

Memorandum

Date: 11/29/2023

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: **2024 Strategic Budget review and adoption**

Thank you for your engagement and support through the budget process. The steps in the budget process included a budget work session on Sept. 28, 2023 and a public hearing with review of the proposed budget on Oct. 26, 2023. The budget is now in final form and ready for adoption.

The final budget includes total revenues of \$313 million and total expenditures of \$356.6 million, including a board contingency appropriation of \$56 million. Change in net position is projected to be \$7.3 million, after deferring \$14 million of revenues under the board-approved deferred revenue and expense accounting policy. The fixed obligation charge coverage ratio is projected to be at 1.89 times.

Attached is a proposed resolution to adopt the 2024 Strategic Budget and appropriate funds for 2024 expenditures. A copy of the 2024 Strategic Budget document is included with your board materials and is available on Platte River's website. After approval, the final version will be printed, bound and distributed.

As discussed during the October board meeting, additional changes to the budget were expected. The table below provides a high-level description of the items that changed. Staff will review the changes and provide a brief overview of final budget results at the December meeting.

As Platte River navigates and refines its resource transition plan, additional out-of-budget requests may arise in 2024. Platte River may need to request contingency funds to cover these expenses.

Staff recommends the board adopt the 2024 Strategic Budget as submitted and will be available at the board meeting to answer any questions.

Amount favorable (unfavorable)	Operating expenses	Description
(\$1.2 M)	Operating expenses	<ul style="list-style-type: none"> • (\$1.2 M) – Medical and dental costs expected to increase • (\$0.1 M) – Operating wages for refinements to new hire assumptions • \$0.1 M – Software decreased with refinements to GASB 96 <i>Subscription-Based Information Technology Arrangements</i> (GASB 96) assumptions on one additional contract now estimated to be funded by debt service expenditures below
(\$1.2 M)		Total increase in operating expenses

Amount favorable (unfavorable)	Debt service expenditures	Description
(\$0.1 M)	Debt service expenditures	<ul style="list-style-type: none"> • (0.1 M) – Subscription payments increased with refinements to GASB 96 assumptions on one additional contract
(\$0.1 M)		Total increase in debt service expenditures

The following table summarizes the 2024 Strategic Budget and outlines impacts from the current changes made to the budget.

\$ in thousands	October proposed budget	Personnel update impacts	Subscription-based information technology impacts	Favorable (unfavorable) changes	Final budget
Revenues					
Sales to owner communities	\$ 235,737			\$ -	\$ 235,737
Sales for resale - long-term	20,086			-	20,086
Sales for resale - short-term	36,356			-	36,356
Wheeling	8,942			-	8,942
Interest and other income	11,853	\$ (2)		(2)	11,851
<i>Total revenues</i>	\$ 312,974	\$ (2)		\$ (2)	\$ 312,972
Operating expenses					
Purchased power	\$ 63,776			\$ -	\$ 63,776
Fuel	51,108	\$ (11)		(11)	51,119
Production	55,459	(383)		(383)	55,842
Transmission	21,196	(216)		(216)	21,412
Administrative and general	36,383	(524)	44	(480)	36,863
Distributed energy resources	13,598	(66)		(66)	13,664
<i>Total operating expenses</i>	\$ 241,520	\$ (1,200)	\$ 44	\$ (1,156)	\$ 242,676
Capital additions					
Production	\$ 10,442			\$ -	\$ 10,442
Transmission	15,075			-	15,075
General	12,793			-	12,793
Asset retirement obligations	933			-	933
<i>Total capital additions</i>	\$ 39,243		\$ -	\$ -	\$ 39,243
<i>Total operating expenses and capital additions</i>	\$ 280,763	\$ (1,200)	\$ 44	\$ (1,156)	\$ 281,919
Debt service expenditures					
Principal	\$ 13,974		\$ (41)	\$ (41)	\$ 14,015
Interest expense	4,664		(3)	(3)	4,667
<i>Total debt service expenditures</i>	\$ 18,638		\$ (44)	\$ (44)	\$ 18,682
Total expenditures	\$ 299,401	\$ (1,200)	\$ -	\$ (1,200)	\$ 300,601
Contingency appropriation	\$ 56,000			\$ -	\$ 56,000
Total expenditures and contingency appropriation	\$ 355,401	\$ (1,200)	\$ -	\$ (1,200)	\$ 356,601

Attachments

- Budget-at-a-glance
- 2024 Strategic Budget document
- Resolution 17-23: 2024 Strategic Budget and Appropriation

2024 STRATEGIC BUDGET



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

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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 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 more than \$300.6 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 aeroderivative combustion turbines to support the increasing number of renewable energy facilities on Platte River's system.

The 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 aeroderivative combustion turbines 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 and aggregated into a virtual power plant (VPP).

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 the Rawhide Energy Station, which began with the commercial operation of Rawhide Unit 1 in 1984. Since startup, 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 renewable energy 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

4,773,982 MWh

Began operations

1973

2024 deliveries of energy to owner communities

3,314,141 MWh

Staff 2024 budget

312

2024 revenues

\$313 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

\$242.7 million

2024 capital additions

\$39.2 million

2024 debt service expenditures

\$18.7 million

CAPACITY AND ENERGY

Resource capacity

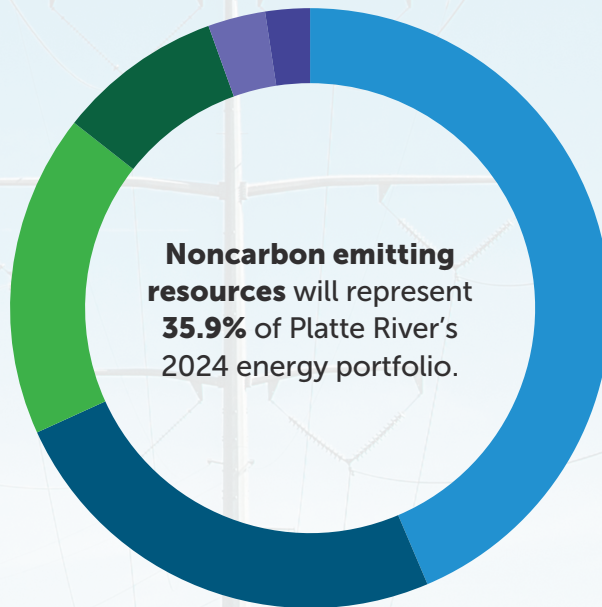
MW

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 **43.6%**
- Wind **24.6%**
- Other purchases **17.4%**
- Hydropower **8.9%**
- Natural gas **3.1%**
- 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.



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



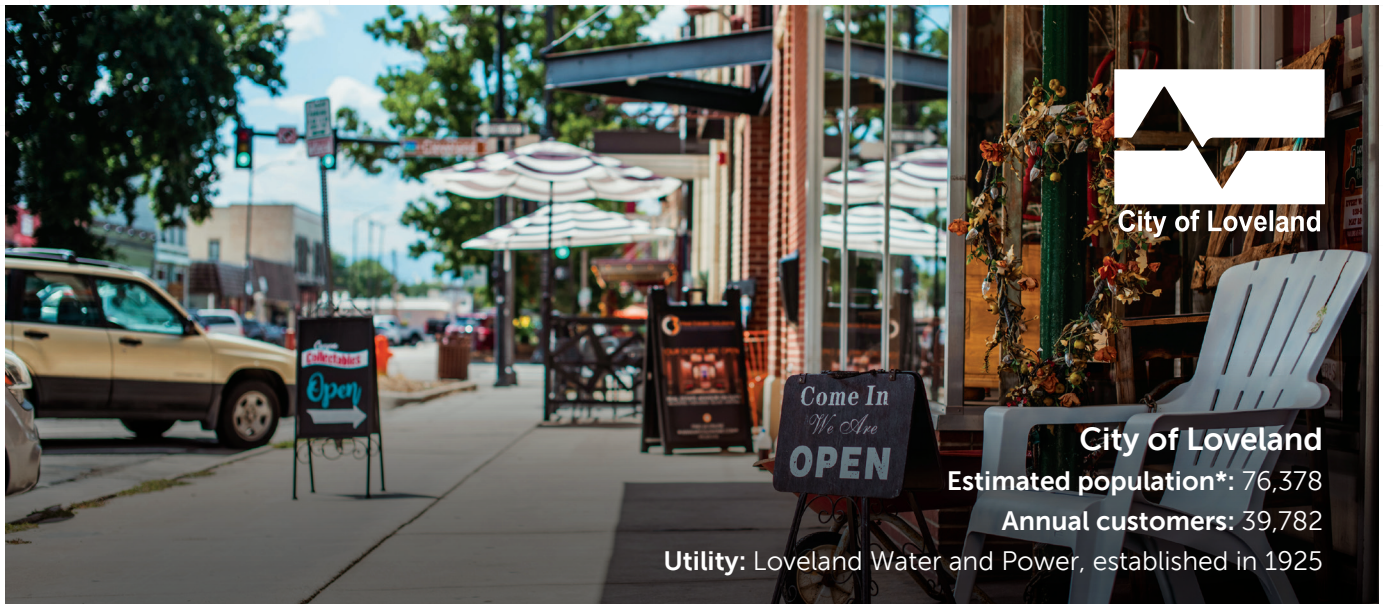
City of
Fort Collins

City of Fort Collins

Estimated population*: 169,810

Annual customers: 78,450

Utility: Fort Collins Utilities, established in 1938



City of Loveland

City of Loveland

City of Loveland

Estimated population*: 76,378

Annual customers: 39,782

Utility: Loveland Water and Power, established in 1925

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 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

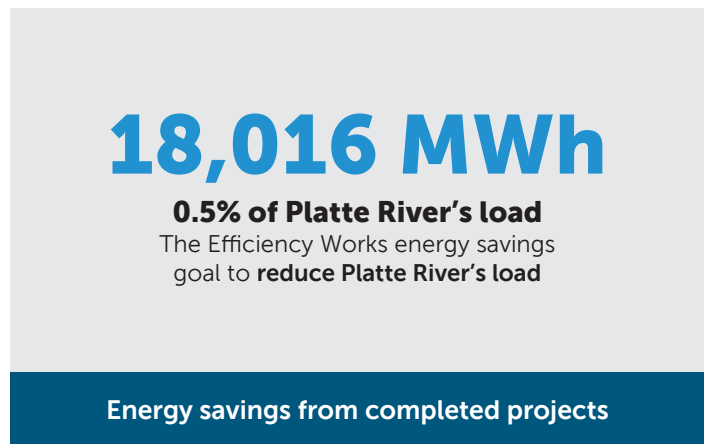
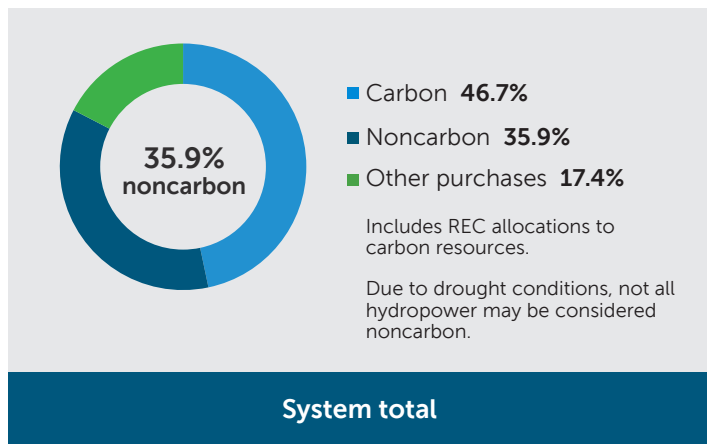
≥ 90%

Delivery reliability

Rawhide combustion turbines



Environmental responsibility



Financial sustainability

Credit rating	1.89x	3%	23%	443
	Fixed obligation charge coverage ratio	Change in net position as a percentage of annual operating expenses	Adjusted debt ratio	Days adjusted liquidity on hand
AA	Target minimum 1.50x	Target minimum 3%	Target minimum Less than 50%	Target minimum 200
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 aeroderivative combustion turbines; commemorating Rawhide Energy Station'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 aeroderivative combustion turbines 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 aeroderivative combustion turbine and other dispatchable capacity 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 for 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.

2024 STRATEGIC BUDGET SUMMARY

The Platte River Power Authority 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.

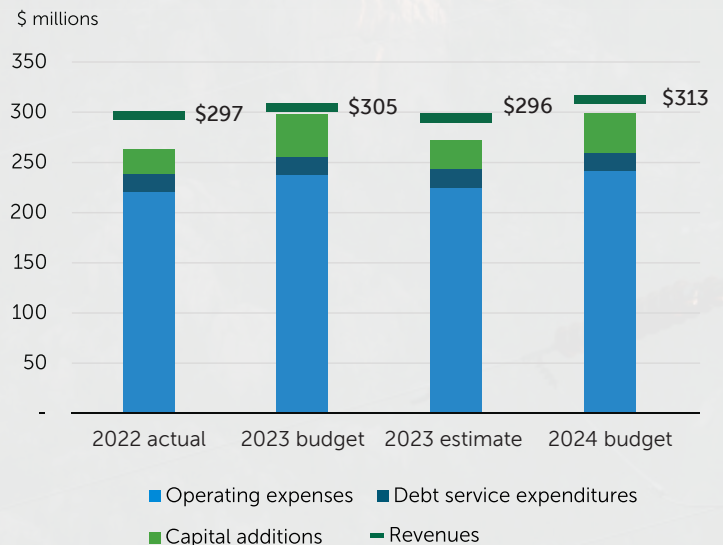
Expenses are managed from a broad perspective with the goal of operating the system in a safe, compliant and reliable manner while expanding environmental stewardship. Platte River communicates and collaborates with the owner communities to align processes and outcomes for the benefit of all customers.

Platte River’s budget includes \$313 million in revenues and \$300.6 million in expenditures, consisting of operating, capital and debt. Of the \$281.9 million in operating expenses and capital additions, approximately 85% and 15% are allocated to activities supporting core operations and strategic initiatives, respectively.

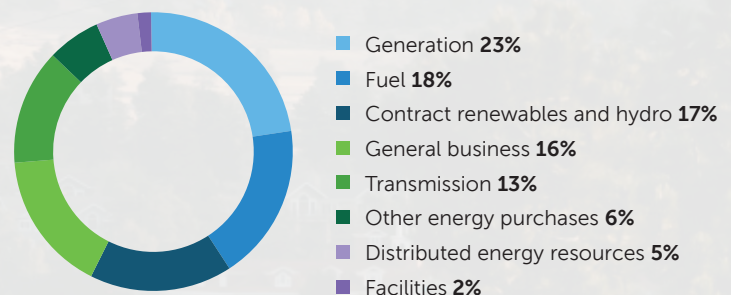
Revenues



Revenues and expenditures



Operating and capital additions



Strategic initiatives

\$42.1 million, 15% of operating and capital

- Resource diversification planning and integration, \$28 million, 10%
- Community partner and engagement, \$2.2 million, 1%
- Workforce culture, \$2.1 million, 1%
- Process management and coordination, \$9.8 million, 3%

Activities

- Aeroderivative combustion turbine 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

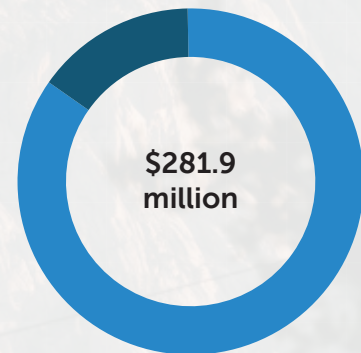
\$239.8 million, 85% of operating and capital

- Generation, including fuel, \$130 million, 46%
- Energy purchases including wind, hydropower and solar energy, \$63.8 million, 23%
- Transmission, \$36 million, 12%
- Energy efficiency programs, \$10 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 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

\$42.1 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

\$28 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.

Aeroderivative combustion turbines

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. Supported by independent expert analysis, the recommended technology is flexible, high-efficiency, low-carbon aeroderivative combustion turbines. Aeroderivative combustion turbines will use natural gas as their primary fuel source initially but have the potential to use green hydrogen and other alternative fuels as the necessary technology and infrastructure develop. They also effectively support variable renewable resource integration because they can start up and ramp from zero to full output, and back down again, within minutes. They can 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. 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 including capacity, detailed engineering design and submitting an air permit application. This resource should begin commercial operation in early 2028.

To support this 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 35.9% 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 \$6.6 million of a total \$13.1 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. As a separate project pending the execution of the new purchase power agreement discussed below, Platte River will invest \$1.5 million of a total \$4.3 million multiyear project to install breakers, conduit, switches and other substation systems, as well as one mile of double-circuit transmission line, to create an additional interconnection bay at Severance Substation. Once complete in 2025, this

infrastructure will serve as a delivery point for a new solar resource and the transmission line will increase capacity and reliability of the substation to support future expansion.

In 2024, staff will continue steps to integrate more renewable energy. The PPA for 100-150 MW of additional solar, which the interconnection discussed above will be used for, 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 initiative, the DER department will coordinate with the owner communities on as many as five 5 MW, four-hour distribution-level storage projects placed across the region for a combined capacity of 100 MWh. Implementation will start in 2024 with a target commercial operation date of 2026. To support these storage resources, design for interconnection infrastructure in each owner community will begin in 2024 with construction occurring between 2025 and 2026 at a multiyear total investment of \$3.8 million for all project locations. 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 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-ahead 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 \$1.2 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 \$1.5 million for the addition of evaporative cooling and wet compression technology for combustion turbine Unit F. This technology increases water vapor content of inlet air. The goals are to increase summer generating capacity, lower the heat rate, decrease fuel costs and reduce nitrogen oxide emissions.

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 Firing 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 aeroderivative combustion turbine 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 Energy Station by emphasizing Rawhide Unit 1's 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

\$9.8 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

\$239.8 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 47% 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 34.6% and 3.1%, 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.

The Rawhide Unit 1 control system enables plant operators to monitor unit performance and other equipment on the system. Platte River will invest approximately \$1.1 million in 2024 to begin replacing aging hardware and network switches, update the Ovation controls network,

and replace controller cards and processors. At a total multiyear cost of \$1.9 million, the update will be completed in 2025.

The Bentley system is used to perform vibration monitoring on rotating equipment used throughout the plant, enabling operators to identify and troubleshoot potential issues with equipment before failure. The current system includes a software used for logging, monitoring and providing diagnostics that is reaching the end of its useful life. As part of a \$0.4 million multiyear effort, Platte River will invest \$0.3 million in 2024 to upgrade to Bentley's latest software and virtualize the environment by bringing the servers and operator machines to the latest Microsoft Windows software and support system. The project will also expand the vibration monitoring system to other equipment at the plant.

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 C, Platte River will invest \$0.5 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.

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 9.8% 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 53%, 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 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 15.2% 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, two in financial services and three 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	30
Generation and transmission	153	157	156	161
Total positions	284	298	300	312

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

Revenues

Platte River anticipates approximately \$313 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 \$9.3 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 entered into multi-year contracts providing revenue certainty for a portion of sales for 2024 through 2026.

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 \$4.6 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 metrics ⁽¹⁾	Minimum SFP targets	2022 actual	2023 budget	2023 estimate ⁽²⁾	2024 budget
Fixed obligation charge coverage ratio	1.50 times	2.02x	2.43x	1.50x	1.89x
Change in net position as a percentage of annual operating expenses ⁽³⁾	3%	3%	9%	4%	3%
Adjusted debt ratio	less than 50%	28%	25%	26%	23%
Days adjusted liquidity on hand	200	405	422	438	443
Other selected data (\$000 except bond service coverage ratio)					
Change in net position		\$ 6,654	\$ 22,373	\$ 8,059	\$ 7,287
Accumulated net position		\$ 657,941	\$ 697,912	\$ 666,000	\$ 673,287
Dedicated reserves and available funds		\$ 254,807	\$ 282,961	\$ 281,260	\$ 302,372
Long-term debt, other long-term obligations and lease and subscription liabilities		\$ 245,327	\$ 229,766	\$ 231,510	\$ 217,114
Capital additions		\$ 24,102	\$ 42,721	\$ 28,530	\$ 39,243
Bond service coverage ratio (minimum 1.1x)		3.00x	3.76x	2.19x	3.15x

(1) 2022 actual and 2023 budget metrics reported accord with the SFP in effect for 2022. 2023 estimate and 2024 budget metrics reported accord with the SFP in effect for 2023.

(2) 2023 estimate represents ten months actual and two months budget adjusted for revised projections on all budget schedules.

(3) 2022 actual, 2023 estimate and 2024 budget include a portion of revenues that was or is projected to be deferred under 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	\$ 217,966,956	\$ 235,736,438
Sales for resale	73,438,783	68,473,255	61,263,121	56,442,604
Wheeling	7,637,897	6,164,920	8,836,326	8,941,957
Deferred regulatory revenues ⁽¹⁾	<u>(21,602,326)</u>	<u>-</u>	<u>(29,361,799)</u>	<u>(14,032,800)</u>
Total operating revenues	271,793,295	298,720,084	258,704,604	287,088,199
Operating expenses				
Purchased power	53,379,138	55,114,915	62,307,043	63,775,644
Fuel	66,455,232	62,676,500	45,713,817	51,118,728
Operations and maintenance ⁽²⁾	67,482,639	75,023,200	77,568,302	77,492,800
Administrative and general ⁽²⁾	26,015,354	31,507,820	32,149,908	36,863,271
Distributed energy resources ⁽²⁾	8,483,538	13,789,562	10,083,137	13,664,632
Depreciation, amortization and accretion ⁽²⁾	<u>36,128,627</u>	<u>40,758,303</u>	<u>29,679,364</u>	<u>45,398,213</u>
Total operating expenses	<u>257,944,528</u>	<u>278,870,300</u>	<u>257,501,571</u>	<u>288,313,288</u>
Operating income	13,848,767	19,849,784	1,203,033	(1,225,089)
Nonoperating revenues (expenses)				
Interest income	2,913,635	5,924,208	7,658,637	11,359,881
Other income	429,283	300,762	330,909	281,992
Interest expense	(5,803,334)	(5,232,940)	(5,242,841)	(4,667,494)
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⁾	<u>(6,374,600)</u>	<u>54,310</u>	<u>2,632,024</u>	<u>209,268</u>
Total nonoperating revenues (expenses)	<u>(7,194,289)</u>	<u>2,522,860</u>	<u>6,855,249</u>	<u>8,512,542</u>
Change in net position	6,654,478	22,372,644	8,058,282	7,287,453
Net position at beginning of period	<u>651,286,990</u>	<u>675,539,412</u>	<u>657,941,468</u>	<u>665,999,750</u>
Net position at end of period	<u>\$ 657,941,468</u>	<u>\$ 697,912,056</u>	<u>\$ 665,999,750</u>	<u>\$ 673,287,203</u>

(1) 2022 actual, 2023 estimate and 2024 budget include a portion of revenues that was or is projected to be deferred under the board-approved deferred revenue and expense accounting policy.

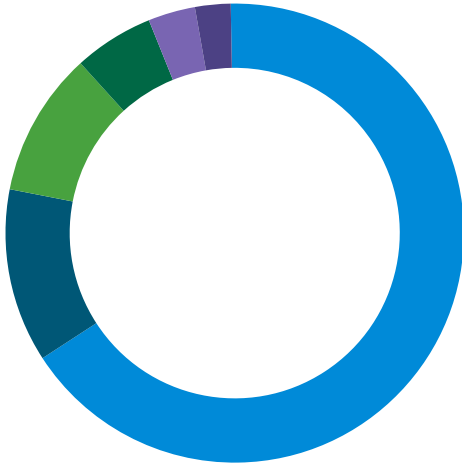
(2) Includes nonappropriated expenses when applicable due to basis of accounting differences discussed in the financial governance section.

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	\$ 217,966,956	\$ 235,736,438
Sales for resale - long-term	23,035,803	14,889,513	13,820,841	20,086,326
Sales for resale - short-term	50,402,980	53,583,742	47,442,280	36,356,278
Wheeling	7,637,897	6,164,920	8,836,326	8,941,957
Total operating revenues	293,395,621	298,720,084	288,066,403	301,120,999
Other revenues				
Interest income	2,896,824	5,978,518	7,712,947	11,569,149
Other income	429,283	300,762	330,909	281,992
Total other revenues	3,326,107	6,279,280	8,043,856	11,851,141
Total revenues	296,721,728	304,999,364	296,110,259	312,972,140
Funds from prior reserves	(33,570,767)	45,616,165	(22,488,311)	43,629,313
Total sources	\$ 263,150,961	\$ 350,615,529	\$ 273,621,948	\$ 356,601,453
Use of funds				
Operating expenses				
Purchased power	\$ 53,379,138	\$ 55,114,915	\$ 62,307,043	\$ 63,775,644
Fuel	66,455,232	62,676,500	45,713,817	51,118,728
Production	48,916,111	54,769,640	56,831,728	55,841,670
Transmission	18,536,259	20,253,560	20,211,657	21,412,126
Administrative and general	25,561,913	31,507,820	31,660,506	36,863,271
Distributed energy resources	8,412,889	13,789,562	10,019,907	13,664,632
Total operating expenses	221,261,542	238,111,997	226,744,658	242,676,071
Capital additions				
Production	11,290,471	14,667,393	12,855,460	10,442,245
Transmission	5,707,972	14,952,982	7,285,924	15,074,991
General	7,103,894	13,048,037	8,337,254	12,792,695
Asset retirement obligations	-	51,763	51,763	933,072
Total capital additions	24,102,337	42,720,175	28,530,401	39,243,003
Total operating expenses and capital additions	245,363,879	280,832,172	255,275,059	281,919,074
Debt service expenditures				
Principal	11,983,748	12,550,417	13,104,048	14,014,885
Interest expense	5,803,334	5,232,940	5,242,841	4,667,494
Total debt service expenditures	17,787,082	17,783,357 ⁽¹⁾	18,346,889	18,682,379
Total expenditures	263,150,961	298,615,529	273,621,948	300,601,453
Contingency appropriation	-	52,000,000 ⁽¹⁾	-	56,000,000
Total uses	\$ 263,150,961	\$ 350,615,529	\$ 273,621,948	\$ 356,601,453

(1) Excludes projections for contingency transfers.

2024 sources



■ 66%	Sales to owner communities	\$ 235,736,438
■ 10%	Sales for resale - short-term	36,356,278
■ 6%	Sales for resale - long-term	20,086,326
■ 3%	Interest and other income	11,851,141
■ 3%	Wheeling	8,941,957
	Total revenues	312,972,140
■ 12%	Funds from prior reserves	43,629,313
	Total sources	\$ 356,601,453

2024 uses



■ 18%	Purchased power	\$ 63,775,644
■ 16%	Production	55,841,670
■ 14%	Fuel	51,118,728
■ 11%	Capital additions	39,243,003
■ 10%	Administrative and general	36,863,271
■ 6%	Transmission	21,412,126
■ 5%	Debt service expenditures	18,682,379
■ 4%	Distributed energy resources	13,664,632
	Total expenditures	300,601,453
■ 16%	Board contingency	56,000,000
	Total uses	\$ 356,601,453

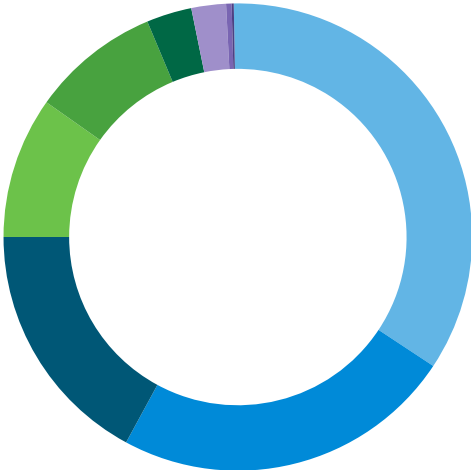
Revenue and expenditure detail	2022 actual	2023 budget	2023 estimate	2024 budget
Revenues				
Sales to owner communities	\$ 212,318,941	\$ 224,081,909	\$ 217,966,956	\$ 235,736,438
Sales for resale - long-term	23,035,803	14,889,513	13,820,841	20,086,326
Sales for resale - short-term	50,402,980	53,583,742	47,442,280	36,356,278
Wheeling	7,637,897	6,164,920	8,836,326	8,941,957
Interest income	2,896,824	5,978,518	7,712,947	11,569,149
Other income	429,283	300,762	330,909	281,992
Total revenues	296,721,728	304,999,364	296,110,259	312,972,140
Funds from prior reserves	(33,570,767)	45,616,165	(22,488,311)	43,629,313
Total revenues and prior funds	<u>\$ 263,150,961</u>	<u>\$ 350,615,529</u>	<u>\$ 273,621,948</u>	<u>\$ 356,601,453</u>
Expenditures				
Personnel expenses				
Salaries				
Regular wages	\$ 32,993,336	\$ 38,627,091	\$ 37,097,180	\$ 43,867,456
Overtime wages	2,187,417	1,947,481	2,541,635	1,911,615
Total salaries	35,180,753	40,574,572	39,638,815	45,779,071
Benefits				
Pension - defined contribution	1,707,065	2,138,232	2,187,258	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	2,810,717	3,279,920
Long-term disability	119,122	130,000	133,151	130,000
Medical and dental	5,375,398	5,692,000	6,105,640	6,868,792
Recruiting	213,380	182,000	225,221	207,000
Life insurance	123,324	130,000	136,326	143,000
Accidental death	27,508	30,000	30,578	33,000
Workers' compensation	61,079	130,000	120,860	140,000
Unemployment compensation	16,110	15,000	11,404	17,500
Salary and pension services	322,913	371,400	302,683	345,250
Total benefits	15,338,092	16,252,918	16,579,247	20,088,416
Total personnel expenses	50,518,845	56,827,490	56,218,062	65,867,487
Less charged to capital and other	1,718,035	2,017,205	1,843,555	2,737,929
Total operating personnel expenses	48,800,810	54,810,285	54,374,507	63,129,558
Materials and other expenses				
Office expenses	25,262	26,775	22,598	18,525
Safety expenses	185,914	217,330	151,227	224,465
Furniture and equipment	81,163	17,900	25,982	38,880
Local business expense	406,712	615,243	599,812	801,866
Postage and deliveries	18,012	39,158	18,075	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	\$ 3,706,991	\$ 3,548,778
Other O&M materials	1,001,644	1,265,995	1,558,982	2,038,710
Rawhide coal	32,104,422	36,721,806	23,856,026	30,569,730
Craig units 1 and 2 coal	17,353,692	16,534,601	11,001,399	11,724,307
Oil	253,750	60,000	333,760	45,000
Natural gas (Rawhide units A, B, C, D and F)	15,925,683	8,261,211	9,862,256	7,852,202
Natural gas (Craig units startup)	196,817	100,000	166,849	175,000
Gasoline and diesel	190,082	156,476	179,357	174,290
Tools, shop and garage equipment	77,923	119,908	88,647	130,754
Purchased power	53,158,920	54,393,436	61,585,564	63,458,454
Craig units 1 and 2 operating expenses	9,056,725	9,452,309	12,169,743	7,887,404
Computer equipment	767,656	974,100	705,549	655,100
Wheeling expense	4,222,379	4,250,469	3,816,901	4,225,440
Outage accrual	3,516,180	3,620,621	3,620,621	4,209,175
Total materials and other expenses	142,841,312	140,919,166	133,470,339	137,814,930
Contractual services				
Rawhide contracted services	4,662,476	7,695,070	7,537,024	6,543,589
Other contracted services	10,989,512	17,039,678	16,336,949	18,217,116
Insurance	2,584,854	3,080,200	3,017,214	3,020,340
Travel and training	827,881	1,268,046	1,110,714	1,481,024
Telephone services	156,953	205,561	179,622	223,347
Utilities	804,872	709,164	689,167	720,600
Dues, memberships and fees	830,674	939,673	984,580	1,109,322
Trustees fees	18,000	12,000	12,000	12,000
Water leases and rents	3,295,157	3,465,827	3,425,470	3,294,567
Other leases and rents	116,212	131,540	105,893	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	3,807,576	5,221,571
Rebates/incentives to owner communities	99,835	154,870	29,867	104,828
Audits/assessments for retail customers	715,699	805,000	1,490,543	1,462,260
Other financing expenses	37,532	58,700	36,976	56,900
Total contractual services	29,619,420	42,382,546	38,899,812	41,731,583

Revenue and expenditure detail (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Capital additions				
Personnel expenses				
Regular wages	\$ 857,649	\$ 1,123,927	\$ 924,139	\$ 1,609,980
Overtime wages	88,645	30,619	93,171	75,265
Benefits allocation	<u>394,835</u>	<u>519,115</u>	<u>444,259</u>	<u>662,626</u>
Total personnel expenses	1,341,129	1,673,661	1,461,569	2,347,871
Capital expenditures	22,825,488	40,994,751	27,135,442	36,034,730
Capital reimbursements and trade-in value	(64,280)	-	(118,373)	(72,670)
Asset retirement obligations	<u>-</u>	<u>51,763</u>	<u>51,763</u>	<u>933,072</u>
Total capital additions	24,102,337	42,720,175	28,530,401	39,243,003
Debt service expenditures				
Principal	11,983,748	12,550,417	13,104,048	14,014,885
Interest expense	<u>5,803,334</u>	<u>5,232,940</u>	<u>5,242,841</u>	<u>4,667,494</u>
Total debt service expenditures	<u>17,787,082</u>	<u>17,783,357⁽¹⁾</u>	<u>18,346,889</u>	<u>18,682,379</u>
Total expenditures	<u>263,150,961</u>	<u>298,615,529</u>	<u>273,621,948</u>	<u>300,601,453</u>
Contingency appropriation	<u>-</u>	<u>52,000,000⁽¹⁾</u>	<u>-</u>	<u>56,000,000</u>
Total expenditures and contingency appropriation	<u>\$ 263,150,961</u>	<u>\$ 350,615,529</u>	<u>\$ 273,621,948</u>	<u>\$ 356,601,453</u>

(1) Excludes projections for contingency transfers.

2024 resources

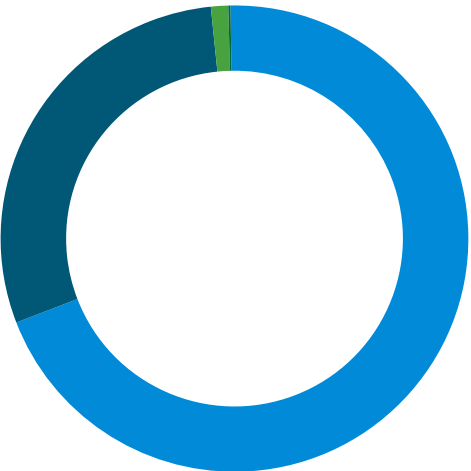


- Rawhide Unit 1 (1,651 GWh)
- Wind (1,127 GWh)
- Market purchases (816 GWh)
- Craig units 1 and 2 (467 GWh)
- Hydropower (425 GWh)
- Combustion turbines (149 GWh)
- Solar (114 GWh)
- Bilateral purchases and owner community solar (18 GWh)
- Forced outage exchange (7 GWh)

Total resources* = 4,774 GWh

* Excludes REC allocations to carbon resources

2024 deliveries



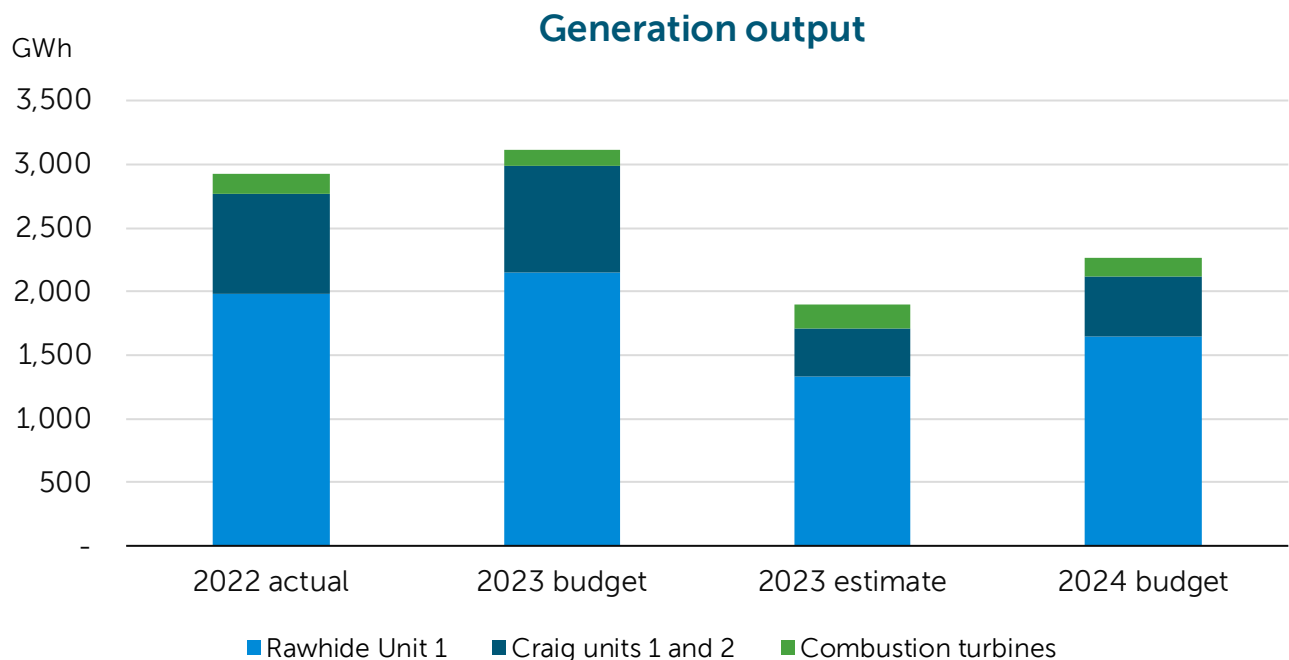
- Owner communities (3,314 GWh)
- Sales for resale (1,396 GWh)
- Losses and other (57 GWh)
- Forced outage exchange (7 GWh)

Total deliveries = 4,774 GWh

Power operations resources	2022 actual	2023 budget	2023 estimate	2024 budget
Rawhide Unit 1 (280 MW)				
Generation (GWh)	1,978	2,153	1,327	1,651
Capacity factor	80.7%	87.8%	54.1%	67.1%
Fuel cost (\$/MWh)	\$ 16.6	\$ 17.4	\$ 18.4	\$ 18.9
O&M cost (\$/MWh)	15.5	16.0	26.0	20.3
Total Rawhide (\$/MWh)	\$ 32.1	\$ 33.4	\$ 44.4	\$ 39.2
Craig units 1 and 2 (151 MW) ⁽¹⁾				
Generation (GWh)	784	832	382	467
Capacity factor	59.3%	62.9%	28.8%	35.2%
Fuel cost (\$/MWh)	\$ 22.5	\$ 20.4	\$ 29.9	\$ 26.0
O&M cost (\$/MWh)	11.4	10.8	30.9	16.3
Total Craig (\$/MWh)	\$ 33.9	\$ 31.2	\$ 60.8	\$ 42.3
Combustion turbines (388 MW) ⁽²⁾				
Generation (GWh)	163	129	191	149
Capacity factor	4.8%	3.8%	5.6%	4.4%
Fuel cost (\$/MWh)	\$ 97.6	\$ 64.0	\$ 51.5	\$ 52.6
O&M cost (\$/MWh)	15.3	27.0	17.7	41.5
Total combustion turbines (\$/MWh)	\$ 112.9	\$ 91.0	\$ 69.2	\$ 94.1

(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	835	840
Capacity factor	49.2%	42.5%	42.4%	42.5%
Total Roundhouse (\$/MWh) - delivered	\$ 19.5	\$ 21.2	\$ 21.2	\$ 22.4
Spring Canyon II and III (60 MW) ⁽¹⁾				
Generation (GWh)	238	231	188	231
Capacity factor	45.3%	44.0%	35.9%	43.9%
Total Spring Canyon (\$/MWh) - delivered	\$ 45.0	\$ 45.3	\$ 47.7	\$ 45.8
Silver Sage (12 MW) ⁽²⁾				
Generation (GWh)	35	38	32	38
Capacity factor	33.1%	36.0%	30.0%	36.0%
Total Silver Sage (\$/MWh) - delivered	\$ 65.2	\$ 66.8	\$ 66.8	\$ 68.4
Medicine Bow (6 MW)				
Generation (GWh)	16	18	12	18
Capacity factor	29.9%	34.9%	22.4%	34.9%
Total Medicine Bow (\$/MWh) - delivered	\$ 49.7	\$ 50.4	\$ 53.0	\$ 48.3
Total wind (303 MW)				
Generation (GWh)	1,258	1,125	1,067	1,127
Capacity factor	47.4%	42.4%	40.2%	42.4%
Total wind (\$/MWh)	\$ 25.9	\$ 28.2	\$ 27.6	\$ 29.2
Hydropower				
WAPA-CRSP (106 MW-summer/ 136 MW-winter) ⁽³⁾				
Generation (GWh)	327	325	386	315
Capacity factor	30.9%	30.7%	36.5%	29.7%
Total WAPA-CRSP (\$/MWh)	\$ 35.6	\$ 35.7	\$ 32.1	\$ 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	496	425
Capacity factor	32.8%	32.7%	37.2%	31.8%
Total hydropower (\$/MWh)	\$ 34.1	\$ 35.5	\$ 32.6	\$ 36.0

Purchased power resources (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Solar				
Rawhide Flats Solar (30 MW)				
Generation (GWh)	66	61	63	61
Capacity factor	25.1%	23.3%	24.2%	23.1%
Total Rawhide Flats Solar (\$/MWh) - including ancillary services and maintenance	\$ 53.9	\$ 54.2	\$ 54.0	\$ 54.3
Rawhide Prairie Solar (22 MW)				
Generation (GWh)	50	54	49	53
Capacity factor	25.9%	27.8%	25.3%	27.5%
Total Rawhide Prairie Solar (\$/MWh) - including ancillary services, maintenance, interconnection and battery fee	\$ 33.4	\$ 33.3	\$ 34.0	\$ 33.3
Total solar (52 MW)				
Generation (GWh)	116	115	112	114
Capacity factor	25.5%	25.2%	24.7%	25.0%
Total solar (\$/MWh)	\$ 45.1	\$ 44.4	\$ 45.4	\$ 44.5
Other purchases				
Market purchases				
Energy (GWh)	244	316	765	816
Total market purchases (\$/MWh)	\$ 10.2	\$ 7.1	\$ 15.7	\$ 13.1
Bilateral purchases				
Energy (GWh)	22	35	85	10
Total bilateral purchases (\$/MWh)	\$ 89.8	\$ 38.6	\$ 35.8	\$ 45.0
Owner community solar programs (4.355 MW)⁽⁵⁾				
Energy (GWh)	8	8	8	8
Total owner community solar programs (\$/MWh)	\$ 54.7	\$ 25.4	\$ 26.7	\$ 21.9
Total other purchases				
Energy (GWh)	274	359	858	834
Total other purchases (\$/MWh)	\$ 18.0	\$ 10.6	\$ 17.8	\$ 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

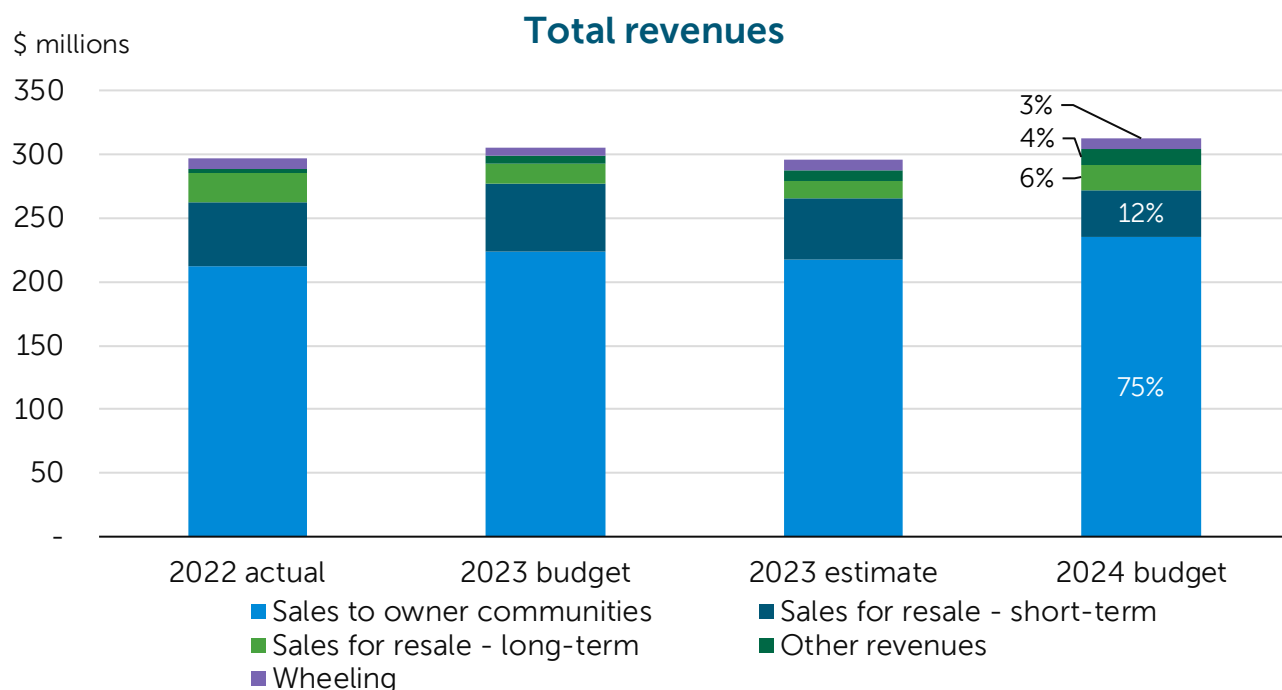
Wheeling revenues represent payments from other parties that use Platte River's transmission system. Platte River charges others for transmission service under its Wholesale Transmission Service tariff. The transmission system usage rates are adjusted annually based on the prior year's actual transmission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

Other revenues

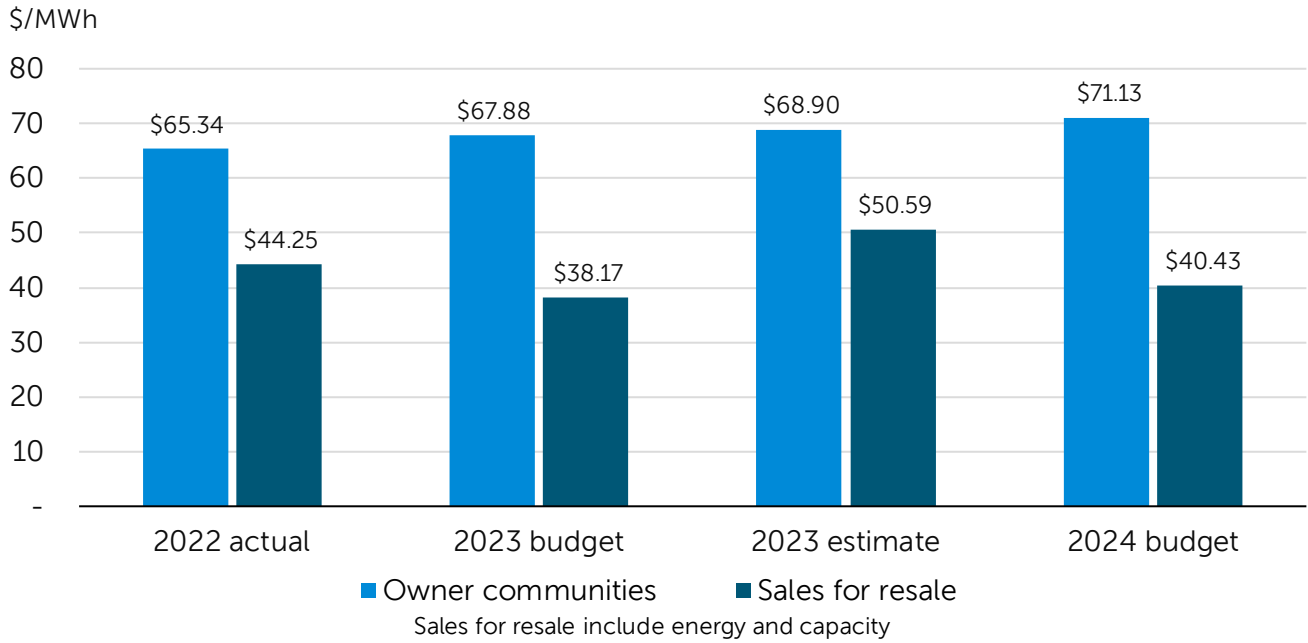
Interest and other income

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.

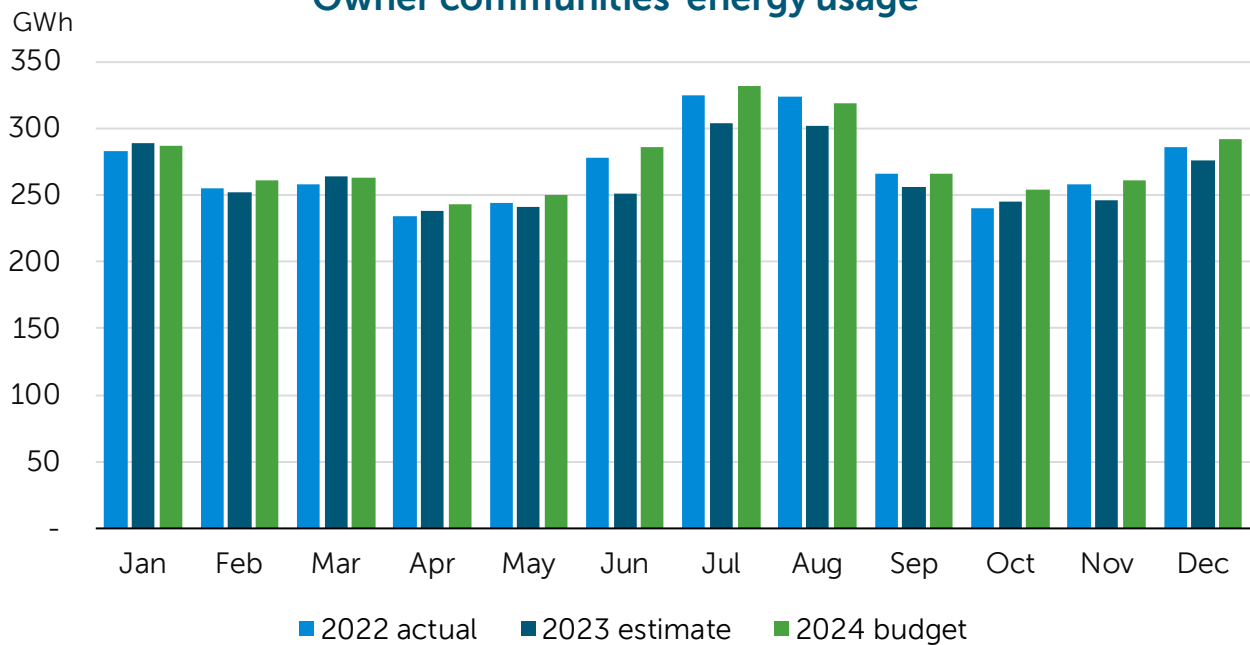
	2022 actual	2023 budget	2023 estimate	2024 budget
Total revenues (\$000)				
Operating revenues				
Sales to owner communities	\$ 212,319	\$ 224,082	\$ 217,967	\$ 235,737
Sales for resale - long-term	23,036	14,889	13,821	20,086
Sales for resale - short-term	50,403	53,584	47,442	36,356
Wheeling	7,638	6,165	8,836	8,942
Total operating revenues	293,396	298,720	288,066	301,121
Other revenues				
Interest income	2,897	5,978	7,713	11,569
Other income	429	301	331	282
Total other revenues	3,326	6,279	8,044	11,851
Total revenues	\$ 296,722	\$ 304,999	\$ 296,110	\$ 312,972



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	680	713
Nonsummer peak demand (MW) ⁽¹⁾	532	499	508	503
Metered coincident demand (MW) ⁽²⁾	6,422	6,327	6,257	6,391
Billing determinants ^{(2) (3)}				
Noncoincident billing demand (MW)	6,731	6,702	6,641	6,794
Coincident billing demand (MW)	6,679	6,654	6,587	6,734
Energy (GWh)	3,249	3,301	3,165	3,314
Sales for resale				
Energy (GWh) ⁽⁴⁾	1,660	1,794	1,211	1,396
Capacity (MW-Mo) ⁽²⁾	780	780	780	1,555

(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	2,990	3,047
Coincident billing demand (MW)	3,049	3,022	2,985	3,039
Energy (MWh)				
Dispatchable	996,911	1,099,760	1,019,143	1,082,557
Intermittent ⁽¹⁾	516,182	458,343	447,085	448,694
Total energy supplied	1,513,093	1,558,103	1,466,228	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	\$ 20,092,840	\$ 20,352,810
Generation demand	15,609,259	15,741,272	15,500,085	16,961,928
Total demand charges	\$ 35,845,473	\$ 36,100,008	\$ 35,592,925	\$ 37,314,738
Energy charges				
Fixed cost energy	\$ 23,785,828	\$ 24,711,508	\$ 23,254,381	\$ 25,740,321
Variable cost energy	31,275,641	35,415,668	33,327,372	37,163,450
Total energy charges	\$ 55,061,469	\$ 60,127,176	\$ 56,581,753	\$ 62,903,771
Total charges	\$ 97,488,548	\$ 103,769,304	\$ 99,716,798	\$ 107,627,669
Average blended rate (\$/MWh)	\$ 64.4	\$ 66.6	\$ 68.0	\$ 70.3
Longmont				
Owner community allocation	25.4%	25.6%	25.6%	25.7%
Noncoincident billing demand (MW)	1,860	1,869	1,856	1,898
Coincident billing demand (MW)	1,859	1,862	1,851	1,890
Energy (MWh)				
Dispatchable	559,500	602,558	580,016	616,884
Intermittent ⁽¹⁾	287,803	249,433	254,445	254,165
Total energy supplied	847,303	851,991	834,461	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	\$ 12,474,341	\$ 12,674,718
Generation demand	9,531,073	9,695,043	9,629,410	10,554,036
Total demand charges	\$ 21,844,955	\$ 22,254,203	\$ 22,103,751	\$ 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	\$ 13,234,543	\$ 14,642,336
Variable cost energy	17,513,742	19,365,756	18,967,285	21,140,360
Total energy charges	\$ 30,833,337	\$ 32,878,336	\$ 32,201,828	\$ 35,782,696
Total charges	\$ 56,186,823	\$ 59,191,731	\$ 58,364,771	\$ 63,040,414
Average blended rate (\$/MWh)	\$ 66.3	\$ 69.5	\$ 69.9	\$ 72.4
Loveland				
Owner community allocation	22.9%	22.7%	22.7%	22.8%
Noncoincident billing demand (MW)	1,540	1,533	1,519	1,571
Coincident billing demand (MW)	1,535	1,532	1,516	1,569
Energy (MWh)				
Dispatchable and large customer service	501,572	540,686	509,142	552,081
Intermittent ⁽¹⁾	246,960	210,696	215,095	216,294
Total energy supplied	748,532	751,382	724,237	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	\$ 10,209,034	\$ 10,497,502
Generation demand	7,889,140	7,981,796	7,884,276	8,757,901
Total demand charges	\$ 18,082,868	\$ 18,285,017	\$ 18,093,310	\$ 19,255,403
Energy charges				
Fixed cost energy	\$ 10,268,063	\$ 10,283,402	\$ 9,980,777	\$ 11,261,955
Variable cost energy and large customer service	18,892,005	20,321,022	19,603,140	21,752,270
Total energy charges	\$ 29,160,068	\$ 30,604,424	\$ 29,583,917	\$ 33,014,225
Total charges	\$ 49,991,147	\$ 52,040,593	\$ 50,828,379	\$ 55,384,984
Average blended rate (\$/MWh)	\$ 66.8	\$ 69.3	\$ 70.2	\$ 72.1
Estes Park				
Owner community allocation	4.1%	4.2%	4.2%	4.2%
Noncoincident billing demand (MW)	274	270	276	278
Coincident billing demand (MW)	236	238	235	236

Sales to owner communities (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Estes Park (continued)				
Energy (MWh)				
Dispatchable	90,216	97,497	96,477	100,128
Intermittent ⁽¹⁾	<u>50,355</u>	<u>42,403</u>	<u>43,717</u>	<u>43,338</u>
Total energy supplied	140,571	139,900	140,194	143,466
Owner community charge	\$ 570,932	\$ 661,980	\$ 661,980	\$ 659,736
Demand charges				
Transmission demand	\$ 1,812,450	\$ 1,818,042	\$ 1,846,589	\$ 1,859,086
Generation demand	<u>1,164,258</u>	<u>1,201,536</u>	<u>1,173,586</u>	<u>1,270,968</u>
Total demand charges	\$ 2,976,708	\$ 3,019,578	\$ 3,020,175	\$ 3,130,054
Energy charges				
Fixed cost energy	\$ 2,199,178	\$ 2,218,808	\$ 2,203,884	\$ 2,411,662
Variable cost energy	<u>2,905,605</u>	<u>3,179,915</u>	<u>3,170,969</u>	<u>3,481,919</u>
Total energy charges	\$ 5,104,783	\$ 5,398,723	\$ 5,374,853	\$ 5,893,581
Total charges	\$ 8,652,423	\$ 9,080,281	\$ 9,057,008	\$ 9,683,371
Average blended rate (\$/MWh)	\$ 61.6	\$ 64.9	\$ 64.6	\$ 67.5
Total owner communities				
Owner community allocation	100.0%	100.0%	100.0%	100.0%
Noncoincident billing demand (MW)	6,731	6,702	6,641	6,794
Coincident billing demand (MW)	6,679	6,654	6,587	6,734
Energy (MWh)				
Dispatchable and large customer service	2,148,199	2,340,501	2,204,778	2,351,650
Intermittent ⁽¹⁾	<u>1,101,300</u>	<u>960,875</u>	<u>960,342</u>	<u>962,491</u>
Total energy supplied	3,249,499	3,301,376	3,165,120	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	\$ 44,622,804	\$ 45,384,116
Generation demand	<u>34,193,730</u>	<u>34,619,647</u>	<u>34,187,357</u>	<u>37,544,833</u>
Total demand charges	\$ 78,750,004	\$ 79,658,806	\$ 78,810,161	\$ 82,928,949
Energy charges				
Fixed cost energy	\$ 49,572,664	\$ 50,726,298	\$ 48,673,585	\$ 54,056,274
Variable cost energy and large customer service	<u>70,586,993</u>	<u>78,282,361</u>	<u>75,068,766</u>	<u>83,537,999</u>
Total energy charges	\$ 120,159,657	\$ 129,008,659	\$ 123,742,351	\$ 137,594,273
Total charges	\$ 212,318,941	\$ 224,081,909	\$ 217,966,956	\$ 235,736,438
Average blended rate (\$/MWh)	\$ 65.3	\$ 67.9	\$ 68.9	\$ 71.1

(1) Intermittent is energy delivered from Roundhouse, Medicine Bow, Rawhide Flats Solar and Rawhide Prairie Solar.

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

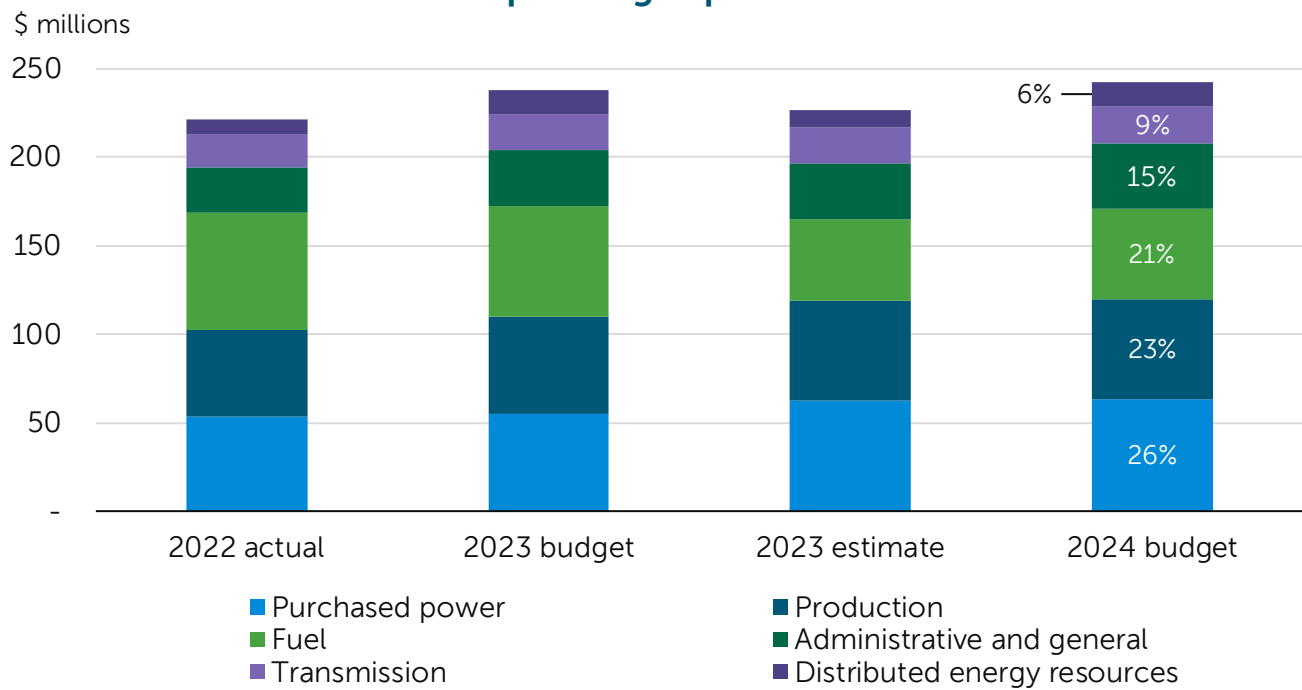
Administrative and general expenses include all expenses incurred that are not directly allocated to capital or assignable to fuel, production, transmission or DER. These expenses include those related to the general manager, communications, community and government affairs, human resources, safety, 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	\$ 62,307	\$ 63,776
Fuel	66,456	62,676	45,714	51,119
Production	48,916	54,770	56,832	55,842
Transmission	18,536	20,254	20,212	21,412
Administrative and general	25,562	31,508	31,660	36,863
Distributed energy resources	8,413	13,789	10,020	13,664
Total operating expenses	\$ 221,262	\$ 238,112	\$ 226,745	\$ 242,676

Operating expenses



	2022 actual	2023 budget	2023 estimate	2024 budget
Purchased power				
Wind				
Roundhouse				
Energy (kWh)	969,525,431	837,499,424	835,219,584	839,692,859
Energy \$	\$ 16,513,805	\$ 14,488,742	\$ 14,475,316	\$ 14,526,688
Spring Canyon II ⁽¹⁾				
Energy (kWh)	126,214,234	125,207,621	102,600,587	125,251,164
Energy \$	\$ 4,061,773	\$ 4,131,203	\$ 3,388,538	\$ 4,235,815
Spring Canyon III ⁽¹⁾				
Energy (kWh)	111,885,524	105,944,909	85,960,275	105,981,753
Energy \$	\$ 3,590,337	\$ 3,488,986	\$ 2,832,691	\$ 3,577,339
Silver Sage ⁽²⁾				
Energy (kWh)	34,776,397	37,849,763	31,543,958	37,950,606
Energy \$	\$ 2,266,106	\$ 2,527,506	\$ 2,107,602	\$ 2,597,349
Medicine Bow				
Energy (kWh)	15,733,372	18,346,543	11,748,657	18,395,371
Energy \$	\$ 629,335	\$ 733,862	\$ 469,946	\$ 721,208
Total wind				
Energy (kWh)	1,258,134,958	1,124,848,260	1,067,073,061	1,127,271,753
Energy \$	\$ 27,061,356	\$ 25,370,299	\$ 23,274,093	\$ 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	386,448,417	315,313,773
Energy \$	\$ 4,046,839	\$ 4,026,704	\$ 4,776,501	\$ 3,897,279
Total CRSP	\$ 11,659,350	\$ 11,639,216	\$ 12,389,013	\$ 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	495,984,838	424,578,173
Energy \$	\$ 5,768,751	\$ 6,032,316	\$ 6,782,113	\$ 5,897,909
Total \$	\$ 14,916,399	\$ 15,433,338	\$ 16,183,135	\$ 15,294,551
Solar				
Rawhide Flats Solar				
Energy (kWh)	66,072,558	61,114,995	63,667,032	60,801,529
Energy \$	\$ 3,531,578	\$ 3,266,596	\$ 3,403,003	\$ 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	48,738,101	53,225,757
Energy \$	\$ 1,644,686	\$ 1,758,757	\$ 1,636,105	\$ 1,749,121
Total solar				
Energy (kWh)	116,041,323	114,637,246	112,405,133	114,027,286
Energy \$	\$ 5,176,264	\$ 5,025,353	\$ 5,039,108	\$ 4,998,964
Other purchases				
Market purchases				
Energy (kWh)	243,766,000	316,265,879	765,229,055	816,027,149
Energy \$	\$ 2,493,515	\$ 2,257,529	\$ 11,987,743	\$ 10,697,149
Bilateral purchases				
Energy (kWh)	22,419,000	35,312,125	85,203,434	10,392,359
Energy \$	\$ 2,013,131	\$ 1,361,737	\$ 3,042,139	\$ 467,530
Owner community solar programs ⁽³⁾				
Energy (kWh)	7,415,952	7,773,742	7,355,586	7,665,231
Energy \$	\$ 405,448	\$ 197,153	\$ 196,332	\$ 167,807
Forced outage exchange				
Energy (kWh)	(53,700,000)	-	(55,100,000)	-
Energy \$	\$ (3,072,160)	\$ -	\$ (2,969,530)	\$ -
Total other purchases				
Energy (kWh)	219,900,952	359,351,746	802,688,075	834,084,739
Energy \$	\$ 1,839,934	\$ 3,816,419	\$ 12,256,684	\$ 11,332,486
Reserves	\$ 3,614,987	\$ 4,198,047	\$ 4,282,564	\$ 5,623,834
Renewable energy certificates	\$ 549,980	\$ 549,980	\$ 549,980	\$ 550,220
Replacement power outage accrual	\$ 220,218	\$ 721,479	\$ 721,479	\$ 317,190
Total purchased power	<u>\$ 53,379,138</u>	<u>\$ 55,114,915</u>	<u>\$ 62,307,043</u>	<u>\$ 63,775,644</u>

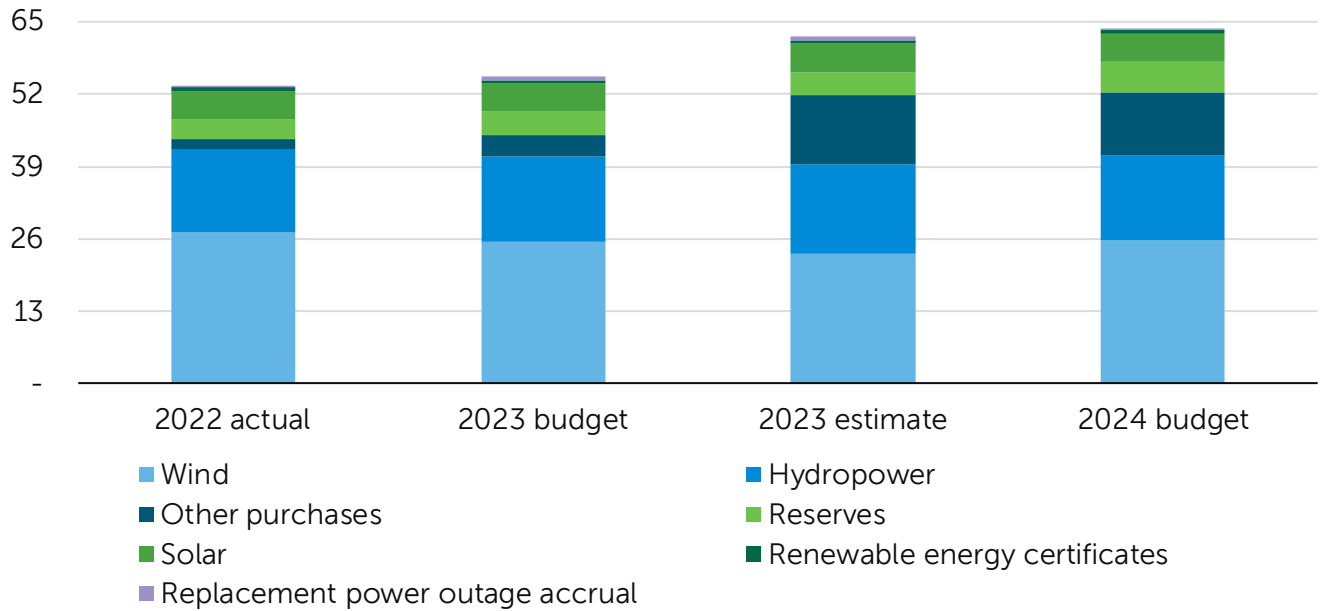
(1) Effective June 2020, Spring Canyon II and III energy and renewable attributes have been sold to a third party.

(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.

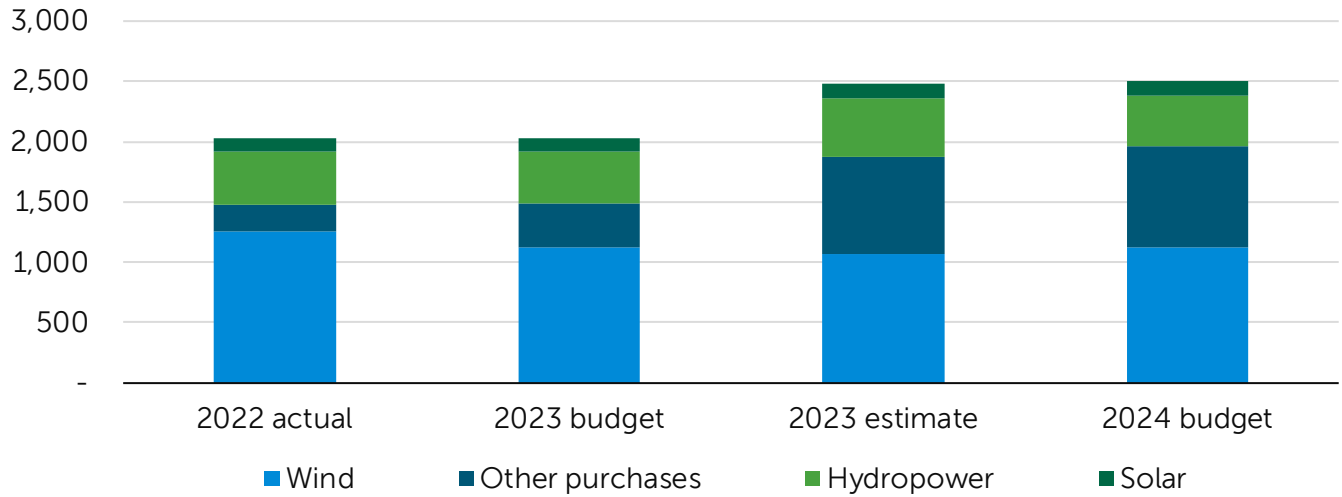
Purchased power

\$ millions



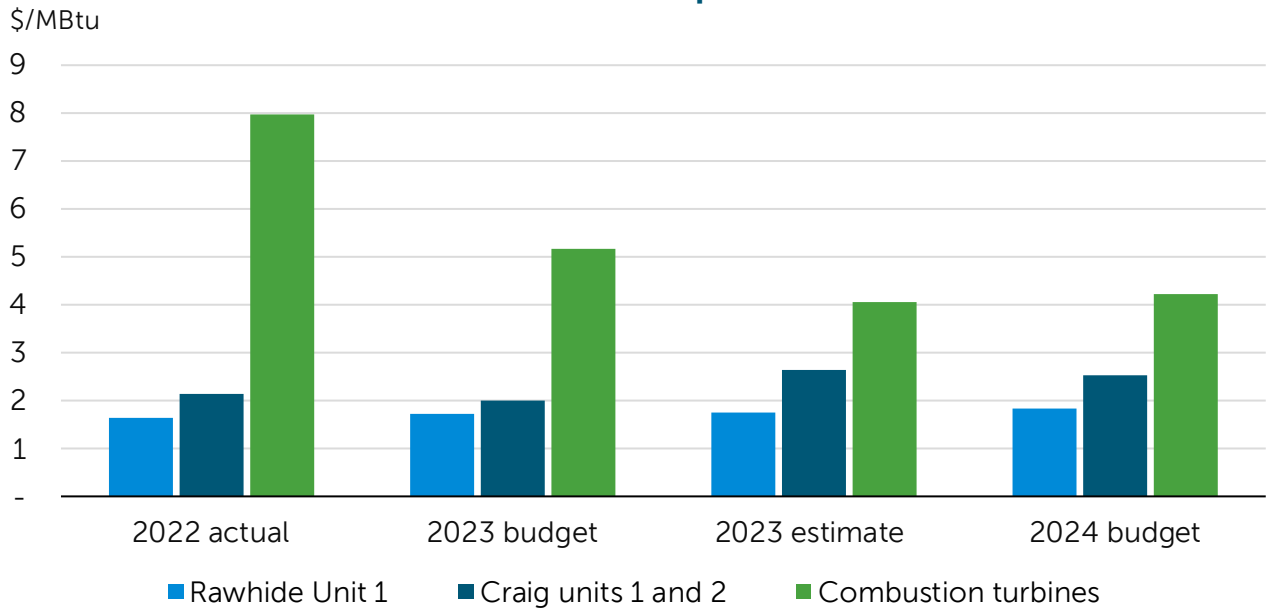
Energy purchased

GWh

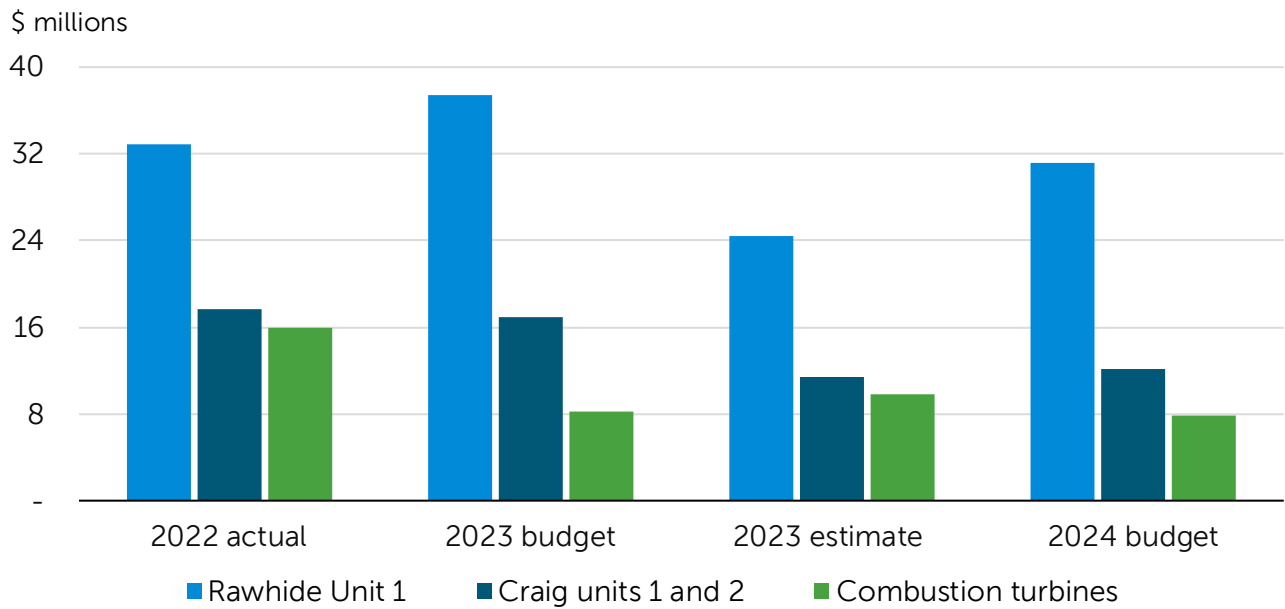


Fuel	2022 actual	2023 budget	2023 estimate	2024 budget
Rawhide Unit 1				
Coal burned (MBtu)	19,872,467	21,776,624	13,787,141	16,930,242
\$/MBtu	\$ 1.62	\$ 1.69	\$ 1.73	\$ 1.80
Coal expense	\$ 32,099,233	\$ 36,702,106	\$ 23,837,575	\$ 30,552,730
Car lease and other	5,189	19,700	18,451	17,000
Oil	271,884	50,000	281,882	20,000
Fuel ash disposal	(95,478)	(75,000)	(167,688)	(90,000)
Fuel handling	557,094	725,514	435,744	608,801
Testing and analysis	44,820	43,500	37,636	47,000
Total Rawhide Unit 1	\$ 32,882,742	\$ 37,465,820	\$ 24,443,600	\$ 31,155,531
Craig units 1 and 2				
Coal burned (MBtu)	8,227,537	8,483,030	4,332,764	4,763,000
\$/MBtu	\$ 2.11	\$ 1.95	\$ 2.54	\$ 2.46
Coal expense	\$ 17,353,692	\$ 16,534,601	\$ 11,001,399	\$ 11,724,307
Oil	(18,134)	10,000	51,878	25,000
Natural gas	196,817	100,000	166,849	175,000
Fuel handling	114,432	304,868	187,835	186,688
Total Craig units 1 and 2	\$ 17,646,807	\$ 16,949,469	\$ 11,407,961	\$ 12,110,995
Rawhide units A, B, C, D and F (combustion turbines)				
Natural gas burned (MBtu)	1,996,643	1,597,729	2,425,353	1,857,373
\$/MBtu	\$ 7.94	\$ 5.11	\$ 3.96	\$ 4.17
Natural gas expense	\$ 15,851,291	\$ 8,161,211	\$ 9,601,808	\$ 7,752,202
Other gas expense	74,392	100,000	260,448	100,000
Total natural gas	\$ 15,925,683	\$ 8,261,211	\$ 9,862,256	\$ 7,852,202
Total fuel	\$ 66,455,232	\$ 62,676,500	\$ 45,713,817	\$ 51,118,728

Fuel unit cost per MBtu



Fuel

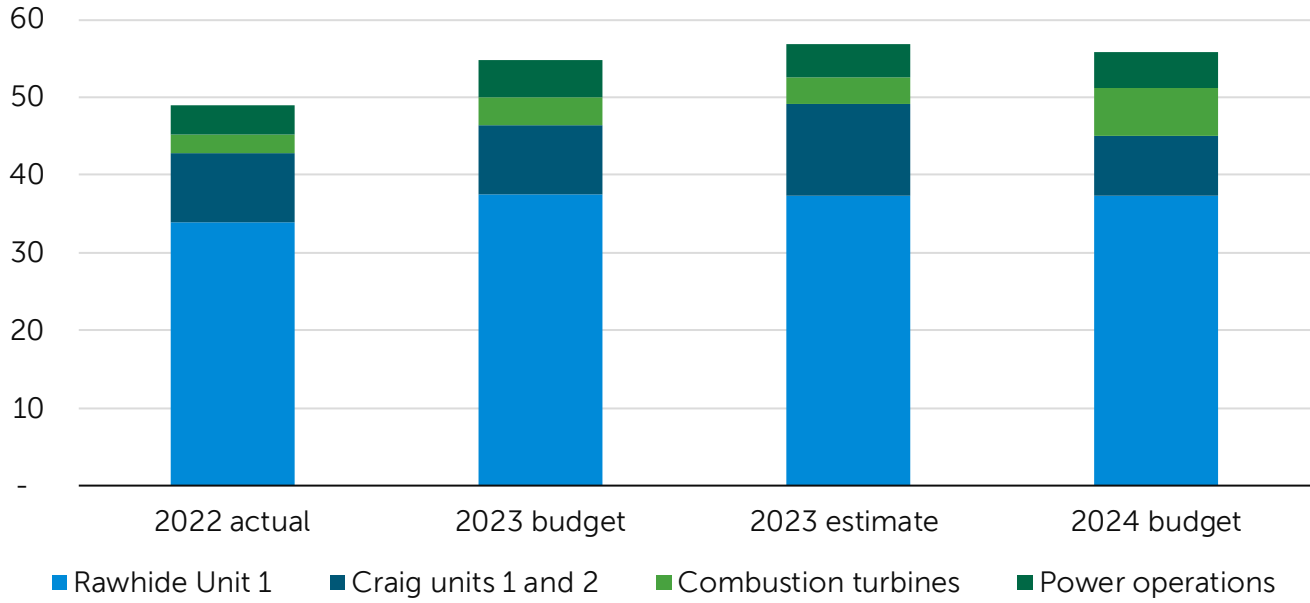


	2022 actual	2023 budget	2023 estimate	2024 budget
Production				
Rawhide Unit 1				
Personnel expenses				
Regular wages	\$ 9,901,196	\$ 10,637,071	\$ 10,344,902	\$ 10,771,560
Overtime wages	1,237,458	1,246,805	1,620,062	1,115,713
Benefits allocation	4,777,663	4,693,725	4,953,397	5,202,324
Total personnel expenses	15,916,317	16,577,601	16,918,361	17,089,597
Operations and maintenance				
Office expenses	14,626	17,400	13,863	15,900
Safety expenses	60,270	100,640	42,930	102,350
Furniture and equipment	21,966	10,400	8,277	20,200
Local business expense	16,495	24,500	51,219	28,800
Postage and deliveries	9,706	11,000	7,153	11,000
O&M materials and supplies	4,580,245	4,414,441	4,132,540	4,044,781
Gasoline and diesel	134,863	86,660	116,316	120,240
Tools and shop equipment	41,513	71,800	70,509	83,300
Total operations and maintenance	4,879,684	4,736,841	4,442,807	4,426,571
Contractual services				
Contracted services	4,617,656	7,667,070	7,503,364	6,512,845
Insurance	1,043,885	1,193,300	1,184,036	1,173,552
Travel and training expenses	167,827	252,200	339,915	326,754
Telephone services	45,417	55,753	46,189	71,650
Utilities	553,666	454,984	449,695	474,900
Dues, memberships and fees	54,576	51,805	54,851	59,375
Outage accrual	3,295,962	2,899,142	2,899,142	3,891,985
Total contractual services	9,778,989	12,574,254	12,477,192	12,511,061
Windy Gap				
Water O&M expenses	407,150	661,856	621,499	491,560
Pooled financing expenses	2,888,007	2,888,007	2,888,007	2,888,007
Total Windy Gap	3,295,157	3,549,863	3,509,506	3,379,567
Total Rawhide Unit 1 production	33,870,147	37,438,559	37,347,866	37,406,796
Craig units 1 and 2				
Operating expenses	8,857,922	8,974,398	11,761,009	7,590,738
Fiscal impact payment	36,217	36,217	36,217	36,217
Total Craig units 1 and 2 production	8,894,139	9,010,615	11,797,226	7,626,955
Total thermal production	42,764,286	46,449,174	49,145,092	45,033,751
Rawhide units A, B, C, D and F (combustion turbines)				
Regular wages	505,255	606,123	580,305	992,870
Overtime wages	129,309	88,001	131,116	105,389

	2022 actual	2023 budget	2023 estimate	2024 budget
Production (continued)				
Rawhide units A, B, C, D and F (combustion turbines) (continued)				
Benefits allocation	\$ 273,900	\$ 275,083	\$ 289,034	\$ 482,571
O&M materials and supplies	463,398	817,060	998,809	1,683,703
Contracted services	693,181	1,180,475	896,693	2,285,859
Insurance	421,151	463,800	476,777	587,028
Travel and training expenses	5,798	36,000	8,210	43,500
Telephone services	537	600	596	600
Utilities	1,504	2,400	2,022	2,400
Dues, memberships and fees	7,222	7,500	7,466	7,500
Total Rawhide units A, B, C, D and F (combustion turbines)	2,501,255	3,477,042	3,391,028	6,191,420
Power operations				
Regular wages	1,758,517	2,297,785	2,108,629	2,214,981
Overtime wages	65,500	73,946	72,710	73,296
Benefits allocation	785,105	922,648	901,165	992,479
Local business expense	3,724	3,600	4,869	3,200
Craig units 1 and 2 operating expenses	28,189	26,784	30,861	29,009
Contracted services	918,992	1,329,668	1,107,196	1,202,008
Travel and training expenses	21,460	110,110	24,932	69,500
Telephone expenses	11,143	12,695	14,534	14,226
Dues, memberships and fees	57,940	66,188	30,712	17,800
Total power operations	3,650,570	4,843,424	4,295,608	4,616,499
Total production	\$ 48,916,111	\$ 54,769,640	\$ 56,831,728	\$ 55,841,670

Production

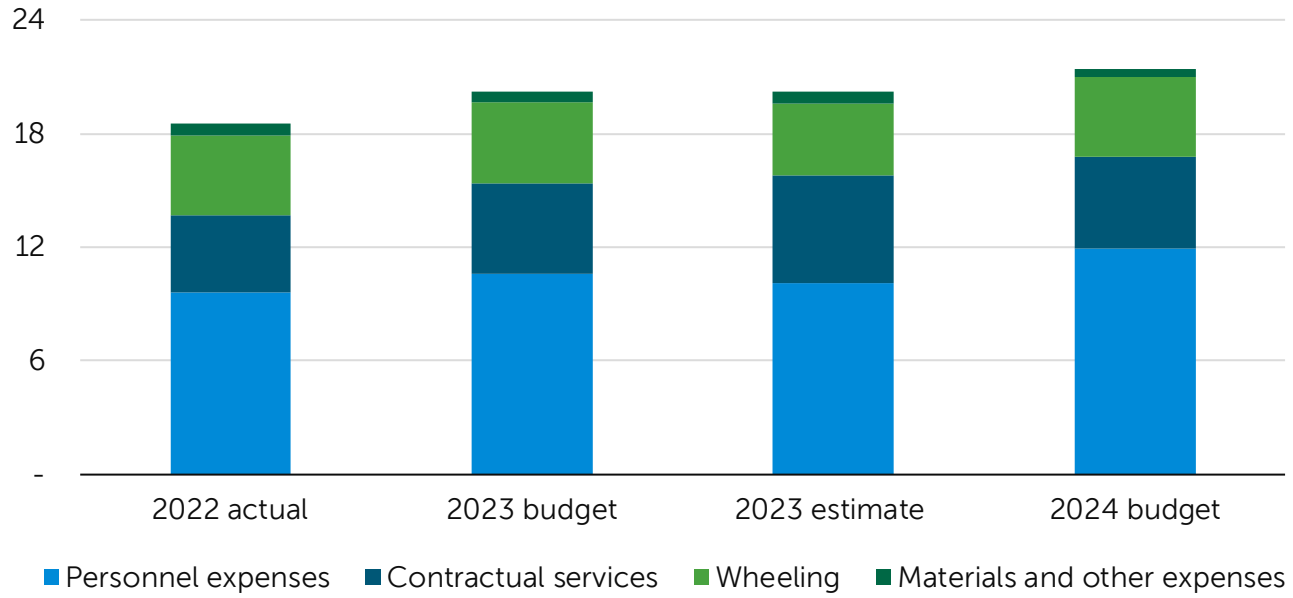
\$ millions



Transmission	2022 actual	2023 budget	2023 estimate	2024 budget
Personnel expenses				
Regular wages	\$ 6,265,104	\$ 7,217,599	\$ 6,646,941	\$ 7,862,639
Overtime wages	442,510	402,782	478,675	453,760
Benefits allocation	2,880,326	3,000,090	2,944,025	3,613,429
Total personnel expenses	9,587,940	10,620,471	10,069,641	11,929,828
Materials and other expenses				
Office supplies	89	5,000	-	-
Safety expenses	13,334	14,310	9,974	12,600
Local business expense	6,247	11,558	10,481	8,504
Postage and deliveries	-	5,508	918	3,000
O&M materials and supplies	497,800	447,800	492,964	323,275
Gasoline and diesel	35,809	38,616	33,221	36,950
Tools and shop equipment	22,979	26,008	9,420	22,004
Computer equipment	35,409	72,000	44,138	18,000
Total materials and other expenses	611,667	620,800	601,116	424,333
Contractual services				
Contracted services	3,352,476	3,796,745	4,887,896	3,950,150
Travel and training expenses	139,863	149,029	94,627	178,954
Telephone services	37,939	70,534	55,777	58,325
Utilities	4,477	21,080	6,804	6,600
Dues, memberships and fees	397,352	436,550	372,881	439,062
Leases and rents	116,212	131,540	105,893	107,902
Craig units 1 and 2 transmission expenses	65,954	156,342	200,121	91,532
Total contractual services	4,114,273	4,761,820	5,723,999	4,832,525
Total operations and maintenance	14,313,880	16,003,091	16,394,756	17,186,686
Transmission by others				
Wheeling expense				
Load	1,091,046	1,315,155	998,287	1,405,925
Spring Canyon Wind Energy Center	3,052,432	2,843,838	2,765,920	2,782,059
Medicine Bow Wind Project	78,901	91,476	52,694	37,456
Total wheeling expense	4,222,379	4,250,469	3,816,901	4,225,440
Total transmission	\$ 18,536,259	\$ 20,253,560	\$ 20,211,657	\$ 21,412,126

Transmission

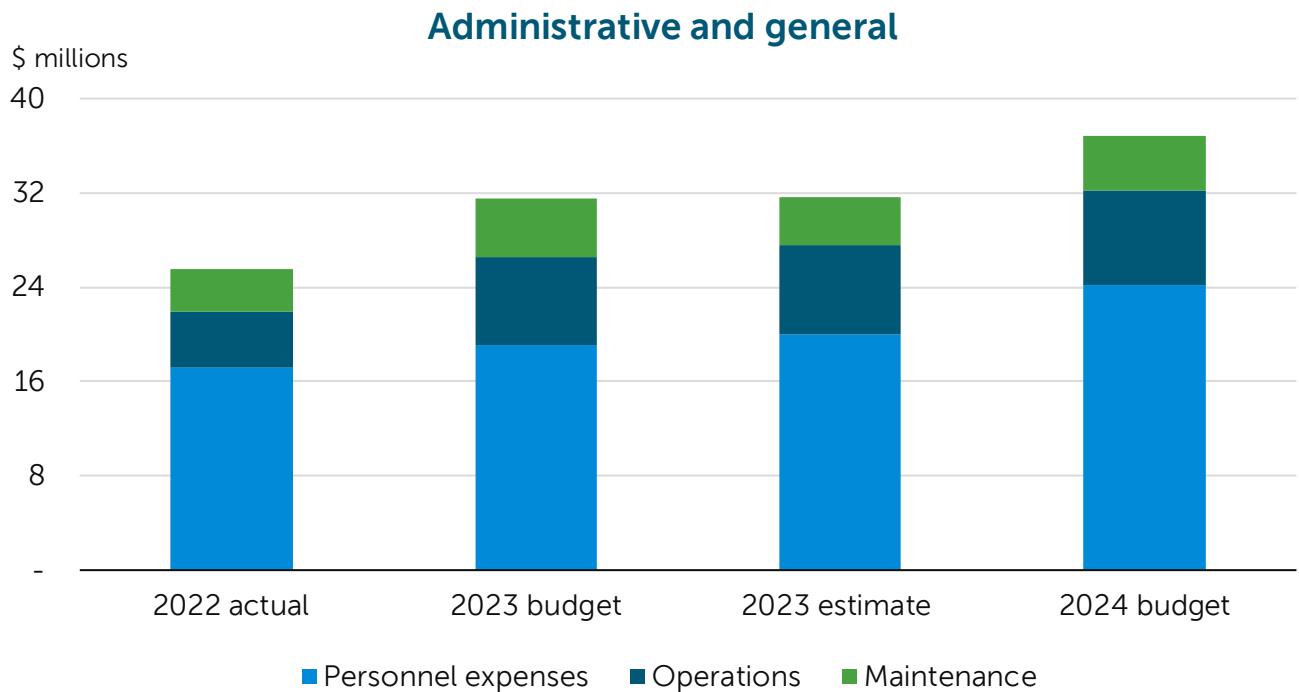
\$ millions



Administrative and general	2022 actual	2023 budget	2023 estimate	2024 budget
Operations				
Personnel expenses				
Regular wages	\$ 11,881,497	\$ 13,760,693	\$ 14,087,755	\$ 16,837,282
Overtime wages	192,088	42,800	110,531	52,300
Benefits allocation	5,143,982	5,340,077	5,773,538	7,270,647
Total personnel expenses	17,217,567	19,143,570	19,971,824	24,160,229
Office operations and other expenses				
Office expenses	10,547	4,375	8,735	2,625
Furniture and equipment	32,144	7,500	16,111	13,680
Local business expense	186,186	326,290	233,187	306,462
Postage and deliveries	8,306	19,350	9,869	19,550
Gasoline and diesel	19,410	31,200	29,820	17,100
Computer equipment	756,232	977,182	688,414	747,246
Total office operations and other expenses	1,012,825	1,365,897	986,136	1,106,663
Safety and training expenses				
Safety expenses	39,015	6,980	4,262	9,265
Local business expense	985	3,000	1,568	3,000
Contracted services	18,460	40,625	38,583	31,625
Travel and training expenses	327,177	544,769	480,944	638,396
Dues, memberships and fees	580	705	625	700
Wellness and incentive program	153,379	156,900	141,744	169,400
Total safety and training expenses	539,596	752,979	667,726	852,386
Contractual services				
Contracted services	504,168	938,655	746,068	808,012
Travel and training expenses	58,046	128,288	113,483	159,170
Telephone services	44,181	48,048	44,208	48,350
Utilities	245,225	230,700	230,646	236,700
Dues, memberships and fees	128,290	174,590	205,870	177,285
Other financing expenses	37,532	58,700	36,976	56,900
Total contractual services	1,017,442	1,578,981	1,377,251	1,486,417
Insurance	1,119,818	1,423,100	1,356,401	1,259,760
Board and enterprise expenses				
Local business expense	11,341	11,000	9,752	12,000
Contracted services	-	20,000	20,000	-
Travel and training expenses	23,530	15,000	30,033	28,500
Dues, memberships and fees	118,344	128,250	124,891	146,550

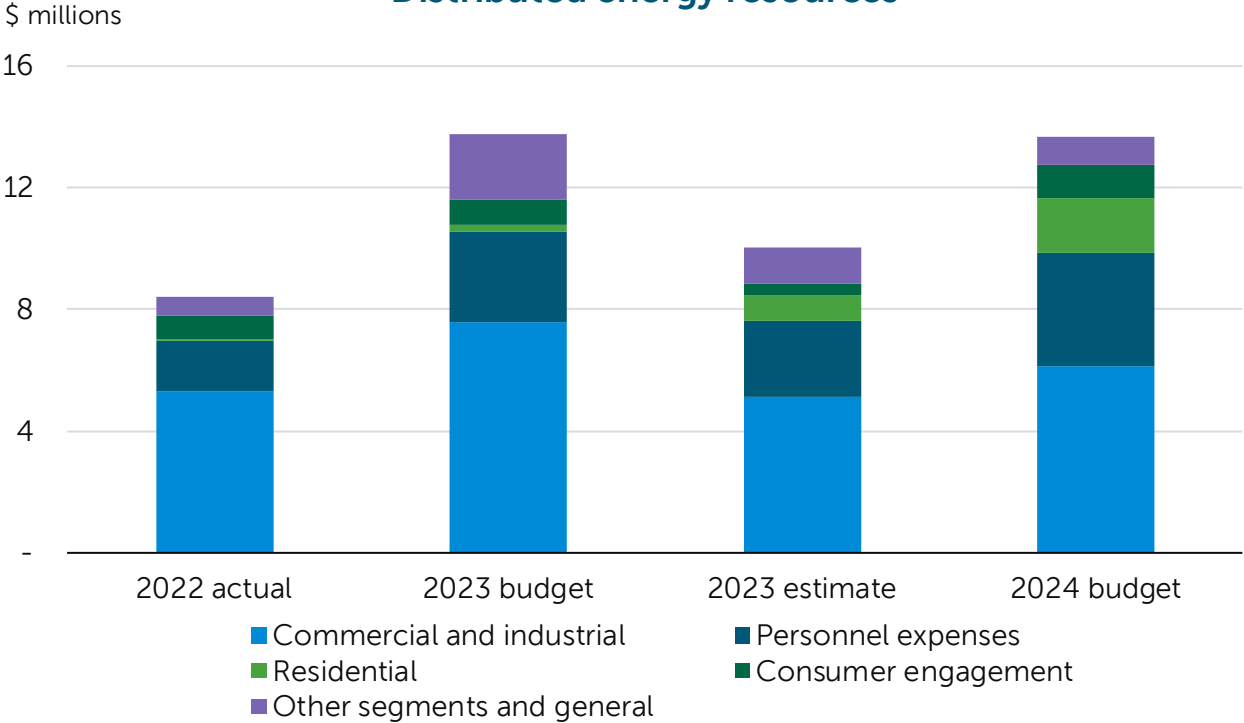
Administrative and general (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Operations (continued)				
Board and enterprise expenses (continued)				
Trustees fees	\$ 18,000	\$ 12,000	\$ 12,000	\$ 12,000
Owner community economic development	100,000	100,000	100,000	120,000
Total board and enterprise expenses	271,215	286,250	296,676	319,050
Reporting and promotional expenses				
Local business expenses	70,176	49,100	142,352	141,500
Contracted services	176,678	939,900	768,822	1,108,900
Total reporting and promotional expenses	246,854	989,000	911,174	1,250,400
Community engagement expenses				
Local business expenses	75,467	149,895	108,343	265,500
Dues, memberships and fees	15,850	20,300	18,957	20,300
Total community engagement expenses	91,317	170,195	127,300	285,800
Planning and customer service expenses				
Contracted services	362,792	789,500	1,687,046	1,058,500
Dues, memberships and fees	7,500	13,000	123,836	197,000
Total planning and customer service expenses	370,292	802,500	1,810,882	1,255,500
Compliance expenses				
Local business expenses	500	7,400	7,933	1,250
Contracted services	6,172	25,000	12,575	154,900
Travel and training expenses	26,680	30,650	17,886	34,250
Dues, memberships and fees	-	325	-	-
Total compliance expenses	33,352	63,375	38,394	190,400
Total administrative and general operations	21,920,278	26,575,847	27,543,764	32,166,605
Maintenance				
Building and grounds maintenance				
Materials and supplies	114,442	93,812	97,794	157,331
Tools and shop equipment	4,193	10,000	(1,030)	5,500
Contracted services	587,688	432,716	478,693	533,760
Total building and grounds maintenance	706,323	536,528	575,457	696,591
Computer maintenance				
Contracted services	2,487,935	3,844,418	3,002,648	3,369,147
Total computer maintenance	2,487,935	3,844,418	3,002,648	3,369,147

Administrative and general (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Maintenance (continued)				
Office equipment maintenance				
Postage and deliveries	\$ -	\$ 3,300	\$ 135	\$ 3,300
Telephone services	15,854	14,499	16,316	26,764
Total office equipment maintenance	15,854	17,799	16,451	30,064
Vehicle maintenance				
Materials and supplies	4,148	20,255	31,416	34,615
Tools and shop equipment	3,658	8,500	6,908	16,150
Contracted services	10,117	6,000	13,856	42,000
Total vehicle maintenance	17,923	34,755	52,180	92,765
Security maintenance				
Materials and supplies	33,759	59,541	47,364	53,127
Tools and shop equipment	5,580	3,600	2,840	3,800
Contracted services	374,261	435,332	419,802	451,172
Total security maintenance	413,600	498,473	470,006	508,099
Total administrative and general maintenance	3,641,635	4,931,973	4,116,742	4,696,666
Total administrative and general	\$ 25,561,913	\$ 31,507,820	\$ 31,660,506	\$ 36,863,271



Distributed energy resources	2022 actual	2023 budget	2023 estimate	2024 budget
Personnel expenses				
Regular wages	\$ 1,182,864	\$ 2,145,383	\$ 1,768,058	\$ 2,611,120
Overtime wages	947	-	159	-
Benefits allocation	498,214	838,992	733,534	1,138,907
Total personnel expenses	1,682,025	2,984,375	2,501,751	3,750,027
Commercial and industrial				
Contracted services	568,778	612,000	715,324	1,125,000
Rebates/incentives for retail customers	4,009,130	6,160,000	3,077,823	3,892,000
Audits/assessments for retail customers	715,699	805,000	1,317,921	1,110,000
Total commercial and industrial	5,293,607	7,577,000	5,111,068	6,127,000
Residential				
Contracted services	14,933	150,000	158,098	435,864
Rebates/incentives for retail customers	13,108	85,000	535,543	977,101
Audits/assessments for retail customers	-	-	172,622	352,260
Total residential	28,041	235,000	866,263	1,765,225
Consumer engagement				
Contracted services	456,124	387,600	184,635	771,900
Rebates/incentives for retail customers	321,308	436,000	194,210	352,470
Total consumer engagement	777,432	823,600	378,845	1,124,370
Other segments and general				
Contracted services	429,547	1,968,825	1,084,936	744,000
Travel and training expenses	57,500	2,000	684	2,000
Telephone services	1,882	3,432	2,002	3,432
Dues, memberships and fees	43,020	40,460	44,491	43,750
Rebates/incentives to owner communities	99,835	154,870	29,867	104,828
Total other segments and general	631,784	2,169,587	1,161,980	898,010
Total distributed energy resources	\$ 8,412,889	\$ 13,789,562	\$ 10,019,907	\$ 13,664,632

Distributed energy resources



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 new aeroderivative combustion turbines, 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 the new aeroderivative combustion turbines. Transmission projects focus on new substations for new noncarbon resources, substation expansion for the new aeroderivative combustion turbines, 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.

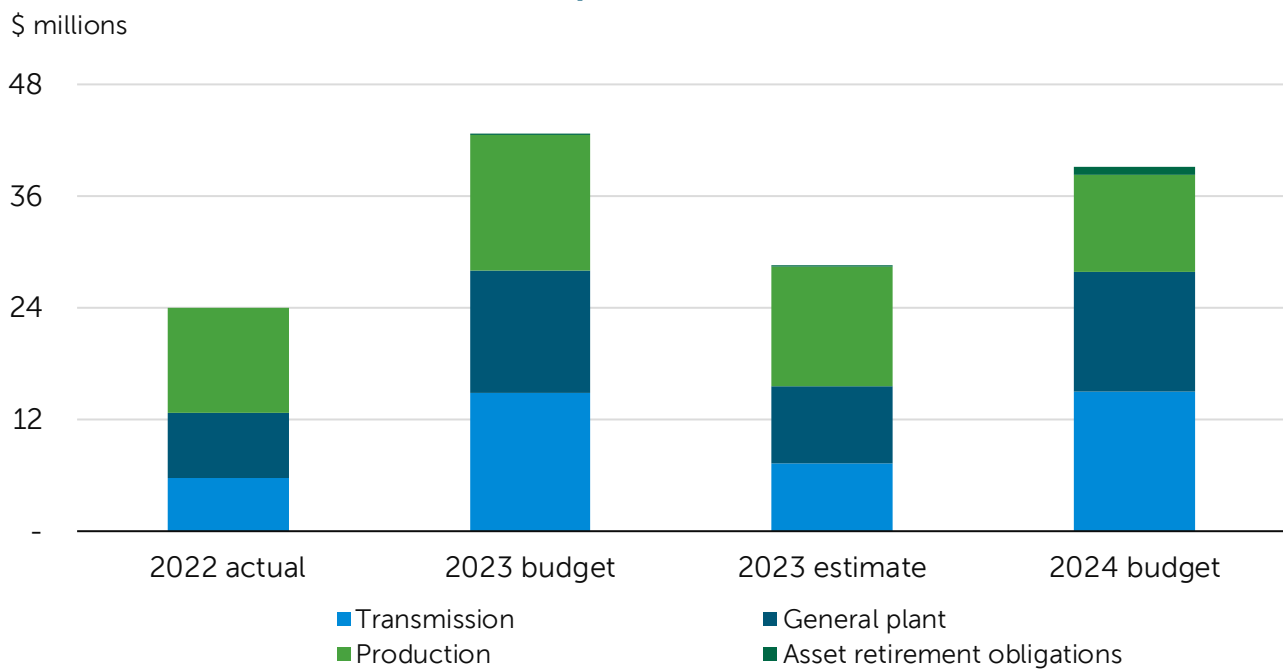
Project management continues to be a focus. In the past several years, Platte River has emphasized resource availability and improving project planning and execution. This process will continue to evolve, striving toward operational excellence. Projects typically experience schedule changes for various 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.

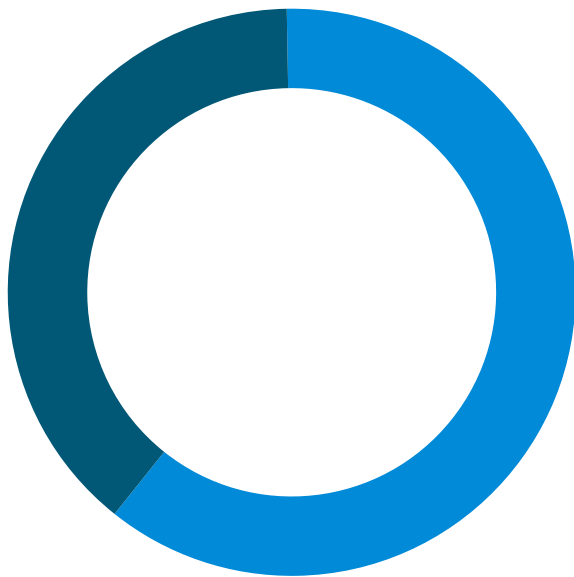
The next pages include project descriptions as well as estimated project cost and carryover amounts, noting which projects support strategic initiatives.

Capital additions (\$000)	2022 actual	2023 budget	2023 estimate	2024 budget
Production	\$ 11,290	\$ 14,668	\$ 12,855	\$ 10,442
Transmission	5,708	14,953	7,286	15,075
General plant	7,104	13,048	8,337	12,793
Asset retirement obligations	-	52	52	933
Total capital additions	\$ 24,102	\$ 42,721	\$ 28,530	\$ 39,243

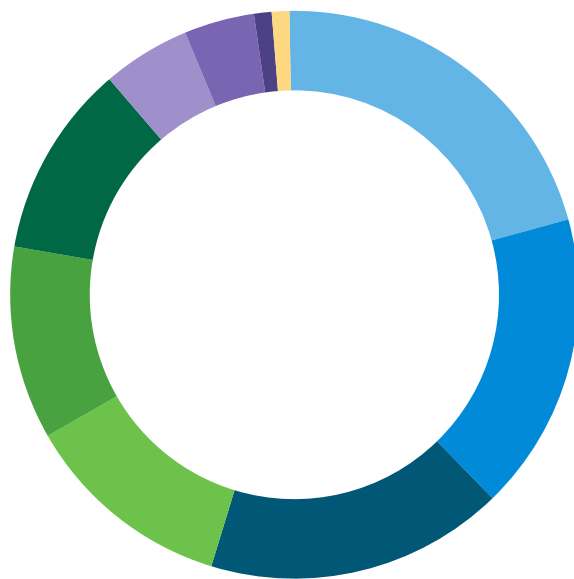
Capital additions



2024 capital additions: \$39.2 million



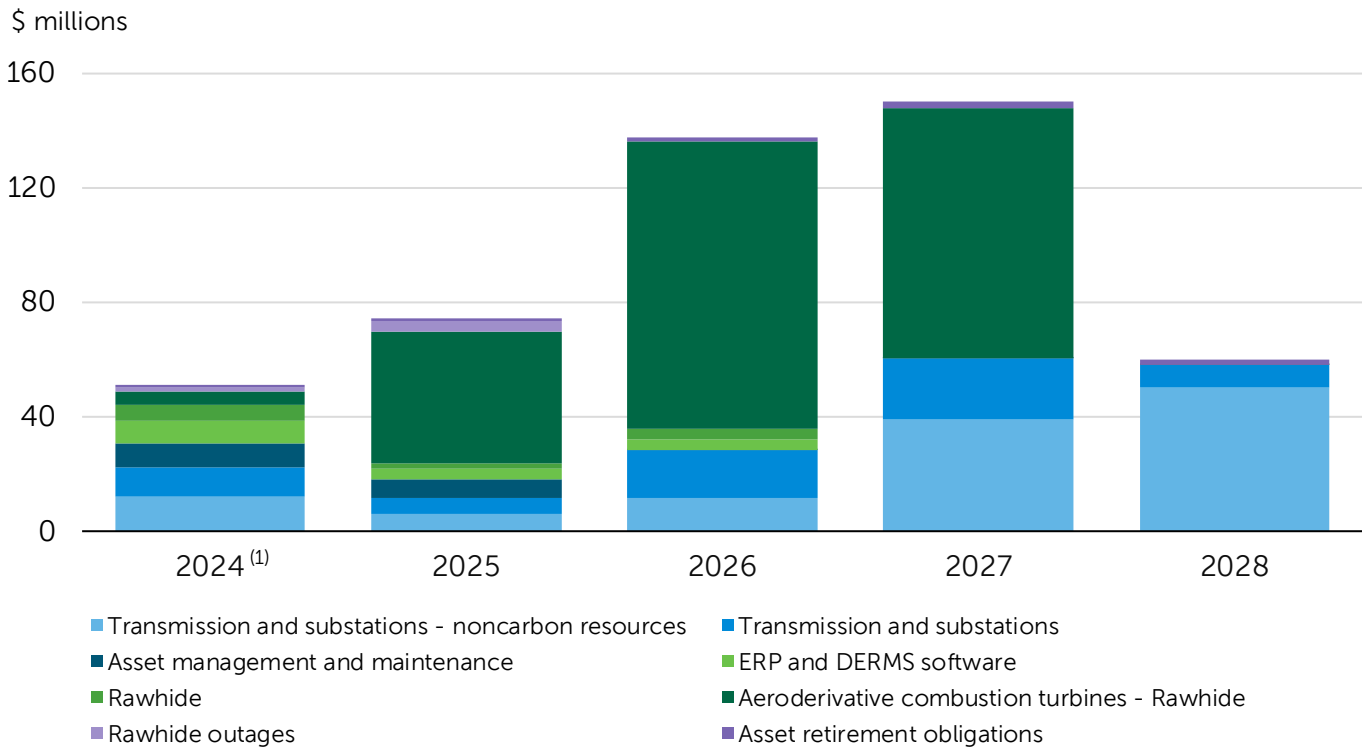
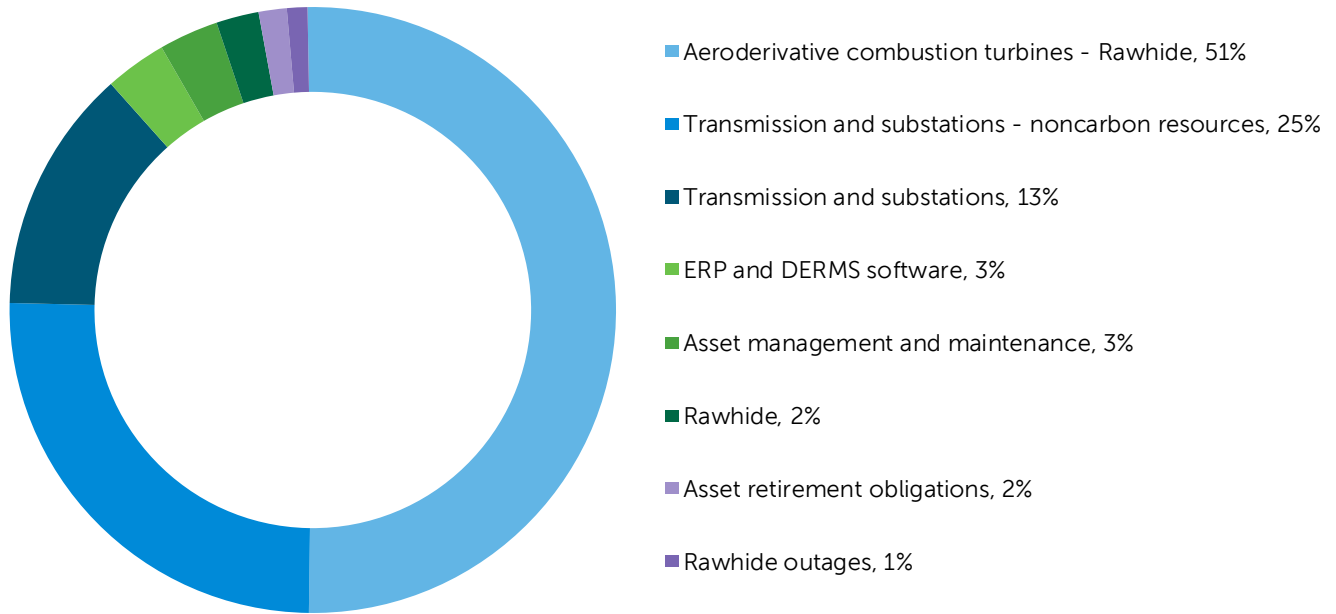
- Strategic initiatives, 61%
- Core operations, 39%



- ERP and DERMS software*, 21%
- Transmission and substation equipment, 17%
- Solar substation 230 kV - Severance Substation*, 17%
- Aeroderivative combustion turbines - Rawhide*, 12%
- Other strategic projects*, 11%
- Rawhide, 11%
- Fiber optics, 5%
- Asset management and maintenance, 4%
- Asset retirement obligations, 1%
- Craig units 1 and 2, 1%

* Strategic projects

Capital five-year forecast 2024-2028 \$473.5 million



(1) Includes \$11.9 million in estimated carryover funds from 2023 budget to 2024 budget.

Production capital additions	2024 budget	Total cost estimate⁽¹⁾
Rawhide projects		
• Aeroderivative combustion turbines - Rawhide	\$ 4,606,284	\$ 239,041,000
Compressor blade upgrade - combustion turbine Unit F	1,861,451	
• Evaporative cooling and wet compression - combustion turbine Unit F	1,546,510	
Evergreen controls hardware upgrade - Rawhide Unit 1	1,111,332	1,941,000
Gas control valve replacement - combustion turbine Unit C	451,889	
Bently system upgrade - Rawhide	345,839	429,000
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	10,256,875	
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	\$ 10,442,245	

Transmission capital additions	2024 budget	Total cost estimate⁽¹⁾
Transmission projects		
• Solar substation 230 kV - Severance Substation ⁽²⁾	\$ 6,568,805	\$ 13,074,000
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
• Bay connection and transmission line to Severance Substation - noncarbon resources	1,529,155	4,302,000
Circuit breaker replacement 592, 596 - Ault Substation WAPA	878,000	
Circuit breaker replacement 492, 1092, 3124, 3224 - Ault Substation WAPA	751,800	
Transmission line vault upgrades - Rogers Road Substation ⁽²⁾	368,368	773,000
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
• Distribution battery storage interconnection - Town of Estes Park, City of Fort Collins, City of Longmont and City of Loveland	36,360	3,836,000

Transmission capital additions (continued)	2024 budget	Total cost estimate⁽¹⁾
• 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	<u>\$ 15,074,991</u>	

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
Mechanical system redundancy - headquarters ⁽²⁾	487,628	768,000
• 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	12,786,795	
General plant purchases		
Copier replacement - Rawhide	5,900	
Total general plant capital additions	<u>\$ 12,792,695</u>	

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	<u>\$ 39,243,003</u>	

- 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

• Aeroderivative combustion turbines - Rawhide	\$ 4,606,284
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Project time frame: 2024-2027
 Total cost estimate: \$239,041,000⁽¹⁾

Construct flexible, high-efficiency, low-carbon aeroderivative combustion turbines 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 long-duration storage or green hydrogen develop and reach maturity. Funds budgeted in 2024 will be used for detail design, including capacity and technical specifications.

(1) - Total cost estimate is based on 160 MW of capacity. In 2024, capacity of the project and cost estimates will be updated as part of the 2024 Integrated Resource Plan.

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 and wet compression - combustion turbine Unit F	1,546,510
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Add an evaporative cooling technology known as fogging and wet compression to combustion turbine Unit F to increase energy output during summer months. The project includes two high pressure pump skids, stainless steel high pressure feed lines, two fog nozzle arrays 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 and wet compression have the potential to reduce heat rate, fuel costs and nitrogen oxide emissions due to the increased water vapor content of inlet air.

Evergreen controls hardware upgrade - Rawhide Unit 1	1,111,332
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Project time frame: 2024-2025
 Total cost estimate: \$1,941,000

Upgrade the hardware for the evergreen controls to the latest Ovation revision and replace hardware and network switches with security enhancements. The hardware is at the end of its useful life and part failures may cause downtime for the operator console which can diminish monitoring capabilities.

Gas control valve replacement - combustion turbine Unit C **\$ 451,889**

Replace all existing electro-hydraulic stop-speed ratio valves and gas control valves with electric-actuated valves on combustion turbine Unit C. 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.

Bently system upgrade - Rawhide **345,839**

Project time frame: 2023-2024

Total cost estimate: \$429,000

Upgrade the Bently system which performs vibration monitoring on rotating equipment. The system is at the end of its useful life and will be upgraded to the latest software. Additional monitoring probes will be installed on equipment such as induced draft fans and atomizers allowing troubleshooting capabilities prior to equipment failure.

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

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

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 \$ 10,256,875

Rawhide purchases

Floor machine replacement - Rawhide \$ 46,640

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

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

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

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	\$	10,442,245
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Transmission capital additions

Transmission projects

● **Solar substation 230 kV - Severance Substation** \$ 6,568,805

Project time frame: 2021-2024

Total cost estimate: \$13,074,000

Carryover estimate: \$4,058,000

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: \$487,000

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.

● **Bay connection and transmission line to Severance Substation - noncarbon resources** **1,529,155**

Project time frame: 2024-2025
Total cost estimate: \$4,302,000

Install two 230 kV breakers, conduit systems, disconnection switches, substation support structures, foundations, grounding systems, high voltage bus jumpers, control wiring and alternating current and direct current power circuits. This project is required to prepare a bay at the substation and build a one-mile transmission line to interconnect a new 230 kV solar generation resource to the existing transmission network. Total cost estimate provided represents Platte River's portion of the project cost as the project is partially reimbursable by the interconnecting customer.

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.

Transmission line vault upgrades - Rogers Road Substation \$ 368,368

Project time frame: 2017-2024
Total cost estimate: \$773,000
Carryover estimate: \$166,000

Upgrade two vaults to separate the existing 115 kV underground transmission line circuits. Currently, two 115 kV circuits reside in single chamber common vaults which require both circuits to be deenergized to perform any maintenance on the lines. Creating a dual chamber vault will provide each 115 kV circuit their own separate chamber. This configuration will require only a single-circuit outage to perform vault maintenance activities and a single transmission line can remain energized to serve the substation.

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

Project time frame: 2023-2027
Total cost estimate: \$7,965,000
Carryover estimate: \$215,000

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.

● Distribution battery storage interconnection	
Town of Estes Park	\$ 9,090
City of Fort Collins	9,090
City of Longmont	9,090
City of Loveland	9,090
	\$ 36,360

Project time frame: 2024-2026

Total cost estimate: \$3,836,000

Design, procure and construct the infrastructure to interconnect a battery storage system to the electric distribution network. The interconnection facilities include medium voltage cables, medium voltage relaying, medium voltage interrupters, conduit systems, control equipment, metering equipment and communication equipment.

● **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 \$ 15,074,991

General plant capital additions

General plant projects

● **Enterprise resource planning software** \$ 5,635,050

Project time frame: 2022-2024

Total cost estimate: \$10,620,000

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.

● **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.

Mechanical system redundancy - headquarters 487,628

Project time frame: 2023-2024
Total cost estimate: \$768,000
Carryover estimate: \$280,000

Install a closed-loop 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 heat exchangers are unavailable. There is a known design flaw within the pond heat exchangers being corrected under warranty. However, Platte River would like to have full redundancy for all critical systems.

● **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 \$ 12,786,795

General plant purchases

Copier replacement - Rawhide	\$	5,900
<p>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.</p>		
Total general plant capital additions	\$	12,792,695

Asset retirement obligations capital additions

Trapper Mine post-mining reclamation	\$ 933,072
Project time frame: 2023-2041	
Total cost estimate: \$11,650,000	
<p>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.</p>	
Total 2024 capital additions	\$ 39,243,003

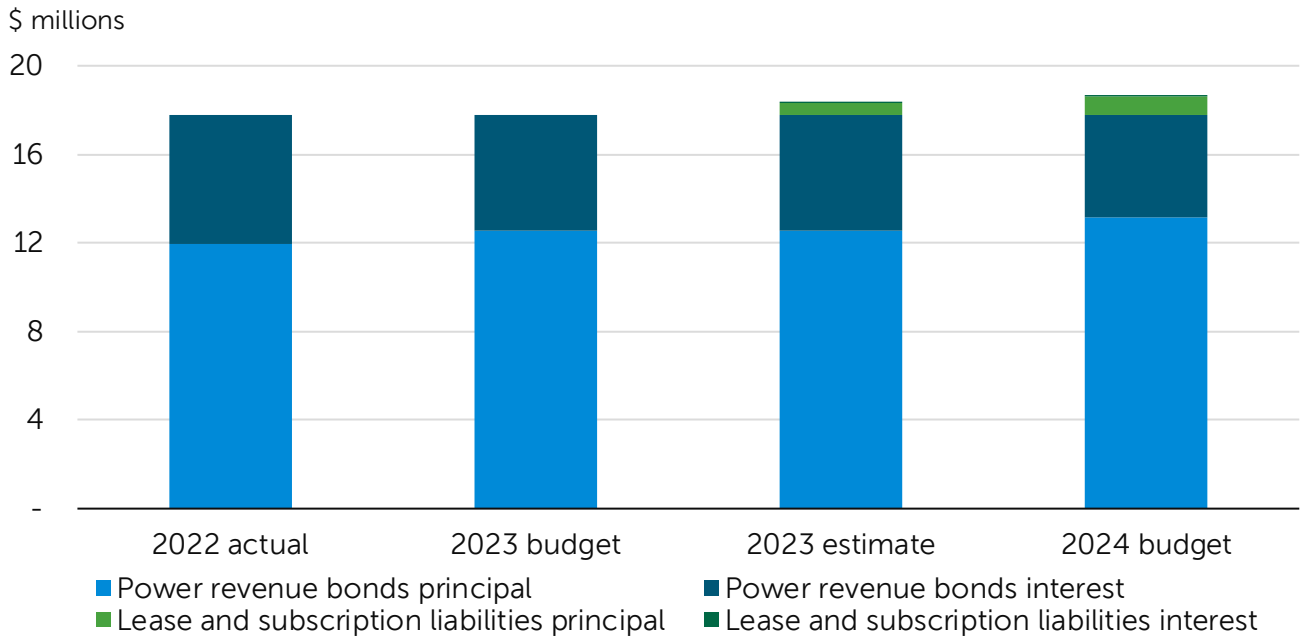
DEBT SERVICE EXPENDITURES AND OTHER LONG-TERM OBLIGATIONS

Long-term financial projections aligned with SFP metrics determine the need for and timing of debt financings. Platte River’s adjusted debt ratio in 2024 is expected to be 23%, meeting its SFP adjusted 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 1.89 times. This metric reclassifies debt-like obligations as fixed obligation charges. Debt-like obligations include demand or capacity payments on contracted assets and any debt service associated with off-balance sheet obligations . A minimum 1.50 times ratio provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio and partially fund future capital additions. 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	869
Total principal	<u>11,984</u>	<u>12,550</u>	<u>13,104</u>	<u>14,015</u>
Interest expense				
Power revenue bonds	5,803	5,233	5,233	4,642
Lease and subscription liabilities	-	-	10	25
Total interest expense	<u>5,803</u>	<u>5,233</u>	<u>5,243</u>	<u>4,667</u>
Total debt service expenditures	<u>\$ 17,787</u>	<u>\$ 17,783</u>	<u>\$ 18,347</u>	<u>\$ 18,682</u>

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	<u>138,085,000</u>	<u>125,870,000</u>	<u>125,870,000</u>	<u>113,080,000</u>
Unamortized bond premium	11,938,371	9,600,959	9,600,959	7,526,504
Total long-term debt	<u>\$ 150,023,371</u>	<u>\$ 135,470,959</u>	<u>\$ 135,470,959</u>	<u>\$ 120,606,504</u>

(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 adjusted 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	2,111,464
Total lease and subscription liabilities	\$ 120,191	\$ -	\$ 855,393	\$ 2,213,148

(1) Recognition of subscription liabilities depends on ongoing contract review as GASB Statement No. 96 is implemented during 2023. 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	\$ 869,049	\$ 25,200	\$ 894,249
2025	1,028,334	17,073	1,045,407
2026	661,834	8,701	670,535
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	\$ 3,082,197	\$ 65,241	\$ 3,147,438

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 Firming Project, which includes construction of the Chimney Hollow Reservoir. Due to alternate accounting treatment, the debt service payments under the pooled financing will be included in operations and maintenance and not accounted for as debt service. Instead, the liabilities are considered other long-term obligations. Payments are considered fixed obligation charges and the related pooled financing liabilities are included in the adjusted 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 Firming 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	<u>1,777,778</u>	<u>888,889</u>	<u>1,777,778</u>	<u>888,889</u>
Total other long-term obligations	<u>\$ 95,183,462</u>	<u>\$ 94,294,573</u>	<u>\$ 95,183,462</u>	<u>\$ 94,294,573</u>

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		<u>2,832,897</u>	<u>88,689</u>	<u>2,921,586</u>
Total estimated funding	<u>\$</u>	<u>88,559,314</u>	<u>\$ 49,140,644</u>	<u>\$ 137,699,958</u>

(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	\$ 271,793,295	\$ 298,720,084	\$ 258,704,604	\$ 287,088,199
Operating expenses, excluding depreciation, amortization and accretion	(221,815,901)	(238,111,997)	(227,822,207)	(242,915,075)
Net operating revenues	49,977,394	60,608,087	30,882,397	44,173,124
Plus interest and other income	3,326,107	6,279,280	8,043,856	11,851,141
Net revenues before rate stabilization	53,303,501	66,887,367	38,926,253	56,024,265
Rate stabilization				
Deposits	-	-	-	-
Withdrawals	-	-	-	-
Total net revenues	\$ 53,303,501	\$ 66,887,367	\$ 38,926,253	\$ 56,024,265
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	2.19x	3.15x
Fixed obligation charge coverage ⁽¹⁾				
Total net revenues, above	\$ 53,303,501	\$ 66,887,367	\$ 38,926,253	\$ 56,024,265
Fixed obligation charges included in operating expenses	17,028,002	16,630,919	22,811,838	23,245,445
Adjusted net revenues before fixed obligation charges	\$ 70,331,503	\$ 83,518,286	\$ 61,738,091	\$ 79,269,710
Fixed obligation charges				
Power revenue bonds, above	\$ 17,787,082	\$ 17,783,357	\$ 17,783,357	\$ 17,788,130
Fixed obligation charges ⁽²⁾	17,028,002	16,630,919	23,375,370	24,139,694
Total fixed obligation charges	\$ 34,815,084	\$ 34,414,276	\$ 41,158,727	\$ 41,927,824
Coverage				
Fixed obligation charge coverage ratio	2.02x	2.43x	1.50x	1.89x

(1) Fixed obligation charges are debt-like obligation payments as defined in the SFP.

(2) 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 expenditures 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, is 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. The following table summarizes the changes between the proposed budget and the adopted budget.

Summary of changes	2024 proposed budget	2024 adopted budget	Change from proposed budget
Revenues			
Sales to owner communities	\$ 236,071,508	\$ 235,736,438	\$ (335,070)
Sales for resale - long-term	11,494,336	20,086,326	8,591,990
Sales for resale - short-term	44,939,015	36,356,278	(8,582,737)
Wheeling	9,123,091	8,941,957	(181,134)
Interest income	11,201,986	11,569,149	367,163
Other income	424,589	281,992	(142,597)
Total revenues	<u>\$ 313,254,525</u>	<u>\$ 312,972,140</u>	<u>\$ (282,385)</u>
Operating expenses			
Purchased power	\$ 58,880,588	\$ 63,775,644	\$ 4,895,056
Fuel	52,831,043	51,118,728	(1,712,315)
Production	55,537,820	55,841,670	303,850
Transmission	21,098,511	21,412,126	313,615
Administrative and general	36,297,841	36,863,271	565,430
Distributed energy resources	13,806,914	13,664,632	(142,282)
Total operating expenses	<u>238,452,717</u>	<u>242,676,071</u>	<u>4,223,354</u>
Capital additions			
Production	8,721,615	10,442,245	1,720,630
Transmission	14,938,009	15,074,991	136,982
General	12,305,067	12,792,695	487,628
Asset retirement obligations	933,072	933,072	-
Total capital additions	<u>36,897,763</u>	<u>39,243,003</u>	<u>2,345,240</u>
Total operating expenses and capital additions	275,350,480	281,919,074	6,568,594
Debt service expenditures			
Principal	13,973,597	14,014,885	41,288
Interest expense	4,664,790	4,667,494	2,704
Total debt service expenditures	<u>18,638,387</u>	<u>18,682,379</u>	<u>43,992</u>
Total expenditures	293,988,867	300,601,453	6,612,586
Contingency appropriation	<u>55,000,000</u>	<u>56,000,000</u>	<u>1,000,000</u>
Total expenditures and contingency	<u>\$ 348,988,867</u>	<u>\$ 356,601,453</u>	<u>\$ 7,612,586</u>

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**

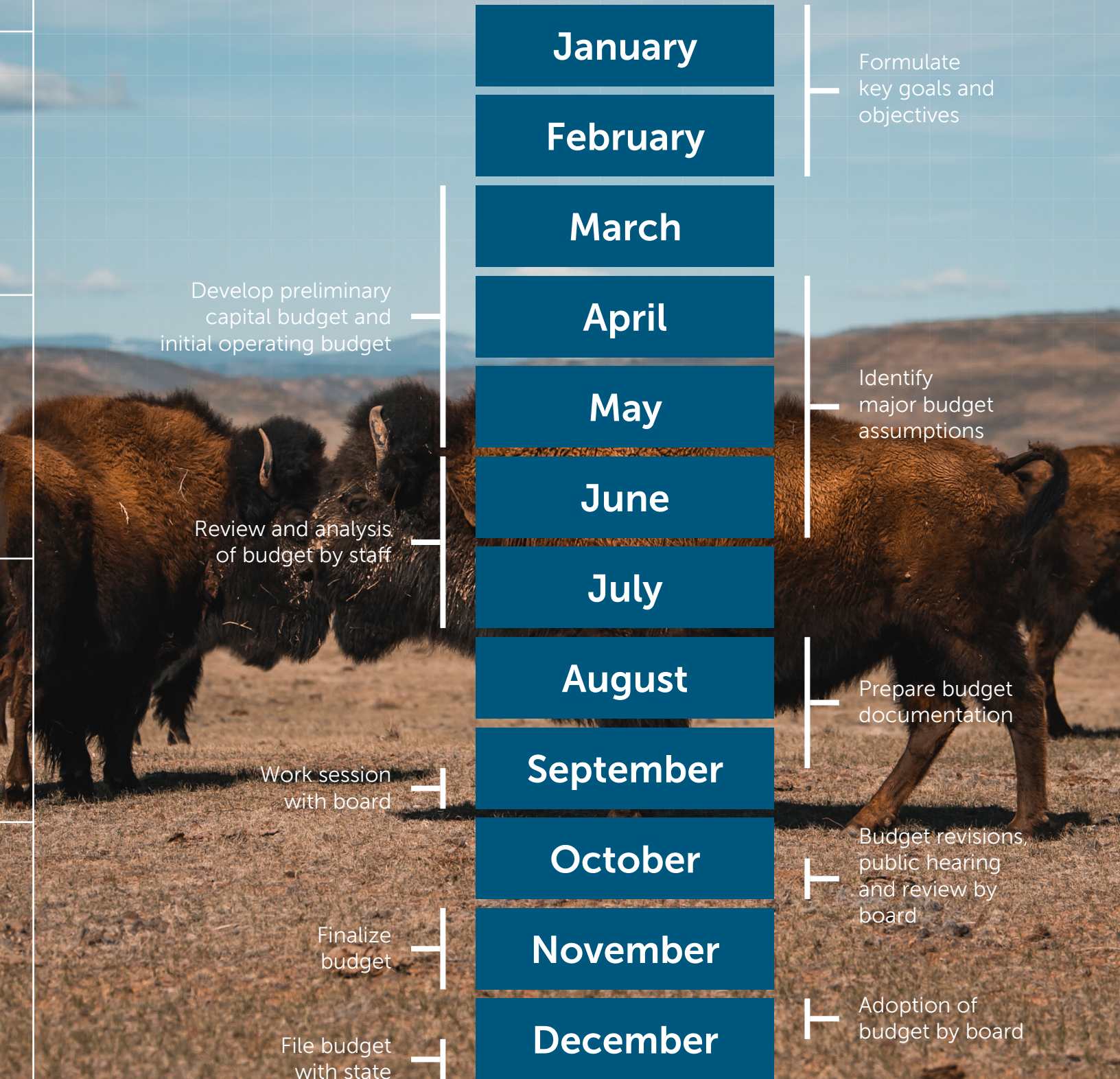
For the Fiscal Year Beginning

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

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 with the owner communities require the board to review rates at least once each calendar year. The Power Supply Agreements 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, Power Supply Agreements, 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

Included within the liquidity 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. Platte River has never withdrawn funds from the account to meet bond service coverage. The current rate stabilization 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.

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.

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.

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 bonds 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.

Enterprise 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 Firming Project
- Craig units 1 and 2 decommissioning accrual
- Deferred revenue and expense

Operating revenues and expenses

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

Capital

Capital additions include expenditures of \$5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years. Expenditures less than \$5,000 are reflected 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 October) and budget revenues and expenditures (November and December). Modifications were made to reflect more accurate projections.
Accretion	Gradual recognition of an expense related to a long-term liability.
Accrual	An expense is recognized when incurred, before cash is paid out.
Adjusted debt ratio	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.
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.
Change in net position	Revenues less operating costs, depreciation, amortization, accretion and interest expense.
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.
Days adjusted liquidity on hand	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.
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 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. 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 requirement and partially fund future capital additions.
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 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.



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