



**Platte River**  
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

# Platte River orientation

Feb. 5, 2024

# Agenda

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- Welcome and Platte River overview – **Jason Frisbie**
- Administrative information – **Angela Walsh**
- Legal, environmental and compliance – **Sarah Leonard**
- Operations – **Jason Frisbie**
- Clean energy transition and integration – **Jason Frisbie**
- Finance – **Jason Frisbie**

# Welcome and overview

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Jason Frisbie





# About Platte River Power Authority

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.

## At a glance



**Headquarters**  
Fort Collins, Colorado



**Peak demand**  
707 MW on July 28, 2021



**General manager/CEO**  
Jason Frisbie



**2024 projected deliveries of energy**  
4,773,982 MWh



**Began operations**  
1973



**2024 projected deliveries of energy to owner communities**  
3,314,141 MWh (~36% renewable)



**Employees**  
~300



**Transmission system**  
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.



# Platte River's Board of Directors



**Wendy Koenig**  
Mayor  
Town of Estes Park  
Board member since April 2020



**Reuben Bergsten**  
Board chair  
Director of utilities  
Town of Estes Park  
Board member since Jan. 2012



**Jeni Arndt**  
Mayor  
City of Fort Collins  
Board member since April 2021



**Tyler Marr**  
Deputy city manager  
City of Fort Collins  
Board member since Jan. 2024



**Joan Peck**  
Mayor  
City of Longmont  
Board member since Nov. 2021



**David Hornbacher**  
Assistant city manager  
Longmont Power & Communications  
Board member since Aug. 2019



**Jacki Marsh**  
Mayor  
City of Loveland  
Board member since 2017



**Kevin Gertig**  
Vice chair  
Director of Loveland  
Water and Power  
Board member since Dec. 2021

# Platte River's Senior Leadership Team



**Jason Frisbie**  
General  
manager/CEO



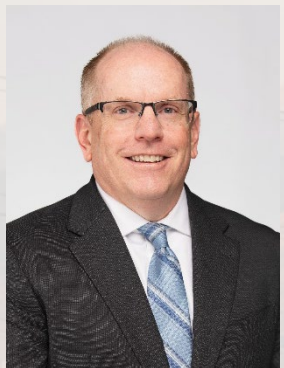
**Eddie Gutiérrez**  
Chief strategy  
officer



**Sarah Leonard**  
General counsel



**Raj Singam Setti**  
Chief operating officer,  
innovation and sustainable  
resource integration



**Dave Smalley**  
Chief financial officer  
and deputy general  
manager



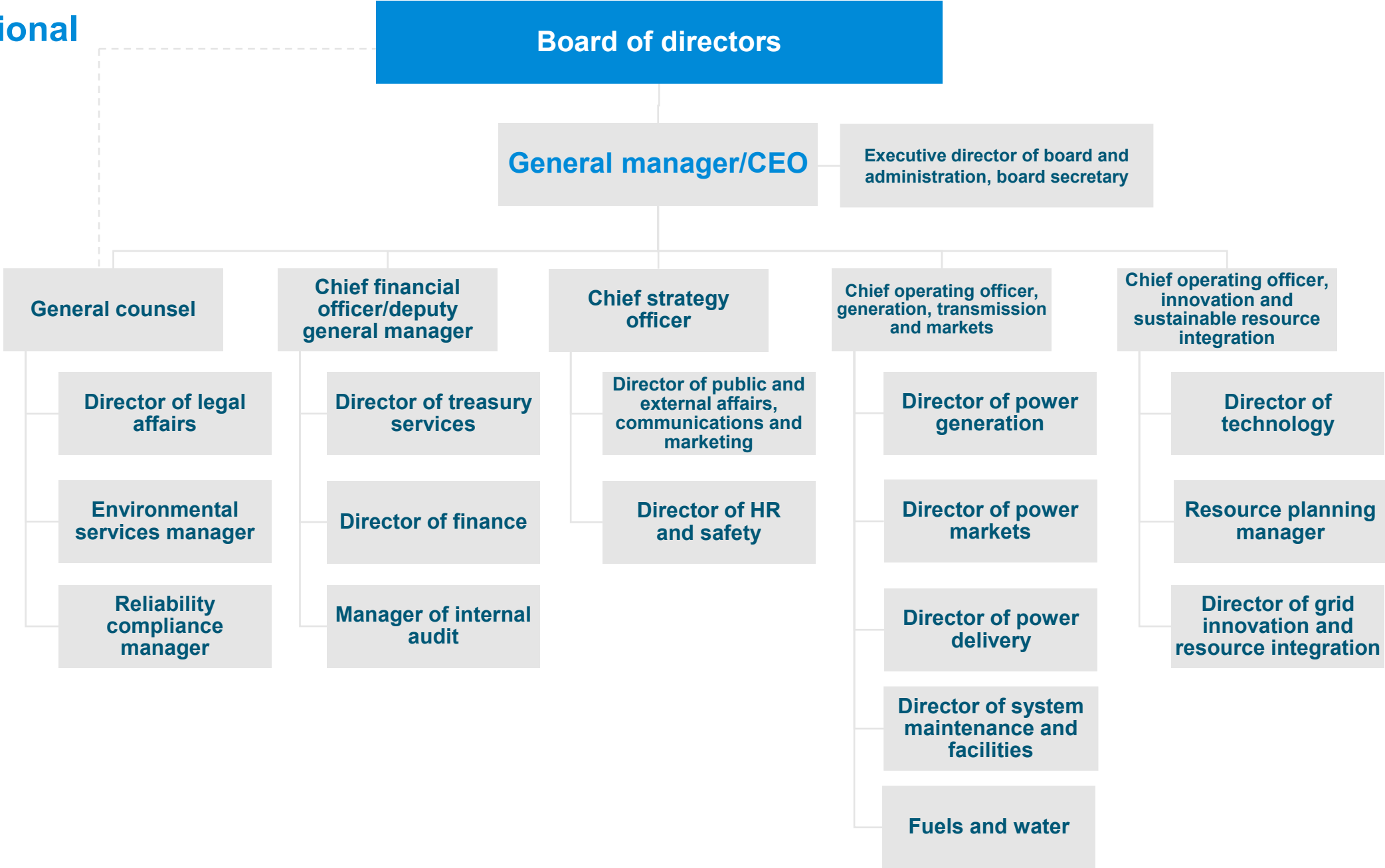
**Melie Vincent**  
Chief operating officer, generation,  
transmission and markets



**Angela Walsh**  
Executive director of  
board and  
administration, board  
secretary

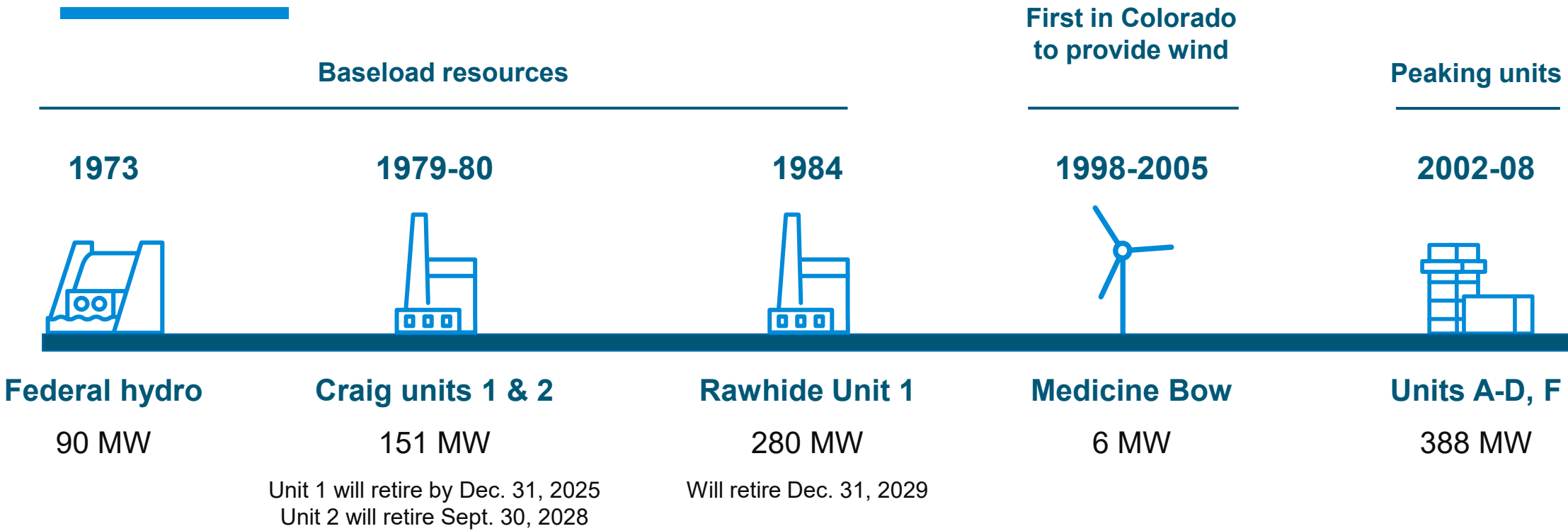


# Organizational structure





# Evolution of generation resources



# Evolution of generation resources

Noncarbon energy

2009



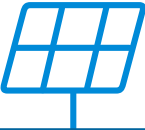
**Silver Sage**  
12 MW

2014



**Spring Canyon**  
60 MW

2016



**Rawhide Flats Solar**  
30 MW

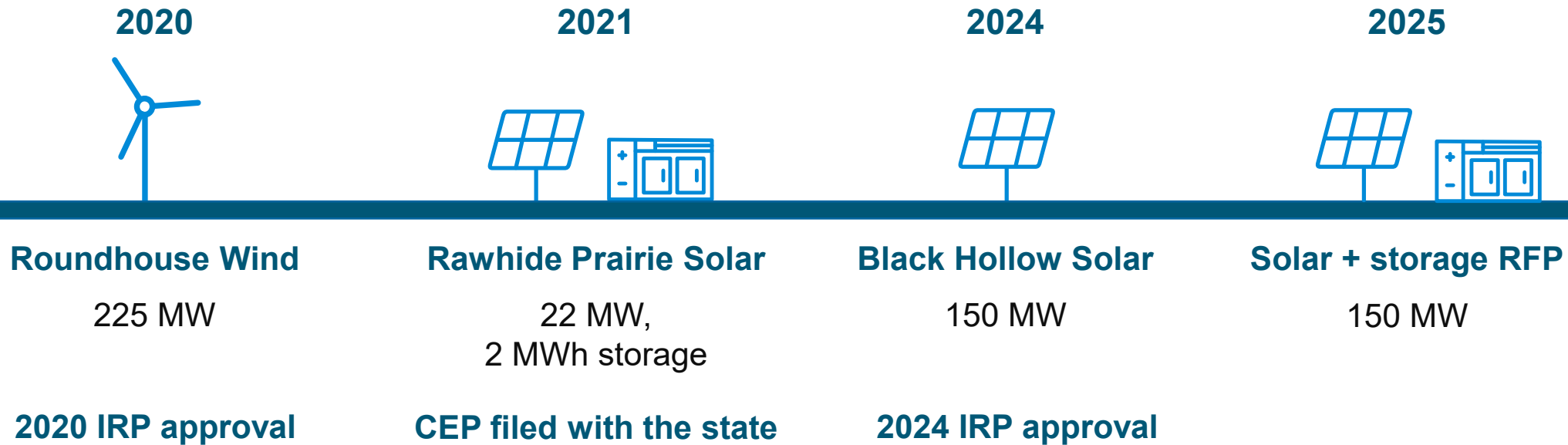
2018



**Resource  
Diversification  
Policy**

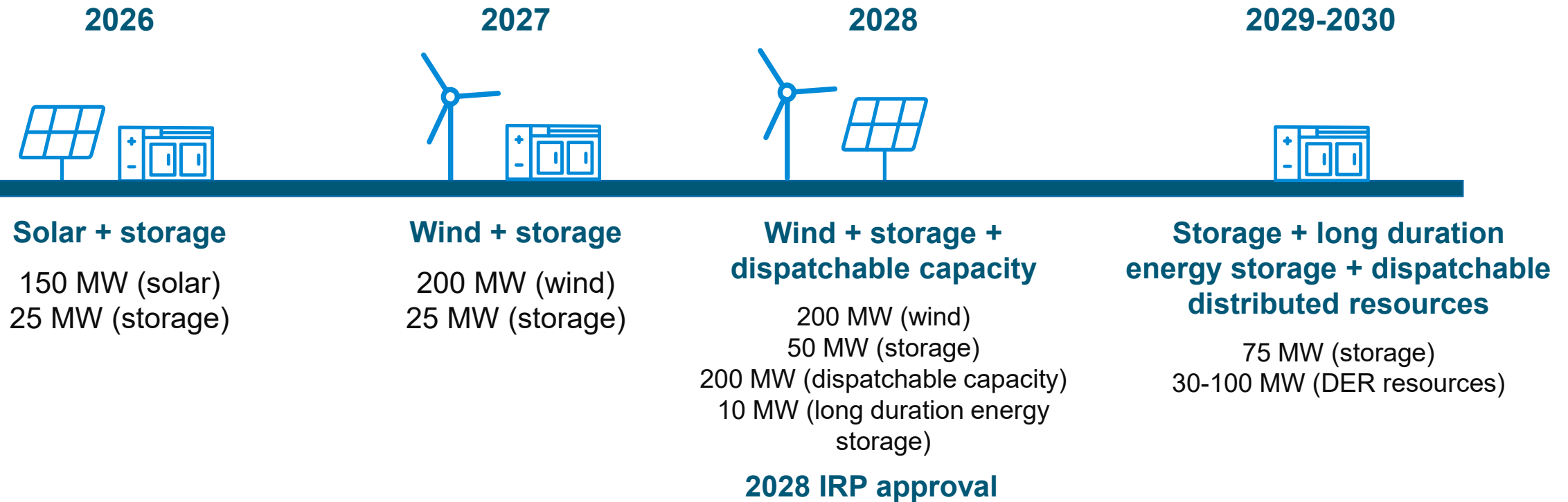
# Evolution of generation resources

## Noncarbon energy



# Evolution of generation resources

## Noncarbon energy + dispatchable capacity





# Foundational pillars

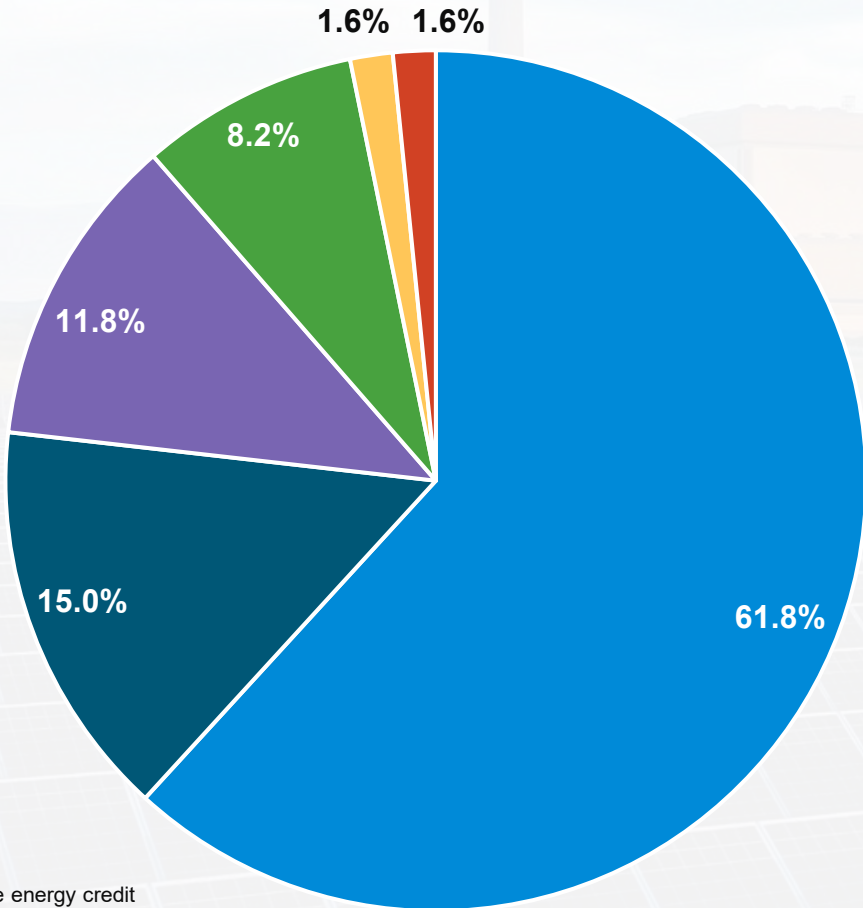
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**Platte River is committed to decarbonizing our resource portfolio without compromising our three pillars:**

- Reliability
- Environmental responsibility
- Financial sustainability

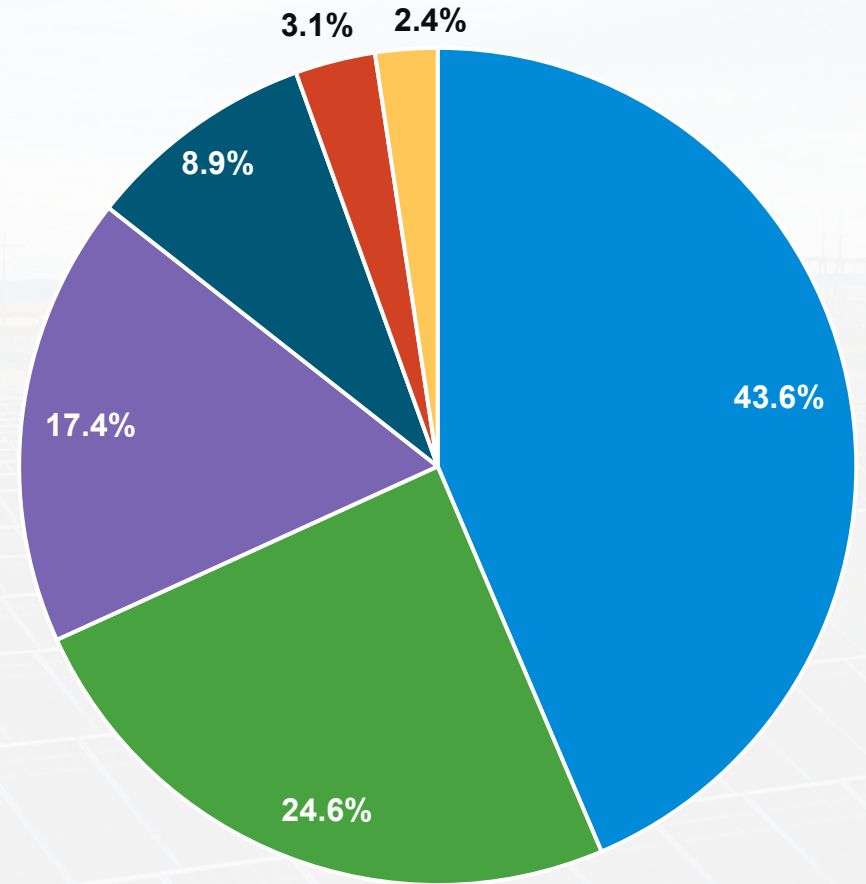
# 2018 system total

24.8% noncarbon resources



# 2024 budget system total

35.9% noncarbon resources



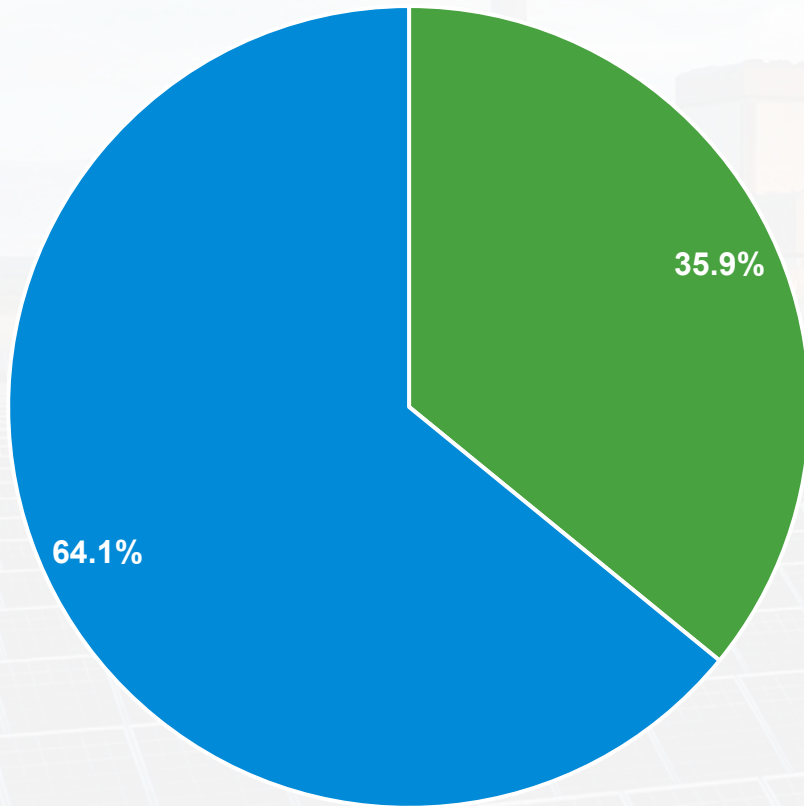
Includes renewable energy credit allocations to carbon resources

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

- Coal
- Wind
- Hydropower
- Solar
- Other purchases
- Natural gas

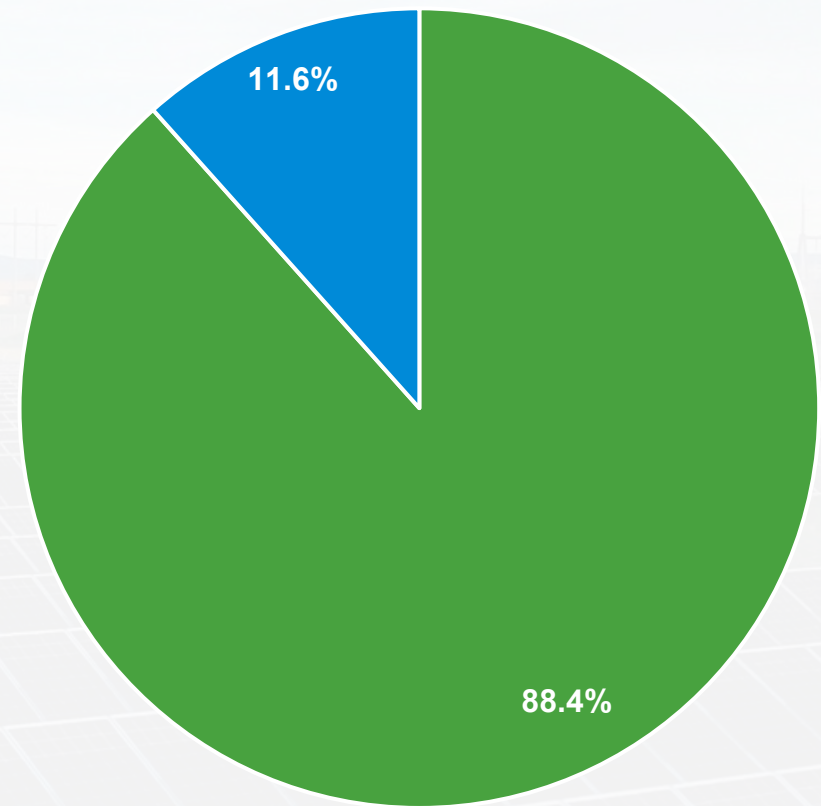
## 2024 budget system total

35.9% noncarbon resources



## 2030 projected system total

88.4% noncarbon resources



Includes renewable energy credit allocations to carbon resources

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

■ Renewable resources

■ Dispatchable resources (includes purchases)

# Collaboration

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These initiatives represent the strategic investment of resources for the long-term benefit of Platte River and its owner communities and aligns with Platte River's vision, mission and values.



## Innovative energy solutions

- Demand response
- Distributed generation
- Distributed storage
- Efficiency Works
- Electric vehicles
- Integrated resource plan
- Renewable supply options



## Community responsiveness

- Community relations and communication
- Rates framework



## Regional services

- Customer information system
- Disaster recovery
- Distributed system maintenance
- Engineering services
- Environmental services
- Energy market
- NERC compliance
- SCADA services
- Substation security



## Joint infrastructure

- Fiber optics
- Joint Technical Advisory Committee
- Regional water exchange and storage





# Board decision making process

1. Whitepaper
2. Presentation
3. Board action



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## Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525  
Thursday, Feb. 24, 2022, 9 a.m.

### Call to order

1. Consent agenda *Motion to approve*
  - a. Minutes of the regular meeting of Dec. 9, 2021
  - b. Incorporation into record of resolution 12-21: 2022 board of directors regular meeting schedule
  - c. Transfer of 2021 capital budget carryover to 2022 Strategic Budget

### Public comment

### Annual meeting

2. Platte River Power Authority annual meeting *Resolution 01-22*
  - a. Annual election of officers *Resolution 02-22*
  - b. Annual retirement committee appointments *Resolution 02-22*
  - c. 2021 Platte River review

### Board action items

3. Defined Benefit Plan amendment *Resolution 03-22*
4. Executive session *Motion (2/3 vote required)*
  - a. Legal matter subject to attorney-client privilege  
Reconvene regular session

### Committee reports

5. DER strategy committee update

### Management presentations

6. Power market update
7. Board work session follow up

### Management reports

8. General manager annual review process

### Monthly informational reports

9. Q4 performance dashboard
10. Legal, environmental and compliance report
11. January 2022 operating report
12. January 2022 financial report
13. January general management report

### Strategic discussions

### Adjournment

# Key guiding documents

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## Content origination, editing and production

- Annual report
- Integrated resource plan
- Strategic budget
- Strategic plan
  - Resource diversification planning and integration
  - Community partner and engagement
  - Workforce culture
  - Process management and coordination

# Questions



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# Administrative information

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Angela Walsh





# Administrative information

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As a board member or utility director, you will receive correspondence for:

- Board meeting materials
- Utility director meeting materials and coordination
- Scheduling quarterly check-ins and one-on-one meetings
- Platte River-related travel and events per invitation

# Administrative information

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## Board information page on website

- Board meeting materials and legal notices
- Utility directors' meeting materials and legal notices
- Board secretary email link for public comment submissions
  
- All board orientation materials are located on a separate link on our website

# Questions



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# Legal, environmental and compliance

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Sarah Leonard



# Creation of Platte River Power Authority

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- Evolved from a nonprofit corporation to a joint action agency
- Platte River as a governmental body
  - Formed in 1975 when the four owner communities created and signed the organic contract
  - Functions as an independent, self-supporting enterprise
  - Is a political subdivision of the state (sections 29-1-203 and 29-1-204 of Colorado Revised Statutes)
- The organic contract continues through 2060

# Legal authority

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Anything the owner communities can do, Platte River can do for them, as long as:

- All eight Platte River board members approve it
- Each participating owner community's attorney determines that the function, service or facility is lawful for that community
- Platte River's bond counsel determines that the function, service or facility is an "enterprise"
- Platte River minds the terms of the bond covenants and other relevant legal obligations under contracts and decrees

# Governance characteristics

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- Governed by an eight-member board of directors
- Two directors from each owner community
  - Historically the mayor and the utilities director or a council member selected for judgment, experience and expertise
- Intended to bring both technical and policy perspectives to decision-making process
- Strategic management model of board governance
  - Board provides oversight and policy guidance
  - General manager is responsible for operational management



# Governance process document

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- Reflects informal processes followed by previous boards
- Creates parliamentary rules of order
- Addresses additional areas, such as
  - General manager succession
  - Authority to sign agreements
- “Cheat sheet” of organic contract provisions

# Regulatory and other characteristics

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- Not subject to general rate-setting jurisdiction of
  - the Federal Energy Regulatory Commission (FERC)
  - the Colorado Public Utilities Commission
- FERC rules for organized markets do apply to Platte River as a market participant
- Preference customer for federal hydropower from the Western Area Power Administration
- Tax exemptions
- Public financing
- Subject to a range of Colorado statutes
  - Open meetings and public records laws
  - Budget and audit laws
  - Government immunity

# Power supply agreements

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- Agreement with each owner community
- Power supply agreements are the security for revenue bonds issued by Platte River
- Platte River supplies essentially all owner community electricity requirements
- Effective through 2060
- Board reviews power (and transmission) rates annually; revises as necessary

# Questions



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# Operations

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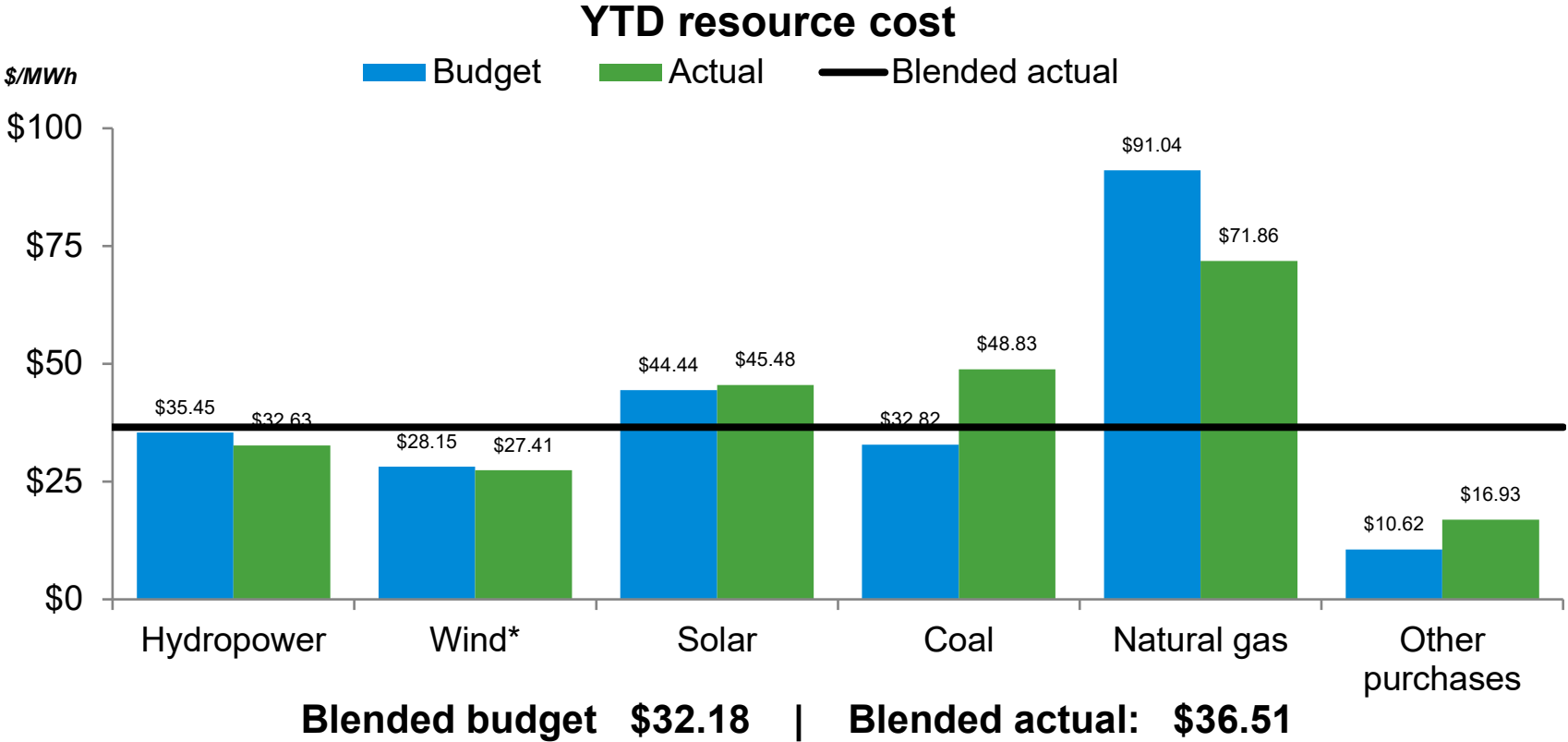
Jason Frisbie



# Current generation resources

Unit name	Fuel type	Net capacity (MW)	Commercial operation	Contract
Rawhide Unit 1	Coal	280	1984	Original debt retired in 2018
Rawhide units A-D	Natural gas	260	Units A-C: 2002 Unit D: 2004	Debt retired in 2018
Rawhide Unit F	Natural gas	128	2008	No debt service
Loveland Area Project and Colorado River Storage Project	Hydropower	LAP summer: 30 CRSP summer: 60	1973	LAP contract: through 2054 CRSP contract: through 2057
Roundhouse Wind Energy Center	Wind	225	2020	Purchase power agreement through 2042
Medicine Bow Wind Project	Wind	6	1998	Purchase power agreement through 2033
Rawhide Flats Solar	Solar	30	2016	Purchase power agreement through 2036
Rawhide Prairie Solar and storage	Solar and storage	22, 2 MWh storage	2021	Purchase power agreement through 2041
Craig units 1 and 2	Coal	151	Unit 1: 1980 Unit 2: 1979	Debt retired in 2009

# 2023 dispatch costs



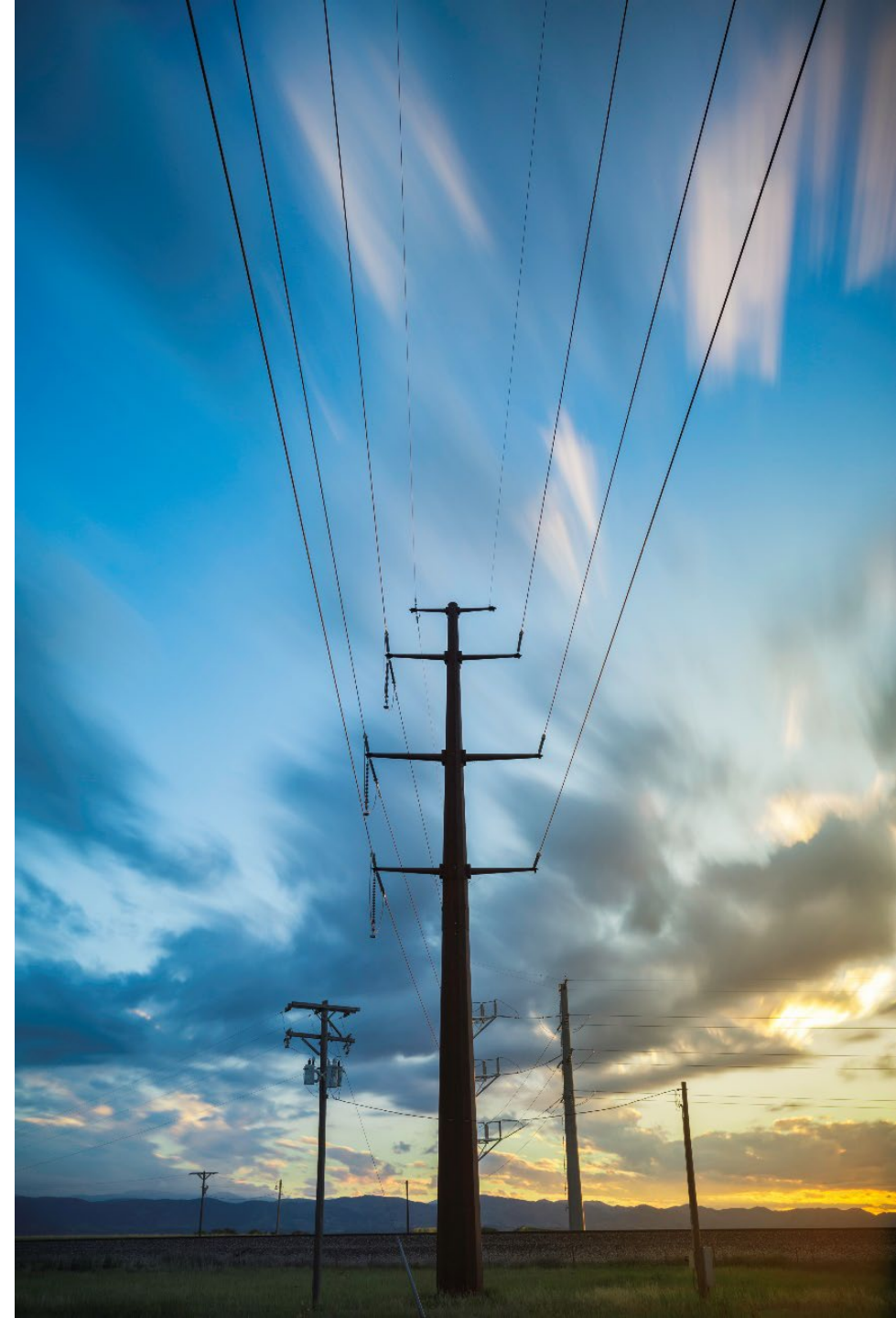
\*Some off-system wind RECs and associated energy have been sold to another utility and, therefore, cannot be claimed as a renewable resource by Platte River or its owner communities.



# Transmission system facts

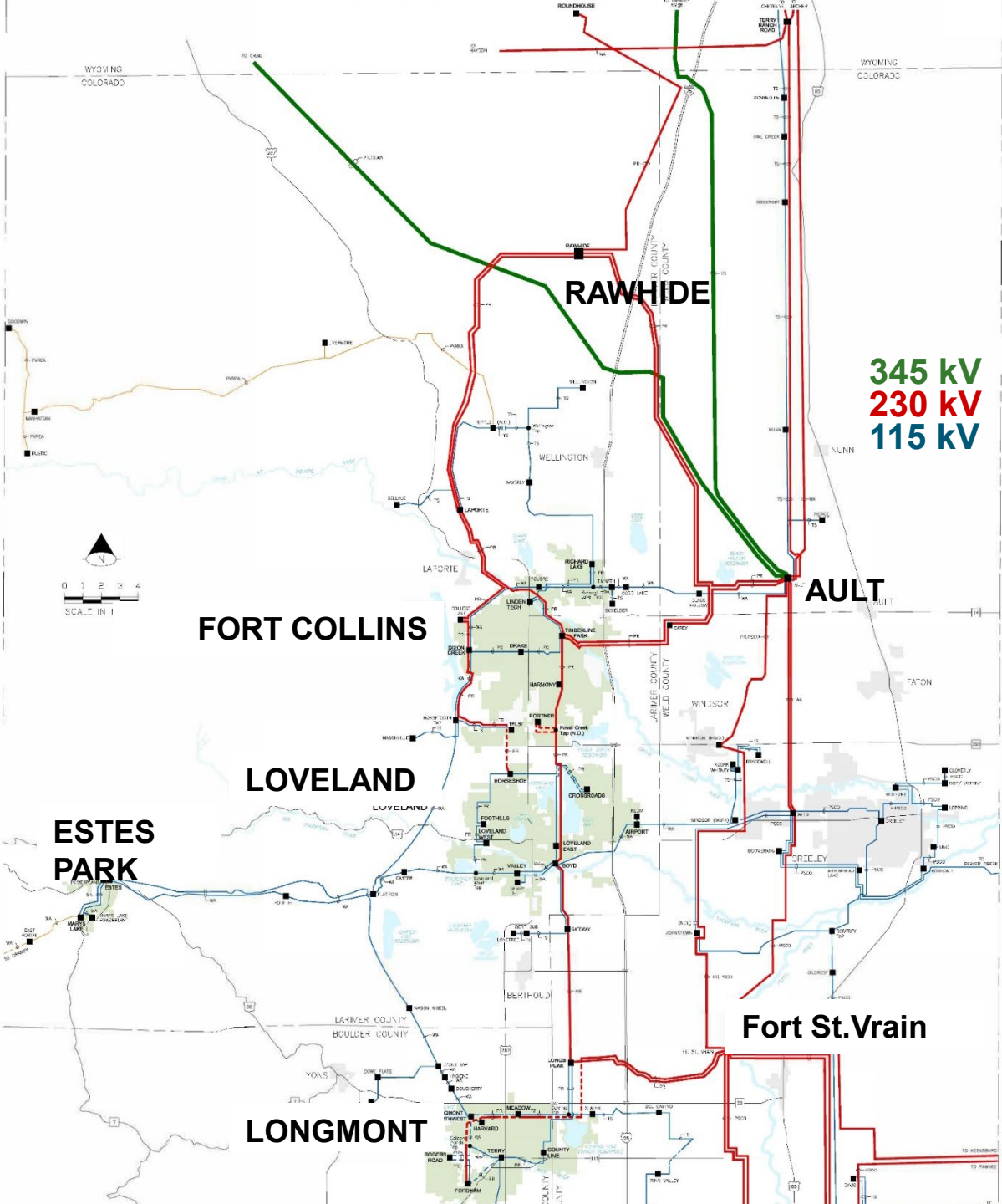
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- 263 miles of **wholly owned** 115kV and 230kV lines
- 522 miles of **jointly owned** 230kV and 345kV lines
- The 19-mile 230 kV generation tie-line to the Roundhouse wind project in Wyoming was purchased and became operational in 2020



# Transmission system

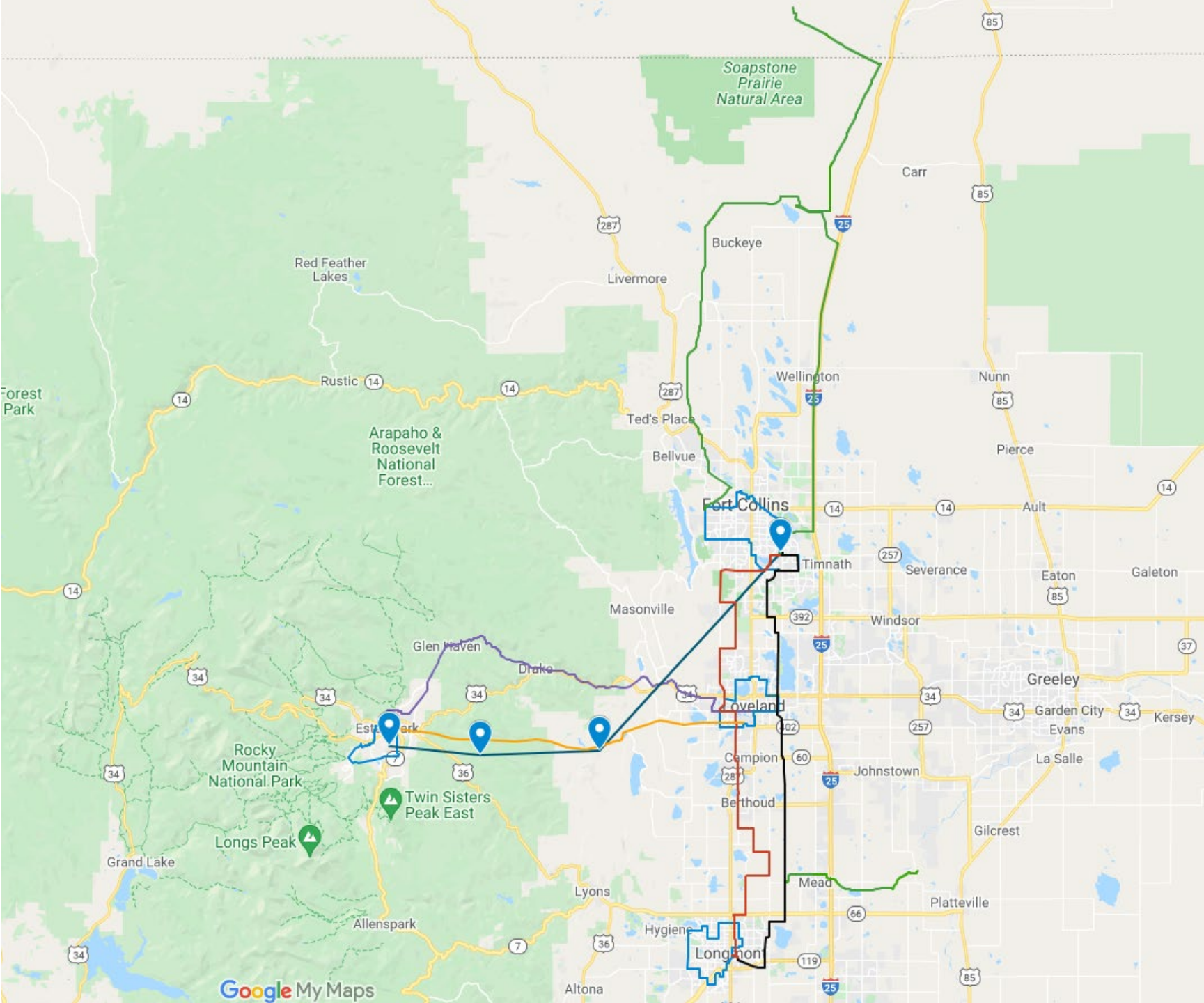
- Six wholly owned substations
- 21 city substations
- 47 points of delivery at city transformers
- Transmission planning
- Interconnect queue management





# Platte River's regional fiber network

- Long haul east
- Long haul west
- Long haul 34
- City rings
- WAPA OPGW
- Estes-HQ microwave
- Lateral fibers



# Platte River fuel supply

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## Fuel supply for coal generation resources

### Rawhide Energy Station

- Historically 1.0 to 1.2 million tons of coal per year
  - Future demand anticipated to be 800-900 thousand tons per year
- Low-sulfur coal from Antelope Mine in the Powder River Basin in Wyoming
- Life-of-mine coal contract and long-term rail contract through December 2026
  - Fuel cost volatility mitigated through flexibility of existing contracts

### Craig Station

- Historically 400,000 tons of coal per year
  - Future demand anticipated to be 200-300 thousand tons per year through 2025
- Fuel supply is Trapper Mine, which is adjacent to the Craig Station
  - Platte River is one of three joint owners of Trapper Mine
  - No transportation costs
  - Current coal supply agreement is through December 2025
- Fuel costs are based on production costs and not subject to market price volatility

# Why Platte River needs water

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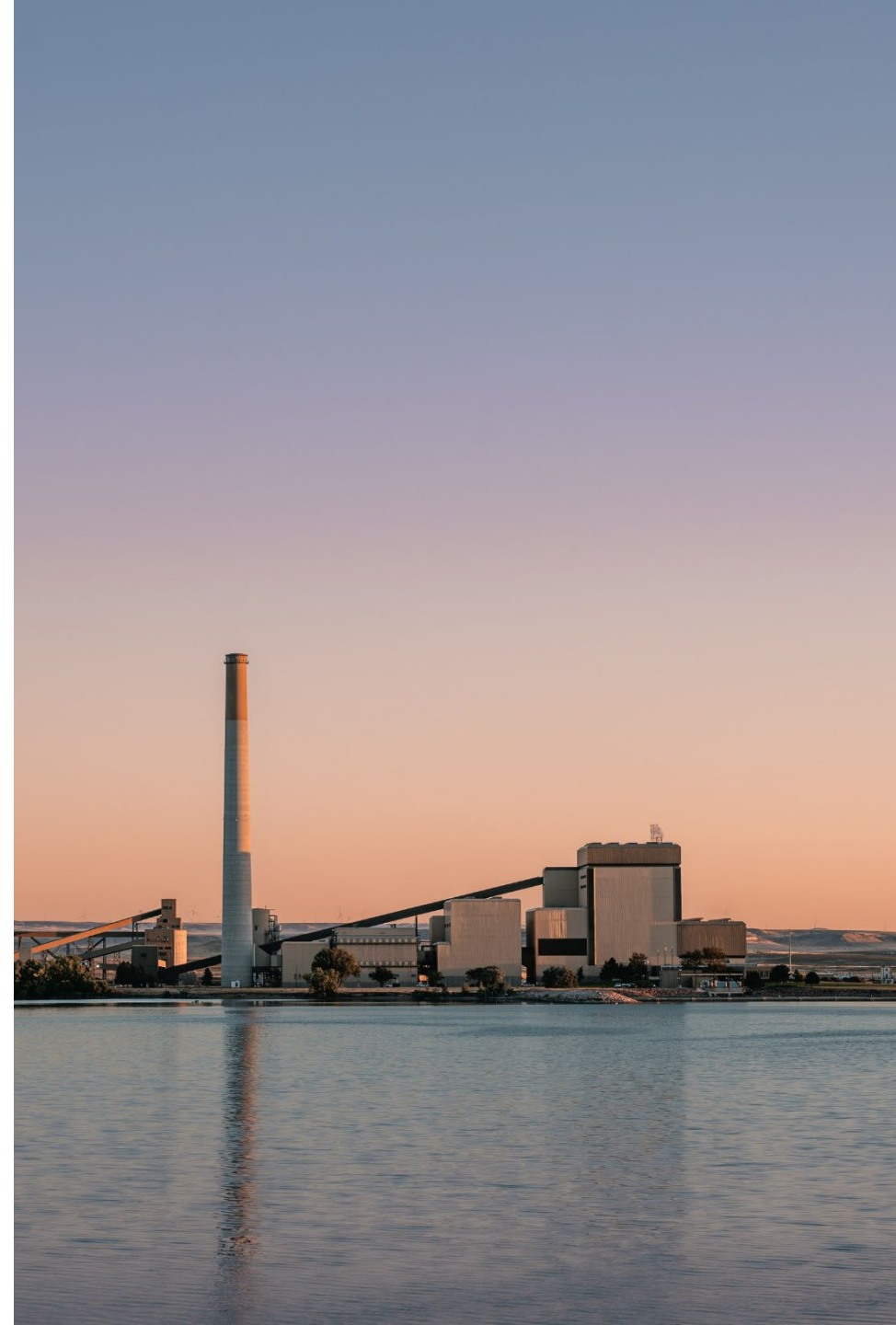
## Electric generation at Rawhide Energy Station

### Water needs

- Process water (400-500 acre-feet/year)
  - Sourced from Horsetooth Reservoir
- Cooling water (4,200 acre-feet/year)
  - Sourced from Drake water treatment facility
  - Reuse agreement with Fort Collins

### Water supply sources

- Windy Gap project (primary)
- Poudre River (secondary)





# Rawhide Energy Station water supply

## Horsetooth Reservoir



Windy Gap  
transfer to  
Fort Collins



Process water  
*10-inch pipeline*

Reusable  
effluent  
*24-inch pipeline*

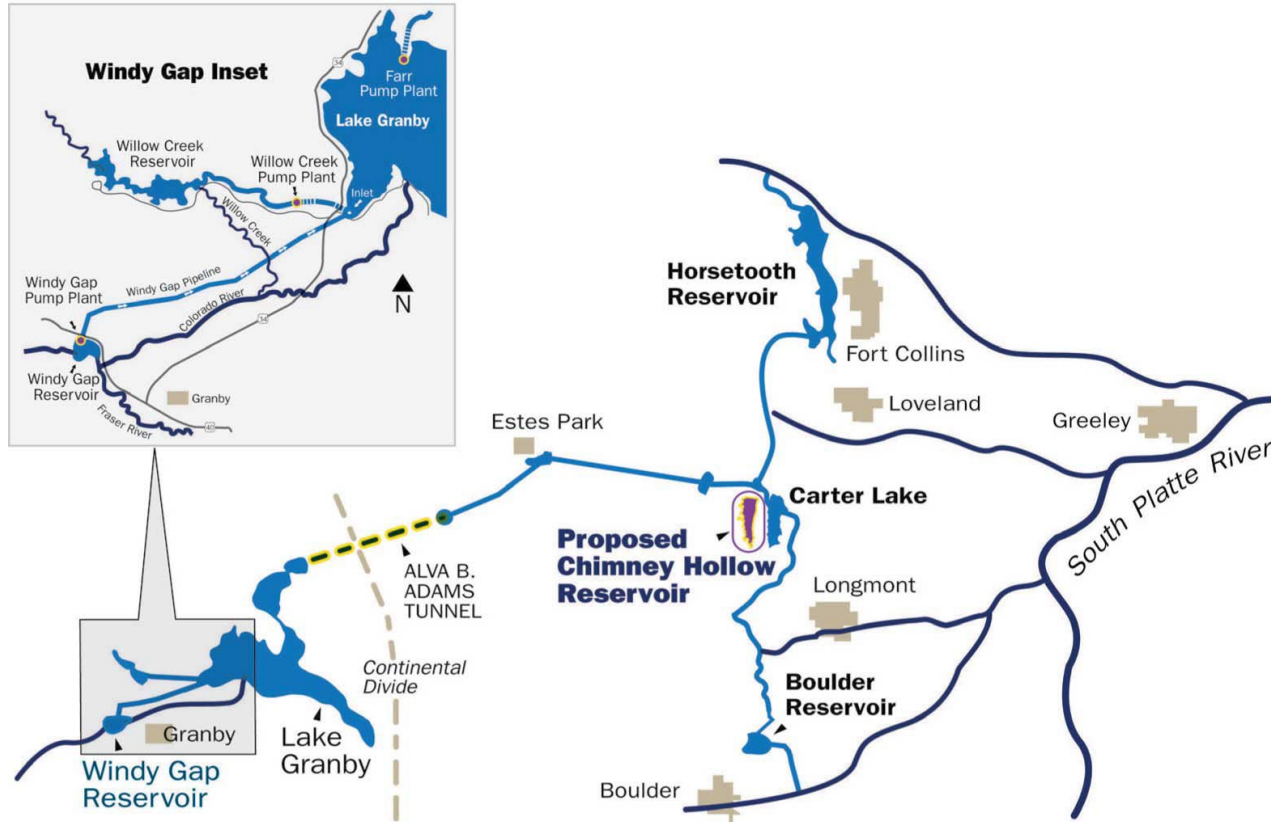
## Rawhide Energy Station



Zero-discharge facility

# Platte River water resources

## Windy Gap Project and Chimney Hollow Reservoir Project





# Platte River water resources

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## Windy Gap Project and Chimney Hollow Reservoir Project

### Windy Gap Project

- Platte River has 107 units out of 480 units (started with 160 units)
- Yields between zero and 11,000 acre-feet/year
- Board approved the sale of up to 60 Windy Gap units
  - Sold 53 units to regional entities over the past few years
  - Received Firming Project storage capacity, rental water rights and approximately \$115 million in proceeds

### Chimney Hollow Reservoir

- Platte River's share provides 16,000 acre-feet of storage
- Will firm Platte River's annual water supply (current and future needs), even with a two-to-three-year drought period
- Construction began in 2021; target completion in 2025

# Questions



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# Clean energy transition and integration

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Jason Frisbie



# Clean energy transition and integration

## Focus areas

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- Portfolio strategy and resource integration
- Distributed energy resources and solutions
  - Efficiency Works
- Digital and operational technologies

## Outcomes

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- Integrated resource planning (IRP)
- Distributed energy resources (DER) strategy
- Data and system integration

# Key areas of emphasis

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## Reliability and resource adequacy

- Climate change, more extreme weather and dark calms
- Criticality of reliability with electric vehicles and beneficial electrification
- Hedge against extreme prices and outage risk
- Portfolio diversity and fuel reliability
- Planning reserve margin requirements

## Distributed generation

- New DERs
- DER potential
- Distributed energy storage
- DER management system

## Emerging technologies

- Long-duration energy storage
- Hydrogen



# Key takeaways

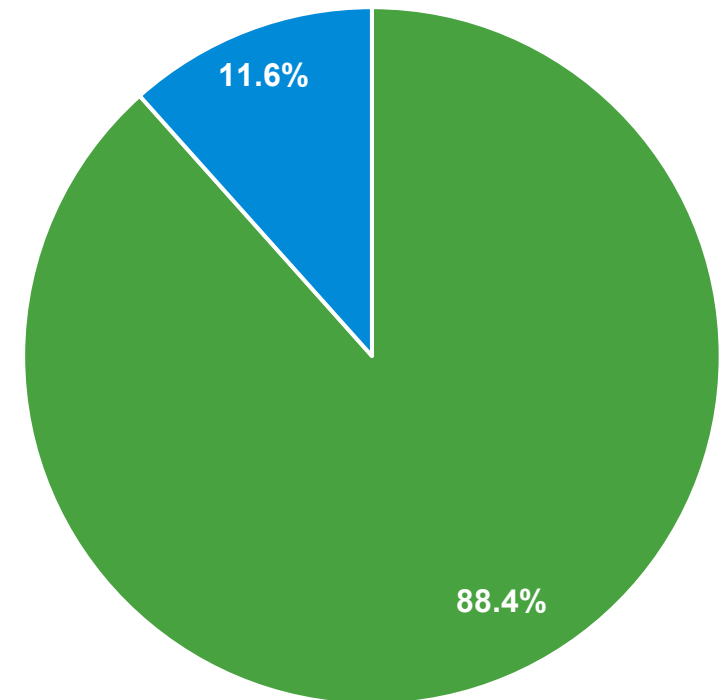
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## 2030 projected 11.6% dispatchable capacity

- **Long-duration storage**
  - Emerging technologies are promising
  - In discussions with two potential suppliers
- **Virtual power plant integration**
  - DER team established across owner communities working to accelerate the integration of DERs
- **Dispatchable thermal capacity**
  - Enables greater renewable output
  - Supports grid integrity
  - Reliability through dark calms
  - Hydrogen mix potential

## 2030 projected system total

88.4% noncarbon resources



- Renewable resources
- Dispatchable resources (includes purchases)

# Finance

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Jason Frisbie



# Platte River financial governance framework

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- List of items that govern or influence our financial decisions
- Focus on the Strategic Financial Plan and the 2024 Strategic Budget





# Strategic Financial Plan

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Provides direction to create long-term financial sustainability, manage financial risk and support Platte River's vision, mission and values

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

# Strategic Financial Plan

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To meet objectives and requirements, staff established financial metrics and rate stability strategies

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- |                                  |  |
|----------------------------------|--|
| <b>Financial metrics</b>         | <ul style="list-style-type: none"><li>• <b>Cash flow metric:</b> Generate minimum 1.50 times fixed obligation charge coverage ratio<ul style="list-style-type: none"><li>• Legal bond service coverage ratio requirement minimum 1.10 times</li></ul></li><li>• <b>Earnings metric:</b> Generate minimum change in net position equal to 3% of annual operating expenses</li><li>• <b>Leverage metric:</b> Target adjusted debt ratio less than 50%</li><li>• <b>Liquidity metric:</b> Target minimum 200 days adjusted liquidity on hand<ul style="list-style-type: none"><li>• Includes rate stabilization fund - purpose is to reduce or eliminate the rate impact from an event that affects the ability to meet the minimum legal bond service coverage ratio requirement, but not to smooth the rate impacts of continued typical business operations</li></ul></li><li>• <i>Based on rating agency criteria targeting a “AA” category credit rating</i></li><li>• <i>Metrics provide adequate reserves and balance between financing capital investments with cash and debt</i></li></ul> |
| <b>Rate stability strategies</b> | <ul style="list-style-type: none"><li>• Fiscal responsibility<ul style="list-style-type: none"><li>• Revenue generation</li><li>• Expense management</li></ul></li><li>• Rate smoothing<ul style="list-style-type: none"><li>• Accounting policies to manage revenues and expenses for rate making purposes (GASB 62)</li><li>• Multi-year rate smoothing strategies will also be used to avoid greater single year rate impacts or to accomplish specified financial objectives</li></ul></li></ul>   |
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# Maintain AA credit rating

- Financial metrics
  - Provide balance between cash and debt financing
  - May not be met in all years if staff considers the deficiency temporary
- Financial flexibility
  - Obtain access to capital markets at a lower cost of capital
  - Take advantage of opportunities for capital investments, lower expenses and provide benefits to the owner communities
  - Manage industry-related financial risks
  - Respond in a timely and value-maximizing manner to unexpected changes
- Stable more predictable rates
- Long-term financial sustainability

See Strategic Financial Plan (SFP) whitepaper (September 2023) for more details

Credit rating factors	
Broad rating factors	Description
1. Participant credit quality and cost recovery framework (25%)	<ul style="list-style-type: none"> <li>• Unregulated rate-setting</li> <li>• Strong customer base and service area economy</li> <li>• Owner communities have very high credit quality</li> </ul>
2. Resource risk management and exposure to environmental regulation (10%)	<ul style="list-style-type: none"> <li>• Very strong energy resource risk management</li> <li>• Long-term competitive supply contracts</li> <li>• Somewhat diverse proven assets</li> <li>• Limited exposure to environmental regulation</li> </ul>
3. Competitiveness (15%)	<ul style="list-style-type: none"> <li>• Very competitive current and expected rates in the region or compared with neighboring utilities on a consistent basis</li> </ul>
4. Willingness to recover costs with sound financial metrics (25%)	<ul style="list-style-type: none"> <li>• Above-average rate setting record</li> <li>• Rates in alignment with financial metrics for AA category</li> </ul>
5. Financial strength and liquidity	
a) Liquidity (10%)	<ul style="list-style-type: none"> <li>• SFP metric: Adjusted minimum 200 days adjusted liquidity on hand</li> </ul>
b) Leverage and coverage:  Adjusted debt ratio 5% Fixed obligation charge coverage ratio 10%	<ul style="list-style-type: none"> <li>• SFP metric: Target adjusted debt ratio less than 50%</li> <li>• SFP metric: Generate minimum 1.50 times fixed obligation charge coverage and minimum 1.10 times bond service coverage margin</li> <li>• SFP metric: Generate minimum change in net position equal to 3% of annual operating expenses</li> </ul>

# Financial results

Strategic financial plan metrics	Target minimums	2023 budget	2024 budget	Increase (decrease)
Fixed obligation charge coverage ratio	1.50x	2.43x	1.89x	↓ (22.2%)
Change in net position as a percentage of annual operating expenses	3%	9% <sup>(1)</sup>	3%	↔ (66.7%)
Adjusted debt ratio	< 50%	25%	23%	↓ (8.0%)
Days adjusted liquidity on hand	200	422	443	↑ 5.0%

<sup>(1)</sup> Excludes projections for a portion of revenues that will be deferred to a future period and will be reflected in actual year-end results.

Budget results (\$ millions)	2023 budget	2024 budget	Increase (decrease)
Total revenues	\$ 305.0	\$ 313.0	↑ 2.6%
Total expenditures	\$ 298.6	\$ 300.6	↑ 0.7%
Board contingency	\$ 52.0 <sup>(2)</sup>	\$ 56.0	↑ 7.7%
Average wholesale rate increase	5%	5%	↔ 0.0%

<sup>(2)</sup> Contingency transfer to be determined at the end of the year.

# Questions



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