Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

A YEAR OF ADAPTATION ACHIEVEMENT & PROGRESS

2021 ANNUAL REPORT

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Platte River Power Authority | 2021 Annual Report

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Letter from **board chair** and **general manager**

2021 was a year of adaptation, achievement and progress for Platte River Power Authority and the owner communities as we continued to navigate the pandemic. While access to vaccines provided hope for a return to normalcy, maintaining the health and safety of staff, board members and the public continued as top priorities amidst ever-changing conditions. Still, we remained committed to safely providing **reliable**, **environmentally responsible** and **financially sustainable** energy and services while creating the foundation needed to support our energy transition.

Platte River board meetings continued in a virtual format for the public while other in-person events were canceled or postponed. Return-to-work plans were underway in the fall when the emergence of the delta variant required a change of direction. While many headquarters' staff continued working from home or in a hybrid schedule, Rawhide staff and contractors were in the early stages of the scheduled maintenance outage when a COVID outbreak occurred. Leadership **adapted** schedules, tasks and protocols to ensure remaining crews could safely complete the work necessary to maintain the reliability and operational flexibility of Rawhide Unit 1, which will remain a critical asset as we add more noncarbon resources to our portfolio between now and 2030.

No one could predict the impact Winter Storm Uri had on the country's power grid in mid-February. Numerous departments from Platte River convened virtually over Valentine's Day weekend to discuss how to maintain system reliability and manage tight supplies. Platte River purchased additional power and issued a call to conserve energy through the local news media and its social media platforms. Customer energy demand declined by an estimated 10 MW and there was no loss of load to customers. This helped Platte River and the owner communities avoid the reliability and financial issues that impacted other utilities. This event also accelerated plans for a near real-time energy production page on Platte River's website that was published in early May, and initiated development of a Platte River mobile application that will enable customers to actively engage in their energy future.

Despite ongoing challenges from the pandemic and weather events, Platte River and the owner communities marked significant **achievements** in 2021. We maintained 100% transmission reliability, exceeded all strategic financial plan metrics and achieved the highest ever annual noncarbon energy generation. The 22-megawatt Rawhide Prairie Solar project began commercial operation in March, adding noncarbon energy to Platte River's portfolio and providing 2 megawatt-hours of battery storage, which provides valuable insight for future storage technology deployment. Staff successfully completed maintenance and upgrades to the combustion turbine (CT) units, which are critical to maintaining reliability as we continue to decarbonize our portfolio. These units were also instrumental in serving our all-time system peak of 707 megawatts in July.

Implementing distributed energy resources (DER) in our owner communities is integral to achieving the board-adopted Resource Diversification Policy (RDP). In July, the DER strategy committee took an important first step by developing a framework for evaluating DER programs to ensure they deliver appropriate system benefits. Platte River operations technology staff also completed a new fiber optic connection to the Town of Estes Park, providing communication redundancy in all four owner communities and the infrastructure needed for DER programs.

We made significant **progress** in 2021 as we continue working toward our energy future. We initiated the permitting process for a 150-megawatt solar installation in Weld County and issued a request for proposals (RFP) for innovative solar and storage projects that could add up to 250 megawatts of noncarbon energy and install DERs in each of the owner communities. Together with our joint dispatch agreement partners, we joined the Western Markets Exploratory Group (WMEG) to determine our options for joining or creating an organized wholesale energy market, while continuing to pursue entry into an energy imbalance market (EIM). Construction began on the Chimney Hollow Reservoir Project, a culmination of nearly two decades of work that will provide a firm supply of water for current and future generation needs.

With support from the board, we added a transition and integration division that combines information and operational technologies with energy solutions and DER to facilitate the transformation needed to achieve the RDP. With an eye on our resource future and in accordance with Board Resolution No. 08-20, Responsible Transition for Rawhide Employees, efforts are underway to develop a plan for Rawhide staff. While we know some staff will remain to operate and maintain facilities after Rawhide Unit 1 retires, others will move into areas that support our ongoing energy transition.

As this document illustrates, 2021 was another year of achievements for Platte River and the owner communities. We have made significant progress in the three years since adopting the RDP, but we recognize there is more work ahead of us. While we do not have all the answers, we are committed to maintaining the three pillars of the organization and remaining adaptable as technology and costs continue to evolve. Our commitment to the RDP is demonstrated by the creation of a new division dedicated to achieving our energy transition; by the full support of our board to make the transition; by our development of a new strategic plan to facilitate the transition; by our dedicated staff to execute the transition; and by our commitment to working closely with our owner communities on the technology and resources needed to accomplish the transition. Together, we are building the foundation for a new energy future and are excited to enter the phase of implementation, integration and innovation.

David Hornbacher
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

General manager/CEO

Jason Frisbie

Began operations

1973

Staff

252

2021 peak demand of owner communities

707 MW

2021 deliveries of energy

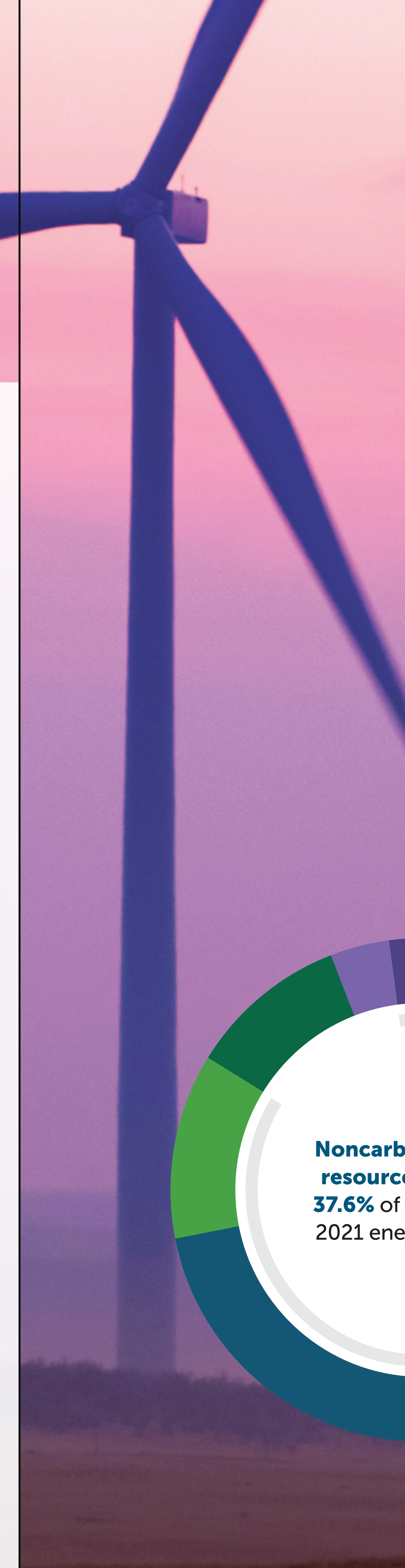
4,935,375 MWh

2021 deliveries of energy to owner communities

3,216,707 MWh

Transmission system

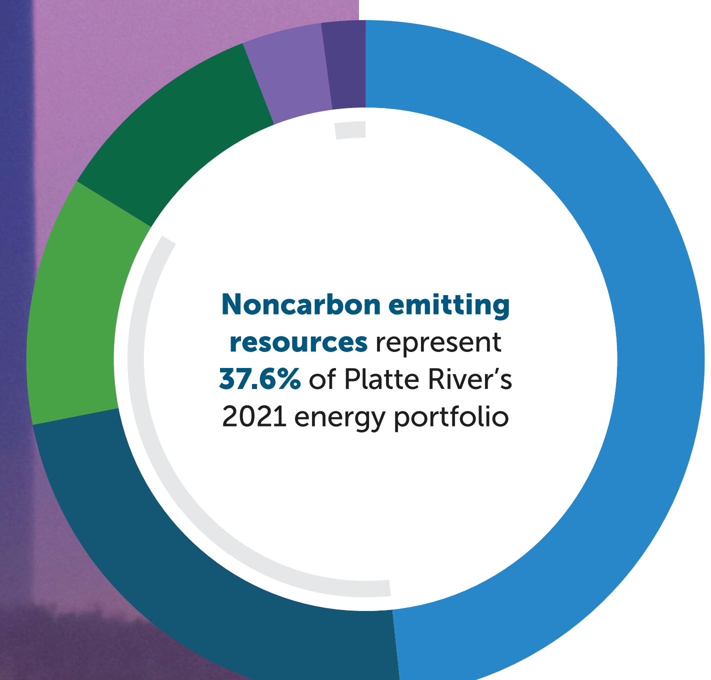
Platte River has equipment in 27 substations, 263 miles of wholly owned and operated high-voltage lines, and 522 miles of high-voltage lines jointly owned with other utilities.



Capacity and energy

Resource capacity	MW	
Coal	431	
Natural gas	388	
Hydropower	90	
Wind power [1][2]	303	67
Solar [1]	52	22
Total	1,264	998

(1) For the effective capacity 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.
(2) 72 MW of wind is currently sold to other entities, 60 MW of which will return to Platte River in 2030.



2021 system total

- Coal **48.3%**
- Wind **23.6%**
- Hydropower **11.9%**
- Purchases **10.3%**
- Natural gas **3.8%**
- Solar **2.1%**

Includes renewable energy credit allocations to carbon resources

Vision, mission and values

Vision

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.

Mission

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

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.

Respect

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

Innovation

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

Sustainability

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

Integrity

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

Service

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

Operational excellence

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

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.

Town of Estes Park

Estimated population*: 5,904

Utility: Estes Park Power and Communications, established in 1945

City of Fort Collins

Estimated population*: 169,810

Utility: Fort Collins Utilities, established in 1938

*Based on the U.S. Census Bureau

City of Longmont

Estimated population*: 98,885

Utility: Longmont Power & Communications, established in 1912

City of Loveland

Estimated population*: 76,378

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
Vice chair
Mayor
Town of Estes Park

Reuben Bergsten
Director of utilities
Town of Estes Park

Jeni Arndt
Mayor
City of Fort Collins

Julie Pignataro
City council member
City of Fort Collins

Joan Peck
Mayor
City of Longmont

David Hornbacher
Chair
Executive director of
Longmont Power
& Communications

Jacki Marsh
Mayor
City of Loveland

Kevin Gertig
Director of Loveland
Water and Power

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.

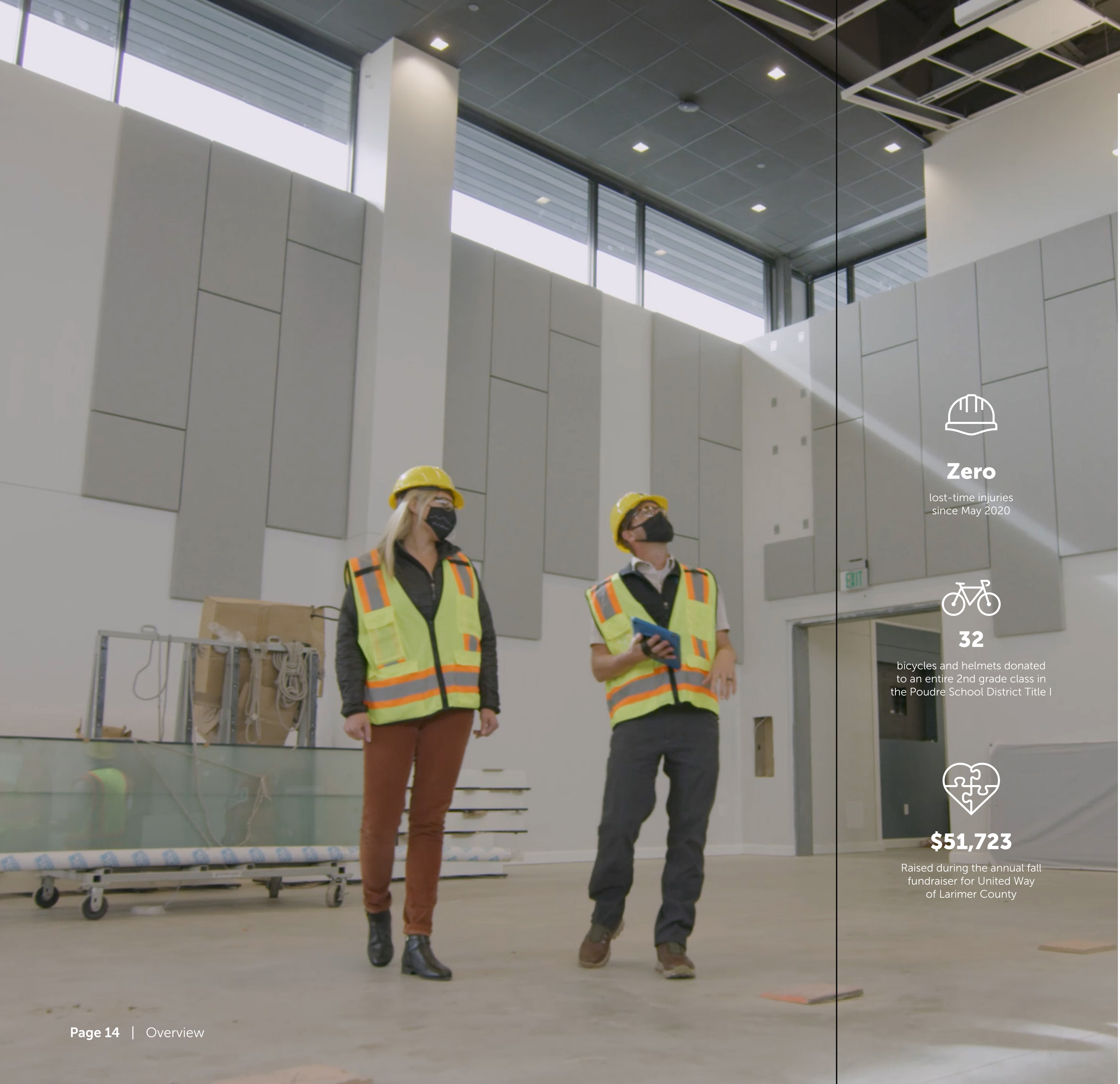
Jason Frisbie
General manager/CEO

Sarah D. Leonard
General counsel

David Smalley
Chief financial officer/
deputy general
manager

Melie Vincent
Chief operating officer

Angela Walsh
Board secretary
Executive assistant to the
general manager/CEO



Zero

lost-time injuries since May 2020

32

bicycles and helmets donated to an entire 2nd grade class in the Poudre School District Title I

$51,723

Raised during the annual fall fundraiser for United Way of Larimer County

COVID-19 **response**

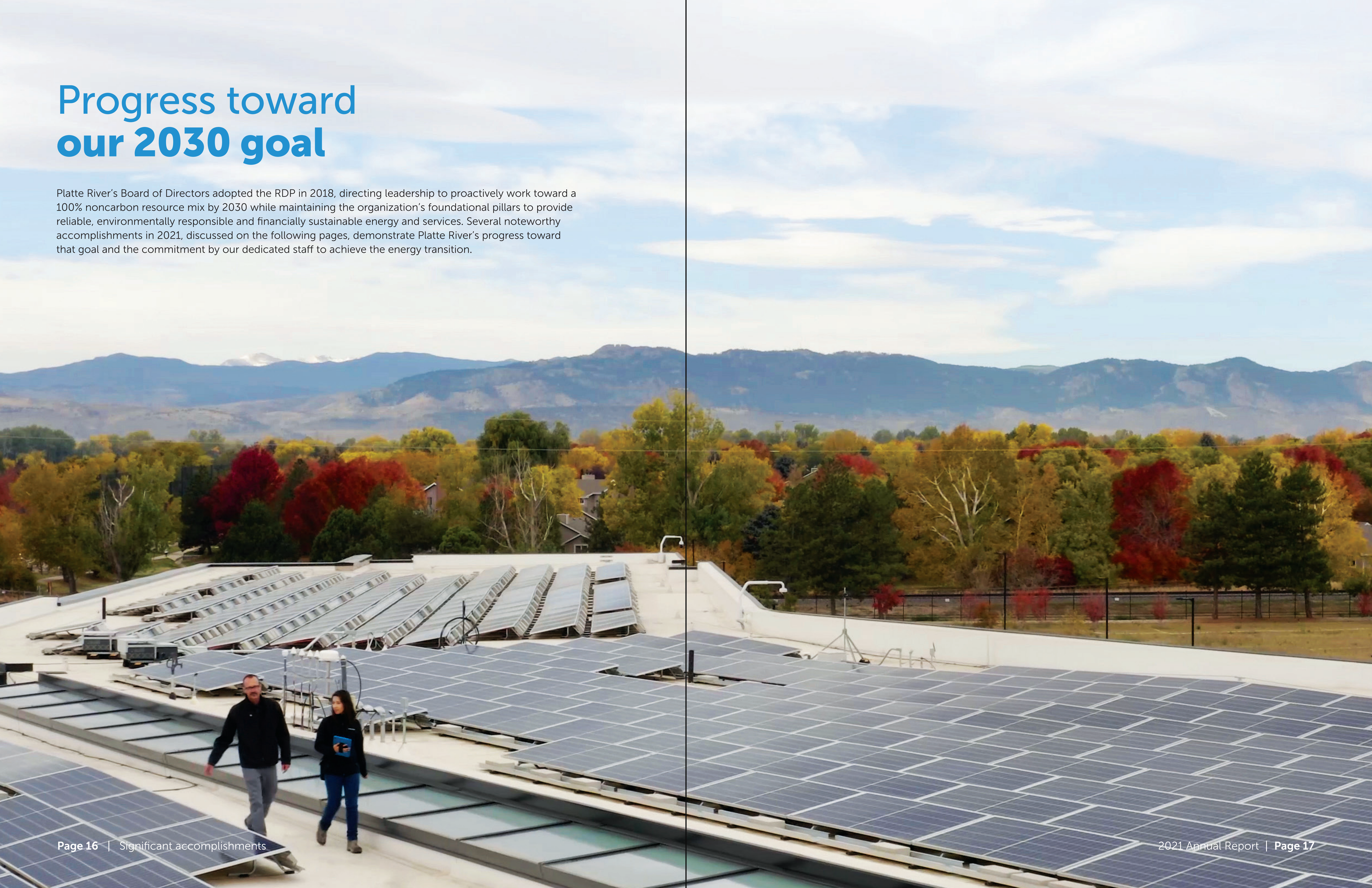
The COVID-19 pandemic persisted throughout 2021, challenging Platte River and the owner communities with new variants that required continued vigilance and action by community leaders, health care institutions, businesses and residents. Platte River maintained heightened safety protocols and processes among staff and contractors, adapting when needed to changing rules and procedures from the Centers for Disease Control and Prevention and county health departments.

Sanitary working environments, at-home work and effective personal protective equipment remained paramount throughout 2021. Working teams, physically segregated and alternately scheduled, maintained consistent core functions of power generation and transmission, enabling Platte River to continue providing the owner communities with highly reliable and financially sustainable energy. Although Platte River experienced some setbacks from the pandemic, we modified work groups and strengthened safety protocols to minimize impacts and maintain staff health and safety.

Recognizing the pandemic's toll on residents of the owner communities, Platte River staff provided significant support to the owner communities by once again surpassing our annual United Way fundraising goal and making direct contributions to agencies that support the communities during times of crisis.

Progress toward **our 2030 goal**

Platte River's Board of Directors adopted the RDP in 2018, directing leadership to proactively work toward a 100% noncarbon resource mix by 2030 while maintaining the organization's foundational pillars to provide reliable, environmentally responsible and financially sustainable energy and services. Several noteworthy accomplishments in 2021, discussed on the following pages, demonstrate Platte River's progress toward that goal and the commitment by our dedicated staff to achieve the energy transition.



Noncarbon **energy**

During 2021, Platte River made significant progress toward its RDP goal of a 100% noncarbon energy mix by 2030.

The 22-megawatt Rawhide Prairie Solar installation, located at the Rawhide Energy Station, began commercial operation in March. The project generates enough energy to power approximately 6,000 homes annually and includes a Tesla battery pack capable of storing up to 2 megawatt-hours of energy. Experience gained with the battery pack will benefit future installations of energy storage technologies.

In May, developers initiated the permitting process for a 150-megawatt solar generating installation, under a power purchase agreement with Platte River. If approved, the project will be capable of powering up to 43,000 homes by 2024. Late in the year, Platte River issued an RFP for up to 250 megawatts of new solar generating capacity, suggesting incremental installations that could interconnect anywhere on Platte River's transmission system, with particular consideration granted to smaller projects (25 megawatts or less) that could connect to the distribution systems of one or all of Platte River's owner communities. Developers were also encouraged to include a battery energy storage component capable of providing up to 25% of the project's nameplate capacity for at least four hours, dispatchable by Platte River.

To achieve improved system reliability goals and use as much noncarbon energy as possible, Platte River installed air flow spoilers on 12 critical miles of the 19-mile generator outlet line from the Roundhouse Wind Energy Center to the Rawhide Energy Station. The spoilers deter cable damage and power outages that could occur during periods of snow, ice and high winds.

Platte River developed and voluntarily submitted to state regulators its Clean Energy Plan (CEP), demonstrating its commitment to support a noncarbon energy future in Colorado. The plan aligns with Platte River's previously adopted integrated resource plan, which maps a plan to achieve a minimum of 90% noncarbon energy by 2030, exceeding the state's 80% requirement for investor-owned utilities. Platte River's CEP provides an 85.6% to 94.4% range of projected reductions, based on extreme weather sensitivities.

Maintenance outages

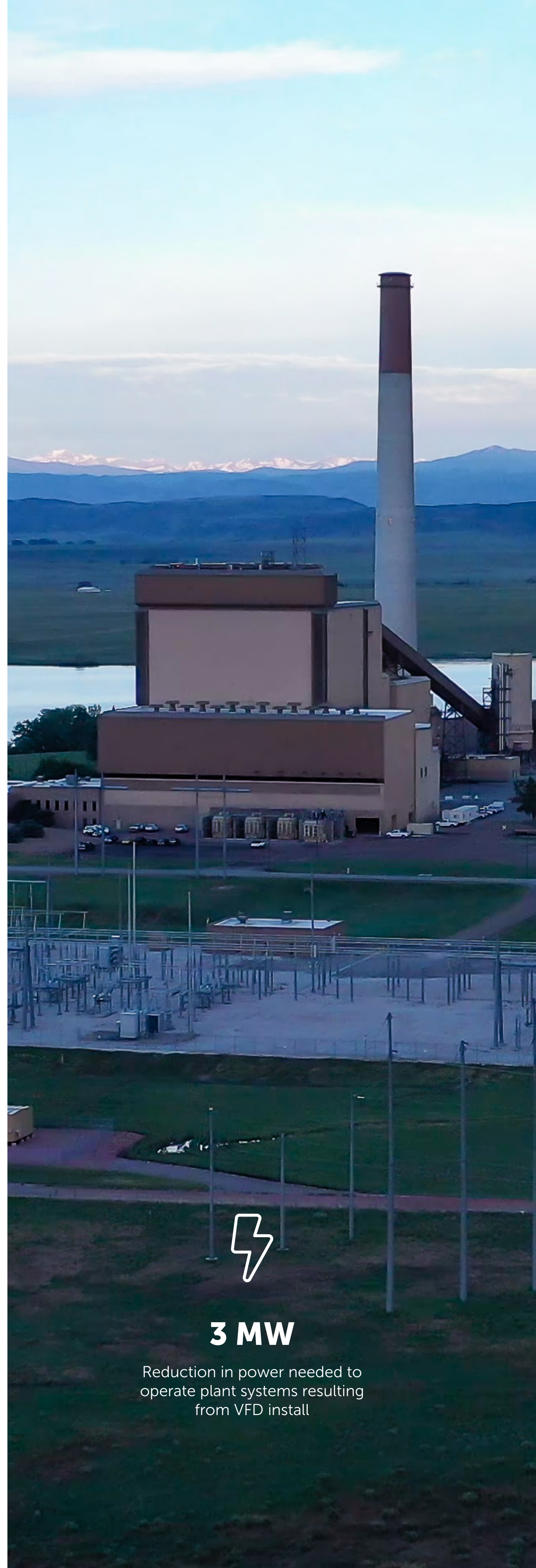
Platte River staff conducted two maintenance outages on critical generating units in 2021 to maintain safe and reliable generation of electricity to the owner communities while enhancing the flexibility needed to support our intermittent resources.

Rawhide Unit 1

Staff and contractors performed five major capital projects and several operations and maintenance activities during the planned, seven-week outage on Rawhide Unit 1 in the fall of 2021. The focus of the projects was not only to make upgrades to ensure long-term, reliable operations, but also maintain the unit's ability to work more efficiently with intermittent, noncarbon resources. Despite special protocols to control the spread of COVID-19, there was an outbreak affecting several contractors and staff members. Leadership adapted by dividing remaining crews into separate shifts and implementing extra precautions. These enabled staff to successfully complete the outage under budget with only a one-day startup delay.

Projects included:

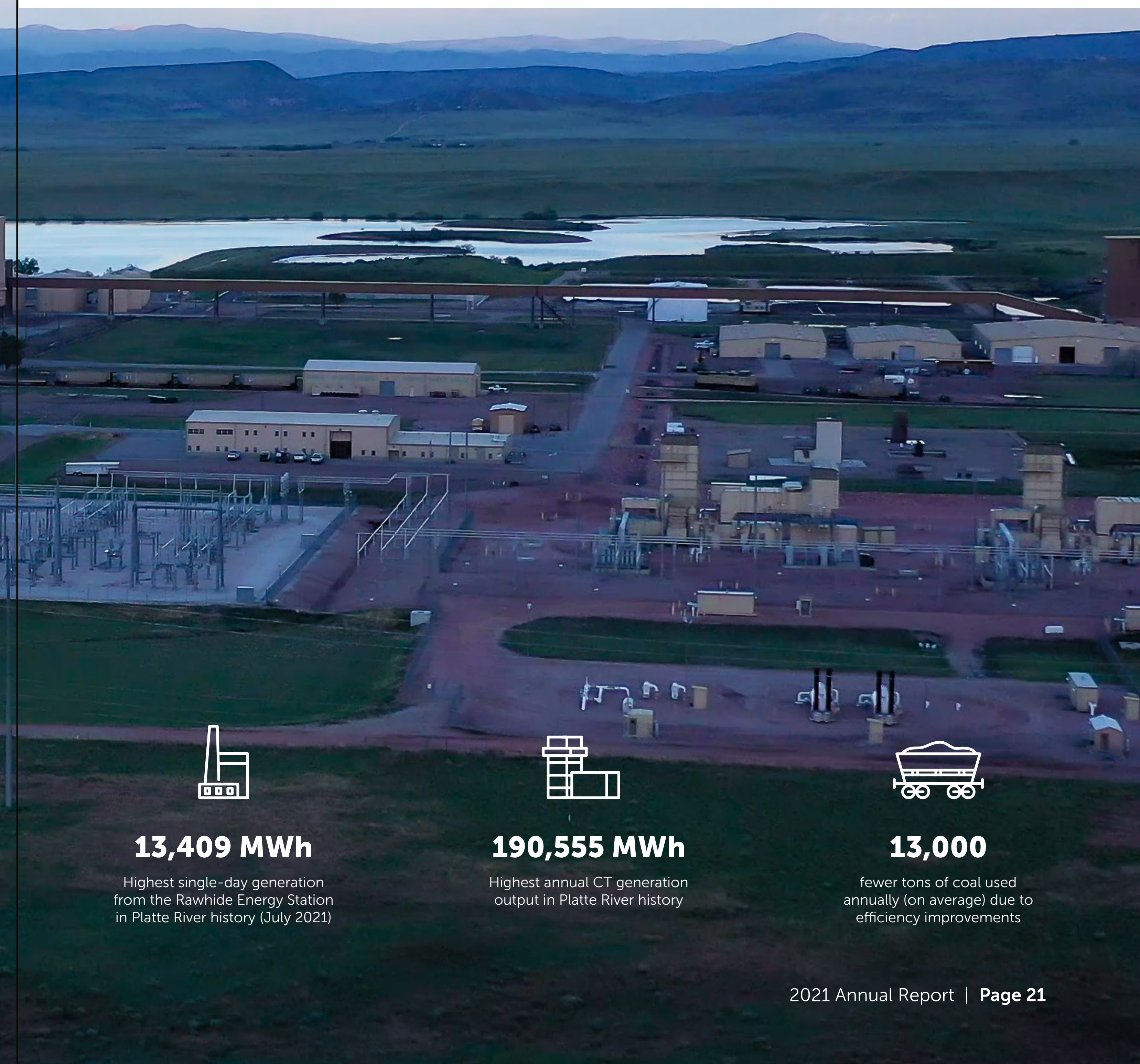
- Addition to steam reheater surface area
- Installation of variable frequency drives (VFD) for boiler feed pumps, induced draft fans and condensate pumps
- Installation of new dust collection for the active coal storage silo
- Automation of coal mill startup and shutdown processes
- Inspection and repair of motors for boiler feed pumps, air fans, condensate pumps, coal mills and all conveyors
- Inspection, replacement and chemical cleaning of boiler tubes
- Replacement of six oil pumps on the generator step-up transformers
- Inspection and repair of rotors on high, intermediate and low-pressure turbines



Combustion turbine units

Performing annual maintenance on the combustion turbines allows for inspection and preventive maintenance of critical items before the peak summer operating season. Additionally, Platte River completed numerous improvements over the six-week spring outage to make the units safer and more reliable, including:

- Replacing critical breakers that switch from normal to backup power in the event of a power loss
- Replacing components in each turbine to allow all units to be managed from a single controls platform
- Adding switches to the auxiliary power system to allow for maintenance on one unit without affecting other units
- Upgrading fire protection systems and building fall protection for safer equipment access



3 MW
Reduction in power needed to operate plant systems resulting from VFD install

13,409 MWh
Highest single-day generation from the Rawhide Energy Station in Platte River history (July 2021)

190,555 MWh
Highest annual CT generation output in Platte River history

13,000
fewer tons of coal used annually (on average) due to efficiency improvements

Distributed energy resources

Throughout 2021, utility directors and senior managers from the owner communities and Platte River collaborated on a strategic approach to advancing DERs within the communities and to better integrate them with Platte River's generation and transmission systems. DERs include physical or virtual devices or systems that can be deployed on the electric distribution system or on customer premises to provide value to all customers. Successfully integrating DERs will play an important role in achieving Platte River's RDP.

Following public input and numerous work sessions, the directing committee developed the strategy, which was presented to the Platte River board. The strategy relies on a collaborative framework for planning, customer programs and operational functions to create more coordinated operations between energy generation and flexible consumption.

After completing the strategy, cross-functional teams from Platte River and owner community staff began to develop workplans focused on flexible DERs and approaches to support beneficial electrification, including an electric vehicle education website.

Reorganization

To foster innovation necessary to achieve a noncarbon electric system that includes integrated DERs, Platte River created the transition and integration division that incorporates DER and energy solutions with resource planning and information and operations technology departments. The new group will more effectively collaborate to develop the tools, technologies, processes and services necessary to lead the organization's transition to a noncarbon energy future.

50

non-profits and multifamily properties completed upgrades using the Community Efficiency Grant, saving them $157,000 annually

966

efficiency projects completed through Efficiency Works Homes, saving 552 MWh

1,081

products incentivized with Efficiency Works Marketplace, saving 2,388 MWh

16,733 MWh

saved through the Efficiency Works Business program, with 668 business upgrades completed

Chimney Hollow **Reservoir Project**

Construction began in the fall of 2021 with expected completion by the fall of 2025.

Following more than 18 years of planning, preparation and delays, project owners, city officials and construction crews broke ground in August on the 90,000 acre-foot Chimney Hollow Reservoir.

Chimney Hollow Reservoir (the major component of the Windy Gap Firming Project) is located west of Carter Lake in Loveland. When filled, it will provide a firm yield of 30,000 acre-feet of water annually using existing Windy Gap water rights. Platte River joins 11 regional project participants and subscribes to 16,000 acre-feet of storage for an annual firm yield of 3,925-5,775 acre-feet, depending on hydrology and water supply conditions. Project construction continued through 2021.

The reservoir is scheduled to be complete and ready to fill by the fall of 2025. Once full, it will provide a firm water supply for current and future generation resources, following the board's direction to maintain adequate water supplies for all existing and projected future operations and to manage water as an asset.

After considering a variety of funding options, Platte River elected to finance 100% of its share of the Chimney Hollow Reservoir Project through pooled financing, which included a bond sale and a low-cost loan from the Colorado Water Conservation Board. This approach best fit the terms of Platte River's master bond resolution and took advantage of favorable bond rates.

Significant **technology upgrades**

Technological advancements and improvements are critical to aligning business operations with current standards and Platte River made significant progress in 2021 by implementing new software systems and upgrading outdated systems.

In July, human resources (HR) launched a new information system, replacing existing and separate systems for time entry, payroll, benefits and core HR activities. The platform provides easier access to important payroll functions and HR tasks and serves as an initial step toward an enterprise resource planning (ERP) system. Work to select an ERP vendor resumed in 2021 following delays caused by the pandemic. Staff will select a vendor in 2022 and plan to start implementation in 2023 for this multi-year project.

Utilities nationwide continue to emphasize the importance of cybersecurity while modernizing critical systems and managing an increasingly remote workforce. Platte River's information system and cybersecurity teams implemented a single sign-on and multi-factor authentication solution to provide enhanced security for staff accessing Platte River networks remotely.

Telecom and fiber optic staff completed the first phase of a new bulk electric system (BES) network in 2021. The second phase of the project is scheduled to begin in 2022. The BES network carries four types of traffic critical to power grid operations, including relay protection traffic, supervisory control and data acquisition (SCADA), boundary meters and phone lines. The new platform simplifies provisioning (building of circuits and paths) and reduces latency for protective relays, enabling quicker response time and reducing the possibility of damage.

58

ICON nodes installed at 54 sites

480

circuits moved from the old BES network to the ICON platform

Progress toward energy **market participation**

Critical to achieving the RDP goal, Platte River, along with partner utilities, made progress during 2021 toward eventual participation in an organized energy market.

100%

Transmission reliability for three consecutive years

707 MW

Achieved an all-time system peak in July 2021

Fourteen utilities that serve customers in western states joined to form the WMEG to identify potential market solutions that will help utilities achieve noncarbon energy goals while supporting reliable and financially sustainable service to customers. The group began exploring the potential for a staged approach to new market services, including day-ahead energy sales, transmission system expansion and other power supply and grid solutions consistent with existing state regulations.

Taking a step in the direction of full market participation, Platte River and its joint dispatch agreement partners evaluated options to participate in an EIM, a real-time market that dispatches energy generation from multiple power providers at the lowest possible cost to reliably serve the combined customer demand of the region. Participation in an EIM will also enable Platte River to gain access to a broader variety of energy resources, including noncarbon generation, and expand its options for energy market sales.

While many decisions depend on the selection of an EIM, Platte River began to assess technology infrastructure needed to manage market participation, adding staff and reviewing current and needed software packages to support efficient market participation.

Outreach **and engagement**

Platte River used traditional media, digital tools and in-person contacts to communicate with growing audiences in the owner communities in 2021 to support significant programs and strategic planning. During the fall, Platte River conducted another survey of residential and commercial retail customers of the owner communities to gain insight into the region's energy priorities. The board received survey results and will use the information to help formulate Platte River's next strategic plan.

General community interest in Platte River grew throughout 2021, with greater numbers engaging with social media tools, responding to marketing outreach and seeking information. Visits to prpa.org rose significantly throughout the year with favorable responses to its redesign and the addition of a near real-time energy production page. Engagement with Platte River's social media tools continued to increase with significant growth in Facebook followers after the call to conserve energy during Winter Storm Uri in February. Interest in the Efficiency Works program grew substantially in 2021 due in large part to the program's first brand awareness campaign, which helped nearly double visits to **efficiencyworks.org** from 2020.

Platte River continued strong engagement with community leaders, stakeholders and elected officials throughout the year. Staff met with northern Colorado's congressional delegation and conducted or participated in more than 100 meetings with state and local elected officials, regulatory leaders and stakeholders regarding policy issues.

Delayed in 2020 due to the pandemic, construction on the Energy Engagement Center (EEC) began early in 2021, nearing completion at the end of the year. The facility will offer the community more opportunities to engage with the region's energy experts and policy leaders who are guiding a cleaner and more diverse energy future.

100+
meetings with state, local and regulatory leaders regarding policy issues

3,585 sq. ft.
of additional meeting space in the EEC

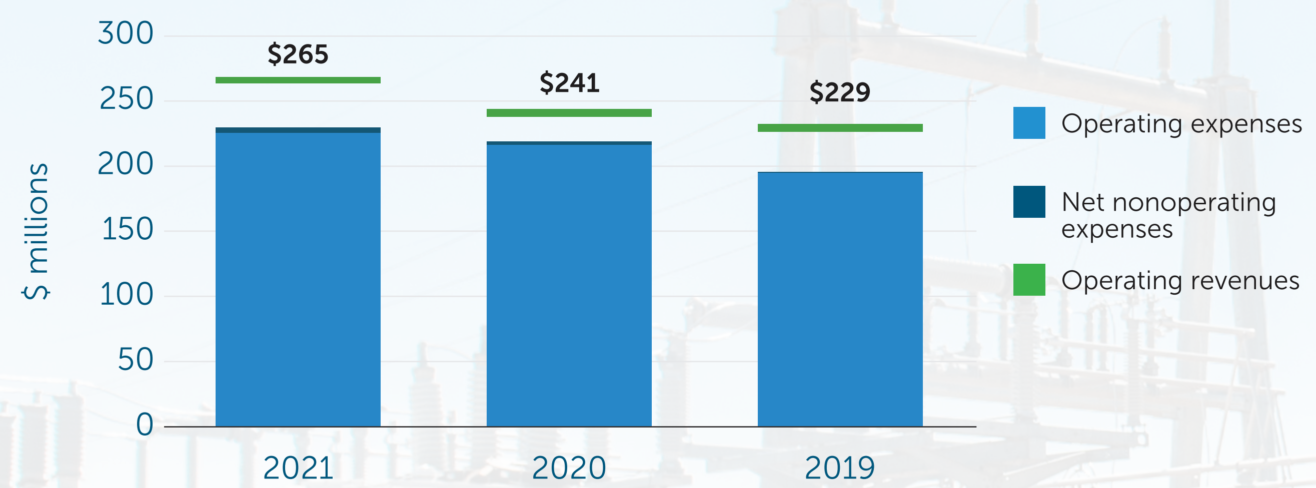
Overall
financial results

Platte River's financial position continues to strengthen and all strategic financial plan metrics were exceeded in 2021. Net income of $35.7 million was significantly above budget, supporting long-term financial sustainability and helping reduce the amount of future debt financings. The bond service coverage ratio of 4.25 times exceeded the 1.10 times required by bond covenants, providing confidence for Platte River bond holders. Platte River's strong financial position will benefit the owner communities well into the future.

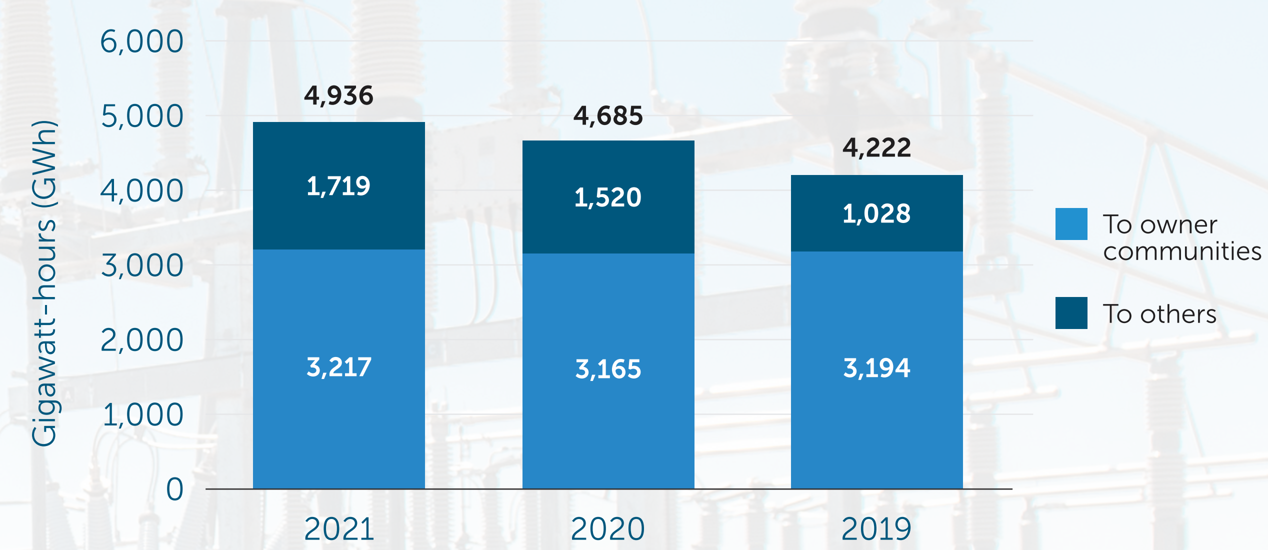
100%
of the strategic financial plan targets met

AA
credit rating

Revenues and expenses



Energy deliveries



Financial highlights

Year ended Dec. 31,	Target minimums	2021	2020	2019
Financial results ($000)				
Operating revenues		$ 265,378	$ 240,749	$ 229,185
Operating expenses		(225,594)	(216,154)	(194,951)
Nonoperating expenses, net		(4,091)	(2,603)	(691)
Change in net position		$ 35,693	$ 21,992	$ 33,543
Strategic financial plan metrics	**Target minimums**			
Net income ($000)	*3% of projected annual operating expenses*	$ 35,693	$ 21,992	$ 33,543
Fixed obligation charge coverage ratio	*1.5x*	2.80x	2.43x	2.52x
Debt ratio	*< 50%*	30%	21%	24%
Unrestricted days cash on hand	*200*	412	386	340
Selected other data ($000)				
Gross utility plant		$ 1,490,541	$ 1,472,120	$ 1,480,906
Long-term debt and other long-term obligations		$ 260,370	$ 178,353	$ 191,747
Accumulated net position		$ 651,287	$ 615,594	$ 593,602
Bond service coverage ratio	*1.1x*	4.25x	3.29x	3.26x

Platte River operational data

Year ended Dec. 31,	2021	2020	2019
Peak demand (kW)			
Estes Park	28,347	26,850	25,875
Fort Collins	318,671	296,397	300,117
Longmont	197,303	186,223	185,168
Loveland	175,125	160,528	160,994
Total owner communities' peak demand	719,446	669,998	672,154
Platte River coincident demand	706,778	656,620	663,959
Energy (MWh)			
Estes Park	137,187	132,106	136,824
Fort Collins	1,504,442	1,487,176	1,515,771
Longmont	841,993	834,113	816,662
Loveland	733,085	712,082	725,036
Total owner communities' energy	3,216,707	3,165,477	3,194,293
Sales to others	1,718,668	1,519,516	1,027,654
Energy – total system	4,935,375	4,684,993	4,221,947

Energy market statistics

Owner communities combined retail sales[1] (Year ended Dec. 31,)	2021	2020	2019
Number of customers (monthly average)			
Residential	150,751	148,481	146,228
Commercial & industrial	19,017	19,174	18,838
Other	288	295	299
Total	170,056	167,950	165,365
Energy sales (MWh)			
Residential	1,216,255	1,197,459	1,137,498
Commercial & industrial	1,913,547	1,875,584	1,968,793
Other	3,772	3,625	3,920
Total	3,133,574	3,076,668	3,110,211
Revenue ($000)			
Residential	$ 142,716	$ 136,118	$ 122,898
Commercial & industrial	171,901	161,666	163,527
Other	536	550	587
Total	$ 315,153	$ 298,334	$ 287,012
Residential averages (annual)			
Energy per customer (kWh)	8,068	8,065	7,779
Revenue per kWh (cents)	11.73	11.37	10.80
Revenue per customer	$ 946.70	$ 916.74	$ 840.45

[1] Data for most recent year have been compiled from preliminary reports of the owner communities supplied with electric energy by Platte River.

Report of **leadership**

Platte River's leadership is responsible for the preparation, integrity and objectivity of the financial statements and related information included in this annual report. The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America and, where required, reflect amounts based on the best estimates and judgments of leadership.

Platte River maintains a strong internal control structure designed to provide reasonable assurance that transactions are executed in accordance with leadership's authorization, that financial statements are prepared in conformity with GAAP and that assets are safeguarded. Platte River's internal auditor evaluates internal controls for adherence to policies and procedures on an ongoing basis, and reports findings and recommendations for possible improvements to leadership.

In addition, the independent auditors consider elements of the internal control system in determining the nature and scope of their audit procedures for the annual audit of Platte River's financial statements. The board of directors, whose members are not employees of Platte River, periodically meets with the independent auditors and leadership to discuss the audit scope, audit results and any recommendations to improve the internal control structure. The board of directors directly engages the independent auditors.

David Smalley
Chief Financial Officer/Deputy General Manager

Jason Frisbie
General Manager/CEO

Independent **auditor's report and financial statements**

Platte River Power Authority

Independent Auditor's Report and Financial Statements

Dec. 31, 2021 and 2020

Platte River Power Authority

Financial statements

Years ended Dec. 31, 2021 and 2020

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Independent Auditor's Report

Board of Directors
Platte River Power Authority
Fort Collins, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of Platte River Power Authority (Platte River), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Platte River's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of Platte River as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Platte River and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Platte River's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Platte River's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Platte River's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

Board of Directors
Platte River Power Authority

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information (Not Subjected to Auditing Procedures)

Our audits were performed for the purpose of forming an opinion on the basic financial statements as a whole. The Other Information (Budgetary Comparison Schedule) as listed in the table of contents is presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Information (Annual Report)

Management is responsible for the other information included in the Annual Report. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BKD, LLP

Denver, Colorado
April 5, 2022

Platte River Power Authority
Management's discussion and analysis
(not subjected to audit procedures)
Dec. 31, 2021 and 2020

This discussion and analysis provides an overview of the financial performance of Platte River Power Authority for the fiscal years ended Dec. 31, 2021, and Dec. 31, 2020. The information presented should be read in conjunction with the basic financial statements, accompanying notes to the financial statements and required supplementary information.

Platte River is a Colorado political subdivision and a wholesale electricity generation and transmission provider that delivers safe, reliable, environmentally responsible and financially sustainable energy and services to its four owner communities, Estes Park, Fort Collins, Longmont and Loveland, Colorado, for delivery to their utility customers.

Platte River is proactively working toward the goal of reaching a 100% noncarbon resource mix by 2030, while maintaining Platte River's three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services. Advancements in technology and joining an energy market amongst other requirements must occur to achieve the 2030 goal and to successfully maintain Platte River's three pillars. Platte River continuously evaluates resource planning and opportunities to add noncarbon resources.

Platte River's power resources include generation from coal and natural gas units, allocations of federal hydropower from Western Area Power Administration (WAPA), wind and solar purchases, joint dispatch agreement purchases, spot market purchases and a forced outage exchange agreement.

- Coal-fired generation includes Rawhide Unit 1 (280 megawatts), located 25 miles north of Fort Collins, and 18% ownership in Craig units 1 and 2 (151 megawatts combined), located in northwest Colorado. Rawhide Unit 1 is scheduled to be retired by Dec. 31, 2029. Craig units 1 and 2 are scheduled to be retired by Dec. 31, 2025 and Sept. 30, 2028, respectively.

- Gas-fired combustion turbines located at Rawhide Energy Station include five simple cycle combustion turbines, which include four GE 7EAs (65 megawatts each) and a GE 7FA (128 megawatts). The combustion turbines are used to meet peak load demand, to provide reserves during outages of the coal-fired units and to make surplus sales.

- Wind generation includes 303 megawatts provided under long-term power purchase agreements. The agreements are for deliveries from the following facilities.

  - Roundhouse Wind Energy Center (225 megawatts) in Wyoming; contract ends May 31, 2042.

  - Spring Canyon Wind Energy Center Phases II and III (60 megawatts) in Colorado; contracts end Oct. 31, 2039, and Dec. 10, 2039, respectively. To accommodate additional wind energy available from the Roundhouse Wind Energy Center power purchase agreement and reduce ancillary services expense, the energy and renewable attributes from these sites are being sold under a 10-year sales contract that began in 2020. Therefore, the energy is 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 megawatts) in Wyoming; contract ends Sept. 30, 2029. To accommodate additional wind energy available from the Roundhouse Wind Energy Center power purchase agreement and to reduce transmission and ancillary services expenses, the energy and renewable attributes from this site have been sold under a long-term sales contract. Therefore, it is not delivered to the owner communities.

  - Medicine Bow Wind Project (6 megawatts) in Wyoming; contract ends Dec. 30, 2033.

- Hydropower is received under two long-term contracts with WAPA – the Colorado River Storage Project and the Loveland Area Projects.

  - Colorado River Storage Project contract rate of delivery amounts are 106 megawatts in the summer and 136 megawatts in the winter. Actual capacity available varies by month. During the summer season, available capacity ranges from 51 megawatts to 60 megawatts. In the winter season, available capacity ranges from 72 megawatts to 85 megawatts. A rate increase of 8.1% and energy reduction of 30.6% occurred in December 2021 due to drought conditions and further changes are possible. The Colorado River Storage Project contract ends Sept. 30, 2057.

  - Loveland Area Projects' capacity varies from 23 megawatts to 30 megawatts in the summer and 26 megawatts to 32 megawatts in the winter. The Loveland Area Projects contract ends Sept. 30, 2054.

- Solar generation includes 52 megawatts with 2 megawatt-hours of battery storage provided under long-term power purchase agreements. The agreements are for deliveries from the following facilities.

  - Rawhide Flats Solar facility (30 megawatts) located at the Rawhide Energy Station; contract ends Dec. 14, 2041.

  - Rawhide Prairie Solar facility (22 megawatts) located at the Rawhide Energy Station; contract ends March 18, 2041. A battery storage system (2 megawatt-hours) is integrated with this project, which can be discharged once daily at a rate up to 1 megawatt per hour.

- The joint dispatch agreement is among Public Service Company of Colorado, Black Hills Colorado Electric, City of Colorado Springs and Platte River and operates similarly to an energy imbalance market. This agreement provides access to lower cost resources and

increases operational efficiencies while enhancing reliability. The agreement renews annually and is expected to terminate as all participants plan to join the Western Energy Imbalance Service Market operated by the Southwest Power Pool by April 2023.

- Spot market purchases provide energy to satisfy loads, replace power during outages meet reserve requirements and access lower cost resources.

- Platte River purchases capacity of approximately 4.022 megawatts and 0.445 megawatts 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 Generation and Transmission Association, Inc. (Tri-State). If either Rawhide Unit 1 or Tri-State's Craig Unit 3 is out of service, the other utility will provide up to 100 megawatts of generation on a short-term basis. The agreement is in effect until March 31, 2024.

Platte River operates as a utility enterprise and follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). Platte River has implemented all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements for Platte River and the defined benefit pension plan are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. For the defined benefit pension plan, payments are recognized when due and payable in accordance with the terms of the defined benefit pension plan.

Request for information

This financial report is designed to provide a general overview of Platte River's finances, as well as the defined benefit pension plan's finances. Questions about any of the information provided in this report or requests for additional financial information should be addressed to David Smalley, chief financial officer and deputy general manager, Platte River Power Authority, 2000 East Horsetooth Road, Fort Collins, Colorado 80525.

Financial summary

Platte River reported income of $35.7 million in 2021, approximately $13.7 million higher than 2020. The year ended with an increase in operating revenues of $24.6 million, an increase in operating expenses of $9.4 million and an increase in nonoperating expenses, net, of $1.5 million.

Condensed financial statements

The following condensed statements of net position and condensed statements of revenues, expenses and changes in net position summarize Platte River's financial position and changes in financial position for 2021, 2020 and 2019.

	Dec. 31,		
	2021	**2020**	**2019**
		(in thousands)	
Assets			
Electric utility plant	**$ 589,188**	$ 603,342	$ 586,230
Special funds and investments	**150,991**	126,237	119,445
Current and noncurrent assets	**270,345**	176,960	130,724
Total assets	**1,010,524**	906,539	836,399
Deferred outflows of resources	**28,537**	28,052	31,699
Liabilities			
Noncurrent liabilities	**289,731**	215,882	235,651
Current liabilities	**35,164**	32,997	33,050
Total liabilities	**324,895**	248,879	268,701
Deferred inflows of resources	**62,879**	70,118	5,795
Net position			
Net investment in capital assets	**397,673**	392,499	394,847
Restricted	**18,864**	18,521	17,872
Unrestricted	**234,750**	204,574	180,883
Total net position	**$ 651,287**	$ 615,594	$ 593,602

Net position

Total net position at Dec. 31, 2021, was $651.3 million, an increase of $35.7 million over 2020. Total net position at Dec. 31, 2020, was $615.6 million, an increase of $22 million over 2019.

Electric utility plant decreased $14.2 million during 2021 as illustrated in note 4, primarily due to a $32.6 million increase in accumulated depreciation and $19.9 million decrease in construction work in progress. Partially offsetting these net decreases were a $35.8 million increase in plant and equipment in service and a $2.5 million increase in land and land rights.

In 2020, electric utility plant increased $17.1 million over 2019, primarily due to a $46.6 million increase in plant and equipment in service and a $25.9 million decrease in accumulated depreciation and amortization. Partially offsetting these net increases were a $55.4 million decrease in construction work in progress and a $0.1 million decrease in land and land rights. During 2020, Platte River implemented a change in estimate to the depreciation method from the group method to the specific identification method to be applied prospectively. As a result, a Platte River board-approved accounting policy using GASB 62 was implemented to reclassify $55.8 million of a net deferred gain on capital retirements to a regulatory credit as described in note 10. Further, another board-approved accounting policy reclassified $19.8 million for Windy Gap Firming Project (Chimney Hollow Reservoir) storage rights to a regulatory asset also described in note 8 and 10.

Special funds and investments increased $24.8 million during 2021 primarily due to strong financial results providing excess cashflow during the year.

In 2020, special funds and investments increased $6.8 million over 2019 primarily due to an increase in funds from the additional sales of ten Windy Gap water units for $27 million.

Current and noncurrent assets increased $93.4 million during 2021 primarily due to an increase in regulatory assets and other long-term assets resulting from participation in the Windy Gap Firming Project which includes construction of the Chimney Hollow Reservoir and the pooled financing as described in note 8 and 10.

In 2020, current and noncurrent assets increased $46.2 million over 2019 primarily due to increases in cash and investment balances from the additional sales of Windy Gap water units, higher surplus sales revenues and lower capital expenditures. Accounts receivable increased due to higher surplus sales and outstanding balances at the end of the year. Craig Generating Station fuel inventory levels decreased due to a stockpile sale earlier in the year. In addition, regulatory assets increased primarily due to the regulatory asset for Windy Gap Firming Project (Chimney Hollow Reservoir) storage rights as described in note 10.

Deferred outflows of resources increased $0.5 million during 2021 primarily due to an increase in the Trapper Mine reclamation liability as well as an increase in Platte River's percentage share of the reclamation costs following the exit of a member at the end of 2020. Pension deferrals based on changes in plan experience and market returns also increased.

These increases were partially offset by decreases in unamortized deferred loss on debt refundings.

In 2020, deferred outflows of resources decreased $3.6 million from 2019 primarily due to an updated estimate for impoundment closure costs at Craig Generating Station (asset retirement obligation) as well as a decrease in deferred loss on debt refundings following the partial advance refunding of Series II power revenue bonds through the issuance of Taxable Series KK power revenue bonds as described in note 7.

Noncurrent liabilities increased $73.8 million during 2021 primarily due to an increase in other long-term obligations resulting from the pooled financing to fund the Windy Gap Firming Project which includes construction of the Chimney Hollow Reservoir as described in note 8 and 10. Asset retirement obligations also increased as described in note 9. Partially offsetting the increases were principal retirements and a decrease in unamortized premium as described in note 7 as well as a decrease in the net pension liability due to a gain in the market value of assets for the defined benefit pension plan compared to the assumed rate of return as described in note 12.

In 2020, noncurrent liabilities decreased $19.8 million from 2019 primarily due to principal retirements of debt, an updated estimate for impoundment closure costs at the Craig Generating Station (asset retirement obligation) and a decrease in the net pension liability primarily due to higher contributions in 2020. Platte River also successfully completed a $25.2 million bond sale, Taxable Series KK, which advance refunded $23.5 million of Series II power revenue bonds as described in note 7.

Current liabilities increased $2.2 million during 2021 primarily due to increases in the current portions of long-term debt (note 7), other long-term obligations (note 8) and asset retirement obligations (note 9).

In 2020, current liabilities decreased $0.1 million from 2019 primarily due to payments for asset retirement obligations related to the closure of two ash ponds at the Rawhide Energy Station as described in note 9. Partially offsetting the decrease were increases in current maturities of long-term debt following principal retirements and the partial advance refunding of Series II power revenue bonds through the issuance of Taxable Series KK power revenue bonds (note 7) and increases in accrued liabilities and other.

Deferred inflows of resources decreased $7.2 million during 2021 primarily due to the reversal of the expense accrual for the 2021 scheduled maintenance outage of Rawhide Unit 1 as well as a net decrease in the regulatory credit for deferred gains and losses on capital retirements as previous deferred items are amortized (note 10). These decreases were partially offset by an increase in the deferral of the net gain in market values and assumption changes recorded in 2021 for the defined benefit pension plan.

In 2020, deferred inflows of resources increased $64.3 million over 2019 primarily due to the regulatory credit for deferred gains and losses on capital retirements as described in note 10. Additional expenses for the 2021 scheduled maintenance outage of Rawhide Unit 1 were also accrued. In addition, there was an increase in deferred pension contribution expense recognition as actual pension contributions exceeded actuarial pension expenses.

Condensed statements of revenues, expenses and changes in net position

	Years ended Dec. 31, **2021**	**2020**	**2019**
	(in thousands)		
Operating revenues	**$ 265,378**	$ 240,749	$ 229,185
Operating expenses	**225,594**	216,154	194,951
Operating income	**39,784**	24,595	34,234
Nonoperating expenses, net	**(4,091)**	(2,603)	(691)
Change in net position	**35,693**	21,992	33,543
Net position at beginning of year	**615,594**	593,602	560,059
Net position at end of year	**$ 651,287**	$ 615,594	$ 593,602

Changes in net position

Net position increased $35.7 million in 2021, $13.7 million higher than in 2020. There were increases in operating revenues, operating expenses and nonoperating expenses, net. Net position increased $22 million in 2020, $11.5 million lower than 2019. There were increases in operating revenues, operating expenses and nonoperating expenses, net.

Operating revenues in 2021 increased $24.6 million over 2020.

- Sales to the owner communities increased $3.2 million from 2020 primarily due to a 1.5% average wholesale rate increase and increases in owner communities' energy deliveries of 1.6% and billed demand of 2.9%. The owner communities set a new peak of 707 megawatts on July 28 at 6 p.m.

- Surplus sales revenue (sales for resale and other) increased $21.4 million over 2020 primarily due to increased market prices resulting from elevated natural gas prices and limited supply.

Operating revenues in 2020 increased $11.6 million over 2019.

- Sales to the owner communities decreased $1.9 million from 2019 primarily due to a decrease in owner communities energy deliveries of 0.9%. While there was no average wholesale rate increase, 2020 was the first year of a new unbundled and transparent wholesale rate structure.

- Surplus sales revenue (sales for resale and other) increased $13.5 million over 2019 primarily due to new short-term and long-term sales contracts. Wheeling revenues increased 8.1% due to a rate increase to the transmission tariff, additional point-to-point service and higher loss charges during a period of elevated energy market prices.

Operating expenses in 2021 increased $9.4 million over 2020.

- Purchased power costs increased $6.6 million over 2020. The increase was due primarily to commercial operation of the Rawhide Prairie Solar facility, having a full year of generation from the Roundhouse Wind Energy Center, rate increases for purchased reserves and increased other purchases due to the scheduled Rawhide Unit 1 maintenance outage. Partially offsetting the increases were decreases in joint dispatch agreement purchases and hydropower energy purchases. An increase in the net forced outage assistance energy deliveries recorded as a net credit to purchased power also offset the overall increase.

- Fuel expense increased $5.9 million over 2020. Natural gas expense and fuel for the Craig units were $6.5 million and $2 million more than 2020, respectively. The combustion turbine units and Craig units operated at higher capacity factors to make sales, meet increased load requirements and provide replacement power during the scheduled maintenance outage of Rawhide Unit 1. Natural gas prices were also higher than budget due to regional outages and limited coal supplies. Coal expense for Rawhide Unit 1 decreased primarily due to the scheduled maintenance outage.

- Operations and maintenance expenses decreased $2.9 million from 2020. The decrease was due to the minor outage for Rawhide Unit 1 in the fall of 2020 and an overall decrease in operating expenses at the Craig units, partially offset by additional expenses related to the pooled financing for the Windy Gap Firming Project (Chimney Hollow Reservoir) and increased wheeling expenses for transmission losses settled financially, which were previously settled in energy.

- Administrative and general expenses increased $1 million over 2020 primarily due to increased personnel expenses from new positions and increased technology expenses.

- Distributed energy resources decreased $2.6 million from 2020 primarily due to lagging program participation from effects of the COVID-19 pandemic and economic recovery challenges.

- Depreciation and amortization increased $1.4 million over 2020 as accelerated depreciation for the early retirement of Rawhide Unit 1 and Craig Unit 2 assets occurred for a full year. Partially offsetting the increase were a decrease in amortization expense

relating to asset retirement obligations and both acceleration of recognition and additional gains from sales of Windy Gap water units.

Operating expenses in 2020 increased $21.2 million over 2019.

- Purchased power costs increased $9.6 million over 2019. The increase was due primarily to the commercial operation of the Roundhouse Wind Energy Center and increased generation of existing wind and solar facilities. Purchases made under the joint dispatch agreement also increased purchased power and offset baseload generation.

- Fuel expense decreased $3.8 million from 2019. Fuel expense for Rawhide Unit 1 and the Craig units was $1.5 million and $4.8 million less than 2019, respectively. All coal units operated at lower capacity factors to take advantage of lower cost energy under the joint dispatch agreement. Natural gas expense was $2.5 million higher than 2019 primarily due to higher generation for surplus sales from the combustion turbine units.

- Operations and maintenance expenses were $2.5 million more than 2019. The increase was due to a minor outage for Rawhide Unit 1 and additional personnel costs from health and safety precautions during the COVID-19 pandemic. Partially offsetting the increases were overall decreases in operating expenses at the Craig units and reductions of expenses in response to the COVID-19 pandemic.

- Administrative and general expenses increased $1.3 million over 2019 primarily due to increased personnel expenses partially offset by reduced expenses in response to the COVID-19 pandemic.

- Distributed energy resources expense increased $0.4 million over 2019 due to program expansion for business and consumer product offerings for energy efficiency programs. Approximately $2 million of additional program expenses were planned for 2020 but were delayed due to the COVID-19 pandemic.

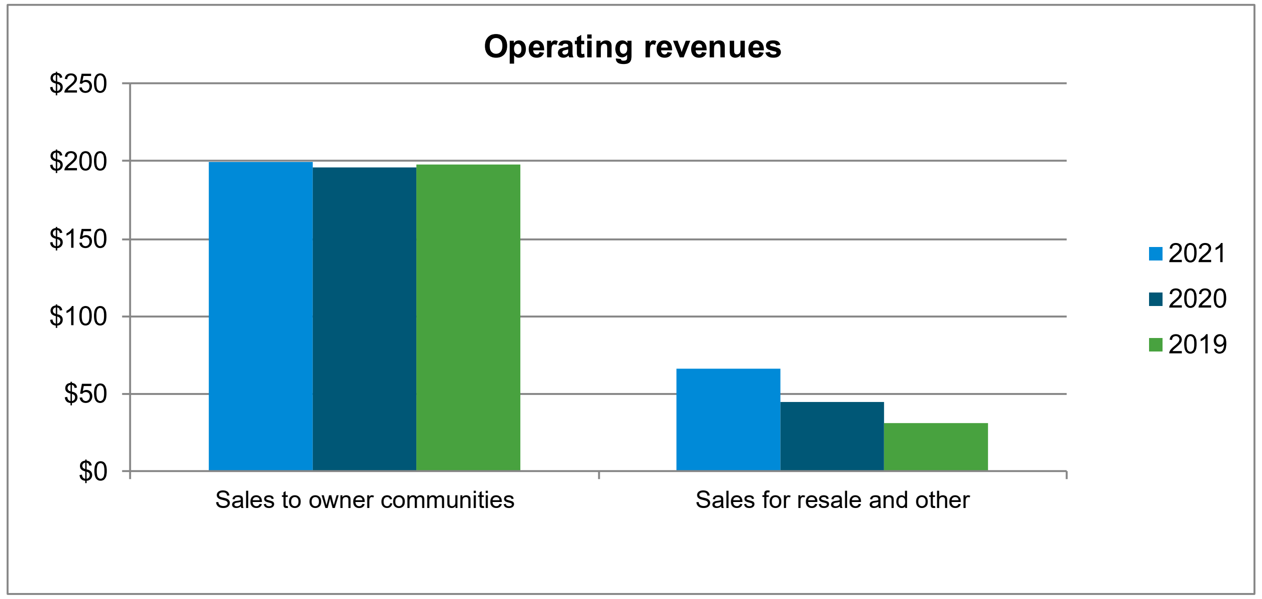
- Depreciation and amortization expense increased $11.2 million over 2019 due to acceleration of expenses due to early retirement announcements for all three coal-fired units, project cost overruns on the closure of two ash ponds at the Rawhide Energy Station as described in note 9 and additional expense for deferred gains and losses under the board-approved accounting policy using GASB 62 as described in note 10.

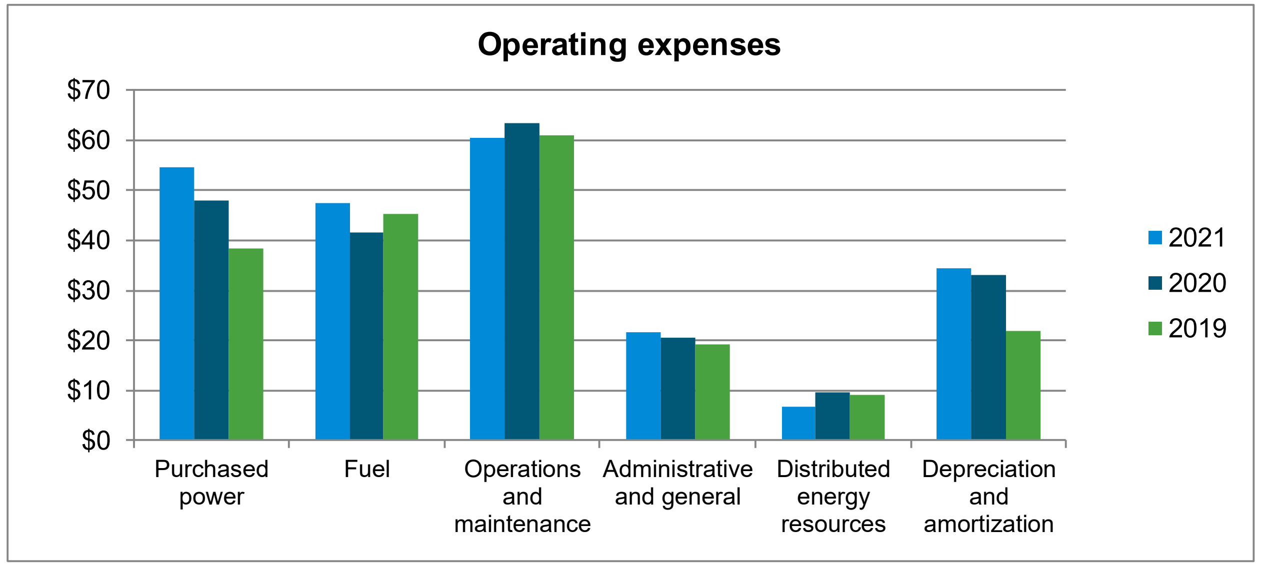
Nonoperating expenses, net, increased $1.5 million in 2021 compared to 2020. The main contributors to the increase were a net decrease in the fair value of investments due to rising interest rates near year end and reduced interest income as higher yielding investments matured and were reinvested in lower-yielding investments. Partially offsetting the increase was reduced interest expense following the successful completion of the sale of Taxable Series KK power revenue bonds, which advance refunded a portion of Series II power revenue bonds at lower interest rates, at the end of 2020. Also offsetting the increase was the absence of the one-time $1 million distribution to the owner communities described in 2020 results.

Nonoperating expenses, net, increased $1.9 million in 2020 compared to 2019. The main contributors to the increase were lower interest income, a one-time $1 million owner distribution to the governing bodies of the owner communities to assist with COVID-19 pandemic impacts and a lower increase in fair value of investments compared to 2019. Partially offsetting the increase were a decrease in interest expense from ordinary principal retirements and an increase in other income for unplanned lease revenue and receipt of contract liquidated damages.

Operating revenues and expenses

(in millions)





Debt ratings

The ratings on Platte River's existing bonds remained unchanged.

Bond issue	Moody's	S&P	Fitch
Power revenue bonds			
Series II	Aa2	AA	AA
Series JJ	N/A	AA	AA
Taxable Series KK	Aa2	N/A	AA

Budgetary highlights

Platte River's board approved the 2021 Strategic Budget with total revenues of $241.6 million, operating expenses of $191 million, capital additions of $127.4 million and debt service expenditures of $18.1 million. The following budgetary highlights are presented on a non-GAAP budgetary basis.

Total revenues of $267.6 million ended the year $26 million above budget.

- Sales to owner communities of $199.2 million were $5.3 million above budget due to above-budget energy deliveries and billing demand.
- Sales for resale and other totaled $66.1 million and were above budget $20.2 million primarily due to increased market prices from elevated natural gas prices due to regional outages and limited coal supplies.
- Other revenues, net, of $2.3 million were above budget $0.5 million primarily due to unbudgeted tower leases, liquidated damages from the Rawhide Prairie Solar project due to project delays and a dividend from Trapper Mine.

Operating expenses of $191 million were at budget following a $1.6 million board-approved contingency transfer. The largest variances are explained below.

- Purchased power expenses of $54.6 million were $2.6 million below budget primarily due to below budget wind and solar generation as well as net energy provided to Tri-State under the forced outage assistance agreement. Purchases made under the joint dispatch agreement were also below budget due to favorable pricing as well as volumes. Hydropower purchases were below budget due to an energy reduction from WAPA, partially offset by a rate increase. Partially offsetting the below-budget variances were above-budget purchased reserves due to a higher rate increase than planned and unfavorable pricing on other supplemental purchases.
- Fuel expenses of $47.5 million were $11.5 million above budget primarily due to above-budget natural gas expense from operating the combustion turbine units to make sales, meet load requirements and replace Rawhide Unit 1's generation during the scheduled maintenance outage. Natural gas prices were above budget due to regional outages and

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limited coal supplies. Coal was also above budget as the Craig units were dispatched during higher market energy pricing and to replace lower renewable generation than budgeted, partially offset by below-budget Rawhide Unit 1 generation due to forced outages and operating at lower loads to take advantage of lower-cost energy under the joint dispatch agreement. Board-approved contingency funds were transferred to fuel expense primarily due to using the combustion turbine units more than planned.

- Production, transmission, administrative and general and distributed energy resources expenses of $88.9 million were $8.9 million below budget as described below.
  - Operations and maintenance expenses were below budget approximately $3.3 million due to projects being completed below budget and expenses not being required. In addition, the Windy Gap Firming Project (Chimney Hollow Reservoir) financing expenses were delayed, Windy Gap operational water expenses were below budget and the Craig units operating expenses were less than anticipated.
  - Personnel expenses were below budget $1 million primarily due to lower than anticipated medical and dental claims and fewer contributions made to the defined contribution pension plan due to vacancies and forfeitures, partially offset by unbudgeted payouts to employees under the gainshare program and additional overtime incurred due to health and safety precautions during the COVID-19 pandemic, coverage for the Rawhide Unit 1 scheduled maintenance outage, staff shortages and training of new employees.
  - Distributed energy resources program expenses were below budget $4.6 million primarily due to a lag in participation from the continued effects of the COVID-19 pandemic and economic recovery challenges and unpredictable completion of customers' energy efficiency projects.

Capital additions of $117.4 million were $10 million below budget. This variance was due to schedule changes, scope changes, contract or material delays including those caused by global supply chain issues, internal resource constraints and canceled projects. Production additions, transmission additions, general additions and asset retirement obligations were below budget $7 million, $1.5 million, $1.1 million and $0.4 million, respectively. The variance has been carried over to the 2022 Strategic Budget to complete the projects.

Debt service expenditures of $18 million were $0.1 million below budget due to favorable interest rates when Platte River issued its Taxable Series KK power revenue bonds.

See the budgetary comparison schedule presented as other information.

Platte River Power Authority
Statements of net position
Dec. 31, 2021 and 2020

	Dec. 31, 2021	Dec. 31, 2020
	(in thousands)	
Assets		
Electric utility plant, at original cost (notes 3 and 4)		
Land and land rights	**$ 19,446**	$ 16,924
Plant and equipment in service	**1,443,264**	1,407,436
Less: accumulated depreciation and amortization	**(901,353)**	(868,778)
Plant in service, net	**561,357**	555,582
Construction work in progress	**27,831**	47,760
Total electric utility plant	**589,188**	603,342
Special funds and investments (note 5)		
Restricted funds and investments	**19,375**	19,044
Dedicated funds and investments	**131,616**	107,193
Total special funds and investments	**150,991**	126,237
Current assets		
Cash and cash equivalents (notes 3 and 5)	**40,407**	52,593
Other temporary investments (note 5)	**44,162**	33,526
Accounts receivable—owner communities	**16,235**	16,149
Accounts receivable—other	**10,467**	8,483
Fuel inventory, at last-in, first-out cost	**10,562**	13,409
Materials and supplies inventory, at average cost	**15,299**	15,127
Prepayments and other assets	**1,391**	1,624
Total current assets	**138,523**	140,911
Noncurrent assets		
Regulatory assets (note 10)	**126,488**	35,385
Other long-term assets	**5,334**	664
Total noncurrent assets	**131,822**	36,049
Total assets	**1,010,524**	906,539
Deferred outflows of resources		
Deferred loss on debt refundings (note 7)	**3,974**	4,971
Pension deferrals (note 12)	**2,116**	2,023
Asset retirement obligations (note 9)	**22,447**	21,058
Total deferred outflows of resources	**28,537**	28,052

See notes to financial statements.

Platte River Power Authority
Statements of net position
Dec. 31, 2021 and 2020

	Dec. 31, 2021	Dec. 31, 2020
	(in thousands)	
Liabilities		
Noncurrent liabilities (note 6)		
Long-term debt, net (note 7)	**$ 152,637**	$ 167,208
Other long-term obligations (note 8)	**95,184**	–
Net pension liability (note 12)	**7,770**	15,604
Asset retirement obligations (note 9)	**27,549**	26,520
Other liabilities and credits	**6,591**	6,550
Total noncurrent liabilities	**289,731**	215,882
Current liabilities		
Current maturities of long-term debt (note 7)	**11,660**	11,145
Current portion of other long-term obligations (note 8)	**889**	–
Current portion of asset retirement obligations (note 9)	**1,706**	1,073
Accounts payable	**17,049**	17,750
Accrued interest	**511**	524
Accrued liabilities and other	**3,349**	2,505
Total current liabilities	**35,164**	32,997
Total liabilities	**324,895**	248,879
Deferred inflows of resources		
Deferred gain on debt refundings (note 7)	**140**	154
Regulatory credits (note 10)	**56,715**	69,964
Pension deferrals (note 12)	**6,024**	–
Total deferred inflows of resources	**62,879**	70,118
Net position		
Net investment in capital assets (note 11)	**397,673**	392,499
Restricted	**18,864**	18,521
Unrestricted	**234,750**	204,574
Total net position	**$ 651,287**	$ 615,594

See notes to financial statements.

Platte River Power Authority
Statements of revenues, expenses and changes in net position
Dec. 31, 2021 and 2020

	Years ended Dec. 31, 2021	2020
	(in thousands)	
Operating revenues		
Sales to owner communities	**$ 199,208**	$ 196,002
Sales for resale and other	**66,170**	44,747
Total operating revenues	**265,378**	240,749
Operating expenses		
Purchased power	**54,606**	48,029
Fuel	**47,525**	41,571
Operations and maintenance	**60,505**	63,348
Administrative and general	**21,585**	20,604
Distributed energy resources	**6,945**	9,560
Depreciation and amortization (notes 4, 9 and 10)	**34,428**	33,042
Total operating expenses	**225,594**	216,154
Operating income	**39,784**	24,595
Nonoperating revenues (expenses) (notes 5 and 7)		
Interest income	**1,351**	2,479
Other income	**913**	821
Distribution to owner communities	**–**	(1,000)
Interest expense	**(4,528)**	(5,570)
Net increase (decrease) in fair value of investments	**(1,827)**	667
Total nonoperating revenues (expenses)	**(4,091)**	(2,603)
Change in net position	**35,693**	21,992
Net position at beginning of year	**615,594**	593,602
Net position at end of year	**$ 651,287**	$ 615,594

See notes to financial statements.

Platte River Power Authority
Statements of cash flows
Dec. 31, 2021 and 2020

	Years ended Dec. 31, 2021	2020
	(in thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 263,931**	$ 239,456
Payments for operating goods and services	**(152,912)**	(131,680)
Payments for employee services	**(45,357)**	(46,696)
Net cash provided by operating activities	**65,662**	61,080
Cash flows from capital and related financing activities		
Additions to electric utility plant	**(24,322)**	(36,005)
Payments from accounts payable incurred for electric utility plant additions	**(1,271)**	(5,699)
Proceeds from disposal of electric utility plant	**278**	27,174
Deposits into escrow for bond defeasance	**–**	(238)
Proceeds from issuance of long-term debt	**–**	243
Principal payments on long-term debt	**(11,145)**	(10,310)
Interest payments on long-term debt	**(6,371)**	(7,756)
Net cash used in capital and related financing activities	**(42,831)**	(32,591)
Cash flows from investing activities		
Purchases and sales of temporary and restricted investments, net	**(37,229)**	(4,363)
Interest and other income, including realized gains and losses	**2,212**	3,256
Distribution to owner communities	**–**	(1,000)
Net cash used in investing activities	**(35,017)**	(2,107)
(Decrease)/increase in cash and cash equivalents	**(12,186)**	26,382
Balance at beginning of year in cash and cash equivalents	**52,593**	26,211
Balance at end of year in cash and cash equivalents	**$ 40,407**	$ 52,593

See notes to financial statements.

Platte River Power Authority
Statements of cash flows
Dec. 31, 2021 and 2020

	Years ended Dec. 31, 2021	2020
	(in thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 39,784**	$ 24,595
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	**37,183**	29,027
Amortization	**(3,970)**	–
Changes in assets and liabilities which provided/(used) cash		
Accounts receivable	**(2,070)**	(1,140)
Fuel and materials and supplies inventories	**2,675**	1,377
Prepayments and other assets	**409**	(340)
Regulatory assets	**986**	(1,561)
Deferred outflows of resources	**(1,482)**	2,555
Accounts payable	**(1,011)**	4,059
Net pension liability	**(7,834)**	(3,075)
Asset retirement obligations	**1,662**	(2,931)
Other liabilities	**950**	150
Deferred inflows of resources	**(1,620)**	8,364
Net cash provided by operating activities	**$ 65,662**	$ 61,080
Noncash capital and related financing activities		
Additions of electric utility plant through incurrence of accounts payable	**$ 1,581**	$ 1,270
Amortization of regulatory assets (debt issuance costs, Windy Gap Firming Project storage rights)	**97**	71
Amortization of bond premiums, deferred loss and deferred gain on refundings	**(1,928)**	(2,120)
Additions to regulatory assets and other assets through incurrence of other long-term obligations (notes 8 and 10)	**96,073**	–
Net proceeds from refunding bond issuance deposited directly into irrevocable trust	–	25,182

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of fiduciary net position
Dec. 31, 2021 and 2020

	Dec. 31, 2021	2020
	(in thousands)	
Assets		
Cash equivalents	**$ 1,953**	$ 1,866
Investment income receivable	**3**	-
Investments		
Fixed income securities	**23,007**	29,055
Domestic equity securities	**48,089**	39,693
International equity securities	**33,388**	29,905
Infrastructure	**2,889**	4,982
Natural resources	**8,518**	3,627
Real estate funds	**3,560**	2,809
Reinsurance funds	**110**	919
Total investments	**119,561**	110,990
Total assets	**121,517**	112,856
Net position restricted for pension benefits	**$ 121,517**	$ 112,856

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of changes in fiduciary net position
Dec. 31, 2021 and 2020

	Years ended Dec. 31, 2021	2020
	(in thousands)	
Additions		
Employer contributions	**$ 4,569**	$ 7,593
Investment income		
Net increase in fair value of investments	**12,569**	4,721
Interest and dividends	**2,722**	2,274
Net investment income	**15,291**	6,995
Total additions	**19,860**	14,588
Deductions		
Benefit payments	**11,199**	8,144
Change in plan net position	**8,661**	6,444
Net position restricted for pension benefits		
Beginning net position	**112,856**	106,412
Ending net position	**$ 121,517**	$ 112,856

See notes to financial statements.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2021 and 2020

1. Organization

Platte River Power Authority was organized in accordance with Colorado law as a separate governmental entity by the four owner communities of Estes Park, Fort Collins, Longmont and Loveland. Platte River contracted to supply the wholesale electric power and energy requirements of each of these owner, with limited exceptions. An owner may self-supply power and energy equivalent to the capacity of its generating facilities in service on Sept. 5, 1974 and may add new resources up to a limit of 1,000 kW or 1% of the owner community's peak load, whichever is greater. An owner community may also purchase power from its net metered customers (limited to 120% of the customer's annual energy consumption). These contracts currently extend through Dec. 31, 2060. Each of the four owner communities has a residual interest in Platte River's assets and liabilities upon dissolution, which is proportional to the total revenue received from each owner community since Platte River was organized, less any contributions of assets previously distributed. Based upon electric revenues billed from inception through Dec. 31, 2021, these residual interests are approximately as follows.

	Residual interest
City of Fort Collins	48%
City of Longmont	26%
City of Loveland	22%
Town of Estes Park	4%
	100%

Under Colorado law and the owner community contracts, the board has the exclusive authority to establish the electric rates to be charged to the owner communities. Platte River must follow specified statutory procedures, including public notice and holding a hearing to receive public comments, before adopting an annual budget.

The defined benefit pension plan is a single-employer defined benefit pension plan included in the financial statements as a fiduciary component unit reported as a pension trust fund in the fiduciary funds statements. Platte River's board is the designated governing body over the defined benefit pension plan and has authority to amend the defined benefit pension plan. The retirement committee established under the defined benefit pension plan oversees the plan's investments. Platte River does not issue separate stand-alone financial statements of the defined benefit pension plan.

2. Operations

Rawhide Energy Station
The Rawhide Energy Station consists of Rawhide Unit 1, a 280 megawatt (net) coal-fired generating facility, a cooling pond, coal-handling facilities, related transmission facilities, five simple-cycle gas-fired combustion turbines and two solar facilities. Natural gas units A through D have summer peaking capacity of 65 megawatts each and Unit F has a summer peaking capacity of 128 megawatts. Solar facilities include Rawhide Solar Flats (30 megawatts) and

Rawhide Prairie Solar (22 megawatts). A battery storage system of 2 megawatt-hours is integrated with Rawhide Prairie Solar and can be discharged once daily at a rate up to 1 megawatt per hour. The Rawhide Energy Station facilities, except for the solar and battery storage facilities, are wholly owned and operated by Platte River. Rawhide Unit 1 is scheduled to retire by Dec. 31, 2029.

Yampa project

Platte River owns 18%, or 151 megawatts, of Craig units 1 and 2 of the Yampa Project as a tenant-in-common with four other electric utilities. The current Yampa Project Participation Agreement took effect April 15, 1992. Craig units 1 and 2 are scheduled to retire by Dec. 31, 2025 and Sept. 30, 2028, respectively. The Yampa Project consists of 837 megawatts of coal-fired generation and associated transmission plant facilities located near the town of Craig in northwestern Colorado. Platte River's share of the plant investment is included in plant in service, net, in the accompanying statements of net position. Platte River's share of operating expenses of the Yampa Project is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position. Separate financial statements for the Yampa Project are not available. In addition, Platte River and two of the other Yampa Project participants own Trapper Mining, Inc., which owns and operates the adjacent coal mine that supplies Craig units' 1 and 2 fuel needs. One previous member of Trapper Mining, Inc. exited effective Dec. 31, 2020, increasing Platte River's minority ownership.

Windy Gap water

Under an agreement with the Municipal Subdistrict of Northern Colorado Water Conservancy District, Platte River is entitled to an allocation of the available water from the Windy Gap Project, a water diversion facility completed May 1, 1985. The water is used in operations at the Rawhide Energy Station. Platte River's share of operating expenses of the Windy Gap Project is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position. Additionally, Platte River is a participant in the Windy Gap Firming Project (Chimney Hollow Reservoir) following cash contributions from participants and the issuance of a pooled financing for the project in 2021 as described in note 8 and 10.

3. Summary of significant accounting policies

Reporting entity

For financial reporting purposes, Platte River meets the criteria of an "other stand-alone government." As a municipal utility and a separate governmental entity, Platte River is exempt from taxes on its income. Platte River is also exempt from taxes on its property located in Colorado.

The defined benefit pension plan is a single-employer defined benefit pension plan covering all employees of Platte River hired before Sept. 1, 2010 (note 12). Platte River contributes to the defined benefit pension plan based upon actuarial studies and has primary responsibility for managing the defined benefit pension plan. All retirement plan committee members are appointed by the board. Platte River also provides all accounting, reporting and administrative

services to the defined benefit pension plan. Platte River has fiduciary responsibility for the defined benefit pension plan. Platte River therefore includes the defined benefit pension plan in the accompanying basic financial statements as a fiduciary component unit of Platte River reported as a pension trust fund in the fiduciary funds statements.

Basis of accounting

Platte River accounts for its financial operations as a "proprietary fund." The accompanying financial statements for Platte River and the defined benefit pension plan have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America. Platte River's accounts are maintained in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission.

As a board-regulated entity, Platte River is subject to the provisions of 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. Platte River has recorded various regulatory assets and credits to reflect the rate-making process (note 10).

Budgetary process

The Colorado State Local Government Law requires a formal budgetary process, which Platte River uses as a management control tool. A proposed annual budget must be submitted to the board by Oct. 15 of each year. Following a public hearing, the budget is considered for adoption by the board on or before Dec. 31. Because Platte River operates as an enterprise, it is not subject to the Colorado's Taxpayers' Bill of Rights.

Use of estimates

Platte River prepares its financial statements for itself and the defined benefit pension plan in conformity with accounting principles generally accepted in the United States of America as prescribed by GASB. These require management to make estimates and assumptions that affect (a) the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, (b) disclosure of contingent assets and liabilities at the date of the financial statements and (c) the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Electric utility plant and depreciation

Electric utility plant is stated at the historical cost of construction and includes expenditures of $5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years. Construction costs include labor, materials, contracted services, and the allocation of indirect charges for engineering, supervision, transportation and administrative expenses. The cost of additions to utility plant and replacement property units is capitalized. Repairs, maintenance and minor replacement costs are charged to expense when incurred.

Depreciation is recorded using the straight-line method over the estimated useful lives of the various classes of plant in service, which range from five to 50 years. Following asset closure announcement, assets are evaluated and estimated useful lives are accelerated, as applicable.

Cash and cash equivalents

For purposes of the statements of cash flows, Platte River considers all cash on deposit with financial institutions and highly liquid investments with an original maturity of less than three months, excluding special funds and investments, as cash and cash equivalents. At Dec. 31, 2021 and 2020, cash equivalents consisted of local government investment pools, money market funds and collateralized bank deposit accounts.

Closure and postclosure care costs of disposal facility

Platte River accrues a liability of estimated future closure and postclosure care costs for its Rawhide Energy Station ash disposal facility. The liability is determined by multiplying the estimated closure and postclosure care costs in current dollars by the percentage of the disposal facility's total estimated capacity used through the end of the year.

Asset retirement obligations

An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Following GASB Statement No. 83, *Certain Asset Retirement Obligations*, Platte River records an asset retirement obligation liability when it has determined that a liability has been incurred based on (a) the occurrence of an external obligating event, such as laws, regulations, contracts or court judgments and (b) an internal obligating event that obligates it to perform asset retirement activities. Platte River updates the asset retirement obligations by inflation or deflation annually and when significant changes occur (note 9).

Long-term debt

Platte River defers the difference between the reacquisition price and the net carrying amount of refunded debt (deferred amount on refundings) in an advance refunding. Platte River then amortizes the difference as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the defeased debt or the life of the new debt. The deferred amounts are reported as deferred outflows or inflows of resources.

Operating revenues and expenses

Operating revenues and expenses consist of those revenues and costs directly related to the generation, purchase, sale 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.

Compensated absences

Platte River allows employees to accumulate unused vacation and sick leave. Vacation leave may be accumulated to a specified limit, whereas accumulated sick leave is unlimited. Upon retirement or termination of employment, employees are entitled to be paid for a portion of their accumulated unused sick leave. Unused vacation leave is paid in full upon an employee's retirement or termination of employment. Accrued liabilities for compensated absences are valued using the vesting method.

In the financial statements, Platte River estimates a portion of the total unused vacation and sick leave as due within one year with the remainder of the liability recorded as a noncurrent liability (note 6).

Deferred outflows of resources

Deferred outflows consist of unamortized deferred losses on refunding of debt, defined benefit pension plan related deferrals (note 12) and unamortized asset retirement obligations (note 9).

Deferred inflows of resources

Deferred inflows consist of unamortized deferred gains on refunding of debt, unamortized deferred gains and losses on retirement of capital assets (regulatory credit), estimated incremental expenses of scheduled major maintenance outages (regulatory credit) and defined benefit pension plan related deferrals (note 12).

Use of restricted and unrestricted resources

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

4. Electric utility plant

Electric utility plant asset activity for the year ended Dec. 31, 2021, was as follows.

	Dec. 31, 2020	Increases	Decreases	Dec. 31, 2021
		(in thousands)		
Nondepreciable assets				
Land and land rights	$ 16,924	$ 2,522	$ -	**$ 19,446**
Construction work in progress	47,760	24,377	(44,306)	**27,831**
	64,684	26,899	(44,306)	**47,277**
Depreciable assets				
Production plant	951,878	12,426	(3,014)	**961,290**
Transmission plant	374,298	21,287	(1,535)	**394,050**
General plant	81,260	8,149	(1,485)	**87,924**
	1,407,436	41,862	(6,034)	**1,443,264**
Less accumulated depreciation	(868,778)	(37,183)	4,608	**(901,353)**
Total electric utility plant	$ 603,342	$ 31,578	$ (45,732)	**$ 589,188**

Electric utility plant asset activity for the year ended Dec. 31, 2020, was as follows.

	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
		(in thousands)		
Nondepreciable assets				
Land and land rights	$ 16,997	$ -	$ (73)	$ 16,924
Construction work in progress	103,089	37,488	(92,817)	47,760
	120,086	37,488	(92,890)	64,684
Depreciable assets				
Production plant	945,861	25,679	(19,662)	951,878
Transmission plant	373,534	1,249	(485)	374,298
General plant	41,425	51,806	(11,971)	81,260
	1,360,820	78,734	(32,118)	1,407,436
Less accumulated depreciation	(894,676)	(29,027)	54,925	(868,778)
Total electric utility plant	$ 586,230	$ 87,195	$ (70,083)	$ 603,342

Platte River used the group depreciation method of accounting before 2020. According to FERC accounting guidelines for group depreciation, when an asset is disposed of, the book cost along with the cost of removal and salvage proceeds of the asset are charged to the applicable accumulated depreciation account and used to calculate a new service value to be amortized over the remaining useful life of the facility. During 2020, Platte River implemented a change in estimate to the depreciation method from the group method to the specific identification method. Under the specific identification method, gains and losses are recognized immediately on the retirement of capital assets. Alternative accounting treatment under board-approved policy using GASB 62 (note 10) recognizes the effects of the rate-making process allowing deferred gains and losses on retirements of capital assets to be recognized in a single year or deferred to future periods. Platte River therefore reclassified all previously deferred gains and losses on retirements of capital assets and recorded them as a regulatory credit rather than a component of accumulated depreciation. This caused the significant decrease in accumulated depreciation in 2020.

5. Cash and investments

Platte River invests funds in accordance with Colorado law and Platte River's general power bond resolution, fiscal resolution and investment policy statement. Accordingly, Platte River may invest only in obligations of the United States government and its agencies and other investments permitted under Colorado law. Platte River records its investments at their estimated fair market values. The unrealized holding gains and losses on these investments are included in net increase (decrease) in fair value of investments in the statements of revenues, expenses and changes in net position.

The fair value of investments is presented on the statements of net position as special funds and investments, cash and cash equivalents and other temporary investments. Special funds and investments are either internally dedicated by board resolution (dedicated funds and

investments) or restricted as to use by Platte River's general power bond resolution (restricted funds and investments). The fair value of investments, exclusive of accrued interest of $302,000 and $412,000 as of Dec. 31, 2021 and 2010, respectively, is shown in the following tables.

As of Dec. 31, 2021, Platte River had the following cash and investments and related maturities.

		Investment maturities (in years)		
Cash and investment type	Fair value	Less than 1	1-2	2-3
		(in thousands)		
U.S. Treasuries	$ 152,616	$ 48,849	$ 45,868	$ 57,899
U.S. Agencies				
FFCB	16,503	13,528	2,975	-
FHLB	3,024	3,024	-	-
Total securities	172,143	65,401	48,843	57,899
Certificates of deposit	3,521	-	3,521	-
Cash and money market funds	7,706	7,706	-	-
Local government investment pools	51,888	51,888	-	-
Total cash and investments	$ 235,258	$ 124,995	$ 52,364	$ 57,899

Statement of net position presentation of cash, cash equivalents and investments is as follows as of Dec. 31, 2021.

	Fair value	Accrued interest	Total
		(in thousands)	
Restricted funds and investments	$ 19,358	$ 17	$ 19,375
Dedicated funds and investments	131,430	186	131,616
Cash and cash equivalents	40,407	-	40,407
Other temporary investments	44,063	99	44,162
Total cash and investments	$ 235,258	$ 302	$ 235,560

As of Dec. 31, 2020, Platte River had the following cash and investments and related maturities.

	Investment maturities (in years)		
Cash and investment type	**Fair value**	**Less than 1**	**1-2**
	(in thousands)		
U.S. Treasuries	$ 77,941	$ 28,607	$ 49,334
U.S. Agencies			
FFCB	18,393	4,694	13,699
FHLB	3,070	-	3,070
FHLMC	9,230	9,230	-
FNMA	8,471	8,471	-
Total securities	117,105	51,002	66,103
Certificates of deposit	3,506	3,506	-
Cash and money market funds	4,745	4,745	-
Local government investment pools	86,588	86,588	-
Total cash and investments	$ 211,944	$ 145,841	$ 66,103

Statement of net position presentation of cash, cash equivalents and investments is as follows as of Dec. 31, 2020.

	Fair value	**Accrued interest**	**Total**
		(in thousands)	
Restricted funds and investments	$ 19,022	$ 22	$ 19,044
Dedicated funds and investments	106,936	257	107,193
Cash and cash equivalents	52,593	-	52,593
Other temporary investments	33,393	133	33,526
Total cash and investments	$ 211,944	$ 412	$ 212,356

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Platte River and the defined benefit pension plan categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are prices determined using observable inputs other than Level 1 prices such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets; Level 3 inputs are significant unobservable inputs. Platte River, excluding the defined benefit pension plan, had the following recurring fair value measurements as of Dec. 31, 2021.

- U.S. Treasury securities of $152,616,000 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of $19,527,000 are valued using Level 2 inputs

Platte River, excluding the defined benefit pension plan, had the following recurring fair value measurements as of Dec. 31, 2020.

- U.S. Treasury securities of $77,941,000 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of $39,164,000 are valued using Level 2 inputs

Platte River, excluding the defined benefit pension plan, uses two local government investment pools for investment. The two pools are Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Statewide Investment Program (CSIP). COLOTRUST is a local government investment pool with a stable net asset value. CSIP is a local government investment pool in which the underlying investments are measured at the investments' net asset value. The State of Colorado Securities Commissioner administers and enforces all Colorado statutes governing these pools. They operate similarly to a money market fund and each share is equal in value to $1, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency and competitive yields through investment in a diversified portfolio of short-term marketable securities. They may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as a custodian for the portfolios under a custodian agreement. The custodian acts as a safekeeping agent for the investment portfolios and provides services as the depository for direct investments and withdrawals. The custodian's internal records segregate investments owned by the investment pools. The investment pools do not have any limitations or restrictions on participant withdrawals.

As of Dec. 31, 2021 and 2020, all investments of the defined benefit pension plan had a maturity of less than one year or undefined.

The following table presents the fair value measurements of the defined benefit pension plan's assets and liabilities recognized in the accompanying financial statements. Platte River measures fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at Dec. 31, 2021 and 2020.

Dec. 31, 2021	**Fair value**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
		(in thousands)		
Investments by fair value level				
Cash equivalents	$ 1,953	$ -	$ 1,953	$ -
Fixed income	23,007	23,007	-	-
Domestic equity	48,089	48,089	-	-
International equity	33,388	33,388	-	-
Infrastructure	2,889	2,889	-	-
Natural resources	8,518	8,518	-	-
Real estate funds	3,560	3,560	-	-
Reinsurance	110	110	-	-
Total investments by fair value level	$ 121,514	$ 119,561	$ 1,953	$ -

Dec. 31, 2020	**Fair value**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
		(in thousands)		
Investments by fair value level				
Cash equivalents	$ 1,866	$ 68	$ 1,798	$ -
Fixed income	29,055	29,055	-	-
Domestic equity	39,693	39,693	-	-
International equity	29,905	29,905	-	-
Infrastructure	4,982	4,982	-	-
Natural resources	3,627	3,627	-	-
Real estate funds	2,809	2,809	-	-
Reinsurance	919	919	-	-
Total investments by fair value level	$ 112,856	$ 111,058	$ 1,798	$ -

For the defined benefit pension plan, where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield

curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Asset allocation

All assets of the defined benefit pension plan are invested to comply with the defined benefit pension plan document (plan document), the defined benefit pension plan investment policy statement and any federal, state or Internal Revenue Service (IRS) laws or regulations. The defined benefit pension plan's investments are governed by the Colorado Uniform Prudent Investor Act. The investment policy statement provides an asset allocation strategy to create a broadly diversified portfolio. The strategy is designed to reflect and be consistent with the objectives expressed in the investment policy statement, subject to the risk tolerance of the retirement committee.

Defined benefit pension plan assets are held by Wells Fargo Bank N.A. (the trustee) under a trust agreement and invested in money market funds, bonds, stock portfolios, infrastructure, natural resources, reinsurance funds or real estate as directed by the retirement committee. Northern Trust Investments (Northern Trust), the retirement committee's investment manager, assists the retirement committee in overseeing the investment program. Investment management firms have full discretionary investment authority to invest in a specific asset class, subject to the policies and guidelines of the investment policy statement.

The investment mix and percentage allocations were as follows at Dec. 31.

Asset class	**2021**	**2020**
Domestic equities	**40%**	36%
International equities	**20%**	19%
Emerging market equities	**8%**	8%
Core fixed income	**8%**	15%
High yield	**12%**	11%
Infrastructure	**2%**	4%
Natural resources	**7%**	3%
Real estate	**3%**	3%
Reinsurance	**0%**	1%

Rate of return

For the years ended Dec. 31, 2021 and 2020, the money-weighted rate of return on defined benefit pension plan investments, net of investment expense, was 14% and 6.6%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

To limit exposure to fair value losses from rising interest rates, Platte River's investment policy and Colorado law limit the investment portfolio, excluding the defined benefit pension plan, to maturities of five years or less. Platte River uses a laddered approach to investing funds based on projected cash flows. The assumed maturity date for callable securities is based on market conditions as of Dec. 31, 2021. If the price of the security is at or above its call price, the security is assumed to be redeemed on its next call date.

The defined benefit pension plan's fixed income assets are invested in a core fixed income fund and a high-yield fixed income exchange traded fund. The funds are managed by Northern Trust. As interest rates rise, the value of a fixed income bond fund is likely to decrease. Securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Given the long-term nature of the defined benefit pension plan, the investment policy statement does not place maturity restrictions on its bond funds.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Platte River's investment policy allows investments in local government investment pools and money market funds. As of Dec. 31, 2021, Platte River, excluding the defined benefit pension plan, maintained investments in funds managed by the local government investment pools COLOTRUST and CSIP. COLOTRUST and CSIP Liquid Portfolios are both rated AAAm by S&P Global Ratings (S&P). CSIP Liquid Portfolio is also rated AAAmmf by FitchRatings. Platte River's investments in Federal Farm Credit Bank (FFCB) and Federal Home Loan Bank (FHLB) were rated Aaa by Moody's Investors Service and AA+ by S&P.

The defined benefit pension plan's core fixed income fund portfolio objective, under normal conditions, is to primarily invest up to 80% of its net assets in U.S. dollar-denominated investment grade fixed income securities either directly or indirectly through exchange traded funds (ETFs). The defined benefit pension plan's high yield allocation invests at least 80% of its assets in below investment grade corporate bonds (not in default) as rated by at least one nationally recognized statistical rating organization. As of Dec. 31, 2021, the defined benefit pension plan's average credit quality for its core fixed income and high yield allocations were AA and B, respectively.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer.

Platte River's investment policy, excluding the defined benefit pension plan, requires assets held in Platte River's funds be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of Dec. 31, 2021, more than 5% of Platte River's investments were concentrated in FFCB.

These investments were 7% of Platte River's total investments (including investments held in local government investment pools and certificates of deposit).

Custodial credit risk

Custodial credit risk is the risk that, if the counterparty fails, the defined benefit pension plan will not be able to recover the value of its investments or collateral securities held by that counterparty. The defined benefit pension plan's assets are held in trust and the custodial relationship is defined in the plan document. At Dec. 31, 2021 and 2020, the defined benefit pension plan did not identify any investments subject to custodial credit risk.

Reinsurance funds risk

The reinsurance investments in the defined benefit pension plan are subject to risks that include natural catastrophes such as hurricanes, tornados, or earthquakes, as well as non-natural catastrophes such as aviation or shipping disasters. A catastrophic event of a particular magnitude and in a particular geography could cause the investments to lose all or a significant portion of their principal. Reinsurance investments are also subject to underwriting risk of the insurer and risks related to imperfect risk models. The investments are also subject to illiquidity risk, as the majority of the investments are illiquid and despite the current expectation that the fund will repurchase 5% of shares each quarter, the fund may elect not to repurchase shares. Other risks include valuation risk, moral hazard risk, reinsurance industry risk, leverage risk, derivative risk, foreign investing risk and currency risk.

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The defined benefit pension plan has exposure to foreign currency risk through its international equity, emerging markets, global natural resources, global infrastructure and global real estate allocations. These are all exchange traded funds. For the defined benefit pension plan's international and emerging markets equity allocations, the portfolios invest primarily in foreign denominated securities and typically does not hedge currency risk. The remaining allocations invest primarily in domestic and foreign denominated securities while also not typically hedging currency risk. As of Dec. 31, 2021, foreign non-dollar allocations for the global natural resources allocation were 60%, foreign non-dollar allocations for the global infrastructure allocation were 58.2% and foreign non-dollar allocations for the global real estate allocation were 30.8%. Foreign non-dollar allocations for Stoneridge Reinsurance were less than 1% as of Oct. 31, 2021. The defined benefit pension plan's investment in international and emerging markets equity mutual funds, as of Dec. 31, 2021 and 2020, was $33.4 million and $29.9 million, respectively.

The defined benefit pension plan's exposure to foreign currency risk in U.S. dollars as of Dec. 31, 2021, is disclosed in the following table.

Currency	Total	International stocks	Fixed income	Reinsurance [1]
		(in thousands)		
Austrailian dollar	$ 1,364	$ 1,329	$ 35	$ -
Brazilian real	300	300	-	-
Canadian dollar	4,032	3,395	637	-
Caymanian dollar	5	-	5	-
Chilean peso	1	1	-	-
Chinese yuan renminbi	2,427	2,395	32	-
Colombian peso	12	-	12	-
Danish krone	1,542	1,529	13	-
Egyptian pound	76	76	-	-
European euro	10,998	9,919	1,054	25
Hong Kong dollar	1,751	1,751	-	-
Hungarian forint	41	41	-	-
Indian rupee	1,251	1,251	-	-
Indonesian rupiah	32	32	-	-
Israeli new shekel	710	710	-	-
Japanese yen	5,842	5,810	32	-
Kuwaiti dinar	342	342	-	-
Malaysisan ringgit	589	589	-	-
Mexican peso	81	81	-	-
Moroccan dirham	167	167	-	-
New Zealand dollar	325	325	-	-
Norwegian krone	5	5	-	-
Peruvian sol	50	50	-	-
Philippine peso	205	205	-	-
Qatari riyal	425	425	-	-
Russian ruble	444	444	-	-
Saudi riyal	756	756	-	-
Singapore dollar	1,298	1,298	-	-
South African rand	569	569	-	-
South Korean won	1,019	1,019	-	-
Sweedish krona	296	287	9	-
Swiss franc	3,357	3,336	21	-
Taiwan dollar	1,507	1,507	-	-
Thai baht	387	387	-	-
Turkish new lira	73	73	-	-
Ukrainian hryvnia	10	-	10	-
UAE dirham	426	426	-	-
West African CFA franc	23	-	23	-
	$ 42,738	$ 40,830	$ 1,883	$ 25

[1] Foreign currency exposure through the reinsurance fund as of Oct. 31, 2021.

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The defined benefit pension plan's exposure to foreign currency risk in U.S. dollars as of Dec. 31, 2020, is disclosed in the following table.

Currency	Total [1]	International stocks	Fixed income
		(in thousands)	
Argentine peso	$ 88	$ 44	$ 44
Australian dollar	1,319	1,319	-
Bahamian dollar	32	16	16
Bermudian dollar	294	147	147
Brazilian real	182	182	-
Canadian dollar	4,416	3,894	522
Caymanian dollar	211	106	105
Chilean peso	97	97	-
Colombian peso	45	45	-
Czech crown	68	68	-
Danish krone	1,196	1,183	13
Egyptian pound	62	62	-
European euro	8,953	8,058	895
Hong Kong dollar	3,806	3,806	-
Hungarian forint	50	50	-
Indian rupee	633	633	-
Indonesian rupiah	10	10	-
Israeli new shekel	196	196	-
Japanese yen	6,491	6,462	29
Liberian dollar	180	90	90
Malaysian ringgit	493	493	-
Mexican peso	239	239	-
Moroccan dirham	157	157	-
New Zealand dollar	171	171	-
Norwegian krone	35	35	-
Peruvian sol	93	93	-
Philippine peso	173	173	-
Polish zloty	51	51	-
Russian ruble	107	107	-
Singapore dollar	634	634	-
South African rand	146	146	-
South Korean won	1,126	1,126	-
Swedish krona	633	613	20
Swiss franc	2,851	2,851	-
Taiwan dollar	1,526	1,526	-
Thai baht	516	516	-
Turkish new lira	80	80	-
	$ 37,360	$ 35,479	$ 1,881

[1] There was no foreign currency exposure through the reinsurance fund as of Oct. 31, 2020.

6. Noncurrent liabilities

Noncurrent liability activity for the year ended Dec. 31, 2021, was as follows.

	Dec. 31, 2020	Additions	Reductions	Dec. 31, 2021	Due within one year
			(in thousands)		
Long-term debt, net	$ 178,353	$ -	$ (14,056)	**$ 164,297**	$ 11,660
Other liabilities and credits					
Compensated absences	5,987	1,031	(821)	**6,197**	592
Lease advances	521	-	(66)	**455**	61
Yampa employee obligation	418	-	(38)	**380**	-
Disposal facility closure costs	205	7	-	**212**	-
Total other liabilities and credits	7,131	1,038	(925)	**7,244**	653
Total noncurrent liabilities	$ 185,484	$ 1,038	$ (14,981)	**$ 171,541**	$ 12,313

Noncurrent liability activity for the year ended Dec. 31, 2020, was as follows.

	Dec. 31, 2019	Additions	Reductions	Dec. 31, 2020	Due within one year
			(in thousands)		
Long-term debt, net	$ 191,747	$ 25,230	$ (38,624)	$ 178,353	$ 11,145
Other liabilities and credits					
Compensated absences	5,223	1,239	(475)	5,987	515
Deposits	1,020	-	(1,020)	-	-
Lease advances	587	-	(66)	521	66
Yampa employee obligation	422	-	(4)	418	-
Disposal facility closure costs	203	2	-	205	-
Total other liabilities and credits	7,455	1,241	(1,565)	7,131	581
Total noncurrent liabilities	$ 199,202	$ 26,471	$ (40,189)	$ 185,484	$ 11,726

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7. Long-term debt

Long-term debt outstanding as of Dec. 31, 2021 and 2020, consists of the following.

	Interest rate	Dec. 31 2021	Dec. 31 2020
		(in thousands)	
Power revenue bonds (all serial bonds)			
Series II maturing 6/1/2022	4%	**$ 720**	$ 1,410
Series JJ maturing 6/1/2036	3.5%–5%	**124,125**	134,250
Taxable Series KK maturing 6/1/2037	1%-1.9%	**24,900**	25,230
		149,745	160,890
Unamortized bond premium [1]		**14,552**	17,463
Total revenue bonds outstanding		**164,297**	178,353
Less: due within one year		**(11,660)**	(11,145)
Total long-term debt, net		**$ 152,637**	$ 167,208

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

The outstanding balance of Series II is non-callable. Series JJ is callable June 1, 2026. Taxable Series KK is subject to prior redemption, in whole or in part as selected by Platte River, on any date.

Interest expense for the years ended Dec. 31, 2021 and 2020, is as follows.

	2021	2020
	(in thousands)	
Interest	**$ 6,359**	$ 7,619
Amortization of bond related costs	**(1,831)**	(2,049)
Total interest expense	**$ 4,528**	$ 5,570

Calendar year totals for monthly bond service funding requirements per bond resolution for all bonds outstanding are shown in the following table. These may differ from actual semi-annual debt service requirements.

Year ending Dec. 31	Principal	Interest	Total
		(in thousands)	
Deposits in 2021 for 2022 payment	$ 6,802	$ 511	$ 7,313
2022	11,984	5,803	17,787
2023	12,550	5,233	17,783
2024	13,146	4,642	17,788
2025	13,730	4,023	17,753
2026	14,312	3,449	17,761
2027-2031	47,555	9,304	56,859
2032-2036	28,504	3,006	31,510
2037	1,162	21	1,183
	$ 149,745	$ 35,992	$ 185,737

In December 2020, Platte River issued $25,230,000 Taxable Series KK power revenue bonds at a true interest cost of 1.59%. The bonds were sold at a $195,000 premium, providing total bond proceeds of $25,425,000. Proceeds of $414,000 were used to pay issuance costs and underwriter's fees and $25,011,000 were used to advance refund a portion of the outstanding Series II power revenue bonds. The refunding resulted in an economic gain (net present value savings) of $6,471,000.

The proceeds from the Taxable Series KK power revenue bonds used to advance refund a portion of the outstanding Series II power revenue bonds have been placed in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in Platte River's financial statements. As of Dec. 31, 2021 and 2020, $23,455,000 of the defeased Series II power revenue bonds remain outstanding.

Bond service coverage

Power revenue bonds are secured by a pledge of the revenues of Platte River after deducting operating expenses, as defined in the general power bond resolution. The power revenue bonds issued by Platte River may be subject to early call provisions. Principal and interest payments are met from net revenues earned from wholesale electric rates charged to the owner communities and others, and from interest earnings.

Under the general power bond resolution, Platte River is required to 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. Under the general power bond resolution, Platte River has established a rate stabilization reserve account. Deposits to this account are a reduction to current net revenues for purposes of computing bond service coverage. Future withdrawals will increase net revenues for purposes of computing bond service coverage and could assist Platte River, at that time, in meeting its wholesale rate covenant. The balances in the rate stabilization reserve account at Dec. 31, 2021 and 2020, were $20,176,000 and $20,410,000, respectively, excluding

accrued interest. The rate stabilization reserve account is included in dedicated funds and investments in the statements of net position.

The following table is a calculation of the power revenue bond coverage ratio for the years ended Dec. 31, 2021 and 2020.

	2021	2020
	(in thousands)	
Bond service coverage		
Net revenues		
Operating revenues	**$ 265,378**	$ 240,749
Operating expenses, excluding depreciation and amortization	**191,166**	183,112
Net operating revenues	**74,212**	57,637
Plus interest, other income and distribution to owner communities[1]	**2,278**	2,322
Net revenues before rate stabilization	**76,490**	59,959
Rate stabilization		
Deposits	**-**	-
Withdrawals	**-**	-
Total net revenues	**$ 76,490**	$ 59,959
Bond service		
Power revenue bonds	**$ 17,996**	$ 18,224
Bond service coverage ratio	**4.25**	3.29

[1] Excludes unrealized holding gains and losses on investments.

Arbitrage rebate

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after Aug. 31, 1986, is subject to arbitrage rebate requirements. Interest income on bond proceeds that exceeds the cost of borrowing is payable to the federal government on every fifth anniversary of each bond issue. Platte River had no arbitrage liability outstanding as of Dec. 31, 2021 and 2020.

Deferred outflows of resources related to debt

As of Dec. 31, 2021 and 2020, deferred outflows related to debt consisted of the unamortized deferred loss on debt refundings of $3,974,000 and $4,971,000, respectively.

Deferred inflows of resources related to debt

As of Dec. 31, 2021 and 2020, deferred inflows related to debt consisted of the unamortized deferred gain on debt refundings of $140,000 and $154,000, respectively.

8. Other long-term obligations

Under an agreement between the Windy Gap Firming Project Water Activity Enterprise, Municipal Subdistrict of Northern Colorado Water Conservancy District (Municipal Subdistrict) and Platte River, Platte River has contractual rights to 16,000 acre-feet of storage in the total 90,000 acre-feet storage system known as the Windy Gap Firming Project, of which the largest component is the Chimney Hollow Reservoir. Contractors expect construction to progress through 2025, at which point the new reservoir will be ready to be filled. The time needed to fill the reservoir will depend on water supply conditions. Total project costs are not final until the construction period ends. Once the project is completed, Platte River will have a perpetual right for capacity in the project.

In 2021, the project was partially financed through a pooled financing with other participants. Due to alternate accounting treatment as discussed in note 10 and specifics of the agreement, Platte River recorded a regulatory asset and other long-term obligations. The regulatory asset is the value of the total cost of the project whereas the other long-term obligations represent Platte River's portion of the pooled financing. Platte River did not receive cash with the financing as the project is managed by the Municipal Subdistrict; however, Platte River also cash funded a portion of the project. The debt service payments under the pooled financing are included in operations and maintenance expense and not accounted for as debt service. These payments are considered fixed obligation charges and the outstanding balance of the pooled financing is considered other long-term obligations.

Other long-term obligations outstanding consist of the following.

	Interest rate	Dec. 31, 2021
		(in thousands)
Windy Gap Firming Project obligations		
Pooled financing senior debt maturing 7/15/2051	4%–5%	**$ 61,046**
Pooled financing subordinate debt maturing 8/1/2055	2.08%	**32,360**
Settlement liability	n/a	**2,667**
		96,073
Less: due within one year		**(889)**
Total long-term obligations, net		**$ 95,184**

Operations and maintenance expenses relating to the pooled financing alternative accounting treatment are as follows.

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	2021
	(in thousands)
Interest	**$ 1,051**
Principal	**-**
Total operations and maintenance expenses relating to the pooled financing	**$ 1,051**

Estimated calendar year totals for pooled financing payments under the agreement are as follows. These may differ depending on final construction costs and the ability of the other participants to meet their funding obligations.

Year ending Dec. 31	Estimated net principal [1]	Estimated interest	Total
		(in thousands)	
2022	$ -	$ 2,615	$ 2,615
2023	-	2,888	2,888
2024	-	2,888	2,888
2025	-	2,888	2,888
2026	2,935	3,561	6,496
2027-2031	16,654	15,830	32,484
2032-2036	20,552	11,932	32,484
2037-2041	25,211	7,275	32,486
2042-2046	8,177	2,888	11,065
2047-2051	9,478	1,587	11,065
2052-2055	5,552	292	5,844
	$ 88,559	$ 54,644	$ 143,203

[1] Estimated unused bond service reserves applied in 2041 and 2051.

Other obligations relating to the project include Platte River's portion of a settlement liability, due in three equal installments estimated to be payable in 2022, 2023 and 2025.

At Dec. 31, 2021, other long-term assets include bond service reserve funds of $4,847,000 which are expected to be applied to future principal payments as shown in estimated net principal above, but is not included in total other long-term obligations.

9. Asset retirement obligations

Platte River has evaluated its contracts and current regulations associated with tangible capital assets and identified those subject to asset retirement obligation recognition under GASB Statement No. 83, *Certain Asset Retirement Obligations* and for which costs are estimable.

Asset retirement obligation activity for the year ended Dec. 31, 2021, was as follows.

	Dec. 31, 2020	Additions	Reductions	Dec. 31, 2021	Due within one year
	(in thousands)				
Deferred outflows of resources	$ 21,058	$ 2,986	$ (1,597)	**$ 22,447**	$ -
Liabilities	27,593	2,986	(1,324)	**29,255**	1,706

Asset retirement obligation activity for the year ended Dec. 31, 2020, was as follows.

	Dec. 31, 2019	Additions	Reductions	Dec. 31, 2020	Due within one year
	(in thousands)				
Deferred outflows of resources	$ 23,867	$ 3,923	$ (6,732)	$ 21,058	$ -
Liabilities	30,524	3,808	(6,739)	27,593	1,073

Rawhide Energy Station decommissioning

As part of the 1979 rezoning resolution and Rawhide Energy Station construction agreement with the Board of County Commissioners of Larimer County, the county government included reclamation or restoration requirements if Platte River abandons the Rawhide site as a location for the generation of electricity. Platte River agreed to remove all above-ground structures, excluding the cooling pond dam and power plant foundations, in accordance with reasonable specifications and procedures to be agreed upon by both parties at time of abandonment.

In 2019, Platte River hired an independent engineering firm to estimate the asset retirement obligation under the agreement's reclamation or restoration clause. The firm's report estimates the cost to decommission and demolish all infrastructure to grade, except the substation and transmission line, with no concrete foundation removal. The estimate assumes a contractor will perform the necessary work. The cost estimate has not been reduced for the potential market value of reusable or scrap materials and does not consider associated recycling costs.

Platte River has recognized its asset retirement liability using the "probable cost" price estimates developed by the engineering firm. Cost estimates were provided with a +/- 30 percent high-low range from the probable cost estimate for decommissioning, demolition and environmental cost categories. The liability and associated deferred outflows of resources will be adjusted for inflation/deflation annually and reviewed for other significant changes.

The amortization period for recognition of the deferred outflow of resources is based on the estimated remaining useful life of the Rawhide Energy Station of Dec. 31, 2055.

The liability and associated deferred outflows of resources as of Dec. 31, 2021 and 2020, are shown in the table below.

	2021	2020
	(in thousands)	
Deferred outflows of resources	**$ 14,172**	$ 14,397
Noncurrent liability	**15,741**	15,555

Rawhide Energy Station impoundments

Platte River is obligated under state laws and regulations to remove wastes from impoundments at the Rawhide Energy Station and confirm that any environmental impact has been addressed before closure. The impoundments include nine phosphorous removal ponds, two ash ponds, one retention pond and a fire training pond used for the generation of electric power and energy and associated uses. Platte River hired an independent consultant to estimate the closure costs of the impoundments. Following state regulations, the estimate will be updated every five years. As a result, Platte River recognized an asset retirement obligation for the estimated clean closure costs of these impoundments and the amount is adjusted annually for inflation/deflation. These costs are amortized over the estimated remaining useful life of each impoundment or the estimated remaining useful life of the facility, whichever is shorter. The two ash ponds were closed in 2020 with final soil backfilling and reseeding activities completed in 2021. The remaining impoundments are amortized through Rawhide Unit 1's planned retirement date, which is Dec. 31, 2029. Platte River meets the financial assurances required by the state.

The liability and associated deferred outflows of resources as of Dec. 31, 2021 and 2020, are shown in the table below.

	2021	2020
	(in thousands)	
Deferred outflows of resources	**$ 4,655**	$ 5,154
Noncurrent liability	**6,166**	6,093
Current liability	**-**	1,073

Craig Generating Station

As part of the Yampa Project Amended and Restated Participation Agreement among PacifiCorp, Public Service Company of Colorado, Platte River Power Authority, Salt River Project Agricultural Improvement and Power District and Tri-State Generation and Transmission Association, Inc. (Participation Agreement), the participants must operate, maintain, replace, remove and provide all Yampa Project capital improvements in compliance with laws, executive orders and regulations applicable to the participants. The Participation Agreement continues until the last of Craig Generating Station Unit 1 or 2 is retired from service, and all salvage and required site restoration is completed and the participants have paid their respective shares of those costs. The participants have undivided ownership interest in Craig units 1 and 2 and the common facilities.

Tri-State is the operating agent under the Participation Agreement. Tri-State has given Platte River its best estimate of the current asset retirement obligation liability based on Financial Accounting Standards Board guidance. The asset retirement obligation consists of restoration costs of five dewatering ponds, a high-quality water holding pond and an evaporation pond used for the generation of electric power and energy and associated uses. Platte River's interest in Craig units 1 and 2 represents a minority of the asset retirement obligation. Under GASB Statement No. 83 guidance, Platte River's reported liability depends on the measurement produced by Tri-State. Platte River receives an annual update for its share of the asset retirement obligation from Tri-State and adjusts the liability and future amortization schedule accordingly. Each pond, representing an associated tangible capital asset of the asset retirement obligation liability, is amortized through Craig Unit 2's planned retirement date of Sept. 30, 2028.

Platte River's share of the liability and associated deferred outflows of resources as of Dec. 31, 2021 and 2020, is shown in the table below.

	2021	2020
	(in thousands)	
Total member liability	**$ 16,099**	$ 15,417
Platte River's % share	**12%**	12%
Platte River's deferred outflows of resources	**$ 1,394**	$ 1,507
Platte River's liability	**$ 1,932**	$ 1,850

Trapper Mining Inc. reclamation and mine closure

Trapper Mining Inc. is engaged in the business of mining, selling and delivering coal from the Trapper Mine located near Craig, Colorado, to its members under an agreement with the Craig Generating Station, located adjacent to the Trapper Mine. Trapper Mining Inc. follows Financial Accounting Standard Board guidance and has recorded an asset retirement obligation related to the final reclamation and mine closure based on detailed engineering calculations of the amount and timing of future cash spending for a third party to perform the required work. Under the Final Reclamation Agreement with its members, Trapper Mining Inc. (as contractor) and Salt River Project Agricultural Improvement and Power District, Tri-State, PacifiCorp, Platte River, and Public Service Company of Colorado (as payors) assume the responsibility for the asset retirement obligation. The acres of mine to be reclaimed and associated costs are reviewed annually, and the costs are allocated to members based on cumulative tons of coal delivered. As part of the exit of a member at the end of 2020, Platte River's 2021 allocation increased. The coal contract expires Dec. 31, 2025, and the remaining amount of unamortized deferred outflows of resources is amortized over the remaining term of the contract. In 2021, Trapper Mining Inc. began invoicing for reclamation costs incurred, which Platte River paid and charged against the liability.

Platte River's share of the liability and associated deferred outflows of resources as of Dec. 31, 2021 and 2020, is shown in the table below.

	2021	2020
	(in thousands)	
Total member liability	**$ 22,279**	$ 15,954
Platte River's % share	**25.43%**	18.94%
Platte River's deferred outflows of resources	**$ 2,226**	$ -
Platte River's gross liability	**$ 5,666**	$ 3,022
Less: reclamation costs incurred	**(250)**	-
Platte River's net liability	**$ 5,416**	$ 3,022
Less: current liability	**(1,706)**	-
Noncurrent liability	**$ 3,710**	$ 3,022

Easement agreements

Platte River is a party to numerous easement agreements related to transmission lines and pipelines. These assets are determined to complete a single system, have a perpetual life and are not expected to be retired. Platte River intends is to replace sections of the line, if necessary, and not retire the entire system. Therefore, an asset retirement obligation related to these easements cannot be reasonably estimated.

10. Regulatory assets and deferred inflows of resources related to regulatory credits

For rate-making purposes, Platte River's board-approved policies under GASB 62, paragraphs 476-500 related to expenses for pension, debt issuance costs, Rawhide Unit 1 maintenance outages, Windy Gap Firming Project (Chimney Hollow Reservoir) storage rights and deferred gains and losses on capital retirements.

Additional pension funding

Platte River funds its defined benefit pension plan (note 12) based on cost estimates developed on an actuarial basis. In addition to the base contribution, Platte River has an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits. The board-approved policy allows Platte River to record the additional pension funding charge as a regulatory asset and recognize the expense over a 10-year period.

Pension contribution expense recognition

The board-approved policy requires pension contributions for the defined benefit pension plan to be recorded as pension expense because the pension contribution amount is known at the time of budget preparation and rate setting. Any difference between pension contribution and pension expense, as calculated by the actuary under GASB 68, is classified as either a regulatory asset or a deferred inflow of resources and amortized over a 10-year period beginning the following year. The amortization amount is included in pension expense along with the pension contribution for each year calculated.

Debt issuance costs

Under GASB 65, debt issuance costs must be expensed in the period incurred rather than amortized over the life of the related debt. To provide recovery for debt issuance costs through rates, the board-approved policy provides for the expense recognition of debt issuance costs to be amortized over the life of the associated debt and included in regulatory assets.

Accrued maintenance outage costs

Under the board-approved policy, Platte River accrues estimated incremental expenses of future scheduled major maintenance outages each year. After a Rawhide Unit 1 maintenance outage is completed, the estimated maintenance and replacement power costs for the next major maintenance outage are accrued as a deferred inflow of resources.

Windy Gap Firming Project (Chimney Hollow Reservoir) storage rights

The board-approved policy allows Platte River's costs for the Windy Gap Firming Project (Chimney Hollow Reservoir) as described in note 8 to be recorded as a regulatory asset and other long-term obligations. These costs are recognized ratably over the term of the pooled financing with the unamortized component included in regulatory assets and the outstanding balance of the pooled financing included in other long-term obligations. The value of the debt service payments under the pooled financing are expensed monthly as an operations and maintenance expense and not accounted for as debt service.

Deferred gains and losses on capital retirements

During 2020, Platte River implemented a change in estimate to the depreciation method from the group method to the specific identification method. Under the specific identification method, gains and losses would be recognized immediately on the retirement of capital assets. Alternative accounting treatment under the board-approved policy recognizes the effects of the rate-making process whereby deferred gains and losses on retirements of capital assets may be deferred to future periods.

Regulatory assets and deferred inflows of resources related to regulatory credits as of Dec. 31, 2021, are shown in the tables below.

	Dec. 31, 2020	Additions	Reductions	Dec. 31, 2021
		(in thousands)		
Regulatory assets				
Additional pension funding	$ 4,907	$ 1,074	$ (781)	**5,200**
Pension contribution expense recognition	9,967	-	(1,279)	**8,688**
Debt issuance costs	743	-	(97)	**646**
Windy Gap Firming Project storage rights	19,768	92,475	(289)	**111,954**
Total regulatory assets	$ 35,385	$ 93,549	$ (2,446)	**$ 126,488**
Deferred inflows of resources				
Regulatory credits				
Accrued maintenance outage costs	$ 9,743	$ 3,843	$ (13,262)	**$ 324**
Pension contribution expense recognition	4,416	1,902	(127)	**6,191**
Deferred gains and losses on capital retirements	55,805	-	(5,605)	**50,200**
Total regulatory credits	$ 69,964	$ 5,745	$ (18,994)	**$ 56,715**

Regulatory assets and deferred inflows of resources related to regulatory credits as of Dec. 31, 2020, are shown in the tables below.

	Dec. 31, 2019	Additions	Reductions	Dec. 31, 2020
		(in thousands)		
Regulatory assets				
Additional pension funding	$ 2,574	$ 3,092	$ (759)	4,907
Pension contribution expense recognition	10,945	-	(978)	9,967
Debt issuance costs	537	408	(202)	743
Windy Gap Firming Project storage rights	-	19,768	-	19,768
Total regulatory assets	$ 14,056	$ 23,268	$ (1,939)	$ 35,385
Deferred inflows of resources				
Regulatory credits				
Accrued maintenance outage costs	$ 4,581	$ 5,162	$ -	$ 9,743
Pension contribution expense recognition	1,145	3,398	(127)	4,416
Deferred gains and losses on capital retirements	-	55,805	-	55,805
Total regulatory credits	$ 5,726	$ 64,365	$ (127)	$ 69,964

11. Net investment in capital assets

Net investment in capital assets consists of the following as of Dec. 31, 2021 and 2020.

	2021	2020
	(in thousands)	
Electric utility plant	**$ 589,188**	$ 603,342
Windy Gap Firming Project storage rights	**111,954**	19,768
Other long-term assets relating to capital assets	**4,848**	-
Deferred loss on debt refundings	**3,974**	4,971
Deferred gain on debt refundings	**(140)**	(154)
Accounts payable incurred for capital assets	**(1,581)**	(1,270)
Deferred gains and losses on capital retirements	**(50,200)**	(55,805)
Other long-term obligations	**(96,073)**	-
Long-term debt, net	**(164,297)**	(178,353)
Net investment in capital assets	**$ 397,673**	$ 392,499

12. Defined benefit pension plan

Description

The following brief description of the defined benefit pension plan is provided for general information purposes only. Participants and all others should refer to the defined benefit pension plan document for more complete information. Platte River does not issue separate stand-alone financial statements for the defined benefit pension plan.

Effective June 1, 1973, Platte River adopted the defined benefit pension plan. Generally, the defined benefit pension plan is a defined-benefit, single-employer plan covering all regular employees of Platte River hired before Sept. 1, 2010. The defined benefit pension plan is closed to new employees hired on or after that date.

The general manager of Platte River is the defined benefit pension plan administrator. The retirement committee, composed of six members (two staff members and four members of the board), meets quarterly and oversees the defined benefit pension plan's investments. Platte River's board is the designated governing body over the defined benefit pension plan and has the authority to amend the defined benefit pension plan as necessary. In 2020, the board appointed a defined benefit plan subcommittee. The subcommittee has the power by unanimous resolution to amend the defined benefit pension plan. Platte River pays all administrative expenses of the defined benefit pension plan.

The defined benefit pension plan has received favorable determination letters from the IRS for the original defined benefit pension plan and subsequent amendments effective through Jan. 1,

2014. Thereafter, the IRS ended review of amendments and stopped providing determination letters.

Benefits provided

Retirement benefits are based upon years of service rendered and the final average compensation earned by the participant as defined by the plan document. The defined benefit pension plan provides for 100% vesting after five years of service to all eligible employees.

The defined benefit pension plan provides for normal retirement at age 65. A participant may retire before age 65 after having completed 10 years of credited service and having attained at least age 55, with reduced benefits in accordance with the plan document. For a participant who began employment before Jan. 1, 2008, a special early retirement benefit is available if the participant has completed 13 years of credited service and has attained the ages of 55 through 58 or has completed 20 years of credited service and has attained the age of 55. A participant who began employment on or after Jan. 1, 2008, qualifies for special early retirement if the participant has completed 20 years of credited service and terminated employment after attaining age 55. Benefits will not be reduced if the participant elects to receive benefits on or after the seventh anniversary of the date the participant is first eligible for the special early retirement benefit. The defined benefit pension plan also provides for a deferred vested retirement income starting at the normal retirement date to participants who choose to leave Platte River before normal retirement age.

Participants may elect to receive their benefits by selecting one of the six forms of payment: (1) the duration of the participant's life; (2) the duration of the participant's life with a minimum of 10 years certain and any remainder paid to a beneficiary; (3) 50% joint and survivor annuity option; (4) 66-2/3% joint and survivor option with a minimum of 10 years certain and any remainder paid to a beneficiary; (5) 66-2/3% joint and survivor option without 10 years certain; or (6) an actuarially equivalent lump sum payment, when this option is available. Active employees who become totally and permanently disabled may qualify for a vested retirement income at age 65 or an early retirement income at ages 55 through 64 if they have met the requirements for these benefits when they initially became disabled. Upon the death of an active or disabled retiree, a benefit in the form of a monthly income is paid to the participant's beneficiary in accordance with the plan document.

Benefits paid by the defined benefit pension plan are adjusted annually by the change in the consumer price index, subject to a maximum increase of 6% for employees who retired before Dec. 6, 1991. Employees who retired on or after Dec. 6, 1991, receive two-thirds of the change in the consumer price index, up to a maximum of 4%.

Membership

At Dec. 31, participants in the defined benefit pension plan are as follows.

	2021	2020
Retirees and beneficiaries currently receiving benefits	**175**	172
Terminated vested employees not yet receiving benefits	**50**	52
Active plan participants	**83**	90
Total participants	**308**	314

Contributions

All contributions to the defined benefit pension plan are authorized by the board and made by Platte River. Employees cannot contribute to the defined benefit pension plan. The defined benefit pension plan's funding policy is intended to fund current service costs as they accrue, plus an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits.

Platte River's contributions to the defined benefit pension plan equaling the actuarially determined requirements for the years ended Dec. 31, 2021 and 2020, are as follows.

	2021	2020
	(in thousands)	
Base contribution	**$ 3,495**	$ 4,501
Additional funding	**1,074**	3,092
Total contributions	**$ 4,569**	$ 7,593

Expenses

Investment manager fees are deducted from investment earnings by the investment management firms.

Additionally, Platte River pays the administrative expenses of the defined benefit pension plan, including actuarial fees, investment consulting fees, trustee fees, auditing expenses and legal fees.

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Net pension liability

The net pension liability was measured and determined by actuarial valuations as of Dec. 31, 2021 and 2020, respectively. The components of the net pension liability were as follows.

	2021	2020
	(in thousands)	
Total pension liability	**$ 129,287**	$ 128,460
Plan fiduciary net position	**121,517**	112,856
Platte River's net pension liability	**$ 7,770**	$ 15,604
Plan fiduciary net position as a percentage of the total pension liability	**93.99%**	87.85%

Actuarial assumptions

Total pension liability for the years ended Dec. 31, 2021 and 2020, was determined using the following actuarial assumptions, applied to all periods included in the measurement. Beginning with the Dec. 31, 2021 determination, an age-based scale was used to determine salary increase assumptions.

	2021	2020
Salary increases, next calendar period, all ages	**4%**	0%
Salary increases, all future periods, age <56	**4%**	3%
Salary increases, all future periods, age 56-65	**3%**	3%
Salary increases, all future periods, age 66+	**2%**	3%
Investment rate of return	**7.5%**	7.5%
Cost of living	**1.5%**	1.5%

Mortality rates for the year ended Dec. 31, 2021, were based on the Pri-2012 employee, healthy retiree and contingent survivor mortality tables for males and females, projected generationally with the MP-2020 projection scales for males and females. Mortality rates for the year ended Dec. 31, 2020, were based on the RP-2014 table for males and females combined with the modified MP-2014 projection scale.

The actuarial assumption for the long-term expected rate of return on the defined benefit pension plan investments is established in the investment policy statement approved by the retirement committee. Platte River establishes a rate using best-estimate ranges of expected future rates of return net of investment expense for each major asset class. The estimates for each major asset class that are included in the defined benefit pension plan's target asset allocation as of Dec. 31, 2021 and 2020, are summarized in the following table.

Asset class	Target allocation Dec. 31, 2021	Target allocation Dec. 31, 2020	Long-term expected rate of return 2021	Long-term expected rate of return 2020
Domestic equities	**36%**	36%	**6.8%**	6.8%
International equities	**18%**	19%	**6.7%**	7.1%
Emerging market equities	**8%**	8%	**7.1%**	7.6%
Core fixed income	**17%**	17%	**2.9%**	2.6%
Inflation protection	**2%**	3%	**2.6%**	2.4%
High yield	**8%**	8%	**4.8%**	5.3%
Infrastructure	**3%**	3%	**7.1%**	7.3%
Natural resources	**5%**	3%	**6.5%**	6.6%
Real estate	**2%**	2%	**9.2%**	9.3%
Cash	**1%**	1%	**n/a**	n/a
Reinsurance	**0%**	0%	**n/a**	n/a

Discount rate

The discount rate used to measure total pension liability was 7.5% for the years ended Dec. 31, 2021 and 2020. Projections of cash flows assumed: (a) employer contributions are made throughout the year and, on average, at midyear and (b) all decrement events are assumed to occur in the middle of the year. Based on these assumptions, the defined benefit pension plan's fiduciary net position was projected to meet all projected future benefit payments of current defined benefit pension plan participants. The long-term expected rate of return on defined benefit pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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Changes in net pension liability

Changes in net pension liability for the year ended Dec. 31, 2021, were as follows.

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
		(in thousands)	
Balances at Dec. 31, 2020	$ 128,460	$ 112,856	$ 15,604
Changes for the year			
Service cost	1,216	-	1,216
Interest	9,306	-	9,306
Changes of benefit terms	(160)	-	(160)
Differences between expected and actual experience	3,017	-	3,017
Employer contributions	-	4,569	(4,569)
Net investment income	-	15,291	(15,291)
Benefit payments	(11,199)	(11,199)	-
Changes of assumptions	(1,353)	-	(1,353)
Net changes	827	8,661	(7,834)
Balances at Dec. 31, 2021	**$ 129,287**	**$ 121,517**	**$ 7,770**

Changes in net pension liability for the year ended Dec. 31, 2020, were as follows.

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
		(in thousands)	
Balances at Dec. 31, 2019	$ 125,091	$ 106,412	$ 18,679
Changes for the year			
Service cost	1,364	-	1,364
Interest	9,179	-	9,179
Changes of benefit terms	-	-	-
Differences between expected and actual experience	970	-	970
Employer contributions	-	7,593	(7,593)
Net investment income	-	6,995	(6,995)
Benefit payments	(8,144)	(8,144)	-
Changes of assumptions	-	-	-
Net changes	3,369	6,444	(3,075)
Balances at Dec. 31, 2020	$ 128,460	$ 112,856	$ 15,604

Sensitivity of the net pension liability to changes in the discount rate

Net pension liability at Dec. 31, 2021, calculated using the current discount rate, as well as using a discount rate 1% lower or 1% higher than the current rate, is as follows.

	Discount rate	Net pension liability 2021
		(in thousands)
1% decrease	6.5%	**$ 21,206**
Current discount rate	7.5%	**7,770**
1% increase	8.5%	**(3,543)**

Termination

Platte River reserves the right to discontinue its contributions at any time and to terminate the defined benefit pension plan, although it has not expressed any intention to do so. Discontinuing contributions does not constitute a formal termination of the defined benefit pension plan. If Platte River formally terminates the defined benefit pension plan, the net position of the defined benefit pension plan will be distributed in the following order of priority.

a. The minimum required amount to retired or terminated participants whose retirement income payments began at least three years before the termination date.

b. Each other active, retired or terminated participant who, at least three years before the termination date, had become eligible for benefits.

Remaining assets are allocated between participants and beneficiaries using the excess above the amount required to provide the actuarial equivalent single sum value.

Platte River is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and is therefore not subject to the pension benefit guaranty provisions of ERISA. Benefits under the defined benefit pension plan are not insured by the Pension Benefit Guaranty Corporation.

Pension expense

The board-approved policies under GASB 62, paragraphs 476–500, allow Platte River to recognize pension expense when recovered through rates rather than recording the amount calculated under GASB 68.

For the years ended Dec. 31, 2021 and 2020, Platte River recognized pension expense as follows.

	2021	2020
	(in thousands)	
Base contribution	**$ 3,495**	$ 4,501
Additional pension expense amortization (note 10)	**781**	759
Pension contribution expense recognition amortization (note 10)	**1,152**	851
Total pension expense	**$ 5,428**	$ 6,111

Deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan

At Dec. 31, 2021 and 2020, Platte River reported deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan from the following sources.

Dec. 31, 2021	Deferred outflows of resources	Deferred inflows of resources
	(in thousands)	
Differences between expected and actual experience	**$ 2,116**	**$ -**
Changes of assumptions	**-**	**820**
Net difference between projected and actual earnings on investments	**-**	**5,204**
Total	**$ 2,116**	**$ 6,024**

Dec. 31, 2020	Deferred outflows of resources	Deferred inflows of resources
	(in thousands)	
Differences between expected and actual experience	$ 1,176	$ -
Net difference between projected and actual earnings on investments	847	-
Total	$ 2,023	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan as of Dec. 31, 2021, will be recognized as a component of pension expense as follows.

	Year ending Dec. 31 *(in thousands)*
2022	759
2023	(2,030)
2024	(1,222)
2025	(1,415)
2026	-
Total	$ (3,908)

13. Defined contribution plan

Effective Sept. 1, 2010, the board established the Platte River Power Authority defined contribution plan (in accordance with the Internal Revenue Code Section 401(a)) for all regular employees hired on or after that date. As of Dec. 31, 2021, there were 173 active plan participants. The plan's assets are held in an external trust account and the investments are participant directed.

Based on years of service, Platte River contributed between 5% and 10% of earnings for plan participants. Platte River also contributed to the 401(a) an amount equal to 50% of the participant's contributions to a separate 457(b) plan, taking into account only participant contributions up to 6% of the participant's earnings. For the years ended Dec. 31, 2021 and 2020, Platte River contributions to the 401(a) plan, which were recognized as expenses, were $1,441,000 and $1,443,000, respectively. The employer contributions to the 401(a) plan vest 100% after three years. The plan's records are kept on the accrual basis.

14. Insurance programs

Platte River has purchased insurance policies to cover the risk of loss related to various general liability, property loss exposures and cyber events. Insurance settlements have not exceeded insurance coverage in the past three years. Platte River also provides a self-insured medical and dental plan to its employees. Platte River carries medical stop-loss insurance to cover losses above $175,000 per person per incident. A liability was recorded for estimated medical and dental claims that were incurred but not reported. Platte River uses a third-party administrator to account for health insurance claims and estimates medical claims liability based on prior claims payment experience. Medical claims liability is included as a component of accounts payable in the statements of net position.

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Changes in the balance of the medical claims liability during 2021 and 2020 were as follows.

	2021	**2020**
	(in thousands)	
Medical claims liability, beginning of year	**$ 552**	$ 642
Current year claims and changes in estimates	**3,577**	3,815
Claim payments	**(3,636)**	(3,905)
Medical claims liability, end of year	**$ 493**	$ 552

15. Related-party transactions

Certain defined benefit pension plan investments are shares of mutual funds managed by Wells Fargo, the trustee of the defined benefit pension plan. Platte River pays certain expenses of the defined benefit pension plan and performs certain administrative functions at no cost to the defined benefit pension plan.

16. Commitments

Platte River has two long-term purchase power contracts with WAPA. The contract with the Colorado River Storage Project continues through Sept. 30, 2057. A rate increase of 8.1% and energy reduction of 30.6% occurred in December 2021 due to drought conditions. Further changes are possible. The Loveland Area Projects contract continues through Sept. 30, 2054. The contract rates and the amount of energy available are subject to change. During 2021, Platte River paid $15,842,000 for power delivered under these contracts.

Platte River and two of the other four participants in the Yampa Project own Trapper Mine, the primary source of coal for the Yampa Project. The contract provides for delivery of specified amounts of coal to each Yampa owner through 2025. This contract is subject to price adjustments. During 2021, coal purchases totaled $13,469,000 under this contract.

The Rawhide Energy Station's coal purchase and transportation agreements are under multiple-year contracts. Base prices for these contracts are subject to future price adjustments. With a supply constraint and increased demand in the overall market for coal due to elevated natural gas prices and other industry factors, there were significant market price increases during the second half of 2021. These will increase Rawhide Unit 1's 2022 coal price. During 2021, Platte River paid $24,065,000 for coal delivered under these agreements.

Platte River has committed to purchase Renewable Energy Certificates (RECs) for the years 2020 through 2024, with future payments of $1,613,000. During 2021, Platte River paid $550,000 under these REC agreements.

Platte River has agreements to purchase renewable wind energy output of 12 megawatts from Silver Sage Windpower Project through 2029, 60 megawatts from Spring Canyon Wind Energy Center Phases II and III through 2039, approximately 6 megawatts from Medicine Bow Wind

Project through 2033 and 225 megawatts from Roundhouse Wind Energy Center through 2042. During 2021, Platte River paid $24,184,000 under these renewable wind energy agreements. Platte River has a long-term agreement with a third party to sell all the output purchased from the Silver Sage Windpower Project through 2029. During 2021, Platte River received $595,000 under this agreement. In addition, to accommodate additional wind energy available from the Roundhouse Wind Energy Center power purchase agreement and reduce ancillary services expense, the energy and renewable attributes from the Spring Canyon Wind Energy Center Phases II and III sites were sold under a 10-year sales contract beginning in 2020. At the end of the sales contract, the energy will return to Platte River. During 2021, Platte River received $4,124,000 under this agreement.

Platte River has agreements to purchase renewable solar energy output of 30 megawatts from the Rawhide Flats Solar photovoltaic power plant, located at the Rawhide Energy Station, through 2041 and 22 megawatts from the Rawhide Prairie Solar photovoltaic power plant, located at the Rawhide Energy Station, through 2041. A 2 megawatt-hour battery energy storage project is fully integrated with Rawhide Prairie Solar. During 2021, Platte River paid $4,568,000 under these renewable solar energy agreements.

Platte River has entered into a long-term agreement with a third party to sell 25 megawatts of generation from Craig units 1 and 2 through June 30, 2024. During 2021, Platte River received $4,484,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 25 megawatts of generation from Craig unit 1 and 2 and Rawhide Unit 1 through Dec. 31, 2022. During 2021, Platte River received $5,025,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 65 megawatts of capacity from the combustion turbine units from Aug. 1, 2020 through Apr. 30, 2025. The agreement also calls for energy, maintenance and start charges when the capacity option is called. During 2021, Platte River received $5,668,000 under this agreement.

17. Risks, uncertainties and contingencies

The owners of the Craig Generating Station, acting through Tri-State as operating agent, have announced that Craig Unit 1 is scheduled to retire by Dec. 31, 2025 and Craig Unit 2 is scheduled to retire by Sept. 30, 2028. As of Dec. 31, 2021, decommissioning and closure costs have not been fully determined and no binding obligation exists. During 2021, Tri-State obtained a decommissioning study for budget purposes. Under general accounting rules, without a binding obligation the expense related to decommissioning and closure would not be recognized and therefore funds would not be recovered through rates. For rate making purposes, Platte River's board approved a policy under GASB 62 related to recording accretion of estimated decommissioning costs for Craig units 1 and 2 using the budgetary estimate.

Under the policy, accretion of decommissioning costs begins in 2022. Once a binding obligation exists, Platte River will account for decommissioning costs under GASB 83.

In the ordinary course of business, Platte River may be affected by various legal matters and is subject to legislative, administrative and regulatory requirements relative to environmental issues. Although the outcomes of such matters are not possible to predict, management is aware of no pending legal matters or environmental regulations for which the outcome is likely to have a material adverse effect upon Platte River's operations, financial position or changes in financial position in the near term.

Currently Platte River generates and delivers the majority of its energy from carbon resources. In December 2018, the board passed the Resource Diversification Policy. The policy includes the goal of reaching a 100% noncarbon energy mix by 2030 while maintaining Platte River's "three pillars" of providing reliable, environmentally responsible and financially sustainable electricity and services. The policy acknowledges that several conditions must be met to achieve this goal, including participation in a full energy market, more mature battery storage performance, transmission and distribution infrastructure investments, improved grid management systems and more. Platte River is proactively working to diversify its resource mix to achieve the policy's goal.

Additionally, potential changes in environmental regulations could affect the cost of generation for coal and gas facilities or could require significant capital expenditures and therefore materially affect the rates Platte River charges its customers. In 2019, the Colorado General Assembly adopted a "Climate Action Plan" (H.B. 19-1261) that established statewide goals for a 26% reduction in greenhouse gas emissions from 2005 levels by 2025, a 50% reduction by 2030 and a 90% reduction by 2050. In addition, S.B. 19-236 established even more stringent greenhouse gas emission reduction targets for electric utilities, including an 80% reduction from 2005 levels by 2030 and a 100% reduction by 2050. During 2020, the state released a draft roadmap outlining potential policies to meet outlined targets.

Investments of the defined benefit pension plan are subject to various risks, such as interest rate, credit, foreign currency, reinsurance funds and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of investments could occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

Platte River makes defined benefit pension plan contributions and reports net pension liability based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

The defined benefit pension plan is exposed to various risks of loss related to torts. Platte River carries fiduciary liability insurance coverage for claims arising from such matters. There have been no significant decreases in insurance coverage.

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Platte River's defined benefit pension plan portfolio includes allocations to various asset classes that have experienced significant volatility. Due to market conditions, the lump sum distribution option from the defined benefit pension plan was suspended during 2020 then reinstated Feb. 3, 2021.

Economic uncertainties continue to exist that may negatively affect the financial position, results of operations and cash flows of Platte River. The duration and ultimate financial impact of supply chain constraints, labor and materials shortages, price volatility in fuel and electric markets, inflation, national and international political tensions and other risks and uncertainties cannot be reasonably estimated at this time.

Platte River Power Authority
Defined benefit pension plan
Required supplementary information
(not subjected to audit procedures)
Schedule of changes in net pension liability and related ratios

(in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability									
Service cost	**$ 1,216**	$ 1,364	$ 1,575	$ 1,535	$ 1,616	$ 1,728	$ 1,839	$ 1,885	$ 1,949
Interest	**9,306**	9,179	9,022	8,740	8,421	8,176	7,665	7,343	7,005
Changes of benefit terms	**(160)**	-	-	-	-	-	2,397	-	(135)
Differences between expected and actual experience	**3,017**	970	704	2,088	1,175	(620)	931	(180)	86
Changes of assumptions	**(1,353)**	-	-	-	-	-	3,661	(574)	(726)
Benefit payments	**(11,199)**	(8,144)	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)	(3,886)
Net change in total pension liability	**827**	3,369	1,442	4,947	4,851	3,866	11,861	4,187	4,293
Total pension liability–beginning	**128,460**	125,091	123,649	118,702	113,851	109,985	98,124	93,937	89,644
Total pension liability–ending (a)	**$ 129,287**	$ 128,460	$ 125,091	$ 123,649	$ 118,702	$ 113,851	$ 109,985	$ 98,124	$ 93,937
Plan fiduciary net position									
Contributions – employer	**$ 4,569**	$ 7,593	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905	$ 4,544
Net investment income	**15,291**	6,995	13,044	(3,179)	11,289	7,476	(624)	4,658	12,011
Benefit payments	**(11,199)**	(8,144)	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)	(3,886)
Net change in Plan fiduciary net position	**8,661**	6,444	6,834	(6,017)	11,148	4,970	(1,954)	4,276	12,669
Plan fiduciary net position–beginning	**112,856**	106,412	99,578	105,595	94,447	89,477	91,431	87,155	74,486
Plan fiduciary net position–ending (b)	**$ 121,517**	$ 112,856	$ 106,412	$ 99,578	$ 105,595	$ 94,447	$ 89,477	$ 91,431	$ 87,155
Net pension liability–ending (a) – (b)	**$ 7,770**	$ 15,604	$ 18,679	$ 24,071	$ 13,107	$ 19,404	$ 20,508	$ 6,693	$ 6,782
Plan fiduciary net position as a percentage of the total pension liability	**93.99%**	87.85%	85.07%	80.53%	88.96%	82.96%	81.35%	93.18%	92.78%
Estimated covered payroll	**$ 12,502**	$ 13,490	$ 14,909	$ 15,290	$ 16,215	$ 16,874	$ 17,305	$ 17,951	$ 18,614
Net pension liability as a percentage of estimated covered payroll	**62.15%**	115.67%	125.29%	157.43%	80.83%	114.99%	118.51%	37.28%	36.43%

Note to schedule
Historical information is not available for 2012; an additional year will be displayed as it becomes available.

Platte River Power Authority
Defined benefit pension plan
Required supplementary information
(not subjected to audit procedures)
Schedule of employer contributions

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
					(in thousands)					
Actuarially determined contribution	**$ 4,569**	$ 7,593	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905	$ 4,544	$ 3,561
Contribution in relation to the actuarially determined contribution	**4,569**	7,593	3,649	4,578	6,220	2,912	3,302	3,905	4,544	3,561
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated covered payroll	**$12,502**	$13,490	$14,909	$15,290	$16,215	$16,874	$17,305	$17,951	$18,614	$18,766
Contributions as a percentage of covered payroll	**36.55%**	56.29%	24.48%	29.94%	38.36%	17.26%	19.08%	21.75%	24.41%	18.98%

Notes to schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the calendar year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability, entry age normal
Amortization method	5-year, level dollar, open period
Asset valuation method	4-year smoothed market
Salary increases	2.7%, 10 year average
Increases in retiree benefits – in payment	If benefits commenced prior to 1/1/92, 2.25% for 2015-2021 and 3% for 2012-2014. If benefits commenced after 12/31/1991, 1.5% for 2015–2021 and 2% for 2012-2014.
Investment rate of return	7.5% for 2016 - 2021; 8% for 2012 – 2015

Platte River Power Authority
Defined benefit pension plan
Required supplementary information
(not subjected to audit procedures)
Schedule of investment returns

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Annual money-weighted rate of return, net of investment expense	**14%**	6.6%	13.5%	(3.1%)	12%	8.5%	(0.7%)	5.4%	16.1%	13.7%

Platte River Power Authority
Supplementary information
(not subjected to audit procedures)
Budgetary comparison schedule

	Year ended Dec. 31, 2021		
	Budget	Actual	Variance
		(in thousands)	
Revenues			
Operating revenues			
Sales to owner communities	$ 193,909	**$ 199,208**	$ 5,299
Sales for resale and other	45,894	**66,170**	20,276
Total operating revenues	239,803	**265,378**	25,575
Other revenues			
Interest income[(1)]	1,431	**1,365**	(66)
Other income	373	**913**	540
Total other revenues	1,804	**2,278**	474
Total revenues	$ 241,607	**$ 267,656**	$ 26,049
Expenditures			
Operating expenses[(2)]			
Purchased power	$ 57,193	**$ 54,606**	$ 2,587
Fuel	35,971	**47,525**	(11,554)
Production	45,165	**41,680**	3,485
Transmission	18,566	**18,786**	(220)
Administrative and general	22,419	**21,401**	1,018
Distributed energy resources	11,642	**6,958**	4,684
Total operating expenses	190,956	**190,956**	-
Capital additions			
Production[(3)]	112,846	**105,829**	7,017
Transmission	4,543	**2,998**	1,545
General	8,961	**7,892**	1,069
Asset retirement obligations	1,073	**692**	381
Total capital additions	127,423	**117,411**	10,012
Debt service expenditures[(4)]			
Principal	11,640	**11,638**	2
Interest expense	6,473	**6,358**	115
Total debt service expenditures	18,113	**17,996**	117
Total expenditures	$ 336,492	**$ 326,363**	$ 10,129
Contingency appropriation	26,433	**-**	-
Total expenditures and contingency	$ 362,925	**$ 326,363**	$ 10,129
Revenues less expenditures and contingency	$ (121,318)	**$ (58,707)**	$ 62,611

(1) Interest income excludes unrealized investment holding gains and losses.
(2) Operating expenses do not include depreciation and other nonappropriated expenses.
(3) Production capital additions include Windy Gap Firming Project (Chimney Hollow Reservoir) storage rights recorded as a regulatory asset.
(4) Debt service expenditures represent monthly principal and interest funding.

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