total administrative and general	\$ 25,561,913	\$ 31,507,820	\$ 31,761,453	\$ 36,297,841
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Administrative and general

\$ millions



Distributed energy resources	2022 actual	2023 budget	2023 estimate	2024 budget
Personnel expenses				
Regular wages	\$ 1,182,864	\$ 2,145,383	\$ 1,791,715	\$ 2,629,142
Overtime wages	947	-	159	-
Benefits allocation	498,214	838,992	724,742	1,078,167
Total personnel expenses	1,682,025	2,984,375	2,516,616	3,707,309
Commercial and industrial				
Contracted services	568,778	612,000	594,183	1,125,000
Rebates/incentives for retail customers	4,009,130	6,160,000	3,410,000	3,940,000
Audits/assessments for retail customers	715,699	805,000	1,405,000	910,000
Total commercial and industrial	5,293,607	7,577,000	5,409,183	5,975,000
Residential				
Contracted services	14,933	150,000	160,000	535,864
Rebates/incentives for retail customers	13,108	85,000	535,000	977,101
Audits/assessments for retail customers	-	-	-	352,260
Total residential	28,041	235,000	695,000	1,865,225
Consumer engagement				
Contracted services	456,124	387,600	287,600	721,900
Rebates/incentives for retail customers	321,308	436,000	241,067	352,470
Total consumer engagement	777,432	823,600	528,667	1,074,370
Other segments and general				
Contracted services	429,547	1,968,825	1,418,825	946,000
Travel and training expenses	57,500	2,000	1,334	2,000
Telephone services	1,882	3,432	2,431	3,432
Dues, memberships and fees	43,020	40,460	44,446	128,750
Rebates/incentives to owner communities	99,835	154,870	84,354	104,828
Total other segments and general	631,784	2,169,587	1,551,390	1,185,010
Total distributed energy resources	\$ 8,412,889	\$ 13,789,562	\$ 10,700,856	\$ 13,806,914



CAPITAL ADDITIONS

Capital projects are viewed strategically with a long-term outlook to support Platte River's foundational pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities, as well as strategic initiatives and core operations. Capital additions generally consist of projects to maintain and improve system reliability, replace and upgrade aging infrastructure, implement technology improvements, diversify and transition resources, maintain compliance and improve efficiency.

Production capital additions include a new dispatchable resource, power plant upgrades and equipment replacements as well as compliance-related projects at the Rawhide and Craig generating stations. Transmission capital additions include transmission lines, substations and supporting equipment. Projects are based on transmission studies and consultation with the owner communities' staff through the joint technical advisory committee. These projects will enhance system reliability and add capacity to serve new and existing loads as well as allow future noncarbon projects. General plant capital additions include computer hardware and implementation costs associated with subscription-based information technology arrangements, communication equipment, building modifications and other general plant equipment purchases. Asset retirement obligations include payments to satisfy legally enforceable liabilities associated with the retirement of a tangible capital asset such as an impoundment or electric generation facility.

The five-year capital forecast is developed to outline future investment in capital projects. Capital planning is an ongoing effort as needs change, so Platte River reviews and updates the plan three times annually along with financial projections. The plan is the basis for each budget year. Production projects focus on plant equipment improvements, including equipment replacements or enhancements during scheduled maintenance outages, dust collection system replacements, combustion component upgrades, controls hardware upgrades and a new dispatchable resource. Transmission projects focus on new substations for new noncarbon resources, substation expansion for a new dispatchable resource, a new transmission line and interconnection assets for noncarbon resources, transformer replacements, transmission line replacement, and include coordinating and planning owner community requests for substation additions. Future general plant projects include replacing information technology equipment, fiber optic cable and equipment replacements, implementing strategic software solutions including DERMS, additional energy market software and the ERP that will benefit the entire organization. Asset retirement obligations consist of reclamation activities at Trapper Mine.

Project management continues to be a focus. In the past several years, Platte River has emphasized resource availability and improving project planning and execution. This process will continue to evolve, striving toward operational excellence. Projects typically experience schedule changes for various reasons; therefore, staff will request a portion of unspent 2023 budget capital additions be carried over into the 2024 budget. Supply chain issues

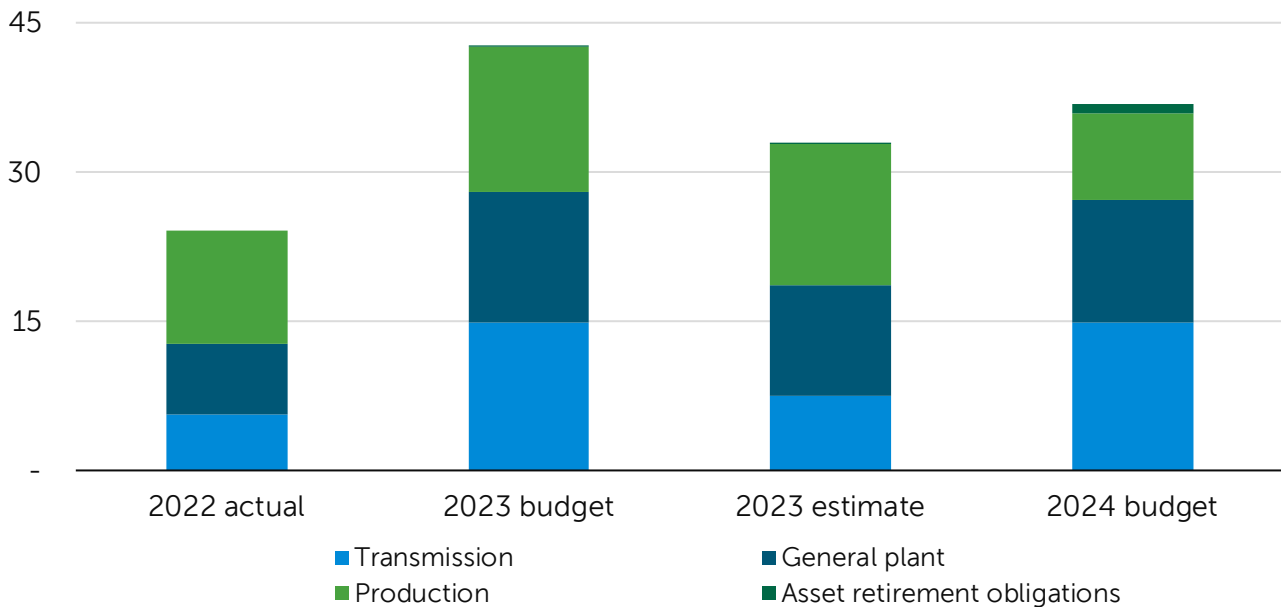
experienced during 2023 have dictated many schedule changes. Current lead times and resource constraints have been considered in the 2024 budget, but evolving economic conditions create uncertainty.

The next pages include project descriptions as well as estimated project cost and carryover amounts, noting which projects support strategic initiatives.

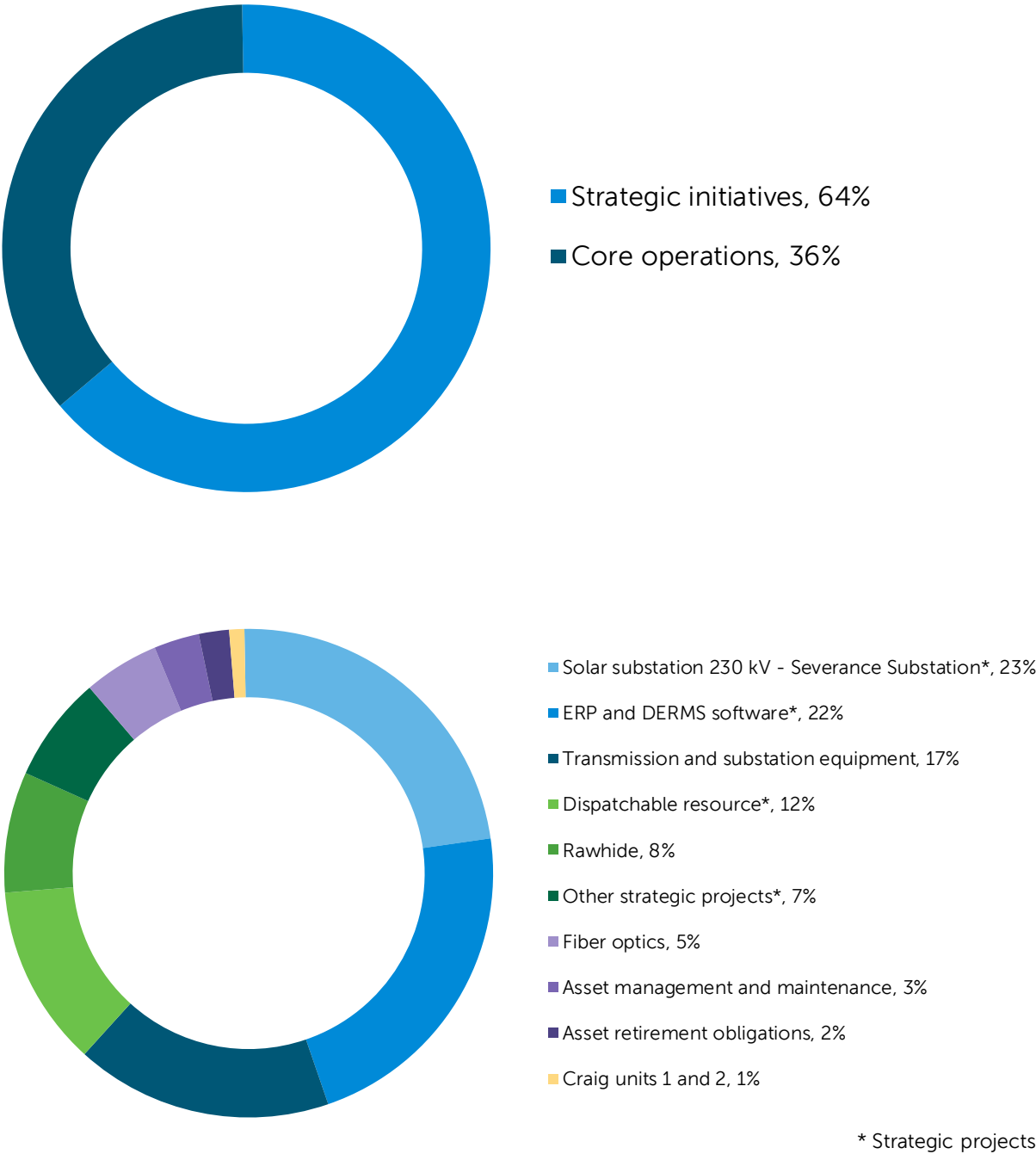
Capital additions (\$000)	2022 actual	2023 budget	2023 estimate	2024 budget
Production	\$ 11,290	\$ 14,668	\$ 14,147	\$ 8,722
Transmission	5,708	14,953	7,492	14,938
General plant	7,104	13,048	11,158	12,305
Asset retirement obligations	-	52	52	933
Total capital additions	\$ 24,102	\$ 42,721	\$ 32,849	\$ 36,898

Capital additions

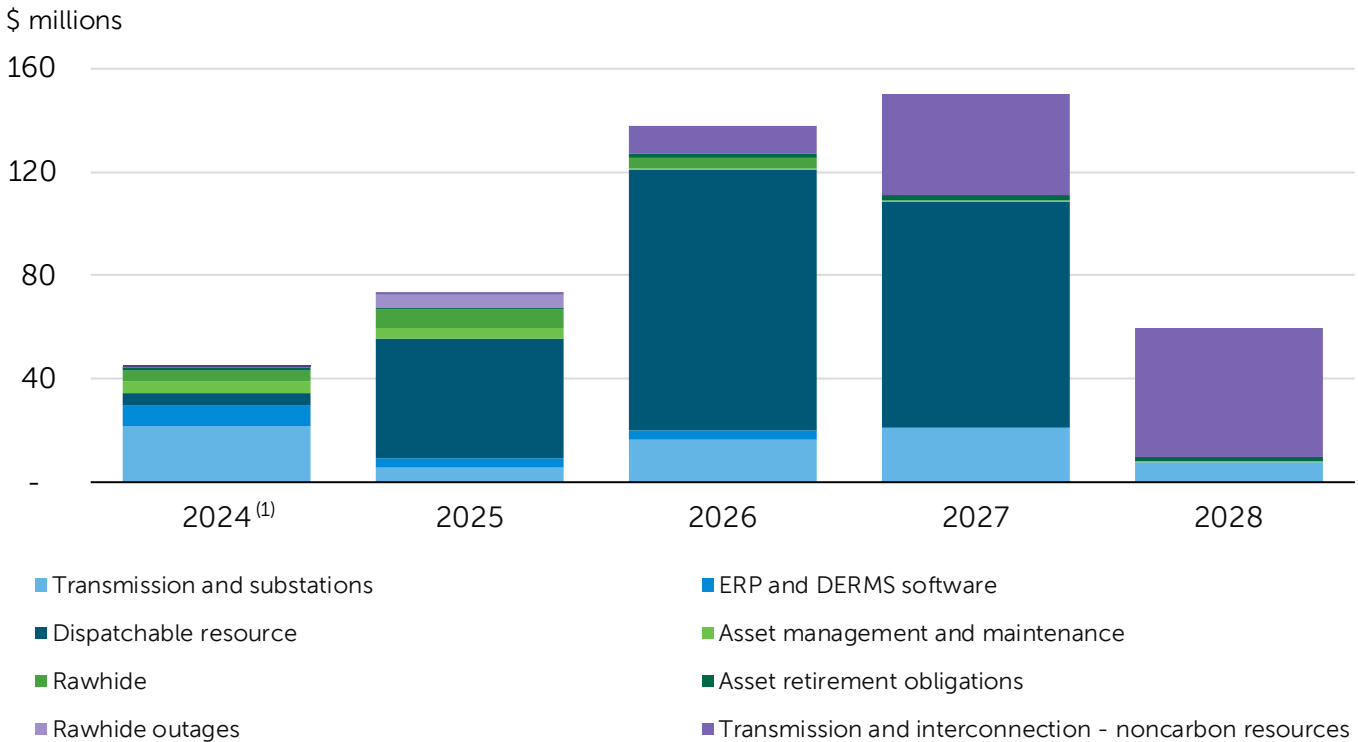
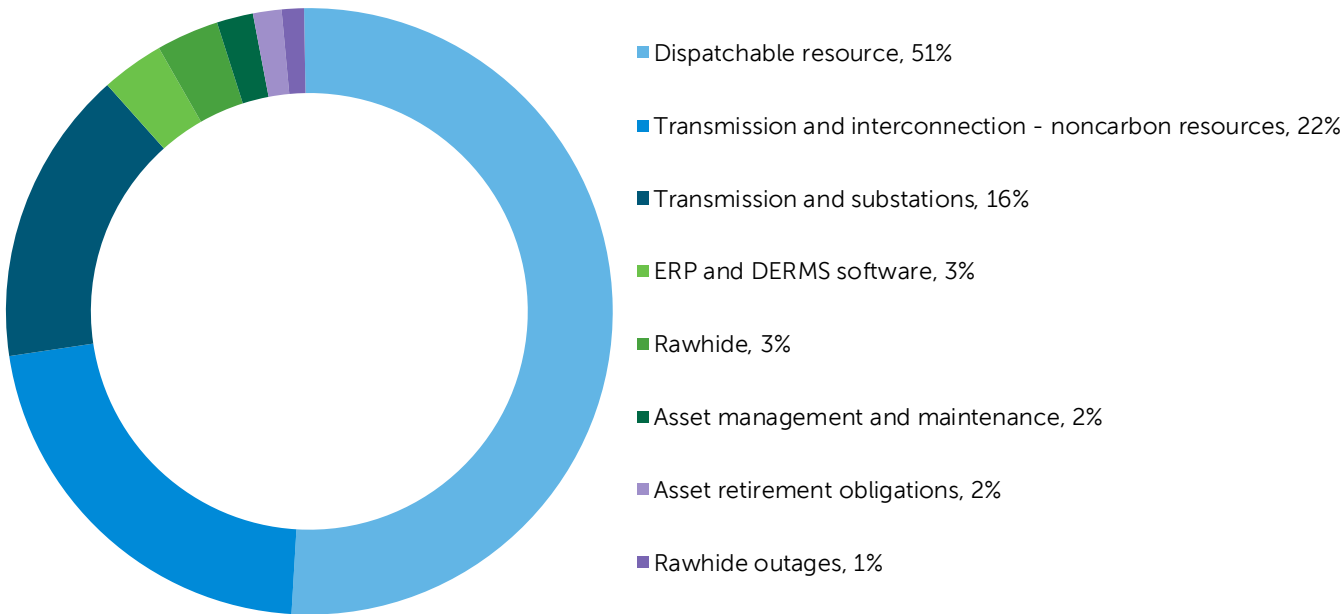
\$ millions



2024 capital additions: \$36.9 million



Capital five-year forecast 2024-2028 \$466.2 million



(1) Includes \$7.8 million in estimated carryover funds from 2023 budget to 2024 budget.

Production capital additions	2024 budget	Total cost estimate⁽¹⁾
Rawhide projects		
• Dispatchable resource - Rawhide	\$ 4,606,284	\$ 239,041,000
Compressor blade upgrade - combustion turbine Unit F	1,861,451	
• Evaporative cooling - combustion turbine Unit F	694,089	
Gas control valve replacement - combustion turbine Unit F	554,246	
• Hydrogen dryer and auto-purge - combustion turbine Unit F	486,605	
Transformer nitrogen generator - Rawhide Unit 1	152,359	
pH and conductivity analyzer replacements - Rawhide Unit 1	75,214	
Station service battery bank replacement - combustion turbine Unit F	40,187	
Uninterruptible power supply replacement - gas yard	39,028	
HVAC replacement - rotary car dumper server room	26,782	
Total Rawhide projects	8,536,245	
Rawhide purchases		
Floor machine replacement - Rawhide	46,640	
Extrication tool replacement - Rawhide	33,000	
Scissor lift - Rawhide	20,000	
Total Rawhide purchases	99,640	
Other production projects		
Craig units 1 and 2 projects	85,730	
Total production capital additions	\$ 8,721,615	

Transmission capital additions	2024 budget	Total cost estimate⁽¹⁾
Transmission projects		
• Solar substation 230 kV - Severance Substation ⁽²⁾	\$ 8,365,706	\$ 14,870,000
Transformer T3 replacement - Timberline Substation ⁽²⁾	2,977,711	5,298,000
Transformer T1 replacement - Longs Peak Substation ⁽²⁾	1,618,287	5,070,000
Circuit breaker replacement 592, 596 - Ault Substation WAPA	878,000	
Circuit breaker replacement 492, 1092, 3124, 3224 - Ault Substation WAPA	751,800	
115 kV transmission line replacement - Drake transmission line ⁽²⁾	140,200	7,965,000
• Substation and interconnections - noncarbon resources	70,100	10,120,000
• Transmission lines - noncarbon resources	59,908	50,260,000
• Substation expansion and reliability upgrade - Rawhide Substation	32,320	13,532,000
HVAC unit replacements - substations	22,419	
Transmission digital fault information network - Portner Substation	21,558	
Total transmission capital additions	\$ 14,938,009	

General plant capital additions	2024 budget	Total cost estimate⁽¹⁾
General plant projects		
• Enterprise resource planning software	\$ 5,635,050	\$ 10,620,000
• Distributed energy resources management system	2,484,733	9,927,000
Fiber optic cable replacement - Long-Haul East (Loveland to Longmont)	1,825,557	
• Regional transmission organization market software	584,807	885,000
• Operations analytics software	480,000	
Network replacement - headquarters	345,000	
Microwave network replacement - headquarters to Estes Park	342,462	
Perimeter detection system - LaPorte Substation (PSCo, Tri-State)	218,009	
• Backup recovery storage addition	150,000	
Storm water drainage - outbuildings	141,379	
Built-in shelving - headquarters	54,349	
Data sharing remote terminal unit replacement - Crossroads Substation	27,052	
Global positioning system timing source replacement - Disaster Recovery Center	10,769	
Total general plant projects	12,299,167	
General plant purchases		
Copier replacement - Rawhide	5,900	
Total general plant capital additions	\$ 12,305,067	

Asset retirement obligations capital additions	2024 budget	Total cost estimate⁽¹⁾
Asset retirement obligations projects		
Trapper Mine post-mining reclamation	\$ 933,072	\$ 11,650,000
Total capital additions	\$ 36,897,763	

- Project supports strategic initiative.

(1) If no amount is shown, the 2024 budget amount represents the total project cost estimate.

(2) Projects with estimated unspent 2023 funds that will be requested to be carried over to the 2024 budget.

Production capital additions
Rawhide projects

● Dispatchable resource - Rawhide	\$ 4,606,284
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Project time frame: 2023-2027
Total cost estimate: \$239,041,000 ⁽¹⁾

Establish a new dispatchable resource at Rawhide Energy Station to support the reliable transition to a noncarbon energy portfolio supporting the RDP. This resource will support system reliability as other firm, noncarbon technologies such as storage or green hydrogen develop and reach maturity. While the recommended technology is a high-efficient, low-carbon dispatchable resource, exact technology selection as well as resource justification efforts are ongoing. Funds budgeted in 2024 will be used for detail design and technical specifications.

(1) - Total cost estimate uncertainty exists as exact technology selection has not been finalized.

Compressor blade upgrade - combustion turbine Unit F	1,861,451
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Upgrade the first row of rotating blades and the first five rows of stationary blades in the compressor section of combustion turbine Unit F. The manufacturer identified the rotating blades are susceptible to distress in the dovetail of the blade and pose a risk for blade liberation. Platte River's insurance provider has also recommended that the compressor section of the unit be upgraded to address concerns with the front end of the compressor. Upgrading the compressor blades may allow additional unit output due to improved air flow through the compressor and will improve rub tolerance of the blades during operation.

● Evaporative cooling - combustion turbine Unit F	694,089
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Add an evaporative cooling technology known as fogging to combustion turbine Unit F to increase energy output during summer months. The project includes a high pressure pump skid, stainless steel high pressure feed lines, a fog nozzle array and associated electrical and control instrumentation. Water introduced in the inlet ductwork will fully evaporate prior to reaching the turbine blades, alleviating concerns of erosion of the compressor blades and results in a negligible effect on the gas turbine maintenance interval. Fogging has the potential to reduce heat rate, fuel costs and nitrogen oxide emissions due to the increased water vapor content of inlet air.

Gas control valve replacement - combustion turbine Unit F	554,246
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Replace all existing electro-hydraulic stop-speed ratio valves and gas control valves with electric-actuated valves on combustion turbine Unit F. The project includes replacement of the inlet guide vane actuator and positioner, installing new digital valve positioners for each component, new wiring and conduit and integration into the Ovation distributed control system. The current electro-hydraulic valves require disassembly, cleaning and rebuild every other year to prevent clogged servos and filters. The current valves have also been problematic during cold weather operation. Removal of the hydraulic oil system minimizes safety and environmental hazards. The new electric-actuated valves will increase reliability and provide advanced diagnostic capabilities.

● **Hydrogen dryer and auto-purge - combustion turbine Unit F** **\$ 486,605**

Replace the generator hydrogen gas dryer on combustion turbine Unit F with a dual-chamber system that continuously dries and recirculates generator cooling gas. The project will also include installation of a generator auto-purge system that safely and automatically purges the generator for maintenance and emergencies. Initiating the auto-purge process through the distributed control system will ensure the process is done identically each time the generator is purged. Automating the process reduces the time required to complete a purge from approximately six hours to 90 minutes and allows operations personnel to execute other tasks. Safety risks associated with deploying personnel to perform a manual purge will be mitigated. The generator gas dryer provides dew point monitoring which is not currently monitored. Increased dew point levels reduce generator efficiencies resulting in windage losses. Regeneration of the dryer is automated based on dew point levels.

Transformer nitrogen generator - Rawhide Unit 1 **152,359**

Replace nitrogen bottles on three generation step-up transformers, one unit auxiliary transformer and two reserve auxiliary transformers with a nitrogen generator. Nitrogen is the inert gas used to seal off the transformer from outside air keeping moisture, oxygen and any other hazardous gases out of the transformer headspace. Each transformer has its own nitrogen cabinet consisting of a bottle of nitrogen. These transformers are checked four times in a 24 hour period by plant operators which entails walking to each transformer, opening a cabinet and recording the reading. The nitrogen generator will pipe nitrogen to each transformer and pressure readings will be located in a single location for verification.

pH and conductivity analyzer replacements - Rawhide Unit 1 **75,214**

Replace up to six transmitters, associated instrument housing and cabling for the cycle chemistry lab and potable water system at Rawhide Unit 1. Online potential hydrogen (pH) and conductivity analysis throughout the boiler and steam cycle provide critical information on potential condenser tube leaks, boiler tube leaks, system contamination and cycle chemical treatment effectiveness. The current transmitters are outdated and provide inconsistent results. Updating the transmitters to a uniform model and manufacturer would provide ease of operation. Newer transmitters would also increase troubleshooting capability, increasing reliability of information.

Station service battery bank replacement - combustion turbine Unit F **40,187**

Replace the station service battery bank for combustion turbine Unit F. The project includes disposal of the existing batteries, installation and load testing to verify the batteries are performing as required. The current battery bank is at the end of its useful life. Direct-current power from the battery bank is vital for safety relaying and operation of the circuit breaker. If the unit trips, the battery bank is the energy source to operate oil pumps and other protective equipment to keep the unit safe until another source of power is restored or the unit is able to be brought offline in a controlled manner.

Uninterruptible power supply replacement - gas yard	\$ 39,028
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Replace the uninterruptible power supply at the gas yard as the current system is reaching the end of its useful life. This system provides power to bath heaters and other gas yard controls equipment in the event there is a loss of primary and secondary power sources.

HVAC replacement - rotary car dumper server room	26,782
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Replace the HVAC unit in the rotary car dumper server room which houses critical control system computer equipment for fuel handling. The current unit is at the end of its useful life and has coil damage from hail storms.

Total Rawhide projects	\$ 8,536,245
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Rawhide purchases

Floor machine replacement - Rawhide	\$ 46,640
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Purchase a riding floor scrubbing machine to clean the plant floors which will replace the existing floor machine that has reached the end of its useful life.

Extrication tool replacement - Rawhide	33,000
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Purchase extrication tools to replace the existing hydraulic extrication tools that have reached the end of their useful life. The new battery-powered tools are portable and can be utilized for rescue within more areas of the plant. The tools will also be cordless to avoid tripping hazards and are lighter in weight to reduce user strain and fatigue.

Scissor lift - Rawhide	20,000
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Purchase a 500-pound, two-person capacity scissor lift. A scissor lift is a safe, efficient and effective way to work from heights. The scissor lift can be moved on the elevator allowing it to be used on different floors in the main plant. The scissor lift can also be used in the combustion turbine yard and throughout the facility in different applications.

Total Rawhide purchases	\$ 99,640
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Other production projects

Craig units 1 and 2 projects	\$ 85,730
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The engineering and operating committee approved capital projects for plant improvements and additions at the Craig Generating Station. The budget includes expenses for various projects for Craig units 1 and 2 with a significant project related to concrete foundation repairs to transmission lines. The amount shown represents Platte River's ownership share responsibility.

Total production capital additions	\$ 8,721,615
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Transmission capital additions

Transmission projects

● Solar substation 230 kV - Severance Substation		\$	8,365,706
Project time frame:		2021-2024	
Total cost estimate:		\$14,870,000	
Carryover estimate:		\$4,391,000	
Construct a 230 kV substation to connect additional noncarbon resources to the Front Range transmission system. As part of the project, existing transmission line structures will be modified to route the lines into the new substation.			
Transformer T3 replacement - Timberline Substation			2,977,711
Project time frame:		2021-2024	
Total cost estimate:		\$5,298,000	
Carryover estimate:		\$277,000	
Replace the existing three single-phase 230-115 kV transformers with a single three-phase 230-115 kV autotransformer at Timberline Substation. In addition, a new 230 kV circuit switcher and 115 kV circuit switcher will be installed, and three 115 kV disconnect switches will be replaced. The disconnect switches have higher than normal test measurements. The manufacturer has discontinued production of the switches making replacement parts difficult to find. The scope of the project also includes completing a transformer specification and formal bid process; designing and installing a new foundation and oil containment system to accommodate new equipment; modifying the high voltage and low voltage connections; modifying the existing sensing and monitoring system; and modifying the ground grid system. The existing transformer is reaching the end of its design life and needs to be replaced in order to maintain reliable operation of the system.			

Transformer T1 replacement - Longs Peak Substation**\$ 1,618,287**

Project time frame: 2022-2025

Total cost estimate: \$5,070,000

Carryover estimate: \$67,000

Replace the existing three single-phase 230-115 kV transformers with a single three-phase 230-115 kV autotransformer at Longs Peak Substation. In addition, a new 230 kV circuit switcher and 115 kV circuit switcher will be installed with associated disconnect switches, and the remote terminal unit (RTU) will be replaced. The scope of the project also includes completing a transformer specification and formal bid process; designing and installing a new foundation and oil containment system to accommodate new equipment; modifying the high voltage and low voltage connections; modifying the existing sensing and monitoring system; and modifying the ground grid system. In addition, Platte River will upgrade the control panels in the building per current Platte River design standards. The existing transformer is reaching the end of its design life and needs to be replaced in order to maintain reliable operation of the system. The new relay panels are designed with more space and with removal panels to accommodate future replacement projects. There are multiple relays at the end of their useful lives that are being replaced in a continuous effort to modernize the grid. The new relays have the latest hardware that provides the processing power necessary to capture high resolution system data which is used to further improve the transmission system's operation. The existing panels were manufactured using a wire labeling method not consistent with Platte River standard. This nonstandard labeling makes routine maintenance and troubleshooting difficult. The new relay panels will be constructed per Platte River's labeling standard.

Circuit breaker replacement 592, 596 - Ault Substation WAPA**878,000**

Replace two 345 kV power circuit breakers at the Ault Substation. The existing breakers have experienced sulfur hexafluoride gas leaks in recent years and are approaching the end of their useful life. Platte River is a party to contract 87-LAO-285 which states Platte River's ownership and financial obligation to the Ault facilities. Platte River is responsible for 40% of the total project cost.

Circuit breaker replacement 492, 1092, 3124, 3224 - Ault Substation WAPA**751,800**

Replace four 345 kV power circuit breakers at the Ault Substation. The existing breakers have experienced sulfur hexafluoride gas leaks in recent years and are approaching the end of their useful life. Platte River is a party to contract 87-LAO-285 which states Platte River's ownership and financial obligation to the Ault facilities. Platte River is responsible for 28% of the total project cost.

115 kV transmission line replacement - Drake transmission line**140,200**

Project time frame: 2023-2027

Total cost estimate: \$7,965,000

Carryover estimate: \$125,000

Design and replace two miles of the Drake transmission line. Funds budgeted in 2024 will be used for preliminary design work and project evaluation. Inspections completed in 2019 on the 115 kV transmission line located along Drake Road in the City of Fort Collins between the Drake Substation and the Power Trail noted significant corrosion on the base plates, anchor bolts and pole base sections. Rebuilding is necessary to continue safe and reliable operation of the transmission line.

● Substation and interconnections - noncarbon resources		\$ 70,100
Project time frame: 2024-2027		
Total cost estimate: \$10,120,000		
Design and construct new substation facilities and modify existing substations to connect new renewable resource sites to the transmission system. The additional substation facilities and modifications are required to maintain reliable operation of the transmission system. Funds budgeted for 2024 will be used for preliminary design work and project evaluation.		
● Transmission lines - noncarbon resources		59,908
Project time frame: 2024-2028		
Total cost estimate: \$50,260,000		
Design and construct new transmission line facilities to connect new renewable resource sites to the transmission system. The additional transmission lines are needed to maintain reliable operation of the transmission system and relieve projected transmission congestion. Funds budgeted for 2024 will be used for preliminary design work and project evaluation.		
● Substation expansion and reliability upgrade - Rawhide Substation		32,320
Project time frame: 2024-2027		
Total cost estimate: \$13,532,000		
Design and construct an expansion of the existing Rawhide Substation yard to provide additional interconnections for new generation resources. The scope of this project includes the redevelopment of an area of land on the Rawhide site to install new substation equipment; site grading to accommodate the new equipment and proper drainage; and installation of additional perimeter fencing, a ground grid, 230 kV bus, 230 kV breakers, 230 kV switches, capacitor coupled transformers, relaying and a control enclosure. Funds budgeted for 2024 will be used for preliminary design work and project evaluation.		
HVAC unit replacements - substations		22,419
Replace HVAC units at Portner Substation. The units are at the end of their useful life, have been costly to maintain and are having trouble keeping building temperature at required levels. These replacements are part of a multiyear initiative to replace all units at all substation and auxiliary buildings.		
Transmission digital fault information network - Portner Substation		21,558
Purchase and install a microprocessor-based device designed to integrate with existing relays installed at the Portner Substation. Frequently, faults occur on the system during inclement weather conditions. This system will collect fault event data automatically, which eliminates the need to dispatch a substation technician in inclement weather conditions to manually retrieve the data. Restoration times will be shortened as fault event data will be immediately collected and available for use.		
Total transmission capital additions		\$ 14,938,009

General plant capital additions

General plant projects

Enterprise resource planning software 5,635,050

Project time frame: 2022-2024 ⁽¹⁾

Total cost estimate: \$10,620,000 ⁽¹⁾

Replace multiple systems that have reached the end of their useful lives. The scope of applications to be replaced or added includes the general ledger, accounting, fixed assets, cash management, contracting, purchasing, project portfolio management, budgeting, forecasting and reporting systems for financial services. The new software will allow employees to work more efficiently with access to real-time data needed to make business decisions. In addition, new functionality within the selected system will offer modernized features to employees, improving reporting functionality and better aligning work products with organizational goals.

(1) Total project estimates include contingency amounts as final scope and timeline are being determined.

Distributed energy resources management system 2,484,733

Project time frame: 2024-2026

Total cost estimate: \$9,927,000

Develop a system to enable the management of flexible DER that can provide customer and system benefits. The DERMS is being developed to enable DER visibility (through monitoring or modeling DER performance), predictability (through analytics, measurement and verification) and dispatchability (through direct control or price-responsive control by the customer) for DER brought into the system through programs or interconnection processes. The DERMS is intended to enable DER owners to enroll, interconnect and register their DER devices to provide services to the electric system in exchange for a share of system benefits they provide. The DERMS will provide Platte River the ability to operate DER to support integration of variable renewable energy by improving the accuracy of load forecasts and providing information on flexible DER performance. In addition, DERMS is expected to manage flexible DER as a hedge against cost risks of variable renewable energy oversupply or undersupply and will support system reliability.

Fiber optic cable replacement - Long-Haul East (Loveland to Longmont) 1,825,557

Replace the existing aerial 96 fiber strand cable section of Long-Haul East from Boyd Substation to Longs Peak Substation with a 144 fiber strand count underground cable. The existing Long-Haul East fiber cable is over 20 years old and, during spot checking, shows signs of ultraviolet and wear damage. This project will proactively replace a portion of the aerial cable to avoid failure in addition to adding capacity between the Boyd Substation and Longs Peak Substation.

• **Regional transmission organization market software**
\$ 584,807

Project time frame: 2024-2025

Total cost estimate: \$885,000

Implement additional software modules needed to operate and perform activities in SPP RTO West. Modules included in this project enable developing and submitting bids, generation dispatching, receiving and shadowing settlements, performing analysis on RTO West results and integrating results with financial and other reporting tools.

• **Operations analytics software**
480,000

Develop a decision software system to improve descriptive, predictive and prescriptive operations analytics. This software system will optimize DER and renewable operational processes and improve efficiency. In addition, the system will analyze operational data to identify bottlenecks, optimize resource allocations, improve production planning and enhance overall operational performance.

Network replacement - headquarters
345,000

Replace network equipment that has reached the end its useful life at headquarters. Network equipment is replaced approximately every five years for compatibility, security, reliability and supportability reasons. Beyond five years, reliability of equipment decreases, annual maintenance costs from the vendor increase and availability of security patches becomes uncertain.

Microwave network replacement - headquarters to Estes Park
342,462

Replace the point-to-point microwave radio equipment at headquarters, Bald Mountain, Panorama Peak and Prospect Mountain. The existing microwave radio network used as a backup communications solution for the bulk electric system network is obsolete and has reached the end of its useful life. This solution is a unique backup network link into the Estes Park bulk electric system network and can operate in the event all fiber communications outside of Estes Park are down.

Perimeter detection system - LaPorte Substation (PSCo, Tri-State)
218,009

Install forward-looking infrared thermal cameras to detect any perimeter breach into the LaPorte Substation. The project will include infrastructure on perimeter walls for mounting cameras and electronics. The cameras will be positioned on the perimeter wall and send alerts to Platte River security if the perimeter is breached. This system provides thermal alarm triggering which will add another layer of protection against vandalism, theft and malicious threats. In addition, perimeter lighting will be installed to aid in investigation and act as a deterrent upon alarm. The project will be billed in accordance with the LaPorte 115 kV Substation Participation Agreement with Public Service Company of Colorado (PSCo) and Tri-State. Platte River is responsible for 75% of the total project cost.

- Backup recovery storage addition

\$ 150,000

Purchase storage necessary to implement a single, centralized backup system. Platte River has multiple legacy backup systems that are being consolidated onto the new centralized platform. By consolidating all backup systems, Platte River will reduce training and support costs while enabling more employees to become subject matter experts on a single platform.

Storm water drainage - outbuildings

141,379

Install piping on the west side of the maintenance shop to direct storm water from the downspouts into the underground storm water drainage system. Currently, storm water drains from the building directly onto paving on the west side of the building. During winter months, water freezes and creates large areas of ice resulting in a safety hazard for foot traffic and vehicles. This project will eliminate these safety hazards and reduce liability to Platte River.

Built-in shelving - headquarters

54,349

Build custom drawing storage within the engineering plotter room at headquarters. Shelving will accommodate all drawings currently held in vertical and horizontal rack storage. The built-in shelving will allow for a more permanent and secure storage location for all drawing sets.

Data sharing remote terminal unit replacement - Crossroads Substation

27,052

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

Global positioning system timing source replacement - Disaster Recovery Center

10,769

Replace the global positioning system timing source equipment at the disaster recovery center. The timing source ensures all networking hardware is synchronized. The current timing hardware is obsolete and has reached the end of its useful life.

Total general plant projects

\$ 12,299,167

General plant purchases

Copier replacement - Rawhide

\$ 5,900

Replace a copier at Rawhide that is nearing the end of its useful life. To keep the copiers running reliably, Platte River has all copiers on a five-year replacement cycle which ensures software is secure and updated, toner and parts are available and repairs are minimized.

Total general plant capital additions

\$ 12,305,067

Asset retirement obligations capital additions

Trapper Mine post-mining reclamation	\$ 933,072
Project time frame:	2023-2041
Total cost estimate:	\$11,650,000
Post-mining reclamation activity, which is an asset retirement obligation due to Platte River's membership in Trapper Mining, Inc. and the Final Reclamation Agreement with its members. The amounts shown represent Platte River's portion of the total expected cashflow for final reclamation and mine closure based on detailed engineering calculations for a third party to perform the required work. Reclamation and mine closure costs are reviewed annually, and the costs are allocated to the members of Trapper Mining, Inc. based on cumulative tons of coal delivered.	
Total 2024 capital additions	\$ 36,897,763

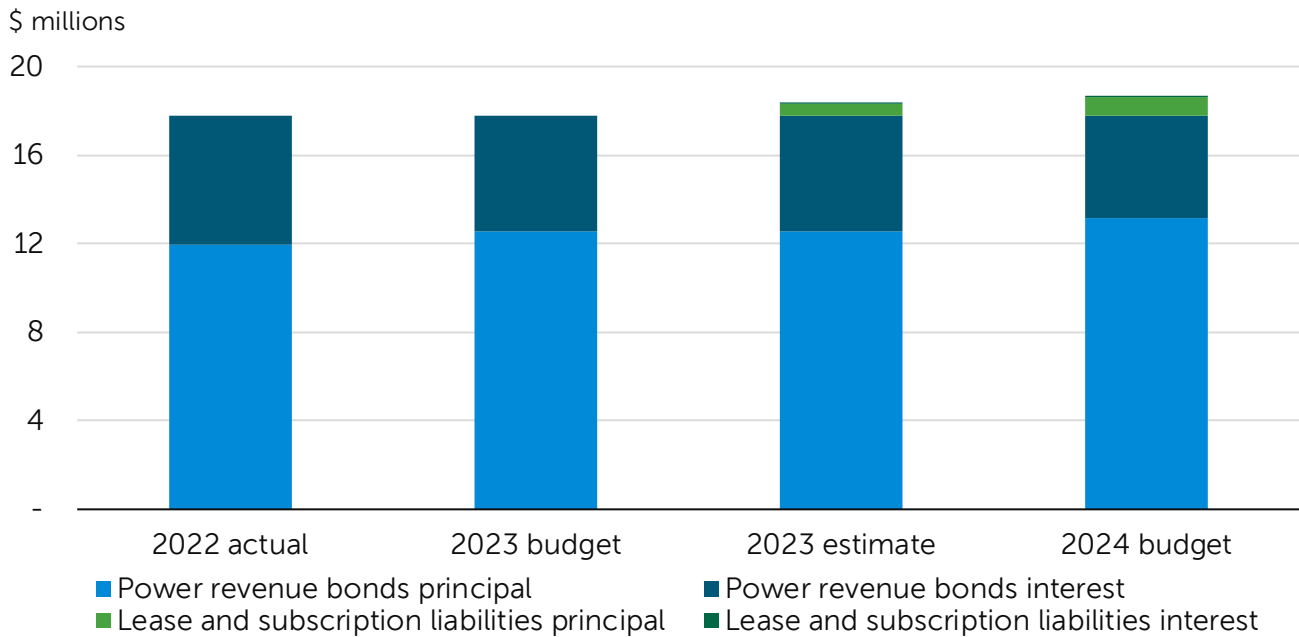
DEBT SERVICE EXPENDITURES AND OTHER LONG-TERM OBLIGATIONS

Long-term financial projections aligned with SFP metrics determine the need for and timing of debt financings. Platte River's debt ratio in 2024 is expected to be 24%, meeting its SFP debt ratio target of less than 50%. Debt proceeds historically have been used to finance production and transmission assets. Outstanding long-term debts and other obligations consist of fixed-rate debt issued under Platte River's general power bond resolution, lease and subscription liabilities due to accounting pronouncements requiring accounting treatment of certain contracts as financing arrangements, and amounts Platte River owes under a pooled financing arrangement. Debt service expenditures include principal repayments and interest expense for issued power revenue bonds and estimated principal payments and interest expense for lease and subscription liabilities.

Platte River is legally required to maintain a power revenue bond service coverage ratio of 1.10 times. To support strong long-term financial sustainability, Platte River also maintains a 1.50 times fixed obligation charge coverage ratio as an SFP metric and expects a 2024 fixed obligation charge coverage ratio of 2.58 times. This metric includes lease and subscription liability service and reclassifies debt-like obligations as fixed obligation charges either related to the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. A minimum 1.50 times ratio provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio requirement, partially fund future capital additions and maintain favorable credit ratings. Platte River is not legally restricted on the amount of debt it can issue.

Debt service expenditures (\$000)	2022 actual	2023 budget	2023 estimate	2024 budget
Principal				
Power revenue bonds	\$ 11,984	\$ 12,550	\$ 12,550	\$ 13,146
Lease and subscription liabilities	-	-	554	828
Total principal	11,984	12,550	13,104	13,974
Interest expense				
Power revenue bonds	5,803	5,233	5,233	4,642
Lease and subscription liabilities	-	-	10	22
Total interest expense	5,803	5,233	5,243	4,664
Total debt service expenditures	\$ 17,787	\$ 17,783	\$ 18,347	\$ 18,638

Debt service expenditures



Power revenue bonds

Of the \$113.1 million power revenue bonds outstanding at the end of 2024, approximately 82% and 18% relate to transmission and Rawhide projects, respectively. The weighted average cost of this debt during 2024 is forecast to be approximately 2.8%.

Long-term debt outstanding	2022 actual	2023 budget	2023 estimate	2024 budget
Power revenue bonds				
Series JJ	\$ 113,490,000	\$ 102,320,000	\$ 102,320,000	\$ 90,590,000 ⁽¹⁾
Series KK - taxable	24,595,000	23,550,000	23,550,000	22,490,000 ⁽²⁾
Total power revenue bonds	138,085,000	125,870,000	125,870,000	113,080,000
Unamortized bond premium	11,938,371	9,600,959	9,600,959	7,526,504
Total long-term debt	\$ 150,023,371	\$ 135,470,959	\$ 135,470,959	\$ 120,606,504

(1) Series JJ remaining amount outstanding relates to transmission assets and Rawhide assets of \$70.5 million (78%) and \$20.1 million (22%), respectively, and matures each year through June 1, 2036.

(2) Series KK - taxable remaining amount outstanding relates to transmission assets and matures each year through June 1, 2037.

Bond service funding	Principal	Interest	Total
Deposits in 2023 for 2024 payment	\$ 7,460,830	\$ 416,140	\$ 7,876,970
2024	13,145,836	4,642,294	17,788,130
2025	13,729,581	4,022,517	17,752,098
2026	14,312,085	3,449,141	17,761,226
2027	14,898,334	2,825,745	17,724,079
2028	15,443,333	2,245,896	17,689,229
2029-2033	28,547,501	6,078,664	34,626,165
2034-2037	18,332,500	1,180,361	19,512,861
Total bond service funding	\$ 125,870,000	\$ 24,860,758	\$ 150,730,758

Platte River is committed to maintaining a strong credit rating, which is a significant factor in determining cost of debt. Platte River's senior lien debt credit is rated AA by all three credit rating agencies: Moody's Investor Service (Moody's), Fitch Ratings (Fitch) and S&P Global Ratings (S&P). The key factors in determining these ratings are the diversity and economic strengths of the owner communities, Platte River's financial position, the board's willingness to raise rates, management expertise and overall competitive position.

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

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

(2) A credit rating was not obtained from S&P for the Series KK - taxable debt issuance.

Lease and subscription liabilities

In 2022, Platte River adopted the principles of GASB Statement No. 87, Leases. In 2023, Platte River will also adopt the principles of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. These two accounting standards require leases and subscription-based information technology arrangements to be recorded as financing arrangements and the expenditures, previously considered operating expenses, to be classified as capital additions (as described in the capital additions section) or debt service, depending on the status of the underlying project at the time the expenditure is made. Accordingly, the 2024 budget includes appropriation for these types of payments meeting accounting standard recognition as debt service, which are also considered fixed obligation charges, and the related liabilities are included in the debt ratio.

Lease and subscription liabilities outstanding	2022 actual ⁽¹⁾	2023 budget ⁽²⁾	2023 estimate ⁽¹⁾	2024 budget
Lease liabilities	\$ 120,191	\$ -	\$ 111,102	\$ 101,684
Subscription liabilities	-	-	744,291	2,025,969
Total lease and subscription liabilities	\$ 120,191	\$ -	\$ 855,393	\$ 2,127,653

(1) Recognition of subscription liabilities depends on ongoing contract review as GASB Statement No. 96 is implemented during 2023 and is not complete. Once the standard is fully implemented as part of the 2023 year-end process, 2022 financial statements will be restated to reflect the changes from adopting this accounting standard.

(2) Lease and subscription liabilities for the 2023 budget were not determined. No related debt service was identified for appropriation as accounting standards related to these types of financing arrangements had not been fully implemented at adoption.

Lease and subscription liabilities estimated funding	Estimated principal	Estimated interest	Total
2024	\$ 827,761	\$ 22,496	\$ 850,257
2025	986,181	15,231	1,001,412
2026	618,492	8,045	626,537
2027	451,645	4,962	456,607
2028	10,858	2,582	13,440
2029-2033	60,477	6,723	67,200
Total lease and subscription liabilities estimated funding	\$ 2,955,414	\$ 60,039	\$ 3,015,453

Lease and subscription liabilities estimated funding above represents those contracts for which 2024 budget appropriations or expected year-end liabilities exist. Additional or changes to lease and subscription contracts or assumptions relating to those contracts, such as planned exercise of renewal options, may significantly impact future funding requirements.

Other long-term obligations

Platte River is a participant in a pooled financing arrangement that closed in 2021 to fund the Windy Gap Firing Project, which includes construction of the Chimney Hollow Reservoir. Due to alternate accounting treatment, the debt service payments under the pooled financing will be included in operations and maintenance and not accounted for as debt service. Instead, the liabilities are considered other long-term obligations. Payments are considered fixed obligation charges and the related pooled financing liabilities are included in the debt ratio.

The original pooled financing arrangement is not sufficient to fully fund completion of the project after increases due to a federal permit delay, environmental mitigation and enhancement, construction cost increases and additional engineering and construction management. Platte River is expected to provide an additional \$8.2 million to \$11.9 million, likely through increasing the amount of existing pooled financing funding, near the end of 2024. This increase in the pooled financing arrangement is not reflected in the tables below as the amount and repayment schedule are not final and therefore remain subject to material uncertainty. Consistent with the alternative accounting treatment of the original balances,

any increase to payments for additional pooled financing funding will be included in operations and maintenance and not accounted for as debt service.

Other long-term obligations	2022 actual	2023 budget	2023 estimate	2024 budget
Windy Gap Firing Project obligations				
Pooled financing senior debt	\$ 61,046,133	\$ 61,046,133	\$ 61,046,133	\$ 61,046,133
Pooled financing subordinate debt	32,359,551	32,359,551	32,359,551	32,359,551
Settlement liability	1,777,778	888,889	1,777,778	888,889
Total other long-term obligations	\$ 95,183,462	\$ 94,294,573	\$ 95,183,462	\$ 94,294,573

Other obligations relating to the project include Platte River's portion of a settlement liability, due in three equal installments. The first installment was paid in 2022 and the remaining two are estimated to be payable in 2024 and 2025.

Pooled financing estimated funding	Estimated net principal ⁽¹⁾	Estimated interest	Total
2024	\$ -	\$ 2,888,007	\$ 2,888,007
2025	-	2,888,007	2,888,007
2026	2,935,487	3,561,085	6,496,572
2027	3,060,620	3,437,312	6,497,932
2028	3,188,359	3,307,761	6,496,120
2029-2033	18,108,194	14,376,481	32,484,675
2034-2038	22,340,302	10,143,399	32,483,701
2039-2043	18,847,869	5,069,267	23,917,136
2044-2048	8,670,755	2,394,872	11,065,627
2049-2053	8,574,831	985,764	9,560,595
2054-2055	2,832,897	88,689	2,921,586
Total estimated funding	\$ 88,559,314	\$ 49,140,644	\$ 137,699,958

(1) Applied estimated unused bond service reserve funds in 2041 and 2051.

	2022 actual	2023 budget	2023 estimate	2024 budget
Bond service coverage				
Net revenues				
Operating revenues ⁽¹⁾	\$ 271,793,295	\$ 298,720,084	\$ 283,985,349	\$ 301,627,950
Operating expenses, excluding depreciation, amortization and accretion	(221,815,901)	(238,111,997)	(225,655,122)	(238,691,721)
Net operating revenues	49,977,394	60,608,087	58,330,227	62,936,229
Plus interest and other income	3,326,107	6,279,280	7,657,990	11,626,575
Net revenues before rate stabilization	53,303,501	66,887,367	65,988,217	74,562,804
Rate stabilization				
Deposits	-	-	-	-
Withdrawals	-	-	-	-
Total net revenues	\$ 53,303,501	\$ 66,887,367	\$ 65,988,217	\$ 74,562,804
Bond service				
Power revenue bonds	\$ 17,787,082	\$ 17,783,357	\$ 17,783,357	\$ 17,788,130
Coverage				
Power revenue bond coverage ratio	3.00x	3.76x	3.71x	4.19x
Fixed obligation charge coverage				
Total net revenues, above	\$ 53,303,501	\$ 66,887,367	\$ 65,988,217	\$ 74,562,804
Fixed obligation charges included in operating expenses ⁽²⁾	17,028,002	16,630,919	16,311,619	16,667,796
Adjusted net revenues before fixed obligation charges	\$ 70,331,503	\$ 83,518,286	\$ 82,299,836	\$ 91,230,600
Fixed obligation charges				
Power revenue bonds, above	\$ 17,787,082	\$ 17,783,357	\$ 17,783,357	\$ 17,788,130
Fixed obligation charges ⁽²⁾⁽³⁾	17,028,002	16,630,919	16,875,151	17,518,053
Total fixed obligation charges	\$ 34,815,084	\$ 34,414,276	\$ 34,658,508	\$ 35,306,183
Coverage				
Fixed obligation charge coverage ratio	2.02x	2.43x	2.37x	2.58x

(1) 2023 estimate and 2024 budget exclude projections for a portion of revenues that will be deferred to a future period and will be reflected in year-end results. This accords with the board-approved deferred revenue and expense accounting policy.

(2) Fixed obligation charges included in operating expenses are debt-like obligations related to either the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. Consistent with credit rating agency methodology, Platte River considers 30% of energy purchased under hydropower, solar and wind PPAs and amounts due under pooled financing arrangements to be fixed obligation charges for this purpose.

(3) This value includes lease and subscription debt service expenditures that are not included in operating expenses.

BUDGET PROCESS

Platte River is a political subdivision of the state of Colorado and is subject to the Local Government Budget Law, C.R.S. § 29-1-101, *et seq.* Platte River is not subject to Colorado's Taxpayer's Bill of Rights because it operates as an enterprise. Colorado law and Platte River financial policy require an annual budget that is balanced, meaning it must have sufficient projected revenues and available resources to equal anticipated expenditures. Throughout the budget development process, Platte River monitors anticipated revenues and expenditures to produce a balanced budget.

The statutory deadline for Platte River to submit its annual budget to its board of directors is Oct. 15 of each year. By that date, Platte River publishes a notice in newspapers of general circulation stating that the annual budget is available for public inspection and providing the date and time for the public hearing. The budget document can be found on Platte River's website at prpa.org/financial-information and at Platte River's headquarters at 2000 East Horsetooth Road, Fort Collins, Colorado.

The budget was developed to align with the strategic initiatives and comply with the financial framework described in the financial governance section. Platte River follows an adaptive strategy to effectively maintain system reliability, demonstrate environmental responsibility and regulatory compliance, as well as manage risk. The summary below explains how Platte River develops, reviews and approves the budget.

Owner communities load forecast

Platte River develops a long-range load forecast using an econometric model that incorporates independent variables including population, distributed solar, EVs usage and weather. The forecast also includes a trend for demand and energy changes anticipated from energy efficiency programs. Budgeted monthly demand and energy load projections are based on a 10-year official load forecast.

Production cost model

The major revenue and expense categories (sales for resale, purchased power and fuel) reflect results from an hourly production cost simulation model. Generation by resource reflects assumptions for resource availability and performance, fuel and transportation contract costs, PPA terms and market prices for sales for resale, supplemental purchased power and natural gas.

Personnel budget

The salaries budget follows the board policy on employee total compensation. Platte River typically includes a market adjustment to regular wages based on data from a variety of published sources, both regional general industry and from other utilities. Other known increases, where applicable, are also included in the budget. New positions are requested by

department managers who submit a position description and justification. The senior and director leadership teams review the requests and approve positions for the upcoming year based on the greatest need and value to Platte River. As positions become vacant, they are evaluated to determine if replacement is required or if the position can be allocated to another area. The board of directors approves incremental headcount through the budget process. Individual departments budget overtime and capital labor as a component of total salaries. The remaining operating salaries are allocated to the functional accounts based on estimates informed by recent historical data and anticipated impacts of new and changing roles and responsibilities. Medical and dental expenses are based on a mid-year projection provided by third-party consultants using historical claims and industry cost projections. All projected benefit costs are applied to the budgeted labor charges.

Departmental budgets

Each department must submit a budget on an account-by-account basis along with justifications, explanations and statistical information supporting the budget. Department managers develop internal goals and work plans and align their activities with Platte River's strategic initiatives. Through internal work sessions, directors and senior leadership review and approve department budgets.

Craig units 1 and 2 budget

The Yampa participation agreement provides for joint ownership of Craig units 1 and 2, of which Platte River owns 18%. Tri-State, as the operating agent for the Craig Generating Station, is responsible for the daily management, administration, operation and maintenance of Craig units 1 and 2 and related transmission facilities. All costs of operation and maintenance, other than fuel costs, are shared on a pro rata ownership basis. Participants must advance funds to the operating agent as required to make payments of operations and maintenance costs when due. The engineering and operating committee works closely with Tri-State staff to develop capital and operations and maintenance budgets to support future plant reliability through the remaining operating life of the units. Until a legally enforceable agreement and estimate for decommissioning exists, Platte River independently develops an accretion expense estimate following the Craig units 1 and 2 decommissioning accrual accounting policy discussed in the financial governance section. This expense is a non-budgeted item but is included in change in net position for rate recovery purposes. Platte River will appropriate costs for decommissioning in future budgets based on cashflows, similar to an asset retirement obligation.

Joint transmission

Platte River's share of joint ownership projects include costs for the Ault-Fort St. Vrain, Craig-Bonanza, Hayden-Blue River and Craig-Ault transmission lines, as well as Craig units 1 and 2 transmission costs. The joint ownership project budgets are developed by the operating agents and approved by the participants through the engineering and operating committees.

Billable projects

Platte River performs services on behalf of the owner communities. The services are structured under intergovernmental agreements and are billed directly to each owner community. Examples of services provided include customer information systems, distribution, SCADA, substation security, engineering and other technical support services and fiber management.

Capital budget

Platte River's capital projects are based on a five- to 10-year planning horizon. With each budget cycle, projects are submitted with a description and justification. Projects are planned based on resource availability and are categorized, ranked, prioritized and strategic projects are identified. A long-term capital forecast is also prepared, reviewed and updated three times per year. The long-term capital forecast is used as a significant input into long-range financial planning to determine rates, projected cash flows and the timing of planned debt financings.

Budget contingency

The budget contingency can be used to meet expenditures not foreseen when the budget was prepared. Events that may require contingency funds include unplanned generation or transmission outages, significant increases in power market or natural gas prices, unplanned expenses to maintain power supply to the owner communities or the adoption of an accounting policy that alters expenditures. Contingency may also be used for existing capital projects that require expenditures above those budgeted due to scheduling changes, payment timing differences, changes in work scope, price fluctuations or new projects best started before the next budget year. A contingency transfer is not unusual for capital projects. Before transferring contingency to an expense category, staff must notify the board and present a proposed resolution. Before 2018, the budgeted contingency appropriation was a fixed amount. From 2019 to 2022, the amount was approximately 10% of the operating expenses and capital additions to align with fluctuations in the budget. Beginning in 2023, the contingency appropriation amount increased to approximately 20% of operating expenses and capital additions to help Platte River manage increased uncertainty in future budgets related to the resource transition plan and organized energy market activities.

Year	Contingency appropriation budget (\$000)	Appropriated amount (\$000)	%	Purpose of transfer
2014	\$20,000	-	-	
2015	\$20,000	\$6,640	33%	Additional expenditures for several capital projects including the Craig Unit 2 nitrogen oxide removal, the fiber route to Estes Park and the control room for the digital control system, as well as ancillary services related to additional wind generation.
2016	\$20,000	\$1,200	6%	Additional expenditures for the initial progress payments for the generator rotor replacement project and the generator stator rewind project completed during the 2018 planned maintenance outage.
2017	\$20,000	\$1,100	6%	Additional expenditures for the initial progress payments for the bottom ash and reclaim pond project completed during the 2018 planned maintenance outage.
2018	\$23,000	-	-	
2019	\$23,000	\$1,779	8%	Additional expenditures for several capital projects including the Energy Engagement Center, Rawhide variable frequency drive, circuit switcher addition and breaker replacements at Harmony Substation, air compliance database software and vehicle fleet replacements.
2020	\$26,000	\$1,282	5%	Additional expenditures for bottom ash transfer impoundments and reclaim pond closure project.
2021	\$28,000	\$1,566	6%	Additional natural gas expense for high natural gas prices and additional combustion turbine generation to make sales, serve load and replace generation during Rawhide Unit 1's scheduled maintenance outage.
2022	\$24,000	\$17,122	71%	Additional natural gas expense for high natural gas prices and additional combustion turbine generation to make sales, serve load and replace generation during Rawhide Unit 1's scheduled screen outage. Additional expenditures for several capital projects including the SCADA and energy management system, the Rawhide pipeline reroute, combustion component upgrade on CT Unit D and Transformer T1 replacement at Longs Peak Substation.
2023	\$52,000 ⁽¹⁾	-	-	

(1) Staff plans to request a contingency transfer for debt service at the December 2023 board of directors meeting.

Management review

Staff prepares and analyzes financial statements, budget summary, budget detail, division and department budget reports for management review. Finance staff meet with the managers and the general manager/CEO to discuss the budget and confirm expenditures for the budget year are consistent with goals, objectives, strategic initiatives, rate projections and SFP metrics. These meetings may result in revisions, deletions, reductions or additions of budget items. Staff revises the budget accordingly and distributes revised reports to management for further review.

Budget document

The strategic budget document is a comprehensive document used by Platte River's management as a planning tool and a means of communicating to the board of directors and the public. The budget document complies with the Local Government Budget Law of Colorado and is submitted to the state no later than 30 days after the start of the fiscal year of the adopted budget. The budget document must show all proposed expenditures as well as all sources of anticipated income; estimated beginning and ending fund balances; the corresponding actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year; a written budget message; and explanatory schedules or statements. Certain budget amounts for the current fiscal year may be reclassified for consistency with the upcoming budget year presentation. These reclassifications have no impact on budgeted amounts and results.

Board review and adoption

Staff circulates the proposed budget to the board of directors in September and conducts a budget work session at the September board meeting. Legal notices are published in the owner communities' newspapers stating the budget has been delivered to the board of directors; it is available for public inspection; the date and time of a public hearing which is scheduled at the October board meeting; and that the adoption of the proposed budget will be considered at the December board meeting. The board of directors reviews revisions to the budget made during the board of directors work session or other revisions arising from unanticipated changes at the October board meeting. Staff makes any necessary final adjustments to the proposed budget before board adoption which, for the 2024 Strategic Budget, will be on Dec. 7, 2023.

Revisions between the proposed and adopted budget typically include those based on a revised production cost model run and refinements to operations and maintenance expenses and capital projects. Revisions can include changes to sales for resale market assumptions, fuel costs, ancillary service and wheeling rates, personnel costs, other various departmental expenses and any other change necessary for an accurate and complete budget for board adoption.

Budget amendments

If total revenues or total expenditures deviate from an adopted budget, after considering any resolution for contingency use, a budget amendment may be necessary. Under Colorado law, budget amendments must follow the same annual budget process requiring board meeting notice, public hearing and board adoption.

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Platte River Power Authority for its 2023 Strategic Budget for the fiscal year beginning Jan. 1, 2023. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This is the fourth consecutive year Platte River has earned this award.

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

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**Platte River Power Authority
Colorado**

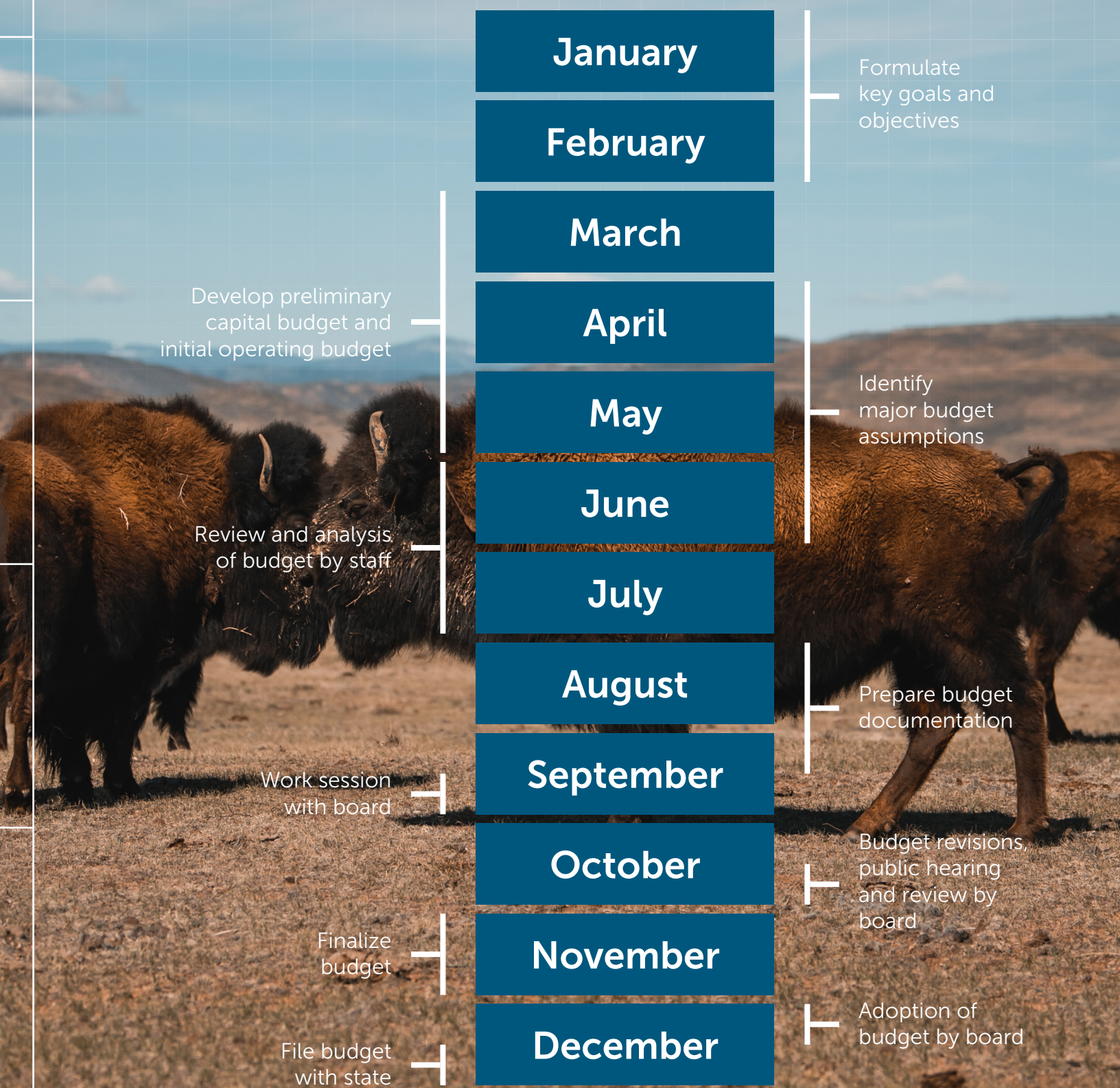
For the Fiscal Year Beginning

January 01, 2023

Christopher P. Morill

Executive Director

BUDGET SCHEDULE



FINANCIAL GOVERNANCE

The Local Government Budget Law of Colorado, in addition to the policies listed below, provides the framework for Platte River's financial activities and budget development.

Fiscal resolution

The resolution is adopted as a requirement of the Organic Contract that governs the financial transactions of Platte River.

Strategic financial plan

Platte River's SFP provides direction to create long-term financial sustainability, manage financial risk and support Platte River's vision, mission and values. The priorities of the SFP are to generate adequate cash flows, maintain access to low-cost capital, provide wholesale rate stability and maintain sufficient liquidity for operational stability. To achieve long-term financial sustainability and the lowest practical cost of debt necessary to finance Platte River's long-term capital program, Platte River's Board has established financial metrics that consider rating agency guidelines. Additionally, to manage financial assets and risk, staff will continue to implement and maintain prudent business practices to manage reserves, maintain the enterprise risk management program and comply with financial policies and procedures. Staff reviews the SFP annually and makes recommendations to the board as necessary.

Rate requirements and practices

The general powers of Platte River, as stated by C.R.S. § 29-1-204(3)(j), "include the right to fix, maintain, and revise fees, rates, and charges for functions, services, or facilities provided." The board of directors has the exclusive authority to establish electric rates.

The power supply agreements with the owner communities require the board of directors to review rates at least once each calendar year. The agreements also require that rates be sufficient to cover all operations and maintenance expenses, purchased power costs, debt service expenditures and to provide reasonable reserves and adequate earnings margins so Platte River may obtain favorable debt financing.

The general power bond resolution requires rates be sufficient to generate net revenues that cover debt service expense at a minimum 1.10 times. The general power bond resolution also requires Platte River to review rates and charges as necessary, no less than once each calendar year.

Platte River strives to maintain long-term competitive rates relative to regional peer wholesale electric providers. Competitive wholesale rates give the owner communities an economic advantage for their residential, commercial and industrial customers.

Platte River's board-adopted rate setting policy and accompanying rate setting reference document establish an approach to rate making including objectives to be achieved both in the near-term and over the long-term planning horizons.

It is Platte River's policy to offer services and supporting rate structures that complement the strategic objectives, underlying policies and values of the organization. Platte River has identified the following goals for the rate setting process:

- Improve value added of Platte River in support of the owner communities
- Offer a desirable portfolio of services and rates that meet the owner communities' needs
- Better align wholesale time-of-use pricing signals with cost of service and owner community retail pricing signals
- Send pricing signals that result in system benefits

Platte River will establish tariffs and charges to achieve SFP targeted financial metrics. Platte River will also use multiyear rate smoothing strategies and board-approved accounting policies when appropriate to avoid greater single or multiple year rate impacts or to accomplish specified financial objectives.

Platte River's website has additional information on rates at prpa.org/rates-information.

Financial metrics

The financial metrics outlined below help Platte River achieve long-term financial sustainability (liquidity, leverage, cash flow, earnings). Additionally, achieving strong financial metrics gives Platte River flexibility to implement necessary rate changes and to change rates over longer periods to minimize short-term rate impacts. While the financial metrics are established and evaluated on an annual basis, multiyear performance is considered during the evaluation of rate action and decision making.

- Generate minimum 1.50 times fixed obligation charge coverage ratio
- Generate minimum net income equal to 3% of projected annual operating expenses
- Target debt ratio less than 50%
- Target minimum 200 days unrestricted cash on hand

The fixed obligation charge coverage ratio incorporates debt-like obligations related to either the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. Consistent with credit rating agency methodology, Platte River considers 30% of energy purchased under hydropower, solar and wind PPAs and amounts due under pooled financing arrangements to be fixed obligation charges for this purpose.

Integrated resource plan

Critical to the budgeting and rate projection process, an IRP establishes a short-term action plan and long-term resource acquisition trajectory for meeting forecasted electric load. Plans are modeled using a combination of supply-side generation resources and DER. Platte River's IRP uses sophisticated modeling of Platte River's unique resources, available technologies

and specific constraints, all studied by industry experts using best practices to develop supply portfolio options covering a 20-year planning period. The resource portfolio includes capital, operational, fuel and environmental costs. Community engagement is a significant part of the IRP development process, and Platte River engages with the owner communities on multiple levels to gain public input from as many retail customers as possible on the proposed long-term supply portfolios.

Decisions to invest in and maintain generating resources are significant and complex, with long-range financial and environmental implications that vary widely depending on the selected resource portfolio mix. The IRP results can significantly affect rate requirements as selected resources are factored into rate projections. Platte River updates the assumptions to achieve the selected path annually and incorporates them into financial and rate projections. Platte River must complete an IRP every five years, with the most recent being submitted in 2020 and covering the planning period from 2020 to 2040. As discussed in the strategic initiatives section, Platte River is developing a new IRP for 2024, one year early, which will cover the planning period from 2024 to 2043. Additional information about the current IRP is available on Platte River's website at prpa.org/irp and additional information about the upcoming IRP is available at prpa.org/2024irp.

Financial projections and cost of service

Platte River's financial model is designed to coincide with resource planning models and the IRP. While the planning horizon typically extends 10 years, functionality exists to evaluate scenarios out to 25 years. Key metrics typically identified and reported by the financial model include average rate projections (including annual rate increases) and the SFP metrics. Platte River uses the financial model to obtain forward-looking insight into the impact of IRP portfolios and the possible need to adjust long-term financial plans, including debt financing and rate adjustments, to meet SFP objectives.

The cost of service model determines specific charges outlined in the tariff schedules for the upcoming year's budget. It incorporates budgeted expenses by FERC functional area and determines which specific charges should be used for cost recovery of each expense. The cost of service model produces unbundled charges that are transparent and aligned with underlying cost structures, leading to system benefits.

Rate stabilization account

Under the general power bond resolution, Platte River has established a rate stabilization reserve account. Deposits to this account are a reduction to current net revenues for purposes of computing bond service coverage. Future withdrawals will increase net revenues for purposes of computing bond service coverage and could help Platte River meet its wholesale rate covenant. Platte River has never withdrawn funds from the reserve account to meet bond service coverage; the current rate stabilization reserve account is a statement of net position item of \$20 million. Risk analysis is performed annually to determine the appropriate level to maintain in the account.

Power supply agreements

The power supply agreements define the terms and conditions for Platte River's sale of wholesale electricity to the owner communities. Currently all four power supply agreements run through 2060.

General power bond resolution

The general power bond resolution allows Platte River to issue and sell bond for a specific purpose and establishes the rights and responsibilities of each party in a bond contract (the issuer and the bondholder). The bonds represent money loaned and entitle the holder to interest payments and the return of principal.

Bond service coverage

Bond service coverage is a measure of Platte River's ability to generate cash to pay bondholders and is a key indicator of financial strength. Credit rating agencies review bond service coverage when assessing Platte River's credit quality. Under the general power bond resolution, Platte River must charge wholesale electric energy rates to the owner communities that are reasonably expected to yield net revenues for the forthcoming 12-month period that are at least equal to 1.10 times total power bond service requirements.

Use of restricted and unrestricted resources

The use of restricted and unrestricted resources is based on the intended purposes as indicated in the bond resolutions.

Investments

Platte River's investment policy provides a framework for managing its investments. Platte River must invest and manage assets as a prudent investor would, by considering the purposes, cash requirements and terms of the various funds. In satisfying this standard, the chief financial officer must exercise reasonable care, skill and caution. Investment and management decisions will be evaluated not in isolation but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to Platte River. The primary objectives of investment activities are safety, liquidity and yield. Platte River invests only in obligations of the United States government and its agencies and other investments permitted under Colorado law.

Risk management

Platte River is committed to enterprise risk management, the process to identify potential events that may affect its ability to meet strategic objectives and manage identified risks appropriately. The risk oversight committee, consisting of the general manager/CEO and the senior leadership team, monitors the risk environment and provides direction for the activities to eliminate, mitigate or transfer, to an acceptable level, the risks that may adversely affect Platte River's ability to achieve its goals. Additionally, the risk oversight committee supports

organization-wide efforts to identify, monitor, evaluate and report risks and risk mitigation strategies. Platte River has also established an energy risk management framework, as a subset of enterprise risk management, to identify, measure, monitor, report and mitigate energy-related risks. The enterprise risk management program is continually evolving to incorporate best industry practices.

Platte River maintains several different types of insurance including auto liability, commercial crime, cyber liability, directors and officer's liability, fiduciary liability, excess liability, medical professional, property, employee health and workers' compensation. Insurance coverages and limits are commensurate with operating the electric system and Platte River's contractual requirements.

Basis of accounting

Platte River accounts for its financial operations as a proprietary fund and uses the modified accrual basis of accounting for budgetary reporting purposes. Under the modified accrual basis of accounting, certain non-cash items are excluded from budget appropriation, including but not limited to depreciation expense for fixed assets, amortization for asset retirement obligations, accretion expense for Craig units decommissioning costs, accrued compensated absences, amortization of bond financing costs and unrealized gains or losses. Debt principal is included in the budget under the modified accrual basis of accounting. For financial statement reporting purposes, Platte River uses the full accrual basis of accounting conforming to accounting principles generally accepted in the United States of America. Platte River maintains its accounts according to FERC's Uniform System of Accounts.

As a board-regulated entity, Platte River is subject to GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Regulated Operations, paragraphs 476–500, which requires the effects of the rate making process to be recorded in the financial statements. Accordingly, certain expenses and revenues normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in Platte River's wholesale rates. These policies are used as rate setting strategies. Below is a list of Platte River Board-approved accounting policies for specific activities following this standard:

- Additional pension funding expense recognition
- Pension contribution expense recognition
- Debt issuance expense recognition
- Maintenance outage expense accrual
- Change in depreciation method
- Windy Gap Firing Project
- Craig units 1 and 2 decommissioning accrual
- Deferred revenue and expense

Operating revenues and expenses

Operating revenues and expenses consist of those revenues and costs directly related to the generation, purchase and transmission of electricity. Operating revenues are billed and recorded at the end of each month for all electricity delivered. Revenues and expenses related to financing, investing and other activities are considered to be nonoperating.

Capital

Capital additions include expenditures of \$5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years. Expenditures less than \$5,000 are reflected in the operations and maintenance expense budget. Where applicable, expenditures also include payments to vendors made under GASB statements 87 and 96 before the underlying asset is placed in service. The Craig units 1 and 2 capital budget was prepared by the operating agent, Tri-State, and has been approved by the engineering and operating committee of which Platte River is a member. Depreciation is recorded using the straight-line method over the estimated useful lives of the various assets of plant in service. For budgetary reporting, capital additions also include appropriations for asset retirement obligations, discussed further in this section.

Platte River management emphasizes project management, specifically reviewing resource availability, as well as improving project planning and execution. This process will continue to evolve, striving toward operational excellence.

Capital projects can be delayed for various reasons. Unexpended amounts may be due to construction delays, change in scope or payment timing differences and will be determined after the Dec. 31 year-end closing. Budget law allows Platte River to carry over into the next year any unexpended balance of funds appropriated for the previous year expenditures. The amounts required in the next year to complete the previous year projects will then be transferred to the appropriate budget categories in the next year. This is termed the carryover process and is preferred versus re-budgeting the funds. The capital additions will be funded either from current operations or proceeds from debt financings.

As unplanned projects or additional fund requests for existing projects come up throughout the year, project managers follow the internal out-of-budget or over budget request process to submit the request for consideration. Each request for a new project or additional funding for an existing project is described and justified and other impacts are evaluated. The general manager/CEO then reviews the request on merit. If the request is approved, overall project schedules may change to accommodate the new or revised project. Given variability and uncertainty with projects, funding is tracked closely, and the carryover process is implemented if a project cannot be completed in the given year. If additional funds are required for all capital additions at the enterprise-wide level, staff will request a contingency transfer to move funds into the capital budget.

Asset retirement obligations

Asset retirement obligations originate when a legally enforceable liability associated with the retirement of a tangible capital asset exists and is reasonably estimable. Following Platte River's adoption of GASB Statement No. 83, Certain Asset Retirement Obligations, effective for the period ending Dec. 31, 2019, asset retirement obligations are appropriated for budgetary purposes on a cash basis method aligned with when liabilities are anticipated to be settled as retirement activities occur. For financial reporting purposes, the expense of the liabilities is recognized in the period during which the underlying capital asset is being used. This is achieved by recording a deferred outflow of resources equal to the liability, which is subsequently recognized as amortization expense during the pre-retirement period. The liability and associated deferred outflow of resources are evaluated annually for an inflationary adjustment and changes in estimated costs and adjusted when necessary. Before Platte River adopted this statement, identified asset retirement obligations were appropriated through operations and maintenance expense with no differences in budgetary and financial reporting.

The following table summarizes anticipated asset retirement obligations for financial reporting purposes at the end of 2023, including the periods in which amortization is expected to be recognized. Budget appropriation occurs as actual retirement activities commence and are reflected as capital additions.

Asset retirement obligations	Estimated liability as of Dec. 31, 2023	Estimated unamortized deferred outflow of resources as of Dec. 31, 2023	2024 budget amortization	Amortization period end date
Rawhide Unit 1 impoundments	\$ 7,177,924	\$ 4,396,058	\$ 732,684	2029
Rawhide Energy Station decommissioning	17,550,586	15,127,476	472,728	2055
Craig Energy Station impoundments	3,925,926	2,689,408	566,196	2028
Trapper Mine post-mining reclamation	5,066,411	4,350,715	2,697,382	2025
Total asset retirement obligations	<u>\$ 33,720,847</u>	<u>\$ 26,563,657</u>	<u>\$ 4,468,990</u>	

ACRONYMS AND TERMS

2023 estimate	Current estimate of revenues and expenditures to reflect actual revenues and expenditures (January through July) and budget revenues and expenditures (August and December). Modifications were made to reflect more accurate projections.
Accretion	Gradual recognition of an expense related to a long-term liability.
Accrual	An expense is recognized when incurred, before cash is paid out.
Amortization	Gradual reduction of book value for a non-depreciable asset.
Balanced budget	A budget that has sufficient projected revenues and available resources to equal anticipated expenditures.
Bond service	Power revenue bond interest and principal.
Bond service coverage	Net revenues divided by power revenue bond service.
Capacity factor	The ratio of the average load on a generator for a given period of time to the capacity rating of the generator.
Capital and debt management fund	A dedicated fund authorized by Platte River's SFP to be used in managing debt and to provide reserves for future capital additions.
Capital expenditure	Expenditures of \$5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years.
CIP	Critical infrastructure protection.
Contingency	An appropriation of funds to cover unforeseen expenditures which may occur during the budget year.
CRSP	Colorado River Storage Project – division of Western Area Power Administration.
Debt ratio	Long-term debt, lease and subscription liabilities plus other long-term obligations divided by total electric utility plant plus net working capital.

Debt service	Interest and principal, including those for bonds and lease and subscription liabilities.
Depreciation	The portion of the cost of a fixed asset expensed to operations to allow for consumed usefulness.
DER	Distributed energy resources are technologies that can be deployed on the electric distribution system or on customer premises that can be used to provide value to all customers through electric system optimization and individual customer benefits.
DES	Distributed energy solutions refers to programs and services offered to customers to support their adoption of DER in a manner that optimizes the customer's and electric system's benefits.
Distributed energy resources management system	Distributed energy resources management system (DERMS) is a platform that integrates DER into electric systems with a goal of making DER more visible, manageable and responsive to electric system needs.
ELCC	Effective load carrying capability is an estimation of a resource's ability to reliably support an increase in load. In general, ELCC of an intermittent resource is the equivalent MW contribution of a firm resource in meeting peak demand. The IRP contains additional information about Platte River's system ELCC.
Enterprise resource planning	Enterprise resource planning (ERP) is the integrated management of main business processes, often in real time and mediated by software and technology. Many ERP software applications exist to help organizations implement resource planning by integrating all of the processes needed to run an organization with a single system.
EV	Electric vehicle.
FERC	Federal Energy Regulatory Commission.
Fiscal resolution	A resolution that governs the financial transactions of Platte River.
Fixed asset	See capital expenditure.
Fixed obligation charge coverage ratio	The fixed obligation charge coverage ratio (FOCCR) is a measurement of cash flows and the ability to repay annual debt service costs from recurring revenues net of recurring expenses excluding one-time revenues or extraordinary charges. FOCCR also incorporates debt-like obligations either related to the

	ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. A minimum 1.50 times FOCCR provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio requirement, partially fund future capital additions and maintain favorable credit ratings.
GASB	Governmental Accounting Standards Board, the source of generally accepted accounting principles used by state and local governments in the United States.
General power bond resolution	A resolution for providing the issuance of power revenue bonds.
GFOA	Government Finance Officers Association of the United States and Canada.
GW	Gigawatt, one thousand megawatts; one million kilowatts.
GWh	One gigawatt of power delivered steadily for one hour.
HVAC	Heating, ventilation and air conditioning.
IRP	Integrated resource plan.
kW	Kilowatt; one thousand watts.
kW-Mo	The maximum kW reached or made available during a calendar month used for billing demand or capacity.
kWh	One kilowatt of power delivered steadily for one hour.
kV	Kilovolt; one thousand volts.
LAP	Loveland Area Projects – division of the Western Area Power Administration.
MBtu	One million Btu. A Btu is a British thermal unit and is the standard unit for measuring quantity of heat energy and represents the amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit.
MW	Megawatt; one thousand kilowatts.

MWh	One megawatt of power delivered steadily for one hour.
MW-Mo	The maximum MW reached or made available during a calendar month used for billing demand or capacity.
NERC	North American Electric Reliability Corporation.
Net income	Revenues less operating costs, depreciation, amortization, accretion and interest expense, which is synonymous with change in net position.
Net position	Difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources.
Net revenue	Total revenues less operation and maintenance expenses during a period.
O&M	Operations and maintenance.
Organized energy market	A system in which participants submit offers to buy or sell wholesale energy as a commodity. Utilizing pricing signals to leverage the lowest-cost resources to serve load, market operators efficiently dispatch resources across participating utilities, reducing fuel and maintenance costs while increasing reliability and integration of renewable resources.
OSHA	Occupational Safety and Health Administration.
Owner communities	Town of Estes Park, City of Fort Collins, City of Longmont and City of Loveland are the owner communities of Platte River.
pH	Potential hydrogen, a scale used to specify the acidity or basicity of a solution.
PPA	Power purchase agreement.
Projected	Estimate of revenues and expenditures based on past trends, current economic conditions and future financial forecasts.
PSCo	Public Service Company of Colorado.
Rate stabilization fund	An account provided for by Platte River's general power bond resolution and funded or used in accordance with Platte River's SFP.

RDP	Resource Diversification Policy.
REC	Renewable Energy Certificate.
Restricted assets	Cash and investment accounts restricted to use by bond covenants or laws and regulations.
RTO West	Regional Transmission Organization West, an expansion of SPP's existing RTO structure in the Western Interconnection. RTO West is a centralized, financially binding day ahead market as well as regional transmission planning mechanism. Participation in RTO West would yield additional benefits beyond those of WEIS in that reliability is further improved and regional transmission planning reduces congestion which benefits the overall footprint.
Sales for resale – long-term	Sales of energy set forth by a contract with duration greater than one year.
Sales for resale – short-term	Sales of electric energy for a period of one year or less.
SCADA	Supervisory control and data acquisition.
SFP	Strategic financial plan.
SPP	Southwest Power Pool.
Tri-State	Tri-State Generation and Transmission Association, Inc.
VPP	Virtual power plant, which is a portfolio of flexible DER capable of being operated, on a schedule basis or in near-real-time, to manage the electric supply-demand balance.
WAPA	Western Area Power Administration.
WECC	Western Electricity Coordinating Council.
WEIS	Western Energy Imbalance Service, which is a real-time, five-minute organized energy market operated by SPP.
Wheeling	Use of transmission facilities by other utilities.



Memorandum

Date: 9/20/2023

To: Board of directors

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

Subject: **Dispatchable capacity implementation**

As previously highlighted in our board presentations and underscored in the 2020 Integrated Resource Plan (IRP), as well as subsequent reliability studies and modeling for the 2024 IRP, the challenges of sustaining system reliability amid our ongoing clean energy transition and integration of renewables into the Platte River power system persist. In this presentation, staff will outline the rationale, third-party evaluations, proposed portfolio, technology readiness assessment and selection methodology that substantiate the need to integrate dispatchable capacity into our clean energy strategy, along with long-duration energy storage and a virtual power plant.

Reliability, risk mitigation and economics

To ensure a reliable, economically sound and low-risk power supply for our customers, we must integrate dispatchable capacity into our energy portfolio. As Rawhide Unit 1 retires, we will need a complementary power source that can seamlessly support intermittent renewable generation during periods of low renewable output.

Third-party assessment of our portfolio

Platte River engaged Black & Veatch to conduct a third-party assessment of our clean energy portfolio and future needs, which underscores the requirement for dispatchable capacity.

Dispatchable capacity definition

Platte River defines dispatchable capacity as state-of-the-art, flexible, low-emission turbine technology capable of using hydrogen. This technology will serve as a complement to intermittent renewable generation during non-optimal weather conditions. Initially, natural gas will be the primary fuel source, with a transition to renewable natural gas or green hydrogen when commercially and economically viable.

Dispatchable technology selection process

The selection process involved a detailed internal assessment, complemented by Black & Veatch's expertise, to evaluate the suitability of various dispatchable technologies.

Included in the board packet is a proposed resolution of support for the board to approve at the October board meeting. This presentation is for informational purposes only and does not require board action.

Attachment

- Draft resolution of board support for deployment of additional dispatchable generation technology

**DRAFT
RESOLUTION NO. XX-23**

Resolution of board support for deployment of additional dispatchable generation technology

Background

- A. In 2018, the Platte River Power Authority (Platte River) Board of Directors (board) adopted the Resource Diversification Policy, which directs Platte River's general manager to "proactively work toward the goal of reaching a 100 percent non-carbon resource mix by 2030, while maintaining Platte River's three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services."
- B. The Resource Diversification Policy is not only the board's standing instructions to Platte River's general manager, but also supports climate protection and renewable energy goals Platte River owner communities have set for themselves.
- C. The Resource Diversification Policy acknowledges a range of near-term technology advancements that are necessary "to achieve the 2030 goal and to successfully maintain Platte River's three pillars." Many of these advancements remain in early stages.
- D. More mature and affordable battery storage technology is a key advancement for our clean energy transition, but neither the cost nor performance of battery storage technology has improved meaningfully since the board adopted the Resource Diversification Policy in 2018.
- E. Platte River's studies for its 2024 integrated resource planning (IRP) process show that, without new dispatchable capacity to serve owner community load when wind and solar resources are unavailable, Platte River cannot maintain system reliability or financial sustainability as it increases intermittent renewable resources on its system and fulfills commitments to retire all coal-fired generation by the end of 2029.
- F. The Resource Diversification Policy also calls for Platte River's active participation in an organized regional market. Platte River has committed to join the Southwest Power Pool's Regional Transmission Organization - West (RTO West) by April 2026.
- G. Consistent with good utility practices and organized market rules, Platte River must fulfill minimum planning reserve and resource adequacy requirements, and cannot rely solely on increased intermittent resources to do so because capacity accreditation from intermittent resources decreases as more renewable resources integrate. Platte River will also need additional dispatchable capacity with higher accreditation.

H. Studies for the 2024 IRP further show that

- the only dispatchable capacity that is available and commercially viable in the near term uses natural gas as its primary fuel source (at least for initial operation, although it has the potential to operate with hydrogen or other alternative fuels as the necessary technology and infrastructure develop),
- Platte River can better integrate intermittent non-carbon resources in its portfolio by adding new dispatchable capacity now, and
- recommended gas-fired generation technology will enable Platte River to satisfy RTO West planning reserve and resource adequacy requirements and, rather than becoming a stranded asset, will provide critical reliability support to the grid (in some cases, without consuming fuel) and help Platte River hedge ancillary services costs for decades to come.

I. Platte River must formally apply to the Colorado Air Pollution Control Division to permit new dispatchable capacity almost immediately if Platte River is to maintain system reliability when its last coal-fired generation source (Rawhide Unit 1) retires by the end of 2029.

J. It furthers the Resource Diversification Policy to deploy additional dispatchable capacity to enable Platte River to protect system reliability and financial sustainability while integrating renewable resources to support the goal of a 100 percent non-carbon resource mix by 2030.

Resolution

By this resolution, the board of directors of Platte River Power Authority acknowledges the circumstances and challenges described above and formally expresses support for selecting and developing aero-derivative combustion turbines to provide sufficient dispatchable capacity in the near term to protect system reliability and financial sustainability as Platte River continues to add non-carbon resources to its portfolio, install battery storage systems, develop virtual power plant capabilities, and take other proactive steps to carry out the Resource Diversification Policy.

Draft for board discussion September 28, 2023
NOT APPROVED

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:



Memorandum

Date: 9/20/2023

To: Board of directors

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

Subject: **Community engagement and marketing update**

This presentation will provide an update on the series of community presentations Platte River has provided to our owner communities and on upcoming presentations to tell the Platte River story and the strategy for developing our overall community engagement approach. The presentation will include an update on Platte River's brand awareness campaign.

This presentation is for informational purposes only and does not require board action.



Memorandum

Date: 9/20/2023

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
 Wade Hancock, senior manager, financial planning and rates

Subject: **Strategic Financial Plan update**

The board last adopted the Strategic Financial Plan (SFP) in February 2018. The SFP provides direction to preserve long-term financial sustainability and manage financial risk by defining financial metrics and rate stability strategies.

Staff updated the SFP and prepared the attached white paper. While the changes in to the SFP are extensive, they are not substantive. Financial metric calculations were updated for alignment with rating agency criteria and Platte River's change in financial position. Plan revisions include:

- Added language reflecting rate stability strategies
- Edited language and layout enhancing readability
- Title changes
 - Changed net income to change in net position for consistency with governmental accounting reporting and removed the word projected
 - Changed debt ratio to adjusted debt ratio for consistency with rating agency guidance
 - Changed unrestricted cash on hand to days adjusted liquidity on hand for consistency with rating agency guidance

Staff will review the SFP and modifications at the October board meeting and ask the board to adopt the SFP at its December 2023 meeting.

Attachments

- Draft Strategic Financial Plan
- Draft Strategic Financial Plan – redline
- Strategic Financial Plan whitepaper



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Strategic Financial Plan

Draft-Redline



Strategic Financial Plan

In support of Platte River's foundational pillars of providing reliable, environmentally responsible and financially sustainable energy and services, and Platte River's mission, vision and values and strategic initiatives, ~~Platte River Power Authority's the~~ Strategic Financial Plan (SFP) provides direction to ~~create~~ preserve long-term financial sustainability, ~~and~~ manage financial risk ~~and support Platte River's mission, vision and values~~. The ~~priorities-objectives~~ of the SFP are as follows: to generate adequate cash flows, maintain access to low-cost capital, provide wholesale rate stability and maintain sufficient liquidity for operational stability. To achieve long-term financial sustainability and the lowest practical cost of debt necessary to finance Platte River's long-term capital program, financial metrics have been established in consideration of rating agency guidelines. Additionally, to manage financial assets and risk, staff will continue to implement and maintain prudent business practices in the management of reserves, maintain the enterprise risk management program, and comply with financial policies and procedures.

- Generate adequate earnings margins and cash flows
- Maintain sufficient liquidity for operational stability
- Maintain access to low-cost capital
- Provide wholesale rate stability

Platte River is also subject to the following financial and rate requirements:

~~Staff will review the SFP annually and make recommendations to the board as necessary.~~

~~Rate Requirements and Practices~~

- ~~The g~~General powers of Platte River, as stated by Colorado Revised Statute 29-1-204(3)(j), include the right to fix, maintain, and revise fees, rates, and charges for functions, services, or facilities provided. Platte River's Board of Directors have the exclusive authority to establish electric rates.
- ~~The~~ Power Supply Agreements (PSAs) with the ~~municipalities-owner communities~~ require the board to review rates at least once each calendar year. The PSAs also require ~~that~~ rates to be sufficient to cover all operating and maintenance expenses, purchased power costs, ~~debt-bond~~ service expenses, and to provide reasonable reserves and adequate earnings margins so Platte River may obtain favorable debt financing.
- The General Power Bond Resolution requires that rates be sufficient to generate net revenues that cover ~~debt-bond~~ service expense at a minimum 1.10 times. Platte River must. ~~The General Power Bond Resolution also requires Platte River~~ review rates and charges as necessary, no less than once each calendar year.

To meet these objectives and requirements, staff established financial metrics and rate stability strategies. The financial metrics take into consideration rating agency guidelines, targeting an "AA" category credit rating. The rate stability strategies include fiscal responsibility and rate smoothing.

Additionally, to manage financial assets and risk, staff will continue to implement and maintain prudent business practices in managing reserves and budgeting, complying with financial policies and procedures and maintaining the enterprise risk management program.

Staff analyzes financial results and projections relative to the financial metrics throughout the year. Staff must formally review the SFP with the board at least every five years.

~~Platte River complies with all covenants under the Colorado Revised Statutes, Organic Contract, PSAs, General Power Bond Resolution, supplemental bond resolutions and all other legal requirements not specifically listed in this SFP.~~

~~Platte River strives to maintain long-term competitive rates relative to regional peer wholesale electric providers. Competitive wholesale rates provide the owner municipalities an economic advantage for their residential, commercial and industrial customers.~~

~~Platte River's tariffs and charges will be established to achieve SFP targeted financial metrics. 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.~~

Financial metrics

The SFP financial metrics ~~support~~contained herein were identified as the metrics most suitable to achieving Platte River's financial obligations including those established by the Colorado Revised Statutes, PSAs, and General Power Bond Resolution and achieving-preserve long-term financial sustainability (cash flow, earnings, leverage, liquidity, leverage, cash flow, earnings). The financial metrics maintain adequate reserves and provide balance between financing capital investments with cash and debt.

~~Additionally, achieving-strong~~Strong financial metrics ~~provides-gives~~ Platte River ~~the~~ flexibility to implement necessary rate changes and to ~~change-smooth~~ rates over longer periods of time to minimize short-term rate impacts. ~~While the financial metrics are established and evaluated on an annual basis, multi~~Multi-year performance is considered during the evaluation of rate action and decision making. Platte River may not achieve financial metric projections in all years if staff considers the deficiency temporary.

The financial metrics described below were established based on guidelines provided for an "AA" category credit rating by Moody's Investor's Services, Fitch Ratings and Platte River's financial objectives. Platte River's financial advisor, PFM Financial Advisors LLC, also reviewed the SFP.

- **Cash flow metric:** Generate minimum 1.50 times fixed obligation charge coverage ratio
- **Earnings metric:** Generate minimum ~~net income~~ change in net position equal to 3% of ~~projected~~ annual operating expenses
- **Leverage metric:** Target adjusted debt ratio less than 50%
- **Liquidity metric:** Target minimum 200 days ~~unrestricted cash~~ adjusted liquidity on hand

Cash flow metric: Generate minimum 1.50 times fixed obligation charge coverage ratio

The fixed obligation charge coverage ratio (FOCCR) is a measurement of measures Platte River's annual cash flows and the ability to repay annual power revenue bond debt-service expense and debt-like obligations.

costs from recurring revenues net of recurring expenses excluding one-time revenues or extraordinary charges. FOCCR also incorporates debt-like obligations either related to the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. Debt-like obligations include demand or capacity payments on contracted assets and any debt service associated with off-balance sheet obligations. Examples of these "debt-like obligations" include:

- Fixed obligation of power purchase agreements or a portion of purchase power agreements if the fixed obligation is not defined
- Off-balance-sheet obligations
- Leases and subscription-based capital assets

Platte River has a legal obligation to achieve a minimum 1.10 times bond service coverage ratio requirement under the General Power Bond Resolution. A minimum 1.50 times fixed obligation charge coverage ratio FOCCR provides sufficient annual cash flows to meet the legal minimum 1.10 times debt service coverage ratio bond service coverage ratio requirement, and partially fund future capital additions and maintain favorable credit ratings.

Earnings metric: Generate minimum Net Income change in net position equal to 3% of Projected annual operating expenses

Change in net position Net income is a measurement of measures total earnings. The PSAs with the owner communities, (in Article 2(b)(iv)) municipalities require Platte River to provide an earnings margin have an adequate earnings margin to obtain revenue bond financing on favorable terms and to provide for the establishment and maintenance of reasonable reserves. Reserves provide financial flexibility and helps Platte River avoid becoming over leveraged.

The change in net position A target minimum net income equal to 3 percent is a percentage of projected annual operating expenses that will change with inflation and fluctuations in operating expenses. This metric provides adequate earnings margin to maintain cash reserves, which balances the adjusted debt ratio to fund capital investments is a sufficient earnings margin to maintain cash balances to fund capital investment sufficient to meet the target debt ratio over the long term.

Leverage metric: Target adjusted debt ratio less than 50%

Adjusted Debt debt ratio is a measurement of measures statement of net position leverage, or the ratio of debt used to fund assets net of depreciation. An adjusted debt ratio less than 50% percent provides gives Platte River with a strong balance sheet statement of net position and reduces the risk of becoming over-leveraged in the debt market. However, Platte River operates in a capital-intensive industry, and this ratio is difficult to change in the short term, so a long-term planning horizon is critical when evaluating debt levels. If significant financing is needed, this metric may not be met in the short

term but would be expected to return to the target in a reasonable time within the planning horizon. therefore utilizes a long term planning horizon to evaluate appropriate debt levels.

Liquidity metric: Target minimum 200 days Unrestricted Cash-adjusted liquidity on hand

The PSAs with the owner communities (in Article 2(b)(iv)) require Platte River to provide for the establishment and maintenance of reasonable reserves.

Days of unrestricted cash-adjusted liquidity on hand is a measurement of measures Platte River's ability to meet liquidity, or ability to meet daily operating cash flow requirements. It also serves as a hedge against unforeseen financial obligations resulting from significant events and provides flexibility to take advantage of opportunities. Achieving this metric generates and maintains adequate cash. Cash that is liquid or unrestricted refers to total funds excluding legally required reserves under the General Power Bond Resolution. Bond required reserves include the reserve and contingency fund and the bond service funds. Due to Platte River's strong financial and cash positions, Platte River's current outstanding debt issuances do not require bond reserve funds. A minimum 200 days of unrestricted cash-on-hand target ensures that adequate cash is generated and maintained. Cash that is unrestricted refers to total funds excluding legally required reserves. Bond required reserves include the Reserve & Contingency Fund, Bond Service funds and Bond Reserve funds.

Included in the days of unrestricted cash-on-hand target within this metric is a the rate stabilization fund, established and maintained as allowed by which is provided for under the General Power Bond Resolution. The purpose of the rate stabilization fund is to reduce or eliminate the rate impact due to from an unforeseen event that affects Platte River's ability to meet the minimum legal debt service coverage ratio bond service coverage ratio requirement, but not to smooth the rate impacts of continued typical business operations.

-Rate stability strategies

Competitive wholesale rates give the owner communities an economic advantage for their residential, commercial and industrial customers. Platte River strives to maintain services and rates offered at competitive prices compared to similar services and products provided by other wholesale electric utilities in the region. Platte River has implemented the following rate strategies to help reduce long-term rate pressure and give the owner communities greater rate predictability.

Fiscal responsibility

Revenue generation

When financially advantageous, operationally feasible and reliable, Platte River sells generation surplus to owner community needs to other regional utilities on a short- or long-term basis. Margin from these sales reduce Platte River's revenue requirement and benefits the owner communities through lower rates. Staff proactively seeks sales opportunities.

Expense management

Platte River prioritizes preventive and predictive maintenance strategies and proactive capital investments to provide long-term system benefits and efficiencies. Platte River will continue to invest in

its existing power generation and transmission assets to maintain operational efficiency and to proactively address federal and state regulatory requirements. Platte River plans to expand its investment in noncarbon resources, such as wind and solar, distributed energy resources and other generating capacity as needed and retire coal-fired generation. Targeting an “AA” category credit rating through the financial metrics provides access to low-cost capital to support these investments. Platte River is committed to managing costs through its budget and long-term financial planning processes.

Rate smoothing

The board establishes tariffs and charges based on projected cost of service with adequate margin to achieve SFP financial metrics. Rate smoothing is accomplished through accounting policies and multi-year analysis to develop a long-term rate path with greater predictability.

Accounting policies - revenue and expense smoothing

As a board-regulated entity, Platte River is subject to the provisions of *Governmental Accounting Standards Board 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Regulated Operations, paragraphs 476–500*, which requires the effects of the rate making process to be recorded in the financial statements. Accordingly, certain revenues and expenses normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in wholesale rates. Platte River adopts accounting policies that help stabilize rates.

Multi-year rate analysis

The board prefers to use a multi-year rate smoothing strategy, as deemed appropriate, to avoid greater single-year rate impacts or to accomplish specified objectives. Platte River will use this mechanism to stabilize rates and increase financial flexibility.



Platte River
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Strategic Financial Plan

Draft



Strategic Financial Plan

In support of Platte River's foundational pillars of providing reliable, environmentally responsible and financially sustainable energy and services, and Platte River's mission, vision and values and strategic initiatives, the Strategic Financial Plan (SFP) provides direction to preserve long-term financial sustainability and manage financial risk. The objectives of the SFP are as follows:

- Generate adequate earnings margins and cash flows
- Maintain sufficient liquidity for operational stability
- Maintain access to low-cost capital
- Provide wholesale rate stability

Platte River is also subject to the following financial and rate requirements:

- General powers of Platte River, as stated by Colorado Revised Statute 29-1-204(3)(j), include the right to fix, maintain, and revise fees, rates, and charges for functions, services, or facilities provided. Platte River's Board of Directors have the exclusive authority to establish electric rates.
- Power Supply Agreements (PSAs) with the owner communities require the board to review rates at least once each calendar year. The PSAs also require rates to be sufficient to cover all operating and maintenance expenses, purchased power costs, bond service expenses, and to provide reasonable reserves and adequate earnings margins so Platte River may obtain favorable debt financing.
- The General Power Bond Resolution requires that rates be sufficient to generate net revenues that cover bond service expense at a minimum 1.10 times. Platte River must review rates and charges as necessary, no less than once each calendar year.

To meet these objectives and requirements, staff established financial metrics and rate stability strategies. The financial metrics take into consideration rating agency guidelines, targeting an "AA" category credit rating. The rate stability strategies include fiscal responsibility and rate smoothing.

Additionally, to manage financial assets and risk, staff will continue to implement and maintain prudent business practices in managing reserves and budgeting, complying with financial policies and procedures and maintaining the enterprise risk management program.

Staff analyzes financial results and projections relative to the financial metrics throughout the year. Staff must formally review the SFP with the board at least every five years.

Financial metrics

The SFP financial metrics support Platte River's financial obligations including those established by the Colorado Revised Statutes, PSAs, and General Power Bond Resolution and preserve long-term financial sustainability (cash flow, earnings, leverage, liquidity). The financial metrics maintain adequate reserves and provide balance between financing capital investments with cash and debt.

Strong financial metrics gives Platte River flexibility to implement necessary rate changes and to smooth rates over longer periods of time to minimize short-term rate impacts. Multi-year performance is considered during the evaluation of rate action and decision making. Platte River may not achieve financial metric projections in all years if staff considers the deficiency temporary.

The financial metrics described below were established based on guidelines provided for an “AA” category credit rating by Moody’s Investor’s Services, Fitch Ratings and Platte River’s financial objectives. Platte River’s financial advisor, PFM Financial Advisors LLC, also reviewed the SFP.

- **Cash flow metric:** Generate minimum 1.50 times fixed obligation charge coverage ratio
- **Earnings metric:** Generate minimum change in net position equal to 3% of annual operating expenses
- **Leverage metric:** Target adjusted debt ratio less than 50%
- **Liquidity metric:** Target minimum 200 days adjusted liquidity on hand

Cash flow metric: Generate minimum 1.50 times fixed obligation charge coverage ratio

The fixed obligation charge coverage ratio measures Platte River’s annual cash flows and the ability to repay annual power revenue bond service expense and debt-like obligations.

Debt-like obligations include demand or capacity payments on contracted assets and any debt service associated with off-balance sheet obligations. Examples of these “debt-like obligations” include:

- Fixed obligation of power purchase agreements or a portion of purchase power agreements if the fixed obligation is not defined
- Off-balance-sheet obligations
- Leases and subscription-based capital assets

Platte River has a legal obligation to achieve a minimum 1.10 times bond service coverage ratio requirement under the General Power Bond Resolution. A minimum 1.50 times fixed obligation charge coverage ratio provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio and partially fund future capital additions.

Earnings metric: Generate minimum change in net position equal to 3% of annual operating expenses

Change in net position measures total earnings. The PSAs with the owner communities, (in Article 2(b)(iv)) require Platte River to provide an earnings margin adequate to obtain revenue bond financing on favorable terms and to provide for the establishment and maintenance of reasonable reserves. Reserves provide financial flexibility and helps Platte River avoid becoming over leveraged.

The change in net position minimum is a percentage of annual operating expenses that will change with inflation and fluctuations in operating expenses. This metric provides adequate earnings margin to maintain cash reserves, which balances the adjusted debt ratio to fund capital investments.

Leverage metric: Target adjusted debt ratio less than 50%

Adjusted debt ratio measures statement of net position leverage. An adjusted debt ratio less than 50% gives Platte River a strong statement of net position and reduces the risk of becoming over leveraged. However, Platte River operates in a capital-intensive industry and this ratio is difficult to change in the short term, so a long-term planning horizon is critical when evaluating debt levels. If significant financing is needed, this metric may not be met in the short term but would be expected to return to the target in a reasonable time within the planning horizon.

Liquidity metric: Target minimum 200 days adjusted liquidity on hand

The PSAs with the owner communities (in Article 2(b)(iv)) require Platte River to provide for the establishment and maintenance of reasonable reserves.

Days adjusted liquidity on hand measures Platte River's ability to meet daily operating cash flow requirements. It also serves as a hedge against unforeseen financial obligations resulting from significant events and provides flexibility to take advantage of opportunities. Achieving this metric generates and maintains adequate cash. Cash that is liquid or unrestricted refers to total funds excluding legally required reserves under the General Power Bond Resolution. Bond required reserves include the reserve and contingency fund and the bond service funds. Due to Platte River's strong financial and cash positions, Platte River's current outstanding debt issuances do not require bond reserve funds.

Included within this metric is the rate stabilization fund, established and maintained as allowed by the General Power Bond Resolution. The purpose of the rate stabilization fund is to reduce or eliminate the rate impact from an unforeseen event that affects Platte River's ability to meet the minimum legal bond service coverage ratio requirement, but not to smooth the rate impacts of continued typical business operations.

Rate stability strategies

Competitive wholesale rates give the owner communities an economic advantage for their residential, commercial and industrial customers. Platte River strives to maintain services and rates offered at competitive prices compared to similar services and products provided by other wholesale electric utilities in the region. Platte River has implemented the following rate strategies to help reduce long-term rate pressure and give the owner communities greater rate predictability.

Fiscal responsibility

Revenue generation

When financially advantageous, operationally feasible and reliable, Platte River sells generation surplus to owner community needs to other regional utilities on a short- or long-term basis. Margin from these sales reduce Platte River's revenue requirement and benefits the owner communities through lower rates. Staff proactively seeks sales opportunities.

Expense management

Platte River prioritizes preventive and predictive maintenance strategies and proactive capital investments to provide long-term system benefits and efficiencies. Platte River will continue to invest in its existing power generation and transmission assets to maintain operational efficiency and to proactively address federal and state regulatory requirements. Platte River plans to expand its investment in noncarbon resources, such as wind and solar, distributed energy resources and other generating capacity as needed and retire coal-fired generation. Targeting an “AA” category credit rating through the financial metrics provides access to low-cost capital to support these investments. Platte River is committed to managing costs through its budget and long-term financial planning processes.

Rate smoothing

The board establishes tariffs and charges based on projected cost of service with adequate margin to achieve SFP financial metrics. Rate smoothing is accomplished through accounting policies and multi-year analysis to develop a long-term rate path with greater predictability.

Accounting policies - revenue and expense smoothing

As a board-regulated entity, Platte River is subject to the provisions of *Governmental Accounting Standards Board 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Regulated Operations, paragraphs 476–500*, which requires the effects of the rate making process to be recorded in the financial statements. Accordingly, certain revenues and expenses normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in wholesale rates. Platte River adopts accounting policies that help stabilize rates.

Multi-year rate analysis

The board prefers to use a multi-year rate smoothing strategy, as deemed appropriate, to avoid greater single-year rate impacts or to accomplish specified objectives. Platte River will use this mechanism to stabilize rates and increase financial flexibility.



Strategic Financial Plan

Platte River Power Authority white paper

September 2023

The Strategic Financial Plan (SFP) is Platte River’s approach to financial management to achieve its short- and long-term goals and objectives. The Platte River Board of Directors last approved the SFP in 2018. Staff has since reviewed and updated the SFP for board consideration with requested adoption in December 2023. Staff applied rating agency criteria for joint action agencies to the financial metrics in Platte River’s long-term financial model projections. After the analysis, staff concluded the existing financial metrics, targeting an “AA” category credit rating, continue to provide the financial stability and flexibility Platte River needs to meet its strategic initiatives. A solid financial position will allow Platte River to respond in a timely and value-maximizing manner to unexpected changes and take advantage of opportunities. This is important as uncertainty continues to exist with the resource transition plan and responsiveness in the changing environment is necessary. The intent of the SFP is to preserve long-term financial sustainability and manage financial risk.

Staff recommends SFP modifications including added language to reflect rate stability strategies and language and layout updates to enhance readability. The financial metric names have been modified for better alignment with rating agency guidelines. The items included in the calculations were updated to reflect changes in Platte River’s financial position and criteria from the rating agencies. This white paper details the financial metrics, rate stability strategies and recommendation. The appendix describes Platte River’s financial sustainability actions and activities that reflect financial flexibility, a strong financial position and an “AA” category credit rating.

Staff analyzes financial results and projections relative to the financial metrics throughout the year. Staff must formally review the SFP with the board at least every five years.

Strategic Financial Plan

In support of Platte River’s foundational pillars of providing reliable, environmentally responsible and financially sustainable energy and services, and Platte River’s mission, vision and values and strategic initiatives, the SFP provides direction to preserve long-term financial sustainability and manage financial risk. The objectives of the SFP are as follows:

- Generate adequate earnings margins and cash flows
- Maintain sufficient liquidity for operational stability
- Maintain access to low-cost capital
- Provide wholesale rate stability

Platte River is also subject to the following financial and rate requirements:

- General powers of Platte River, as stated by Colorado Revised Statute 29-1-204(3)(j), include the right to fix, maintain, and revise fees, rates, and charges for functions, services, or facilities provided. Platte River's Board of Directors have the exclusive authority to establish electric rates.
- Power Supply Agreements (PSAs) with the owner communities require the board to review rates at least once each calendar year. The PSAs also require rates to be sufficient to cover all operating and maintenance expenses, purchased power costs, bond service expenses, and to provide reasonable reserves and adequate earnings margins so Platte River may obtain favorable debt financing.
- The General Power Bond Resolution requires that rates be sufficient to generate net revenues that cover bond service expense at a minimum 1.10 times. Platte River must review rates and charges as necessary, no less than once each calendar year.

To meet these objectives and requirements, staff established financial metrics and rate stability strategies. The financial metrics take into consideration rating agency guidelines, targeting an "AA" category credit rating. The rate stability strategies include fiscal responsibility and rate smoothing.

Additionally, to manage financial assets and risk, staff will continue to implement and maintain prudent business practices in managing reserves and budgeting, complying with financial policies and procedures and maintaining the enterprise risk management program.

Financial metrics

The SFP financial metrics support Platte River's financial obligations including those established by the Colorado Revised Statutes, PSAs, and General Power Bond Resolution and preserve long-term financial sustainability (cash flow, earnings, leverage, liquidity). The financial metrics maintain adequate reserves and provide balance between financing capital investments with cash and debt.

Strong financial metrics gives Platte River flexibility to implement necessary rate changes and to smooth rates over longer periods of time to minimize short-term rate impacts. Multi-year performance is considered during the evaluation of rate action and decision making. Platte River may not achieve financial metric projections in all years if staff considers the deficiency temporary.

The financial metrics described below were established based on guidelines provided for an "AA" category credit rating by Moody's Investor's Services (Moody's), Fitch Ratings and Platte River's financial objectives. Platte River's financial advisor, PFM Financial Advisors LLC, also reviewed the SFP.

Cash flow metric: Generate minimum 1.50 times fixed obligation charge coverage ratio

The fixed obligation charge coverage ratio is a measurement of Platte River's annual cash flows and their ability to repay annual power revenue bond service expense and debt-like obligations.

Debt-like obligations include demand or capacity payments on contracted assets and any debt service associated with off-balance sheet obligations. Examples of these "debt-like obligations" include:

- Fixed obligation of power purchase agreements or a portion of purchase power agreements if the fixed obligation is not defined
- Off-balance-sheet obligations
- Leases and subscription-based capital assets

Currently, Platte River's debt-like obligations include:

- Fixed portion (demand payment) of Western Area Power Administration hydropower
- 30% of purchase power expense for long-term agreements when the fixed obligation is not defined
- Windy Gap Firming Project (Chimney Hollow) debt service payments
- Leases and subscription-based capital assets debt service payments (new based on accounting pronouncements)

Platte River has a legal obligation to achieve a minimum 1.10 times bond service coverage ratio requirement under the General Power Bond Resolution. A minimum 1.50 times fixed obligation charge coverage ratio provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio and partially fund future capital additions.

Fixed obligation charge coverage ratio

$$= \frac{\text{Net operating revenues}^1 + \text{Interest and other income} + \text{Debt like obligations}}{\text{Net revenue bond service} + \text{Debt like obligations}}$$

$$\text{Bond service coverage ratio} = \frac{\text{Net operating revenues} + \text{Interest and other income}}{\text{Net revenue bond service}}$$

¹ Net operating revenues include total operating revenues less total operating expenses, excluding depreciation, amortization and accretion.

Earnings metric: Generate minimum change in net position² equal to 3% of annual operating expenses

Change in net position measures total earnings. The PSAs with the owner communities, (in Article 2(b)(iv)) require Platte River to provide an earnings margin adequate to obtain revenue bond financing on favorable terms and to provide for the establishment and maintenance of reasonable reserves. Reserves provide financial flexibility and helps Platte River avoid becoming over leveraged.

The change in net position minimum is a percentage of annual operating expenses, which will change with inflation and fluctuations in operating expenses. This metric provides adequate earnings margin to maintain cash reserves, which balances the adjusted debt ratio to fund capital investments.

$$= (Total\ operating\ expenses - depreciation, amortization and accretion) \times 3.0\%$$

$$\begin{aligned} Change\ in\ net\ position \\ &= Total\ operating\ revenues - Total\ operating\ expenses \\ &+ Total\ nonoperating\ revenues\ (expenses) \end{aligned}$$

Leverage metric: Target adjusted debt ratio less than 50%

Adjusted debt ratio measures statement of net position leverage. An adjusted debt ratio less than 50% gives Platte River a strong statement of net position and reduces the risk of becoming over leveraged. However, Platte River operates in a capital-intensive industry and this ratio is difficult to change in the short term, so a long-term planning horizon is critical when evaluating debt levels. If significant financing is needed, this metric may not be met in the short term but would be expected to return to the target in a reasonable time within the planning horizon.

The ratio includes debt and debt-like obligations from Platte River's statement of net position:

- Long-term debt
- Net pension liability (new based on rating agency criteria)
- Other long-term obligations, including the Windy Gap Firing Project pooled financing arrangement (new)

$$Adjusted\ debt\ ratio = \frac{Long\ term\ debt,\ net + Net\ pension\ liability + Other\ long\ term\ obligations}{Total\ electric\ utility\ plant + Net\ working\ capital}$$

Liquidity metric: Target minimum 200 days adjusted liquidity on hand

The PSAs with the owner communities (in Article 2(b)(iv)) require Platte River to provide for the

² Change in net position was formerly net income.

establishment and maintenance of reasonable reserves.

Days adjusted liquidity on hand measures Platte River's ability to meet daily operating cash flow requirements. It also serves as a hedge against unforeseen financial obligations resulting from significant events and provides flexibility to take advantage of opportunities. Achieving this metric generates and maintains adequate cash. Cash that is liquid or unrestricted refers to total funds excluding legally required reserves under the General Power Bond Resolution. Bond required reserves include the reserve and contingency fund and the bond service funds. Due to Platte River's strong financial and cash positions, Platte River's current outstanding debt issuances do not require bond reserve funds.

Rate stabilization fund

Included within this metric is the rate stabilization fund, established and maintained as allowed by the General Power Bond Resolution. The purpose of the rate stabilization fund is to reduce or eliminate the rate impact from an unforeseen event that affects Platte River's ability to meet the minimum legal bond service coverage ratio requirement, but not to smooth the rate impacts of continued typical business operations.

Staff will communicate all rate stabilization fund withdrawals and contributions to the board, except for rate stabilization fund interest distributions. Increases to the rate stabilization fund are based on analysis to mitigate risk exposure. If Platte River uses the rate stabilization fund balance partially or in full due to an event, the target balance will be replenished in increments determined and approved through the budget process.

The rate stabilization fund has a \$20 million balance. Staff completes an annual analysis to verify the balance would be sufficient to achieve the legal minimum bond service coverage ratio during an extended unplanned generation resource outage in varying power market conditions. Lowering the rate stabilization fund balance provides no business advantage. Maintaining the current rate stabilization fund balance has no impact on projected future rates or financial results, is viewed favorably by rating agencies and could provide benefits for future unforeseen events. The target rate stabilization fund balance analysis and justification are maintained outside of the SFP. Staff brings recommended changes to the board as necessary.

$$\text{Days adjusted liquidity on hand} = \frac{\text{Cash} - \text{Bond required reserves}}{\text{Total operating expenses} - \text{depreciation, amortization and accretion}} \times \text{Days in the year}$$

Rate stability strategies

Competitive wholesale rates give the owner communities an economic advantage for their residential, commercial and industrial customers. Platte River strives to maintain services and rates offered at competitive prices compared to similar services and products provided by other wholesale electric utilities in the region. Platte River has implemented the following rate strategies to help reduce long-term rate pressure and give the owner communities greater rate predictability.

Fiscal responsibility

Revenue generation

When financially advantageous, operationally feasible and reliable, Platte River sells generation surplus to owner community needs to other regional utilities on a short- or long-term basis. Margin from these sales reduce Platte River's revenue requirement and benefits the owner communities through lower rates. Staff proactively seeks sales opportunities.

Expense management

Platte River prioritizes preventive and predictive maintenance strategies and proactive capital investments to provide long-term system benefits and efficiencies. Platte River will continue to invest in its existing power generation and transmission assets to maintain operational efficiency and to proactively address federal and state regulatory requirements. Platte River plans to expand its investment in noncarbon resources, such as wind and solar, distributed energy resources and other generating capacity as needed and retire coal-fired generation. Targeting an "AA" category credit rating through the financial metrics provides access to low-cost capital to support these investments. Platte River is committed to managing costs through its budget and long-term financial planning processes.

Rate smoothing

The board establishes tariffs and charges based on projected cost of service with adequate margin to achieve SFP financial metrics. Rate smoothing is accomplished through accounting policies and multi-year analysis to develop a long-term rate path with greater predictability.

Accounting policies - revenue and expense smoothing

As a board-regulated entity, Platte River is subject to the provisions of *Governmental Accounting Standards Board 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Regulated Operations, paragraphs 476–500*, which requires the effects of the rate making process to be recorded in the financial statements. Accordingly, certain revenues and expenses normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in wholesale rates. Platte River adopts accounting policies that help stabilize rates.

Multi-year rate analysis

The board prefers to use a multi-year rate smoothing strategy, as deemed appropriate, to avoid greater single-year rate impacts or to accomplish specified objectives. Platte River will use this mechanism to stabilize rates and increase financial flexibility.

Recommendation

Electric utilities operate in a capital-intensive industry with investments in long-term generation and

transmission assets. While Platte River implements the resource transition plan over the next few years, plans that have yet to be put in place are uncertain. The SFP financial metrics, rate stability strategies and “AA” category credit rating provide critical financial stability and flexibility. Platte River’s financial position and “AA” category credit rating allow it to preserve long-term financial sustainability and maintain competitive wholesale electric rates while pursuing its strategic initiatives.

Staff concludes that maintaining the current financial metrics is advantageous for Platte River and the owner communities as they provide financial flexibility to achieve the following:

- Obtain access to capital markets at a lower cost of capital
- Take advantage of opportunities for capital investments, lower expenses and provide benefits to the owner communities
- Manage industry-related financial risks
- Respond in a timely and value-maximizing manner to unexpected changes

In addition to updating financial metric calculations for alignment with rating agency criteria and Platte River’s change in financial position, staff recommends the following SFP modifications:

- Added language reflecting rate stability strategies
- Edited language and layout enhancing readability
- Title changes
 - Changed net income to change in net position for consistency with governmental accounting reporting and removed the word projected
 - Changed debt ratio to adjusted debt ratio for consistency with rating agency guidance
 - Changed unrestricted cash on hand to adjusted liquidity on hand for consistency with rating agency guidance

Staff will continue to evaluate the financial metrics to determine the best path forward to achieve financial and operational goals, objectives, and strategic initiatives for Platte River and the owner communities.

Staff will review the SFP and the proposed changes at the October board meeting. In December, staff will ask the board to approve the SFP with these modifications.

APPENDIX

Platte River's financial sustainability

An essential component to Platte River's overall financial goal is to preserve long-term financial sustainability. Maintaining an "AA" category credit rating provides long-term financial sustainability and competitive wholesale electric rates.

Over the years, Platte River has benefited from its strong financial position, favorable credit rating and sound financial decisions.

- Preventive and predictive maintenance strategies and proactive capital investments are prioritized to provide long-term system benefits and efficiencies
- Accounting policies are a strategic rating setting activity and contribute to a strong financial position. Through a governmental accounting standard, certain expenses and revenues normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in Platte River's wholesale rates. Below is a list of Platte River Board-approved accounting policies for specific activities:
 - 2022 Deferred revenue and expense
 - 2021 Craig units 1 and 2 decommissioning accrual
 - 2020 Windy Gap Firing Project
 - 2020 Change in depreciation method
 - 2017 Fiber optic network
 - 2015 Pension contribution expense recognition
 - 2012 Debt issuance expense recognition
 - 2009 Additional pension funding expense recognition
 - 2004 Maintenance outage expense accrual
- 2023 established favorable counterparty credit in the energy market and for power purchase agreements
- 2022 blended the intermittent and dispatchable variable cost energy charges with the ability to absorb the shift of the risk of cost variances back to Platte River from the owner communities
- 2020 provided a one-time \$1 million owner distribution to the governing body of the owner communities to assist with the COVID-19 pandemic impacts within their communities
- 2020 refinanced bonds resulted in \$4.6 million in net present value savings
- 2018 adopted the resource diversification policy to transition Platte River to a noncarbon future as a significant initiative requiring a strong financial position and financial flexibility
- 2015 refinanced bonds resulted in \$13.7 million of net present value savings

- 2009 series DD bonds were paid off, the last bond issue requiring a bond reserve fund and Platte River's strong financial position eliminated the requirement to maintain bond required reserve funds, which were maintained at a negative arbitrage due to earnings restrictions
- 2008 used cash reserves to fund combustion turbine Unit F and avoided private use restrictions associated with the use of tax-exempt bonds, which would have reduced the economic benefit of a long-term capacity sale

Below are Moody's joint action agency rating criteria, corresponding weightings and Platte River's actions and strategies for each category. These actions maintain Platte River's "AA" category credit rating.

Summary table of rating factors

Rating factors ³	Platte River actions and strategies
1. Participant credit quality and cost recovery framework (25%)	<ul style="list-style-type: none"> • The board includes the mayor (or a designee of the mayor) of each owner community and four other directors appointed by the governing bodies of the owner communities • The board of directors has the exclusive authority to establish electric rates • Rates established to recover projected cost of service with adequate margin to achieve SFP financial metrics • Rate smoothing strategies implemented to achieve strategic initiatives and SFP financial metrics • All requirements contracts with the owner communities through 2060 • The owner communities maintain strong credit ratings
2. Resource risk management and exposure to environmental regulation (10%)	<ul style="list-style-type: none"> • Committed to providing reliable, environmentally responsible and financially sustainable energy and services to its owner communities • Resource diversification policy goal to achieve 100% noncarbon resource portfolio by 2030 • Increased energy supply diversity with additions of solar, wind and battery storage • Continued investment in generation and transmission assets to maintain system reliability, improve efficiency and to meet regulatory requirements • Use of state-of-the-art air quality control systems at power generation stations to meet or exceed all applicable environmental laws and regulations • Southwest Power Pool Energy Imbalance Service market participation and future participation in the Southwest Power Pool Regional Transmission Organization West market • Implementation of enterprise risk management program
3. Competitiveness (15%)	<ul style="list-style-type: none"> • Average wholesale rates for energy provided to the owner communities for like service among the lowest in Colorado

³ Rate factor percents based on Moody's Investor Services, Rating Methodology US Municipal Joint Action Agencies, 16 December 2022

	<ul style="list-style-type: none"> Owner community retail rates are competitive based on the Colorado Association of Municipal Utilities annual rate surveys
4. Financial strength and liquidity	
a. Liquidity (10%)	<ul style="list-style-type: none"> SFP metric: Target minimum 200 days adjusted liquidity on hand
b. Leverage and coverage (15%: Adjusted debt ratio 5%, Fixed obligation charge coverage ratio 10%)	<ul style="list-style-type: none"> SFP metrics: Target adjusted debt ratio less than 50% SFP metric: Generate minimum 1.50 times fixed obligation charge coverage and minimum 1.10 times bond service coverage margin SFP metric: Generate minimum change in net position equal to 3% of annual operating expenses
5. Willingness to recover costs with sound financial metrics (25%)	<ul style="list-style-type: none"> Rate setting record and financial metrics in “AA” category credit rating Board has exhibited a preference for rate smoothing, raising average wholesale rates prior to financial requirements to establish adequate earnings margins, reasonable reserves, and financial flexibility Board adopted accounting policies to manage revenues and expenses for rate making purposes SFP financial metrics have been met every year

Links

- Moody’s Investor Service Rating Methodology US Municipal Joint Action Agencies
<https://ratings.moodys.com/api/rmc-documents/396803>
- Fitch Ratings U.S. Public Power Rating Criteria:
<https://www.fitchratings.com/research/corporate-finance/us-public-power-rating-criteria-03-03-2023>



Memorandum

Date: 9/20/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Eddie Gutiérrez, chief strategy officer
Libby Clark, director of human resources and safety

Subject: **Staffing update**

Following internal discussions, a review of the staffing plan and consideration of the evolving needs of our owner communities, Platte River's senior leadership recommends adding a net of 14 positions in 2024. This memorandum explains the need for these additional positions.

Staffing analysis

Platte River senior leadership regularly evaluates staffing requests from an organizational-wide perspective as they are identified. Each year, we conduct a staffing review before the annual budget session. The review examines historic information and analyzes short-, intermediate- and long-term business needs within the organization and from our owner communities.

Over the past several years, we have scrutinized our staffing needs and aligned resources to better position Platte River to achieve our strategic objectives. This scrutiny has led to the reorganization of departments and the evaluation of positions as vacancies occur to determine whether they should be refilled, eliminated or redesigned to meet other needs. In 2023, we reassigned six positions across departments to better meet the organization's needs without increasing headcount.

We added two new positions to our finance team to support the focus on enterprise risk management and the increased demand in accounting functions after entry into the imbalance market.

Evolving business model

Platte River business model continues to evolve beyond its historic core business functions to meet the initiatives within the Resource Diversification Policy. The recently approved 2023 Strategic Plan also brings focus to new areas and demands to support these initiatives. In the past few years, work processes have increased in complexity in support functions such as finance, human resources and information technology.

Based on the demands outlined above, we intend to add the following positions in the 2024 budget:

Roles to support the Resource Diversification Policy and strategic goals:

- Communications and Marketing Specialist
- Distributed Energy Resource System Integrator
- Senior Communications and Marketing Specialist
- Senior Counsel, Markets

Roles to support emerging technologies and increasingly complex business processes:

- Compliance Analyst
- Digital Project Management Office Manager
- Energy Accounting Supervisor (position added in 2023 due to workload)
- Enterprise Risk Manager (position added in 2023 due to workload)
- Fiber Optics Program Manager
- Human Resources Business Partner
- Purchasing Agent
- Solutions Architect
- Substation Apprentice
- System Electrical Engineer

Summary

Platte River leadership continually evaluates staffing levels and requirements to ensure human capital meets the evolving needs of the owner communities, while maintaining financial sustainability. The pursuit of strategic initiatives and the rapidly evolving energy environment are driving the need to accelerate staffing additions while taking into consideration the financial implications these additions may have on the organization.



Legal, environmental and compliance report

August 2023



Overview of recent developments

Legal matters

El Paso Electric Co. v. Federal Energy Regulatory Commission

Federal Energy Regulatory Commission (FERC) Order 1000 requires FERC-jurisdictional utilities to create regional organizations to plan transmission expansions and allocate costs. 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 2014, 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 the WestConnect cost allocation provisions. Although the parties negotiated a proposed settlement, FERC rejected it and the litigation continued in the Fifth Circuit. On Aug. 2, 2023, the Fifth Circuit reversed FERC's original decision, ruling that FERC's approval of the WestConnect cost allocation provisions was not just arbitrary and capricious, but unlawful. The full report is on page 3 of this document.

Proposed revisions to Colorado Air Quality Control Commission Regulation No. 3 for sources in disproportionately impacted communities

In 2021, the Colorado legislature passed House Bill 21-1266, the Environmental Justice Act, which required the Colorado Air Pollution Control Division (Division) to establish rules to reduce environmental health disparities in disproportionately impacted communities (DI Communities). The Division proposed to revise Air Quality Control Commission (Air Commission) Regulation No. 3 (governing stationary source permitting and air pollution emission notice requirements) to enhance modeling, monitoring, and reporting requirements for stationary sources in DI Communities. On May 18, 2023, the Air Commission adopted most of the Division's proposed rules affecting air permitting for stationary sources and air pollution emission notice requirements. But on Aug. 21, 2023, a coalition of non-governmental organizations sued the Air Commission challenging the rules. The full report is on page 4 of this document.

Environmental matters

EPA's proposed new regulations for greenhouse gas emissions from power plants

On May 11, 2023, the U.S. Environmental Protection Agency (EPA) issued its long-awaited proposed rules to regulate carbon dioxide emissions from the power sector. EPA proposed more stringent source performance standards for greenhouse gas emissions from new and reconstructed fossil fuel-fired stationary combustion turbines that are based on highly efficient generation, hydrogen co-firing, and carbon capture and sequestration (CCS) technologies. The comment period on the proposed rules ended Aug. 8, 2023. EPA received more than one million comments on this proposed rule, showing the



high level of interest and controversy over relying on new technologies like hydrogen co-firing and CCS. The full report is on page 4 of this document.

Compliance matters

There are no new compliance matters 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

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 2014, El Paso Electric Co. and several other FERC-jurisdictional utilities filed initial 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 customers of 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. On Dec. 15, 2022, FERC rejected the parties' proposed settlement agreement. The Fifth Circuit held oral argument on April 3, 2023.

Current Status:

On Aug. 2, 2023, the Fifth Circuit reversed FERC's original decision, ruling that FERC's approval of the WestConnect cost allocation provisions was not just arbitrary and capricious, but unlawful. The Fifth Circuit interpreted the Federal Power Act to require strict "cost causation," meaning all entities that benefit from a project must pay proportionate shares of the costs and there can be no potential subsidies or "free riding." Finding the FERC-approved cost allocation scheme for WestConnect might require FERC-jurisdictional utilities to subsidize non-jurisdictional utilities on regional transmission projects, the Fifth Circuit overturned FERC's orders.

This is an unusual result. Courts typically remand administrative orders back to the agency (in this case, FERC) for further action to cure deficiencies, rather than overturning them. It is unclear how the jurisdictional utilities, which must still comply with Order 1000, will respond. Platte River will continue to monitor the proceedings at the Fifth Circuit and at FERC.



Platte River
Power Authority

Proposed revisions to Colorado Air Quality Control Commission Regulation No. 3 for sources in disproportionately impacted communities

In 2021, the Colorado legislature passed House Bill 21-1266, the Environmental Justice Act, which required the Colorado Air Pollution Control Division (Division) to establish rules to reduce environmental health disparities in disproportionately impacted communities (DI Communities). The Division proposed to revise Air Quality Control Commission (Air Commission) Regulation No. 3 (governing stationary source permitting and air pollution emission notice requirements) to enhance modeling, monitoring, and reporting requirements for stationary sources in DI Communities (as identified in the state's "Enviroscreen" mapping tool).

On May 18, 2023, the Air Commission adopted most of the Division's proposed rules affecting air permitting for stationary sources and air pollution emission notice requirements in DI Communities, including enhanced modeling and enhanced monitoring requirements. But notably, the Air Commission did not adopt the Division's proposal to remove "minor modification" procedures for sources subject to air permit requirements. This allows sources like Platte River to continue to use these procedures when appropriate.

Current Status:

On Aug. 21, 2023, a coalition of non-governmental organizations, including GreenLatinos, 350 Colorado, and Earthworks, sued the Air Commission in Denver County District Court. The lawsuit alleges that the rules the Air Commission adopted on May 18 do not comply with the Environmental Justice Act and are otherwise arbitrary and capricious. If the lawsuit succeeds, the likely outcome is a remand to the Air Commission for a new rulemaking. Platte River will monitor this lawsuit and update the board with any developments.

Environmental matters

EPA's proposed new regulations for greenhouse gas emissions from power plants

Background:

On May 11, 2023, the U.S. Environmental Protection Agency (EPA) issued its long-awaited proposed rules to regulate carbon dioxide emissions from the power sector, replacing the Clean Power Plan from 2015 and the Affordable Clean Energy rule from 2018. EPA proposes more stringent source performance standards for greenhouse gas (GHG) emissions from new and reconstructed fossil fuel-fired stationary combustion turbines that are based on highly efficient generation, hydrogen co-firing, and carbon capture and sequestration (CCS) technologies. EPA also proposes to establish new emission guidelines for existing steam generators that are fossil fueled, based on CCS and natural gas co-firing.



Platte River Power Authority

For new and reconstructed fossil fuel-fired combustion turbines, EPA proposes to create three subcategories based on the function the combustion turbine serves. Limits for new natural gas-fired combustion turbines would apply as soon as they are constructed and become more stringent in 2035 for turbines that install CCS; or in 2032 and 2038 for turbines that co-fire with low-GHG hydrogen.

The three subcategories are:

- Low load “peaking units” or combustion turbines with capacity factors of less than 20%;
- Intermediate load units or combustion turbines with capacity factors between 20% and a source-specific upper bound based on combustion turbine design efficiency; and
- Base load units or combustion turbines that operate above the upper-bound threshold for intermediate load turbines.

The requirements for the intermediate and base load subcategories would be multi-phase. For example, for base load units that adopt CCS, EPA proposes requiring CCS with 90% carbon dioxide capture starting in 2035. For base load units that adopt low-GHG hydrogen co-firing, EPA proposes co-firing 30% (by volume) low-GHG hydrogen starting in 2032, and co-firing 96% (by volume) low-GHG hydrogen by 2038.

Current Status:

The comment period on the proposed rules ended Aug. 8, 2023. EPA received more than one million comments on this proposed rule, showing the high level of interest and controversy over relying on new technologies like hydrogen co-firing and CCS. Because of the numerous comments, it may take EPA many months or even years to respond and issue final rules. Platte River will evaluate the effect of any final rules, once issued, on its current and any proposed new electric generating units.

Compliance matters

There are no active compliance-related matters to report.



Monitoring—status unchanged

Legal matters

Western Area Power Administration process to evaluate joining the Southwest Power Pool's western regional transmission organization

There are no new developments in this matter in August. Platte River and other prospective participants in the Southwest Power Pool's western regional transmission organization (RTO West) are waiting for the Western Area Power Administration (WAPA) to decide whether to pursue final negotiations and sign a Commitment Agreement by Oct. 10, 2023.

Platte River signs commitment agreement to join the Southwest Power Pool's western regional transmission organization

On May 30, 2023, Platte River signed the Commitment Agreement to participate in RTO West. There are no new developments in this matter as the participants await WAPA's decision on whether to join RTO West.

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

On June 1, 2023, Save the Colorado and other environmental groups (appellants) filed their opening brief at the Ninth Circuit Court of Appeals. The defendants (now appellees), including the Bureau and the Colorado River Energy Distributors Association (of which Platte River is a member), filed their responding briefs on August 2, 2023.

Environmental matters

Groundwater and waste management

Platte River continues to monitor groundwater and has nearly completed lining and improvements at the monofil. There have been no new developments since our last report.

Compliance matters

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

Recently concluded matters (last three months)

Legal matters

Federal Energy Regulatory Commission Rulemaking—Generator Interconnection Reform

Background:

In 2021, the Federal Energy Regulatory Commission (FERC) issued a wide-ranging advanced notice of proposed rulemaking (ANOPR) addressing regional transmission planning, cost allocation and generator interconnection (Docket No. RM21-17). FERC sought input on a menu of potential reforms, intended to reflect a more “holistic” approach to transmission planning, cost allocation and generator interconnection processes to support “the grid for the future.”

On July 27, 2023, FERC issued a final rule, “Improvements to Generator Interconnection Procedures and Agreements,” designated as FERC Order No. 2023. This rule adopts reforms to speed up and streamline the generator interconnection process and address long queues that have delayed renewable projects. Among other reforms, the rule:

- implements a “first ready, first-served” cluster study process that allows transmission providers to enlarge interconnection studies to encompass many generating facilities at once;
- adds financial deposit and site control requirements for interconnection customers to prevent speculative projects from taking up queue space and triggering new studies when they withdraw;
- sets penalties for transmission providers that fail to complete interconnection studies on time,
- sets uniform modeling standards for systems studies,
- requires transmission providers to allow more than one generating facility to co-locate at a shared site behind a single interconnection point with a single interconnection request,
- requires transmission providers to use operating assumptions that reflect the charging behavior of battery storage systems, and
- establishes modeling and performance standards for inverter-based resources (such as wind and solar power facilities).

FERC-regulated transmission providers must submit compliance filings within 90 days after FERC publishes its final rule. Although Platte River is not FERC jurisdictional, this rule will likely have wide-ranging effects on how transmission providers manage their interconnection queues. And, if Platte River moves ahead with its plans to join RTO West or another regional transmission entity, Order No. 2023 will apply to the regional entity’s interconnection process.



Environmental matters

There are no recently concluded environmental matters.

Compliance matters

There are no recently concluded compliance matters.



Resource diversification report

August 2023



Resource integration

Platte River has recently taken significant steps to bolster its clean energy supply portfolio. This includes finalizing an interconnection agreement with Black Hollow Sun (BHS) Solar, LLC, facilitating the integration of the BHS solar project with Platte River's transmission system. Collaboratively with 174 Power Global (BHS's parent company), we are already in the process of procuring the necessary equipment to start construction of the 150-megawatt (MW) BHS solar project in early 2024, with an anticipated commercial operation date in early 2025.

Furthermore, we have a signed term sheet with another developer to acquire up to 150 MW of additional nameplate solar capacity, slated for commercial operation in early 2026. Our team is actively negotiating a power purchase agreement aligned with the provisions of the term sheet.

In the upcoming fall season, Platte River plans to launch a request for proposals (RFP) to acquire additional wind capacity, expected to come online in 2027. We may also issue another RFP later this year for a utility-scale battery project, with potential commercial operation in early 2027.

The table provided below summarizes Platte River's latest resource expansion initiatives, tailored to align with our evolving 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	150		150		
Wind					200			100
Storage				25	75	100		
Dispatchable capacity						166		

(*) In-service year for new resources is based on first year such resource is available during the summer months.

Integrated resource planning 2024

Our resource planning team dedicated most of the past month to finalizing a range of critical studies for the 2024 Integrated Resource Plan (IRP). The team's efforts encompassed several key activities, including:

- A comprehensive study assessing the 2030 planning reserve margin requirement and effective load carrying capability of renewable generation and storage.
- Ongoing work related to the low- or no-carbon generation technology screening study. This study evaluates established and emerging power generation technologies, such as long-duration energy storage, low- or no-carbon fuels (including biodiesel, hydrogen, and ammonia),

and carbon capture, utilization, and sequestration. The study will provide recommendations for Platte River's potential adoption or pilot initiatives involving these technologies.

- Supporting an independent consultant's objective assessment of Platte River's future power supply portfolio requirements following the retirement of coal generation in 2030.
- Continued modeling efforts for the 2024 IRP to develop a suite of low- and no-carbon energy supply portfolios. These portfolios underwent rigorous testing for reliability in the face of extreme weather events and dark calms, as well as thorough evaluation for market and new technology risks.
- Active participation in the 2024 IRP public listening sessions, along with engagements with key stakeholders, including the Fort Collins Energy Board, Longmont Sustainability Advisory Board, Colorado State University and Loveland Utilities Commission.
- Continued collaboration with external vendors and companies to explore opportunities related to low- or no-carbon technologies.

Data science and analytics

In the realm of data science, our team's key activities have included:

- Ongoing support for our operations department by providing daily updates for the Western Energy Imbalance Service demand-supply balance and locational marginal price data dashboards.
- Developing new tools designed to extract data from the Plexos model, enhancing and supplementing our Plexos analyses.
- Helping guide our external IT consultant, contributing to the overhaul of our planning database and various internally developed planning dashboards. Additionally, our team has helped advance plant information data pipelines and create new dashboards to meet evolving needs.

DER system integration

Platte River and the four owner communities are working together to integrate distributed energy resources (DERs), whether owned by customers or the utility, into the electric system. This collaborative endeavor includes the DER Advisory Committee, DER Planning and Programs teams, and additional working groups of Platte River personnel and owner communities.

The table below illustrates our DER planning forecast and anticipated expansion of selected DERs. Platte River enlisted the expertise of Dunskey Energy + Climate Advisors to conduct an in-depth DER forecast and potential study, further enriching our insights. This study has been completed, and its outcomes are actively shaping our strategies for the 2024 IRP and plans for DER customer programs.

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 in load or the addition of generation.

We are actively evaluating distribution-scale storage projects. Owner community staff was invited to review the proposals to support selection of a preferred bidder. Platte River staff is assessing these proposals and reaching out to validate the references provided by the bidders. The best proposals will progress to the next phase, possibly involving one or more vendors.

This project seeks the addition of 5 MW of four-hour duration storage capacity in each owner community (20 MW in total). This could increase storage capacity within the electric systems operated by Platte River and its owner communities by a factor of 10 (representing 10% of the storage included in the 2020 IRP). We anticipate that contracting, permitting, design, procurement and construction processes will span approximately two years.

Meanwhile, our focus on the DER gap assessment and roadmap projects remains steadfast. These initiatives will identify essential technologies required for the effective integration of DERs. We have encountered unforeseen delays, but are committed to delivering results by the end of September. Simultaneously, we are collaborating with owner community staff to inventory existing and planned DER-related systems, which will help us finalize our gap assessment.



Operating report

August 2023



Executive summary

August brought a few days of summer heat which resulted in owner community demand being above budget. Owner community energy came in below budget, however, as over half of the month was unusually mild. Year to date, demand is near budget and energy is below budget. The overall net variable cost to serve owner community load was significantly below budget for the month, due to above budget surplus sales pricing. Year to date, the net variable cost to serve owner community load is below budget.

Thermal resources

Rawhide Unit 1 had an outstanding operational month, with no curtailments or outages, resulting in equivalent availability factor coming in above budget. Net capacity factor was significantly below budget, due to having been dispatched lower in the Southwest Power Pool Western Energy Imbalance Service (SPP WEIS). Year to date, Rawhide equivalent availability factor is below budget and net capacity factor is significantly below budget.

Craig Unit 1 was offline for a few days, in early August, due to baghouse issues. The unit also experienced several curtailments throughout the month, primarily due to continued baghouse problems. Similarly, Craig Unit 2 was offline for baghouse issues, for the first eleven days, and was also curtailed for several days for ongoing baghouse issues as well as to replace a protective relay on the transformer. The outages and curtailments resulted in equivalent availability factor being below budget for the month. During the month, the Craig units were dispatched lower in WEIS which resulted in net capacity factor being significantly below budget. Year to date, Craig equivalent availability factor and net capacity factors are significantly below budget.

The combustion turbines (CTs) were primarily run to facilitate sales and serve owner community load, during the month of August. CT equivalent availability factor was at budget for the month and net capacity factor was slightly below budget. Year to date, CT equivalent availability factor is below budget and net capacity factor is above budget.

Renewable resources

Wind generation was above budget for the month, due to Roundhouse wind coming in above budget. Overall solar generation was near budget, despite the Rawhide Prairie Solar project being derated throughout most of the month. Net capacity factor for wind was above budget and solar was near budget for the month. Year to date, net capacity factor for wind is below budget and solar is near budget. The battery associated with the Rawhide Prairie Solar project was charged and discharged 31 times throughout the month.

Surplus sales

Surplus sales volume was below budget for the month, as the result of forced outages and curtailments at Craig as well as below budget WEIS sales. Average surplus sales pricing was significantly above budget, due to above budget bilateral sales pricing. Year to date, surplus sales volume is significantly below budget and average surplus sales pricing is significantly above budget.

Purchased power

Overall purchased power volume was significantly above budget, due to a considerable amount of energy purchased through WEIS. WEIS average purchased power pricing was significantly above budget, but below generation costs. Bilateral purchased power volume was significantly below budget, while bilateral purchased power pricing was significantly above budget, resulting in overall purchased power pricing being above budget for the month. Year to date, purchased power volume is significantly above budget and average purchased power pricing is significantly above budget.

Total resources

Total blended resource costs were above budget for the month, primarily due to above budget coal costs. Year to date, total blended resource costs are above budget.

Variances

Category	August variance		YTD variance	
Owner community demand	3.2%	●	(1.9%)	◆
Owner community energy	(5.0%)	■	(4.0%)	■
Wind generation	7.2%	●	(4.2%)	■
Solar generation	(0.7%)	◆	(0.5%)	◆
Net variable cost to serve owner community load	(81.5%)	●	(14.5%)	●

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

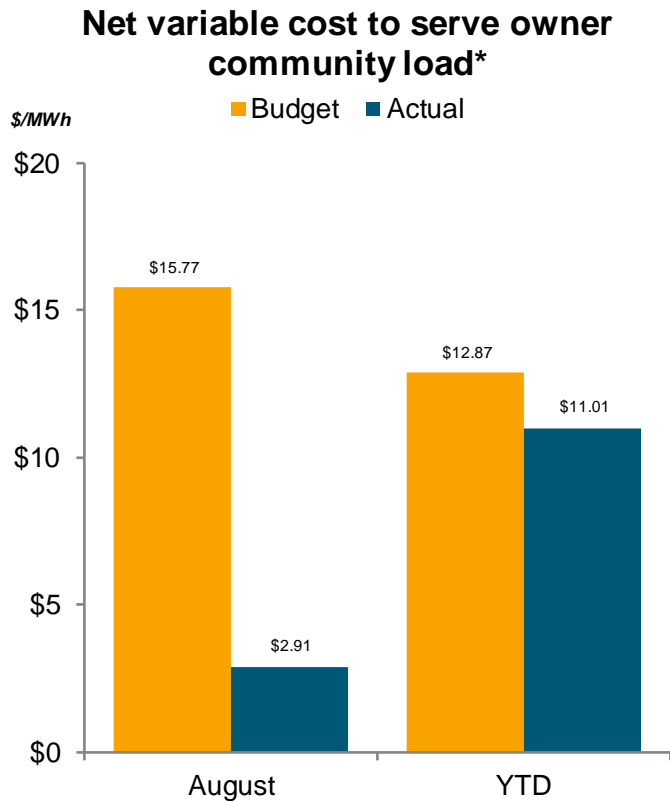
Loss of load

System disturbances

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

2023 goal		August actual		YTD total	
0	●	0	●	1	■

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

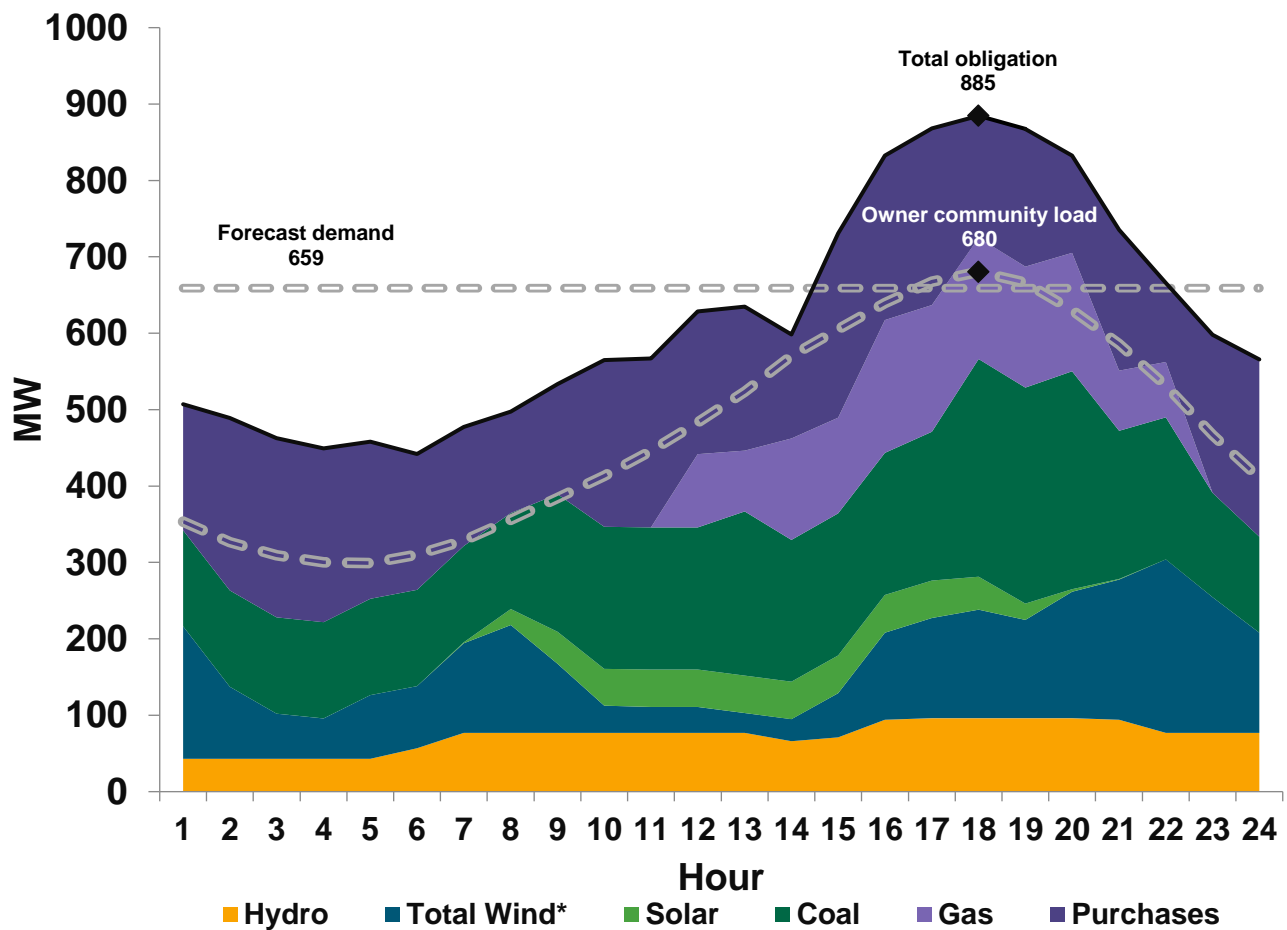
- There were 71 switching events during the month of August. 56 were completed, 9 were canceled, and 6 remain active.
- SPP held several conference calls for its western entities, due to concerns regarding hot weather and high loads in the region. However, Platte River had no concerns.
- Platte River notified Tri-State Generation and Transmission Association, Inc., in August, that the long-standing shaft share agreement which had been in place for nearly 20 years would not be renewed. The agreement will terminate on Mar. 31, 2024.
- On Aug. 29, PSCo's Malta – Hartsal 230 kV line was forced out of service, which reduced Platte River's TOT 5 share. After 48 hours, Platte River's share returned to normal. When reductions are caused by a forced outage, all owners share in the reduction. However, after 48 hours, the equipment owner takes the full reduction.

Peak day

Peak day obligation

Peak demand for the month was 680 megawatts which occurred on Aug. 21, 2023, at hour ending 18:00 and was 21 megawatts above budget. Platte River's obligation at the time of the peak totaled 885 megawatts. Demand response was called upon at the time of peak.

Peak day obligation: Aug. 21, 2023



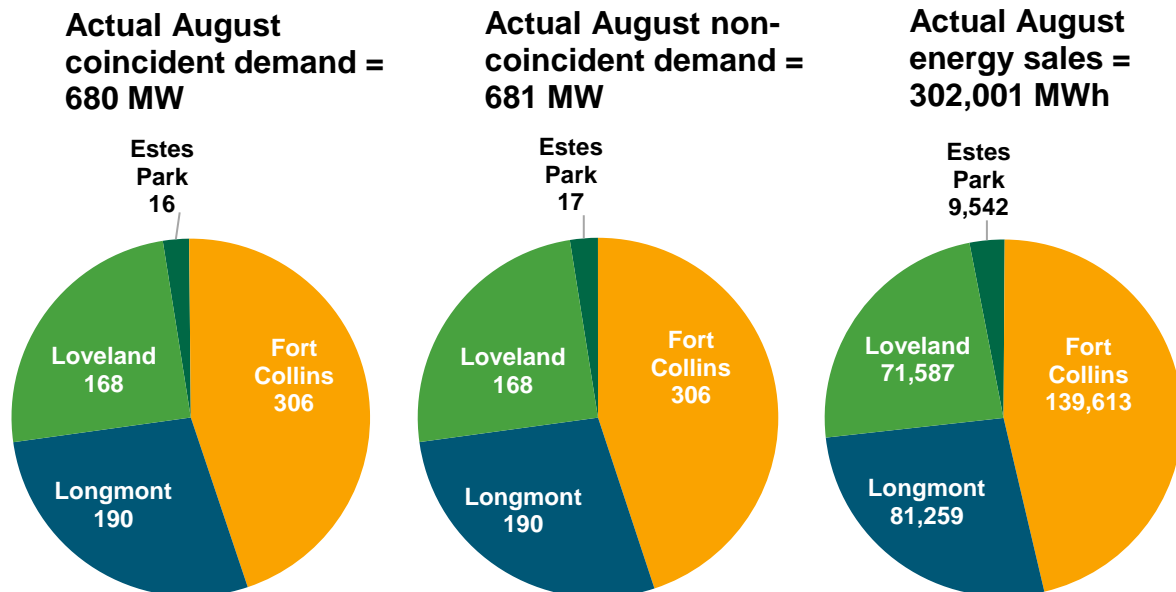
*Some off-system wind renewable energy credits and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.

Owner community loads

	Aug. budget	Aug. actual	Minimum	Actual variance	
Coincident demand (MW)	659	680	500	3.2%	●
Estes Park	16	16	13	0.0%	◆
Fort Collins	299	306	229	2.3%	●
Longmont	183	190	142	3.8%	●
Loveland	161	168	116	4.3%	●
Non-coincident demand (MW)	667	681	508	2.1%	●
Estes Park	18	17	20	(5.6%)	■
Fort Collins	300	306	229	2.0%	◆
Longmont	184	190	142	3.3%	●
Loveland	165	168	117	1.8%	◆
Energy sales (MWh)	317,787	302,001		(5.0%)	■
Estes Park	10,078	9,542		(5.3%)	■
Fort Collins	148,956	139,613		(6.3%)	■
Longmont	84,397	81,259		(3.7%)	■
Loveland	74,356	71,587		(3.7%)	■

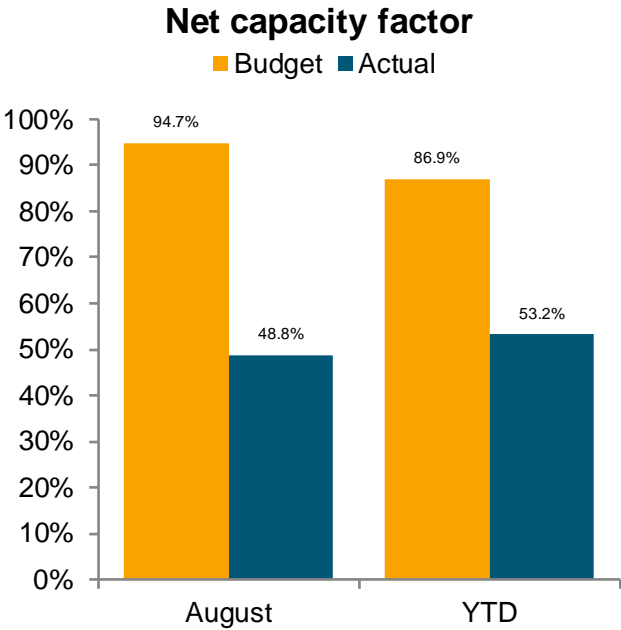
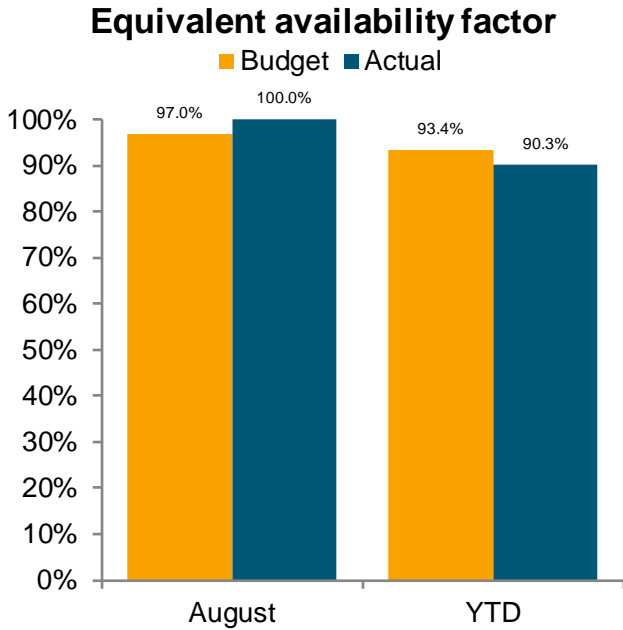
Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

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.

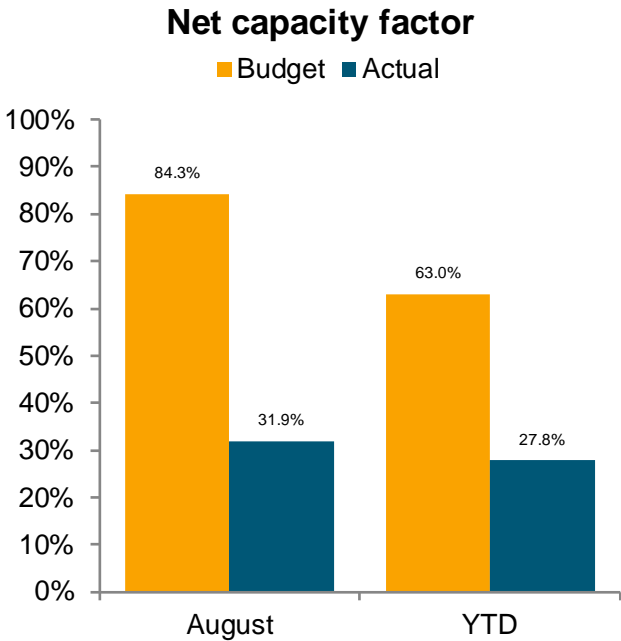
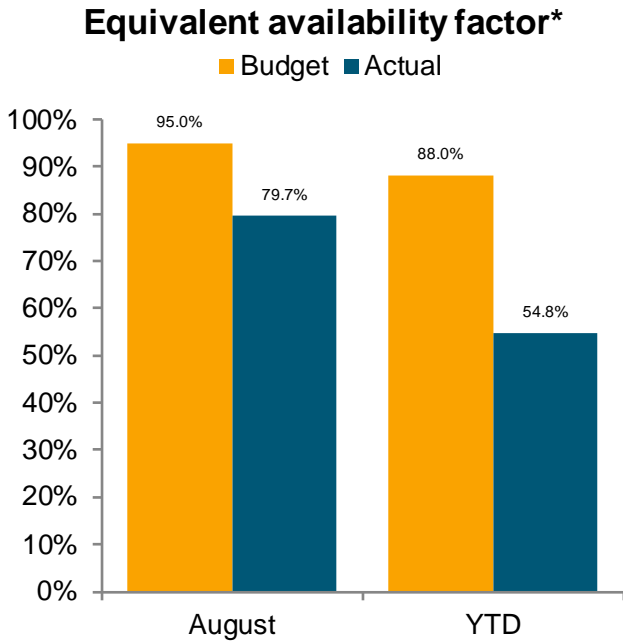


Thermal resources

Power generation - Rawhide

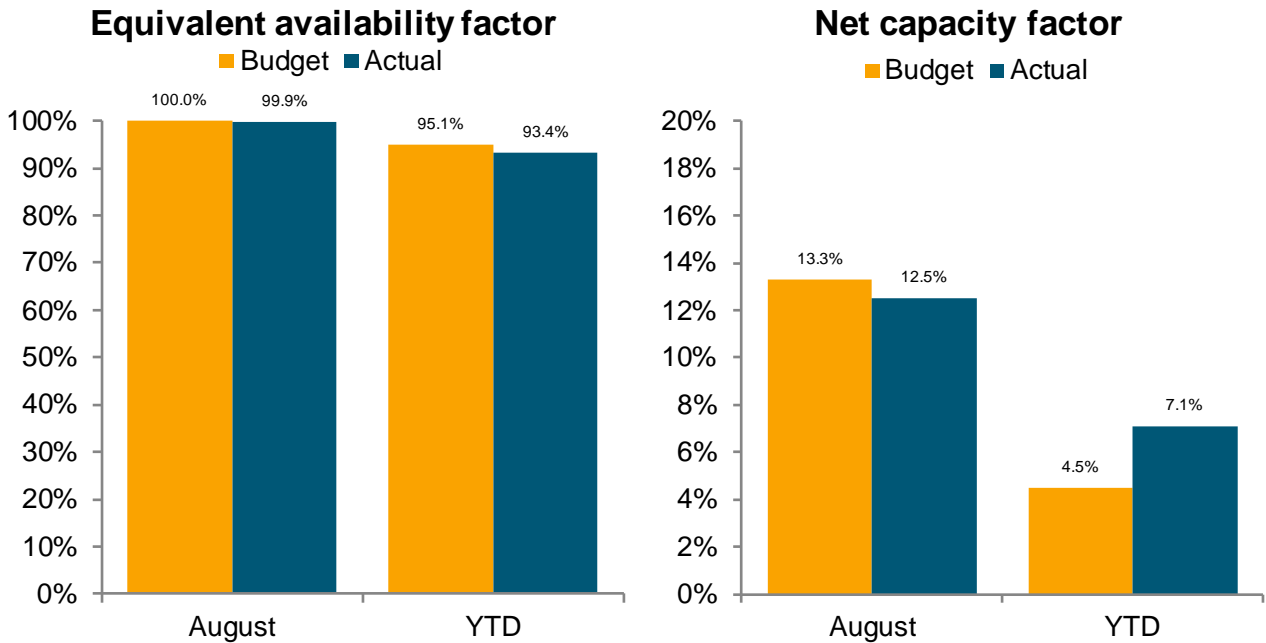


Power generation – Craig



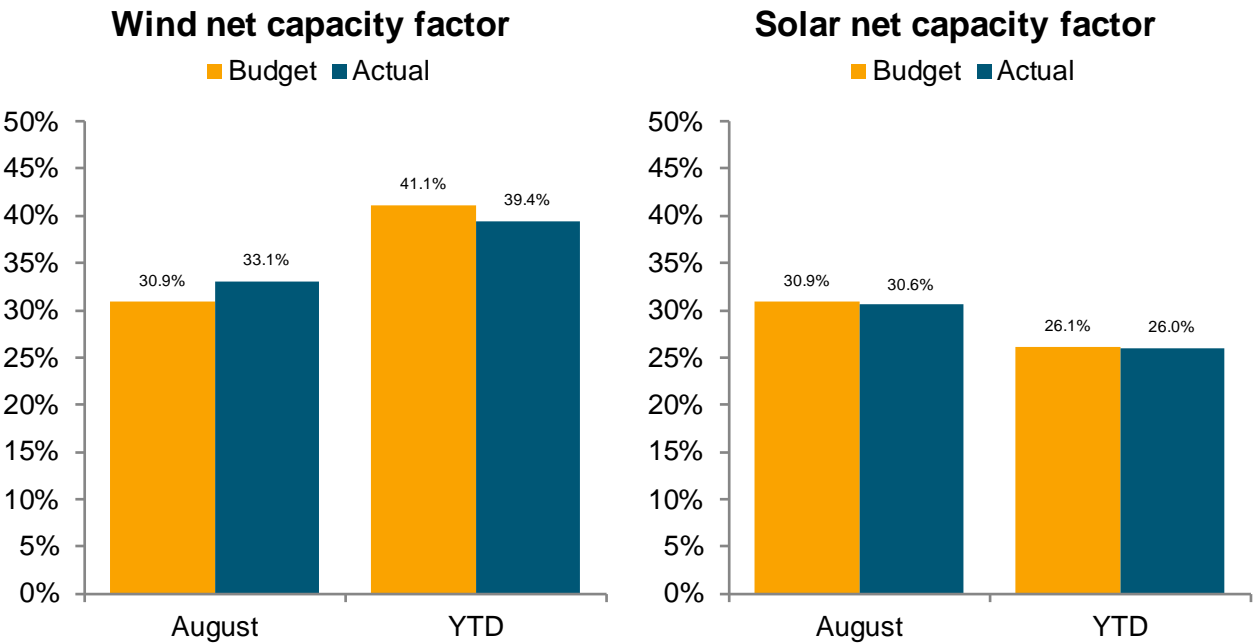
*Estimated due to a delay

Power generation – combustion turbines

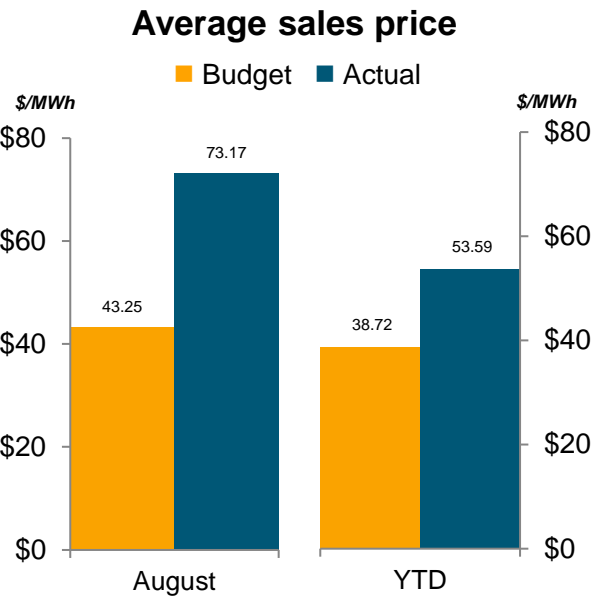
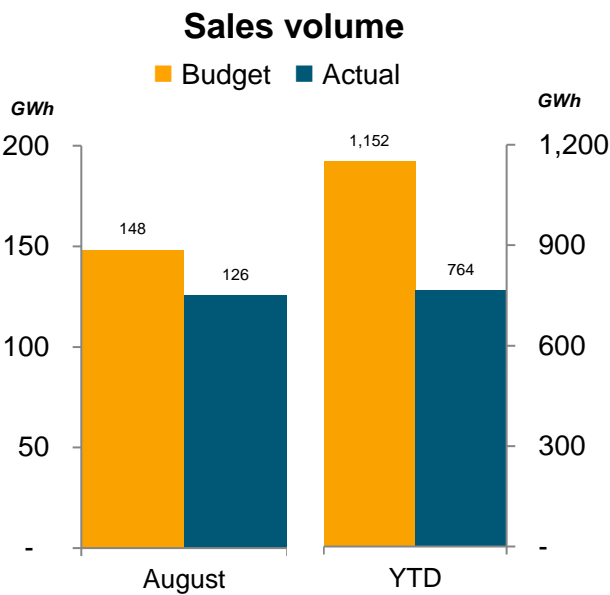


Renewable resources

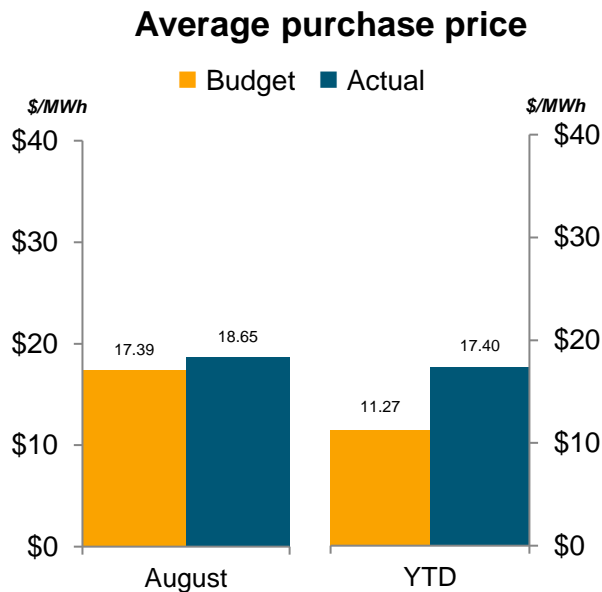
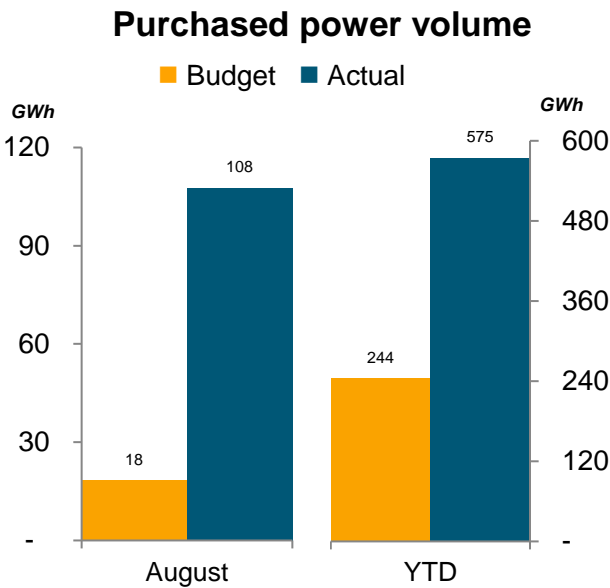
Power generation – wind and solar production



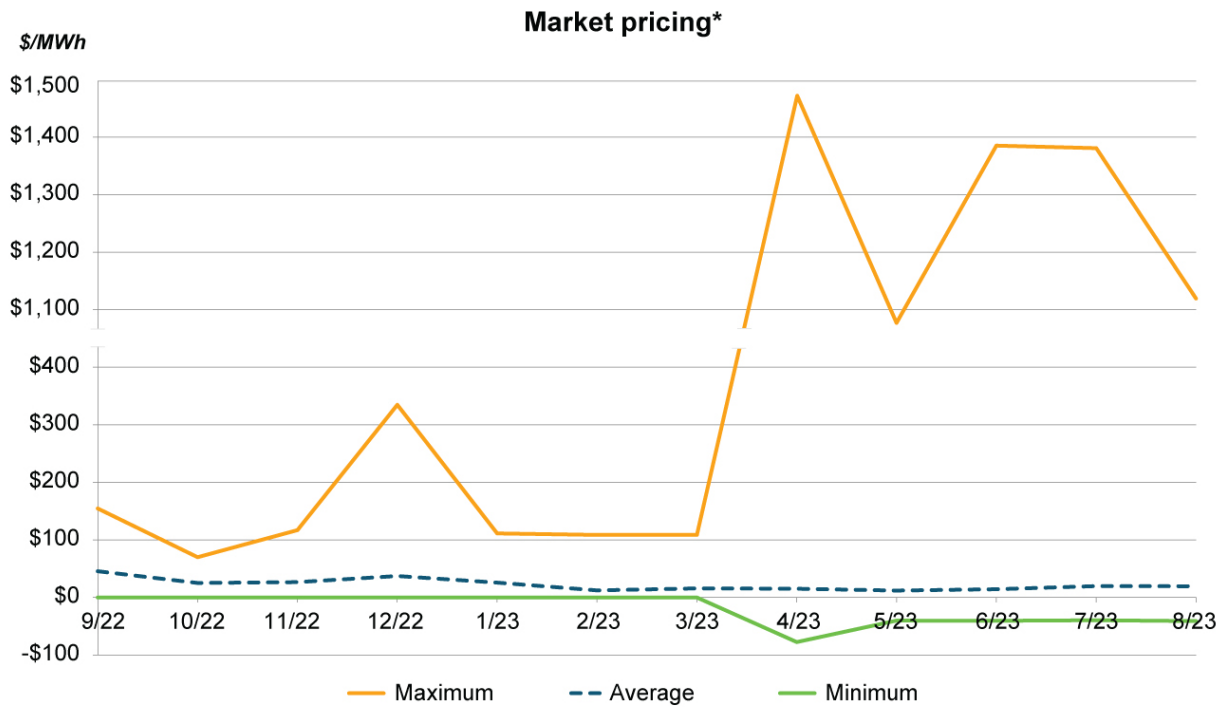
Surplus sales



Purchased power

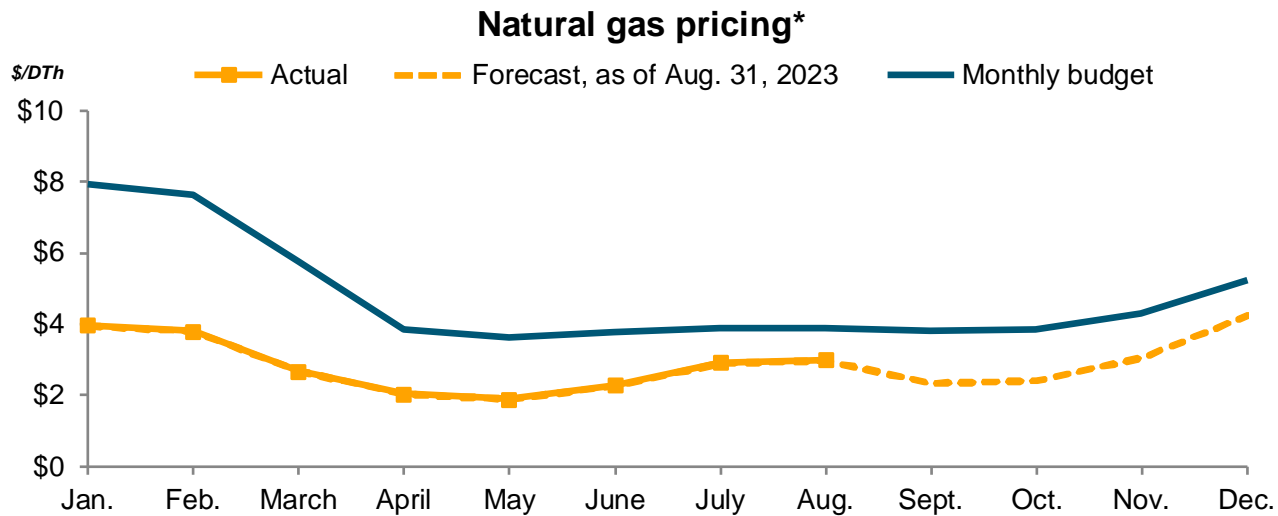


Market pricing



*WEIS Operations started April 1.

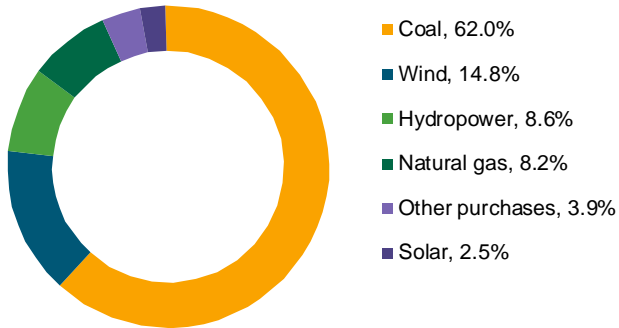
Natural gas pricing



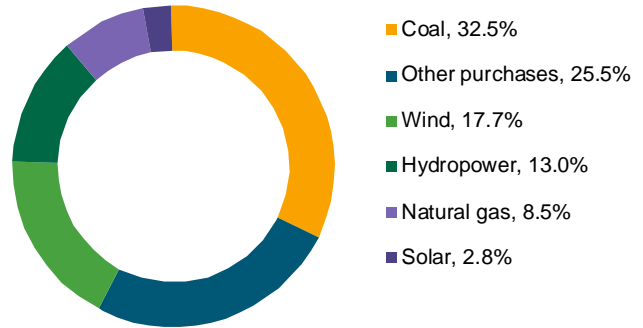
*Forecast based on Argus North American Natural Gas forward curves. Pricing does not include transport.

Total resources

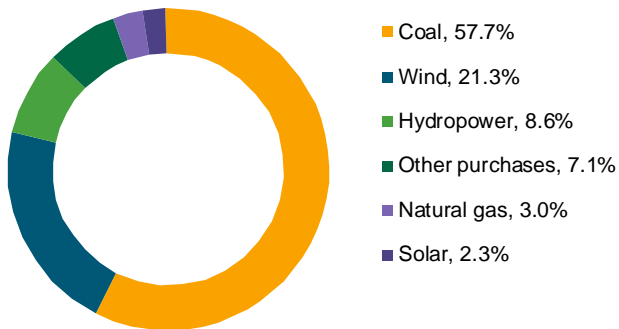
August generation budget



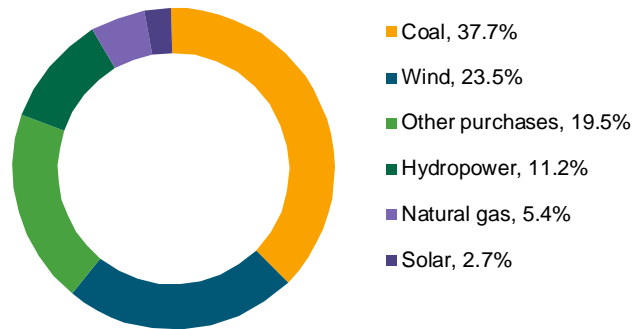
August generation actual

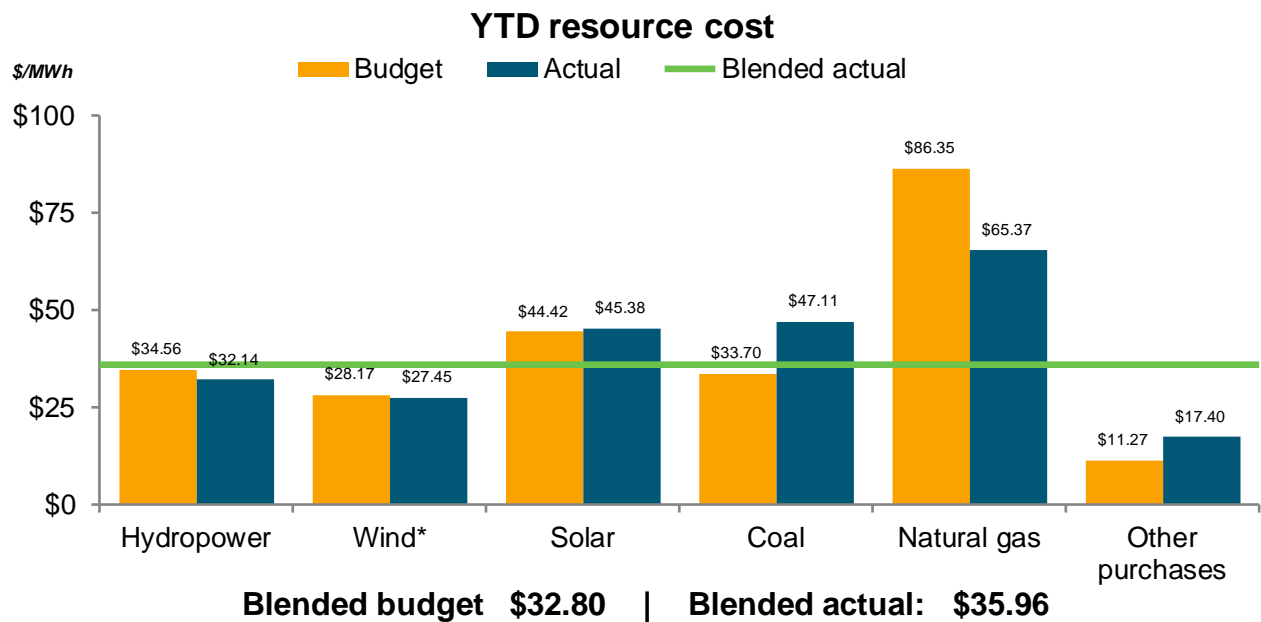
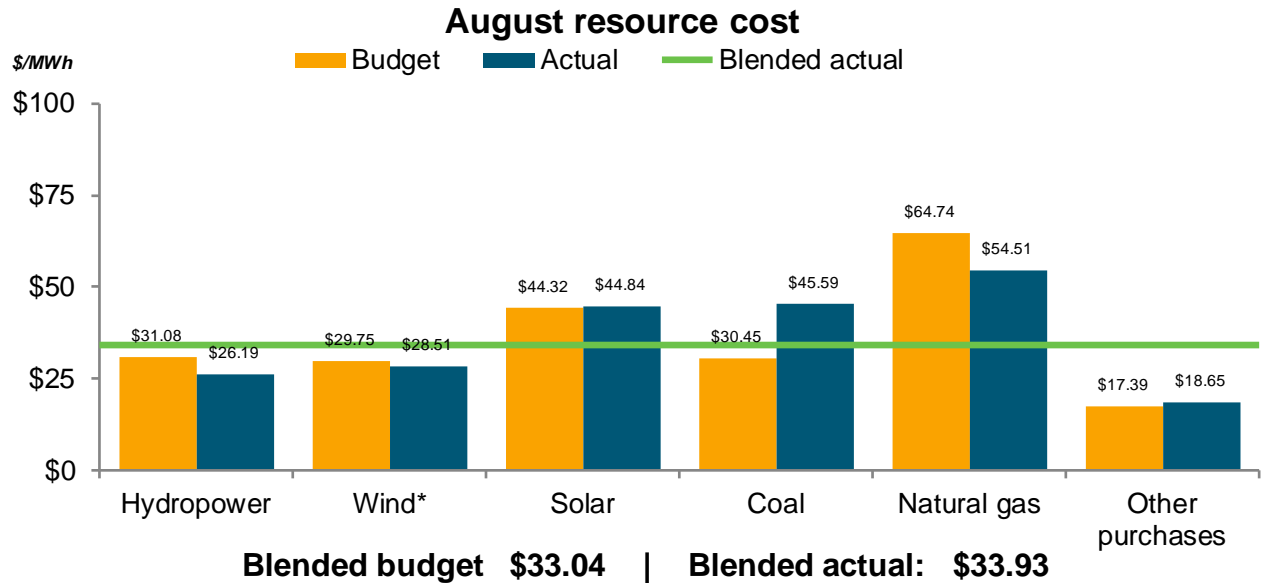


YTD budget



YTD actual





*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

August 2023



Financial highlights year to date

Platte River reported favorable results year to date. Change in net position of \$29.2 million was favorable by \$12.8 million compared to budget due to below-budget operating expenses and above-budget unrealized gains and interest income on investments, partially offset by below-budget revenues.

Key financial results (\$ millions)	August			Favorable (unfavorable)			Year to date			Favorable (unfavorable)	
	Budget	Actual					Budget	Actual			
Change in net position	\$ 4.6	\$ 9.4	●	\$ 4.8	104.3%		\$ 16.4	\$ 29.2	●	\$ 12.8	78.0%
Fixed obligation charge coverage	3.51x	4.97x	●	1.46x	41.6%		2.50x	2.95x	●	0.45x	18.0%

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

The current estimate for year-end change in net position prior to deferring revenues ranges from \$17.2 million to \$30.3 million. Based on current assumptions, the expected change in net position is \$22.2 million. The table below compares this amount to the annual budget and calculates the amount of deferred revenues under this scenario.

Change in net position: annual budget	Change in net position: expected	Variance (\$)	Variance (%)	Projected deferred revenue ⁽¹⁾	Change in net position after deferred revenues
\$ 22.4	\$ 22.2	\$ (0.2)	(1%)	\$ 15.4	\$ 6.8

Amounts above are in millions

(1) The projected deferred revenue is based on the SFP target of 3% of projected operating expenses.

The projection includes overall lower operating revenues primarily due to lower sales for resale and sales to owner communities. Sales have been lower than anticipated because of resource availability, market prices and mild weather. Purchases are anticipated to be above budget at the end of the year as baseload generation is replaced. Baseload generation is also expected to be lower because of reduced sales for resale volumes, which results in lower fuel expense. Other operating expenses are anticipated to end the year below budget primarily due to distributed energy resources discussed in the key variances of this report. Depreciation, amortization and accretion will end the year above budget as asset retirement obligation costs were updated and assets have been retired that were not fully depreciated or required additional costs to remove. Total operating expenses are projected to be below budget. The results have a high degree of uncertainty primarily because of the unpredictability of bilateral sales and the energy imbalance market. The low and high projections are based on higher variability in revenues and expenses than the expected projection. Staff will continue to monitor assumptions, estimates and forecasts to ensure appropriate funding.

Budgetary highlights year to date

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

Key financial results (\$ millions)	August		Favorable		Year to date		Favorable		Annual budget		
	Budget	Actual		(unfavorable)	Budget	Actual		(unfavorable)			
Total revenues	\$ 29.7	\$ 32.5	●	\$ 2.8	9.4%	\$ 205.9	\$ 201.0	■	\$ (4.9)	(2.4%)	\$ 305.0
Sales to owner communities	22.1	21.7	◆	(0.4)	(1.8%)	152.0	147.6	■	(4.4)	(2.9%)	224.1
Sales for resale - long-term	1.7	1.5	■	(0.2)	(11.8%)	10.1	9.5	■	(0.6)	(5.9%)	14.9
Sales for resale - short-term	4.9	7.9	●	3.0	61.2%	35.8	32.8	■	(3.0)	(8.4%)	53.6
Wheeling	0.5	0.7	●	0.2	40.0%	4.1	6.3	●	2.2	53.7%	6.1
Interest and other income	0.5	0.7	●	0.2	40.0%	3.9	4.8	●	0.9	23.1%	6.3
Total operating expenses	\$ 21.4	\$ 20.0	●	\$ 1.4	6.5%	\$ 160.0	\$ 144.3	●	\$ 15.7	9.8%	\$ 238.1
Purchased power	4.1	6.0	■	(1.9)	(46.3%)	36.0	39.4	■	(3.4)	(9.4%)	55.1
Fuel	8.0	4.7	●	3.3	41.3%	42.5	30.4	●	12.1	28.5%	62.7
Production	4.1	4.1	◆	0.0	0.0%	38.0	37.1	●	0.9	2.4%	54.8
Transmission	1.5	1.5	◆	0.0	0.0%	13.6	12.9	●	0.7	5.1%	20.2
Administrative and general	2.5	2.9	■	(0.4)	(16.0%)	21.1	19.8	●	1.3	6.2%	31.5
Distributed energy resources	1.2	0.8	●	0.4	33.3%	8.8	4.7	●	4.1	46.6%	13.8
Capital additions	\$ 2.5	\$ 1.3	●	\$ 1.2	48.0%	\$ 31.7	\$ 12.8	●	\$ 18.9	59.6%	\$ 42.7
Debt service expenditures	\$ 1.5	\$ 1.5	◆	\$ -	0.0%	\$ 11.9	\$ 11.9	◆	\$ -	0.0%	\$ 17.8

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

Total revenues, \$4.9 million below budget

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

- **Sales to owner communities** were below budget \$4.4 million. Energy revenues were \$3.5 million or 4% below budget due to below-budget energy. Demand revenues were \$0.9 million or 1.7% below budget as coincident and non-coincident billing demand were below budget 1.6% and 1.5%, respectively.
- **Sales for resale - long-term** were below budget \$0.6 million due to lower available baseload generation that serves a contract and below-budget resold wind generation, partially offset by calls on a capacity contract.
- **Sales for resale - short-term** were below budget \$3 million as energy volume was 41.5% below budget, partially offset by 56.4% above-budget average prices. The variance is primarily due to selling less energy in the Western Energy Imbalance Service (WEIS) market than budgeted due to lower average prices and unit outages and curtailments. WEIS operations started April 1.
- **Wheeling** was above budget \$2.2 million due to unplanned point-to-point transmission sales and above-budget network customer service charges.
- **Interest and other income** was above budget \$0.9 million primarily due to higher interest income earned on investments.

Total operating expenses, \$15.7 million below budget

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

- Fuel** was \$12.1 million below budget.
 - Coal - Rawhide Unit 1** 74% of the overall variance, \$8.9 million below budget. Generation was below budget due to lower-cost energy available in the WEIS market, unplanned outages, curtailments and an unplanned extension of the scheduled minor outage.
 - Coal - Craig units** 43% of the overall variance, \$5.2 million below budget. Generation was below budget primarily due to lower-cost energy available in the WEIS market, the extended Craig Unit 2 scheduled maintenance outage, curtailments and unplanned outages. Unit 1 was offline from April 24th to May 14th due to mercury emissions. An unplanned outage on Craig Unit 2 led to an early start of the scheduled maintenance outage and remained offline January 18th to May 17th for repairs to the primary air fans. Price was above budget due to an updated price from Trapper Mine.
 - Natural Gas** (17%) of the overall variance, \$2 million above budget. The combustion turbine units were used predominantly to make sales and to serve load during the scheduled minor outage on Rawhide Unit 1. Further, non-generation gas expense was above budget due to losses on price-locked gas that was not burned, as prices had fallen. Price was below budget due to lower market prices.
- Distributed energy resources** were \$4.1 million below budget due to the unpredictability of the completion of customers' energy efficiency projects, below-budget personnel expenses and consulting services. The energy efficiency rebates and incentives will finish the year below budget primarily due to slow participation in small and medium businesses, which is driven by continued effects of the COVID-19 pandemic and economic recovery challenges.
- Production, transmission, and administrative and general** were \$1.7 million below budget. Projects were either completed below budget or expenses not required. The below-budget expenses include: 1) Rawhide non-routine projects, 2) digital and communications consulting services, 3) transmission non-routine projects, 4) chemicals, 5) environmental services, 6) administrative and general non-routine projects, 7) software and hardware, 8) wheeling and 9) market services. The above-budget expenses include: 1) Craig maintenance and scheduled outage, 2) SCADA and energy management, 3) Rawhide Unit 1 scheduled minor outage, 4) Fordham to Fort St. Vrain termination repair, 5) general plant and combustion turbine maintenance and 6) planning initiatives. The net below-budget variance is expected to be spent by the end of the year.
- Personnel** was below budget \$1.2 million due to regular wages and social security resulting from vacancies, partially offset by above-budget overtime due to additional shift coverage, maintenance and train unloading schedules.

- **Purchased power** was \$3.4 million above budget. The above-budget expenses include: 1) market and bilateral purchases to replace baseload generation during outages and curtailments, serve sales and to take advantage of lower-cost energy in the WEIS market, 2) hydropower purchases due to favorable conditions and 3) solar generation. 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 and 2) wind generation.

Capital additions (year-end estimates as of August 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
Below budget projects				
Solar substation 230 kV - Severance Substation - This project will be below budget due to supply chain issues. Material and equipment lead times are longer than anticipated and are not expected to be received until 2024. This delay is not expected to impact the revised overall project schedule. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 6,368	\$ 1,977	\$ 4,391	\$ 4,391
Relay panel and breaker replacements - Airport Substation - This project will be below budget due to third-party delays. The number of participants in the project adds complexity which requires additional time to evaluate the overall project plan. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 1,829	\$ 15	\$ 1,814	\$ 1,814
Monofill upgrade - Rawhide - This project will be below budget due to optimized design and value engineering. The leachate collection tank system was redesigned to use mobile steel tanks rather than a specialty tank, which significantly reduced project costs.	\$ 2,209	\$ 1,448	\$ 761	\$ -
* SCADA and energy management system - This project will be below budget due to a delay as the latest vendor schedule shows milestones shifting from 2023 to 2024. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 2,079	\$ 1,572	\$ 507	\$ 507
Transformer T3 replacement - Timberline Substation - This project will be below budget due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 1,487	\$ 1,210	\$ 277	\$ 277
Simulator evergreen upgrade - Rawhide Unit 1 - This project will be below budget as the scope was reduced to remove additional modeling software resulting in less labor, hardware and licensing costs than originally anticipated.	\$ 1,170	\$ 920	\$ 250	\$ -
* 52G breaker replacement - combustion turbine units A-D - This project will be below budget as contingency funds were not needed and proceeds were received on the sale of existing breakers.	\$ 600	\$ 388	\$ 212	\$ -

Project (\$ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
Market software - PCI GenManager - This project will be below budget due to vendor project costs being lower than originally anticipated and contingency funds being not needed.	\$ 459	\$ 249	\$ 210	\$ -
Transmission line vault upgrades - Rogers Road Substation - This project will be below budget due to a delay in the project design as a result of the vault's close proximity to the road. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 309	\$ 143	\$ 166	\$ 166
** Switchgear replacement - Soldier Canyon Pump Station - This project will be below budget due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 210	\$ 62	\$ 148	\$ 148
Capacitor coupled voltage transformer replacement - Dixon Creek Substation - This project will be below budget due to material costs and the construction contract being lower than anticipated.	\$ 272	\$ 146	\$ 126	\$ -
115 kV transmission line replacement - Drake transmission line - This project will be below budget as a portion of the design budgeted for 2023 will be delayed to better align with the overall project schedule. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 225	\$ 100	\$ 125	\$ 125
Above budget projects				
* Pipeline reroute - Rawhide pipeline - This project will be above budget due to an additional section of pipeline reroute required because of a Larimer County bridge installation. Contaminated ground water was also detected requiring water to be hauled offsite to a waste management facility leading to increased costs.	\$ 2,016	\$ 3,376	\$ (1,360)	\$ -
* Southern toe drain modifications - Rawhide - This project will be above budget due to formal bids being higher than anticipated. Funds were initially budgeted in 2022 prior to receiving approval of the modification plans from the State of Colorado.	\$ 593	\$ 1,085	\$ (492)	\$ -
* Spray dry absorber direct lime injection - This project will be above budget due to a new design requiring additional labor and materials such as pumps, piping and other equipment.	\$ 428	\$ 773	\$ (345)	\$ -
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. The scope was also increased to include installation of a remote terminal unit and real time automation controllers. Project design began in late 2022 and funds could not be budgeted timely for 2023.	\$ 17	\$ 297	\$ (280)	\$ -
Transmission line vault upgrades - Crossroads Substation - This project will be above budget due to increased contractor labor rates, project duration extending by one week and material costs being higher than originally anticipated.	\$ 994	\$ 1,142	\$ (148)	\$ -

Project (\$ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
** Switch replacements - Loveland East Substation - This project will be above budget due to an increase in scope as additional switches were identified that require replacement.	\$ 151	\$ 276	\$ (125)	\$ -
Fiber optic cable replacement - Long Haul East (Fort Collins to Loveland) - This project will be above budget due to an unanticipated reroute of 4 miles of cable around Boyd Lake. The reroute will avoid physical vehicle access issues and water depth problems for underground cable.	\$ 830	\$ 947	\$ (117)	\$ -
Out-of-budget projects				
Reactors replacement KW1A and KW1B - Ault Substation WAPA - This project will replace two oil filled 13.8-kV 25MVAR reactors at the Ault KU1A transformer tertiary.	\$ -	\$ 346	\$ (346)	\$ -
** Mechanical system redundancy - headquarters - This project will install an additional fluid cooler to the headquarters building for mechanical system redundancy. Installation of this unit will allow all critical systems to stay online in the event the pond exchangers are unavailable.	\$ -	\$ 280	\$ (280)	\$ -
Perimeter detection system - Horseshoe Substation - This project will install forward-looking infrared thermal cameras to detect and monitor breaches of the substation. In addition, perimeter lighting will be installed to act as a deterrent and to aid in investigation if there was a breach. This project was escalated due to recent physical security events at substations across the country.	\$ -	\$ 164	\$ (164)	\$ -
* Switch and capacitor voltage transformer (CVT) replacements - Timberline Substation - This project will replace inoperable and unreliable disconnect switches and will replace the CVT which is at the end of its useful life. Equipment replacements will be combined to reduce costs and outage scheduling. Due to supply chain issues, equipment is not expected to be delivered until 2024. <i>Funds were requested in 2023, of which a portion will be requested to be carried over into 2024.</i>	\$ -	\$ 5	\$ (5)	\$ 212
Delayed projects				
Dust collection system replacement - crusher building - This project will be delayed due to a schedule change for the next major outage from 2024 to 2025. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 222	\$ -	\$ 222	\$ 222
Dust collection system replacement - coal transfer building - This project will be delayed due to a schedule change for the next major outage from 2024 to 2025. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 191	\$ -	\$ 191	\$ 191
** HVAC replacements - microwave communications building - This project will be delayed due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 110	\$ -	\$ 110	\$ 110
Switch 2089 replacement - Boyd Substation - This project will be delayed due to supply chain issues. <i>The below-budget funds will be requested to be carried over into 2024.</i>	\$ 108	\$ -	\$ 108	\$ 108

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 are best attributed to existing capital projects or classified as financing arrangements and reported as debt service if the subscribed software has been implemented. Results presented may not represent the full implementation of the standard until the end of 2023.	\$ 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	\$ -
Real time tools - This project was canceled as a capital addition. COVID-19 restrictions delayed the project leading to an estimated remaining useful life of less than two years and a replacement asset was in progress. Therefore, it did not meet capitalization criteria when completed and the expenditures were reclassified as operating expenses.	\$ -	\$ (561)	\$ 561	\$ -
Control enclosure and relay upgrades - Valley Substation - This project was canceled and will be rebudgeted in a future year to align with City of Loveland projects. This will minimize outages and gain efficiencies.	\$ 453	\$ -	\$ 453	\$ -
Pipeline reroute - Soldier Canyon Pipeline - This project was canceled and will be evaluated as water needs for future generation resources are determined.	\$ 309	\$ -	\$ 309	\$ -

* 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 (\$104.6 million) and the Rawhide Energy Station (\$21.3 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	\$ 102,320	\$ 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	23,550	\$ 25,230	1.6%	6/1/2037	N/A*	Refund a portion of Series II (\$6.5M NPV/27.6% savings)
Total par outstanding	125,870					
Unamortized bond premium	10,380					
Total revenue bonds outstanding	136,250					
Less: due within one year	(12,790)					
Total long-term debt, net	\$ 123,460					

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 subscription reporting model applicable under GASB 96 *Subscription-Based Information Technology Arrangements*. Payments for implemented 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, staff will request a contingency transfer appropriation and will continue to evaluate subscriptions. The results presented may not represent the full implementation of the standard until the end of 2023.

Other financial information

- **Deferred revenue and expense accounting policy** - This 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. Staff will evaluate the financial statements at the end of the year and apply the policy accordingly, which would impact the change in net position.
- **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 in February and May. Tri-State was invoiced \$2.4 million and \$2.6 million, respectively. 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

August 2023

Non-GAAP budgetary basis (in thousands)

	Month of August		Favorable
	Budget	Actual	(unfavorable)
Revenues			
<i>Operating revenues</i>			
Sales to owner communities	\$ 22,111	\$ 21,745	\$ (366)
Sales for resale - long-term	1,701	1,463	(238)
Sales for resale - short-term	4,876	7,885	3,009
Wheeling	524	778	254
Total operating revenues	29,212	31,871	2,659
<i>Other revenues</i>			
Interest income ⁽¹⁾	511	659	148
Other income	8	21	13
Total other revenues	519	680	161
Total revenues	<u>\$ 29,731</u>	<u>\$ 32,551</u>	<u>\$ 2,820</u>
Expenditures			
<i>Operating expenses</i>			
Purchased power	\$ 4,121	\$ 6,050	\$ (1,929)
Fuel	7,950	4,664	3,286
Production	4,078	4,107	(29)
Transmission	1,552	1,538	14
Administrative and general	2,547	2,876	(329)
Distributed energy resources	1,160	747	413
Total operating expenses	21,408	19,982	1,426
<i>Capital additions</i>			
Production	804	546	258
Transmission	651	163	488
General	1,042	627	415
Total capital additions	2,497	1,336	1,161
<i>Debt service expenditures</i>			
Principal	1,066	1,066	-
Interest expense	416	416	-
Total debt service expenditures	1,482	1,482	-
Total expenditures	<u>\$ 25,387</u>	<u>\$ 22,800</u>	<u>\$ 2,587</u>
Revenues less expenditures	\$ 4,344	\$ 9,751	\$ 5,407

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

Schedule of revenues and expenditures, budget to actual

August 2023 year-to-date

Non-GAAP budgetary basis (in thousands)

	August year to date		Favorable	Annual
	Budget	Actual	(unfavorable)	budget
Revenues				
<i>Operating revenues</i>				
Sales to owner communities	\$ 152,003	\$ 147,583	\$ (4,420)	\$ 224,082
Sales for resale - long-term	10,066	9,474	(592)	14,889
Sales for resale - short-term	35,844	32,793	(3,051)	53,584
Wheeling	4,070	6,298	2,228	6,165
Total operating revenues	201,983	196,148	(5,835)	298,720
<i>Other revenues</i>				
Interest income ⁽¹⁾	3,639	4,526	887	5,978
Other income	276	304	28	301
Total other revenues	3,915	4,830	915	6,279
Total revenues	\$ 205,898	\$ 200,978	\$ (4,920)	\$ 304,999
Expenditures				
<i>Operating expenses</i>				
Purchased power	\$ 36,023	\$ 39,447	\$ (3,424)	\$ 55,115
Fuel	42,522	30,412	12,110	62,676
Production	37,942	37,056	886	54,770
Transmission	13,537	12,883	654	20,254
Administrative and general	21,102	19,816	1,286	31,508
Distributed energy resources	8,836	4,705	4,131	13,789
Total operating expenses	159,962	144,319	15,643	238,112
<i>Capital additions</i>				
Production	12,766	5,001	7,765	14,668
Transmission	9,144	4,201	4,943	14,953
General	9,818	3,579	6,239	13,048
Asset retirement obligations	-	-	-	52
Total capital additions	31,728	12,781	18,947	42,721
<i>Debt service expenditures</i>				
Principal	8,287	8,287	-	12,550
Interest expense	3,568	3,568	-	5,233
Total debt service expenditures	11,855	11,855	-	17,783
Total expenditures	\$ 203,545	\$ 168,955	\$ 34,590	\$ 298,616
Contingency reserved to board	-	-	-	52,000
Total expenditures and contingency	\$ 203,545	\$ 168,955	\$ 34,590	\$ 350,616
Revenues less expenditures and contingency	\$ 2,353	\$ 32,023	\$ 29,670	\$ (45,617)

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

Financial statements

Statements of net position

Unaudited (in thousands)

	August 31	
	2023	2022
Assets		
<i>Electric utility plant, at original cost</i>		
Land and land rights	\$ 19,446	\$ 19,446
Plant and equipment in service	1,468,508	1,455,057
Less: accumulated depreciation and amortization	(962,166)	(924,783)
Plant in service, net	525,788	549,720
Construction work in progress	31,759	23,482
Total electric utility plant	557,547	573,202
<i>Special funds and investments</i>		
Restricted funds and investments	16,116	16,132
Dedicated funds and investments	164,974	141,574
Total special funds and investments	181,090	157,706
<i>Current assets</i>		
Cash and cash equivalents	51,497	46,643
Other temporary investments	46,323	48,128
Accounts receivable - owner communities	21,720	20,970
Accounts receivable - other	12,428	11,272
Fuel inventory, at last-in, first-out cost	14,470	10,354
Materials and supplies inventory, at average cost	16,844	16,327
Prepayments and other assets	8,673	4,835
Total current assets	171,955	158,529
<i>Noncurrent assets</i>		
Regulatory assets	128,685	125,279
Other long-term assets	7,122	6,014
Total noncurrent assets	135,807	131,293
Total assets	1,046,399	1,020,730
<i>Deferred outflows of resources</i>		
Deferred loss on debt refundings	2,546	3,374
Pension deferrals	14,849	2,116
Asset retirement obligations	25,847	23,294
Total deferred outflows of resources	43,242	28,784
Liabilities		
<i>Noncurrent liabilities</i>		
Long-term debt, net	123,460	138,679
Other long-term obligations	94,295	94,295
Net pension liability	30,520	7,770
Asset retirement obligations	33,603	29,527
Other liabilities and credits	7,979	7,573
Total noncurrent liabilities	289,857	277,844
<i>Current liabilities</i>		
Current maturities of long-term debt	12,790	12,215
Current portion of other long-term obligations	889	889
Current portion of asset retirement obligations	1,547	1,706
Accounts payable	16,905	18,229
Accrued interest	1,248	1,392
Accrued liabilities and other	4,934	3,689
Total current liabilities	38,313	38,120
Total liabilities	328,170	315,964
<i>Deferred inflows of resources</i>		
Deferred gain on debt refundings	117	130
Regulatory credits	73,116	54,462
Pension deferrals	288	6,024
Lease deferrals	852	999
Total deferred inflows of resources	74,373	61,615
Net position		
Net investment in capital assets	407,513	401,133
Restricted	14,867	14,741
Unrestricted	264,718	256,061
Total net position	\$ 687,098	\$ 671,935

Note: Certain prior year line items have changed due to the restatement of financial statements.

Statements of revenues, expenses and changes in net position

Unaudited (in thousands)

	Month of August	August year to date		Twelve months ended August 31	
		2023	2022	2023	2022
Operating revenues					
Sales to owner communities	\$ 21,745	\$ 147,583	\$ 144,328	\$ 215,575	\$ 208,526
Sales for resale	9,348	42,267	42,207	73,497	59,959
Wheeling	778	6,298	4,586	9,350	6,532
Deferred regulatory revenues	-	-	-	(21,602)	-
Total operating revenues	<u>31,871</u>	<u>196,148</u>	<u>191,121</u>	<u>276,820</u>	<u>275,017</u>
Operating expenses					
Purchased power	6,050	39,447	34,990	57,837	54,658
Fuel	4,664	30,412	40,803	56,064	55,011
Operations and maintenance	5,647	50,345	43,809	74,018	63,525
Administrative and general	2,856	20,201	16,074	30,142	23,734
Distributed energy resources	746	4,743	4,792	8,435	7,466
Depreciation, amortization and accretion	3,377	26,265	23,949	38,444	36,660
Total operating expenses	<u>23,340</u>	<u>171,413</u>	<u>164,417</u>	<u>264,940</u>	<u>241,054</u>
Operating income	<u>8,531</u>	<u>24,735</u>	<u>26,704</u>	<u>11,880</u>	<u>33,963</u>
Nonoperating revenues (expenses)					
Interest income	651	4,500	1,260	6,153	1,639
Other income	21	304	530	203	859
Interest expense	(416)	(3,568)	(3,947)	(5,424)	(5,992)
Amortization of bond financing costs	123	984	1,094	1,531	1,704
Net increase/(decrease) in fair value of investments	<u>535</u>	<u>2,202</u>	<u>(4,993)</u>	<u>820</u>	<u>(6,094)</u>
Total nonoperating revenues (expenses)	<u>914</u>	<u>4,422</u>	<u>(6,056)</u>	<u>3,283</u>	<u>(7,884)</u>
Change in net position	<u>9,445</u>	<u>29,157</u>	<u>20,648</u>	<u>15,163</u>	<u>26,079</u>
Net position at beginning of period, as previously reported	<u>677,653</u>	<u>657,941</u>	<u>651,287</u>	<u>671,935</u>	<u>645,856</u>
Net position at end of period	<u>\$ 687,098</u>	<u>\$ 687,098</u>	<u>\$ 671,935</u>	<u>\$ 687,098</u>	<u>\$ 671,935</u>

Statements of cash flows

Unaudited (in thousands)

	Month of August	August year to date		Twelve months ended August 31	
		2023	2022	2023	2022
Cash flows from operating activities					
Receipts from customers	\$ 31,009	\$ 190,889	\$ 187,584	\$ 294,084	\$ 275,896
Payments for operating goods and services	(17,015)	(113,929)	(107,104)	(174,549)	(167,663)
Payments for employee services	(5,866)	(36,231)	(30,776)	(52,977)	(46,993)
Net cash provided by operating activities	8,128	40,729	49,704	66,558	61,240
Cash flows from capital and related financing activities					
Additions to electric utility plant	(856)	(12,665)	(9,489)	(24,591)	(22,998)
Payments from accounts payable incurred for electric utility plant additions	(1,226)	(3,493)	(1,581)	(826)	(633)
Proceeds from disposal of electric utility plant	-	55	65	64	291
Principal payments on long-term debt	-	(12,215)	(11,660)	(12,215)	(11,660)
Interest payments on long-term debt	-	(2,784)	(3,066)	(5,568)	(6,133)
Payments related to other long-term obligations	-	(4,145)	(3,809)	(4,145)	(3,809)
Payments from lease receivables	-	-	-	148	-
Payments on lease liabilities	-	-	-	(14)	-
Net cash used in capital and related financing activities	(2,082)	(35,247)	(29,540)	(47,147)	(44,942)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	(1,022)	(6,801)	(15,655)	(20,788)	(35,835)
Interest and other income, including realized gains and losses	676	4,799	1,727	6,231	2,402
Net cash used in by investing activities	(346)	(2,002)	(13,928)	(14,557)	(33,433)
Increase/(decrease) in cash and cash equivalents	5,700	3,480	6,236	4,854	(17,135)
Balance at beginning of period in cash and cash equivalents	45,797	48,017	40,407	46,643	63,778
Balance at end of period in cash and cash equivalents	\$ 51,497	\$ 51,497	\$ 46,643	\$ 51,497	\$ 46,643
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	\$ 8,531	\$ 24,735	\$ 26,704	\$ 11,880	\$ 33,963
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	3,424	26,931	25,814	40,348	38,254
Amortization	(479)	(3,784)	(4,129)	(6,289)	(4,057)
Changes in assets and liabilities that provided/(used) cash					
Accounts receivable	(862)	(3,320)	(5,540)	(1,906)	(1,164)
Fuel and materials and supplies inventories	(1,590)	(5,381)	(821)	(4,633)	(431)
Prepayments and other assets	334	(1,570)	(1,256)	(2,754)	(351)
Regulatory assets	(156)	(246)	689	(4,182)	1,017
Deferred outflows of resources	313	(531)	(847)	(15,286)	(702)
Accounts payable	(725)	(4,497)	1,935	(1,057)	711
Net pension liability	-	-	-	22,750	(7,834)
Asset retirement obligations	(447)	1,865	1,978	3,917	1,135
Other liabilities	(608)	3,629	2,283	3,519	2,860
Deferred inflows of resources	393	2,898	2,894	20,251	(2,161)
Net cash provided by operating activities	\$ 8,128	\$ 40,729	\$ 49,704	\$ 66,558	\$ 61,240
Noncash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	517	517	826	517	826
Additions of electric utility plant through leasing	-	-	-	-	134
Amortization of regulatory asset (debt issuance costs)	7	53	58	83	91
Amortization of bond premiums, deferred loss and deferred gain on refundings	(130)	(1,038)	(1,152)	(1,614)	(1,795)

Note: Certain previously stated line items have been updated and reclassified to reflect audited financial statement presentation.

Schedule of net revenues for bond service and fixed obligations

Unaudited (in thousands)

		August year to date		Twelve months ended August 31	
	Month of August	2023	2022	2023	2022
Bond service coverage					
Net revenues					
Operating revenues	\$ 31,871	\$ 196,148	\$ 191,121	\$ 276,820	\$ 275,017
Operations and maintenance expenses, excluding depreciation, amortization and accretion	19,963	145,148	140,468	226,496	204,394
Net operating revenues	11,908	51,000	50,653	50,324	70,623
Plus interest income on bond accounts and other income ⁽¹⁾	680	4,830	1,771	6,385	2,468
Net revenues before rate stabilization	12,588	55,830	52,424	56,709	73,091
Rate stabilization					
Deposits	-	-	-	-	-
Withdrawals	-	-	-	-	-
Total net revenues	\$ 12,588	\$ 55,830	\$ 52,424	\$ 56,709	\$ 73,091
Bond service					
Power revenue bonds	\$ 1,482	\$ 11,855	\$ 11,859	\$ 17,783	\$ 17,791
Coverage					
Bond service coverage ratio	8.49	4.71	4.42	3.19	4.11
	Month of August	August year to date		Twelve months ended August 31	
		2023	2022	2023	2022
Fixed obligation charge coverage					
Total net revenues, above	\$ 12,588	\$ 55,830	\$ 52,424	\$ 56,709	\$ 73,091
Fixed obligation charges included in operating expenses ⁽²⁾	1,313	10,672	11,495	16,205	17,385
Adjusted net revenues before fixed obligation charges	\$ 13,901	\$ 66,502	\$ 63,919	\$ 72,914	\$ 90,476
Fixed obligation charges					
Power revenue bonds, above	\$ 1,482	\$ 11,855	\$ 11,859	\$ 17,783	\$ 17,791
Fixed obligation charges	1,313	10,672	11,495	16,205	17,385
Total fixed obligation charges	\$ 2,795	\$ 22,527	\$ 23,354	\$ 33,988	\$ 35,176
Coverage					
Fixed obligation charge coverage ratio	4.97	2.95	2.74	2.15	2.57

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

⁽²⁾ Fixed obligation charges included in operating expenses are debt-like obligations related to either the ownership of resource assets through take-or-pay contracts or off-balance-sheet financings. Consistent with credit rating agency methodology, Platte River considers 30% of energy purchased under hydropower, solar and wind PPAs and amounts due under pooled financing arrangements to be fixed obligation charges for this purpose.



General management report

August 2023



Business strategies

Communications and marketing

During August, the communications, marketing and external affairs staff:

- Began the series of community presentations to our owner communities to tell Platte River's story on resource planning and to continue the strategy for developing overall community engagement.
 - August 8: Loveland City Council
 - August 10: Fort Collins Energy Board
 - August 16: Longmont Sustainability Advisory Board
 - August 17: Longmont Neighborhood Group
 - August 22: Colorado State University
 - August 23: Loveland Utilities Commission
- Continued meeting with each of Platte River's fiber customers to discuss the upcoming fiber rate increase. The in-person meetings will be completed by early September.
- Distributed Platte River's 2023 Strategic Plan to all Platte River staff, board members, city councils and other stakeholders.
- Received bids for a Request for Proposals soliciting a new marketing agency to assist with marketing campaigns and prepared to move forward with a short list of agency candidates.
- Continued to develop Platte River's marketing outreach campaign that will serve to create brand awareness, educate and inform the communities served by Platte River on its decarbonization efforts and highlight how it will benefit the four owner communities.
- Programmed the monthly all-staff business meeting promoting internal and external education and engagement opportunities, sharing updates and themes from the Integrated Resource Plan community engagement meetings, and continuing a department spotlight series through a moderated panel of power markets team members.
- Began drafting a social media strategy and editorial calendar to increase Platte River's visibility on social media platforms. Publishing will begin in September.

External affairs staff:

- Conducted a tour of Rawhide Unit 1 and the headquarters building for Platte River's state lobbyist Husch Blackwell Strategies.
- Met with the Colorado Association of Municipal Utilities, Colorado Springs Utilities, and the Colorado Energy Office (CEO) to discuss the CEO's ongoing study with Ascend Analytics, "Clean by 2040," and secured permission for our resource planners to provide feedback on the study methodology.
- Attended the first session of the state's Legislative Interim Committee on Ozone Air Quality.

- Engaged in the Colorado Water Conference’s annual conference, hearing presentations from both federal (Sen. Michael Bennet, Sen. John Hickenlooper, Rep. Joe Neguse, Rep. Lauren Boebert) and state (Sen. Dylan Roberts, Sen. Cleave Simpson, Rep. Julie McCluskie, Rep. Marc Catlin, and Rep. Karen McCormick) legislators as well as Fort Collins Mayor Jeni Arndt.
- Participated in a call with the CEO and other municipal and rural cooperative electric utilities to discuss the future of net metering legislation.
- Met with legislative affairs staff from Estes Park, Longmont, Loveland, and Larimer County; our meeting with Fort Collins’ legislative affairs staff is scheduled for Sept. 12.
- Conducted research and due diligence on potential federal funding opportunities including:
 - Direct Pay Internal Revenue Service Program for clean energy investments. We concluded Platte River is ineligible at this time.
 - Empowering Rural America (New ERA) program. We concluded Platte River is ineligible.
 - Bipartisan Infrastructure Law Weatherization Program Assistance Enhancement & Innovation. We concluded Platte River is ineligible.
 - Transmission Siting and Economic Development Grants Program. We concluded Platte River is ineligible for siting and permitting grants.
 - Grid Resilience and Innovation Partnerships programs (forecasted to open Q4 2023). We are continuing to conduct due diligence on this opportunity.
 - Rural and Municipal Utility Cybersecurity Advanced Cybersecurity Technology 1 Prize. We are continuing to conduct due diligence on this opportunity.

Efficiency Works™ marketing staff:

- 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.
- Continued a project to streamline and update the Efficiency Works mission and vision. This long-term effort should conclude in 2024.
- Developed new materials and signage for events as Efficiency Works broadens its community engagement efforts.

Human resources

Platte River held its summer picnic at the headquarters campus for all employees, retirees, and board members and their families.

Human resources leadership, benefits team, and insurance broker continued work on the transition to a new third-party benefits administrator (TPA). The current TPA has been notified that Platte River intends to discontinue services at the end of 2023. Platte River’s contract with the current TPA confirms that all 2023 claims will be paid out by the current provider.

The human resources team coordinated plans to host the human resources utilities three-day “Shirtsleeves conference” in collaboration with the human resources team at Tri-State Generation & Transmission. The event will be at the Platte River headquarters in early October.

The senior leadership team approved Platte River compensation study deliverables, and the human resources team created training and implementation plans for the balance of 2023.

Safety

- Safety staff conducted two live fire extinguisher trainings for the monthly division safety meeting, one at Rawhide and one at headquarters.
- Rawhide safety specialist completed confined space training for trade departments with an 87% staff completion rate.
- Safety manager and fire chief have been working with environmental staff, AECOM and the Colorado Department of Public Health and Environment to remove and reclaim the fire training grounds and water collection and retention pond at Rawhide as part of the new generation project.
- Safety manager and safety specialist attended the RMEL Safety Roundtable at the Kiewit Training & Innovation Center in Aurora, CO. The training covered natural disaster preparedness, repair, and mutual aid.
- Safety manager participated in the spring minor outage "lessons learned" meeting and received compliments from the other Rawhide departments on the safety team's support, involvement, visibility, expertise and promptness throughout the outage.
- Safety staff has been collaborating with Rawhide engineering staff to develop a foreign material exclusion and "drops list" to be used during confined space and outage work. The drop list will be used to help personnel avoid leaving items behind in equipment or spaces and causing potential safety issues.
- Headquarters safety specialist began researching new ergonomic evaluation software with IT that can be used to improve ergonomics in the field to keep staff safe and healthy.

Injury statistics	2021 year end	2022 year end	YTD through August 2022	YTD through August 2023
Recordable injury rate	1.67	1.25	1.84	2.91
DART	0.00	0.83	1.22	0.00
Lost time rate	0.00	0.00	0.00	0.00

Platte River experienced one recordable injury in August. The employee sustained an injury to his right shoulder and was placed on restrictions.

Emergency Response Team

The emergency response team (ERT):

- Conducted two ERT trainings at Rawhide.
- New fire chief continues to reorganize department documentation to be accountable for and up to date per National Fire Protection Association and State of Colorado requirements.

Financial

Proposed 2024 Strategic Budget

Staff will present Platte River’s proposed 2024 Strategic Budget and results at the September board meeting. Additional changes are expected with updated market prices and refined departmental expenses and project costs. Staff will present these changes at the October board meeting.

Below is a condensed schedule of the overall budget process.

March to May	Kickoff presentations and preparation of budget details by departments
May-June	Data compilation, reporting and meetings with division managers
July	Senior leadership and general manager/CEO budget review
August	Refine budget and document preparation
September	Budget work session with board
October	Public hearing and board review of budget modifications
November	Prepare final budget document
December	Final budget review with board and request adoption

Moffat County Impact Assessment paid

Platte River paid Moffat County \$36,216 in August. The payment complies with the Intergovernmental Fiscal-Impact Reimbursement Agreement signed with Moffat County in 1993. It represents the financial impact to the County for Platte River’s ownership share of the Yampa Project based on number of employees working at the Craig Station. Under the agreement, the payment amount is adjusted every five years based on property valuations and county mill levies. The next calculation will be completed in 2024.

Compliance internal audit advisory project

Platte River’s manager of internal audit completed a compliance advisory project. The objective was to observe all aspects of the compliance internal audit led by the reliability compliance manager and provide observations and recommendations about processes and internal controls. The engagement included reviews of selected operations and planning and critical energy infrastructure protection standards. Internal audit noted internal control gaps and opportunities for improvement and provided

relevant recommendations. The senior leadership team and departmental staff will review the information and determine appropriate next steps.

Transition and integration

Energy solutions

In August, energy solutions staff continued fielding inquiries from customers interested in various distributed energy solutions. These included interest in traditional energy efficiency initiatives, building electrification programming and infrastructure incentives for electric vehicle public chargers. The ongoing inquiries align with evolving market conditions that will change how future customer program offerings align with owner community and customer needs. A listing of changing market conditions influencing August activities include:

- Increasing information about legislative actions in the past two years at both the federal and state levels, providing staff more direction to evolve programming and inform customers of additional opportunities from legislation such as the Inflation Reduction Act, CO HB23-1161 and CO HB23-1272.
- Xcel Energy released program updates corresponding with recent demand side management filings that shift the market to further focus on building electrification in residential and commercial sectors, impacting contractors and product distributors in our region.
- Tightening financial markets lead to increased stress on implementors with limited resources to continue contracted services, requiring staff to find alternate solutions for customer services.
- Continued requests from owner community staff to shift customer programming to areas beyond energy efficiency, focusing more on building and transportation electrification efforts.

In addition to focusing on the changing market conditions, the Efficiency Works Homes retrofit team provided an all-day training, with over 50 attending, for heating and cooling technicians to better understand the requirements of quality installation for heat pumps in residential properties.

Through August 2023, Efficiency Works programs have achieved:

- 5,742 MWh of energy savings complete, with an additional 6,775 MWh savings in progress.
- 1,523 residential and 333 business customer interactions with program offerings.
- \$4.9 million invested in our communities, including incentives and administrative costs incurred.

- 703 KW summer peak reduction complete, with an additional 511 KW peak reduction in progress.



Digital departments

The digital department encompasses various domains, including enterprise infrastructure, enterprise applications, operational technology, telecommunications and fiber optics, client technology and security, and information and cyber governance.

The following are updates on key in-process and completed department initiatives and activities.

System Implementation

- Oracle Cloud Fusion Enterprise Resource Planning system implementation
 - Continued working with a Platte River implementation partner to configure the Work and Asset Cloud Services application and to conduct proof of concept sessions to be reviewed by the primary stakeholders of the application. This is to prepare for end-to-end testing of the Oracle Cloud Fusion systems in October.
 - The digital team has been developing processes to convert data from existing systems to the format required to import into Oracle.
 - The team has developed a focused change management and communication plan to ensure quality services during and after implementation.
- OSI Energy Management System implementation
 - To ensure as smooth a process as possible for end users, converting the existing Survalent Supervisory Control And Data Acquisition (SCADA) database to Monarch is taking longer than initially expected. Platte River staff members are re-working parts of this project to ensure it meets the highest standards and will have a successful transition.
 - The digital team is procuring additional software and licenses required for the OSI implementation. At the same time, our vendor works to install the remaining Energy Management System parts, which are necessary for testing, quality assurance and production environments. The initial network model for the advanced applications has

been created; once additional work is completed for the SCADA database, this modeling can be linked to measurements available in the Monarch SCADA system.

- Platte River has submitted a change order to the vendor to modify how the web platform applications were initially deployed to comply with best practices for critical servers.

Cyber Security

- Mobile Device Management (Microsoft Intune)
 - The service desk is configuring the Microsoft Intune mobile device management platform, included in the Microsoft 365 licensing. This platform protects corporate data when accessed on a mobile device while separating personal data from corporate data on user devices.
 - Application protection policies are being built based on cybersecurity, legal and human resources requirements. The pilot testing phase will begin once the configurations are complete; settings will first be applied to patch testing groups before deploying to all users.

Digital Project Management

- Digital project management office activities
 - Platte River and a project management software vendor are testing a resource management module to track and report on resource availability across all Platte River projects.
 - This team is creating project plans for digital projects, beginning with the top-priority project initially.

Fiber Network

- Fiber transport network
 - Deployment of the ethernet transport network, which will replace the synchronous optical network fiber-optic equipment, is now 85% complete. The remaining segments of the network to be completed are the south ring (south Loveland and Longmont) and the west ring (Estes Park).
- Fiber technical committee meeting
 - The newly reinvigorated Fiber Technical Committee held its first session this month, with attendees from the four owner communities and technical staff from Platte River. In the future, this committee will meet quarterly. At this first meeting, one of the primary objectives was to provide a space for owner communities to communicate directly with Platte River on planned projects and with each other, allowing for better collaboration on future projects and a joining of resources, where available.

Additionally, all parties can explore new technologies, such as advanced imaging drone technology, to evaluate raised fiber lines and identify weak points in the lines. This streamlining of communication and pooling of resources will create additional value for all.

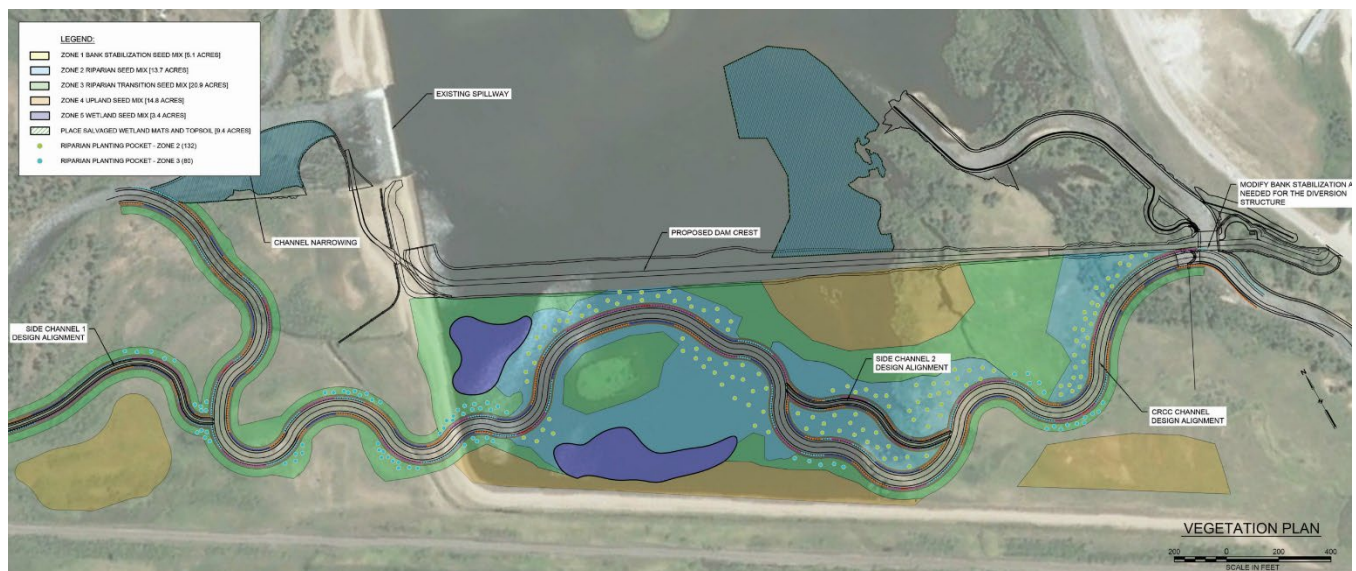
Operations

Fuels and water

In August, the Chimney Hollow reservoir project marked its most productive month to date, due in large part to improved weather conditions, fully developed quarry operations, and achieving an elevation level on the main dam above the areas that required significant cleaning and preparation work. Contractors placed over 770,000 cubic yards of rockfill embankment, which surpasses the previous best month by 50%. The main dam is now 100 feet above the original ground surface and over 2,000 feet long at its crest. At the saddle dam, foundation excavation is complete, the subsurface grouting program is underway, and the contractor expects to begin embankment construction later this year. Elsewhere at the site, half of the upstream section of the inlet/outlet tunnel has been completed and the first large pipe sections are being placed on the valve house floor. We estimate the project is currently 16 days behind its original schedule but still expected to be complete in late summer 2025.

A key piece of the Windy Gap Firming Project environmental mitigation plan is the Colorado River Connectivity Channel project (see image). This project will reduce the footprint of the Windy Gap reservoir and includes a channel around the reservoir to reconnect two segments of the Colorado River to permit natural passage of fish, sediment, and invertebrates. The embankment for the reduced footprint is nearly complete, and the state engineer has approved the removal of the old embankment. This is a major project milestone. Channel construction is expected to be substantially complete this year, with final revegetation and habitat restoration scheduled for 2024. Overall, the project represents a significant commitment by Windy Gap participants and other project partners to improve the health of the Colorado River. For additional information on this project, please go to the website at:

<https://www.northernwater.org/CRCC>.



Colorado River connectivity channel project plan

Follow up items

Board approved policies

In follow up to recent board discussions, staff established an area on the Platte River board orientation page to post major active board approved policies and resolutions for board member access. Every year, the records and retention department flags the policies that are due for review, based on their individual review cycles, and staff evaluates the policies to see if they need any updates. If so, staff will present the policies for board review and reapproval. To date, there are 21 major board-approved policies posted to the website.