Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, April 27, 2023, 9 a.m.

Call to order

1. Consent agenda *Motion to approve*
    a. Minutes of the regular meeting of March 30, 2023
    b. General manager annual performance review policy *Resolution 06-23*

Public comment

Board action items

2. 2022 FORVIS financial audit report *Motion to approve*
3. Acceptance of the 2022 annual report *Motion to accept*

Management presentations

4. Proposed employee total compensation policy update
5. Gainsharing program
6. Organized markets update
7. Ensuring reliability with the integration of renewable energy
8. Engagement strategies preview

Management reports

9. Wholesale rate projections
10. Draft overview of the Strategic Plan

Monthly informational reports - March

11. Q1 performance dashboard
12. Legal, environmental and compliance report
13. Resource diversification report
14. Operating report
15. Financial report
16. General management report

Strategic discussions

Adjournment

2023 board meeting planning calendar

Updated April 18, 2023

May 25, 2023

Retirement committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
Revision to wholesale transmission service (Tariff WT-24)	Wholesale rate projections	Water Resources Reference Document (updated version)	Legal, environmental and compliance report
GM annual review policy and compensation policy	Synopsis of state legislation of interest		Resource diversification report
	WEIS implementation and RTO West update		Operating report
	Hydro allocation update		Financial report
	Strategic Plan		General management report

June 16-21, 2023

APPA National Conference (Seattle, Washington)

July 27, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
Acceptance of the Strategic Plan	Enterprise risk management	Legislative session recap	Q2 performance dashboard
			Legal, environmental and compliance report
			Resource diversification report
			Operating report
Committee report			Financial report
Retirement committee report			General management report

Aug. 31, 2023

Retirement committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
			Legal, environmental and compliance report
			Resource diversification report
			Operating report
			Financial report
			General management report

Sept. 28, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
	2024 proposed strategic budget work session	Strategic financial plan update	Legal, environmental and compliance report
	2024 rate tariff schedules	Staffing update	Resource diversification report
			Operating report
Committee report			Financial report
Retirement committee report			General management report

Oct. 26, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
2023 FORVIS financial audit plan	2024 proposed strategic budget update – public hearing		Q3 performance dashboard
2024 rate tariff schedules	Strategic financial plan update		Legal, environmental and compliance report
			Resource diversification report
			Operating report
			Financial report
			General management report

November 2023

Retirement committee meeting

No board of directors meeting

Dec. 7, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
2023 budget contingency appropriation transfer (if required)		Benefits update	Legal, environmental and compliance report
2024 Strategic Budget review and adoption			Resource diversification report
2024 proposed board of directors regular meeting schedule			Operating report
Strategic financial plan			Financial report
Committee report			General management report
Retirement committee report			

Topics to be scheduled:

- Chimney Hollow Reservoir tour

This calendar is for planning purposes only and may change at management's discretion.

2023 board of directors

Owner communities	Term expiration
Town of Estes Park	
P.O. Box 1200, Estes Park, Colorado 80517	
Mayor Wendy Koenig	April 2024
Reuben Bergsten—Chair, Board of Directors	December 2024
City of Fort Collins	
P.O. Box 580, Fort Collins, Colorado 80522	
Mayor Jeni Arndt	November 2023
Kendall Minor	December 2026
City of Longmont	
350 Kimbark Street, Longmont, Colorado 80501	
Mayor Joan Peck	November 2023
David Hornbacher	December 2026
City of Loveland	
500 East Third Street, Suite 330, Loveland, Colorado 80537	
Mayor Jacki Marsh	November 2023
Kevin Gertig—Vice Chair, Board of Directors	December 2025

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Our vision

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

Our mission

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

Our values

Safety

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

Integrity

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

Service

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

Respect

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

Operational excellence

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

Sustainability

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

Innovation

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

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

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

Subject: **Consent agenda – April**

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

Attachments

- Minutes of the regular meeting March 30, 2023
- Updated general manager annual performance review policy
    - Clean copy of proposed policy
    - Redline copy showing changes made to previous policy
    - Resolution 06-23: Updated general manager annual performance review policy

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, March 30, 2023

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Jeni Arndt and Kendall Minor
Representing Longmont: Mayor Joan Peck[1] and David Hornbacher
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

Platte River staff

Jason Frisbie (general manager/CEO)
Sarah Leonard (general counsel)
Dave Smalley (chief financial officer and deputy general manager)
Melie Vincent (chief operating officer)
Raj Singam Setti (chief transition and integration officer)
Eddie Gutiérrez (chief strategy officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance and IT)
Josh Pinsky (IT service desk technician II)
Libby Clark (director of human resources and safety)
Javier Camacho (director of public and external affairs, strategic communications and social marketing)
Staci Sears (human resource manager)
Travis Hunter (director of power generation)
Brodie Griffin (technical services manager)
Tyler Michie (plant operations manager)
Skip Akers (plant maintenance, fuels and facilities manager)

Guests

Carrie Hackenberger (Husch Blackwell Strategies)
Kevin Jones (Fort Collins area chamber of commerce)
Brian Blakely (former Platte River employee)

---

[1] Arrived at 9:08 a.m.; dismissed self at 12:07 p.m.

Call to order

Chair Bergsten called the meeting to order at 9:00 a.m. A quorum of board members was present via roll call. The meeting, having been duly convened, proceeded with the business on the agenda. Melie Vincent, chief operating officer, introduced Rawhide Energy Station staff Travis Hunter, director of power generation, Brodie Griffin, technical services manager, Tyler Michie, plant operations manager and Skip Akers, plant maintenance, fuels and facilities manager.

Action items

1. Consent Agenda

a. Approval of the regular meeting minutes of Feb. 23, 2023

Director Koenig moved to approve the consent agenda as presented. Director Marsh seconded. The motion carried 7-0.

Public comment

Chair Bergsten opened the public comment section by reading instructions, noting that time to accommodate each speaker would be divided equitably by the number of speakers wishing to address the board at the start of public comment. Past employee Brian Blakely spoke to the board about Platte River's history.

Committee report

2. Defined Benefit Plan committee report

Committee chair Dave Hornbacher provided the retirement committee report from the February 23 meeting. The plan's investment consultant, Northern Trust reported on the plan's performance for 2022. Assets decreased $16.4 million, which included investment losses of $12.3 million and net distributions of $4.1 million. The portfolio outperformed its benchmark and returned -11% while the custom index returned -14%. The portfolio outperformed the benchmark due to exposure to low volatility and high-quality equities; the plan's target return is 7.5%. Committee chair Hornbacher stated that because the plan significantly underperformed, the actuary recommended a substantial increase in Platte River's plan contribution for 2024, from $3 million in 2023 to $9 million in 2024.

The committee discussed the $9 million recommended contribution and agreed it would be prudent to contribute approximately $3 million of the 2024 contribution in 2023. Committee chair Hornbacher noted under board action items, Dave Smalley, chief financial officer and deputy general manager, will present the recommendation and request board approval for additional funding in 2023.

Committee chair Hornbacher also stated that 50 South Capital, the investment manager for the plan's private equity and private credit allocations, provided an update on the performance of the asset classes.

The retirement committee conducted its annual review of the investment consultant's performance based on criteria included in the scope of services in the agreement between Northern Trust and Platte River. The committee agreed the consultant is meeting expectations.

Committee chair Hornbacher noted the next committee meeting is scheduled for May 25, 2023.

Board action items

3. Defined Benefit Plan – additional 2023 funding and formalization of 2003 retirement committee's funding guidelines

Mr. Smalley introduced the memorandum, policy document and proposed resolution addressing the two items for approval; additional funding in 2023 and formalizing the retirement committee's funding guidelines that were established in 2003. He further explained the rationale related to additional funding in 2023 versus all funding being added into the plan in 2024. He noted the 2002 and 2003 retirement committee's funding guidelines were established the last time the retirement committee recommended board approval to accelerate retirement plan funding contributions.

Mr. Smalley added that the Defined Benefit plan was closed to new employees in 2010. Platte River must maintain and manage the plan for the benefit of retirees and existing employees hired before the plan closed.

Director Hornbacher moved to approve Resolution 03-23: Defined Benefit Plan – additional 2023 funding and formalization of 2003 retirement committee's funding guidelines as presented. Director Gertig seconded. The motion carried 8-0.

Jason Frisbie, general manager and chief executive officer, thanked the finance staff for their work on managing the plan proactively.

4. Executive session

Chair Bergsten noted the next item on the agenda is the annual performance review of the general manager. Board members received the review materials and pertinent compensation information ahead of the meeting. Director Gertig moved that the board of directors go into executive session for the purpose of considering the personnel matter related to the annual review of the performance and compensation of the general manager.

The general counsel advised that an executive session was authorized in this instance by Colorado Revised Statutes, Section 24-6-402(4)(f)(I); provided that no formal action would be taken during the executive session. Director Hornbacher seconded, and the motion carried 8-0.

Reconvene regular session

The chair reconvened the regular session, roll call confirmed all board members were present and asked if there was further discussion or action as a result of the executive session. Director Arndt moved to change Mr. Frisbie's compensation to 1.23 of the pay range midpoint, paid retroactively from Dec. 18, 2022, along with a one-time cash bonus of $30,000. Director Marsh seconded. Directors thanked and complimented Mr. Frisbie for a successful year and the services Platte River provides. The motion carried 8-0.

5. Western Energy Imbalance Service (WEIS) transmission service

a. General manager authority over terms and conditions

Sarah Leonard, general counsel, summarized the two resolutions related to the joint dispatch transmission services supporting the WEIS market as Platte River enters into the market on April 1. The first resolution clarifies the general manager's authority over tariff terms and conditions, allowing the flexibility to adjust services and tariffs as needed. The second resolution sets the rate for WEIS joint dispatch service to zero.

Director Koenig moved to approve Resolution 04-23: General manager authority over WEIS transmission terms and conditions as presented. Director Peck seconded. The motion carried 8-0.

b. Setting the rate of zero

Director Gertig moved to approve Resolution 05-23: WEIS transmission rate of zero as presented. Director Hornbacher seconded. The motion carried 8-0.

Management presentations

6. Legislative preview (presenter: Javier Camacho)

Javier Camacho, director of public and external affairs, strategic communications and social marketing, thanked the board for the opportunity to present during the board meeting and summarized his responsibilities at Platte River. He also introduced Carrie Hackenberger, state lobbyist with Husch Blackwell Strategies. Ms. Hackenberger discussed her role representing Platte River at this year's legislative session.

Mr. Camacho thanked the legal team staff for covering the 2022 legislative session before he joined Platte River and the actions they took to stop a bill in 2022 that resurfaced in a reintroduction of House Bill 1039. He highlighted the legislative delegation for the four owner communities, the 74th Colorado General Assembly, guiding principles of legislative advocacy and discussed the bills Platte River will monitor.

Mr. Camacho offered the board a copy of a reference book for this year's legislative session. Directors thanked Mr. Camacho for providing a summary of the bills that may affect Platte River and the four owner communities and commented on all the work staff does behind the scenes.

7. Strategic Plan update (presenter: Eddie Gutiérrez)

Eddie Gutiérrez, chief strategy officer, walked through the development process of the 2023 Strategic Plan and reviewed the project timeline. He summarized the four strategic areas the plan will focus on and when the board will see the draft document for review, with formal approval scheduled for July.

Director Gertig commented on a news story on a national, independently owned utility's rate increases and noted how municipally owned utilities can focus on managing rates through resource diversification. He expressed the importance of educating consumers on services Platte River provides as the resource portfolio transitions to meet Platte River's 2030 goal. Mr. Gutiérrez agreed and commented on working with municipal staff to activate messaging on the value Platte River provides to the owner communities and how the evolution of the utility will be communicated. Director Marsh requested staff keep different demographics in mind when planning the communications. Director Arndt noted that the four owner communities are in a great position to be advocates for Platte River. Mr. Gutiérrez reiterated the value of public power in our communities and communicating those messages.

8. Organized market update (presenter: Melie Vincent)

Due to time limitations, this presentation was postponed until the April board meeting.

Management reports

9. Proposed general manager annual performance review policy update (presenter: Jason Frisbie)

Mr. Frisbie noted past board conversations on modifying the general manager annual performance review policy to better align with current strategic plan initiatives, making it an evergreen document. A redline version was provided in the packet showing the suggested changes. Director Koenig asked that it is added to the consent agenda for the April board meeting.

10. Proposed employee total compensation policy update (presenter: Libby Clark)

Libby Clark, director of human resources and safety, discussed the suggested changes to the employee total compensation policy to also make it a more evergreen document.

Chair Bergsten commented on the board directing staff to reach aggressive decarbonization goals and that having a document reflect flexible compensation strategies would better serve staff and the board. Director Marsh asked that staff consider bonuses as Platte River meets carbon reduction goals throughout the year to recognize staff for their focus on the 2030 goal. Mr. Frisbie referred to the gainsharing program focused on Platte River's three core pillars and committed to the board to bring a presentation back in April. Director Minor suggested the four owner communities align compensation to reflect shared goals. Director Arndt encouraged being aware of compensation programs that could affect rates and to be mindful of the rate payers. Mr. Frisbie clarified that gainshare payouts to staff are not a net addition to the budget and do not affect the rates.

Chair Bergsten requested another discussion and presentation to review the compensation policy at the April board meeting. Mr. Frisbie confirmed presentations will be provided on the compensation policy and the gainsharing program at the April board meeting.

Monthly informational reports for February

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

Ms. Leonard highlighted that the Colorado vs. Bureau of Reclamation case was taken to the court of appeals. There were no questions from the board.

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

Mr. Singam Setti highlighted the resource integration of Black Hollow Solar noting that construction will begin in 2023. He noted a trend when negotiating terms that developers are passing many risks to the buyer. Mr. Singam Setti also commented on modeling extreme weather events to provide staff with data to determine resource reserve margins for the integrated resource plan (IRP). The distributed energy resources (DER) committees plan to issue a request for proposals for DER management systems. Director Minor commented that the collaboration between Platte River staff and the owner communities' staff has been positive. Chair Bergsten discussed intermittent resources, the increase in reliability concerns and expressed appreciation to staff for keeping a focus on those areas. Director Minor asked about input Platte River receives during the IRP process. Mr. Singam Setti commented on entering the market and conducting locational marginal price studies for IRP planning.

13. Operating report (presenter: Melie Vincent)

Ms. Vincent discussed the variance report for February. She highlighted the decrease in owner community demand and energy, increase in wind and solar generation and how the cost to serve load was affected by a decrease in Craig Unit generation. Director Minor asked how many megawatt hours were lost and what happened at the Craig Station. Ms. Vincent responded that an increase in moisture over the winter and the cold temperatures have impeded coal pile operations. Discussion continued among directors and staff about market variability and a no-coal energy portfolio.

14. Financial report (presenter: Dave Smalley)

Mr. Smalley discussed the financial results for February. Similar to operations, financial results were about $3 million below budget on surplus sales, partially offset by fuel and purchased power. He also mentioned that interest rates increased, causing about $1 million in unrealized losses and lower net income. Staff will continue to monitor the market and the ability to sell into the market. Year to date, net income is above budget. Chair Bergsten noted attending the American Public Power Association CEO Roundtable and conversations that revolved around other utilities increasing the amount of reserves to handle variability in weather and resources. He asked what the best practices are for financial reserves to stabilize rates. Mr. Smalley previewed work with Moss Adams on risk management, identifying the top risks for Platte River going into the market and how to adapt to market variability. He noted that Platte River is in a very strong position from a reserves standpoint. A remaining concern is assumptions of longer-term surplus sales pricing and the effect on rates going forward. There were no further questions from the board.

15. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the transition within the Energy Solutions group as they ramp up the DER side of the division and increase collaboration with owner community staff. He introduced the video of Mr. Hunter, Mr. Michie and Mr. Griffin presenting in February at the Coal User's Group following acceptance of the Plant of the Year award for Rawhide Unit One. Directors complimented staff at Rawhide for their hard work, leadership and commitment to serving the owner communities. There were no questions from the board.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities.

Adjournment

With no further business, the meeting adjourned at 12:20 p.m. The next regular board meeting is scheduled for Thursday, April 27, 2023, at 9:00 a.m. either virtually or at Platte River Power Authority, 2000 E. Horsetooth Road, Fort Collins, Colorado.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this ________ day of__________________, 2023.

____
Secretary

Platte River Power Authority	Policy	Version #: 4.1 Original effective date: 03/27/2014 Next review date: 04/27/2024
	TITLE: General manager annual performance review process policy	Page 1 of 3

Purpose:

The purpose of this policy is to establish the process by which the board of directors provides performance feedback to the general manager based on Platte River's Resource Diversification Policy and strategic plan. The feedback is to help ensure the general manager is aware of the board's expectations and to provide the support needed to enable the general manger to succeed.

Policy:

It is the board's policy to provide regular feedback on performance to the general manager, and to do so in a way that incorporates input from a variety of sources while focusing on board expectation and strategies. An annual review with the general manager will be held in March of each year. The focus of the review should be two-fold. First, accomplishments for the previous year should be reviewed individually and feedback provided regarding the quality, timeliness and acceptability of their results. Second, a discussion should take place regarding the board's expectations for the upcoming year.

In preparation for that discussion, the board will use a performance feedback survey to solicit input from all board members and designated direct reports. The board may further consider input from selected internal Platte River staff. Such input will be solicited in early March of each year and reported to the board prior to the March meeting.

The performance feedback survey will tie into the core elements of Platte River's Resource Diversification Policy and the most recent board-approved strategic plan. Any policy or strategic plan changes will apply prospectively to future performance reviews and staff will update the performance feedback survey accordingly. Because the performance feedback survey reflects board expectations, as expressed in Platte River's Resource Diversification Policy and strategic plan, changes should be made as early in the year as feasible to best provide guidance to the general manager.

The board may provide performance feedback to the general manager using the feedback surveys, the appointee's annual reports, direct board discussion or other means that appropriately reflect job performance. Copies of all written feedback will be provided to each direct report. The general manager shall prepare a written, memo-style annual report including a self-evaluation prior to any performance discussions with the board. The general manager will include his annual performance appraisal with general counsel as part of his report to the board. In all situations, the board is committed to following Platte River's Equal Opportunity Policy [Handbook] and will not discuss, allude to or be influenced by non-job-related factors.

As part of the annual performance review process, the board will review the salary of the general manager and shall determine any applicable adjustments. This review should be conducted in a manner consistent with the board's employee total compensation policy regarding market-based compensation practices and methodology. The board may direct staff to either use the existing internal market survey process or may choose to use an external third-party vendor to evaluate the market practices and current pay levels for the position. In either case, the market survey should reflect a broad cross section of similarly situated generation and transmission utilities. Any changes in pay resulting from the survey should be communicated to the general manager during the March board meeting.

Implementing parties and assigned responsibilities:

The board of directors is responsible for carrying out this policy and may delegate actions under this policy through the general manager to internal Platte River staff.

The board chair and vice chair, in conjunction with the general manager, are responsible for identifying the appropriate internal support staff to assist with the process, for working with all board members to determine the content and audience for any performance feedback survey, and to direct staff regarding any desired market survey to help determine compensation.

Associated items (if applicable):

Employee total compensation policy originally adopted by the board on March 28, 2013.
Platte River's Employee Handbook

Definitions (if applicable):

Document owner: Director of human resources and safety	**Original effective date:** 03/27/2014
Authority: Board of directors	**Review frequency:** Annually
Counsel review: General counsel	**Current effective date:** 04/27/2023

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0	03/27/2014	Original policy - board Resolution No. 06-14	Karin Hollohan	New
2.0	10/29/2015	Revised by board of directors - Resolution No. 12-15	Karin Hollohan	Revision
3.0	02/25/2016	Revised by board of directors - Resolution No. 01-16	Karin Hollohan	Revision
3.1	10/30/2020	Placed on new template and reviewed	Libby Clark	Revision
4.0	08/26/2021	Revised by board of directors - Resolution No. 08-21	Libby Clark	Revision
4.1	10/11/2022	Reviewed, no changes	Libby Clark	Review
5.0	04/27/2023	Revised to anchor the policy to Platte River's Resource Diversification Policy and strategic plan	Libby Clark	Revision

Platte River Power Authority	Policy	Version #: 4.1 Original effective date: 03/27/2014 Next review date: 04/27/2024
	TITLE: General manager annual performance review process policy	Page 1 of 3

Purpose:

The purpose of this policy is to establish the process by which the board of directors provides performance feedback to the general manager based on Platte River's Resource Diversification Policy and strategic plan. The ~~intent of such~~ feedback is to help ensure ~~that~~ the general manager is aware of the board's expectations and to provide the support needed to ~~be successful in their job~~ enable the general manger to succeed.

Policy:

It is the board's policy to provide regular feedback on performance to the general manager, and to do so in a way that incorporates input from a variety of sources while focusing on board expectation and strategies. An annual review with the general manager will be held in March of each year. The focus of the review should be two-fold. First, accomplishments for the previous year should be reviewed individually and feedback provided regarding the quality, timeliness and acceptability of their results. Second, a discussion should take place regarding the board's expectations for the upcoming year.

In preparation for that discussion, the board will use a performance feedback survey to solicit input from all board members and designated direct reports. The board may further consider input from selected internal Platte River staff. Such input will be solicited in early March of each year and reported to the board prior to the March meeting.

~~If any board member wishes to make changes to t~~The performance feedback survey will tie into the core elements of Platte River's Resource Diversification Policy and the most recent board-approved strategic plan.~~, such proposal should be first brought to the full board for discussion and approval.~~ Any policy or strategic plan changes will apply prospectively to future performance reviews and staff will update the performance feedback survey accordingly. ~~Since the content of~~ Because the performance feedback survey ~~incorporates~~ reflects board expectations, as expressed in Platte River's Resource Diversification Policy and strategic plan, ~~any future~~ changes ~~to that survey~~ should be made as early in the year as feasible ~~in order~~ to best provide guidance to the general manager.

The board may provide performance feedback to the general manager using the feedback surveys, the appointee's annual reports, direct board discussion or other means that appropriately reflect job performance. Copies of all written feedback will be provided to each direct report. The general manager shall prepare a written, memo-style annual report including a self-evaluation prior to any performance discussions with the board. The general manager will include his annual performance appraisal with general counsel as part of his report to the board. In all situations, the board is committed to following Platte River's Equal Opportunity Policy [Handbook] and will not discuss, allude to or be influenced by non-job-related factors.

As part of the annual performance review process, the board will review the salary of the general manager and shall determine any applicable adjustments. This review should be conducted in a manner consistent with the board's employee total compensation policy regarding market-based compensation practices and methodology. The board may direct staff to either use the existing internal market survey process or may choose to use an external third-party vendor to evaluate the market practices and current pay levels for the position. In either case, the market survey should reflect a broad cross section of similarly situated generation and transmission utilities. Any changes in pay resulting from the survey should be communicated to the general manager during the March board meeting.

Implementing parties and assigned responsibilities:

The board of directors is responsible for carrying out this policy and may delegate actions under this policy through the general manager to internal Platte River staff.

The board chair and vice chair, in conjunction with the general manager, are responsible for identifying the appropriate internal support staff to assist with the process, for working with all board members to determine the content and audience for any performance feedback survey, and to direct staff regarding any desired market survey to help determine compensation.

Associated items (if applicable):

Employee total compensation policy originally adopted by the board on March 28, 2013.
Platte River's Employee Handbook

Definitions (if applicable):

Document owner: Director of human resources and safety	**Original effective date:** 03/27/2014
Authority: Board of directors	**Review frequency:** Annually
Counsel review: General counsel	**Current effective date:** 04/27/2023

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0	03/27/2014	Original policy - board Resolution No. 06-14	Karin Hollohan	New
2.0	10/29/2015	Revised by board of directors - Resolution No. 12-15	Karin Hollohan	Revision
3.0	02/25/2016	Revised by board of directors - Resolution No. 01-16	Karin Hollohan	Revision
3.1	10/30/2020	Placed on new template and reviewed	Libby Clark	Revision
4.0	08/26/2021	Revised by board of directors - Resolution No. 08-21	Libby Clark	Revision
4.1	10/11/2022	Reviewed, no changes	Libby Clark	Review
5.0	04/27/2023	Revised to anchor the policy to Platte River's Resource Diversification Policy and strategic plan	Libby Clark	Revision

RESOLUTION NO. 06-23

Background

A. The board of directors (board) of Platte River Power Authority (Platte River) has established a policy governing the general manager annual performance review process (policy).

B. The board wishes to update the policy to anchor it to Platte River's Resource Diversification Policy and strategic plan, in the forms most recently approved by the board for the calendar year the performance review covers. The policy would then automatically track with any changes to the Resource Diversification Policy or the strategic plan.

C. Staff presented a redlined draft form of the policy, showing suggested updates, to the board at its March 2023 meeting.

D. The attached clean form of the policy incorporates the updates staff presented in March (shown in the redlined draft included for ease of reference).

E. Staff recommends the board adopt the updated form of the policy.

Resolution

The board of directors of Platte River Power Authority therefore resolves that the general manager annual performance review process policy, in the clean form attached to this resolution, is approved.

AS WITNESS, I have signed my name as secretary and have affixed the corporate seal of the Platte River Power Authority this _________ day of _________________, 2023.

____

Secretary

Adopted:
Vote:

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Dave Smalley, chief financial officer and deputy general manager
Shelley Nywall, director of finance
Jason Harris, controller

Subject: **2022 independent auditor's report and financial statements**

At the April board meeting, Chris Telli and Anna Thigpen from FORVIS, LLP will present the results of their audit of Platte River's 2022 financial statements and answer any questions the board may have. Staff will request a motion to accept the audit.

Attachments

- Independent auditor's report and financial statements
- Results of the 2022 financial statement audit

Platte River Power Authority

Independent Auditor’s Report and Financial Statements

Dec. 31, 2022 and 2021

Platte River Power Authority

Financial statements

Years ended Dec. 31, 2022 and 2021

Contents

Financial statements

FORVIS

1801 California Street, Suite 2900 / Denver, CO 80202
P 303.861.4545 / F 303.832.5705
forvis.com

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 fiduciary activities of Platte River Power Authority (Platte River) as of and for the years ended December 31, 2022 and 2021, 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 business-type activities and fiduciary activities of Platte River as of December 31, 2022 and 2021, 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, in fiscal year 2022, Platte River adopted new accounting guidance related to leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 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 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Platte River's basic financial statements. The Budgetary Comparison Schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The Budgetary Comparison Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS, LLP

Denver, Colorado
April 12, 2023

Page intentionally left blank.

Platte River Power Authority

Management's discussion and analysis *(unaudited)*

Dec. 31, 2022 and 2021

This discussion and analysis provides an overview of the financial performance of Platte River Power Authority for the fiscal years ended Dec. 31, 2022, and Dec. 31, 2021. 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 noncarbon energy future by 2030 through the Resource Diversification Policy, 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, wind purchases, allocations of federal hydropower from Western Area Power Administration (WAPA), solar (including storage) 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.

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

- 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, the energy 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 – one for the Colorado River Storage Project and one for the Loveland Area Projects. The hydropower contracts are subject to periodic price changes.
  - Colorado River Storage Project contract rate of delivery amounts are 106 megawatts in the summer and 136 megawatts in the winter, which are not being met due to drought conditions. Actual capacity available varies by month. During both the summer and winter season, estimated available capacity ranges from 34 megawatts to 51 megawatts. Available capacity and energy may further change with drought conditions, and as conditions worsen, there may be periods where energy is not delivered. 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 of 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 and Platte River and operates similarly to an energy imbalance market. This agreement provides access to lower-cost resources and sales for resale opportunities in real time, increasing operational efficiencies while enhancing reliability. The agreement will terminate as participants, including Platte River, transact in the Western Energy Imbalance Service Market operated by the Southwest Power Pool beginning April 2023.

- Spot market purchases provide energy to satisfy loads and access to lower cost resources.

- Platte River purchases capacity of 4.022 megawatts and 0.349 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.

Platte River Power Authority

Management's discussion and analysis *(unaudited)*

Dec. 31, 2022 and 2021

Financial summary

Platte River reported income of $6.7 million in 2022, approximately $29 million lower than 2021. The year ended with an increase in operating revenues of $6.4 million, an increase in operating expenses of $32.3 million and an increase in nonoperating expenses, net, of $3.1 million.

Under a 2022 board-approved accounting policy, the general manager/CEO approved deferring $21.6 million of current-year operating revenues as deferred regulatory revenues. The policy reduces rate pressure and achieves rate smoothing by establishing a mechanism to defer revenues earned and expenses incurred in one period to be recognized in one or more future periods. The revenue deferred is based on long-term financial and rate projections and ensures reported results meet or exceed strategic financial plan targets.

In 2022, Platte River adopted the principles of GASB Statement No. 87, *Leases*, and recognized the effect of a change in accounting principle for recording leases as capital assets and financing activities (note 18) resulting in a restatement of total assets, total liabilities and deferred inflows of resources as of Dec. 31, 2021, but was considered negligible as of Jan. 1, 2021 which was not restated.

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 2022, 2021 and 2020.

Platte River Power Authority

Management's discussion and analysis *(unaudited)*

Dec. 31, 2022 and 2021

	2022	**Dec. 31, 2021 restated**	**2020***
		(in thousands)	
Assets			
Electric utility plant	**$ 572,697**	$ 589,322	$ 603,342
Special funds and investments	**170,596**	150,991	126,237
Current assets	**155,487**	138,671	140,911
Noncurrent assets	**137,971**	132,673	36,049
Total assets	**1,036,751**	1,011,657	906,539
Deferred outflows of resources	**43,240**	28,537	28,052
Liabilities			
Noncurrent liabilities	**302,512**	289,851	215,882
Current liabilities	**42,463**	35,178	32,997
Total liabilities	**344,975**	325,029	248,879
Deferred inflows of resources	**77,075**	63,878	70,118
Net position			
Net investment in capital assets	**400,485**	398,319	392,499
Restricted	**18,873**	18,864	18,521
Unrestricted	**238,583**	234,104	204,574
Total net position	**$ 657,941**	$ 651,287	$ 615,594

*2020 not restated for implementation of GASB 87

Net position

Total net position at Dec. 31, 2022, was $657.9 million, an increase of $6.7 million over 2021. Total net position at Dec. 31, 2021, was $651.3 million, an increase of $35.7 million over 2020.

Electric utility plant decreased $16.6 million during 2022 as illustrated in note 4, primarily due to a $35.1 million increase in accumulated depreciation and $1.7 million decrease in construction work in progress. Partially offsetting these net decreases was a $20.2 million increase in plant and equipment in service.

In 2021, electric utility plant decreased $14 million from 2020 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 $36 million increase in plant and equipment in service and a $2.5 million increase in land and land rights.

Special funds and investments increased $19.6 million during 2022 primarily due to strong financial results providing excess cashflow during the year.

In 2021, special funds and investments increased $24.8 million over 2020 also primarily due to strong financial results.

Current assets increased $16.8 million during 2022 primarily due to increases in cash and cash equivalents, other temporary investments and accounts receivable due to strong financial results providing excess cashflow during the year. Prepayments also increased with the timing of certain prepaid expenses.

In 2021, current assets decreased $2.2 million from 2020 primarily due to decreases in cash and cash equivalents and fuel inventory, partially offset by increases in other temporary investments and accounts receivable as the timing of payments, receipts and investments fluctuated.

Noncurrent assets increased $5.3 million during 2022 primarily due to an increase in regulatory assets caused by a difference between base contributions and pension expense calculated by the actuary. This difference is recorded in accordance with the GASB 62 board-approved pension contribution expense recognition accounting policy (note 6). In addition, the noncurrent portion of prepayments increased because of various long-term agreements executed during the year.

In 2021, noncurrent assets increased $96.6 million over 2020 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 notes 6 and 11.

Deferred outflows of resources increased $14.7 million during 2022 primarily due to increases in pension deferrals based on a decrease in market returns and changes in plan experiences as described in note 8 and asset retirement obligations for the Craig Generating Station impoundments, for a new item and cost estimate updates, and Trapper Mine reclamation for additional mining activity, as described in note 9. These increases were partially offset by decreases in unamortized deferred loss on debt refundings.

In 2021, deferred outflows of resources increased $0.5 million over 2020 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.

Noncurrent liabilities increased $12.7 million during 2022 primarily due to an increase in the net pension liability from decreased market returns (note 8) and an increase in asset retirement obligations as noted above in deferred outflows of resources. Partially offsetting the increase were principal retirements and a decrease in unamortized premium as described in note 7. The final payment for Platte River's Series II bonds was made in June.

In 2021, noncurrent liabilities increased $74 million over 2020 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 6 and

11. 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 8.

Current liabilities increased $7.3 million during 2022 primarily due to increases in accounts payable as year-over-year operating expenses were higher at the end of the year, mainly based on the Craig units' coal and operations and maintenance expenses, natural gas, medical expenses, contracted services and capital additions.

In 2021, current liabilities increased $2.2 million over 2020 primarily due to increases in the current portions of long-term debt (note 7), other long-term obligations (note 11) and asset retirement obligations (note 9).

Deferred inflows of resources increased $13.2 million during 2022 primarily due to changes in regulatory credits as Platte River deferred $21.6 million of operating revenues (note 6). There was also an increase in the regulatory credit for the accrual of the 2024 Rawhide Unit 1 scheduled maintenance outage (note 6). Partially offsetting the increases was amortization of the regulatory credit for the change in depreciation method (note 6). Pension deferrals decreased due to reclassifying the earnings on investments account balance against the loss on investments for 2022, which was recorded as a deferred outflow of resources (note 8).

In 2021, deferred inflows of resources decreased $6.2 million from 2020 primarily due to the reversal of the expense accrual for the 2021 scheduled maintenance outage of Rawhide Unit 1 (note 6) as well as a net decrease in the regulatory credit for the change in depreciation method as previous deferred items are amortized (note 6). 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. 2021 was restated to record lease deferrals due to implementation of a new accounting pronouncement (note 3, 4 and 18).

Condensed statements of revenues, expenses and changes in net position

	Years ended Dec. 31,		
	2022	**2021***	**2020***
	(in thousands)		
Operating revenues	**$ 271,794**	$ 265,378	$ 240,749
Operating expenses	**257,945**	225,594	216,154
Operating income	**13,849**	39,784	24,595
Nonoperating expenses, net	**(7,195)**	(4,091)	(2,603)
Change in net position	**6,654**	35,693	21,992
Net position at beginning of year	**651,287**	615,594	593,602
Net position at end of year	**$ 657,941**	$ 651,287	$ 615,594

*Not restated for implementation of GASB 87

Changes in net position

Net position increased $6.7 million in 2022, $29 million lower than in 2021, after deferring revenues under the board-approved deferred revenue and expense accounting policy as described below and in note 6. Before this deferral, change in net position was $28.3 million. There were increases in operating revenues, operating expenses and nonoperating expenses, net. Net position increased $35.7 million in 2021, $13.7 million higher than 2020. There were increases in operating revenues, operating expenses and nonoperating expenses, net.

Operating revenues in 2022 increased $6.4 million over 2021.

- Sales to the owner communities increased $13.1 million from 2021 primarily due to a 3.2% average wholesale rate increase and increases in owner communities' energy deliveries of 1% and billed demand of 0.4%. The owner communities set a new nonsummer peak of 532 megawatts on December 22 at 6 p.m.

- Sales for resale and other increased $14.9 million over 2021 primarily due to increased market prices, additional calls on a long-term capacity contract and higher wheeling revenues due to additional point-to-point service reservations.

- Deferred regulatory revenues were $21.6 million compared to no deferral in 2021. The deferred revenue and expense accounting policy was approved by the board and implemented in 2022 (note 6).

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.

- 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 expenses in 2022 increased $32.3 million over 2021.

- Purchased power decreased $1.2 million from 2021. The decrease was due primarily to a net increase in forced outage assistance energy deliveries recorded as a net credit to purchased power, a refund and rate decrease for purchased reserves, decreased joint dispatch agreement purchases, less energy received from hydropower due to drought conditions and a decrease in other purchases because Rawhide Unit 1 did not have a scheduled maintenance outage in 2022. Partially offsetting the decreases were increases in wind and solar energy purchases and an increase in the replacement power accrual for the 2024 Rawhide Unit 1 scheduled maintenance outage.

- Fuel increased $18.9 million over 2021. Fuel for Rawhide Unit 1 and the Craig units increased $9.5 million and $5 million, respectively, due to increases in average prices and generation. The average price increased for Rawhide Unit 1 due to an increase in market prices for coal. The Craig units price increased because of an updated price for Trapper Mine coal. Generation was also higher because Rawhide Unit 1 did not have a scheduled maintenance outage as in 2021. Natural gas expense also increased by $4.4 million due to higher commodity prices, partially offset by operating the combustion turbines at a lower capacity factor as less generation was needed to serve load.

- Operations and maintenance increased $7 million over 2021. The increase was due primarily to the accrual for the next Rawhide Unit 1 scheduled maintenance outage, a full year of expenses for the Windy Gap Firming Project (Chimney Hollow Reservoir), an overall increase in operating expenses at the Craig Units and other general miscellaneous increases. Partially offsetting the increase was a reduction in wheeling expenses.

- Administrative and general increased $4.4 million over 2021 primarily due to increased personnel expenses from new positions and increased insurance expenses.

- Distributed energy resources increased $1.5 million over 2021 primarily due to increased energy efficiency program participation.

- Depreciation, amortization and accretion increased $1.7 million over 2021 as additional capital additions were in service, there was new accretion expense from the board-approved Craig units 1 and 2 decommissioning accrual accounting policy (note 6), cost estimates for asset retirement obligations increased and there was a full year of amortization of the Windy Gap Firming Project storage rights regulatory asset. Partially offsetting the increase was a reduction in amortization expenses reflecting an increase in net gain recognized from the change in depreciation method regulatory credit (note 6).

Operating expenses in 2021 increased $9.4 million over 2020.

- Purchased power 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 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 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 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.

Nonoperating expenses, net, increased $3.1 million in 2022 over 2021. The increase was primarily due to a net decrease in the fair value of investments from rising interest rates throughout the year and overall lower other income. Partially offsetting the increases were higher interest income on investments and lower interest expense as principal was paid off.

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 governing bodies of the owner communities made in 2020 to assist with COVID-19 pandemic impacts.

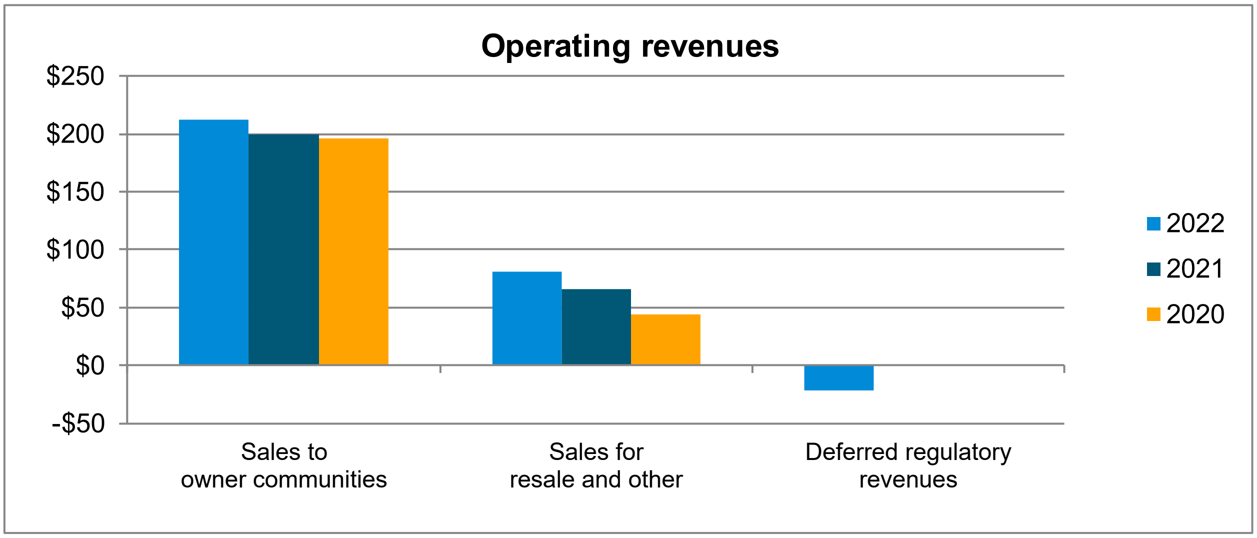
Platte River Power Authority

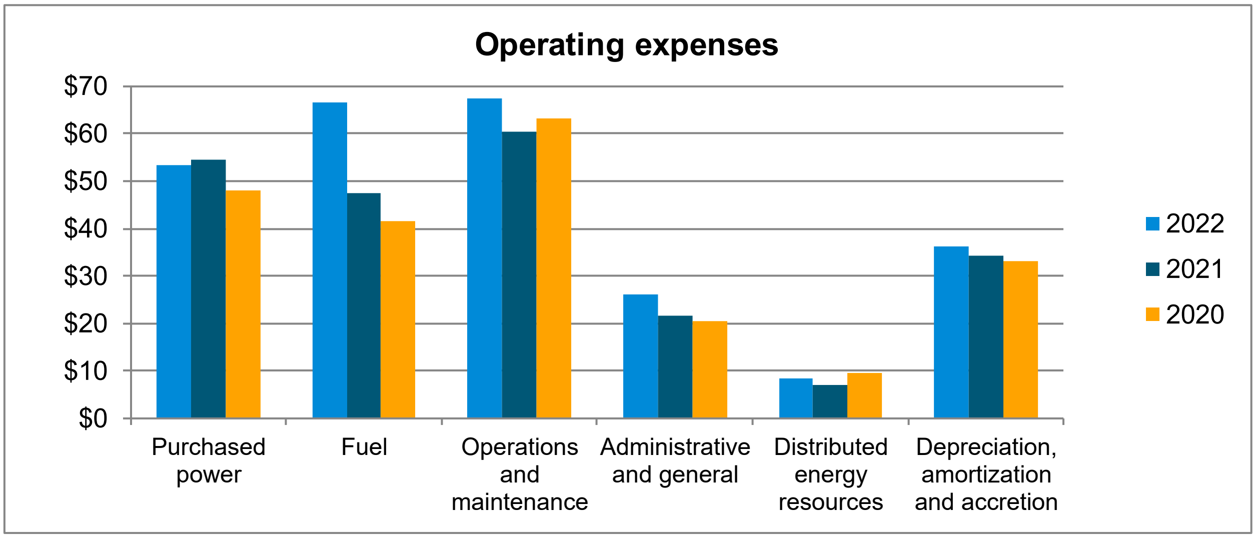
Management's discussion and analysis *(unaudited)*

Dec. 31, 2022 and 2021

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 JJ	N/A	AA	AA
Taxable Series KK	Aa2	N/A	AA

Budgetary highlights

Platte River's board approved the 2022 Strategic Budget with total revenues of $263.2 million, operating expenses of $221.3 million, capital additions of $44.5 million and debt service expenditures of $17.8 million. After closing 2022, $17.1 million of budget appropriated board contingency was required, $11.6 million for operating expenses and $5.5 million for capital additions. The budgeted amounts below reflect these transfers between appropriated categories. The following budgetary highlights are presented on a non-GAAP budgetary basis. The budgetary comparison schedule is presented as supplementary information at the end of the document.

Total revenues of $296.7 million ended the year $33.5 million above budget.

- Sales to owner communities of $212.3 million were $4.3 million above budget due to above-budget energy deliveries and billing demand.

- Sales for resale and other totaled $81.1 million and were above budget $26.9 million primarily due to increased market prices and additional point-to-point transmission service reservations.

- Interest and other income of $3.3 million was above budget $2.3 million primarily due to higher interest income earned on investments.

Operating expenses of $221.3 million were at budget following an $11.6 million board-approved contingency transfer. The largest variances were:

- Purchased power of $53.4 million was $4.3 million below budget primarily due to net energy provided to Tri-State under the forced outage assistance agreement, below-budget joint dispatch agreement purchases, favorable purchased reserves due to a refund and rate decrease and below-budget hydropower purchases due to drought conditions. Partially offsetting the below-budget variances were above-budget wind and solar energy purchases, bilateral purchases due to unfavorable pricing and owner communities' solar programs due to higher market prices.

- Fuel of $66.5 million was $10.4 million above budget following the $11.6 million board-approved contingency transfer. The above-budget variance relates to both natural gas and coal. Natural gas was above budget due to higher commodity prices as well as operating the combustion turbine units to make sales and meet load requirements. Coal for Craig units 1 and 2 was above budget due to an updated price from Trapper Mine and cancellation of a planned coal sale. The Craig units were dispatched more than planned to replace Rawhide Unit 1's generation during the scheduled screen outage, replace purchases due to higher market prices, make additional sales and meet load requirements. Partially offsetting the above-budget variances was coal for Rawhide Unit 1 as generation was below budget due to unplanned outages and curtailments, as well as a lower average price.

- Production, transmission, administrative and general of $93 million were $2.1 million below budget primarily due to projects that were completed below budget and expenses not required, primarily for market implementation, technology expenses and Rawhide non-routine projects. Partially offsetting the below-budget variances were Rawhide equipment repairs and personnel costs.

- Distributed energy resources of $8.4 million were $4 million below budget primarily due to the unpredictability of the completion of customers' energy efficiency projects, personnel costs and consulting services. Energy efficiency rebates and incentives were below budget primarily due to slow participation in small and medium business and multifamily programs, driven by the continued effects of the COVID-19 pandemic and economic recovery challenges, including supply chain issues and labor shortages.

Capital additions of $24.1 million were $20.4 million below budget following a $5.5 million board-approved contingency transfer. 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 and general additions were below budget $8.3 million, $9.4 million and $2.7 million, respectively. The variance was carried over to the 2023 Strategic Budget to complete these projects.

Debt service expenditures of $17.8 million were at budget for scheduled principal and interest payments on outstanding power revenue bonds.

Platte River Power Authority

Statements of net position

Dec. 31, 2022 and 2021

	Dec. 31, 2022	Dec. 31, 2021 restated
	(in thousands)	
Assets		
Electric utility plant, at original cost (notes 3 and 4)		
Land and land rights	**$ 19,446**	$ 19,446
Plant and equipment in service	**1,463,609**	1,443,398
Less: accumulated depreciation and amortization	**(936,475)**	(901,353)
Plant in service, net	**546,580**	561,491
Construction work in progress	**26,117**	27,831
Total electric utility plant	**572,697**	589,322
Special funds and investments (note 5)		
Restricted funds and investments	**19,338**	19,375
Dedicated funds and investments	**151,258**	131,616
Total special funds and investments	**170,596**	150,991
Current assets		
Cash and cash equivalents (notes 3 and 5)	**48,017**	40,407
Other temporary investments (note 5)	**47,841**	44,162
Accounts receivable—owner communities	**16,997**	16,235
Accounts receivable—other	**13,830**	10,467
Fuel inventory, at last-in, first-out cost	**10,103**	10,562
Materials and supplies inventory, at average cost	**15,831**	15,299
Prepayments and other assets	**2,868**	1,539
Total current assets	**155,487**	138,671
Noncurrent assets		
Regulatory assets (note 6)	**128,954**	126,488
Other long-term assets	**9,017**	6,185
Total noncurrent assets	**137,971**	132,673
Total assets	**1,036,751**	1,011,657
Deferred outflows of resources		
Deferred loss on debt refundings (note 7)	**3,075**	3,974
Pension deferrals (note 8)	**14,849**	2,116
Asset retirement obligations (note 9)	**25,316**	22,447
Total deferred outflows of resources	**43,240**	28,537

See notes to financial statements.

Platte River Power Authority

Statements of net position

Dec. 31, 2022 and 2021

	Dec. 31, 2022	Dec. 31, 2021 restated
	(in thousands)	
Liabilities		
Noncurrent liabilities (note 10)		
Long-term debt, net (note 7)	**$ 137,808**	$ 152,637
Other long-term obligations (note 11)	**95,184**	95,184
Net pension liability (note 8)	**30,520**	7,770
Asset retirement obligations (note 9)	**31,739**	27,549
Other liabilities and credits	**7,261**	6,711
Total noncurrent liabilities	**302,512**	289,851
Current liabilities		
Current maturities of long-term debt (note 7)	**12,215**	11,660
Current portion of other long-term obligations (note 11)	**–**	889
Current portion of asset retirement obligations (note 9)	**1,547**	1,706
Accounts payable	**24,378**	17,049
Accrued interest	**464**	511
Accrued liabilities and other	**3,859**	3,363
Total current liabilities	**42,463**	35,178
Total liabilities	**344,975**	325,029
Deferred inflows of resources		
Deferred gain on debt refundings (note 7)	**126**	140
Regulatory credits (note 6)	**75,810**	56,715
Pension deferrals (note 8)	**287**	6,024
Lease deferrals (note 4)	**852**	999
Total deferred inflows of resources	**77,075**	63,878
Net position		
Net investment in capital assets (note 12)	**400,485**	398,319
Restricted	**18,873**	18,864
Unrestricted	**238,583**	234,104
Total net position	**$ 657,941**	$ 651,287

See notes to financial statements.

Platte River Power Authority

Statements of revenues, expenses and changes in net position

Dec. 31, 2022 and 2021

	Years ended Dec. 31,	
	2022	**2021**
	(in thousands)	
Operating revenues		
Sales to owner communities	**$ 212,319**	$ 199,208
Sales for resale and other	**81,077**	66,170
Deferred regulatory revenues (note 6)	**(21,602)**	–
Total operating revenues	**271,794**	265,378
Operating expenses		
Purchased power	**53,379**	54,606
Fuel	**66,456**	47,525
Operations and maintenance	**67,482**	60,505
Administrative and general	**26,015**	21,585
Distributed energy resources	**8,484**	6,945
Depreciation, amortization and accretion (notes 4, 6 and 9)	**36,129**	34,428
Total operating expenses	**257,945**	225,594
Operating income	**13,849**	39,784
Nonoperating revenues (expenses) (notes 5 and 7)		
Interest income	**2,914**	1,351
Other income	**429**	913
Interest expense	**(4,163)**	(4,528)
Net decrease in fair value of investments	**(6,375)**	(1,827)
Total nonoperating revenues (expenses)	**(7,195)**	(4,091)
Change in net position	**6,654**	35,693
Net position at beginning of year	**651,287**	615,594
Net position at end of year	**$ 657,941**	$ 651,287

See notes to financial statements.

Platte River Power Authority

Statements of cash flows

Dec. 31, 2022 and 2021

	Years ended Dec. 31, 2022	2021 restated
	(in thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 290,780**	$ 263,931
Payments for operating goods and services	**(170,339)**	(152,912)
Payments for employee services	**(47,523)**	(45,357)
Net cash provided by operating activities	**72,918**	65,662
Cash flows from capital and related financing activities		
Additions to electric utility plant	**(18,747)**	(24,322)
Payments from accounts payable incurred for electric utility plant additions	**(1,581)**	(1,271)
Proceeds from disposal of electric utility plant	**74**	278
Principal payments on long-term debt	**(11,660)**	(11,145)
Interest payments on long-term debt	**(5,850)**	(6,371)
Payments related to other long-term obligations	**(1,194)**	–
Receipts from lease receivables	**148**	–
Payments on lease liabilities	**(14)**	–
Net cash used in capital and related financing activities	**(38,824)**	(42,831)
Cash flows from investing activities		
Purchases and sales of temporary and restricted investments, net	**(29,643)**	(37,229)
Interest and other income, including realized gains and losses	**3,159**	2,212
Net cash used in investing activities	**(26,484)**	(35,017)
Increase/(decrease) in cash and cash equivalents	**7,610**	(12,186)
Balance at beginning of year in cash and cash equivalents	**40,407**	52,593
Balance at end of year in cash and cash equivalents	**$ 48,017**	$ 40,407

See notes to financial statements.

Platte River Power Authority

Statements of cash flows

Dec. 31, 2022 and 2021

	Years ended Dec. 31, 2022	Years ended Dec. 31, 2021 restated
	(in thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 13,849**	$ 39,784
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	**39,233**	37,183
Amortization	**(6,636)**	(3,970)
Changes in assets and liabilities that provided/(used) cash		
Accounts receivable	**(4,125)**	(2,070)
Fuel and materials and supplies inventories	**(73)**	2,675
Prepayments and other assets	**(4,004)**	409
Regulatory assets	**(3,247)**	986
Deferred outflows of resources	**(15,602)**	(1,482)
Accounts payable	**5,375**	(1,011)
Net pension liability	**22,750**	(7,834)
Asset retirement obligations	**4,031**	1,662
Other liabilities	**1,121**	950
Deferred inflows of resources	**20,246**	(1,620)
Net cash provided by operating activities	**$ 72,918**	$ 65,662
Noncash capital and related financing activities		
Additions of electric utility plant through incurrence of accounts payable	**$ 3,493**	$ 1,581
Additions of electric utility plant through leasing	**–**	134
Amortization of regulatory assets (debt issuance costs)	**88**	97
Amortization of bond premiums, deferred loss and deferred gain on refundings	**(1,729)**	(1,928)
Additions to regulatory assets and other assets through incurrence of other long-term obligations (notes 6 and 11)	**–**	96,073

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of fiduciary net position
Dec. 31, 2022 and 2021

	Dec. 31, 2022	Dec. 31, 2021
	(in thousands)	
Assets		
Cash equivalents	**$ 2,031**	$ 1,953
Investment income receivable	**8**	3
Investments		
Fixed income securities	**28,482**	23,007
Domestic equity securities	**37,863**	48,089
International equity securities	**22,946**	33,388
Infrastructure	**2,541**	2,889
Natural resources	**7,395**	8,518
Real estate funds	**2,440**	3,560
Private credit	**1,252**	-
Private equity	**114**	-
Reinsurance funds	**13**	110
Total investments	**103,046**	119,561
Total assets	**105,085**	121,517
Net position restricted for pension benefits	**$ 105,085**	$ 121,517

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of changes in fiduciary net position
Dec. 31, 2022 and 2021

	Years ended Dec. 31, 2022	2021
	(in thousands)	
Additions		
Employer contributions	**$ 4,333**	$ 4,569
Investment income		
Net (decrease) increase in fair value of investments	**(15,430)**	12,569
Interest and dividends	**3,115**	2,722
Net investment income (loss)	**(12,315)**	15,291
Total additions	**(7,982)**	19,860
Deductions		
Benefit payments	**8,450**	11,199
Change in plan net position	**(16,432)**	8,661
Net position restricted for pension benefits		
Beginning net position	**121,517**	112,856
Ending net position	**$ 105,085**	$ 121,517

See notes to financial statements.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2022 and 2021

1. Organization

Platte River Power Authority was organized under 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 owners, 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 subject to net metering limitations. Platte River's power supply 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, 2022, 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, which Platte River includes 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 natural 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). Rawhide Prairie Solar has an integrated battery storage system of two megawatt-hours, which can be discharged once daily at a rate up to one megawatt per hour. Platte River owns and operates all Rawhide Energy Station facilities except for the solar and battery storage facilities. 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 coal for Craig units 1 and 2.

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 pooled financing for the project in 2021 as described in note 6 and 11.

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 8). 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 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 FERC.

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 6).

Budgetary process

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

Platte River engages in leasing activity, both as a lessee and a lessor. In accordance with GASB Statement No. 87, *Leases*, the lease term is the period where there is a noncancellable right to use the underlying asset. For lessor contracts, lease receivables and deferred inflows of resources are recognized at present value. Lease receivables are reported in prepayments and other assets for the current portion and other long-term assets for the long-term portion within the statements of net position. For lessee contracts, lease assets and related liabilities are recognized at present value using Platte River's estimated incremental borrowing rate unless otherwise contained in the contract terms. Lease assets are reported in electric utility plant and lease liabilities are reported in accrued liabilities and other for the current portion and other liabilities and credits for the long-term portion within the statements of net position. This recognition applies to leases with a present value of $50,000 or more at the beginning of the lease term and a term greater than one year.

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 announcements, assets are evaluated and estimated useful lives are accelerated, as applicable. For lease assets, amortization is recorded over the shorter of the lease term or the useful life of the underlying lease asset.

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, 2022 and 2021, 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, by cell, used through the end of the year. Platte River complies with financial assurance annual requirements of the Colorado Department of Public Health and Environment.

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 revenues and costs directly related to the generation, purchase, sale and transmission of electricity. Operating revenues are recorded at the end of each month for all electricity delivered. Operating revenues include the amount of deferred regulatory revenues recorded as a regulatory credit (note 6) to be recognized in one or more future periods. Revenues and expenses related to financing, investing and other activities are considered 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. Employees are entitled to full payment for any unused vacation leave upon retirement or termination of employment; they are paid at a reduced rate for any accumulated unused sick leave. 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 10).

Deferred outflows of resources

Deferred outflows consist of unamortized deferred losses on debt refunding, defined benefit pension plan-related deferrals (note 8) and unamortized asset retirement obligations (note 9).

Deferred inflows of resources

Deferred inflows consist of unamortized deferred gains on debt refunding, regulatory credits (note 6) and defined benefit pension plan-related deferrals (note 8).

Use of restricted and unrestricted resources

Platte River's use of restricted and unrestricted resources is based on the intended purposes stated in the bond resolutions.

Adoption of recent accounting pronouncement

In 2022, Platte River implemented GASB Statement No. 87, *Leases*. Leases are contracts that convey control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without the transfer of ownership of the asset. Platte River engages in leasing activity, both as a lessee and a lessor. GASB Statement No. 87 applies to financial statements with reporting periods beginning after June 15, 2021, and affects the statements of net position, statements of revenues, expenses and changes in net position and the statements of cash flows. The 2021 statement of net position and statement of cash flows were restated for comparative purposes. The 2021 statement of revenues, expenses and changes in net position was not restated as the impact was negligible. Note 18 outlines the impacts of the restatement to the financial statements.

4. Electric utility plant

Electric utility plant asset activity for the year ended Dec. 31, 2022, was as follows.

	Dec. 31, 2021 restated	Increases	Decreases	Dec. 31, 2022
		(in thousands)		
Nondepreciable assets				
Land and land rights	$ 19,446	$ -	$ -	**$ 19,446**
Construction work in progress	27,831	24,105	(25,819)	**26,117**
	47,277	24,105	(25,819)	**45,563**
Depreciable assets				
Production plant	961,290	11,849	(4,272)	**968,867**
Transmission plant	394,050	4,972	(839)	**398,183**
General plant	87,924	8,945	(444)	**96,425**
	1,443,264	25,766	(5,555)	**1,463,475**
Less accumulated depreciation	(901,353)	(39,233)	4,124	**(936,462)**
	541,911	(13,467)	(1,431)	**527,013**
Amortizable lease assets				
General plant	134	-	-	**134**
Less accumulated amortization	-	(13)	-	**(13)**
	134	(13)	-	**121**
Total electric utility plant	$ 589,322	$ 10,625	$ (27,250)	**$ 572,697**

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

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

	Dec. 31, 2020	Increases	Decreases	Dec. 31, 2021 restated
	(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)
	538,658	4,679	(1,426)	541,911
Amortizable lease assets				
General plant	-	134	-	134
Total electric utility plant	$ 603,342	$ 31,712	$ (45,732)	$ 589,322

Platte River uses 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 a board-approved change in depreciation method accounting policy using GASB 62 (note 6) 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.

Leasing activity

Amortizable lease assets represent fiber optic strands from a third party; the contract terminates in 2033. Platte River made no variable payments, and there are no lease impairments as of Dec. 31, 2022 and 2021. In determining the value of the lease assets, there are no payments attributable to residual value guarantees or termination penalties. Liabilities relating to lease assets are included in note 10.

Platte River also leases unused fiber optic strands and co-locate property, included in electric utility plant, to third parties. Lease terms range from five to 36 years. Lessor-related balances and activity as of and for the years ended Dec. 31, 2022, and 2021, are shown in the table below.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2022 and 2021

	2022	2021
	(in thousands)	
Current lease receivable	**$ 148**	$ 148
Noncurrent lease receivable	**704**	851
Total lease receivable	**$ 852**	$ 999
Lease deferrals	**$ 852**	$ 999
Recognized inflows of resources	**$ 106**	$ -
Fiber lease pass-through receipts	**$ 42**	$ -

Lease receivables are reported in prepayments and other assets for the current portion and other long-term assets for the long-term portion within the statements of net position.

Recognized inflows of resources are reported as other income on the statements of revenues, expenses and changes in net position. Platte River received no variable lease payments in 2022 or 2021. Note 18 outlines the details of the restatement of 2021 for lease accounting.

5. Cash and investments

Platte River invests funds consistent 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 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 by Platte River's general power bond resolution (restricted funds and investments). The fair value of investments, excluding accrued interest of $688,000 and $302,000 as of Dec. 31, 2022 and 2021, respectively, is shown in the following tables.

As of Dec. 31, 2022, 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	$ 166,816	$ 44,999	$ 69,801	$ 52,016
U.S. agencies				
FFCB	12,800	5,879	6,921	-
FHLB	14,664	4,934	6,843	2,887
Total securities	194,280	55,812	83,565	54,903
Certificates of deposit	3,532	3,532	-	-
Cash and money market funds	3,353	3,353	-	-
Local government investment pools	64,601	64,601	-	-
Total cash and investments	$ 265,766	$ 127,298	$ 83,565	$ 54,903

Statement of net position presentation of cash, cash equivalents and investments as of Dec. 31, 2022, is as follows.

	Fair value	**Accrued interest**	**Total**
		(in thousands)	
Restricted funds and investments	$ 19,271	$ 67	$ 19,338
Dedicated funds and investments	150,778	480	151,258
Cash and cash equivalents	48,017	-	48,017
Other temporary investments	47,700	141	47,841
Total cash and investments	$ 265,766	$ 688	$ 266,454

Platte River Power Authority
Notes to financial statements
Dec. 31, 2022 and 2021

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

Cash and investment type	Fair value	Investment maturities (in years) 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 as of Dec. 31, 2021, is as follows.

	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

Fair value is the amount received if an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements 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, 2022.

- U.S. Treasury securities of $166,816,000 are valued using quoted market prices (Level 1 inputs)
- U.S. agency securities of $27,464,000 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, 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, uses two local government investment pools for investment. The two pools are the 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 equals $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, 2022 and 2021, all investments of the defined benefit pension plan had a maturity of less than one year or undefined.

Each year, Platte River measures fair value and determines the level within the fair value hierarchy in which the fair value measurements fall. The following table presents the fair value measurements of the defined benefit pension plan's assets recognized in the accompanying financial statements at Dec. 31, 2022 and 2021.

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

Dec. 31, 2022	**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	$ 2,031	$ -	$ 2,031	$ -
Fixed income	28,482	28,482	-	-
Domestic equity	37,863	37,863	-	-
International equity	22,946	22,946	-	-
Infrastructure	2,541	2,541	-	-
Natural resources	7,395	7,395	-	-
Real estate funds	2,440	2,440	-	-
Private credit (1)	1,252	-	-	1,252
Private equity (1)	114	-	-	114
Reinsurance	13	13	-	-
Total investments by fair value level	$ 105,077	$ 101,680	$ 2,031	$ 1,366

(1) Fair value as of Sept. 30, 2022.

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	$ -

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 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. These include, but are not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows, all of which 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 Principal Trust Company under a trust agreement and invested in money market funds, bonds, stock portfolios, infrastructure, natural resources, reinsurance funds, private equity, private credit 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	**2022**	**2021**
Domestic equities	**37%**	40%
International equities	**18%**	20%
Emerging market equities	**4%**	8%
Fixed income	**12%**	8%
High yield	**14%**	12%
Infrastructure	**2%**	2%
Natural resources	**7%**	7%
Real estate	**2%**	3%
Cash & cash equivalents	**3%**	0%
Private credit	**1%**	0%
Private equity	**0%**	0%
Reinsurance	**0%**	0%

Rate of return

For the years ended Dec. 31, 2022 and 2021, the money-weighted rate of return on defined benefit pension plan investments, net of investment expense, was (10.3%) and 14%, 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, 2022. 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 exchange-traded fund (ETF), a high-yield fixed-income ETF, an inflation-focused ETF and an ultra-short-term fixed-income ETF. 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, 2022, 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 Fitch Ratings. Platte River's investments in the Federal Farm Credit Bank (FFCB) and the 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 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, 2022, the defined benefit pension plan's average credit quality for its core fixed-income and high-yield allocations were AA and B, respectively. The ultra-short fixed-income ETF has an average credit quality of A, while the inflation-focused ETF is 100% securities backed by the U.S. Treasury.

Private credit and private equity risk

The private credit and private equity investments in the defined benefit pension plan are subject to various risk factors resulting from the investment activities of the fund managers and the unique structures of the investments, including market, liquidity and capital risk. Private credit and private equity are diversified, multi-manager private lending investments and subject to market risk. Additionally, the funds report a market value on a quarterly basis – a less frequent measurement that can make using traditional methods to monitor and measure market risk more difficult. As a result of this reporting frequency, the fair value measurement reflected in the financial statements is as of Sept. 30, 2022. The investments are subject to illiquidity risk. The funds' multi-manager structures are designed to help mitigate individual manager or company risk. Other risks include quality of the fund managers, interest rate risk and currency risk.

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, 2022, more than 5% of Platte River's investments were concentrated in FHLB. These investments were 6% 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, 2022 and 2021, the defined benefit pension plan did not identify any investments subject to custodial credit 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 ETFs. For the defined benefit pension plan's international and emerging markets equity allocations, the portfolios invest primarily in foreign denominated securities and typically do 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, 2022, foreign non-dollar allocations for the global natural resources allocation were 63.9%, foreign non-dollar allocations for the global infrastructure allocation were 59.6% and foreign non-dollar allocations for the global real estate allocation were 34.4%. Foreign non-dollar allocations for Stoneridge Reinsurance were less than 1% as of Oct. 31, 2022. The defined benefit pension plan's investments in international and emerging markets equity strategies, as of Dec. 31, 2022 and 2021, were $22.9 million and $33.4 million, respectively.

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

The defined benefit pension plan’s exposure to foreign currency risk in U.S. dollars as of Dec. 31, 2022, is shown in the following table.

Currency	Total	International stocks	Fixed income	Reinsurance (1)
		(in thousands)		
Austrailian dollar	$ 1,498	$ 1,375	$ 123	$ -
Bermudian dollar	129	-	129	-
Brazilian real	438	438	-	-
Canadian dollar	4,480	3,478	1,002	-
Caymanian dollar	39	-	39	-
Chilean peso	1	1	-	-
Chinese yuan renminbi	64	64	-	-
Colombian peso	2	-	-	2
Danish krone	547	542	5	-
European euro	5,572	4,553	1,019	-
Hong Kong dollar	2,174	2,174	-	-
Hungarian forint	22	22	-	-
Indian rupee	572	572	-	-
Indonesian rupiah	140	140	-	-
Israeli new shekel	659	659	-	-
Japanese yen	5,005	4,936	69	-
Korean won	146	144	2	-
Kuwaiti dinar	267	267	-	-
Liberian dollar	85	-	85	-
Malaysisan ringgit	254	254	-	-
Mauritius rupee	13	-	13	-
Mexican peso	52	52	-	-
Moroccan dirham	56	56	-	-
New Zealand dollar	80	61	19	-
Norwegian krone	211	211	-	-
Peruvian sol	20	20	-	-
Philippine peso	34	34	-	-
Pound sterling	3,660	3,257	403	-
Qatari riyal	145	145	-	-
Saudi riyal	374	373	1	-
Singapore dollar	1,069	1,069	-	-
South African rand	100	100	-	-
Sweedish krona	142	97	45	-
Swiss franc	2,524	2,484	40	-
Taiwan dollar	634	634	-	-
Thai baht	236	236	-	-
UAE dirham	626	626	-	-
	$ 32,070	$ 29,074	$ 2,994	$ 2

(1) Foreign currency exposure through the reinsurance fund as of Oct. 31, 2022.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2022 and 2021

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

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

For rate-making purposes, Platte River's board has approved the following policies under GASB 62, paragraphs 476-500.

Additional pension funding expense recognition

Platte River funds its defined benefit pension plan (note 8) 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. A 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

This 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 Statement No. 68, *Accounting and Financial Reporting for Pensions*, 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 expense recognition

Under GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, 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, this 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.

Maintenance outage expense accrual

Under this 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

This board-approved policy allows Platte River's costs for the Windy Gap Firming Project (Chimney Hollow Reservoir), as described in note 11, 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 is expensed monthly as an operations and maintenance expense and not accounted for as debt service.

Change in depreciation method

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

Craig units 1 and 2 decommissioning accrual

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. Decommissioning and closure costs have not been fully determined and no binding obligation exists. 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. This board-approved accounting policy records accretion of estimated decommissioning costs for Craig units 1 and 2 using the budgetary estimate provided by Tri-State. Once a binding obligation exists, Platte River will account for decommissioning costs under GASB 83.

Deferred revenue and expense

This board-approved accounting policy authorizes the general manager/CEO to defer revenues or expenses to reduce rate pressure and achieve rate smoothing as Platte River transitions its portfolio to meet the Resource Diversification Policy goal. Any amount of change in net position above the minimum required to achieve the strategic financial plan targets can be deducted from operating revenues and held on the statement of net position as a regulatory credit, to be recorded as revenue in one or more future periods. Alternatively, any amount of change in net position below the minimum required to achieve the strategic financial plan targets can be deducted from operating expenses and held on the statement of net position as a regulatory asset, to be recorded as expense in one or more future periods.

Platte River Power Authority
Notes to financial statements
Dec. 31, 2022 and 2021

Regulatory assets and deferred inflows of resources related to regulatory credits as of Dec. 31, 2022, are shown in the tables below.

	Dec. 31, 2021	Additions	Reductions	Dec. 31, 2022
Regulatory assets				
Additional pension funding expense recognition	$ 5,200	$ 1,141	$ (896)	**$ 5,445**
Pension contribution expense recognition	8,688	4,280	(1,278)	**11,690**
Debt issuance expense recognition	646	-	(88)	**558**
Windy Gap Firming Project	111,954	-	(693)	**111,261**
Total regulatory assets	$ 126,488	$ 5,421	$ (2,955)	**$ 128,954**
Deferred inflows of resources				
Regulatory credits				
Maintenance outage expense accrual	$ 324	$ 3,516	$ -	**$ 3,840**
Pension contribution expense recognition	6,191	-	(467)	**5,724**
Change in depreciation method	50,200	-	(6,887)	**43,313**
Craig units 1 and 2 decommissioning accrual	-	1,331	-	**1,331**
Deferred revenue and expense	-	21,602	-	**21,602**
Total regulatory credits	$ 56,715	$ 26,449	$ (7,354)	**$ 75,810**

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 expense recognition	$ 4,907	$ 1,074	$ (781)	5,200
Pension contribution expense recognition	9,967	-	(1,279)	8,688
Debt issuance expense recognition	743	-	(97)	646
Windy Gap Firming Project	19,768	92,475	(289)	111,954
Total regulatory assets	$ 35,385	$ 93,549	$ (2,446)	$ 126,488
Deferred inflows of resources				
Regulatory credits				
Maintenance outage expense accrual	$ 9,743	$ 3,843	$ (13,262)	$ 324
Pension contribution expense recognition	4,416	1,902	(127)	6,191
Change in depreciation method	55,805	-	(5,605)	50,200
Total regulatory credits	$ 69,964	$ 5,745	$ (18,994)	$ 56,715

7. Long-term debt

Long-term debt outstanding as of Dec. 31, 2022 and 2021, consists of the following.

	Interest rate	**2022**	**2021**
		(in thousands)	
Power revenue bonds (all serial bonds)			
Series II matured 6/1/2022	4%	**$ -**	$ 720
Series JJ maturing 6/1/2036	3.5%–5%	**113,490**	124,125
Taxable Series KK maturing 6/1/2037	1%-1.9%	**24,595**	24,900
		138,085	149,745
Unamortized bond premium (1)		**11,938**	14,552
Total revenue bonds outstanding		**150,023**	164,297
Less: due within one year		**(12,215)**	(11,660)
Total long-term debt, net		**$ 137,808**	$ 152,637

(1) Fixed rate bond premium costs are amortized over the terms of the related bond issues.

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

The final payment for Series II was made in June. The outstanding balance of 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, 2022 and 2021, is as follows.

	2022	**2021**
	(in thousands)	
Interest	**$ 5,803**	$ 6,359
Amortization of bond related costs	**(1,640)**	(1,831)
Total interest expense	**$ 4,163**	$ 4,528

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 2022 for 2023 payment	$ 7,126	$ 464	$ 7,590
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	14,898	2,826	17,724
2028-2032	37,928	7,497	45,425
2033-2037	24,395	2,008	26,403
	$ 138,085	$ 30,142	$ 168,227

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 equal to at least 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, 2022 and 2021, were $19,546,000 and $20,176,000, 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, 2022 and 2021.

	2022	2021
	(in thousands)	
Bond service coverage		
Net revenues		
Operating revenues	**$ 271,794**	$ 265,378
Operating expenses, excluding depreciation, amortization and accretion	**221,816**	191,166
Net operating revenues	**49,978**	74,212
Plus interest and other income (1)	**3,326**	2,278
Net revenues before rate stabilization	**53,304**	76,490
Rate stabilization		
Deposits	**-**	-
Withdrawals	**-**	-
Total net revenues	**$ 53,304**	$ 76,490
Bond service		
Power revenue bonds	**$ 17,787**	$ 17,996
Bond service coverage ratio	**3.00**	4.25

(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, 2022 and 2021.

Deferred outflows of resources related to debt

As of Dec. 31, 2022 and 2021, deferred outflows related to debt consisted of the unamortized deferred loss on debt refundings of $3,075,000 and $3,974,000, respectively.

Deferred inflows of resources related to debt

As of Dec. 31, 2022 and 2021, deferred inflows related to debt consisted of the unamortized deferred gain on debt refundings of $126,000 and $140,000, respectively.

8. 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 on 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 terminates 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 or lump sum payment 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.

	2022	**2021**
Retirees and beneficiaries currently receiving benefits	**180**	175
Terminated vested employees not yet receiving benefits	**47**	50
Active plan participants	**77**	83
Total participants	**304**	308

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, 2022 and 2021, are as follows.

	2022	2021
	(in thousands)	
Base contribution	**$ 3,192**	$ 3,495
Additional funding	**1,141**	1,074
Total contributions	**$ 4,333**	$ 4,569

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.

Net pension liability

The net pension liability was measured and determined by actuarial valuations as of Dec. 31, 2022 and 2021, respectively. The components of the net pension liability were as follows.

	2022	2021
	(in thousands)	
Total pension liability	**$ 135,605**	$ 129,287
Plan fiduciary net position	**105,085**	121,517
Platte River's net pension liability	**$ 30,520**	$ 7,770
Plan fiduciary net position as a percentage of the total pension liability	**77.49%**	93.99%

Actuarial assumptions

Total pension liability for the years ended Dec. 31, 2022 and 2021, 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.

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

	2022	2021
Salary increases, next calendar period, all ages	**7%**	4%
Salary increases, all future periods, age <51	**4%**	4%
Salary increases, all future periods, age 51-55	**3%**	4%
Salary increases, all future periods, age 56-65	**3%**	3%
Salary increases, all future periods, age 66+	**2%**	2%
Investment rate of return	**7.5%**	7.5%
Cost of living	**1.5%**	1.5%

Mortality rates for the years ended Dec. 31, 2022 and 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.

The actuarial assumption for the long-term expected rate of return on 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, 2022 and 2021, are summarized in the following table.

	Target allocation		Long-term expected rate of return	
Asset class	**Dec. 31, 2022**	**Dec. 31, 2021**	**2022**	**2021**
Domestic equities	**33%**	36%	**7.1%**	6.8%
International equities	**16%**	18%	**7.0%**	6.7%
Emerging market equities	**7%**	8%	**7.2%**	7.1%
Core fixed income	**15%**	17%	**3.1%**	2.9%
Inflation protection	**2%**	2%	**3.3%**	2.6%
High yield	**7%**	8%	**5.4%**	4.8%
Infrastructure	**2%**	3%	**7.1%**	7.1%
Natural resources	**5%**	5%	**6.9%**	6.5%
Real estate	**2%**	2%	**9.4%**	9.2%
Private credit	**4%**	n/a	**9.2%**	n/a
Private equity	**6%**	n/a	**10.0%**	n/a
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, 2022 and 2021. 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.

Changes in net pension liability

Changes in net pension liability for the year ended Dec. 31, 2022, were as follows.

	Total pension liability (a)	**Plan fiduciary net position (b)**	**Net pension liability (a) – (b)**
		(in thousands)	
Balances at Dec. 31, 2021	$ 129,287	$ 121,517	$ 7,770
Changes for the year			
Service cost	1,055	-	1,055
Interest	9,459	-	9,459
Changes of benefit terms	-	-	-
Differences between expected and actual experience	4,254	-	4,254
Employer contributions	-	4,333	(4,333)
Net investment loss	-	(12,315)	12,315
Benefit payments	(8,450)	(8,450)	-
Changes of assumptions	-	-	-
Net changes	6,318	(16,432)	22,750
Balances at Dec. 31, 2022	**$ 135,605**	**$ 105,085**	**$ 30,520**

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

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

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

Net pension liability at Dec. 31, 2022, 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 2022
		(in thousands)
1% decrease	6.5%	**$ 44,184**
Current discount rate	7.5%	**30,520**
1% increase	8.5%	**18,833**

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 (note 6).

For the years ended Dec. 31, 2022 and 2021, Platte River recognized pension expense as follows.

	2022	2021
	(in thousands)	
Base contribution	**$ 3,192**	$ 3,495
Additional pension expense amortization (note 6)	**896**	781
Pension contribution expense recognition amortization (note 6)	**811**	1,152
Total pension expense	**$ 4,899**	$ 5,428

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

At Dec. 31, 2022 and 2021, 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, 2022	**Deferred outflows of resources**	**Deferred inflows of resources**
	(in thousands)	
Differences between expected and actual experience	$ 2,851	$ -
Changes of assumptions	-	287
Net difference between projected and actual earnings on investments	11,998	-
Total	**$ 14,849**	**$ 287**

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan as of Dec. 31, 2022, will be recognized as a component of pension expense as follows.

Year ending Dec. 31	
(in thousands)	
2023	$ 4,271
2024	3,196
2025	2,840
2026	4,255
2027	-
Total	$ 14,562

Platte River Power Authority
Notes to financial statements
Dec. 31, 2022 and 2021

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 can be estimated.

Asset retirement obligation activity for the year ended Dec. 31, 2022, was as follows.

	Dec. 31, 2021	**Additions**	**Reductions**	**Dec. 31, 2022**	**Due within one year**
			(in thousands)		
Deferred outflows of resources	$ 22,447	$ 5,069	$ (2,200)	**$ 25,316**	$ -
Liabilities	29,255	5,069	(1,038)	**33,286**	1,547

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

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 the 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, 2022 and 2021, are shown in the table below.

	2022	**2021**
	(in thousands)	
Deferred outflows of resources	**$ 14,416**	$ 14,172
Noncurrent liability	**16,403**	15,741

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 used for the generation of electric power and energy and associated purposes include nine phosphorous removal ponds, one retention pond and a fire training pond. 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. Impoundments are therefore 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, 2022 and 2021, are shown in the table below.

	2022	**2021**
	(in thousands)	
Deferred outflows of resources	**$ 4,581**	$ 4,655
Noncurrent liability	**6,708**	6,166

Craig Generating Station impoundments

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 interests 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, which is being accreted to a future cashflow estimate and does not currently represent the full liability. 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. Beginning in 2022, the asset retirement obligation increased due to including an estimate for post closure monitoring of the ponds and cost estimate updates. 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, 2022 and 2021, is shown in the table below.

	2022	2021
	(in thousands)	
Total member liability	**$ 29,787**	$ 16,099
Platte River's % share	**12%**	12%
Platte River's deferred outflows of resources	**$ 2,830**	$ 1,394
Platte River's noncurrent liability	**$ 3,575**	$ 1,932

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 responsibility for the asset retirement obligation. The acres of mine to be reclaimed and associated costs are reviewed annually, and

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

the costs are allocated to members based on cumulative tons of coal delivered. 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 pays and charges against the liability.

Platte River’s share of the liability and associated deferred outflows of resources as of Dec. 31, 2022 and 2021, is shown in the table below.

	2022	2021
	(in thousands)	
Total member liability	**$ 28,582**	$ 22,279
Platte River's % share	**26.72%**	25.43%
Platte River's deferred outflows of resources	**$ 3,489**	$ 2,226
Platte River's gross liability	**$ 7,639**	$ 5,666
Less: reclamation costs incurred	**(1,039)**	(250)
Platte River's net liability	**$ 6,600**	$ 5,416
Less: current liability	**(1,547)**	(1,706)
Noncurrent liability	**$ 5,053**	$ 3,710

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 to replace sections of its transmission lines, if necessary, and not retire the entire system. Therefore, an asset retirement obligation related to these easements cannot be reasonably estimated.

10. Noncurrent liabilities

Noncurrent liability activity for the year ended Dec. 31, 2022, was as follows.

	Dec. 31, 2021 restated	Additions	Reductions	Dec. 31, 2022	Due within one year
			(in thousands)		
Long-term debt, net	$ 164,297	$ -	$ (14,274)	**$ 150,023**	$ 12,215
Other liabilities and credits					
Compensated absences	6,197	981	(413)	**6,765**	586
Fiber lease advances	455	-	(61)	**394**	46
Yampa employee obligation	380	-	(89)	**291**	-
Disposal facility closure costs	212	120	-	**332**	-
Lease liabilities	134	-	(14)	**120**	9
Total other liabilities and credits	7,378	1,101	(577)	**7,902**	641
Total noncurrent liabilities	$ 171,675	$ 1,101	$ (14,851)	**$ 157,925**	$ 12,856

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

	Dec. 31, 2020	Additions	Reductions	Dec. 31, 2021 restated	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
Fiber lease advances	521	-	(66)	455	61
Yampa employee obligation	418	-	(38)	380	-
Disposal facility closure costs	205	7	-	212	-
Lease liabilities	-	134	-	134	14
Total other liabilities and credits	7,131	1,172	(925)	7,378	667
Total noncurrent liabilities	$ 185,484	$ 1,172	$ (14,981)	$ 171,675	$ 12,327

Calendar year totals for expected lease liability principal and interest payments are shown in the following table.

Year ending Dec. 31	Principal	Interest	Total
	(in thousands)		
2023	$ 9	$ 4	$ 13
2024	9	4	13
2025	10	3	13
2026	10	3	13
2027	10	3	13
2028-2032	59	11	70
2033	13	-	13
	$ 120	$ 28	$ 148

11. 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 fill. 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 complete, 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 6 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.

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

Other long-term obligations outstanding consist of the following.

	Interest rate	Dec. 31, 2022	Dec. 31, 2021
		(in thousands)	
Windy Gap Firming Project obligations			
Pooled financing senior debt maturing 7/15/2051	4%–5%	**$ 61,046**	$ 61,046
Pooled financing subordinate debt maturing 8/1/2055	2.08%	**32,360**	32,360
Settlement liability	n/a	**1,778**	2,667
		95,184	96,073
Less: due within one year		**-**	(889)
Total long-term obligations, net		**$ 95,184**	$ 95,184

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

	2022	2021
	(in thousands)	
Interest	**$ 2,888**	$ 1,051
Principal	**-**	-
Total operations and maintenance expenses relating to the pooled financing	**$ 2,888**	$ 1,051

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

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

Year ending Dec. 31	Estimated net principal [1]	Estimated interest	Total
		(in thousands)	
2023	$ -	$ 2,888	$ 2,888
2024	-	2,888	2,888
2025	-	2,888	2,888
2026	2,935	3,562	6,497
2027	3,061	3,437	6,498
2028-2032	17,364	15,120	32,484
2033-2037	21,445	11,040	32,485
2038-2042	22,089	6,111	28,200
2043-2047	8,420	2,646	11,066
2048-2052	9,039	1,273	10,312
2053-2055	4,206	176	4,382
	$ 88,559	$ 52,029	$ 140,588

(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 estimated to be payable in 2024 and 2025.

At Dec. 31, 2022 and 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 are not included in total other long-term obligations.

At Dec. 31, 2022, other long-term assets also include liquidity fund deposits of $305,000 which are held for use if another participant defaults. When the pooled financing is fully repaid, liquidity funds are expected to be returned to Platte River.

Platte River Power Authority

Notes to financial statements

Dec. 31, 2022 and 2021

12. Net investment in capital assets

Net investment in capital assets consists of the following as of Dec. 31, 2022 and 2021.

	2022	2021 restated
	(in thousands)	
Electric utility plant	**$ 572,697**	$ 589,322
Windy Gap Firming Project storage rights	**111,261**	111,954
Other long-term assets relating to capital assets	**5,153**	4,848
Deferred loss on debt refundings	**3,075**	3,974
Debt issuance costs	**558**	646
Lease liabilities	**(120)**	(134)
Deferred gain on debt refundings	**(126)**	(140)
Accounts payable incurred for capital assets	**(3,493)**	(1,581)
Deferred gains and losses on capital retirements	**(43,313)**	(50,200)
Other long-term obligations	**(95,184)**	(96,073)
Long-term debt, net	**(150,023)**	(164,297)
Net investment in capital assets	**$ 400,485**	$ 398,319

13. Defined contribution plan

Effective Sept. 1, 2010, the board established the Platte River Power Authority defined contribution plan (in accordance with Internal Revenue Code Section 401(a)) for all regular employees hired on or after that date. As of Dec. 31, 2022, there were 195 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, 2022 and 2021, Platte River contributions to the 401(a) plan, which were recognized as expenses, were $1,707,000 and $1,441,000, 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.

Changes in the balance of the medical claims liability during 2022, 2021 and 2020 were as follows.

	2022	**2021**	**2020**
		(in thousands)	
Medical claims liability, beginning of year	**$ 493**	$ 552	$ 642
Current year claims and changes in estimates	**5,058**	3,577	3,815
Claim payments	**(4,551)**	(3,636)	(3,905)
Medical claims liability, end of year	**$ 1,000**	$ 493	$ 552

15. Related-party transactions

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. The Loveland Area Projects contract continues through Sept. 30, 2054. The contract rates and the amount of energy available are subject to change. During 2022, Platte River paid $14,916,000 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 2022, Platte River's coal purchases totaled $16,948,000 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. During 2022, Platte River paid $32,042,000 for coal delivered under these agreements.

Platte River has committed to purchase Renewable Energy Certificates (RECs) annually through 2024, with future payments of $1,075,000. During 2022, 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 2022, Platte River paid $27,061,000 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 2022, Platte River received $696,000 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 2022, Platte River received $4,405,000 under this agreement.

Platte River has agreements to purchase renewable solar energy output of 30 megawatts through 2041 from the Rawhide Flats Solar photovoltaic power plant (located at the Rawhide Energy Station) and 22 megawatts through 2041 from the Rawhide Prairie Solar photovoltaic power plant (also located at the Rawhide Energy Station). A two megawatt-hour battery energy storage project is fully integrated with Rawhide Prairie Solar. During 2022, Platte River paid $5,156,000 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 2022, Platte River received $4,785,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 65 megawatts of capacity from combustion turbine units A-D through Apr. 30, 2025. The agreement also calls for energy, maintenance and start charges when the capacity option is called. During 2022, Platte River received $7,643,000 under this agreement.

17. Risks, uncertainties and contingencies

In the ordinary course of business, Platte River may be affected by various legal matters and is subject to legislative, administrative and regulatory requirements that govern operations and environmental compliance. Although Platte River cannot predict the outcomes of these matters, 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 and lower-cost 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. In 2022, Platte River submitted a voluntary clean energy plan under H.B. 19-1261 and S.B. 19-236 showing Platte River's path to reduce its carbon emissions 80% by 2030 (compared to 2005 levels). In 2023, S.B. 23-198 was introduced which, if adopted, would create an additional target for electric utilities of 46% reduction from 2005 levels by 2027.

Investments of the defined benefit pension plan are subject to various risks, such as interest rate, credit, foreign currency, reinsurance funds, illiquidity, quality of fund managers 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 these 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 assumptions about interest rates, inflation rates and employee demographics, all of which could 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 potential losses from torts. Platte River carries fiduciary liability insurance coverage for these types of claims. There have been no significant decreases in insurance coverage.

Platte River's defined benefit pension plan portfolio includes allocations to various asset classes with volatile prices. Due to market conditions, the lump sum distribution option from the defined benefit pension plan was suspended in 2022.

Economic uncertainties continue to exist that may negatively affect Platte River's financial position, results of operations and cash flows. The duration and future 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.

18. Change in accounting principle

In 2022, Platte River recognized the effect of a change in accounting principle for implementation of GASB Statement No. 87, *Leases,* to reflect the initial recording for lessee and lessor accounting, as described in notes 4 and 10, of amortizable lease assets included in electric utility plant and related amortization expense, lease receivables, lease liabilities and lease deferrals. This resulted in a restatement of the following Dec. 31, 2021, financial statement line items. Changes to operations and maintenance expense, amortization expense, interest expense and principal payments were considered negligible and not restated.

Year ended Dec. 31, 2021	**Previously reported**	**Restated**	**Increase (decrease)**
		(in thousands)	
Statement of net position			
Electric utility plant, at original cost	$ 1,443,264	$ 1,443,398	$ 134
Current assets			
Prepayments and other assets	1,391	1,539	148
Noncurrent assets			
Other long-term assets	5,334	6,185	851
Noncurrent liabilities			
Other liabilities and credits	6,591	6,711	120
Current liabilities			
Accrued liabilities and other	3,349	3,363	14
Deferred inflows of resources			
Lease deferrals	-	999	999
Statement of cash flows			
Noncash capital and related financing activities			
Additions of electric utility plant through leasing	$ -	$ 134	$ 134

Platte River Power Authority
Defined benefit pension plan
Required supplementary information *(unaudited)*
Schedule of changes in net pension liability and related ratios

(in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	**$ 1,055**	$ 1,216	$ 1,364	$ 1,575	$ 1,535	$ 1,616	$ 1,728	$ 1,839	$ 1,885	$ 1,949
Interest	**9,459**	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	**4,254**	3,017	970	704	2,088	1,175	(620)	931	(180)	86
Changes of assumptions	**-**	(1,353)	-	-	-	-	-	3,661	(574)	(726)
Benefit payments	**(8,450)**	(11,199)	(8,144)	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)	(3,886)
Net change in total pension liability	**6,318**	827	3,369	1,442	4,947	4,851	3,866	11,861	4,187	4,293
Total pension liability–beginning	**129,287**	128,460	125,091	123,649	118,702	113,851	109,985	98,124	93,937	89,644
Total pension liability–ending (a)	**$ 135,605**	$ 129,287	$ 128,460	$ 125,091	$ 123,649	$ 118,702	$ 113,851	$ 109,985	$ 98,124	$ 93,937
Plan fiduciary net position										
Contributions – employer	**$ 4,333**	$ 4,569	$ 7,593	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905	$ 4,544
Net investment income	**(12,315)**	15,291	6,995	13,044	(3,179)	11,289	7,476	(624)	4,658	12,011
Benefit payments	**(8,450)**	(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	**(16,432)**	8,661	6,444	6,834	(6,017)	11,148	4,970	(1,954)	4,276	12,669
Plan fiduciary net position–beginning	**121,517**	112,856	106,412	99,578	105,595	94,447	89,477	91,431	87,155	74,486
Plan fiduciary net position–ending (b)	**$ 105,085**	$ 121,517	$ 112,856	$ 106,412	$ 99,578	$ 105,595	$ 94,447	$ 89,477	$ 91,431	$ 87,155
Net pension liability–ending (a) – (b)	**$ 30,520**	$ 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	**77.49%**	93.99%	87.85%	85.07%	80.53%	88.96%	82.96%	81.35%	93.18%	92.78%
Estimated covered payroll	**$ 12,154**	$ 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	**251.10%**	62.15%	115.67%	125.29%	157.43%	80.83%	114.99%	118.51%	37.28%	36.43%

Platte River Power Authority
Defined benefit pension plan
Required supplementary information *(unaudited)*
Schedule of employer contributions

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
					(in thousands)					
Actuarially determined contribution	**$ 4,333**	$ 4,569	$ 7,593	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905	$ 4,544
Contribution in relation to the actuarially determined contribution	**4,333**	4,569	7,593	3,649	4,578	6,220	2,912	3,302	3,905	4,544
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated covered payroll	**$12,154**	$12,502	$13,490	$14,909	$15,290	$16,215	$16,874	$17,305	$17,951	$18,614
Contributions as a percentage of covered payroll	**35.65%**	36.55%	56.29%	24.48%	29.94%	38.36%	17.26%	19.08%	21.75%	24.41%

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	2.8%, 10 year average
Increases in retiree benefits – in payment	If benefits commenced prior to 1/1/92, 2.25% for 2015-2022 and 3% for 2013-2014. If benefits commenced after 12/31/1991, 1.5% for 2015–2022 and 2% for 2013-2014.
Investment rate of return	7.5% for 2016 - 2022; 8% for 2013 – 2015

Platte River Power Authority
Defined benefit pension plan
Required supplementary information *(unaudited)*
Schedule of investment returns

	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Annual money-weighted rate of return, net of investment expense	**(10.3%)**	14.0%	6.6%	13.5%	(3.1%)	12%	8.5%	(0.7%)	5.4%	16.1%

Platte River Power Authority

Supplementary information *(unaudited)*

Budgetary comparison schedule

	Year ended Dec. 31, 2022		
	Budget [1]	**Actual**	**Variance**
		(in thousands)	
Revenues			
Operating revenues			
Sales to owner communities	$ 208,017	**$ 212,319**	$ 4,302
Sales for resale and other	54,174	**81,077**	26,903
Total operating revenues	262,191	**293,396**	31,205
Other revenues			
Interest income(2)	608	**2,897**	2,289
Other income	371	**429**	58
Total other revenues	979	**3,326**	2,347
Total revenues	$ 263,170	**$ 296,722**	$ 33,552
Expenditures			
Operating expenses(3)			
Purchased power	$ 57,733	**$ 53,379**	$ 4,354
Fuel	56,111	**66,456**	(10,345)
Production	50,386	**48,916**	1,470
Transmission	18,634	**18,536**	98
Administrative and general	26,020	**25,562**	458
Distributed energy resources	12,378	**8,413**	3,965
Total operating expenses	221,262	**221,262**	-
Capital additions			
Production	19,555	**11,290**	8,265
Transmission	15,115	**5,708**	9,407
General	9,786	**7,104**	2,682
Total capital additions	44,456	**24,102**	20,354
Debt service expenditures(4)			
Principal	11,984	**11,984**	-
Interest expense	5,803	**5,803**	-
Total debt service expenditures	17,787	**17,787**	-
Total expenditures	$ 283,505	**$ 263,151**	$ 20,354
Contingency appropriation	6,878	**-**	6,878
Total expenditures and contingency	$ 290,383	**$ 263,151**	$ 27,232
Revenues less expenditures and contingency	$ (27,213)	**$ 33,571**	$ 60,784

(1) Reflects transfers of budget appropriated funds from contingency appropriation to operating expenses and capital additions, $11,585,000 for operating expenses and $5,537,000 for capital additions.

(2) Interest income excludes unrealized investment holding gains and losses.

(3) Operating expenses do not include depreciation and other nonappropriated expenses.

(4) Debt service expenditures represent monthly principal and interest funding.

FORVIS

Report to the Board of Directors

Platte River Power Authority

Results of the 2022 Financial Statement Audit, Including Required Communications

Denver, Colorado
December 31, 2022

forvis.com

Contents

FORVIS

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	This report covers audit results related to your financial statements: • As of and for the year ended December 31, 2022 • Conducted in accordance with our contract dated October 12, 2022
Our Responsibilities	FORVIS is responsible for forming and expressing opinions about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
Audit Scope & Inherent Limitations to *Reasonable Assurance*	An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the opinion unit being audited and did not include a detailed audit of all transactions.

FORVIS

Matter	Discussion
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties: • The Board of Directors and management • Others within Platte River Power Authority (Platte River)

FORVIS

Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's annual report. Management, or those charged with governance, is responsible for preparing the annual report.

We were not engaged to audit the information contained in the annual report, and as a result, our opinions do not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that:
    - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
    - A material misstatement of fact exists or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency.
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained

Qualitative Aspects of Significant Accounting Policies & Practices

The following matters are detailed in the following pages and included in our assessment:

Significant Accounting Policies

Significant accounting policies are described in Note 3 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- Adoption of Governmental Accounting Standards Board Statement No. 87 (GASB 87), *Leases*

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- Governmental Accounting Standards Board Statement No. 62 (GASB 62), *Codification Of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements; Regulated Operations*, paragraphs 476-500

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

FORVIS

Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Accrual for incurred but not reported medical claims
- Depreciable lives of plant and equipment in service
- Net pension liability and related pension items
- Accrued closure and post closure costs
- Valuation of investments
- Asset retirement obligations

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Determination of fair values
- Net pension liability and related disclosures
- Loss contingencies
- Related parties
- Regulatory assets
- Other long-term obligations

Our Judgment About the Quality of Platte River's Accounting Principles

During the course of the audit, we made the following observations regarding Platte River's application of accounting principles:

- No matters are reportable

FORVIS

Significant Accounting Policies & Alternative Treatments – Details

GASB 87, *Leases*

Effective January 1, 2021 Platte River adopted GASB 87, *Leases*. GASB 87 creates one model for recognizing leases for both lessees and lessors. Substantially all leases are recognized on the lessee's statement of net position.

In the activity statement, lessees no longer report rent expense for the previously classified operating leases but instead report interest expense on the liability and amortization expense related to the asset. Lessors recognize a lease receivable and corresponding deferred inflow of resources. Interest income associated with the receivable are recognized using the effective interest method.

Adoption of GASB 87 required significant time to identify a complete list of lease contracts for consideration of adoption and measure the lease assets and liabilities for recognition.

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

Uncorrected Misstatements

- No matters are reportable

Other Required Communications

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

Future Accounting Pronouncements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (GASB 96)*

The standard defines a subscription-based information technology arrangements (SBITA), establishes that a SBITA would result in a right-to-use (RTU) asset and a corresponding liability, provides capitalization criteria, and requires new note disclosures. The statement's language and concepts closely mirror the lease guidance provided in Statement 87, *Leases*. This statement requires governments to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The requirements of this statement are effective for Platte River's December 31, 2023 reporting period. SBITA assets and liabilities should be recognized and measured using the facts and circumstances at the beginning of the fiscal year of implementation. Governments are permitted—but not required—to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation.

FORV/S

Attachments

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

Representation of:
Platte River Power Authority
2000 East Horsetooth Road
Fort Collins, Colorado 80525-5721

Provided to:
FORVIS, LLP
Certified Public Accountants
1801 California Street, Suite 2900
Denver, Colorado 80202

The undersigned ("We") are providing this letter in connection with FORVIS' audit of our financial statements as of and for the years ended December 31, 2022 and 2021.

Our representations are current and effective as of the date of FORVIS' report: April 12, 2023.

Our engagement with FORVIS is based on our contract for services dated: October 12, 2022.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:

    a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

    b. Internal control to prevent and detect fraud.

3. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. All minutes of board of directors' meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.

    e. All significant contracts.

4. We have responded fully and truthfully to all your inquiries.

Misappropriation, Misstatements, & Fraud

5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:

    a. Misappropriation of assets.

    b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

6. We have no knowledge of fraud or suspected fraud affecting the entity involving:

    a. Management or employees who have significant roles in internal control over financial reporting, or

    b. Others when the fraud could have a material effect on the financial statements.

7. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers ,or others.

9. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

10. We have no knowledge of illegal acts that may materially misstate the financial statements.

Ongoing Operations

11. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, contributions, constraints on liquidity, difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments that could negatively impact the entity's ability to meet debt covenants or maintain sufficient liquidity.

    We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, inventory, and other assets; loan underwriting practices, reviewing credit monitoring and loan workout activities, evaluating assumptions regarding defined benefit pension plan obligations, reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans.

Related Parties

12. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. The entity has not entered into any new agreements with a related party or modified terms related to an existing related-party transaction during the year under audit, or as of the date of this letter. Further, we do not have any existing or ongoing agreements with related parties that are still in effect as of the date of this letter.We understand that the term related party refers to:

    - Affiliates
    - Entities for which investments are accounted for by the equity method
    - Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
    - Management and members of their immediate families
    - Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

    Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

    The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

Litigation, Laws, Rulings, & Regulations

13. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

14. We have no knowledge of any communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

15. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.

16. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

17. We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe that the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.

18. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations

Financial Statements & Reports

19. The entity has restated the 2021 statement of net position and statement of cash flows to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the restatement. We are not aware of any other known matters that required correction in the financial statements.

20. With regard to supplementary information:

    a. We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe that the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.

21. With regard to other information that is presented in the form of our annual report:

    a. We confirm that this other information comprises our annual report, but does not include the financial statements and your auditor's report thereon.

       We acknowledge we have not provided you with a draft of the annual report as of the issuance date of your auditor's report. We will provide you with the final draft of the annual report, which will be submitted for approval by the Board of Directors, *prior to circulation to the Board of Directors or any other party*, in order for you to be able to complete your required procedures on such document.

Transactions, Records, & Adjustments

22. All transactions have been recorded in the accounting records and are reflected in the financial statements.

23. We have everything we need to keep our books and records.

24. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.

Governmental Accounting & Disclosure Matters

25. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

26. With regard to deposit and investment activities:

    a. All deposit, and investment transactions have been made in accordance with legal and contractual requirements.

    b. Investments are properly valued.

    c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

    d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

27. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

28. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

29. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.

30. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

31. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

32. The entity has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses in accordance with GASB Statement No. 88.

33. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.

34. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis and pension information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

35. With regard to the pension plan:

    a. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

    b. We have provided you with the entity's most current pension plan instrument for the audit period, including all plan amendments.

    c. The participant data provided to you related to pension plans are true copies of the data submitted or electronically transmitted to the plan's actuary.

    d. The participant data that we provided the plan's actuary for the purposes of determining the actuarial present value of accumulated plan benefits and other actuarially determined amounts in the financial statements were complete.

36. We have reviewed long-lived assets whenever events or changes in circumstances have indicated that the carrying amount of such assets might not be recoverable and have appropriately recorded the adjustment.

37. We have assessed the applicability of other post-employment benefits in conjunction with our actuaries and have determined the impact to be immaterial.

38. We have evaluated the treatment of the provisions of GASB Statement No. 62 within the financial statements and believe all related items are properly recorded.

39. Due care has been exercised in the preparation of the budgetary comparison schedule and we are not aware of any information contained in the budgetary comparison schedule that is inconsistent with the information contained in the audited financial statements other than inconsistencies due to budgetary basis.

40. We have evaluated and have disclosed to you any asset retirement obligations as required.

Accounting & Disclosure

41. All transactions entered into by the entity are final. We are not aware of any material business agreements, (either written or oral) that we have not disclosed to you.

42. Except as reflected in the financial statements, there are no:

    a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position

    b. Material transactions omitted or improperly recorded in the financial records.

    c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    d. Events occurring subsequent to the statement of net position date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.

    e. Agreements to purchase assets previously sold.

f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.

g. Guarantees, whether written or oral, under which the entity is contingently liable.

h. Known or anticipated asset retirement obligations.

43. Except as disclosed in the financial statements, the entity has:

a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.

b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

44. We agree with the findings of specialists in evaluating the valuation of various assets and liabilities and have adequately considered the qualification of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

Revenue, Accounts Receivable, & Inventory

45. Adequate provisions and allowances have been accrued for any material losses from:

a. Uncollectible receivables.

b. Excess or obsolete inventories.

c. Sales commitments, including those unable to be fulfilled.

d. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

Estimates

46. We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.

47. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets existing at the date of the financial statements that would make us vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

48. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:

a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.

b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

c. The significant assumptions appropriately reflect market participant assumptions.

d. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.

e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Tax-Exempt Bonds

49. Tax-exempt bonds issued have retained their tax-exempt status.

50. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

New Accounting Standards

51. In connection with the adoption of GASB Statement No. 87, *Leases* (GASB 87), we represent the following:

    a. We have identified a complete population of potential leases as of the implementation date.

    b. We have reviewed all significant contracts to identify lease and nonlease components as of the earliest date of adoption. Allocation of contract prices between lease and nonlease components are based upon standalone prices or other reasonable factors.

    c. Measurements of the lease assets and liabilities are based upon facts and circumstances that existed at the beginning of the period of implementation.

    d. The estimates related to any options to extend or terminate the lease terms within the measurement of lease assets and liabilities agree to management's plans for the leases.

    e. The discount rates for each lease are based upon what would be obtained by the entity for similar loans as an incremental rate.

    f. We have adequate controls in place to prevent and/or detect errors in lease assets and liabilities on a recurring basis.

    g. The footnotes to the financial statements appropriately describe the adoption of GASB 87 and include all additional disclosures required under the Statement.

    h. We believe the fiscal year 2021 impact of the adoption of GASB 87 on the statement of revenues, expenses and changes in net position is immaterial and have not recorded interest revenue and expense and amortization expense.

DocuSigned by:
Jason Frisbie
A5162DD4BDB24E8...

Jason Frisbie, General Manager/Chief Executive Officer
FrisbieJ@prpa.org

DocuSigned by:
David Smalley
D91610D466914BE...

David Smalley, Chief Financial Officer/Deputy General Manager
SmalleyD@prpa.org

DocuSigned by:
Shelley Nywall
FE54A5F4CD8C44B...

Shelley Nywall, Director of Finance
nywalls@prpa.org

DocuSigned by:
25A2B1CEDAC3449...

Jason Harris, Controller
Harrisja@prpa.org

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

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

Subject: Acceptance of 2022 annual report

The 2022 annual report will be presented during the April board meeting. The document contains the report from FORVIS, LLP, Platte River's independent auditor, along with 2022 financial statements. A PDF version of the report is included in the board packet and will be available on Platte River's website.

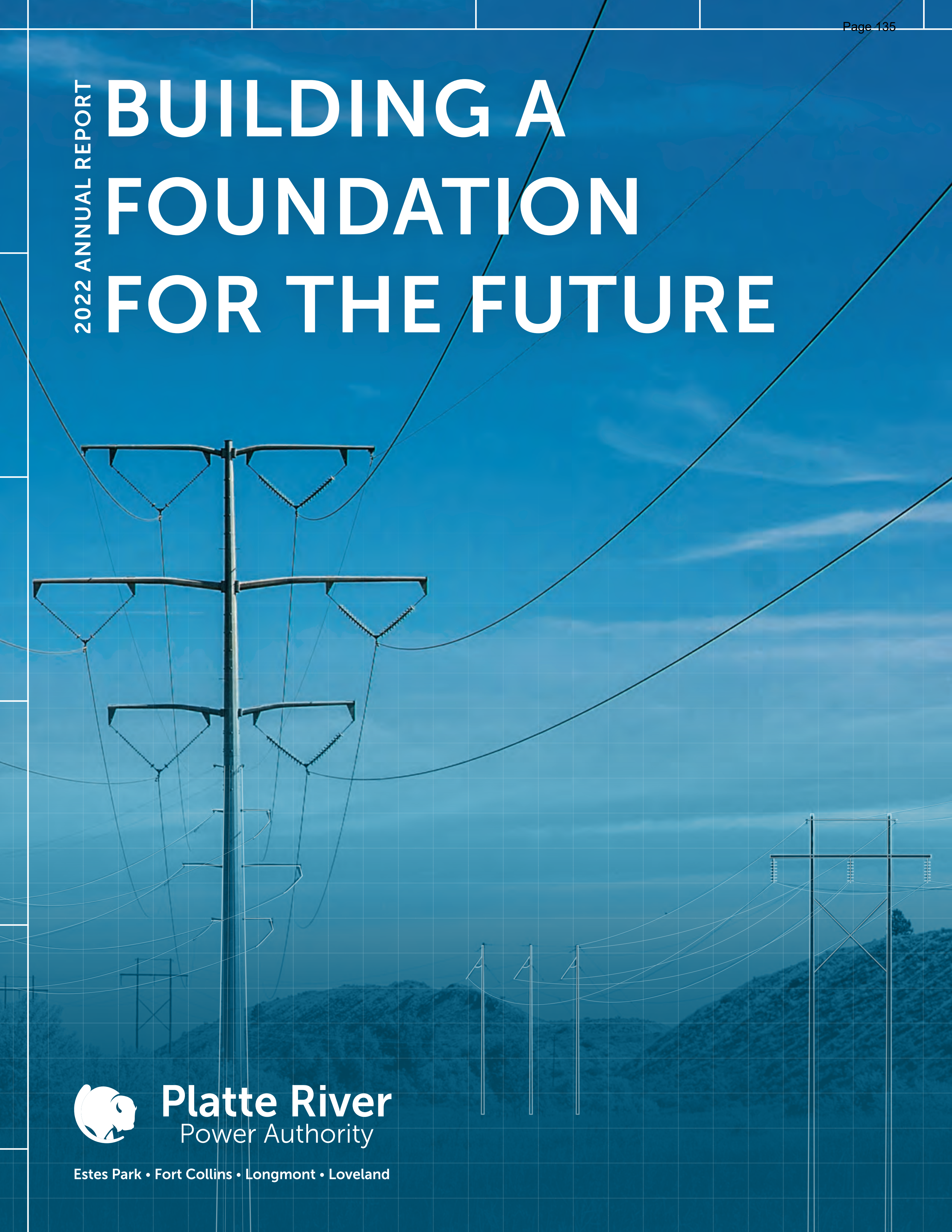
Staff will ask the board for a motion to accept the 2022 annual report during the April board meeting.

Attachment

- 2022 Annual Report

2022 ANNUAL REPORT

BUILDING A FOUNDATION FOR THE FUTURE



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

TABLE OF CONTENTS

2022 overview

Significant accomplishments

Financials

LETTER FROM BOARD CHAIR AND GENERAL MANAGER/CEO

2022 was an extremely busy and exceptional year for Platte River Power Authority as we continued working with our owner communities to proactively carry out the Resource Diversification Policy (RDP). Offering employees the ability to safely return to the workplace was among the senior leadership team's top priorities, an accomplishment we achieved thanks to our shared commitment to maintaining the health and safety of our employees, the board members and the public. This accomplishment came at a critical time for Platte River as we continued building a foundation for a cleaner, more reliable and sustainable future.

Our work in 2022 helped ensure continued generation and transmission of reliable, environmentally responsible and financially sustainable energy and services to our owner communities. We exceeded all strategic financial plan metrics, achieved 100% transmission and communication reliability, and continued adding value to the owner communities through economic development support, fiber lease revenue returns and providing maintenance, engineering and compliance services. In addition, our board of directors adopted an accounting policy to defer revenue and expenses, which will help reduce rate pressure, achieve rate smoothing and maintain financial sustainability as we make our energy transition.

As this document illustrates, we had a great year operationally, financially and from a reliability standpoint, with some of our best work in 2022 occurring behind the scenes. We renegotiated contracts to add more solar, visited demonstration project sites of emerging energy storage technologies, and continued modeling optimal resource portfolios to reliably serve our owner communities beyond 2030 while supporting the energy imbalance market we committed to joining in 2023. We restructured divisions to prepare for the utility of the future, initiated a compensation study to modernize our pay structure, and began implementing a total rewards strategy to enhance the value of benefits for our employees. Ongoing investments in noncarbon resources coupled with our workforce initiatives ensure that we have the right resources, the right team, the right structure, and the right compensation and benefits to implement the RDP.

We recognize the achievements in 2022 are a team effort and we appreciate the hard work and dedication of all Platte River employees to accomplish them. These achievements were also made possible by the ongoing collaboration and support of our board and the staff of each of our owner community's utilities and their leadership teams. Together, we will move closer to the goal of a 100% noncarbon energy future while maintaining our commitment to providing reliable, environmentally responsible and financially sustainable energy and services to our region.

Jason Frisbie

Reuben Bergsten
Board chair

Jason Frisbie
General manager/CEO

PLATTE RIVER AT A GLANCE

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

Headquarters

Fort Collins, Colorado

2022 peak demand of owner communities

684 MW

General manager/CEO

Jason Frisbie

2022 deliveries of energy

5,036,762 MWh

Began operations

1973

2022 deliveries of energy to owner communities

3,249,401 MWh

Staff

268

Transmission system

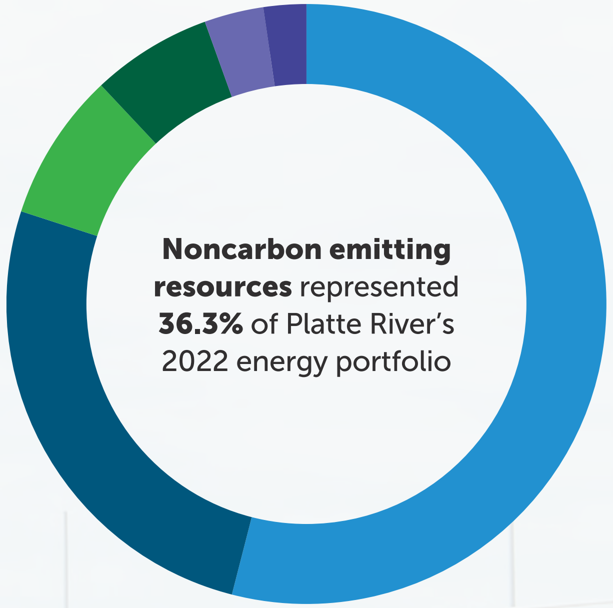
Platte River has equipment in 27 substations, 263 miles of wholly owned and operated high-voltage lines, and 522 miles of high-voltage lines jointly owned with other utilities.

CAPACITY AND ENERGY

Resource capacity	MW	
Coal	431	
Natural gas	388	
Hydropower	80	
Wind power [(1)(2)]	303	67
Solar [(1)]	52	22
Total	**1,254**	**988**

(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.



Noncarbon emitting resources represented **36.3%** of Platte River's 2022 energy portfolio

2022 system total

- ● Coal **54%**
- ● Wind **26%**
- ● Hydropower **8%**
- ● Other purchases **6.5%**
- ● Natural gas **3.2%**
- ● Solar **2.3%**

Includes renewable energy credit allocations to carbon resources

VISION, MISSION AND VALUES

VISION

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

MISSION

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

VALUES

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

SAFETY

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

INNOVATION

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

INTEGRITY

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

OPERATIONAL EXCELLENCE

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

RESPECT

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

SUSTAINABILITY

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

SERVICE

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

OUR COMMUNITIES

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

Town of Estes Park
Estimated population*: 5,880
Utility: Estes Park Power and Communications, established in 1945

City of Fort Collins
Estimated population*: 168,538
Utility: Fort Collins Utilities, established in 1938

*Based on the U.S. Census Bureau

City of Longmont
Estimated population*: 100,758
Utility: Longmont Power & Communications, established in 1912

City of Loveland
Estimated population*: 77,194
Utility: Loveland Water and Power, established in 1925

BOARD OF DIRECTORS

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

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

Wendy Koenig
Mayor
Town of Estes Park

Reuben Bergsten
Director of utilities
Town of Estes Park

Jeni Arndt
Mayor
City of Fort Collins

Kendall Minor
Utilities executive director
City of Fort Collins

Joan Peck
Mayor
City of Longmont

David Hornbacher
Assistant city manager (interim)
City of Longmont

Jacki Marsh
Mayor
City of Loveland

Kevin Gertig
Director of Loveland Water and Power
City of Loveland

SENIOR LEADERSHIP TEAM

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

Jason Frisbie
General manager/CEO

Eddie Gutiérrez
Chief strategy officer

Sarah Leonard
General counsel

Raj Singam Setti
Chief transition and integration officer

Dave Smalley
Chief financial officer and deputy general manager

Melie Vincent
Chief operating officer

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

PROGRESS TOWARD THE RESOURCE DIVERSIFICATION POLICY

The RDP continues to be Platte River Power Authority's focus as the organization and the owner communities work together toward a noncarbon energy future. Significant accomplishments in 2022, outlined in the following pages, help establish the foundation for the energy transition while maintaining the generation and delivery of reliable, environmentally responsible and financially sustainable energy and services to Platte River's owner communities.

RESOURCE TRANSITION AND INTEGRATION

Raj Singam Setti joined Platte River to serve as the organization's first chief transition and integration officer, tasked with leading a new division focused on implementing the RDP.

The transition and integration division is committed to proactively working toward a 100% noncarbon energy future by developing sustainable solutions through resource planning, acquisition and integration of distributed energy solutions (DES) and distributed energy resources (DER). The division will also focus on emerging technologies, information and operational technologies, and develop data science capabilities to ensure Platte River and the owner communities can transition to a 100% noncarbon energy future. The division also works directly with operations and finance to ensure system reliability and financial sustainability are maintained as Platte River's portfolio continues to decarbonize.

PORTFOLIO INTEGRATION AND STRATEGY

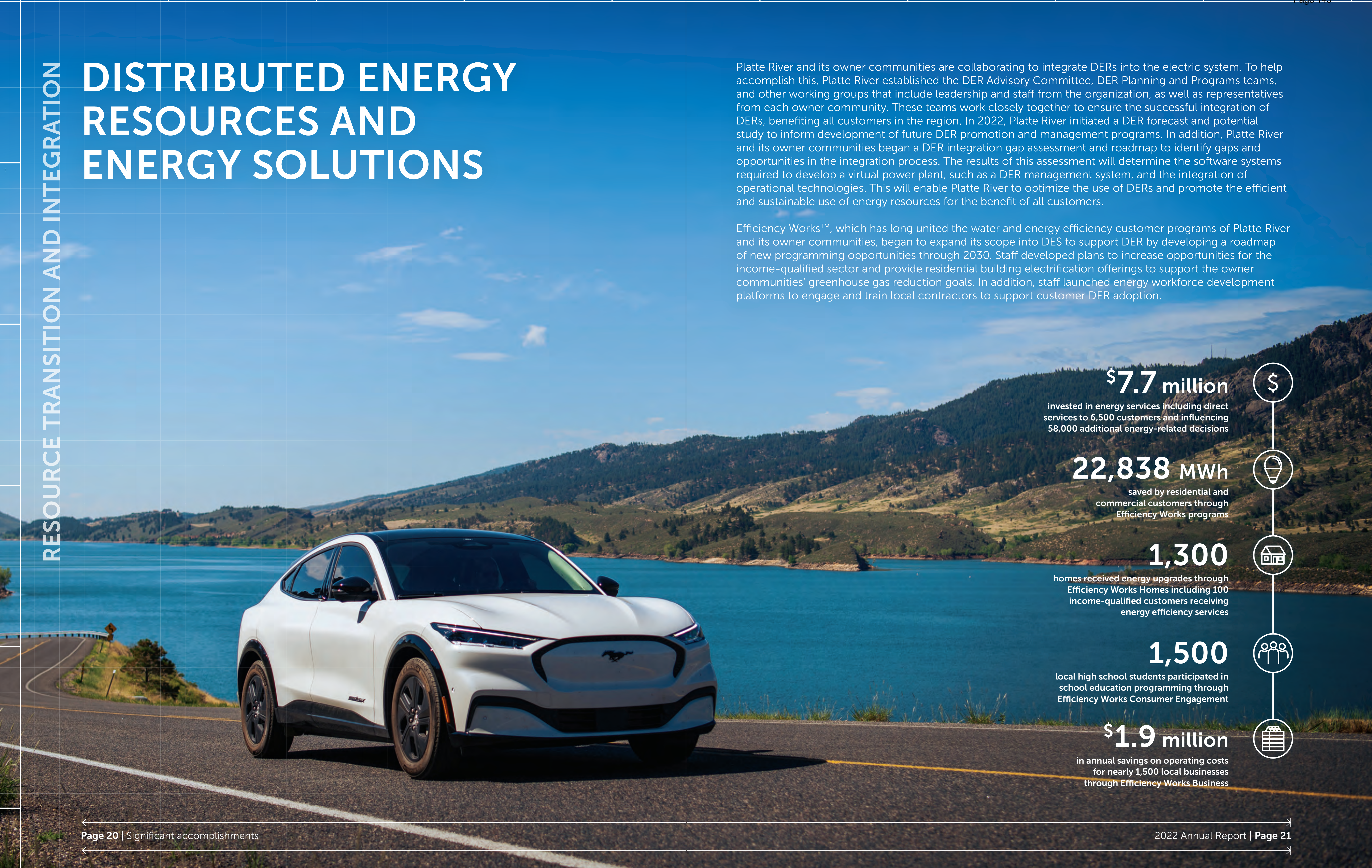
Though the utility industry emerged from the COVID-19 pandemic in 2022, several challenges persisted, including inflation, staffing shortages, regulatory uncertainties and supply chain issues. These factors had a significant impact on project timelines and terms. Furthermore, ongoing modeling and resource planning determined the need for an accelerated timeline for new noncarbon energy resource installations to maintain the reliability and financial sustainability of the resource portfolio ahead of retiring coal-fired generation sources. The team members at Platte River responded to these challenges by reaffirming existing power purchase agreements and proactively pursuing strategic acquisitions to minimize future project delays.

Platte River confirmed the purchase of 150 megawatts (MW) of solar energy from the selected vendor for the Black Hollow Solar project. The agreement was restated in 2022 and the project is set to begin commercial operation in early 2025. Platte River also signed an easement and purchase agreement for 20 acres of land to construct a 230-kilovolt (kV) switching substation. This substation will facilitate interconnection of the Black Hollow Solar project, as well as other future renewable projects, with Platte River's system.

In pursuit of the RDP goals, Platte River issued a request for proposals (RFP) in 2022 to competitively procure new solar generating capacity and energy storage capacity that collectively adds up to 250 MW. Portfolio strategy and integration teams plan to negotiate with the winning bidder in 2023 to procure this capacity with estimated commercial operation in late 2025.

Throughout 2022, resource planning, portfolio strategy and integration staff analyzed and evaluated the cost effectiveness and market for large-scale four-hour and longer duration energy storage and evaluated adding a potential wind project to Platte River's portfolio.

DISTRIBUTED ENERGY RESOURCES AND ENERGY SOLUTIONS



Platte River and its owner communities are collaborating to integrate DERs into the electric system. To help accomplish this, Platte River established the DER Advisory Committee, DER Planning and Programs teams, and other working groups that include leadership and staff from the organization, as well as representatives from each owner community. These teams work closely together to ensure the successful integration of DERs, benefiting all customers in the region. In 2022, Platte River initiated a DER forecast and potential study to inform development of future DER promotion and management programs. In addition, Platte River and its owner communities began a DER integration gap assessment and roadmap to identify gaps and opportunities in the integration process. The results of this assessment will determine the software systems required to develop a virtual power plant, such as a DER management system, and the integration of operational technologies. This will enable Platte River to optimize the use of DERs and promote the efficient and sustainable use of energy resources for the benefit of all customers.

Efficiency Works™, which has long united the water and energy efficiency customer programs of Platte River and its owner communities, began to expand its scope into DES to support DER by developing a roadmap of new programming opportunities through 2030. Staff developed plans to increase opportunities for the income-qualified sector and provide residential building electrification offerings to support the owner communities' greenhouse gas reduction goals. In addition, staff launched energy workforce development platforms to engage and train local contractors to support customer DER adoption.

$7.7 million

invested in energy services including direct services to 6,500 customers and influencing 58,000 additional energy-related decisions

22,838 MWh

saved by residential and commercial customers through Efficiency Works programs

1,300

homes received energy upgrades through Efficiency Works Homes including 100 income-qualified customers receiving energy efficiency services

1,500

local high school students participated in school education programming through Efficiency Works Consumer Engagement

$1.9 million

in annual savings on operating costs for nearly 1,500 local businesses through Efficiency Works Business

ORGANIZED ENERGY MARKET PARTICIPATION

Together with the joint dispatch agreement (JDA) partners, Platte River announced plans to join the existing Western Energy Imbalance Service (WEIS) operated by the Southwest Power Pool (SPP). The WEIS will replace the JDA and allows Platte River to gain valuable experience operating in a larger imbalance market, increasing value to the owner communities.

Being part of an energy market requires Platte River to identify processes, tools and skills needed to be a successful partner while continuing to serve load in the owner communities. Platte River made several investments in 2022 to prepare for entry into the WEIS. These investments included the following:

- Began to implement an energy management system to enable day-ahead and real-time transmission studies and better control of generation when operating in a structured energy market
- Installed automatic dispatch signal systems on all generating units at Rawhide Energy Station, allowing the units to better respond to market instructions
- Implemented an energy trading and risk management system, improving internal controls and enabling Platte River to conduct transactions, communicate with market members and download and retain data within the energy imbalance market

In September, Platte River announced its intent to join several western electric service providers committed to exploring SPP's Regional Transmission Organization - West (RTO West) expansion into the Western Interconnection. As an RTO West participant, Platte River will receive services including administration of a co-optimized two-day market and transmission planning and reliability coordination. Moving into full RTO membership could bring additional savings and benefits to serve the owner communities while meeting the region's clean energy goals reliably and economically.

SIGNIFICANT TECHNOLOGY UPGRADES

In addition to systems and processes implemented to support Platte River's entry into the WEIS, staff made significant progress in 2022 aligning business operations with current standards by initiating implementation of an enterprise resource planning (ERP) system to enhance and integrate digital systems. The ERP will integrate processes for finance and accounting, cash management, procurement and contract management, budgeting and forecasting, inventory management, asset and maintenance management and fleet tracking. When complete, the ERP will improve productivity, reporting accuracy and functionality, and align work products with organizational goals.

SYSTEM MAINTENANCE AND UPGRADES

Maintaining Platte River's existing assets is critical to upholding the safe, reliable, environmentally responsible and financially sustainable generation and transmission of energy and services to the owner communities.

TRANSMISSION SYSTEM

Regular maintenance and upgrade activities on Platte River's transmission lines and substations ensure continued reliability and safety. Improvements in 2022 included:

- Completing commission testing on the Timberline-Avery transmission line and supporting efforts to energize the Public Service Company of Colorado's new substation interconnected to a Platte River-owned 230-kV line
- Installing air flow spoilers on the Longs Peak-St. Vrain double-circuit transmission line, enhancing reliability by reducing line galloping during icing and storm conditions
- Completing the Harmony Substation circuit switcher project, continuing the goal to minimize owner community North American Electric Reliability Corporation compliance requirements while providing equipment maintenance benefits for Platte River

✓ **100%**

transmission service availability factor for the fourth consecutive year

COMBUSTION TURBINE UNITS

Platte River conducted a planned maintenance outage of the combustion turbine (CT) units ahead of the summer peak season. Annual maintenance of these units helps ensure reliable operations to meet energy demand from Platte River's owner communities and neighboring utilities. Improvements included:

- Replacing first stage cut regulators that set the delivery pressure of fuel to the turbines on all five CT units to enhance reliability
- Replacing generator breakers for units C and D to increase the availability and start reliability of the units
- Replacing the station service battery bank for Unit C
- Upgrading the fire protection system on Unit D to comply with National Fire Protection Association standards and constructing a climate-controlled building to enclose the new fire suppression agent
- Replacing the uninterruptible power supply at the Owl Creek gas delivery station
- Performing an integrity assessment and in-line inspection of the 14-mile natural gas pipeline serving Rawhide's five CT units

CHIMNEY HOLLOW RESERVOIR

Construction of the Chimney Hollow Reservoir – a 90,000-acre-foot reservoir located west of Carter Lake in Loveland, Colorado – continued in 2022, with significant progress around the site. Highlights from 2022 include:

- Main dam foundation preparation
- Construction of main dam including hydraulic asphalt core and rockfill embankment
- Pipeline installation and interconnection
- Completion of access roads
- Excavation activities to support downstream tunnel and valve chamber

As an allottee of Windy Gap water rights since 1974, Platte River is among 12 regional project participants in the Chimney Hollow Reservoir project. Platte River subscribes to 16,000 acre-feet of storage for an annual firm yield of between 3,925 and 5,775 acre-feet, depending on hydrology and water supply conditions. The project will provide a firm supply of Windy Gap water for current and future generation resources, following the Platte River Board's direction to maintain adequate water supplies for all existing and projected future operations and to manage water as an asset.

OUTREACH AND ENGAGEMENT

Eddie Gutiérrez began his role as chief strategy officer in 2022, leading the organization's business strategies division. The division is committed to fostering regional partnerships and collaboration as the owner communities and Platte River come together to help inform and educate customers in the region about the complexities, challenges and opportunities of achieving the RDP.

$3,000
annual scholarship presented to a student pursuing electric energy studies

$500
in stipends for CSEF award recipients

60
middle school students participated in the NoCo Time Trials

COMMUNITY ENGAGEMENT

Efforts to engage communities in person resumed following the two-year hiatus caused by the pandemic.

Construction of the Energy Engagement Center (EEC) – a 5,726-square-foot facility designed to bring the community together with energy experts – concluded with installation of a history wall highlighting organizational and community milestones over Platte River's 49-year history. Since its launch in April, the EEC hosted numerous industry meetings and trainings throughout 2022, bringing regional industry leaders and owner community staff members together with Platte River team members to further shared goals.

Tours of the Rawhide Energy Station resumed, engaging diverse audiences in how Platte River safely generates energy and serves our owner communities and neighboring utilities. Community members also toured Platte River's newly constructed headquarters campus, learning about the architectural and engineering features that make the facility a model for energy efficiency and environmental responsibility in the community. The building received an Urban Design Award for Architecture from the City of Fort Collins in September. An application to the U.S. Green Building Council was also successfully submitted to designate the campus LEED® (Leadership in Energy and Environmental Design) Gold in the version 4 category for building design and construction, new construction.

Staff engaged with community and stakeholder groups across the owner communities in 2022 to share Platte River's vision and provide resource planning updates. In parallel, Platte River Chief Executive Officer and General Manager Jason Frisbie led quarterly meetings with city and town leadership to align how the region can achieve shared energy goals.

Platte River's commitment to support science, technology, engineering, arts and mathematics (STEAM) education in the owner communities continued in 2022 through funding of the annual RMEL Foundation scholarship and sponsoring awards for the Colorado Science and Engineering Fair (CSEF). Staff also hosted the third-annual NoCo Time Trials solar/battery model car competition and presented grant checks to participating teachers to further support STEAM education in their classrooms.

COMMUNITY SUPPORT AND VALUE-ADDED SERVICES

As a community-owned, public power provider, Platte River's value to the owner communities extends beyond generation and transmission services. Throughout the year the organization and its team members supported the owner communities and their customers with bill credits, fiber leases and economic development support, donations to local nonprofits, sponsored initiatives and taking part in volunteer events.

$836,984
in bill credits

$438,434
returned in excess fiber leases

$100,000
in economic development support

$88,667
raised during the 2022-2023 United Way fundraising campaign

PUBLIC AND EXTERNAL AFFAIRS

Cultivating relationships with local and state officials supports Platte River and the owner communities work toward the most aggressive noncarbon goal in Colorado. In 2022, Platte River successfully implemented a new advocacy strategy at the state and local levels, leveraging legal affairs and a new legislative consultant to reengage representatives and stakeholders about Platte River's strategic vision for its energy transition.

The newly passed Infrastructure Investment and Jobs Act and the Inflation Reduction Act provide opportunities for public power providers like Platte River to receive federal support for noncarbon energy projects and investments in emerging technologies. A cross-functional team onboarded a consultant in 2022 to conduct a needs assessment in pursuit of federal grants to support the RDP. This began a new initiative to track potential grant opportunities moving forward.

WORKFORCE INVESTMENT

As the organization adopts new technologies and processes to carry out the RDP, Platte River worked to modernize compensation, total rewards and hybrid work to develop and attract the workforce of the future.

Platte River partnered with a consultant in 2022 to better align employee job descriptions with market benchmarks and refine Platte River's pay structure to ensure marketplace competitiveness. The initial groundwork to overhaul the compensation philosophy and approach for all positions was completed in late fall 2022, with implementation to begin in 2023.

Feedback collected from employees on Platte River's benefits package shaped a total rewards strategy that includes enhanced personal, sick and bereavement leave offerings. Platte River's Board declined participation in the Colorado Family and Medical Leave Insurance (FAMLI) program, enabling Platte River to implement an industry-leading family leave benefit program that exceeds the benefits offered under the FAMLI program.

Like many organizations across the United States, Platte River transitioned employees with eligible job roles to hybrid work in 2022 and became a multi-state employer to support broader recruiting efforts. The flexibility of hybrid and remote working arrangements enables Platte River to develop and attract the talent needed to achieve the RDP.

1,000,000

hours worked without a lost-time injury

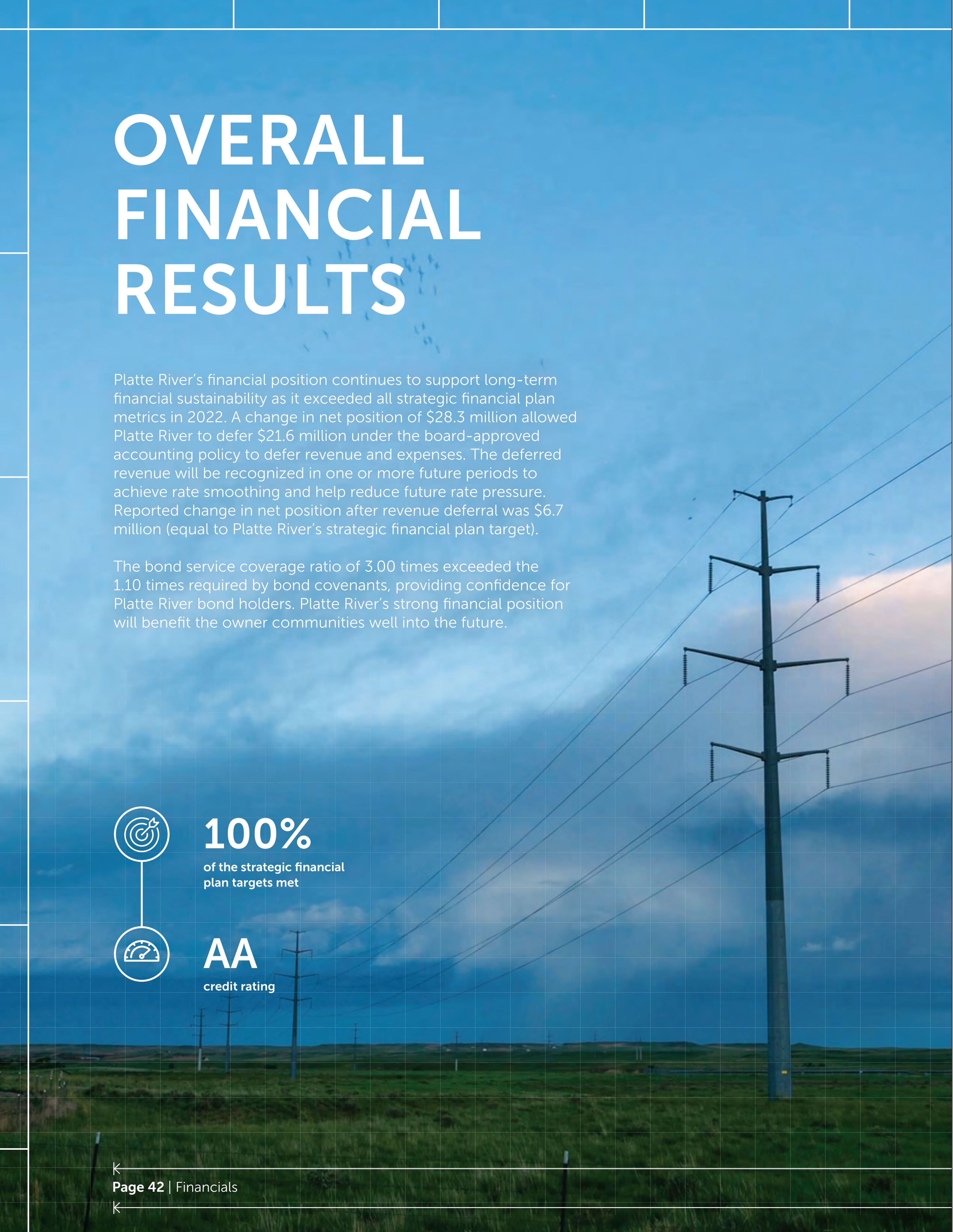
60%

staff trained and certified for cardio-pulmonary resuscitation and use of automated external defibrillators

WHOLESALE RATE STRATEGY

In 2022, the board of directors frequently discussed the wholesale rate required to maintain the organization's trajectory toward meeting the RDP while managing the risks of having more intermittent resources on the system. Platte River's leadership team recommended a 5.0% average wholesale rate increase annually through 2029 to achieve rate strategy objectives that supports a noncarbon energy future. The Platte River Board approved a 5.0% average wholesale rate increase for 2023. This reflects Platte River's multi-year rate smoothing strategies to avoid greater single year rate impacts and meet specified financial objectives.

Long-term rate pressure increased due to an accelerated asset integration schedule and updated resource cost projections. The accelerated asset integration schedule more accurately represents Platte River's resource development strategy by addressing the need to build or acquire all new resources before retiring coal-fired generation and fully test the reliability and operational flexibility of the new low-carbon portfolio. In response, the board adopted an accounting policy to defer revenue and expenses to help reduce rate pressure, achieve rate smoothing and maintain financial sustainability.



OVERALL FINANCIAL RESULTS

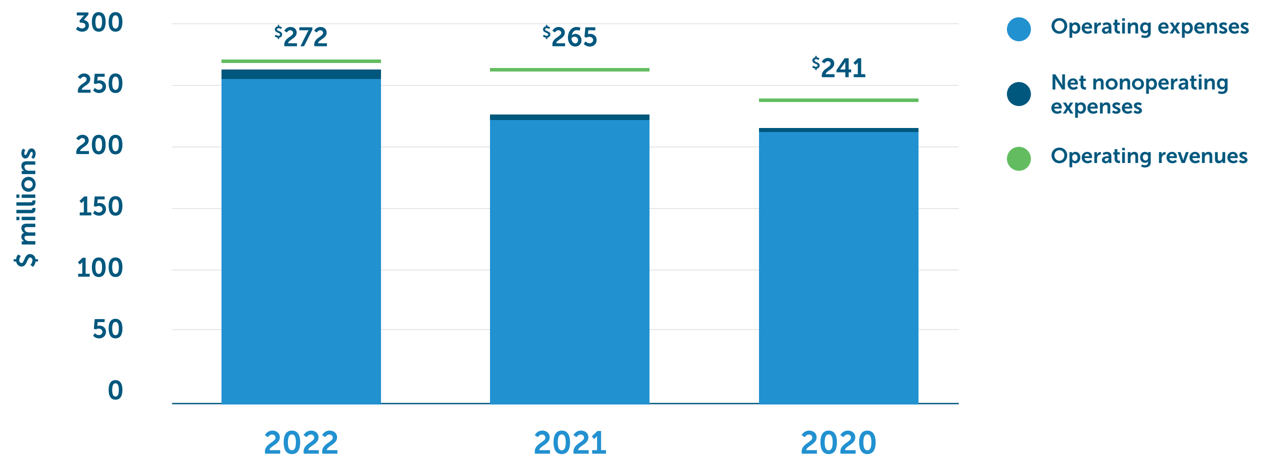
Platte River's financial position continues to support long-term financial sustainability as it exceeded all strategic financial plan metrics in 2022. A change in net position of $28.3 million allowed Platte River to defer $21.6 million under the board-approved accounting policy to defer revenue and expenses. The deferred revenue will be recognized in one or more future periods to achieve rate smoothing and help reduce future rate pressure. Reported change in net position after revenue deferral was $6.7 million (equal to Platte River's strategic financial plan target).

The bond service coverage ratio of 3.00 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.

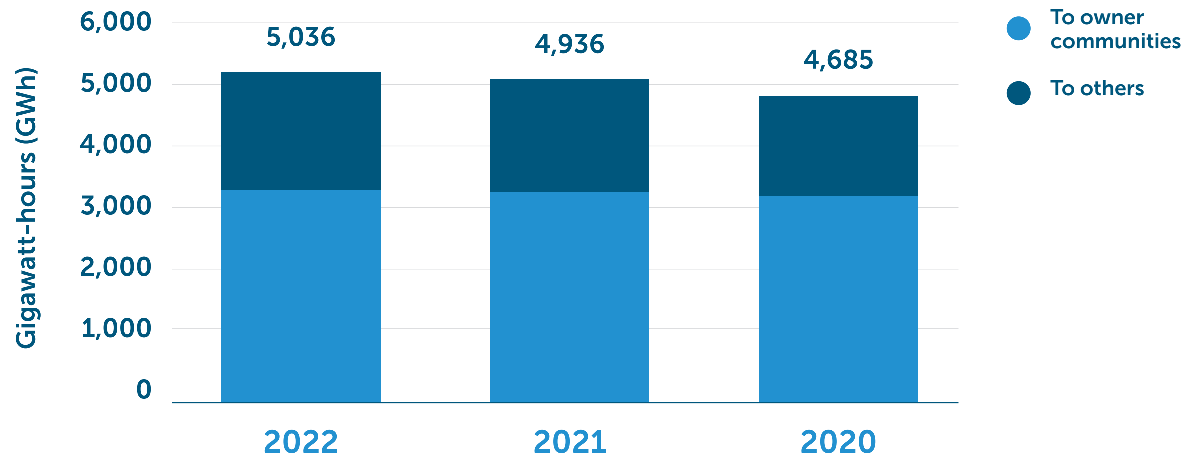
100%
of the strategic financial plan targets met

AA
credit rating

REVENUES AND EXPENSES



ENERGY DELIVERIES



FINANCIAL HIGHLIGHTS

Year ended Dec. 31

		2022	2021 restated	2020
Financial results ($000)				
Operating revenues		$ 271,794	$ 265,378	$ 240,749
Operating expenses		(257,945)	(225,594)	(216,154)
Nonoperating expenses, net		(7,195)	(4,091)	(2,603)
Change in net position		$ 6,654	$ 35,693	$ 21,992
Strategic financial plan metrics	**Target minimums**			
Change in net position ($000)	*3% of projected annual operating expenses*	$ 6,654	$ 35,693	$ 21,992
Fixed obligation charge coverage ratio	*1.5x*	2.02x	2.80x	2.43x
Debt ratio	*< 50%*	28%	30%	21%
Unrestricted days cash on hand	*200*	405	412	386
Other selected data ($000 except bond service coverage ratio)				
Gross utility plant		$ 1,509,172	$ 1,490,675	$ 1,472,120
Long-term debt and other long-term obligations		$ 245,207	$ 260,370	$ 178,353
Accumulated net position		$ 657,941	$ 651,287	$ 615,594
Bond service coverage ratio	*1.1x*	3.00x	4.25x	3.29x

PLATTE RIVER OPERATIONAL DATA

Year ended Dec. 31

	2022	2021	2020
Peak demand (kW)			
Estes Park	30,578	28,347	26,850
Fort Collins	309,141	318,671	296,397
Longmont	193,501	197,303	186,223
Loveland	176,719	175,125	160,528
Total owner communities' peak demand	709,938	719,446	669,998
Platte River coincident demand	683,566	706,778	656,620
Energy (MWh)			
Estes Park	140,571	137,187	132,106
Fort Collins	1,513,093	1,504,442	1,487,176
Longmont	847,303	841,993	834,113
Loveland	748,434	733,085	712,082
Total owner communities' energy	3,249,401	3,216,707	3,165,477
Sales to others	1,787,361	1,718,668	1,519,516
Energy – total system	5,036,762	4,935,375	4,684,993

ENERGY MARKET STATISTICS

Year ended Dec. 31

Owner communities combined retail sales[1]	2022	2021	2020
Number of customers (monthly average)			
Residential	152,471	150,751	148,481
Commercial & industrial	19,335	19,017	19,174
Other	289	288	295
Total	172,095	170,056	167,950
Energy sales (MWh)			
Residential	1,213,607	1,216,255	1,197,459
Commercial & industrial	1,936,924	1,913,547	1,875,584
Other	3,884	3,772	3,625
Total	3,154,415	3,133,574	3,076,668
Revenue ($000)			
Residential	$ 145,894	$ 142,716	$ 136,118
Commercial & industrial	181,332	171,901	161,666
Other	584	536	550
Total	$ 327,810	$ 315,153	$ 298,334
Residential averages (annual)			
Energy per customer (kWh)	7,960	8,068	8,065
Revenue per kWh (cents)	12.02	11.73	11.37
Revenue per customer	$ 957	$ 947	$ 917

[1] Prior to May, data for the most recent year have been compiled from preliminary reports of the cities 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 Platte River employees, 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.

Jason Frisbie

Dave Smalley
Chief financial officer/
deputy general manager

Jason Frisbie
General manager/CEO

Platte River Power Authority

Independent Auditor’s Report and Financial Statements

Dec. 31, 2022 and 2021

Platte River Power Authority

Financial statements

Years ended Dec. 31, 2022 and 2021

Contents

Financial statements

FORVIS
1801 California Street, Suite 2900 / Denver, CO 80202
P 303.861.4545 / F 303.832.5705
forvis.com

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 fiduciary activities of Platte River Power Authority (Platte River) as of and for the years ended December 31, 2022 and 2021, 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 business-type activities and fiduciary activities of Platte River as of December 31, 2022 and 2021, 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, in fiscal year 2022, Platte River adopted new accounting guidance related to leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 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 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.

Board of Directors
Platte River Power Authority

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Platte River's basic financial statements. The Budgetary Comparison Schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The Budgetary Comparison Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Information

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 basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

FORVIS, LLP

Denver, Colorado
April 12, 2023

Page intentionally left blank.

This discussion and analysis provides an overview of the financial performance of Platte River Power Authority for the fiscal years ended Dec. 31, 2022, and Dec. 31, 2021. 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 noncarbon energy future by 2030 through the Resource Diversification Policy, 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, wind purchases, allocations of federal hydropower from Western Area Power Administration (WAPA), solar (including storage) 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.

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

- 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, the energy 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 – one for the Colorado River Storage Project and one for the Loveland Area Projects. The hydropower contracts are subject to periodic price changes.

    - Colorado River Storage Project contract rate of delivery amounts are 106 megawatts in the summer and 136 megawatts in the winter, which are not being met due to drought conditions. Actual capacity available varies by month. During both the summer and winter season, estimated available capacity ranges from 34 megawatts to 51 megawatts. Available capacity and energy may further change with drought conditions, and as conditions worsen, there may be periods where energy is not delivered. 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 of 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 and Platte River and operates similarly to an energy imbalance market. This agreement provides access to lower-cost resources and sales for resale opportunities in real time, increasing operational efficiencies while enhancing reliability. The agreement will terminate as participants, including Platte River, transact in the Western Energy Imbalance Service Market operated by the Southwest Power Pool beginning April 2023.

- Spot market purchases provide energy to satisfy loads and access to lower cost resources.
- Platte River purchases capacity of 4.022 megawatts and 0.349 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 $6.7 million in 2022, approximately $29 million lower than 2021. The year ended with an increase in operating revenues of $6.4 million, an increase in operating expenses of $32.3 million and an increase in nonoperating expenses, net, of $3.1 million.

Under a 2022 board-approved accounting policy, the general manager/CEO approved deferring $21.6 million of current-year operating revenues as deferred regulatory revenues. The policy reduces rate pressure and achieves rate smoothing by establishing a mechanism to defer revenues earned and expenses incurred in one period to be recognized in one or more future periods. The revenue deferred is based on long-term financial and rate projections and ensures reported results meet or exceed strategic financial plan targets.

In 2022, Platte River adopted the principles of GASB Statement No. 87, *Leases*, and recognized the effect of a change in accounting principle for recording leases as capital assets and financing activities (note 18) resulting in a restatement of total assets, total liabilities and deferred inflows of resources as of Dec. 31, 2021, but was considered negligible as of Jan. 1, 2021 which was not restated.

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 2022, 2021 and 2020.

	2022	**Dec. 31, 2021 restated**	**2020***
		(in thousands)	
Assets			
Electric utility plant	**$ 572,697**	$ 589,322	$ 603,342
Special funds and investments	**170,596**	150,991	126,237
Current assets	**155,487**	138,671	140,911
Noncurrent assets	**137,971**	132,673	36,049
Total assets	**1,036,751**	1,011,657	906,539
Deferred outflows of resources	**43,240**	28,537	28,052
Liabilities			
Noncurrent liabilities	**302,512**	289,851	215,882
Current liabilities	**42,463**	35,178	32,997
Total liabilities	**344,975**	325,029	248,879
Deferred inflows of resources	**77,075**	63,878	70,118
Net position			
Net investment in capital assets	**400,485**	398,319	392,499
Restricted	**18,873**	18,864	18,521
Unrestricted	**238,583**	234,104	204,574
Total net position	**$ 657,941**	$ 651,287	$ 615,594

*2020 not restated for implementation of GASB 87

Net position

Total net position at Dec. 31, 2022, was $657.9 million, an increase of $6.7 million over 2021. Total net position at Dec. 31, 2021, was $651.3 million, an increase of $35.7 million over 2020.

Electric utility plant decreased $16.6 million during 2022 as illustrated in note 4, primarily due to a $35.1 million increase in accumulated depreciation and $1.7 million decrease in construction work in progress. Partially offsetting these net decreases was a $20.2 million increase in plant and equipment in service.

In 2021, electric utility plant decreased $14 million from 2020 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 $36 million increase in plant and equipment in service and a $2.5 million increase in land and land rights.

Special funds and investments increased $19.6 million during 2022 primarily due to strong financial results providing excess cashflow during the year.

In 2021, special funds and investments increased $24.8 million over 2020 also primarily due to strong financial results.

Current assets increased $16.8 million during 2022 primarily due to increases in cash and cash equivalents, other temporary investments and accounts receivable due to strong financial results providing excess cashflow during the year. Prepayments also increased with the timing of certain prepaid expenses.

In 2021, current assets decreased $2.2 million from 2020 primarily due to decreases in cash and cash equivalents and fuel inventory, partially offset by increases in other temporary investments and accounts receivable as the timing of payments, receipts and investments fluctuated.

Noncurrent assets increased $5.3 million during 2022 primarily due to an increase in regulatory assets caused by a difference between base contributions and pension expense calculated by the actuary. This difference is recorded in accordance with the GASB 62 board-approved pension contribution expense recognition accounting policy (note 6). In addition, the noncurrent portion of prepayments increased because of various long-term agreements executed during the year.

In 2021, noncurrent assets increased $96.6 million over 2020 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 notes 6 and 11.

Deferred outflows of resources increased $14.7 million during 2022 primarily due to increases in pension deferrals based on a decrease in market returns and changes in plan experiences as described in note 8 and asset retirement obligations for the Craig Generating Station impoundments, for a new item and cost estimate updates, and Trapper Mine reclamation for additional mining activity, as described in note 9. These increases were partially offset by decreases in unamortized deferred loss on debt refundings.

In 2021, deferred outflows of resources increased $0.5 million over 2020 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.

Noncurrent liabilities increased $12.7 million during 2022 primarily due to an increase in the net pension liability from decreased market returns (note 8) and an increase in asset retirement obligations as noted above in deferred outflows of resources. Partially offsetting the increase were principal retirements and a decrease in unamortized premium as described in note 7. The final payment for Platte River's Series II bonds was made in June.

In 2021, noncurrent liabilities increased $74 million over 2020 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 6 and

11. 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 8.

Current liabilities increased $7.3 million during 2022 primarily due to increases in accounts payable as year-over-year operating expenses were higher at the end of the year, mainly based on the Craig units' coal and operations and maintenance expenses, natural gas, medical expenses, contracted services and capital additions.

In 2021, current liabilities increased $2.2 million over 2020 primarily due to increases in the current portions of long-term debt (note 7), other long-term obligations (note 11) and asset retirement obligations (note 9).

Deferred inflows of resources increased $13.2 million during 2022 primarily due to changes in regulatory credits as Platte River deferred $21.6 million of operating revenues (note 6). There was also an increase in the regulatory credit for the accrual of the 2024 Rawhide Unit 1 scheduled maintenance outage (note 6). Partially offsetting the increases was amortization of the regulatory credit for the change in depreciation method (note 6). Pension deferrals decreased due to reclassifying the earnings on investments account balance against the loss on investments for 2022, which was recorded as a deferred outflow of resources (note 8).

In 2021, deferred inflows of resources decreased $6.2 million from 2020 primarily due to the reversal of the expense accrual for the 2021 scheduled maintenance outage of Rawhide Unit 1 (note 6) as well as a net decrease in the regulatory credit for the change in depreciation method as previous deferred items are amortized (note 6). 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. 2021 was restated to record lease deferrals due to implementation of a new accounting pronouncement (note 3, 4 and 18).

Condensed statements of revenues, expenses and changes in net position

	Years ended Dec. 31,		
	2022	**2021***	**2020***
		(in thousands)	
Operating revenues	**$ 271,794**	$ 265,378	$ 240,749
Operating expenses	**257,945**	225,594	216,154
Operating income	**13,849**	39,784	24,595
Nonoperating expenses, net	**(7,195)**	(4,091)	(2,603)
Change in net position	**6,654**	35,693	21,992
Net position at beginning of year	**651,287**	615,594	593,602
Net position at end of year	**$ 657,941**	$ 651,287	$ 615,594

*Not restated for implementation of GASB 87

Changes in net position

Net position increased $6.7 million in 2022, $29 million lower than in 2021, after deferring revenues under the board-approved deferred revenue and expense accounting policy as described below and in note 6. Before this deferral, change in net position was $28.3 million. There were increases in operating revenues, operating expenses and nonoperating expenses, net. Net position increased $35.7 million in 2021, $13.7 million higher than 2020. There were increases in operating revenues, operating expenses and nonoperating expenses, net.

Operating revenues in 2022 increased $6.4 million over 2021.

- Sales to the owner communities increased $13.1 million from 2021 primarily due to a 3.2% average wholesale rate increase and increases in owner communities' energy deliveries of 1% and billed demand of 0.4%. The owner communities set a new nonsummer peak of 532 megawatts on December 22 at 6 p.m.
- Sales for resale and other increased $14.9 million over 2021 primarily due to increased market prices, additional calls on a long-term capacity contract and higher wheeling revenues due to additional point-to-point service reservations.
- Deferred regulatory revenues were $21.6 million compared to no deferral in 2021. The deferred revenue and expense accounting policy was approved by the board and implemented in 2022 (note 6).

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.
- 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 expenses in 2022 increased $32.3 million over 2021.

- Purchased power decreased $1.2 million from 2021. The decrease was due primarily to a net increase in forced outage assistance energy deliveries recorded as a net credit to purchased power, a refund and rate decrease for purchased reserves, decreased joint dispatch agreement purchases, less energy received from hydropower due to drought conditions and a decrease in other purchases because Rawhide Unit 1 did not have a scheduled maintenance outage in 2022. Partially offsetting the decreases were increases in wind and solar energy purchases and an increase in the replacement power accrual for the 2024 Rawhide Unit 1 scheduled maintenance outage.

- Fuel increased $18.9 million over 2021. Fuel for Rawhide Unit 1 and the Craig units increased $9.5 million and $5 million, respectively, due to increases in average prices and generation. The average price increased for Rawhide Unit 1 due to an increase in market prices for coal. The Craig units price increased because of an updated price for Trapper Mine coal. Generation was also higher because Rawhide Unit 1 did not have a scheduled maintenance outage as in 2021. Natural gas expense also increased by $4.4 million due to higher commodity prices, partially offset by operating the combustion turbines at a lower capacity factor as less generation was needed to serve load.

- Operations and maintenance increased $7 million over 2021. The increase was due primarily to the accrual for the next Rawhide Unit 1 scheduled maintenance outage, a full year of expenses for the Windy Gap Firming Project (Chimney Hollow Reservoir), an overall increase in operating expenses at the Craig Units and other general miscellaneous increases. Partially offsetting the increase was a reduction in wheeling expenses.

- Administrative and general increased $4.4 million over 2021 primarily due to increased personnel expenses from new positions and increased insurance expenses.

- Distributed energy resources increased $1.5 million over 2021 primarily due to increased energy efficiency program participation.

- Depreciation, amortization and accretion increased $1.7 million over 2021 as additional capital additions were in service, there was new accretion expense from the board-approved Craig units 1 and 2 decommissioning accrual accounting policy (note 6), cost estimates for asset retirement obligations increased and there was a full year of amortization of the Windy Gap Firming Project storage rights regulatory asset. Partially offsetting the increase was a reduction in amortization expenses reflecting an increase in net gain recognized from the change in depreciation method regulatory credit (note 6).

Operating expenses in 2021 increased $9.4 million over 2020.

- Purchased power 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 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 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 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.

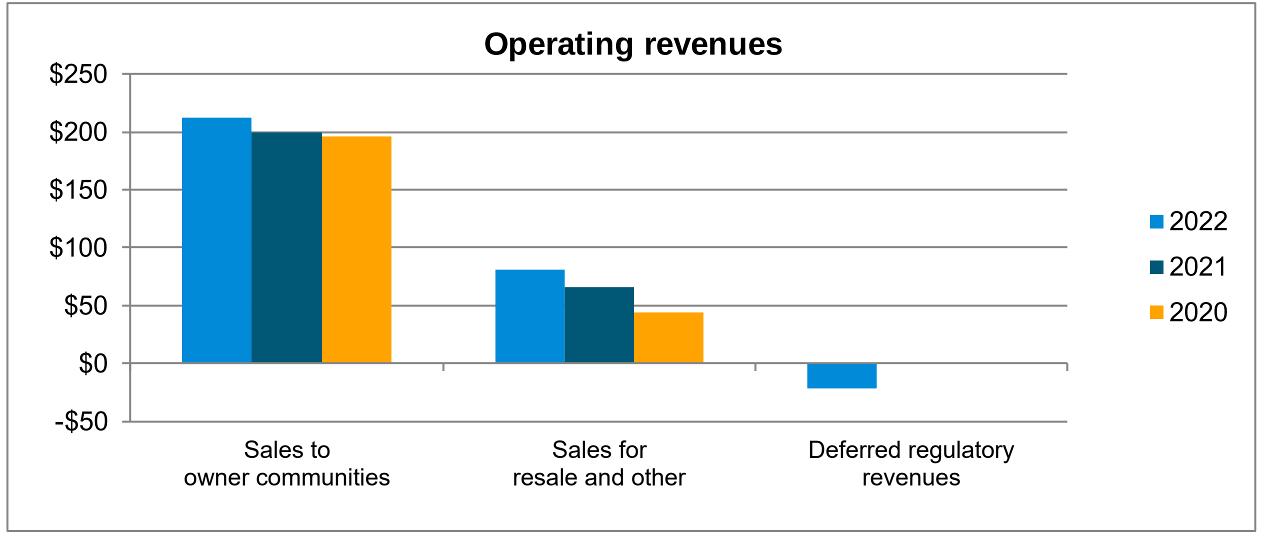
- Depreciation and amortization increased $1.4 million over 2020 as accelerated depreciation for the early retirement of Rawhide Unit 1 and Craig Unit 2 assets occurred for a full year. Partially offsetting the increase were a decrease in amortization expense relating to asset retirement obligations and both acceleration of recognition and additional gains from sales of Windy Gap water units.

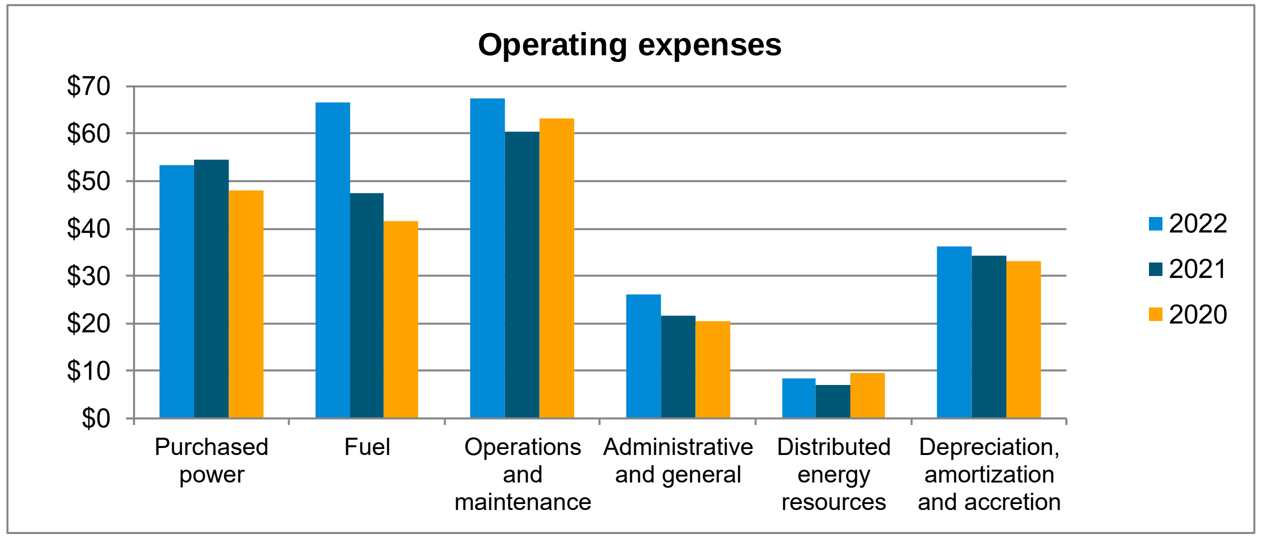
Nonoperating expenses, net, increased $3.1 million in 2022 over 2021. The increase was primarily due to a net decrease in the fair value of investments from rising interest rates throughout the year and overall lower other income. Partially offsetting the increases were higher interest income on investments and lower interest expense as principal was paid off.

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 governing bodies of the owner communities made in 2020 to assist with COVID-19 pandemic impacts.

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 JJ	N/A	AA	AA
Taxable Series KK	Aa2	N/A	AA

Budgetary highlights

Platte River's board approved the 2022 Strategic Budget with total revenues of $263.2 million, operating expenses of $221.3 million, capital additions of $44.5 million and debt service expenditures of $17.8 million. After closing 2022, $17.1 million of budget appropriated board contingency was required, $11.6 million for operating expenses and $5.5 million for capital additions. The budgeted amounts below reflect these transfers between appropriated categories. The following budgetary highlights are presented on a non-GAAP budgetary basis. The budgetary comparison schedule is presented as supplementary information at the end of the document.

Total revenues of $296.7 million ended the year $33.5 million above budget.

- Sales to owner communities of $212.3 million were $4.3 million above budget due to above-budget energy deliveries and billing demand.

- Sales for resale and other totaled $81.1 million and were above budget $26.9 million primarily due to increased market prices and additional point-to-point transmission service reservations.

- Interest and other income of $3.3 million was above budget $2.3 million primarily due to higher interest income earned on investments.

Operating expenses of $221.3 million were at budget following an $11.6 million board-approved contingency transfer. The largest variances were:

- Purchased power of $53.4 million was $4.3 million below budget primarily due to net energy provided to Tri-State under the forced outage assistance agreement, below-budget joint dispatch agreement purchases, favorable purchased reserves due to a refund and rate decrease and below-budget hydropower purchases due to drought conditions. Partially offsetting the below-budget variances were above-budget wind and solar energy purchases, bilateral purchases due to unfavorable pricing and owner communities' solar programs due to higher market prices.

- Fuel of $66.5 million was $10.4 million above budget following the $11.6 million board-approved contingency transfer. The above-budget variance relates to both natural gas and coal. Natural gas was above budget due to higher commodity prices as well as operating the combustion turbine units to make sales and meet load requirements. Coal for Craig units 1 and 2 was above budget due to an updated price from Trapper Mine and cancellation of a planned coal sale. The Craig units were dispatched more than planned to replace Rawhide Unit 1's generation during the scheduled screen outage, replace purchases due to higher market prices, make additional sales and meet load requirements. Partially offsetting the above-budget variances was coal for Rawhide Unit 1 as generation was below budget due to unplanned outages and curtailments, as well as a lower average price.

- Production, transmission, administrative and general of $93 million were $2.1 million below budget primarily due to projects that were completed below budget and expenses not required, primarily for market implementation, technology expenses and Rawhide non-routine projects. Partially offsetting the below-budget variances were Rawhide equipment repairs and personnel costs.

- Distributed energy resources of $8.4 million were $4 million below budget primarily due to the unpredictability of the completion of customers' energy efficiency projects, personnel costs and consulting services. Energy efficiency rebates and incentives were below budget primarily due to slow participation in small and medium business and multifamily programs, driven by the continued effects of the COVID-19 pandemic and economic recovery challenges, including supply chain issues and labor shortages.

Capital additions of $24.1 million were $20.4 million below budget following a $5.5 million board-approved contingency transfer. 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 and general additions were below budget $8.3 million, $9.4 million and $2.7 million, respectively. The variance was carried over to the 2023 Strategic Budget to complete these projects.

Debt service expenditures of $17.8 million were at budget for scheduled principal and interest payments on outstanding power revenue bonds.

Platte River Power Authority
Statements of net position
Dec. 31, 2022 and 2021

	Dec. 31, 2022	Dec. 31, 2021 restated
	(in thousands)	
Assets		
Electric utility plant, at original cost (notes 3 and 4)		
Land and land rights	**$ 19,446**	$ 19,446
Plant and equipment in service	**1,463,609**	1,443,398
Less: accumulated depreciation and amortization	**(936,475)**	(901,353)
Plant in service, net	**546,580**	561,491
Construction work in progress	**26,117**	27,831
Total electric utility plant	**572,697**	589,322
Special funds and investments (note 5)		
Restricted funds and investments	**19,338**	19,375
Dedicated funds and investments	**151,258**	131,616
Total special funds and investments	**170,596**	150,991
Current assets		
Cash and cash equivalents (notes 3 and 5)	**48,017**	40,407
Other temporary investments (note 5)	**47,841**	44,162
Accounts receivable—owner communities	**16,997**	16,235
Accounts receivable—other	**13,830**	10,467
Fuel inventory, at last-in, first-out cost	**10,103**	10,562
Materials and supplies inventory, at average cost	**15,831**	15,299
Prepayments and other assets	**2,868**	1,539
Total current assets	**155,487**	138,671
Noncurrent assets		
Regulatory assets (note 6)	**128,954**	126,488
Other long-term assets	**9,017**	6,185
Total noncurrent assets	**137,971**	132,673
Total assets	**1,036,751**	1,011,657
Deferred outflows of resources		
Deferred loss on debt refundings (note 7)	**3,075**	3,974
Pension deferrals (note 8)	**14,849**	2,116
Asset retirement obligations (note 9)	**25,316**	22,447
Total deferred outflows of resources	**43,240**	28,537

See notes to financial statements.

Platte River Power Authority
Statements of net position
Dec. 31, 2022 and 2021

	Dec. 31,	
	2022	2021 restated
	(in thousands)	
Liabilities		
Noncurrent liabilities (note 10)		
Long-term debt, net (note 7)	$ 137,808	$ 152,637
Other long-term obligations (note 11)	95,184	95,184
Net pension liability (note 8)	30,520	7,770
Asset retirement obligations (note 9)	31,739	27,549
Other liabilities and credits	7,261	6,711
Total noncurrent liabilities	302,512	289,851
Current liabilities		
Current maturities of long-term debt (note 7)	12,215	11,660
Current portion of other long-term obligations (note 11)	–	889
Current portion of asset retirement obligations (note 9)	1,547	1,706
Accounts payable	24,378	17,049
Accrued interest	464	511
Accrued liabilities and other	3,859	3,363
Total current liabilities	42,463	35,178
Total liabilities	344,975	325,029
Deferred inflows of resources		
Deferred gain on debt refundings (note 7)	126	140
Regulatory credits (note 6)	75,810	56,715
Pension deferrals (note 8)	287	6,024
Lease deferrals (note 4)	852	999
Total deferred inflows of resources	77,075	63,878
Net position		
Net investment in capital assets (note 12)	400,485	398,319
Restricted	18,873	18,864
Unrestricted	238,583	234,104
Total net position	$ 657,941	$ 651,287

See notes to financial statements.

Platte River Power Authority
Statements of revenues, expenses and changes in net position
Dec. 31, 2022 and 2021

	Years ended Dec. 31,	
	2022	2021
	(in thousands)	
Operating revenues		
Sales to owner communities	$ 212,319	$ 199,208
Sales for resale and other	81,077	66,170
Deferred regulatory revenues (note 6)	(21,602)	–
Total operating revenues	271,794	265,378
Operating expenses		
Purchased power	53,379	54,606
Fuel	66,456	47,525
Operations and maintenance	67,482	60,505
Administrative and general	26,015	21,585
Distributed energy resources	8,484	6,945
Depreciation, amortization and accretion (notes 4, 6 and 9)	36,129	34,428
Total operating expenses	257,945	225,594
Operating income	13,849	39,784
Nonoperating revenues (expenses) (notes 5 and 7)		
Interest income	2,914	1,351
Other income	429	913
Interest expense	(4,163)	(4,528)
Net decrease in fair value of investments	(6,375)	(1,827)
Total nonoperating revenues (expenses)	(7,195)	(4,091)
Change in net position	6,654	35,693
Net position at beginning of year	651,287	615,594
Net position at end of year	$ 657,941	$ 651,287

See notes to financial statements.

Platte River Power Authority
Statements of cash flows
Dec. 31, 2022 and 2021

	Years ended Dec. 31,	
	2022	**2021 restated**
	(in thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 290,780**	$ 263,931
Payments for operating goods and services	**(170,339)**	(152,912)
Payments for employee services	**(47,523)**	(45,357)
Net cash provided by operating activities	**72,918**	65,662
Cash flows from capital and related financing activities		
Additions to electric utility plant	**(18,747)**	(24,322)
Payments from accounts payable incurred for electric utility plant additions	**(1,581)**	(1,271)
Proceeds from disposal of electric utility plant	**74**	278
Principal payments on long-term debt	**(11,660)**	(11,145)
Interest payments on long-term debt	**(5,850)**	(6,371)
Payments related to other long-term obligations	**(1,194)**	–
Receipts from lease receivables	**148**	–
Payments on lease liabilities	**(14)**	–
Net cash used in capital and related financing activities	**(38,824)**	(42,831)
Cash flows from investing activities		
Purchases and sales of temporary and restricted investments, net	**(29,643)**	(37,229)
Interest and other income, including realized gains and losses	**3,159**	2,212
Net cash used in investing activities	**(26,484)**	(35,017)
Increase/(decrease) in cash and cash equivalents	**7,610**	(12,186)
Balance at beginning of year in cash and cash equivalents	**40,407**	52,593
Balance at end of year in cash and cash equivalents	**$ 48,017**	$ 40,407

See notes to financial statements.

Platte River Power Authority
Statements of cash flows
Dec. 31, 2022 and 2021

	Years ended Dec. 31,	
	2022	**2021 restated**
	(in thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 13,849**	$ 39,784
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	**39,233**	37,183
Amortization	**(6,636)**	(3,970)
Changes in assets and liabilities that provided/(used) cash		
Accounts receivable	**(4,125)**	(2,070)
Fuel and materials and supplies inventories	**(73)**	2,675
Prepayments and other assets	**(4,004)**	409
Regulatory assets	**(3,247)**	986
Deferred outflows of resources	**(15,602)**	(1,482)
Accounts payable	**5,375**	(1,011)
Net pension liability	**22,750**	(7,834)
Asset retirement obligations	**4,031**	1,662
Other liabilities	**1,121**	950
Deferred inflows of resources	**20,246**	(1,620)
Net cash provided by operating activities	**$ 72,918**	$ 65,662
Noncash capital and related financing activities		
Additions of electric utility plant through incurrence of accounts payable	**$ 3,493**	$ 1,581
Additions of electric utility plant through leasing	**–**	134
Amortization of regulatory assets (debt issuance costs)	**88**	97
Amortization of bond premiums, deferred loss and deferred gain on refundings	**(1,729)**	(1,928)
Additions to regulatory assets and other assets through incurrence of other long-term obligations (notes 6 and 11)	**–**	96,073

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of fiduciary net position
Dec. 31, 2022 and 2021

	Dec. 31, 2022	Dec. 31, 2021
	(in thousands)	
Assets		
Cash equivalents	**$ 2,031**	$ 1,953
Investment income receivable	**8**	3
Investments		
Fixed income securities	**28,482**	23,007
Domestic equity securities	**37,863**	48,089
International equity securities	**22,946**	33,388
Infrastructure	**2,541**	2,889
Natural resources	**7,395**	8,518
Real estate funds	**2,440**	3,560
Private credit	**1,252**	-
Private equity	**114**	-
Reinsurance funds	**13**	110
Total investments	**103,046**	119,561
Total assets	**105,085**	121,517
Net position restricted for pension benefits	**$ 105,085**	$ 121,517

See notes to financial statements.

Platte River Power Authority
Defined benefit pension plan
Statements of changes in fiduciary net position
Dec. 31, 2022 and 2021

	Years ended Dec. 31, 2022	Years ended Dec. 31, 2021
	(in thousands)	
Additions		
Employer contributions	**$ 4,333**	$ 4,569
Investment income		
Net (decrease) increase in fair value of investments	**(15,430)**	12,569
Interest and dividends	**3,115**	2,722
Net investment income (loss)	**(12,315)**	15,291
Total additions	**(7,982)**	19,860
Deductions		
Benefit payments	**8,450**	11,199
Change in plan net position	**(16,432)**	8,661
Net position restricted for pension benefits		
Beginning net position	**121,517**	112,856
Ending net position	**$ 105,085**	$ 121,517

See notes to financial statements.

1. Organization

Platte River Power Authority was organized under 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 owners, 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 subject to net metering limitations. Platte River's power supply 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, 2022, 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, which Platte River includes 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 natural 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). Rawhide Prairie Solar has an integrated battery storage system of two megawatt-hours, which can be discharged once daily at a rate up to one megawatt per hour. Platte River owns and operates all Rawhide Energy Station facilities except for the solar and battery storage facilities. 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 coal for Craig units 1 and 2.

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 pooled financing for the project in 2021 as described in note 6 and 11.

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 8). 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 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 FERC.

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 6).

Budgetary process

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

Platte River engages in leasing activity, both as a lessee and a lessor. In accordance with GASB Statement No. 87, *Leases*, the lease term is the period where there is a noncancellable right to use the underlying asset. For lessor contracts, lease receivables and deferred inflows of resources are recognized at present value. Lease receivables are reported in prepayments and other assets for the current portion and other long-term assets for the long-term portion within the statements of net position. For lessee contracts, lease assets and related liabilities are recognized at present value using Platte River's estimated incremental borrowing rate unless otherwise contained in the contract terms. Lease assets are reported in electric utility plant and lease liabilities are reported in accrued liabilities and other for the current portion and other liabilities and credits for the long-term portion within the statements of net position. This recognition applies to leases with a present value of $50,000 or more at the beginning of the lease term and a term greater than one year.

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 announcements, assets are evaluated and estimated useful lives are accelerated, as applicable. For lease assets, amortization is recorded over the shorter of the lease term or the useful life of the underlying lease asset.

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, 2022 and 2021, 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, by cell, used through the end of the year. Platte River complies with financial assurance annual requirements of the Colorado Department of Public Health and Environment.

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 revenues and costs directly related to the generation, purchase, sale and transmission of electricity. Operating revenues are recorded at the end of each month for all electricity delivered. Operating revenues include the amount of deferred regulatory revenues recorded as a regulatory credit (note 6) to be recognized in one or more future periods. Revenues and expenses related to financing, investing and other activities are considered 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. Employees are entitled to full payment for any unused vacation leave upon retirement or termination of employment; they are paid at a reduced rate for any accumulated unused sick leave. 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 10).

Deferred outflows of resources

Deferred outflows consist of unamortized deferred losses on debt refunding, defined benefit pension plan-related deferrals (note 8) and unamortized asset retirement obligations (note 9).

Deferred inflows of resources

Deferred inflows consist of unamortized deferred gains on debt refunding, regulatory credits (note 6) and defined benefit pension plan-related deferrals (note 8).

Use of restricted and unrestricted resources

Platte River's use of restricted and unrestricted resources is based on the intended purposes stated in the bond resolutions.

Adoption of recent accounting pronouncement

In 2022, Platte River implemented GASB Statement No. 87, *Leases*. Leases are contracts that convey control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without the transfer of ownership of the asset. Platte River engages in leasing activity, both as a lessee and a lessor. GASB Statement No. 87 applies to financial statements with reporting periods beginning after June 15, 2021, and affects the statements of net position, statements of revenues, expenses and changes in net position and the statements of cash flows. The 2021 statement of net position and statement of cash flows were restated for comparative purposes. The 2021 statement of revenues, expenses and changes in net position was not restated as the impact was negligible. Note 18 outlines the impacts of the restatement to the financial statements.

4. Electric utility plant

Electric utility plant asset activity for the year ended Dec. 31, 2022, was as follows.

	Dec. 31, 2021 restated	Increases	Decreases	Dec. 31, 2022
		(in thousands)		
Nondepreciable assets				
Land and land rights	$ 19,446	$ -	$ -	**$ 19,446**
Construction work in progress	27,831	24,105	(25,819)	**26,117**
	47,277	24,105	(25,819)	**45,563**
Depreciable assets				
Production plant	961,290	11,849	(4,272)	**968,867**
Transmission plant	394,050	4,972	(839)	**398,183**
General plant	87,924	8,945	(444)	**96,425**
	1,443,264	25,766	(5,555)	**1,463,475**
Less accumulated depreciation	(901,353)	(39,233)	4,124	**(936,462)**
	541,911	(13,467)	(1,431)	**527,013**
Amortizable lease assets				
General plant	134	-	-	**134**
Less accumulated amortization	-	(13)	-	**(13)**
	134	(13)	-	**121**
Total electric utility plant	$ 589,322	$ 10,625	$ (27,250)	**$ 572,697**

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

	Dec. 31, 2020	Increases	Decreases	Dec. 31, 2021 restated
	(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)
	538,658	4,679	(1,426)	541,911
Amortizable lease assets				
General plant	-	134	-	134
Total electric utility plant	$ 603,342	$ 31,712	$ (45,732)	$ 589,322

Platte River uses 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 a board-approved change in depreciation method accounting policy using GASB 62 (note 6) 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.

Leasing activity

Amortizable lease assets represent fiber optic strands from a third party; the contract terminates in 2033. Platte River made no variable payments, and there are no lease impairments as of Dec. 31, 2022 and 2021. In determining the value of the lease assets, there are no payments attributable to residual value guarantees or termination penalties. Liabilities relating to lease assets are included in note 10.

Platte River also leases unused fiber optic strands and co-locate property, included in electric utility plant, to third parties. Lease terms range from five to 36 years. Lessor-related balances and activity as of and for the years ended Dec. 31, 2022, and 2021, are shown in the table below.

	2022	2021
	(in thousands)	
Current lease receivable	**$ 148**	$ 148
Noncurrent lease receivable	**704**	851
Total lease receivable	**$ 852**	$ 999
Lease deferrals	**$ 852**	$ 999
Recognized inflows of resources	**$ 106**	$ -
Fiber lease pass-through receipts	**$ 42**	$ -

Lease receivables are reported in prepayments and other assets for the current portion and other long-term assets for the long-term portion within the statements of net position.

Recognized inflows of resources are reported as other income on the statements of revenues, expenses and changes in net position. Platte River received no variable lease payments in 2022 or 2021. Note 18 outlines the details of the restatement of 2021 for lease accounting.

5. Cash and investments

Platte River invests funds consistent 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 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 by Platte River's general power bond resolution (restricted funds and investments). The fair value of investments, excluding accrued interest of $688,000 and $302,000 as of Dec. 31, 2022 and 2021, respectively, is shown in the following tables.

As of Dec. 31, 2022, Platte River had the following cash and investments and related maturities.

Cash and investment type	Fair value	Investment maturities (in years) Less than 1	1-2	2-3
	(in thousands)			
U.S. Treasuries	$ 166,816	$ 44,999	$ 69,801	$ 52,016
U.S. agencies				
FFCB	12,800	5,879	6,921	-
FHLB	14,664	4,934	6,843	2,887
Total securities	194,280	55,812	83,565	54,903
Certificates of deposit	3,532	3,532	-	-
Cash and money market funds	3,353	3,353	-	-
Local government investment pools	64,601	64,601	-	-
Total cash and investments	$ 265,766	$ 127,298	$ 83,565	$ 54,903

Statement of net position presentation of cash, cash equivalents and investments as of Dec. 31, 2022, is as follows.

	Fair value	Accrued interest	Total
		(in thousands)	
Restricted funds and investments	$ 19,271	$ 67	$ 19,338
Dedicated funds and investments	150,778	480	151,258
Cash and cash equivalents	48,017	-	48,017
Other temporary investments	47,700	141	47,841
Total cash and investments	$ 265,766	$ 688	$ 266,454

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

Cash and investment type	Fair value	Investment maturities (in years) 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 as of Dec. 31, 2021, is as follows.

	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

Fair value is the amount received if an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements 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, 2022.

- U.S. Treasury securities of $166,816,000 are valued using quoted market prices (Level 1 inputs)
- U.S. agency securities of $27,464,000 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, 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, uses two local government investment pools for investment. The two pools are the 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 equals $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, 2022 and 2021, all investments of the defined benefit pension plan had a maturity of less than one year or undefined.

Each year, Platte River measures fair value and determines the level within the fair value hierarchy in which the fair value measurements fall. The following table presents the fair value measurements of the defined benefit pension plan's assets recognized in the accompanying financial statements at Dec. 31, 2022 and 2021.

Dec. 31, 2022	**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	$ 2,031	$ -	$ 2,031	$ -
Fixed income	28,482	28,482	-	-
Domestic equity	37,863	37,863	-	-
International equity	22,946	22,946	-	-
Infrastructure	2,541	2,541	-	-
Natural resources	7,395	7,395	-	-
Real estate funds	2,440	2,440	-	-
Private credit [(1)]	1,252	-	-	1,252
Private equity [(1)]	114	-	-	114
Reinsurance	13	13	-	-
Total investments by fair value level	$ 105,077	$ 101,680	$ 2,031	$ 1,366

[(1)] Fair value as of Sept. 30, 2022.

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	$ -

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 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. These include, but are not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows, all of which 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 Principal Trust Company under a trust agreement and invested in money market funds, bonds, stock portfolios, infrastructure, natural resources, reinsurance funds, private equity, private credit 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	2022	2021
Domestic equities	**37%**	40%
International equities	**18%**	20%
Emerging market equities	**4%**	8%
Fixed income	**12%**	8%
High yield	**14%**	12%
Infrastructure	**2%**	2%
Natural resources	**7%**	7%
Real estate	**2%**	3%
Cash & cash equivalents	**3%**	0%
Private credit	**1%**	0%
Private equity	**0%**	0%
Reinsurance	**0%**	0%

Rate of return

For the years ended Dec. 31, 2022 and 2021, the money-weighted rate of return on defined benefit pension plan investments, net of investment expense, was (10.3%) and 14%, 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, 2022. 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 exchange-traded fund (ETF), a high-yield fixed-income ETF, an inflation-focused ETF and an ultra-short-term fixed-income ETF. 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, 2022, 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 Fitch Ratings. Platte River's investments in the Federal Farm Credit Bank (FFCB) and the 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 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, 2022, the defined benefit pension plan's average credit quality for its core fixed-income and high-yield allocations were AA and B, respectively. The ultra-short fixed-income ETF has an average credit quality of A, while the inflation-focused ETF is 100% securities backed by the U.S. Treasury.

Private credit and private equity risk

The private credit and private equity investments in the defined benefit pension plan are subject to various risk factors resulting from the investment activities of the fund managers and the unique structures of the investments, including market, liquidity and capital risk. Private credit and private equity are diversified, multi-manager private lending investments and subject to market risk. Additionally, the funds report a market value on a quarterly basis – a less frequent measurement that can make using traditional methods to monitor and measure market risk more difficult. As a result of this reporting frequency, the fair value measurement reflected in the financial statements is as of Sept. 30, 2022. The investments are subject to illiquidity risk. The funds' multi-manager structures are designed to help mitigate individual manager or company risk. Other risks include quality of the fund managers, interest rate risk and currency risk.

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, 2022, more than 5% of Platte River's investments were concentrated in FHLB. These investments were 6% 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, 2022 and 2021, the defined benefit pension plan did not identify any investments subject to custodial credit 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 ETFs. For the defined benefit pension plan's international and emerging markets equity allocations, the portfolios invest primarily in foreign denominated securities and typically do 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, 2022, foreign non-dollar allocations for the global natural resources allocation were 63.9%, foreign non-dollar allocations for the global infrastructure allocation were 59.6% and foreign non-dollar allocations for the global real estate allocation were 34.4%. Foreign non-dollar allocations for Stoneridge Reinsurance were less than 1% as of Oct. 31, 2022. The defined benefit pension plan's investments in international and emerging markets equity strategies, as of Dec. 31, 2022 and 2021, were $22.9 million and $33.4 million, respectively.

The defined benefit pension plan's exposure to foreign currency risk in U.S. dollars as of Dec. 31, 2022, is shown in the following table.

Currency	**Total**	**International stocks**	**Fixed income**	**Reinsurance (1)**
		(in thousands)		
Austrailian dollar	$ 1,498	$ 1,375	$ 123	$ -
Bermudian dollar	129	-	129	-
Brazilian real	438	438	-	-
Canadian dollar	4,480	3,478	1,002	-
Caymanian dollar	39	-	39	-
Chilean peso	1	1	-	-
Chinese yuan renminbi	64	64	-	-
Colombian peso	2	-	-	2
Danish krone	547	542	5	-
European euro	5,572	4,553	1,019	-
Hong Kong dollar	2,174	2,174	-	-
Hungarian forint	22	22	-	-
Indian rupee	572	572	-	-
Indonesian rupiah	140	140	-	-
Israeli new shekel	659	659	-	-
Japanese yen	5,005	4,936	69	-
Korean won	146	144	2	-
Kuwaiti dinar	267	267	-	-
Liberian dollar	85	-	85	-
Malaysisan ringgit	254	254	-	-
Mauritius rupee	13	-	13	-
Mexican peso	52	52	-	-
Moroccan dirham	56	56	-	-
New Zealand dollar	80	61	19	-
Norwegian krone	211	211	-	-
Peruvian sol	20	20	-	-
Philippine peso	34	34	-	-
Pound sterling	3,660	3,257	403	-
Qatari riyal	145	145	-	-
Saudi riyal	374	373	1	-
Singapore dollar	1,069	1,069	-	-
South African rand	100	100	-	-
Sweedish krona	142	97	45	-
Swiss franc	2,524	2,484	40	-
Taiwan dollar	634	634	-	-
Thai baht	236	236	-	-
UAE dirham	626	626	-	-
	$ 32,070	$ 29,074	$ 2,994	$ 2

(1) Foreign currency exposure through the reinsurance fund as of Oct. 31, 2022.

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

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

For rate-making purposes, Platte River's board has approved the following policies under GASB 62, paragraphs 476-500.

Additional pension funding expense recognition

Platte River funds its defined benefit pension plan (note 8) 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. A 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

This 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 Statement No. 68, *Accounting and Financial Reporting for Pensions*, 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 expense recognition

Under GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, 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, this 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.

Maintenance outage expense accrual

Under this 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

This board-approved policy allows Platte River's costs for the Windy Gap Firming Project (Chimney Hollow Reservoir), as described in note 11, 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 is expensed monthly as an operations and maintenance expense and not accounted for as debt service.

Change in depreciation method

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

Craig units 1 and 2 decommissioning accrual

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. Decommissioning and closure costs have not been fully determined and no binding obligation exists. 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. This board-approved accounting policy records accretion of estimated decommissioning costs for Craig units 1 and 2 using the budgetary estimate provided by Tri-State. Once a binding obligation exists, Platte River will account for decommissioning costs under GASB 83.

Deferred revenue and expense

This board-approved accounting policy authorizes the general manager/CEO to defer revenues or expenses to reduce rate pressure and achieve rate smoothing as Platte River transitions its portfolio to meet the Resource Diversification Policy goal. Any amount of change in net position above the minimum required to achieve the strategic financial plan targets can be deducted from operating revenues and held on the statement of net position as a regulatory credit, to be recorded as revenue in one or more future periods. Alternatively, any amount of change in net position below the minimum required to achieve the strategic financial plan targets can be deducted from operating expenses and held on the statement of net position as a regulatory asset, to be recorded as expense in one or more future periods.

Regulatory assets and deferred inflows of resources related to regulatory credits as of Dec. 31, 2022, are shown in the tables below.

	Dec. 31, 2021	Additions	Reductions	Dec. 31, 2022
Regulatory assets				
Additional pension funding expense recognition	$ 5,200	$ 1,141	$ (896)	**$ 5,445**
Pension contribution expense recognition	8,688	4,280	(1,278)	**11,690**
Debt issuance expense recognition	646	-	(88)	**558**
Windy Gap Firming Project	111,954	-	(693)	**111,261**
Total regulatory assets	$ 126,488	$ 5,421	$ (2,955)	**$ 128,954**
Deferred inflows of resources				
Regulatory credits				
Maintenance outage expense accrual	$ 324	$ 3,516	$ -	**$ 3,840**
Pension contribution expense recognition	6,191	-	(467)	**5,724**
Change in depreciation method	50,200	-	(6,887)	**43,313**
Craig units 1 and 2 decommissioning accrual	-	1,331	-	**1,331**
Deferred revenue and expense	-	21,602	-	**21,602**
Total regulatory credits	$ 56,715	$ 26,449	$ (7,354)	**$ 75,810**

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 expense recognition	$ 4,907	$ 1,074	$ (781)	5,200
Pension contribution expense recognition	9,967	-	(1,279)	8,688
Debt issuance expense recognition	743	-	(97)	646
Windy Gap Firming Project	19,768	92,475	(289)	111,954
Total regulatory assets	$ 35,385	$ 93,549	$ (2,446)	$ 126,488
Deferred inflows of resources				
Regulatory credits				
Maintenance outage expense accrual	$ 9,743	$ 3,843	$ (13,262)	$ 324
Pension contribution expense recognition	4,416	1,902	(127)	6,191
Change in depreciation method	55,805	-	(5,605)	50,200
Total regulatory credits	$ 69,964	$ 5,745	$ (18,994)	$ 56,715

7. Long-term debt

Long-term debt outstanding as of Dec. 31, 2022 and 2021, consists of the following.

	Interest rate	2022	2021
		(in thousands)	
Power revenue bonds (all serial bonds)			
Series II matured 6/1/2022	4%	**$ -**	$ 720
Series JJ maturing 6/1/2036	3.5%–5%	**113,490**	124,125
Taxable Series KK maturing 6/1/2037	1%-1.9%	**24,595**	24,900
		138,085	149,745
Unamortized bond premium [1]		**11,938**	14,552
Total revenue bonds outstanding		**150,023**	164,297
Less: due within one year		**(12,215)**	(11,660)
Total long-term debt, net		**$ 137,808**	$ 152,637

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

The final payment for Series II was made in June. The outstanding balance of 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, 2022 and 2021, is as follows.

	2022	2021
	(in thousands)	
Interest	**$ 5,803**	$ 6,359
Amortization of bond related costs	**(1,640)**	(1,831)
Total interest expense	**$ 4,163**	$ 4,528

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 2022 for 2023 payment	$ 7,126	$ 464	$ 7,590
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	14,898	2,826	17,724
2028-2032	37,928	7,497	45,425
2033-2037	24,395	2,008	26,403
	$ 138,085	$ 30,142	$ 168,227

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 equal to at least 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, 2022 and 2021, were $19,546,000 and $20,176,000, 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, 2022 and 2021.

	2022	2021
	(in thousands)	
Bond service coverage		
Net revenues		
Operating revenues	**$ 271,794**	$ 265,378
Operating expenses, excluding depreciation, amortization and accretion	**221,816**	191,166
Net operating revenues	**49,978**	74,212
Plus interest and other income [1]	**3,326**	2,278
Net revenues before rate stabilization	**53,304**	76,490
Rate stabilization		
Deposits	**-**	-
Withdrawals	**-**	-
Total net revenues	**$ 53,304**	$ 76,490
Bond service		
Power revenue bonds	**$ 17,787**	$ 17,996
Bond service coverage ratio	**3.00**	4.25

[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, 2022 and 2021.

Deferred outflows of resources related to debt

As of Dec. 31, 2022 and 2021, deferred outflows related to debt consisted of the unamortized deferred loss on debt refundings of $3,075,000 and $3,974,000, respectively.

Deferred inflows of resources related to debt

As of Dec. 31, 2022 and 2021, deferred inflows related to debt consisted of the unamortized deferred gain on debt refundings of $126,000 and $140,000, respectively.

8. 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 on 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 terminates 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 or lump sum payment 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.

	2022	2021
Retirees and beneficiaries currently receiving benefits	**180**	175
Terminated vested employees not yet receiving benefits	**47**	50
Active plan participants	**77**	83
Total participants	**304**	308

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, 2022 and 2021, are as follows.

	2022	2021
	(in thousands)	
Base contribution	**$ 3,192**	$ 3,495
Additional funding	**1,141**	1,074
Total contributions	**$ 4,333**	$ 4,569

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.

Net pension liability

The net pension liability was measured and determined by actuarial valuations as of Dec. 31, 2022 and 2021, respectively. The components of the net pension liability were as follows.

	2022	2021
	(in thousands)	
Total pension liability	**$ 135,605**	$ 129,287
Plan fiduciary net position	**105,085**	121,517
Platte River's net pension liability	**$ 30,520**	$ 7,770
Plan fiduciary net position as a percentage of the total pension liability	**77.49%**	93.99%

Actuarial assumptions

Total pension liability for the years ended Dec. 31, 2022 and 2021, 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.

	2022	2021
Salary increases, next calendar period, all ages	**7%**	4%
Salary increases, all future periods, age <51	**4%**	4%
Salary increases, all future periods, age 51-55	**3%**	4%
Salary increases, all future periods, age 56-65	**3%**	3%
Salary increases, all future periods, age 66+	**2%**	2%
Investment rate of return	**7.5%**	7.5%
Cost of living	**1.5%**	1.5%

Mortality rates for the years ended Dec. 31, 2022 and 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.

The actuarial assumption for the long-term expected rate of return on 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, 2022 and 2021, are summarized in the following table.

	Target allocation		Long-term expected rate of return	
Asset class	Dec. 31, 2022	Dec. 31, 2021	2022	2021
Domestic equities	**33%**	36%	**7.1%**	6.8%
International equities	**16%**	18%	**7.0%**	6.7%
Emerging market equities	**7%**	8%	**7.2%**	7.1%
Core fixed income	**15%**	17%	**3.1%**	2.9%
Inflation protection	**2%**	2%	**3.3%**	2.6%
High yield	**7%**	8%	**5.4%**	4.8%
Infrastructure	**2%**	3%	**7.1%**	7.1%
Natural resources	**5%**	5%	**6.9%**	6.5%
Real estate	**2%**	2%	**9.4%**	9.2%
Private credit	**4%**	n/a	**9.2%**	n/a
Private equity	**6%**	n/a	**10.0%**	n/a
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, 2022 and 2021. 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.

Changes in net pension liability

Changes in net pension liability for the year ended Dec. 31, 2022, were as follows.

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
		(in thousands)	
Balances at Dec. 31, 2021	$ 129,287	$ 121,517	$ 7,770
Changes for the year			
Service cost	1,055	-	1,055
Interest	9,459	-	9,459
Changes of benefit terms	-	-	-
Differences between expected and actual experience	4,254	-	4,254
Employer contributions	-	4,333	(4,333)
Net investment loss	-	(12,315)	12,315
Benefit payments	(8,450)	(8,450)	-
Changes of assumptions	-	-	-
Net changes	6,318	(16,432)	22,750
Balances at Dec. 31, 2022	**$ 135,605**	**$ 105,085**	**$ 30,520**

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

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

Net pension liability at Dec. 31, 2022, 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 2022
		(in thousands)
1% decrease	6.5%	**$ 44,184**
Current discount rate	7.5%	**30,520**
1% increase	8.5%	**18,833**

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 (note 6).

For the years ended Dec. 31, 2022 and 2021, Platte River recognized pension expense as follows.

	2022	2021
	(in thousands)	
Base contribution	**$ 3,192**	$ 3,495
Additional pension expense amortization (note 6)	**896**	781
Pension contribution expense recognition amortization (note 6)	**811**	1,152
Total pension expense	**$ 4,899**	$ 5,428

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

At Dec. 31, 2022 and 2021, 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, 2022	**Deferred outflows of resources**	**Deferred inflows of resources**
	(in thousands)	
Differences between expected and actual experience	$ 2,851	$ -
Changes of assumptions	-	287
Net difference between projected and actual earnings on investments	11,998	-
Total	**$ 14,849**	**$ 287**

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan as of Dec. 31, 2022, will be recognized as a component of pension expense as follows.

Year ending Dec. 31	
(in thousands)	
2023	$ 4,271
2024	3,196
2025	2,840
2026	4,255
2027	-
Total	$ 14,562

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 can be estimated.

Asset retirement obligation activity for the year ended Dec. 31, 2022, was as follows.

	Dec. 31, 2021	**Additions**	**Reductions**	**Dec. 31, 2022**	**Due within one year**
			(in thousands)		
Deferred outflows of resources	$ 22,447	$ 5,069	$ (2,200)	**$ 25,316**	$ -
Liabilities	29,255	5,069	(1,038)	**33,286**	1,547

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

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 the 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, 2022 and 2021, are shown in the table below.

	2022	**2021**
	(in thousands)	
Deferred outflows of resources	**$ 14,416**	$ 14,172
Noncurrent liability	**16,403**	15,741

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 used for the generation of electric power and energy and associated purposes include nine phosphorous removal ponds, one retention pond and a fire training pond. 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. Impoundments are therefore 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, 2022 and 2021, are shown in the table below.

	2022	**2021**
	(in thousands)	
Deferred outflows of resources	**$ 4,581**	$ 4,655
Noncurrent liability	**6,708**	6,166

Craig Generating Station impoundments

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 interests 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, which is being accreted to a future cashflow estimate and does not currently represent the full liability. 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. Beginning in 2022, the asset retirement obligation increased due to including an estimate for post closure monitoring of the ponds and cost estimate updates. 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, 2022 and 2021, is shown in the table below.

	2022	**2021**
	(in thousands)	
Total member liability	**$ 29,787**	$ 16,099
Platte River's % share	**12%**	12%
Platte River's deferred outflows of resources	**$ 2,830**	$ 1,394
Platte River's noncurrent liability	**$ 3,575**	$ 1,932

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 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. 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 pays and charges against the liability.

Platte River's share of the liability and associated deferred outflows of resources as of Dec. 31, 2022 and 2021, is shown in the table below.

	2022	**2021**
	(in thousands)	
Total member liability	**$ 28,582**	$ 22,279
Platte River's % share	**26.72%**	25.43%
Platte River's deferred outflows of resources	**$ 3,489**	$ 2,226
Platte River's gross liability	**$ 7,639**	$ 5,666
Less: reclamation costs incurred	**(1,039)**	(250)
Platte River's net liability	**$ 6,600**	$ 5,416
Less: current liability	**(1,547)**	(1,706)
Noncurrent liability	**$ 5,053**	$ 3,710

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 to replace sections of its transmission lines, if necessary, and not retire the entire system. Therefore, an asset retirement obligation related to these easements cannot be reasonably estimated.

---

10. Noncurrent liabilities

Noncurrent liability activity for the year ended Dec. 31, 2022, was as follows.

	Dec. 31, 2021 restated	**Additions**	**Reductions**	**Dec. 31, 2022**	**Due within one year**
			(in thousands)		
Long-term debt, net	$ 164,297	$ -	$ (14,274)	**$ 150,023**	$ 12,215
Other liabilities and credits					
Compensated absences	6,197	981	(413)	**6,765**	586
Fiber lease advances	455	-	(61)	**394**	46
Yampa employee obligation	380	-	(89)	**291**	-
Disposal facility closure costs	212	120	-	**332**	-
Lease liabilities	134	-	(14)	**120**	9
Total other liabilities and credits	7,378	1,101	(577)	**7,902**	641
Total noncurrent liabilities	$ 171,675	$ 1,101	$ (14,851)	**$ 157,925**	$ 12,856

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

	Dec. 31, 2020	**Additions**	**Reductions**	**Dec. 31, 2021 restated**	**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
Fiber lease advances	521	-	(66)	455	61
Yampa employee obligation	418	-	(38)	380	-
Disposal facility closure costs	205	7	-	212	-
Lease liabilities	-	134	-	134	14
Total other liabilities and credits	7,131	1,172	(925)	7,378	667
Total noncurrent liabilities	$ 185,484	$ 1,172	$ (14,981)	$ 171,675	$ 12,327

Calendar year totals for expected lease liability principal and interest payments are shown in the following table.

Year ending Dec. 31	**Principal**	**Interest**	**Total**
		(in thousands)	
2023	$ 9	$ 4	$ 13
2024	9	4	13
2025	10	3	13
2026	10	3	13
2027	10	3	13
2028-2032	59	11	70
2033	13	-	13
	$ 120	$ 28	$ 148

11. 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 fill. 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 complete, 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 6 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.

		Dec. 31,	
	Interest rate	**2022**	**2021**
		(in thousands)	
Windy Gap Firming Project obligations			
Pooled financing senior debt maturing 7/15/2051	4%–5%	**$ 61,046**	$ 61,046
Pooled financing subordinate debt maturing 8/1/2055	2.08%	**32,360**	32,360
Settlement liability	n/a	**1,778**	2,667
		95,184	96,073
Less: due within one year		**-**	(889)
Total long-term obligations, net		**$ 95,184**	$ 95,184

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

	2022	**2021**
	(in thousands)	
Interest	**$ 2,888**	$ 1,051
Principal	**-**	-
Total operations and maintenance expenses relating to the pooled financing	**$ 2,888**	$ 1,051

Estimated calendar year totals for pooled financing payments under the agreement are as follows. These could change 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)		
2023	$ -	$ 2,888	$ 2,888
2024	-	2,888	2,888
2025	-	2,888	2,888
2026	2,935	3,562	6,497
2027	3,061	3,437	6,498
2028-2032	17,364	15,120	32,484
2033-2037	21,445	11,040	32,485
2038-2042	22,089	6,111	28,200
2043-2047	8,420	2,646	11,066
2048-2052	9,039	1,273	10,312
2053-2055	4,206	176	4,382
	$ 88,559	$ 52,029	$ 140,588

[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 estimated to be payable in 2024 and 2025.

At Dec. 31, 2022 and 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 are not included in total other long-term obligations.

At Dec. 31, 2022, other long-term assets also include liquidity fund deposits of $305,000 which are held for use if another participant defaults. When the pooled financing is fully repaid, liquidity funds are expected to be returned to Platte River.

12. Net investment in capital assets

Net investment in capital assets consists of the following as of Dec. 31, 2022 and 2021.

	2022	2021 restated
	(in thousands)	
Electric utility plant	**$ 572,697**	$ 589,322
Windy Gap Firming Project storage rights	**111,261**	111,954
Other long-term assets relating to capital assets	**5,153**	4,848
Deferred loss on debt refundings	**3,075**	3,974
Debt issuance costs	**558**	646
Lease liabilities	**(120)**	(134)
Deferred gain on debt refundings	**(126)**	(140)
Accounts payable incurred for capital assets	**(3,493)**	(1,581)
Deferred gains and losses on capital retirements	**(43,313)**	(50,200)
Other long-term obligations	**(95,184)**	(96,073)
Long-term debt, net	**(150,023)**	(164,297)
Net investment in capital assets	**$ 400,485**	$ 398,319

13. Defined contribution plan

Effective Sept. 1, 2010, the board established the Platte River Power Authority defined contribution plan (in accordance with Internal Revenue Code Section 401(a)) for all regular employees hired on or after that date. As of Dec. 31, 2022, there were 195 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, 2022 and 2021, Platte River contributions to the 401(a) plan, which were recognized as expenses, were $1,707,000 and $1,441,000, 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.

Changes in the balance of the medical claims liability during 2022, 2021 and 2020 were as follows.

	2022	2021 *(in thousands)*	2020
Medical claims liability, beginning of year	$ **493**	$ 552	$ 642
Current year claims and changes in estimates	**5,058**	3,577	3,815
Claim payments	**(4,551)**	(3,636)	(3,905)
Medical claims liability, end of year	$ **1,000**	$ 493	$ 552

15. Related-party transactions

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. The Loveland Area Projects contract continues through Sept. 30, 2054. The contract rates and the amount of energy available are subject to change. During 2022, Platte River paid $14,916,000 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 2022, Platte River's coal purchases totaled $16,948,000 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. During 2022, Platte River paid $32,042,000 for coal delivered under these agreements.

Platte River has committed to purchase Renewable Energy Certificates (RECs) annually through 2024, with future payments of $1,075,000. During 2022, 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 2022, Platte River paid $27,061,000 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 2022, Platte River received $696,000 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 2022, Platte River received $4,405,000 under this agreement.

Platte River has agreements to purchase renewable solar energy output of 30 megawatts through 2041 from the Rawhide Flats Solar photovoltaic power plant (located at the Rawhide Energy Station) and 22 megawatts through 2041 from the Rawhide Prairie Solar photovoltaic power plant (also located at the Rawhide Energy Station). A two megawatt-hour battery energy storage project is fully integrated with Rawhide Prairie Solar. During 2022, Platte River paid $5,156,000 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 2022, Platte River received $4,785,000 under this agreement.

Platte River has entered into a long-term agreement with a third party to sell 65 megawatts of capacity from combustion turbine units A-D through Apr. 30, 2025. The agreement also calls for energy, maintenance and start charges when the capacity option is called. During 2022, Platte River received $7,643,000 under this agreement.

17. Risks, uncertainties and contingencies

In the ordinary course of business, Platte River may be affected by various legal matters and is subject to legislative, administrative and regulatory requirements that govern operations and environmental compliance. Although Platte River cannot predict the outcomes of these matters, 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 and lower-cost 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. In 2022, Platte River submitted a voluntary clean energy plan under H.B. 19-1261 and S.B. 19-236 showing Platte River's path to reduce its carbon emissions 80% by 2030 (compared to 2005 levels). In 2023, S.B. 23-198 was introduced which, if adopted, would create an additional target for electric utilities of 46% reduction from 2005 levels by 2027.

Investments of the defined benefit pension plan are subject to various risks, such as interest rate, credit, foreign currency, reinsurance funds, illiquidity, quality of fund managers 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 these 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 assumptions about interest rates, inflation rates and employee demographics, all of which could 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 potential losses from torts. Platte River carries fiduciary liability insurance coverage for these types of claims. There have been no significant decreases in insurance coverage.

Platte River's defined benefit pension plan portfolio includes allocations to various asset classes with volatile prices. Due to market conditions, the lump sum distribution option from the defined benefit pension plan was suspended in 2022.

Economic uncertainties continue to exist that may negatively affect Platte River's financial position, results of operations and cash flows. The duration and future 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.

18. Change in accounting principle

In 2022, Platte River recognized the effect of a change in accounting principle for implementation of GASB Statement No. 87, *Leases,* to reflect the initial recording for lessee and lessor accounting, as described in notes 4 and 10, of amortizable lease assets included in electric utility plant and related amortization expense, lease receivables, lease liabilities and lease deferrals. This resulted in a restatement of the following Dec. 31, 2021, financial statement line items. Changes to operations and maintenance expense, amortization expense, interest expense and principal payments were considered negligible and not restated.

Year ended Dec. 31, 2021	**Previously reported**	**Restated**	**Increase (decrease)**
		(in thousands)	
Statement of net position			
Electric utility plant, at original cost	$ 1,443,264	$ 1,443,398	$ 134
Current assets			
Prepayments and other assets	1,391	1,539	148
Noncurrent assets			
Other long-term assets	5,334	6,185	851
Noncurrent liabilities			
Other liabilities and credits	6,591	6,711	120
Current liabilities			
Accrued liabilities and other	3,349	3,363	14
Deferred inflows of resources			
Lease deferrals	-	999	999
Statement of cash flows			
Noncash capital and related financing activities			
Additions of electric utility plant through leasing	$ -	$ 134	$ 134

Platte River Power Authority
Defined benefit pension plan
Required supplementary information *(unaudited)*
Schedule of changes in net pension liability and related ratios

(in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	**$ 1,055**	$ 1,216	$ 1,364	$ 1,575	$ 1,535	$ 1,616	$ 1,728	$ 1,839	$ 1,885	$ 1,949
Interest	**9,459**	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	**4,254**	3,017	970	704	2,088	1,175	(620)	931	(180)	86
Changes of assumptions	**-**	(1,353)	-	-	-	-	-	3,661	(574)	(726)
Benefit payments	**(8,450)**	(11,199)	(8,144)	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)	(3,886)
Net change in total pension liability	**6,318**	827	3,369	1,442	4,947	4,851	3,866	11,861	4,187	4,293
Total pension liability–beginning	**129,287**	128,460	125,091	123,649	118,702	113,851	109,985	98,124	93,937	89,644
Total pension liability–ending (a)	**$ 135,605**	$ 129,287	$ 128,460	$ 125,091	$ 123,649	$ 118,702	$ 113,851	$ 109,985	$ 98,124	$ 93,937
Plan fiduciary net position										
Contributions – employer	**$ 4,333**	$ 4,569	$ 7,593	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905	$ 4,544
Net investment income	**(12,315)**	15,291	6,995	13,044	(3,179)	11,289	7,476	(624)	4,658	12,011
Benefit payments	**(8,450)**	(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	**(16,432)**	8,661	6,444	6,834	(6,017)	11,148	4,970	(1,954)	4,276	12,669
Plan fiduciary net position–beginning	**121,517**	112,856	106,412	99,578	105,595	94,447	89,477	91,431	87,155	74,486
Plan fiduciary net position–ending (b)	**$ 105,085**	$ 121,517	$ 112,856	$ 106,412	$ 99,578	$ 105,595	$ 94,447	$ 89,477	$ 91,431	$ 87,155
Net pension liability–ending (a) – (b)	**$ 30,520**	$ 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	**77.49%**	93.99%	87.85%	85.07%	80.53%	88.96%	82.96%	81.35%	93.18%	92.78%
Estimated covered payroll	**$ 12,154**	$ 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	**251.10%**	62.15%	115.67%	125.29%	157.43%	80.83%	114.99%	118.51%	37.28%	36.43%

Platte River Power Authority
Defined benefit pension plan
Required supplementary information *(unaudited)*
Schedule of employer contributions

(in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	**$ 4,333**	$ 4,569	$ 7,593	$ 3,649	$ 4,578	$ 6,220	$ 2,912	$ 3,302	$ 3,905	$ 4,544
Contribution in relation to the actuarially determined contribution	**4,333**	4,569	7,593	3,649	4,578	6,220	2,912	3,302	3,905	4,544
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated covered payroll	**$12,154**	$12,502	$13,490	$14,909	$15,290	$16,215	$16,874	$17,305	$17,951	$18,614
Contributions as a percentage of covered payroll	**35.65%**	36.55%	56.29%	24.48%	29.94%	38.36%	17.26%	19.08%	21.75%	24.41%

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	2.8%, 10 year average
Increases in retiree benefits – in payment	If benefits commenced prior to 1/1/92, 2.25% for 2015-2022 and 3% for 2013-2014. If benefits commenced after 12/31/1991, 1.5% for 2015–2022 and 2% for 2013-2014.
Investment rate of return	7.5% for 2016 - 2022; 8% for 2013 – 2015

Platte River Power Authority
Defined benefit pension plan
Required supplementary information *(unaudited)*
Schedule of investment returns

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	**(10.3%)**	14.0%	6.6%	13.5%	(3.1%)	12%	8.5%	(0.7%)	5.4%	16.1%

Platte River Power Authority
Supplementary information *(unaudited)*
Budgetary comparison schedule

	Year ended Dec. 31, 2022		
	Budget [1]	**Actual**	Variance
		(in thousands)	
Revenues			
Operating revenues			
Sales to owner communities	$ 208,017	**$ 212,319**	$ 4,302
Sales for resale and other	54,174	**81,077**	26,903
Total operating revenues	262,191	**293,396**	31,205
Other revenues			
Interest income[2]	608	**2,897**	2,289
Other income	371	**429**	58
Total other revenues	979	**3,326**	2,347
Total revenues	$ 263,170	**$ 296,722**	$ 33,552
Expenditures			
Operating expenses[3]			
Purchased power	$ 57,733	**$ 53,379**	$ 4,354
Fuel	56,111	**66,456**	(10,345)
Production	50,386	**48,916**	1,470
Transmission	18,634	**18,536**	98
Administrative and general	26,020	**25,562**	458
Distributed energy resources	12,378	**8,413**	3,965
Total operating expenses	221,262	**221,262**	-
Capital additions			
Production	19,555	**11,290**	8,265
Transmission	15,115	**5,708**	9,407
General	9,786	**7,104**	2,682
Total capital additions	44,456	**24,102**	20,354
Debt service expenditures[4]			
Principal	11,984	**11,984**	-
Interest expense	5,803	**5,803**	-
Total debt service expenditures	17,787	**17,787**	-
Total expenditures	$ 283,505	**$ 263,151**	$ 20,354
Contingency appropriation	6,878	**-**	6,878
Total expenditures and contingency	$ 290,383	**$ 263,151**	$ 27,232
Revenues less expenditures and contingency	$ (27,213)	**$ 33,571**	$ 60,784

[1] Reflects transfers of budget appropriated funds from contingency appropriation to operating expenses and capital additions, $11,585,000 for operating expenses and $5,537,000 for capital additions.

[2] Interest income excludes unrealized investment holding gains and losses.

[3] Operating expenses do not include depreciation and other nonappropriated expenses.

[4] Debt service expenditures represent monthly principal and interest funding.

Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

WWW.PRPA.ORG

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Sarah Leonard, general counsel
Eddie Gutiérrez, chief strategy officer
Libby Clark, director of human resources and safety

Subject: **Proposed employee total compensation policy update**

As Platte River strives to work toward the board-approved Resource Diversification Policy and adapts to a rapidly changing industry, it will need to continuously review and update its employee compensation practices to attract and retain highly capable employees at all levels.

A brief presentation will be provided for informational purposes at the April board meeting.

Staff recommends the board discuss and consider updating the employee total compensation policy to provide more flexibility to address evolving employee needs and expectations. The April 2023 board meeting packet includes a copy of the current employee total compensation policy with suggested updates for board consideration.

Attachments

- Current employee total compensation policy with suggested revisions shown in redline
- Clean version of employee compensation policy including suggested revisions

Platte River Power Authority	Policy	Version #: 2.1 Original effective date: 3/28/2013 Next review date: 09/01/2021
	TITLE: Employee Total Compensation Policy	Page 1 of 3

Purpose:

The purpose of this policy is to ~~establish guidelines and parameters within which~~ provide high-level guidance to Platte River Power Authority ~~can implement~~ as it establishes and implements employee total compensation practices and procedures. This policy applies to the full range of total compensation program elements to include establishing competitive pay structures, determining annual adjustments, recognizing employee growth and development, and recognizing employee performance, as well as the development and implementation of competitive health care, benefit and leave programs. The board of directors is committed to providing pay and benefits sufficient to attract and retain qualified employees with the right skills, knowledge and abilities to carry out Platte River's mission ~~while maintaining a mid-market total compensation cost target~~.

Policy:

Platte River provides a total compensation package and pay plan competitive with the external market in which it competes ~~and which supports the~~ to support its established business goals. The board recognizes that Platte River's ability to successfully carry out its stated mission ~~is dependent upon~~ depends on its people, and therefore ~~has established~~ supports a policy to ~~that~~ ensure~~s~~ fair, equitable, and competitive pay and benefits for Platte River employees. Platte River is committed to ensuring pay and benefit programs, procedures and practices are applied in a non-discriminatory manner.

Platte River regularly reviews the market to determine appropriate comparisons consistent with the job duties, level of work and geographical recruiting market. The market may vary for each position taking into consideration factors such as the location and industry from which employees are recruited or lost. ~~Typical markets will include:~~

- ~~Local and Colorado data for non-exempt office or field-based positions.~~
- ~~Local and regional utility data for non-exempt journey level craft and plant positions.~~
- ~~Local, regional, and national data for professional and management positions, including both general industry and utility data where appropriate.~~

The methodology for evaluating competitive pay alignment should include comprehensive ~~annual~~ routine market pricing and periodic benchmarking as the primary factor, where data is available, balanced with internal relationship factors. Pay ranges ~~are anchored to the actual average pay within the designated market using weighted average or 50th percentile data~~ should reflect evolving workforce needs and ~~may include progression above market for some jobs~~ expectations, as ~~a result of~~ well as the complexity and unique nature of positions at Platte River as applicable.

Platte River Power Authority	**Policy**	Version #: 2.1 Original effective date: 3/28/2013 Next review date: 09/01/2021
	TITLE: Employee Total Compensation Policy	Page 2 of 3

Employees may be hired into a salary range taking into consideration their education and experience. Progression through a salary range may occur as employees become more proficient in their jobs and demonstrate the required knowledge, skills and abilities.

Incentive or other performance-based pay programs ~~must~~ should be tied to business goals and objectives and ~~be reasonably consistent with the utility industry~~ other considerations relevant to Platte River's ability to carry out its mission.

~~Benefits will be reviewed on an annual basis within the utility industry, regional employers, and Platte River's municipal owners~~Platte River should review its benefits periodically to ensure they remain competitive and ~~are neither the highest nor the lowest within the markets surveyed~~ support Platte River's ability to carry out its mission.

The board delegates the review of individual market data, development of a job classification system, salary ranges for each job, pay progression practices, incentive or performance based programs, overall benefit package design, and development of internal procedures for carrying out this policy to the general manager. The general manager assures that salary surveys are conducted ~~each year~~ at appropriate intervals and approves all ~~individual~~ changes to pay ~~adjustments~~ ranges or compensation philosophy.

Estimated compensation expenditures and staffing levels are approved by the board as part of its annual budget review and approval process.

Implementing parties and assigned responsibilities:

The general manager is assigned responsibility for carrying out this policy.

Associated items (if applicable):

Definitions (if applicable):

Platte River Power Authority	Policy	Version #: 2.1 Original effective date: 3/28/2013 Next review date: 09/01/2021
	TITLE: Employee Total Compensation Policy	Page 3 of 3

Document owner:	**Original effective date:**
Authority:	**Review frequency:**
Counsel review:	**Current effective date:**

Version	Date	Action	Author	Change Tracking (new, review, revision)

Platte River Power Authority	Policy	Version #: 2.1 Original effective date: 3/28/2013 Next review date: 09/01/2021
	TITLE: Employee Total Compensation Policy	Page 1 of 3

Purpose:

The purpose of this policy is to provide high-level guidance to Platte River Power Authority as it establishes and implements employee total compensation practices and procedures. This policy applies to the full range of total compensation program elements to include establishing competitive pay structures, determining annual adjustments, recognizing employee growth and development, and recognizing employee performance, as well as the development and implementation of competitive health care, benefit and leave programs. The board of directors is committed to providing pay and benefits sufficient to attract and retain qualified employees with the right skills, knowledge and abilities to carry out Platte River's mission.

Policy:

Platte River provides a total compensation package and pay plan competitive with the external market in which it competes to support its established business goals. The board recognizes that Platte River's ability to successfully carry out its stated mission depends on its people, and therefore supports a policy to ensure fair, equitable, and competitive pay and benefits for Platte River employees. Platte River is committed to ensuring pay and benefit programs, procedures and practices are applied in a non-discriminatory manner.

Platte River regularly reviews the market to determine appropriate comparisons consistent with the job duties, level of work and geographical recruiting market. The market may vary for each position taking into consideration factors such as the location and industry from which employees are recruited or lost.

The methodology for evaluating competitive pay alignment should include comprehensive routine market pricing and periodic benchmarking as the primary factor, where data is available, balanced with internal relationship factors. Pay ranges should reflect evolving workforce needs and expectations, as well as the complexity and unique nature of positions at Platte River as applicable.

Employees may be hired into a salary range taking into consideration their education and experience. Progression through a salary range may occur as employees become more proficient in their jobs and demonstrate the required knowledge, skills and abilities.

Incentive or other performance-based pay programs should be tied to business goals and objectives and other considerations relevant to Platte River's ability to carry out its mission.

Platte River should review its benefits periodically to ensure they remain competitive and support Platte River's ability to carry out its mission.

The board delegates the review of individual market data, development of a job classification system, salary ranges for each job, pay progression practices, incentive or performance based programs, overall benefit package design, and development of internal procedures for carrying out this policy to the general manager. The general manager assures that salary surveys are conducted at appropriate intervals and approves all changes to pay ranges or compensation philosophy.

Estimated compensation expenditures and staffing levels are approved by the board as part of its annual budget review and approval process.

Implementing parties and assigned responsibilities:

The general manager is assigned responsibility for carrying out this policy.

Associated items (if applicable):

Definitions (if applicable):

Discussion draft – NOT APPROVED

Platte River Power Authority	Policy	Version #: 2.1 Original effective date: 3/28/2013 Next review date: 09/01/2021
	TITLE: Employee Total Compensation Policy	Page 3 of 3

Document owner:	**Original effective date:**
Authority:	**Review frequency:**
Counsel review:	**Current effective date:**

Version	Date	Action	Author	Change Tracking (new, review, revision)

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Eddie Gutiérrez, chief strategy officer
Libby Clark, director of human resources and safety

Subject: **Gainsharing program**

Since 1998, Platte River's gainsharing program has complemented our overall total rewards philosophy. The program is designed to maintain focus on Platte River's strategic initiatives, business objectives and goals, promote fiscal responsibility and provide an incentive to exceed operational and financial goals and targets.

Gainsharing results are shared quarterly during the monthly all-employee business meeting, which generates ownership of the results by all employees. If there are realized financial and operational benefits, Platte River employees will have an opportunity to share in the results. The total potential employee share of earnings will equal 50% of quarterly net revenues above budget up to $1,250 per eligible employee each quarter.

Platte River must meet the following criteria to qualify for a gainshare payout:

Compliance

- No unexcused environmental violations
- No North American Electric Reliability Corporation compliance violations resulting in a financial penalty (excluding self-reported violations)

Financial integrity

- Net revenues must be above budget for the quarter
- Strategic plan financial targets of net income and fixed obligation charge coverage have been met for the last twelve months

Operations excellence

- No Rawhide Unit 1 controllable trips offline due to a Platte River error
- No controllable loss of customer communications connectivity

- No controllable loss of load to any owner community or interconnected utility
- Rawhide units must achieve the following metrics for the quarter:
    - 97% or greater adjusted equivalent availability for Unit 1
    - 90% or greater delivery reliability for CT units collectively

The focus for 2023 is to continue to evaluate and modernize our total rewards offerings including gainshare. Updates to the gainsharing program will focus on ensuring the key criteria for achieving gainshare align with our future goals.

A cross-functional team will be assembled to identify and create key measurable objectives in areas such as distributed energy resources, organized markets, and our diversified portfolio strategy while maintaining Platte River's mission to safely provide reliable, environmentally responsible, and financially sustainable energy and services to our owner communities. Aligning our gainsharing program with our mission and future goals will encourage employees to strive for excellence in all aspects of their daily work.

Attachments

- Gainsharing 2023 flyer

Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Gainsharing program

GOALS: Compliance | Financial integrity | Operational excellence

Up to $1,250 each quarter

Platte River's mission, while driving utility innovation, is to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities of Estes Park, Fort Collins, Longmont and Loveland. The goals of the gainsharing program are aligned with this mission and encourage employees to strive for excellence in all aspects of their daily work.

If there are realized financial benefits in comparison to the approved budget, Platte River employees will have an opportunity to share in the results. The total potential employee share of earnings will equal 50% of quarterly net revenues above budget up to $1,250 per eligible employee each quarter. Eligible employees will receive a lump sum payment; Platte River will benefit from stronger financial and operating results.

Platte River's gainsharing program is designed to:

- Maintain a focus on Platte River's strategic initiatives, business objectives and goals
- Provide an incentive to exceed operational and financial goals and targets
- Promote fiscal responsibility

Here's how it works

The gainsharing program will be calculated on a quarterly basis. Payouts will be determined by comparing the budgeted net revenues with the actual net revenues in each quarter. When net revenues exceed budget and other criteria are met, employees will be eligible to receive a gainsharing payout. Employees will share 50% of the total quarterly net revenues above budget, up to $1,250 per eligible employee each quarter.

All of the following criteria must be met in order to qualify for an award:

Compliance

- No unexcused environmental violations
- No NERC compliance violations resulting in a financial penalty (excluding self-reported violations)

Financial integrity

- Net revenues must be above budget for the quarter
- Strategic plan financial targets of net income and fixed obligation charge coverage have been met for the last twelve months

Operational excellence

- No Rawhide Unit 1 controllable trips off line due to a Platte River error
- No controllable loss of customer communications connectivity
- No controllable loss of load to any owner community or interconnected utility
- Rawhide units must achieve the following metrics for the quarter:
    - 97% or greater adjusted equivalent availability for Unit 1
    - 90% or greater delivery reliability for CT units collectively

The general manager/CEO retains ultimate authority to eliminate, modify or payout gainsharing payouts due to other relevant factors.

Eligibility

- All regular employees, other than the senior leadership team and director leadership team, are eligible to receive a gainsharing program award each quarter.
- Employees must have been hired and actively working by the first business day of the quarter, and must be employed by Platte River on the last business day of the quarter in order to receive an award.
- Any employee who is involuntarily separated from employment by Platte River is not eligible.
- As long as the other eligibility requirements are met, approved leaves at any point during the quarter do not reduce the opportunity for gainshare payout.
- Payments will be made following the close of each quarter, typically April, July, and October and January.
- Any distribution under this program will be subject to withholding and other payroll taxes.

All necessary wage adjustments per Fair Labor Standards Act (FLSA) will be calculated and paid at the time of the gainshare payout.

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operating officer

Subject: **Organized markets update**

Platte River transitioned to the Southwest Power Pool (SPP) Western Energy Imbalance Service (WEIS) at 11PM Mountain Time on March 31, 2023. Staff will review the projects that led to a successful transition and share preliminary results from initial operations in the market. An update will also be provided regarding the SPP Regional Transmission Organization West, scheduled to begin operations in April 2026.

This presentation is for informational purposes only and no board action will be requested.

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

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

Subject: Ensuring reliability with the integration of renewable energy

---

Managing reliability with the integration of renewable sources requires a strategic approach that considers the variability of renewable energy sources and their impact on the grid. To ensure energy reliability, it is important to have a diversified portfolio of energy sources that includes a mix of renewables and dispatchable generation.

One of the key strategies for managing energy reliability with renewable sources is energy storage. Battery storage systems can be used to store excess renewable energy during periods of high production and release it during periods of low production. Another important strategy for managing energy reliability with the integration of renewable sources is a virtual power plant, which involves using distributed energy resources and demand-side management.

Dispatchable resources can help to balance the supply and demand of energy and ensure the grid remains stable. However, changing climate conditions with extended extreme weather events such as "dark calms" can disrupt this balance; relying on a single source of energy can add risk and still does not solve the reliability challenge. Ultimately, managing reliability with the integration of renewable sources requires a holistic approach that considers a range of factors, including energy storage, virtual power plant, low carbon, dual fuel, and efficient and hydrogen-capable thermal generation.

By taking a strategic approach to renewable energy integration, we can help ensure that our energy systems are sustainable, reliable and resilient in the face of a changing climate.

This presentation is for informational purposes only and no board action will be requested.

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

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

Subject: Engagement strategies preview

This presentation will offer insights into how Platte River will work alongside our owner communities to tell the story of Platte River and begin to create a baseline engagement strategy for overall community engagement.

This presentation is informational only, and no action is required.

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Dave Smalley, chief financial officer and deputy general manager
Shelley Nywall, director of finance
Wade Hancock, financial planning and rates manager

Subject: **Wholesale rate projections**

To help facilitate the owner communities' budgeting and rate processes, we are revising the schedule for providing wholesale rate projections. Staff typically provides the long-term average wholesale rate projections whitepaper in the April board materials and a rates presentation at the May board meeting. This year, the information will be available for the May board meeting as staff works to also provide the firm power service charges in May rather than August as in years past.

Revised schedule

May	Ten-year average wholesale rate projections and firm power service charges	• Whitepaper and presentation including proposed 2024 tariff charges
	Wholesale transmission service tariff (Tariff WT-24)	• Board approval
September	Draft 2024 rate tariff schedules	• Update schedules with 2024 tariff language and charges
October	2024 rate tariff schedules	• Board approval

The 2024 average wholesale rate recommendation is a 5.0% increase to $71.27/MWh from $67.88/MWh in the 2023 Strategic Budget. The increase is consistent with 2022 board communications. In May staff will request the board's direction to implement a 5.0% average wholesale rate increase in Platte River's 2024 budget.

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Memorandum

Date: 4/19/2023

To: Board of directors

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

Subject: Draft overview of the strategic plan

As discussed in the March board meeting, we have included a draft of the updated strategic plan in this month's management report. This draft document is a continuation of the strategic planning process from 2018.

This document enters its final phase with a formal presentation to the board in May and the updated document included in final design form.

No action is required. We will seek board approval in July.

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Strategic Plan

Draft overview of Platte River Power Authority's 2023 strategic plan

April 2023

Vision

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

Mission

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

Values

Safety, Integrity, Service, Respect, Operational Excellence, Sustainability, Innovation

Core pillars

Reliability	Environmental responsibility	Financial sustainability

Summary

As Platte River Power Authority (Platte River) celebrates 50 years of service for Estes Park, Fort Collins, Longmont and Loveland, the utility is looking forward to the next 50 years of transformation, innovation and opportunity to build a cleaner energy future. Platte River has one of the most accelerated decarbonization plans for an electric utility in the country. The energy landscape is also changing rapidly with emerging technologies including battery and thermal storage, advanced metering infrastructure, renewable noncarbon-emitting energy sources and lower carbon natural gas resources. These changes are happening amid an electrification of transportation, homes and businesses, evolving customer needs and expectations and a sweeping commitment to a cleaner energy future.

To address the evolving energy landscape, Platte River has updated the strategic plan for the benefit of our four owner communities of Estes Park, Fort Collins, Longmont and Loveland. The update to the strategic planning process started in early 2022 evaluating the initiatives laid out in 2018: enhanced customer experience, communications and community outreach, resource diversification and alignment and infrastructure advancement and technology development. The 2018 Strategic Plan created the framework that outlined the path for the Platte River Board of Directors to adopt the Resource Diversification Policy (RDP) that was approved later that year. This moment in Platte River's history marked an inflection point for our organization. As Platte River celebrates a half century of providing power in 2023, this updated strategic plan reflects the ongoing evolution our industry has experienced over the last several years and now outlines how this trajectory is inspired by our organization's legacy to proudly serve northern Colorado.

The purpose of the 2023 Strategic Plan is to provide Platte River with direction and guidance for our organization's future. It is also intended to align activities throughout the organization with these four strategic initiatives that are anchored by Platte River's vision, values and core pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services.

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

Resource diversification planning and integration

Since the Platte River Board of Directors adopted the RDP in 2018, one of the major areas of strategic focus is the implementation phase of our overall resource planning into 2030. In 2021, Platte River created a new division – transition and integration – to direct resources into Platte River's overall portfolio integration and strategy, which is fundamentally committed to implementing the RDP as the organization proactively works toward a 100% noncarbon energy future. This includes developing sustainable solutions through resource planning and integration of distributed energy solutions (DES) and distributed energy resources (DER).

Platte River is committed to identifying emerging technologies, information and operational efficiencies as well as developing more data science capabilities to ensure Platte River and the owner communities can transition to a noncarbon energy future. The new portfolio strategy and integration team works directly with operations and finance to ensure system reliability and financial sustainability are maintained as Platte River's portfolio continues to decarbonize.

Platte River's carbon reduction effort and portfolio transition will be led by an acceleration of renewable integration while maintaining our overall system reliability, leveraging current energy storage technologies at a large scale, DER integration and additional dispatchable thermal capacity that balances the core pillars of the organization.

Implementation areas

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

Integrated resource plan

Platte River's Board approved the 2020 integrated resource plan (IRP) outlining a roadmap for a zero-coal energy portfolio by 2030. The plan called for the systematic expansion of large-scale solar and wind resources, energy storage projects, and DERs and low-carbon thermal generation between 2020 and 2030. Platte River's accelerated asset integration schedule is designed to gain operational experience before retiring coal-fired generation and fully test the reliability and operational flexibility of new renewable resources.

In 2022, Platte River issued a request for proposals to competitively procure new solar generating capacity and energy storage capacity that collectively adds up to 250 megawatts (MW). Portfolio strategy and integration teams plan to negotiate with the winning bidder in 2023 to procure this capacity with estimated commercial operation in late 2025. Resource planning, portfolio strategy and integration staff also analyzed and evaluated the cost effectiveness and market for large-scale four-hour and longer duration energy storage and evaluated adding more wind and solar resources to Platte River's portfolio.

In 2023, Platte River confirmed the purchase of 150 MW of solar energy from the selected vendor for the Black Hollow Solar project. The agreement was restated in 2022 and the project is slated for commercial operation in 2025. Platte River also signed an easement and purchase agreement for 20 acres of land to construct a 230-kilovolt (kV) switching substation. This substation will facilitate interconnection of the Black Hollow Solar project, as well as other future renewable projects, with Platte River's system.

At the time of publishing this strategic plan, current resource planning anticipates an 85% carbon reduction in our generation portfolio by 2030, pending the next IRP process in 2024. Platte River remains committed to pursuing a 100% noncarbon energy portfolio that does not compromise the core pillars of the organization.

Organized energy market

Together with our joint dispatch agreement partners, Platte River entered the Southwest Power Pool's (SPP) Western Energy Imbalance Service (WEIS) market in April 2023, defining an important milestone in our pursuit of a carbon-free energy future. Participating in the SPP WEIS market enables Platte River to reduce costs and balance our energy generation with the real-time power needs of the region, as well as integrate greater amounts of renewable energy.

Platte River is also among several western electric service providers committed to exploring SPP's regional transmission organization – West (RTO West) expansion into the Western Interconnection. Moving into a full RTO membership could bring additional savings and benefits to reliably and economically serve our owner communities while meeting the region's clean energy goals. All efforts to participate in an organized energy market are part of Platte River's initiative to achieve the goals set forth in the RDP.

Community partner and engagement

Guided by its vision to serve as a respected leader and responsible energy provider, Platte River fundamentally believes in collaboration and regionalism alongside our owner communities to become a trusted community partner. The organization strives to facilitate, convene and educate with message discipline and consistency, working in partnership with our owner communities and the customers they serve.

Philosophy and approach

In recent years, demand for more renewable energy integration, emerging technologies and environmentally conscious solutions have challenged the very idea of what an electric utility should become. This focus is also sparking increased public interest in Platte River's strategic initiatives and overall operations.

Historically Platte River has relied on its owner communities to communicate with the public; however, the utility is working to build a stronger presence with a more regional focus across our owner communities to speak with a unified voice about the complexities and opportunities associated with the energy transition. Collaborating to create more regional engagement to emphasize the relationship between our organization and our owner communities – that is, Platte River was created 50 years ago by the township of Estes Park and the cities of Fort Collins, Longmont and Loveland as a community-owned, public power entity dedicated to providing energy and services guided by its three core pillars. Platte River and our owner communities are working together to amplify the vision of our organization as it strives to be one of the most transformative energy providers in the country.

Implementation areas

- Organize working groups across the owner communities to develop consistent, key messages
- Identify regional engagement opportunities through digital and community activations to develop deeper partnerships with local organizations and stakeholder groups
- Create and implement regional educational assets and campaigns to ensure transparency and access to RDP information
- Engage proactively with national, regional and industry media partners to share its strategic initiatives and respond effectively to public inquiries
- Develop and deploy an effective, multi-media strategy to further engage and educate the public about programs, services and initiatives

Workforce culture

As Platte River works toward a more decarbonized energy portfolio and develops into a more data-driven organization, Platte River must equally focus on maintaining a high-performing workforce that can successfully achieve this transition. Platte River's philosophy is to advocate for both the employee and the organization, focusing on career longevity and modernized workforce practices that retain and attract the brightest and most talented in the industry.

Workforce culture at Platte River is deeply rooted in the values the organization holds for its employees. As employees develop a deeper understanding of how they can be part of the decision-making process, the organization will more clearly define how employee performance and accountability are evaluated and rewarded. This strategic initiative will systematically guide Platte River's trajectory to becoming the utility of the future.

Implementation areas:

- Build a workforce roadmap that focuses on employee development and planning that clearly defines career advancement and growth opportunities for employees, to include the development of a transition strategy directed by board-adopted Responsible Transition for Rawhide Employees resolution
- Modernize the organization's total benefits and rewards program to reflect industry-leading practices
- Utilize market-based modeling for a new, comprehensive compensation philosophy and approach
- Create more hybrid and work flexibility as the organization evolves into a multi-state employer
- Create a talent review and succession planning process to baseline strategies for long-term retention and recruitment

- Create a matrix-driven, performance review process that aligns with the organization’s current strategic plan
- Identify more systemic ways to bridge a digital and physical workforce, with a combination of virtual and in-person engagement opportunities and initiatives that could include more immersion activations to engage employees cross-functionally
- Create a baseline assessment for a larger diversity, equity and inclusion initiative that could lead to specific emerging leaders and leadership pipeline programs
- Work alongside the strategic budgeting process, forecasting immediate and multi-year staffing needs across the organization based on growth areas and larger enterprise goals

Process management and coordination

Platte River will continue to accelerate the decarbonization of our energy portfolio, focus on improved integration, planning and collaboration with our owner communities, and create new processes to aid in more cross-functional teamwork across the organization. The emphasis on process management and coordination will support the organization’s ability to deliver on its core services and improve efficiencies in internal and external processes and systems.

DER implementation is an example of process management and coordination to serve Platte River’s carbon reduction effort. The success of this project will be measured in the coordination and collaboration between Platte River and its four owner communities. The flow of data between Platte River and the owner community will be integral to the results DERs can produce. This information will enable DERs to respond to dynamic system conditions such as energy prices, renewable energy availability and system reliability constraints. The work between Platte River and each owner community will deliver DERs at a scale that can support the integration of dispatchable energy sources, renewable energy generation and emerging technologies.

Internally, process management and coordination will help create new structures and processes for Platte River teams to work more collaboratively across the organization. The cross-functionality of these team members and their work areas will optimize our energy transformation. There will be an emphasis on creating more project management structures, which include developing a comprehensive risk management strategy.

Implementation areas:

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

- Develop a comprehensive risk management strategy for Platte River

Next steps

This draft strategic plan document enters its final phase in May 2023, focusing on the strategic initiatives with a formal presentation to the board and the updated document in final form.

More specific information regarding tactics and action plans will be incorporated in other key business documents, including the annual report, strategic financial plan, integrated resource plan and the annual strategic budget.

Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Performance dashboard

March 31, 2023 (YTD)

Reliability

Transmission

99.9%

March 30
Estes Park outage

Fiber communications

0

No communication outages to owner communities

Rawhide Unit 1

99.4%

Adjusted equivalent availability factor, no controllable outages

Goal ≥ 97%

Rawhide combustion turbines

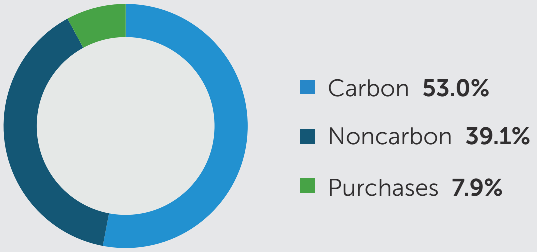
100%

Delivery reliability

Goal ≥ 90%

Environmental responsibility

System total



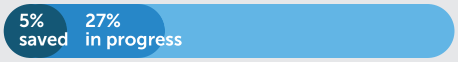
Noncarbon projection 33.3%

Energy savings from completed projects

1,221 MWh saved

An additional 7,446 MWh of savings in progress

0.2% YTD actual load



Budgeted energy savings for Efficiency Works
26,768 MWh, 0.8% of Platte River's annual budgeted load

Financial sustainability

Credit rating

AA

Strategic financial plan indicators

$10.7	2.68x	27%	387
Change in net position (millions)	**Fixed obligation charge coverage ratio**	**Debt ratio**	**Unrestricted days cash on hand**
Target annual minimum $7.1 million	**Target annual minimum** 1.50x	**Target minimum** Less than 50%	**Target minimum** 200 days

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Legal, environmental and compliance report

March 2023

SINCE 1973

Platte River
Power Authority

Overview of recent developments

Legal matters

Proposed Revisions to Regulation No. 3 for Sources in Disproportionately Impacted Communities

The Colorado Air Pollution Control Division proposed a set of revisions to Air Quality Control Commission (Air Commission) Regulation No. 3 to add enhanced modeling, monitoring, and reporting requirements for stationary sources in disproportionately impacted communities (DI Communities). Although Platte River's Rawhide Energy Station is located well outside any DI Community, Platte River joined with its industry partners in the Colorado Utility Coalition for Clean Air (CUC) to evaluate and advocate further modifications to the proposed rules to make them more workable for regulated sources. On March 16, 2023, the CUC filed a pre-hearing statement outlining its recommended changes to the proposed rules. The Air Commission will hold a hearing on these proposed rules May 16 - 19, 2023. The full report is on page 2 of this document.

Environmental matters

There are no new environmental matters to report.

Compliance matters

There are no new compliance matters to report.

Grant opportunities

There are no new developments on grant opportunities to report.

Monitoring—status unchanged

Page 3 of this document provides a list of matters previously reported but unchanged since our last report.

Recently concluded matters

Page 5 of this document provides a list of matters that have concluded within the last three months.

Active matters

Legal matters

Proposed Revisions to Regulation No. 3 for Sources in Disproportionately Impacted Communities

In 2021, the Colorado legislature passed House Bill 21-1266 (Environmental Justice Act), which required the Colorado Air Pollution Control Division (Division) to establish rules to reduce environmental health disparities in disproportionately impacted communities (DI Communities). The Division proposed a set of revisions to Air Quality Control Commission (Air Commission) Regulation No. 3 (governing stationary source permitting and air pollution emission notice requirements) to add enhanced modeling, monitoring, and reporting requirements for stationary sources in DI Communities (as identified in the state's Enviroscreen mapping tool). Although Platte River's Rawhide Energy Station is far from any DI Community, Platte River joined with its industry partners in the Colorado Utility Coalition for Clean Air (CUC) to evaluate and advocate further modifications to the proposed rules.

Many industry and environmental groups are active in this rulemaking, which affects sectors beyond electric utilities. The CUC and others have been working with the Division on proposed changes that make the rules more workable for regulated sources and will continue to do so as the rulemaking develops.

On March 16, 2023, the CUC filed a pre-hearing statement outlining its recommended changes to the proposed rules. The Division filed a revised version of the proposed rules with its pre-hearing statement, which may address some of the CUC's concerns. The CUC is evaluating the Division's new proposal, along with other proposals from environmental and industry groups, and will file a rebuttal statement on April 24, 2023. The Air Commission will hold a hearing on these proposed rules May 16 - 19, 2023.

Environmental matters

There are no active environmental matters to report.

Compliance matters

There are no active compliance related matters to report.

Grant opportunities

There are no active grant opportunities to report.

Monitoring—status unchanged

Legal matters

Save the Colorado v. Bureau of Reclamation (Glen Canyon Dam)

On Dec. 23, 2022, the Court granted the Bureau's motion for summary judgment and denied the plaintiffs' motion. This was a favorable decision for Colorado River Storage Project and Platte River's hydropower interests. But on Feb. 16, 2023, the plaintiffs appealed the decision to the Ninth Circuit Court of Appeals, where it will now be under review. Platte River will continue to update the board as the appeal develops.

El Paso Electric Co. v. Federal Energy Regulatory Commission

On Dec. 15, 2022, the Federal Energy Regulatory Commission rejected the parties' proposed settlement agreement for the contested issues related to cost allocation in the WestConnect regional planning process. The Fifth Circuit Court of Appeals scheduled oral argument for April 3, 2023. The court will decide the case after argument, but it may be weeks or months before a decision.

Inflation Reduction Act direct pay provisions

Platte River staff is working with our trade associations to better understand the Inflation Reduction Act and how we can benefit from the direct pay provisions.

Western wholesale market activities

Platte River entered the Southwest Power Pool's Western Energy Imbalance Service market on March 31, 2023. There are no new developments in the Colorado Public Utilities Commission's rulemaking on the Colorado Transmission Coordination Act since the last report.

Federal Energy Regulatory Commission Notices of Proposed Rulemaking – Regional Transmission Planning and Generator Interconnection Reform

There are no new developments in this matter.

Environmental matters

Groundwater and waste management

Platte River continues to monitor groundwater and has nearly completed lining and improvements at the monofill. There have been no new developments since our last report.

Compliance matters

There are no compliance-related matters in monitored status this month.

Grant opportunities

There are no grant related opportunities being monitored this month.

Recently concluded matters (last three months)

Legal matters

Solar Power Purchase Agreement Amended and Restated

In December 2020, Platte River signed a Power Purchase Agreement (Solar PPA) with a solar developer for 150 MW of solar energy concluding an extensive Request for Proposals process. Starting in 2020 with the COVID-19 pandemic, and continuing through 2021 and into 2022, industry forces, supply chain constraints and trade measures disrupted the solar industry. Platte River's preferred developer asked Platte River to renegotiate the Solar PPA.

After almost two years of negotiation, on Dec. 20, 2022, Platte River and the developer signed an Amended and Restated Solar PPA with updated pricing (increased by roughly 60%) and new milestone dates (extending the construction period by about one year). We expect the project to be ready for operation by December 2024.

Air Quality Control Commission Startup, Shutdown, and Malfunction Affirmative Defense

In fall 2022, the Colorado Air Quality Control Commission (Air Commission) proposed a new State Implementation Plan to address the front range's designation of "severe non-attainment" for ground level ozone (Ozone SIP). As part of the Ozone SIP rulemaking, but unrelated to ozone, the Air Pollution Control Division (Division) proposed to remove regulations that provide an affirmative defense against penalties for air pollution exceedances during startup, shutdown, or malfunction (SSM). The Division argued the Environmental Protection Agency could not approve the Ozone SIP or any other SIP if it contained an affirmative defense for SSM. But Colorado law requires regulations for SSM.

The Air Commission held a hearing on Dec. 16, 2022, on the Ozone SIP and the SSM defense. The Air Commission decided to keep the SSM affirmative defense in the Ozone SIP until June 1, 2024, and begin a stakeholder process in 2023. The State Only Approach will take effect June 1, 2024. This is a favorable outcome for Platte River and other industry partners that rely on the affirmative defense to address uncontrollable exceedances during SSM.

Western Area Power Administration Rate Order 202

On May 25, 2022, the Western Area Power Administration issued Rate Order 202, proposing additional rate increases for firm electric service and surplus sales. The new rates represent an approximate 16.5% increase over the previous rates, and took effect Jan. 1, 2023. The new rates will apply until Dec. 31, 2027, or until there is a new rate order.

Environmental matters

There are no recently concluded environmental matters.

Compliance matters

There are no recently concluded compliance matters.

Grant opportunities

There are no recently concluded grant opportunities.

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Resource diversification report

March 2023

Resource integration

Platte River recently agreed to an amended and restated power purchase agreement with 174 Power Global to purchase the output of a proposed 150 MW nameplate solar project in the Town of Severance, between the City of Fort Collins and the Town of Ault. This utility-scale solar project obtained approval from the Town Council of the Town of Severance on March 15, 2023, to allow the construction and operation of up to 250 MW of nameplate solar. Given the Town of Severance's approval, the construction of this project is expected to begin in the fourth quarter of 2023, with a commercial operation date of late 2024.

Platte River is currently negotiating a term sheet with a developer to purchase additional solar capacity that is expected to begin commercial operation in late 2025. Staff intends to agree to a term sheet and finalize an agreement to purchase the output of this solar project by mid-2023. Due to higher-than-expected battery prices, Platte River has decided to further analyze additional battery energy storage options and configurations. Staff also intends to issue a request for proposals to acquire additional wind output during the summer of 2023.

The table below summarizes Platte River's most recent plan for additional resources to meet our power supply objectives.

	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Existing Resources								
Rawhide 1	278	278	278	278	278	278	278	
Craig 1 & 2	151	151	151	151	74	74		
Peaking capacity	388	388	388	388	388	388	388	388
Wind	231	231	231	231	231	231	231	285
Solar	52	52	52	52	52	52	52	52
New Resources								
Solar		150	125		175			
Wind				100		100		100
Storage				50	50	100		
Dispatchable capacity						166		

Integrated resource planning 2024

The resource planning team spent the month of March finishing the Power Supply Plan and preparing for the 2024 Integrated Resource Plan (IRP). Key activities included:

- Finalized Q1 2023 Power Supply Plan, which will form the basis of the first look at the 2024 power supply budget and long-term rate projections.

- Managing the Resource Adequacy study to determine future planning reserve margin. This study will also help estimate the effective load carrying capability of renewable generation and storage. Success testing of the traditional one-day in ten years outage criteria was completed, as well as the more stringent hourly criteria proposed by the Western Electricity Coordinating

Council. Currently, the draft report is under review.

- Managing dispatchable capacity selection study. This study is being guided by a group of managers from various Platte River departments. It will help decide the most suitable dispatchable technology to help integrate additional renewable generation and enhance the reliability of supply after coal generation retirements. Staff reviewed the levelized cost of electricity from seven short-listed options.

- Continuing work on the Location Marginal Prices (LMP) study. This study will help estimate LMPs in and around Platte River territory to reveal potential transmission bottlenecks and help identify possible locations for new renewable generation.

- Kicked off two additional studies: Low or no-carbon generation technology screening and independent assessment of dispatchable capacity needs.

    - The first study will assess the mature, well-emerging technologies such as long-duration energy storage, low-carbon, and no-carbon fuels (biodiesel and Hydrogen) and carbon sequestration. This study will make recommendations for the suitable resource technologies for commercial operation during the 20-year planning horizon of the 2024 IRP (years 2024-2043).

    - The second study will provide an independent assessment of Platte River's need for dispatchable capacity to integrate renewable resources and maintain reliable supplies with Platte River's deeply decarbonized supply portfolio after coal retirements.

- Initiated a study to assess the frequency and duration of extreme weather events and their impact on load, market prices and power supply reliability. The results of the study will be used for power supply risk analysis in the 2024 IRP.

DER system integration

Platte River and its owner communities share a vision of integrating distributed energy resources (DERs) into the electric system through collaboration and coordination between the owner communities and Platte River to provide value to all customers.

The DER planning forecast shown in the table on the next page indicates the anticipated DER magnitude. Planning is underway to develop solutions that make these resources an integral part of the electric system. This work is taking place through the DER Advisory Committee and DER Planning and Programs teams, including leadership and staff from Platte River and representatives of each owner community.

DER planning forecast (noncoincident MW)

	2023	2024	2025	2026	2027	2028	2029	2030
Distributed Generation	-38	-46	-55	-64	-72	-79	-85	-90
Electric vehicles	10	12	16	21	27	35	44	55
Building electrification (winter)	0	1	1	3	5	8	13	20
Demand response	0	-2	-5	-10	-15	-23	-30	-30

*Positive values indicate increases to loads. Negative values indicate reductions in load or the addition of generation.

Staff continues to work on the DER forecast and potential study with Dunsky Energy + Climate Advisors. Dunsky has completed collecting input data required from Platte River and its owner communities and is beginning to assimilate it as they prepare to begin modeling. This work will help inform Platte River's resource planning and may provide information to support owner-community distribution planning.

The DER gap analysis roadmap and distributed energy resource management system (DERMS) procurement work continues. Platte River and the project consultant, Utilicast, are drafting DER capabilities and functional requirements for DER integration. Some of these capabilities and functions are required by Platte River to operate a virtual power plant to support the integration of renewables while maintaining reliability and financial sustainability. Others may be required by the owner communities to ensure the reliability of the distribution system as DER penetration increases and as DERs are dispatched for renewable integration. A day-long workshop has been scheduled in late April for the owner communities and Platte River to discuss this draft document, which will be used in the procurement process later this year.

Platte River and owner community staff continue to work to develop distribution-scale storage projects, 2 to 5 MW in capacity, for each owner community. These projects would be shared resources managed through DERMS. Owner community staff have provided favorable locations for these storage projects. Once Platte River and the communities have reviewed these sites, staff will work with short-listed bidders to obtain updated proposals and pricing.

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Operating report

March 2023

Executive summary

Owner community load

Owner community demand and energy came in near budget for the month of March, and year to date. The overall net variable cost to serve owner community load was above budget due to surplus sales being significantly below budget for the month. Year to date, net variable cost to serve owner community load is above budget.

Thermal resources

Rawhide Unit 1 had an excellent operational month with no curtailments or outages. Rawhide equivalent availability factor was above budget and net capacity factor was well below budget for the month due to purchasing energy through joint dispatch at below generation cost. Equivalent availability factor was above budget and net capacity factor was well below budget, year to date.

Craig Unit 1 was curtailed all month for various reasons relating to poor coal quality, as well as mill and scrubber issues. Craig Unit 2 was offline the entire month on outage. As a result, Craig equivalent availability factor and net capacity factor were significantly below budget, both for the month and year to date. In addition, shaft share was delivered for two separate Craig Unit 3 outage events.

Gas generation was above budget. The combustion units ran throughout the month to facilitate sales, replace generation during curtailments, and served shaft share obligations. Combustion turbine equivalent availability factor came in well below budget due to maintenance outages and net capacity factor came in above budget for the month. Year to date, equivalent availability factor was below budget and net capacity factor was above budget.

Renewable resources

For March, wind and solar generation came in above budget. Year to date, net capacity factor for both wind and solar are near budget. The battery associated with the Rawhide Prairie Solar farm was charged and discharged 24 times throughout the month.

Surplus sales

Surplus sales volume was considerably below budget due to lack of resource availability and shaft share obligations. The average surplus sales price for the month was below budget as bilateral market conditions have softened and natural gas pricing has decreased significantly. Surplus sales volume is well below budget and average sales price is above budget, year to date.

Purchased power

Overall purchased power volume was well above budget for the month. Purchases were made primarily from joint dispatch with lower pricing resulting in overall average purchase power price being below budget. Purchased power volume is significantly above budget and average purchase price is below budget, year to date.

Total resources

Total blended resource costs came in above budget for the month due to hydropower and coal costs coming in above budget. While natural gas costs came in below budget, the costs were still considerably above the blended budget costs contributing to the higher costs for the month. Year to date, resource costs are above budget.

Variances

Category	March variance		YTD variance	
Owner community demand	(0.8%)	◆	2.0%	◆
Owner community energy	0.8%	◆	0.1%	◆
Wind generation	3.1%	●	(0.5%)	◆
Solar generation	13.3%	●	2.5%	●
Net variable cost to serve owner community load	38.7%	■	29.0%	■

Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

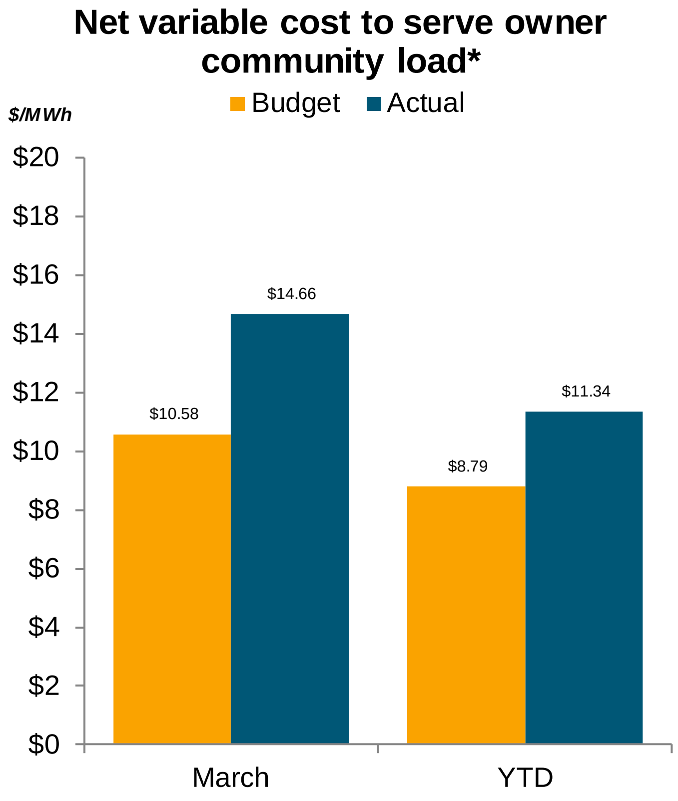
Loss of load

System disturbances

On March 30, the entire Town of Estes Park lost load when a WACM guard structure fell into the Lyons-Estes 115kV line. More detail about the event can be found in the Events of Significance section of this report.

2023 goal		March actual		YTD total	
0	●	1	■	1	■

Net variable cost to serve owner community load



*** The net variable operating cost to serve owner community load is equal to the sum of fuel, renewable purchases, energy purchases less surplus energy sales. The net variable cost is divided by total owner community load to determine average net variable cost to serve owner community load.**

Events of significance

- PSO-Transmission participated in 1,663 phone and radio communications.
- On March 14 at 0509 the Craig-Meeker 345 kV line tripped and reclosed. No cause given.
- CT-A 52G breaker replacement was completed on March 31.
- March 2023 saw the highest output from the CTs on record for the month of March with 10,301 MWh being generated.
- Replaced surge arrestor and re-energized Estes Park transformer that had been damaged by animal contact.
- Completed transformer maintenance and testing on Loveland city transformers Horseshoe T3 and T4.
- PSO-Transmission participated in 99 scheduled switching events, 63 were completed, 19 were cancelled, 17 remain active.
- On March 26 at 0706 Rawhide CT-C circuit switcher 4164 tripped and locked out on the lowside. At 1209 Rawhide operations cleared the lockout and CS 4164 was closed at 1216. A faulty switch on the deluge system was the cause.
- On March 31, at 11:00 pm, Platte River entered the SPP Western Energy Imbalance Market sunsetting the joint dispatch agreement that served Platte River well for many years. Entry into the WEIS market was a relatively smooth transition.
- On March 28 at 0611, Western Area Power Administration’s (WAPA’s) Airport-Whitney and Whitney-Weld 115 kV lines in the Western Area Colorado Missouri (WACM) control area tripped. Multiple voltage and frequency alarms were seen across Platte River’s transmission system. Line returned to service at 0635. No cause given.
- On March 30 at 1828 the Lyons-Estes 115kV Line tripped. WACM reported that a guard structure had fallen into the Lyons-Estes 115kV line, approximately one mile outside of Flatiron, causing the trip. Granby-454 was already open due to high loading on the Marys Lake (ML) T3. The Pole Hill-Flatiron was out under clearance as part of WAPA’s work to rebuild the lines going to Estes Park. This resulted in an islanding situation in the Estes Park area due to hydro units being online in Estes Park at the time of the trip. Initial frequencies after the trip were 61.6 Hz. Frequency oscillations worsened over time as the units were having trouble controlling their output.
    - At 1905, the Platte River’s Power System Operator (PSO) Transmission called in additional operators.
    - At 1918, frequency oscillations became severe enough that the PSO–Transmission initiated manual load shed at ML and Estes Park in an attempt to arrest the oscillations. Eventually all load in the Estes area was shed.

- At 1935, a conference call initiated between PRPA, WACM, Southwestern Power Pool Reliability Coordinator (SPP RC) & Tri-State Generation and Transmission to coordinate restoring the transmission system in the Estes Park area and to restore loaded.

- At 1943, ML-T3 was energized from the west portal to provide a hot line for load restoration.

- At 2025, additional PSO-Transmission personnel arrived to assist in the restoration.

- At 2029, the PSO-Transmission began to energize city load transformers in coordination with WACM to restore load at Estes Park and Marys Lake.

- At 2148, all loads had been restored in the Estes Park area.

- At 2150, the PSO-Transmission notified WACM & the SPP RC that all loads had been restored.

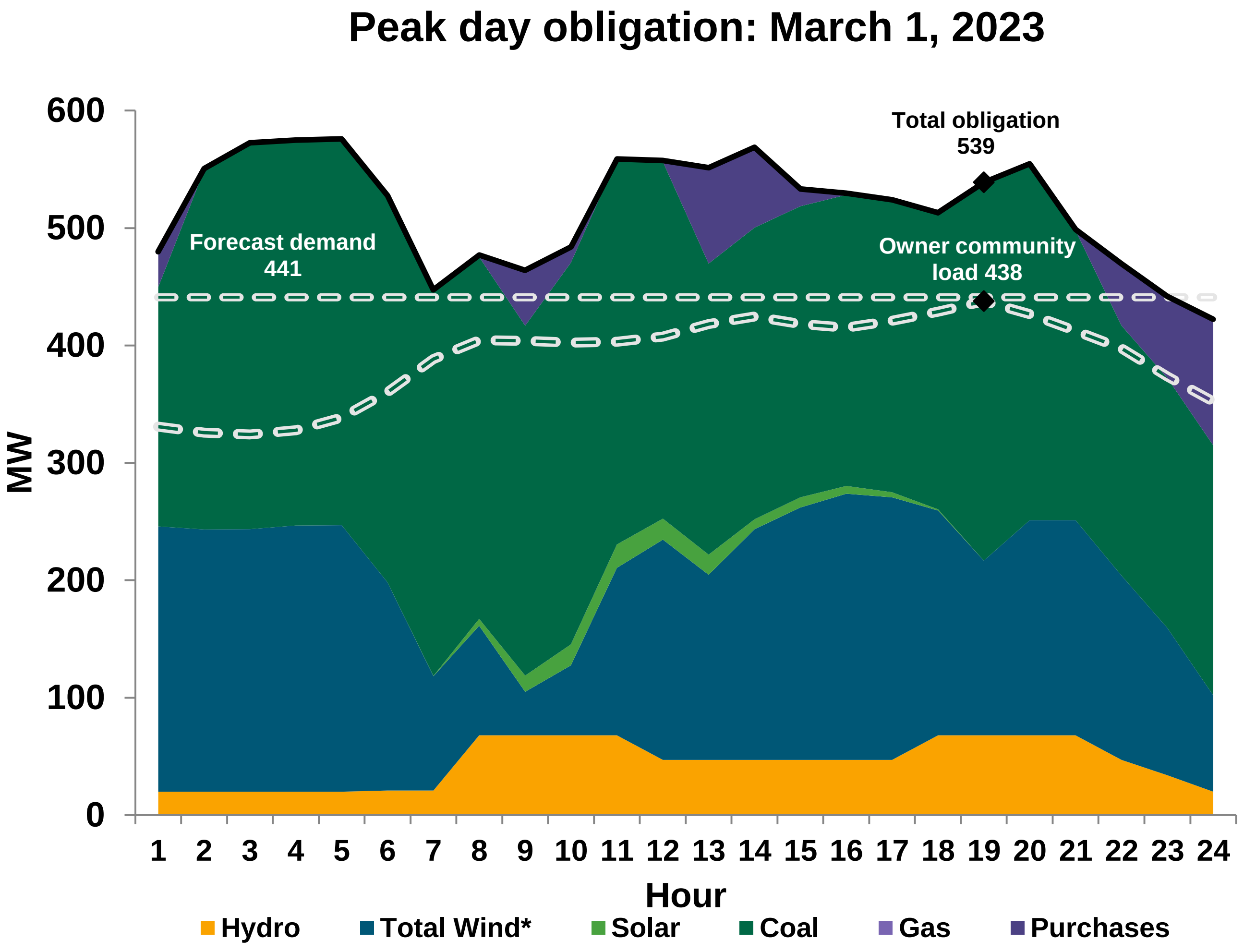
- At 2206, WACM returned the Lyons-Estes 115kV line to service.

- At 2221, WACM opened GPP-454 due to high loading on ML-T3.

Peak day

Peak day obligation

Peak demand for the month was 438 megawatts which occurred on March 1, 2023, at hour ending 19:00 and was 3 megawatts below budget. Platte River's obligation at the time of the peak totaled 539 megawatts. Demand response was not called upon at the time of peak.



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

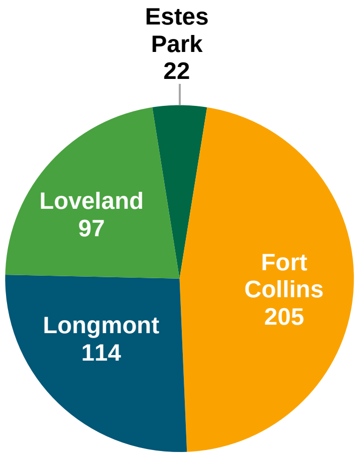
Owner community loads

	March budget	March actual	Minimum	Actual variance	
Coincident demand (MW)	441	438	500	(0.7%)	◆
Estes Park	22	**22**	13	0.0%	◆
Fort Collins	208	205	**229**	(1.4%)	◆
Longmont	112	114	**142**	1.8%	◆
Loveland	99	97	**116**	(2.0%)	◆
Non-coincident demand (MW)	443	439	508	(0.9%)	◆
Estes Park	22	**23**	20	4.5%	●
Fort Collins	208	205	**229**	(1.4%)	◆
Longmont	112	114	**142**	1.8%	◆
Loveland	101	97	**117**	(4.0%)	■
Energy sales (MWh)	261,996	264,075		0.8%	◆
Estes Park	12,724	14,127		11.0%	●
Fort Collins	124,068	122,054		(1.6%)	◆
Longmont	66,409	69,151		4.1%	●
Loveland	58,795	58,743		(0.1%)	◆

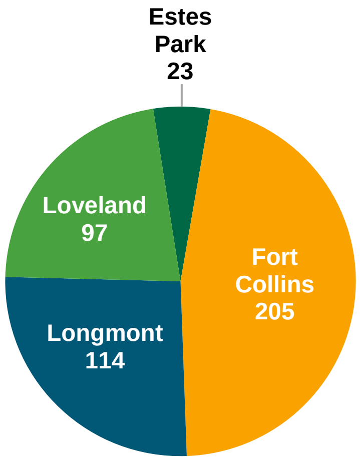
Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

Note: The bolded values above were those billed to the owner communities, based on the maximum of either the actual metered demand or the annual minimum ratchet.

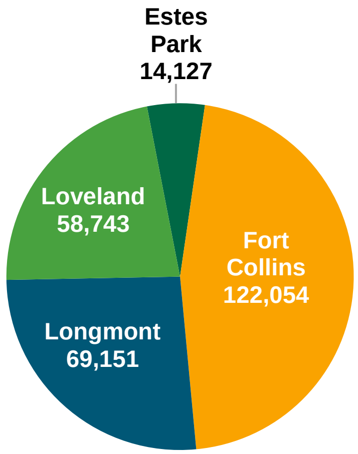
Actual March coincident demand = 438 MW



Actual March non-coincident demand = 439 MW

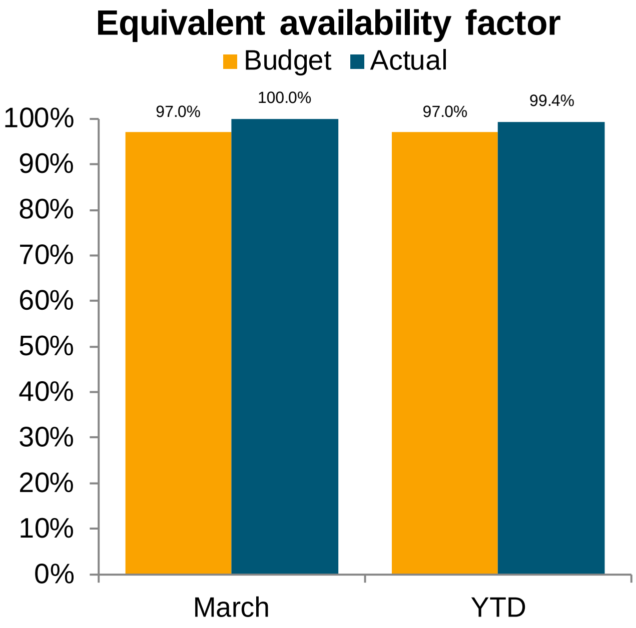


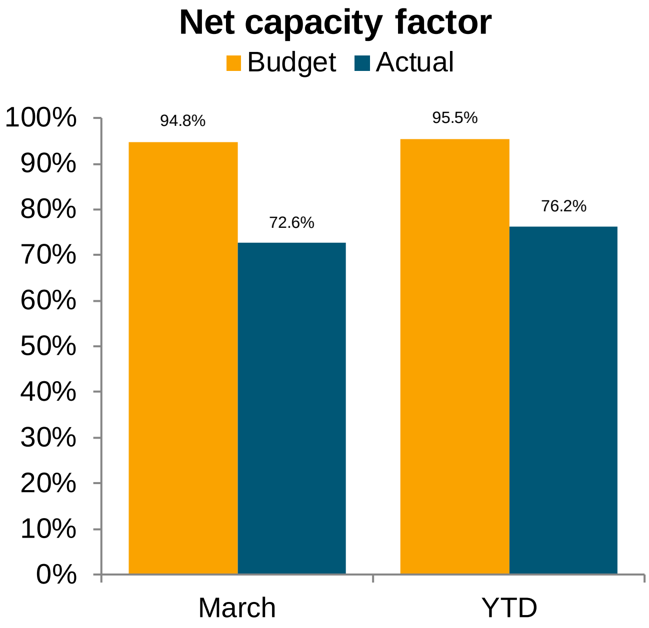
Actual March energy sales = 264,075 MWh



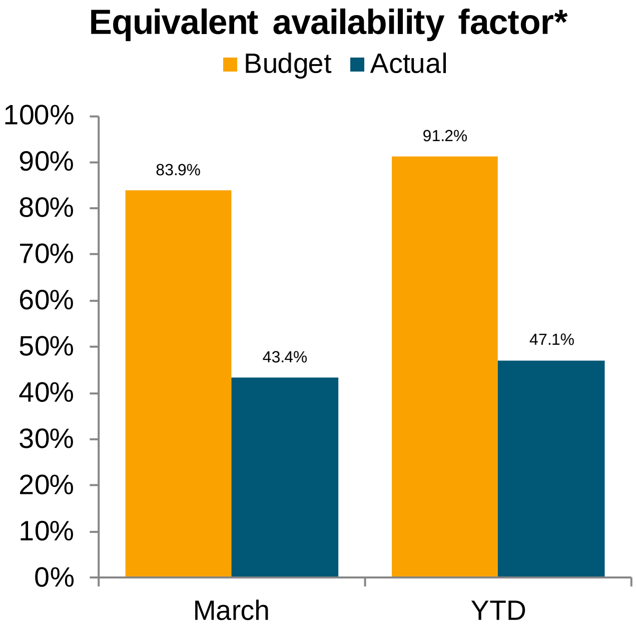
Thermal resources

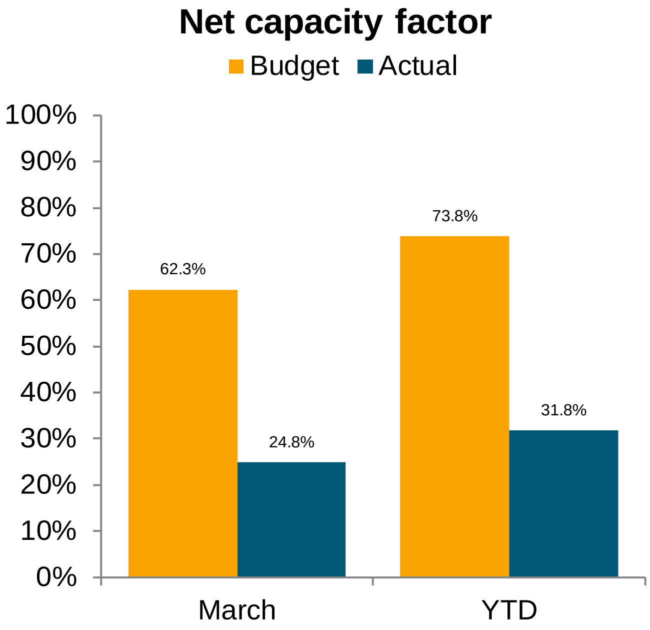
Power generation - Rawhide





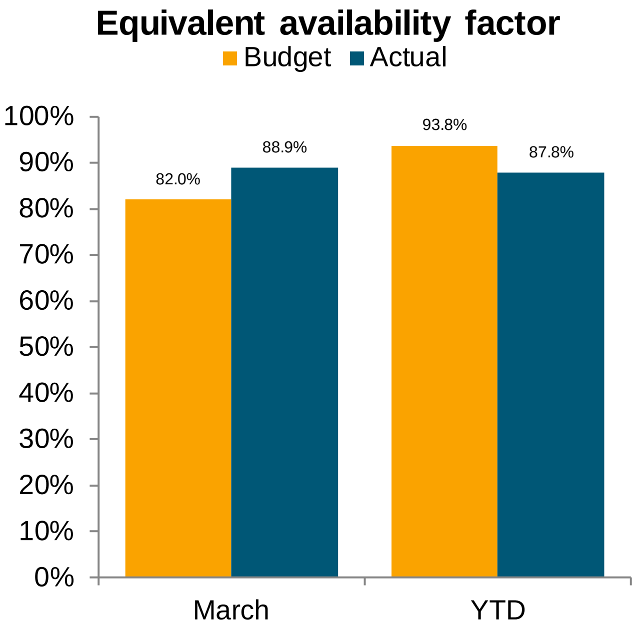
Power generation – Craig

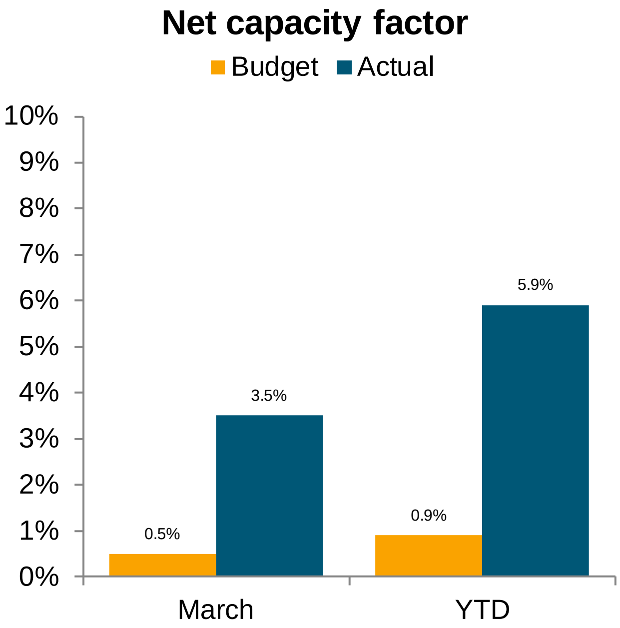




***Estimated due to a delay**

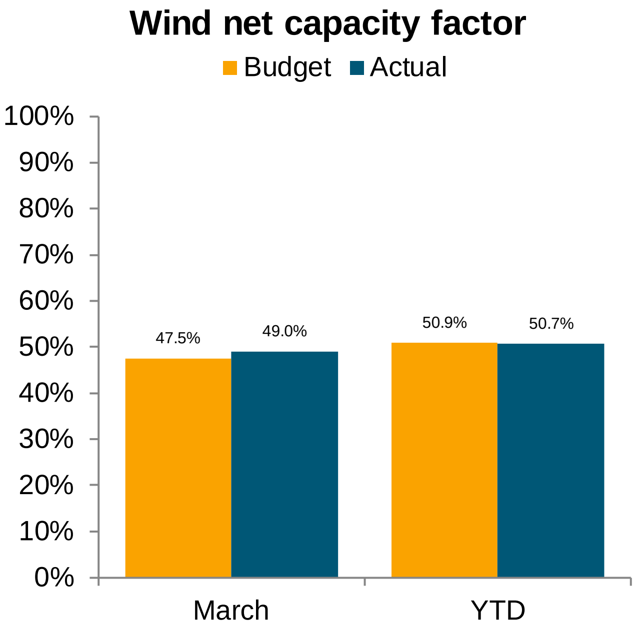
Power generation – combustion turbines

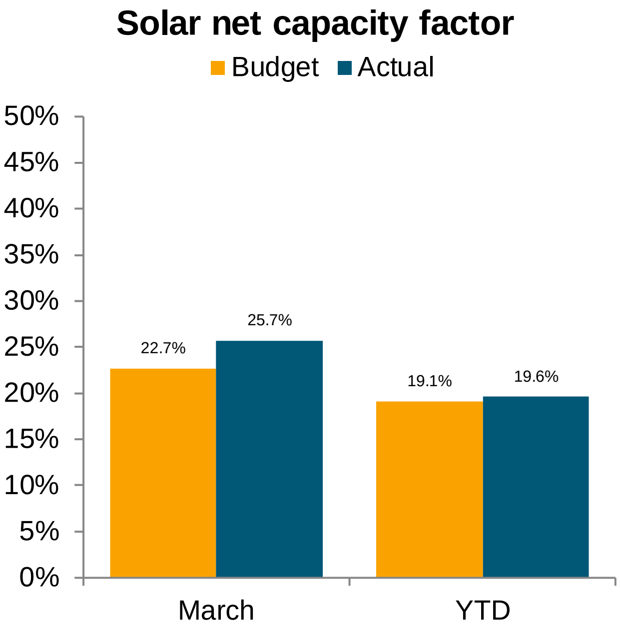




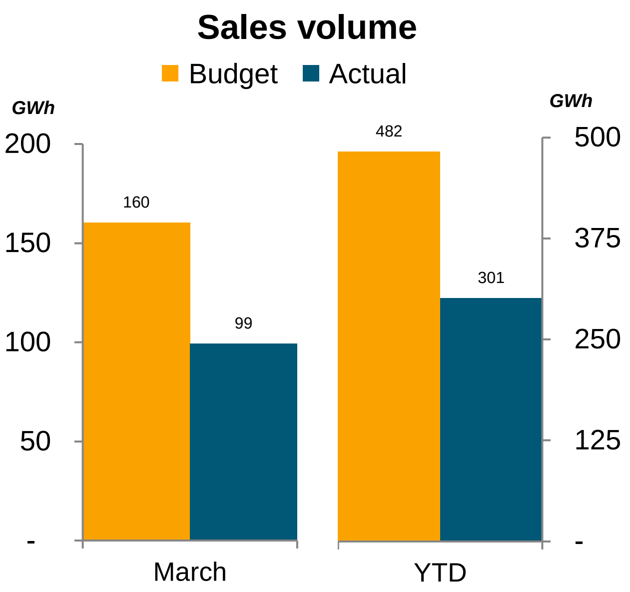
Renewable resources

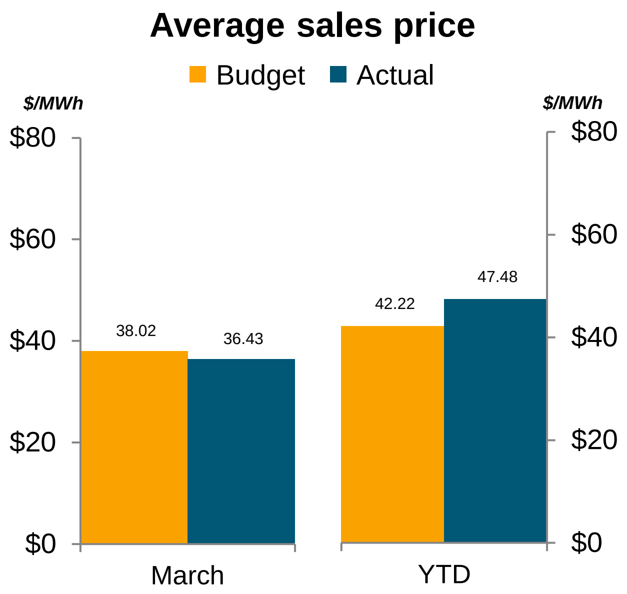
Power generation – wind and solar production



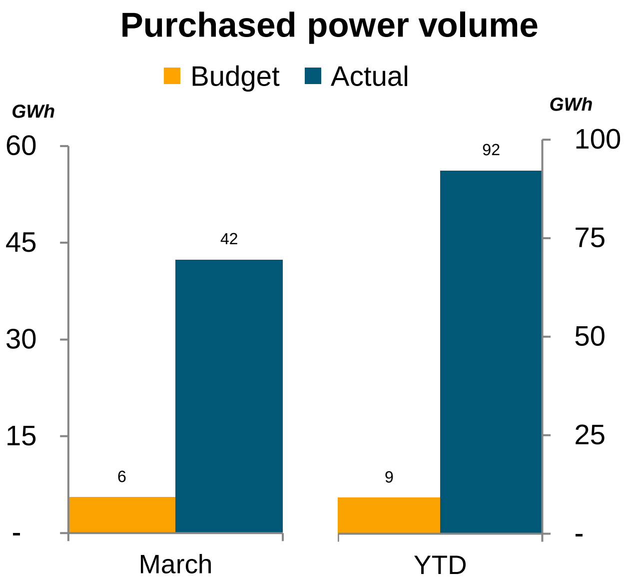


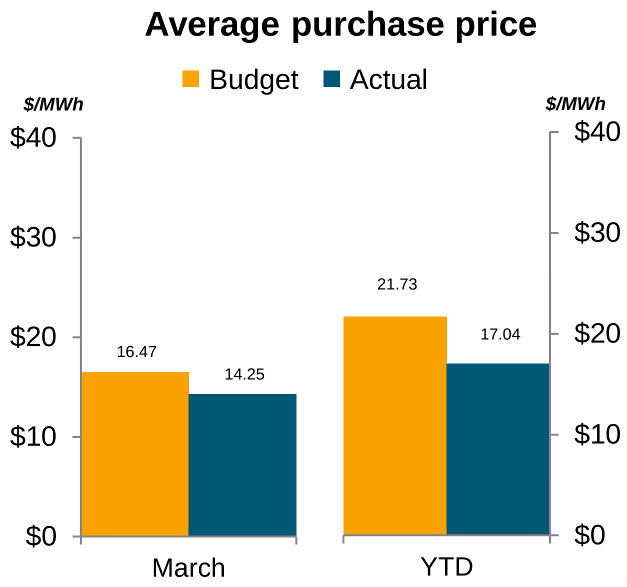
Surplus sales



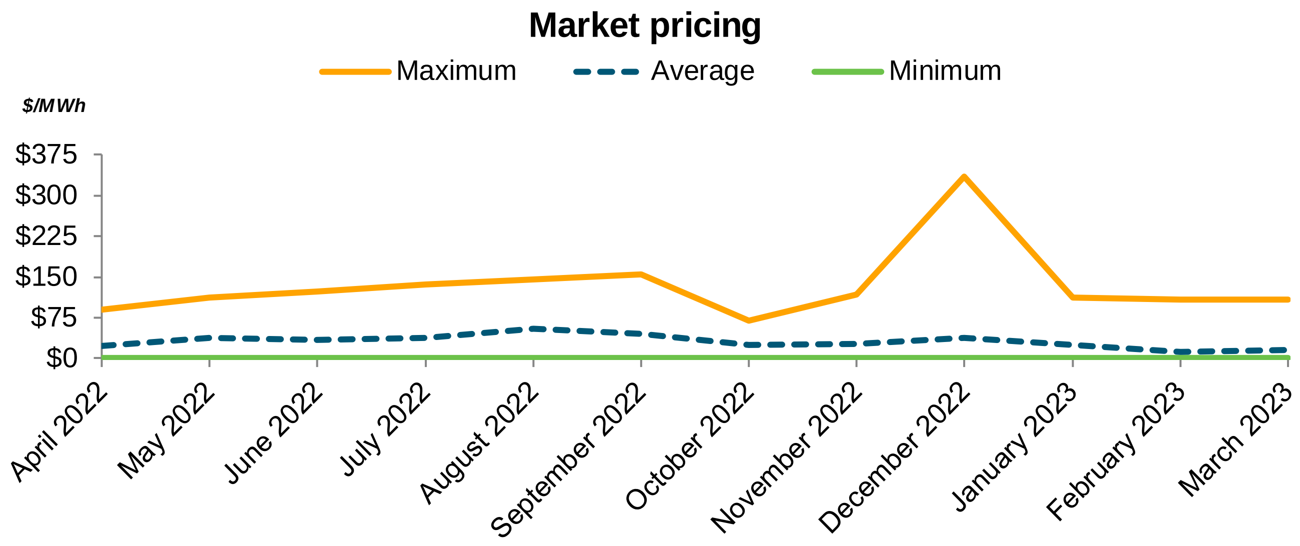


Purchased power

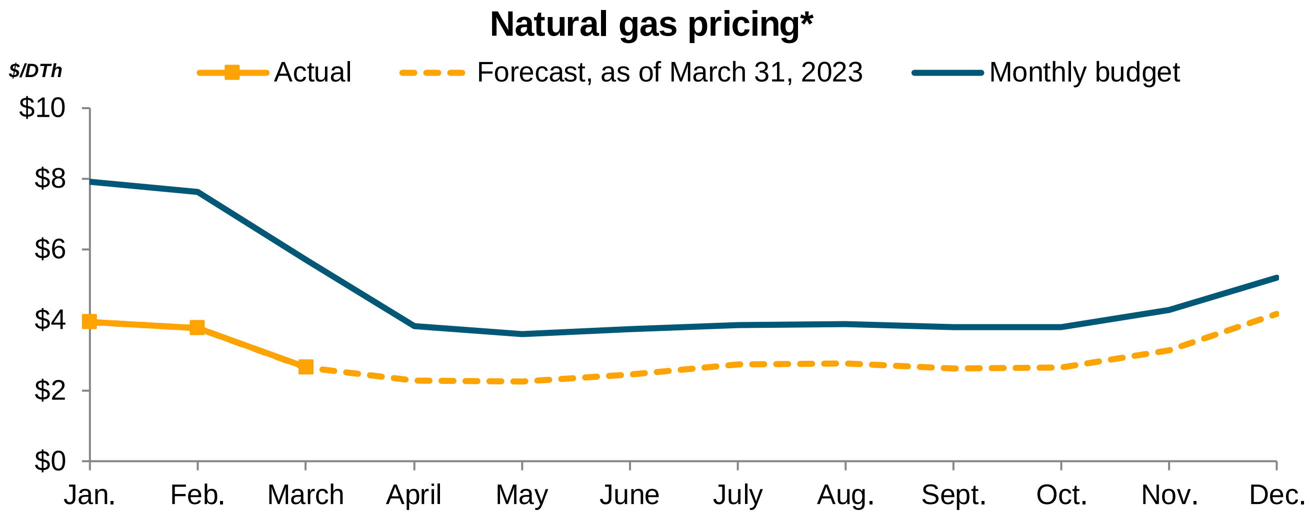




Market pricing

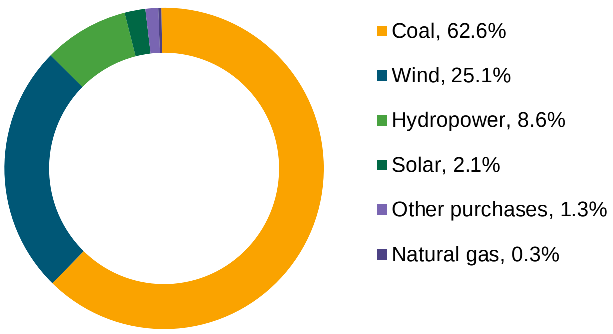


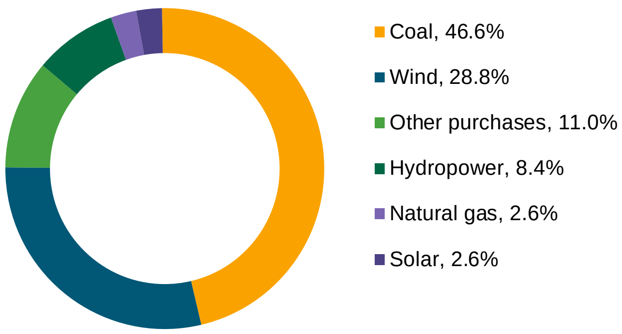
Natural gas pricing

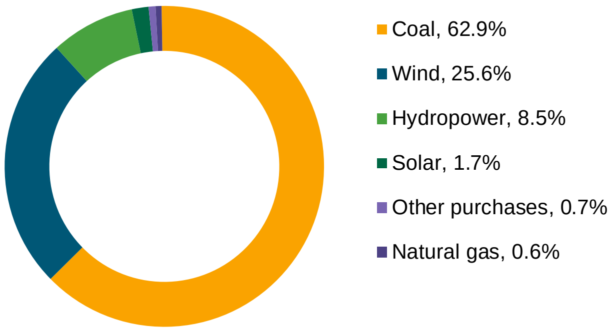


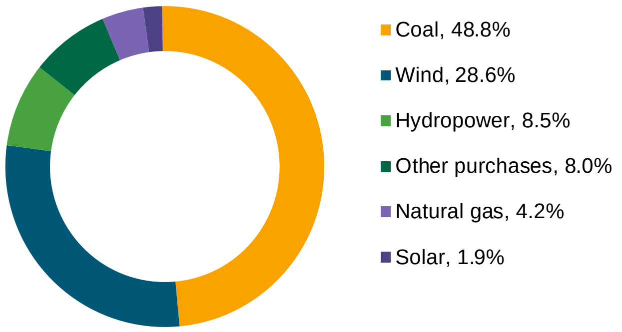
***Forecast based on Argus North American Natural Gas forward curves. Pricing does not include transport.**

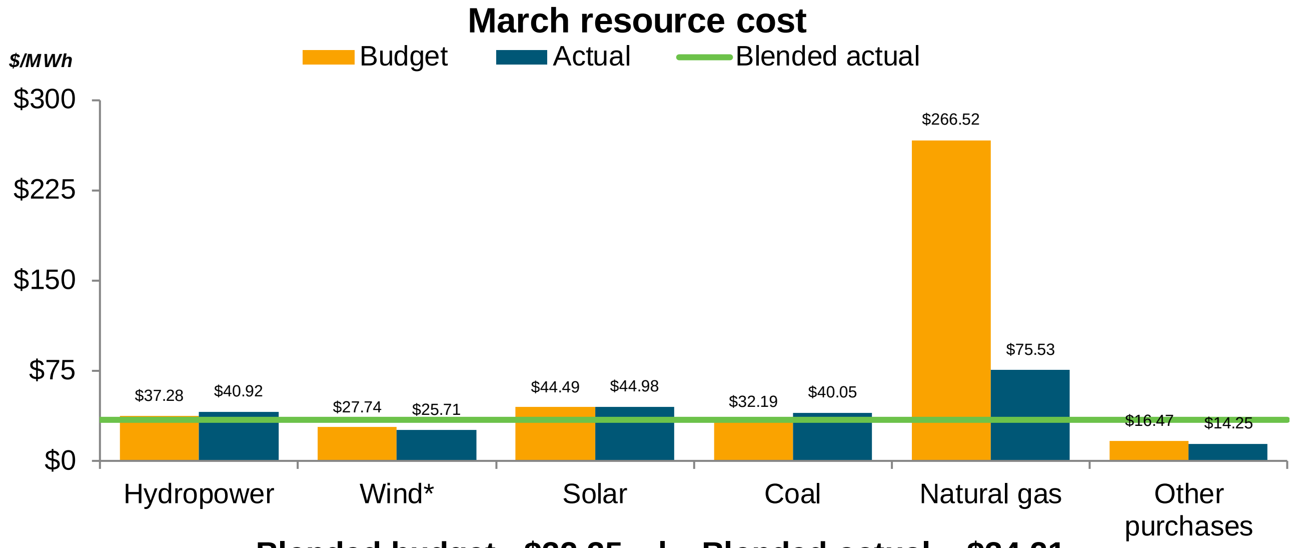
Total resources


March generation budget

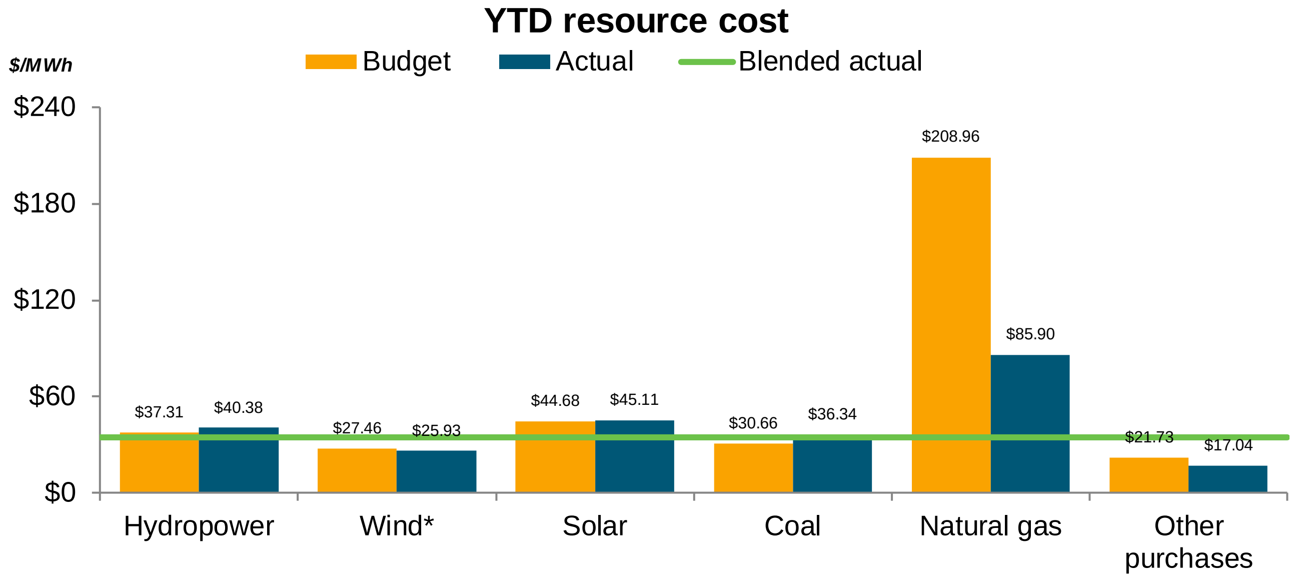

March generation actual


YTD budget


YTD actual



Blended budget $32.35 | Blended actual: $34.21



Blended budget $31.59 | Blended actual: $34.44

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

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

Financial report

March 2023

Financial highlights year to date

Platte River reported favorable results year to date. Change in net position of $10.7 million was favorable by $4.1 million compared to budget due to below-budget operating expenses and above-budget unrealized gains on investments, partially offset by below-budget revenues.

Key financial results ($ millions)	March			Favorable (unfavorable)		Year to date			Favorable (unfavorable)		Annual budget
	Budget	Actual				Budget	Actual				
Change in net position [(1)]	$ 0.7	$ 3.6	●	$ 2.9	414.3%	$ 6.6	$ 10.7	●	$ 4.1	62.1%	$ 22.4
Fixed obligation charge coverage	1.92x	2.16x	●	.24x	12.5%	2.45x	2.68x	●	.23x	9.4%	2.43x

>2% ● Favorable | 2% to -2% ◆ At or near budget | <-2% ■ Unfavorable

(1) See deferred revenue and expense accounting policy in the other financial information section.

Budgetary highlights year to date

The following budgetary highlights are presented on a non-GAAP budgetary basis.

Key financial results ($ millions)	March			Favorable (unfavorable)		Year to date			Favorable (unfavorable)		Annual budget
	Budget	Actual				Budget	Actual				
Total revenues	$ 24.5	$ 22.7	■	$ (1.8)	(7.3%)	$ 76.6	$ 71.9	■	$ (4.7)	(6.1%)	$ 305.0
Sales to owner communities	17.3	17.4	◆	0.1	0.6%	52.7	52.8	◆	0.1	0.2%	224.1
Sales for resale - long-term	1.1	1.0	■	(0.1)	(9.1%)	3.4	4.0	●	0.6	17.6%	14.9
Sales for resale - short-term	5.1	2.7	■	(2.4)	(47.1%)	17.5	10.8	■	(6.7)	(38.3%)	53.6
Wheeling	0.5	0.9	●	0.4	80.0%	1.5	2.5	●	1.0	66.7%	6.1
Interest and other income	0.5	0.7	●	0.2	40.0%	1.5	1.8	●	0.3	20.0%	6.3
Total operating expenses	$ 20.3	$ 17.7	●	$ 2.6	12.8%	$ 59.1	$ 52.3	●	$ 6.8	11.5%	$ 238.1
Purchased power	4.7	4.5	●	0.2	4.3%	14.1	12.2	●	1.9	13.5%	55.1
Fuel	4.9	3.7	●	1.2	24.5%	15.6	13.5	●	2.1	13.5%	62.7
Production	4.7	4.8	■	(0.1)	(2.1%)	13.2	13.1	◆	0.1	0.8%	54.8
Transmission	1.8	1.5	●	0.3	16.7%	5.3	5.2	◆	0.1	1.9%	20.2
Administrative and general	3.1	2.7	●	0.4	12.9%	8.1	7.1	●	1.0	12.3%	31.5
Distributed energy resources	1.1	0.5	●	0.6	54.5%	2.8	1.2	●	1.6	57.1%	13.8
Capital additions	$ 5.1	$ 1.4	●	$ 3.7	72.5%	$ 12.6	$ 3.2	●	$ 9.4	74.6%	$ 42.7
Debt service expenditures	$ 1.5	$ 1.5	◆	$ -	0.0%	$ 4.4	$ 4.4	◆	$ -	0.0%	$ 17.8

>2% ● Favorable | 2% to -2% ◆ At or near budget | <-2% ■ Unfavorable

Total revenues, $4.7 million below budget

Key variances greater than 2% or less than (2%)

- **Sales for resale - long-term** were above budget $0.6 million due to calls on a capacity contract, partially offset by below-budget resold wind generation and lower available baseload generation that serves a contract.
- **Sales for resale - short-term** were below budget $6.7 million as energy volume was 47.9% below budget, partially offset by 18.6% above-budget average prices.
- **Wheeling** was above budget $1 million due to unplanned point-to-point transmission sales.
- **Interest and other income** was above budget $0.3 million primarily due to higher interest income earned on investments.

Total operating expenses, $6.8 million below budget

Key variances greater than 2% or less than (2%)

- **Fuel** was $2.1 million below budget.

  Coal - Craig units 124% of the overall variance, $2.6 million below budget. Generation was below budget due to unplanned outages, curtailments and the early start to the Craig Unit 2 scheduled maintenance outage. Price was below budget due to an updated price from Trapper Mine.

  Coal - Rawhide Unit 1 86% of the overall variance, $1.8 million below budget. Generation was below budget due to an unplanned outage and curtailments.

  Natural Gas (110%) of the overall variance, $2.3 million above budget. The combustion turbine units were used predominantly to make sales. Further, non-generation gas expense was above budget due to losses on price-locked gas that wasn't burned, as prices had fallen. Price was below budget due to lower market prices.
- **Purchased power** was $1.9 million below budget. The below-budget expenses include: 1) net energy provided to Tri-State Generation and Transmission Association, Inc. (Tri-State) under the forced outage assistance agreement, 2) wind generation and 3) hydropower purchases due to drought conditions. Partially offsetting the below-budget variances were above-budget market and bilateral purchases to replace baseload generation during outages and curtailments. A forced outage of Craig Unit 2 led to an early start to the scheduled maintenance outage.
- **Distributed energy resources** were $1.6 million below budget due to the unpredictability of the completion of customers' energy efficiency projects, below-budget personnel expenses and consulting services.
- **Production, transmission, and administrative and general** were $1.2 million below budget. Projects were either completed below budget or expenses not required. The below-budget expenses include: 1) transmission non-routine projects, 2) digital and communications consulting services, 3) software and technology hardware, 4) general facility maintenance and 5) Rawhide non-routine projects. The above-budget expenses include: 1) SCADA and energy management and 2) combustion turbine equipment. Of the net below-budget variance, at least $1 million is expected to be spent by the end of the year.

Capital additions (year-end estimates as of March 2023)

The projects listed below are projected to end the year with a budget variance of more than $100,000. In addition, the amounts below are costs for 2023 and may not represent the total cost of the project. Further changes to capital projections are anticipated and staff will continue to monitor spending estimates to ensure capital projects are appropriately funded.

	Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
	Below budget projects				
**	**Market software - PCI GenManager** - This project will be below budget due to vendor project costs being lower than originally anticipated and contingency funds being not needed.	$ 459	$ 259	$ 200	$ -

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
Above budget projects				
** **Transmission line vault upgrades - Crossroads Substation** - This project will be above budget due to increased contractor labor rates, project duration extending by one week and material costs being higher than originally anticipated.	$ 994	$ 1,205	$ (211)	$ -
Relay upgrades - **(T1 and T2 bays) Dixon Creek Substation** - This project will be above budget for the construction of relay upgrades which will improve the transformer bus protection and modernize the existing relay protection package. Project design began in late 2022 and funds could not be budgeted timely for 2023.	$ 17	$ 197	$ (180)	$ -
Out-of-budget projects				
** **Switch and capacitor voltage transformer (CVT) replacements - Timberline Substation** - This project will replace inoperable and unreliable disconnect switches and will replace the CVT which is at the end of its useful life. Equipment replacements will be combined to reduce costs and outage scheduling.	$ -	$ 217	$ (217)	$ -
Perimeter detection system - **Horseshoe Substation** - This project will install forward-looking infrared thermal cameras to detect and monitor breaches of the substation. In addition, perimeter lighting will be installed to act as a deterrent and to aid in investigation if there was a breach. This project was escalated due to recent physical security events at substations across the country.	$ -	$ 164	$ (164)	$ -
Canceled projects				
Subscription based information technology arrangements - Due to the implementation of GASB 96 *Subscription-Based Information Technology Arrangements*, a right-to-use subscription asset was budgeted as capital for a variety of subscription software. After further analysis, it was determined that appropriated funds for this standard should not be attributed to capital additions. Rather, the related expenditures will be classified as financing arrangements and reported as debt service for budgetary purposes.	$ 1,160	$ -	$ 1,160	$ -
Transformer (Flats) replacement - **Rawhide Substation** - This project was canceled and will be evaluated with future generation resources to ensure construction and system impacts at the Rawhide Energy Station are optimized.	$ 949	$ -	$ 949	$ -
Real time tools - This project was canceled as a capital addition. COVID-19 restrictions delayed the project leading to an estimated remaining useful life of less than two years and a replacement asset was in progress. Therefore, it did not meet capitalization criteria when completed and the expenditures were reclassified as operating expenses.	$ -	$ (561)	$ 561	$ -
Control enclosure and relay upgrades - **Valley Substation -** This project was canceled and will be rebudgeted in a future year to align with City of Loveland projects. This will minimize outages and gain efficiencies.	$ 453	$ -	$ 453	$ -

* Project details or amounts have changed since last report.

** Project is new to the report.

Debt service expenditures

The outstanding principal for Series JJ and KK represents debt associated with transmission assets ($115.6 million) and the Rawhide Energy Station ($22.5 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1. The table below shows current debt outstanding.

Series	Debt outstanding $/thousands	Par issued $/thousands	True interest cost	Maturity date	Callable date	Purpose
Series JJ - April 2016	$ 113,490	$ 147,230	2.2%	6/1/2036	6/1/2026	$60M new money for Rawhide & transmission projects & refund portion of Series HH ($13.7M NPV/12.9% savings)
Series KK - December 2020	24,595	$ 25,230	1.6%	6/1/2037	N/A*	Refund a portion of Series II ($6.5M NPV/27.6% savings)
Total par outstanding	138,085					
Unamortized bond premium	11,354					
Total revenue bonds outstanding	149,439					
Less: due within one year	(12,215)					
Total long-term debt, net	$ 137,224					

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

*Series KK is subject to prior redemption, in whole or in part as selected by Platte River, on any date.

As discussed in the capital additions section, Platte River is subject to the subscription reporting model applicable under GASB 96 *Subscription-Based Information Technology Arrangements*. Payments for right-to-use subscription assets will be presented as debt service expenditures rather than capital additions. Because these were budgeted as capital additions, an appropriation for debt service expenditures was not approved for these transactions. Therefore, staff will request a contingency transfer appropriation and will continue to evaluate subscriptions. The results presented may not represent the full implementation of the standard until the end of 2023.

Other financial information

- **Deferred revenue and expense accounting policy** - This policy allows deferring revenues and expenses to reduce rate pressure and achieve rate smoothing during the portfolio transition to meet the Resource Diversification Policy goal. Staff will evaluate the financial statements at the end of the year and apply the policy accordingly, which would impact the change in net position.
- **Forced outage assistance agreement** - This agreement, which involves Platte River's Rawhide Unit 1 and Tri-State's Craig Unit 3, provides that each party supply replacement energy to the other party during a forced outage of either unit. The Energy Account Balance Limit, defined in the agreement, was exceeded and Tri-State was invoiced $2.4 million. Pursuant to the terms of the agreement, this payment buys down the energy balance to half of the contract limit.

Budget schedules

Schedule of revenues and expenditures, budget to actual

March 2023

Non-GAAP budgetary basis (in thousands)

	Month of March		Favorable
	Budget	**Actual**	(unfavorable)
Revenues			
Operating revenues			
Sales to owner communities	$ 17,302	**$ 17,379**	$ 77
Sales for resale - long-term	1,111	**1,061**	(50)
Sales for resale - short-term	5,146	**2,717**	(2,429)
Wheeling	503	**873**	370
Total operating revenues	24,062	**22,030**	(2,032)
Other revenues			
Interest income(1)	435	**567**	132
Other income	30	**70**	40
Total other revenues	465	**637**	172
Total revenues	$ 24,527	**$ 22,667**	$ (1,860)
Expenditures			
Operating expenses			
Purchased power	$ 4,705	**$ 4,526**	$ 179
Fuel	4,908	**3,716**	1,192
Production	4,696	**4,782**	(86)
Transmission	1,789	**1,536**	253
Administrative and general	3,072	**2,625**	447
Distributed energy resources	1,116	**546**	570
Total operating expenses	20,286	**17,731**	2,555
Capital additions			
Production	932	**348**	584
Transmission	2,645	**298**	2,347
General	1,568	**712**	856
Total capital additions	5,145	**1,358**	3,787
Debt service expenditures			
Principal	1,018	**1,018**	-
Interest expense	464	**464**	-
Total debt service expenditures	1,482	**1,482**	-
Total expenditures	$ 26,913	**$ 20,571**	$ 6,342
Revenues less expenditures	$ (2,386)	**$ 2,096**	$ 4,482

(1) Excludes unrealized holding gains and losses on investments.

Schedule of revenues and expenditures, budget to actual

March 2023 year-to-date

Non-GAAP budgetary basis (in thousands)

	March year to date		Favorable	Annual
	Budget	**Actual**	(unfavorable)	budget
Revenues				
Operating revenues				
Sales to owner communities	$ 52,738	**$ 52,860**	$ 122	$ 224,082
Sales for resale - long-term	3,387	**3,995**	608	14,889
Sales for resale - short-term	17,457	**10,789**	(6,668)	53,584
Wheeling	1,499	**2,484**	985	6,165
Total operating revenues	75,081	**70,128**	(4,953)	298,720
Other revenues				
Interest income$^{(1)}$	1,246	**1,566**	320	5,978
Other income	227	**245**	18	301
Total other revenues	1,473	**1,811**	338	6,279
Total revenues	$ 76,554	**$ 71,939**	$ (4,615)	$ 304,999
Expenditures				
Operating expenses				
Purchased power	$ 14,106	**$ 12,160**	$ 1,946	$ 55,115
Fuel	15,600	**13,543**	2,057	62,676
Production	13,178	**13,049**	129	54,770
Transmission	5,337	**5,260**	77	20,254
Administrative and general	8,063	**7,031**	1,032	31,508
Distributed energy resources	2,798	**1,227**	1,571	13,789
Total operating expenses	59,082	**52,270**	6,812	238,112
Capital additions				
Production	2,917	**994**	1,923	14,668
Transmission	5,542	**1,038**	4,504	14,953
General	4,157	**1,175**	2,982	13,048
Asset retirement obligations	-	**-**	-	52
Total capital additions	12,616	**3,207**	9,409	42,721
Debt service expenditures				
Principal	3,054	**3,054**	-	12,550
Interest expense	1,392	**1,392**	-	5,233
Total debt service expenditures	4,446	**4,446**	-	17,783
Total expenditures	$ 76,144	**$ 59,923**	$ 16,221	$ 298,616
Contingency reserved to board	-	**-**	-	52,000
Total expenditures and contingency	$ 76,144	**$ 59,923**	$ 16,221	$ 350,616
Revenues less expenditures and contingency	$ 410	**$ 12,016**	$ 11,606	$ (45,617)

(1) Excludes unrealized holding gains and losses on investments.

Financial report | 10

Financial statements

Statements of net position

Unaudited (in thousands)

	March 31 2023	March 31 2022
Assets		
Electric utility plant, at original cost		
Land and land rights	**$ 19,446**	$ 19,446
Plant and equipment in service	**1,464,549**	1,446,798
Less: accumulated depreciation and amortization	**(945,428)**	(910,316)
Plant in service, net	**538,567**	555,928
Construction work in progress	**26,561**	26,019
Total electric utility plant	**565,128**	581,947
Special funds and investments		
Restricted funds and investments	**24,021**	23,744
Dedicated funds and investments	**163,405**	132,366
Total special funds and investments	**187,426**	156,110
Current assets		
Cash and cash equivalents	**42,370**	45,758
Other temporary investments	**46,667**	43,505
Accounts receivable - owner communities	**17,363**	16,726
Accounts receivable - other	**9,483**	8,557
Fuel inventory, at last-in, first-out cost	**10,790**	7,611
Materials and supplies inventory, at average cost	**16,562**	15,526
Prepayments and other assets	**9,883**	6,003
Total current assets	**153,118**	143,686
Noncurrent assets		
Regulatory assets	**128,229**	126,035
Other long-term assets	**7,123**	6,015
Total noncurrent assets	**135,352**	132,050
Total assets	**1,041,024**	1,013,793
Deferred outflows of resources		
Deferred loss on debt refundings	**2,876**	3,749
Pension deferrals	**14,849**	2,115
Asset retirement obligations	**24,630**	22,007
Total deferred outflows of resources	**42,355**	27,871
Liabilities		
Noncurrent liabilities		
Long-term debt, net	**137,224**	151,983
Other long-term obligations	**94,295**	94,295
Net pension liability	**30,520**	7,770
Asset retirement obligations	**31,642**	27,549
Other liabilities and credits	**7,528**	7,668
Total noncurrent liabilities	**301,209**	289,265
Current liabilities		
Current maturities of long-term debt	**12,215**	11,660
Current portion of other long-term obligations	**889**	889
Current portion of asset retirement obligations	**1,547**	1,706
Accounts payable	**17,843**	17,058
Accrued interest	**1,856**	2,044
Accrued liabilities and other	**3,535**	1,864
Total current liabilities	**37,885**	35,221
Total liabilities	**339,094**	324,486
Deferred inflows of resources		
Deferred gain on debt refundings	**123**	137
Regulatory credits	**74,411**	55,842
Pension deferrals	**287**	6,024
Lease deferrals	**852**	999
Total deferred inflows of resources	**75,673**	63,002
Net position		
Net investment in capital assets	**398,898**	394,069
Restricted	**22,165**	21,700
Unrestricted	**247,549**	238,407
Total net position	**$ 668,612**	$ 654,176

Note: Certain prior year line items have changed due to the restatement of financial statements.

Statements of revenues, expenses and changes in net position

Unaudited (in thousands)

	Month of March	March year to date		Twelve months ended March 31	
		2023	2022	2023	2022
Operating revenues					
Sales to owner communities	**$ 17,379**	**$ 52,860**	$ 50,832	$ 214,347	$ 202,892
Sales for resale	**3,778**	**14,784**	13,341	74,881	61,060
Wheeling	**873**	**2,484**	1,693	8,429	5,906
Deferred regulatory revenues	**-**	**-**	-	(21,602)	-
Total operating revenues	**22,030**	**70,128**	65,866	276,055	269,858
Operating expenses					
Purchased power	**4,526**	**12,160**	15,878	49,661	56,421
Fuel	**3,716**	**13,543**	11,323	68,675	49,587
Operations and maintenance	**6,311**	**18,527**	16,267	69,743	61,475
Administrative and general	**2,660**	**7,289**	5,528	27,775	22,166
Distributed energy resources	**556**	**1,255**	1,613	8,126	6,950
Depreciation, amortization and accretion	**3,175**	**9,568**	8,626	37,071	35,295
Total operating expenses	**20,944**	**62,342**	59,235	261,051	231,894
Operating income	**1,086**	**7,786**	6,631	15,004	37,964
Nonoperating revenues (expenses)					
Interest income	**565**	**1,561**	271	4,203	1,215
Other income	**70**	**245**	332	341	983
Interest expense	**(464)**	**(1,392)**	(1,533)	(5,662)	(6,223)
Amortization of bond financing costs	**123**	**369**	410	1,600	1,783
Net increase/(decrease) in fair value of investments	**2,252**	**2,102**	(3,222)	(1,050)	(4,709)
Total nonoperating revenues (expenses)	**2,546**	**2,885**	(3,742)	(568)	(6,951)
Change in net position	**3,632**	**10,671**	2,889	14,436	31,013
Net position at beginning of period, as previously reported	**664,980**	**657,941**	651,287	654,176	623,163
Net position at end of period	**$ 668,612**	**$ 668,612**	$ 654,176	$ 668,612	$ 654,176

Statements of cash flows

Unaudited (in thousands)

	Month of March	March year to date		Twelve months ended March 31	
		2023	2022	2023	2022
Cash flows from operating activities					
Receipts from customers	$ 23,032	$ 74,384	$ 67,262	$ 297,902	$ 267,144
Payments for operating goods and services	(15,841)	(45,463)	(36,567)	(176,621)	(151,498)
Payments for employee services	(5,411)	(12,933)	(11,949)	(48,506)	(47,208)
Net cash provided by operating activities	1,780	15,988	18,746	72,775	68,438
Cash flows from capital and related financing activities					
Additions to electric utility plant	(281)	(2,237)	(910)	(22,186)	(23,157)
Payments from accounts payable incurred for electric utility plant additions	(1,032)	(3,493)	(1,581)	(1,382)	(1,591)
Proceeds from disposal of electric utility plant	-	-	3	71	228
Principal payments on long-term debt	-	-	-	(11,660)	(11,145)
Interest payments on long-term debt	-	-	-	(5,850)	(6,371)
Payments related to other long-term obligations	(4,145)	(4,145)	(3,809)	(4,145)	(3,809)
Payments from lease receivables	-	-	-	148	-
Payments on lease liabilities	-	-	-	(14)	-
Net cash used in capital and related financing activities	(5,458)	(9,875)	(6,297)	(45,018)	(45,845)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	(2,116)	(13,560)	(7,648)	(35,554)	(36,042)
Interest and other income, including realized gains and losses	634	1,800	550	4,409	2,113
Net cash used in investing activities	(1,482)	(11,760)	(7,098)	(31,145)	(33,929)
(Decrease)/increase in cash and cash equivalents	(5,160)	(5,647)	5,351	(3,388)	(11,336)
Balance at beginning of period in cash and cash equivalents	47,530	48,017	40,407	45,758	57,094
Balance at end of period in cash and cash equivalents	$ 42,370	$ 42,370	$ 45,758	$ 42,370	$ 45,758
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	$ 1,086	$ 7,786	$ 6,631	$ 15,004	$ 37,964
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	3,309	9,934	9,401	39,766	37,398
Amortization	(482)	(1,409)	(1,548)	(6,495)	(3,797)
Changes in assets and liabilities that provided/(used) cash					
Accounts receivable	438	3,981	1,419	(1,563)	(3,072)
Fuel and materials and supplies inventories	(1,044)	(1,419)	2,724	(4,216)	6,427
Prepayments and other assets	(1,389)	(2,781)	(2,425)	(2,795)	19
Regulatory assets	178	533	258	(2,973)	998
Deferred outflows of resources	229	687	440	(15,356)	(1,336)
Accounts payable	(15)	(4,152)	209	1,014	1,053
Net pension liability	-	-	-	22,750	(7,834)
Asset retirement obligations	(57)	(96)	-	3,934	1,669
Other liabilities	(869)	1,759	525	3,406	758
Deferred inflows of resources	396	1,165	1,112	20,299	(1,809)
Net cash provided by operating activities	$ 1,780	$ 15,988	$ 18,746	$ 72,775	$ 68,438
Noncash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	1,110	1,110	1,382	1,110	1,382
Additions of electric utility plant through leasing	-	-	-	-	134
Additions to regulatory assets and other assets through incurrence of other long-term obligations	-	-	-	-	96,073
Amortization of regulatory asset (debt issuance costs)	7	20	22	86	95
Amortization of bond premiums, deferred loss and deferred gain on refundings	(130)	(389)	(432)	(1,685)	(1,878)

Note: Certain previously stated line items have been updated and reclassified to reflect audited financial statement presentation.

Schedule of net revenues for bond service and fixed obligations

Unaudited (in thousands)

	Month of March	March year to date		Twelve months ended March 31	
		2023	2022	2023	2022
Bond service coverage					
Net revenues					
Operating revenues	**$ 22,030**	**$ 70,128**	$ 65,866	$ 276,055	$ 269,858
Operations and maintenance expenses, excluding depreciation, amortization and accretion	**17,769**	**52,774**	50,609	223,980	196,599
Net operating revenues	**4,261**	**17,354**	15,257	52,075	73,259
Plus interest income on bond accounts and other income (1)	**637**	**1,811**	566	4,571	2,179
Net revenues before rate stabilization	**4,898**	**19,165**	15,823	56,646	75,438
Rate stabilization					
Deposits	**-**	**-**	-	-	-
Withdrawals	**-**	**-**	-	-	-
Total net revenues	**$ 4,898**	**$ 19,165**	$ 15,823	$ 56,646	$ 75,438
Bond service					
Power revenue bonds	**$ 1,482**	**$ 4,446**	$ 4,448	$ 17,785	$ 17,874
Coverage					
Bond service coverage ratio	**3.31**	**4.31**	3.56	3.19	4.22

	Month of March	March year to date		Twelve months ended March 31	
		2023	2022	2023	2022
Fixed obligation charge coverage					
Total net revenues, above	**$ 4,898**	**$ 19,165**	$ 15,823	$ 56,646	$ 75,438
Fixed obligation charges included in operating expenses (2)	**1,466**	**4,319**	4,768	16,578	15,694
Adjusted net revenues before fixed obligation charges	**$ 6,364**	**$ 23,484**	$ 20,591	$ 73,224	$ 91,132
Fixed obligation charges					
Power revenue bonds, above	**$ 1,482**	**$ 4,446**	$ 4,448	$ 17,785	$ 17,874
Fixed obligation charges	**1,466**	**4,319**	4,768	16,578	15,694
Total fixed obligation charges	**$ 2,948**	**$ 8,765**	$ 9,216	$ 34,363	$ 33,568
Coverage					
Fixed obligation charge coverage ratio	**2.16**	**2.68**	2.23	2.13	2.71

(1) Excludes unrealized holding gains and losses on investments.

(2) Fixed obligation charges include debt-like obligations either related to the ownership of resource assets or off-balance-sheet financings. Platte River considers 30% of amounts due for energy under hydropower, solar and wind power purchase agreements to be fixed obligation charges for this purpose.

Platte River
Power Authority
Estes Park • Fort Collins • Longmont • Loveland

General management report

March 2023

Business strategies

Communications, marketing and external affairs

During March, communications, marketing and external affairs staff:

- Attended the Town of Severance Planning Commission meeting and town council meeting for discussion and approval on agreements regarding the Black Hollow Solar project.
- Engaged with stakeholders at the Renewables Now Loveland community meeting, providing an update on Platte River's progress on the Resource Diversification Policy.
- Participated in and hosted a table at the 8th Annual Poudre River Water Forum community event.
- Hosted an information session for teachers participating in Platte River's fourth annual NoCo Time Trials solar/battery car competition for middle school students (scheduled for May 6).
- Conducted interviews with multiple candidates to fill the newly formed senior external affairs specialist position.

Efficiency Works™ marketing staff:

- Continued a radio and social media advertising campaign, including more than 2,000 individual runs of an advertisement on radio stations throughout northern Colorado.
- Developed and deployed outreach plans for Efficiency Works Business programs, including social media campaigns, letters to prospective participants and informational resource sheets for small and medium businesses and multifamily properties.
- Developed and deployed outreach plans for Efficiency Works Homes programs in collaboration with the owner communities.
- Supported the launch of electrification rebates for residential customers through website changes, social media and other marketing.

Human resources

As the human resources team prepares to make continued improvements to Platte River's total benefits and rewards program based on the updated strategic plan, the team attended a professional development workshop on project management.

The organization's senior leaders continued their work on the compensation study, which is still being reviewed.

Safety

- The headquarters occupational health and safety specialist attended the annual RMEL spring safety conference in Arizona.

- Safety staff conducted vendor safety orientation to prepare for a large fiber-optic upgrade project scheduled to start mid-April.
- Safety staff conducted employee safety orientation and occupational health testing for a new Rawhide plant operator.

Injury statistics	2021 year end	2022 year end	YTD through March 2022	YTD through March 2023
Recordable injury rate	1.67	1.25	3.21	3.08
DART	0.00	0.83	1.60	0.00
Lost time rate	0.00	0.00	0.00	0.00

Platte River had one recordable injury and zero lost time injuries in March.

Emergency response team

The position for a new emergency services specialist will be posted to fill the vacancy.

Financial

2024 budget preparation

Platte River's 2024 budget process has begun. We continually look for ways to improve the existing process and to improve work planning and budgeting by better aligning scope, schedules and available resources. Staff received instructions on forms, processes and procedures to facilitate departmental budget preparation and align their budgets with the new strategic initiatives. Below is a condensed schedule to show the overall budget process.

March to May	Kickoff presentations and preparation of budget details by departments
June	Data compilation, division budget reviews and reporting
July	Senior leadership and GM/CEO budget review
August	Refine budget and document preparation
September	Budget work session with board
October	Public hearing and board review of budget modifications
November	Prepare final budget document
December	Final budget review with board and request adoption

Risk management

Platte River continues to emphasize risk management and refine its enterprise risk management program. Platte River hired Moss Adams to perform an enterprise risk assessment. Moss Adams provided a preliminary report based on information collected through documents, management interviews and an employee survey. This report is under review by the enterprise risk management team and results will be reviewed by the risk oversight committee. This process will assist Platte River in summarizing and prioritizing risks across the organization and addressing concerns of employees. Additionally, Platte River is planning to hire a consultant to review its energy risk management documents and processes, as well as hiring a risk manager to lead risk management activities at Platte River.

Enterprise resource planning project update

In 2022, Platte River initiated a multi-year enterprise resource planning (ERP) project to replace business systems with Oracle Cloud. Emtec is Platte River's implementation partner. Staff leads meet weekly with counterparts at Emtec to ensure the project is on-track to meet the phase 1 implementation goal of April 2024. To date, the prepare and discovery phases are complete, and the design and construction stages are underway. Beginning in March, staff participated in the conference room pilot (CRP1). CRP1 gave staff the first opportunity to test Platte River's data in the Oracle system and determine if the Oracle system meets Platte River's requirements.

Yampa audit

In 2022, Platte River's Internal Audit Manager served as the audit coordinator for the Yampa project audit team as they conducted the audit of expenses billed by Tri-State Generation and Transmission Cooperative, Inc. (Tri-State) as the Yampa operating agent for calendar year 2021. Costs invoiced to the participants by the Yampa operating agent were in accordance with the Yampa Project Amended and Restated Participation Agreement dated April 15, 1992 with the exception of two findings.

The first finding was due to a miscoding of six regular labor hours from Tri-State's Apparatus and Construction department to the Craig Station, resulting in a $699 overbilling that was corrected in November 2022. The coding error appears to be an isolated discrepancy.

The second finding was identified during the review of Tri-State's Coal and Oil Handling account. Incorrect variable billing codes were used to calculate Participant charges from December 2020 through the present. From 2020 to 2022, this resulted in an overbilling to Platte River of $57,463. Tri-State credited this amount back to Platte River in March 2023. The audit team will verify the appropriate corrections have been made for 2023 as part of the next audit.

Transition and integration

Energy solutions

Through the administration and implementation of Efficiency Works customer programming the Energy Solutions department began shifting programming initiatives to expand services beyond energy efficiency to increasing customer opportunities in other distributed energy solutions supporting the enablement of distributed energy resources (DER).

Platte River staff is focusing on refining the customer programming roadmap to support DER deployment through 2030 with an initial focus on residential building electrification, expansion of residential income-qualified offerings and electric vehicle charging infrastructure in the commercial sector. Key department achievements in March include the following:

- Building electrification program offerings officially began on April 1, 2023, as Efficiency Works Homes continued to experience high demand for assessment and advising services in March as customers express interest in the home upgrades. The electrification program offerings are developed to align with the Inflation Reduction Act, where possible, to allow customers to stack incentives and support the owner communities' greenhouse gas reduction goals.

- Efficiency Works Consumer Engagement programming focused on the school education program, branded as Think! Energy, which continued to experience significant interest from schools in all four owner communities. In March, interest in the program exceeded the annual goal of 2,300 participating students with 2,399 fourth-grade students in 41 schools, all of whom will receive educational kits by the end of April. The efficiency kits complement the curriculum material provided by Think! Energy, which is based on state education requirements.

- Efficiency Works Business programming staff collaborated with owner community staff to identify ways to increase program participation. This led to the development of an Energy Efficiency rebate bonus, planned to launch on April 15, 2023. This is to help drive additional participation and encourage more contractors to engage with local businesses on energy upgrades.

Through March 2023, Efficiency Works programs have achieved 1,051 MWh of energy savings and have spent $1.1 million including incentives and administrative costs. Platte River has budgeted $11.1 million for efficiency programs and administration with a goal of 26,768 MWh energy savings. Owner communities may provide as much as $2.7 million in additional directive funding.

Digital department

The digital department is a large department spanning many different areas including enterprise infrastructure, enterprise applications, operational technology, telecommunications and fiber optics, client technology and security, and information and cyber governance. The following are some of the key department initiatives and activities completed or underway.

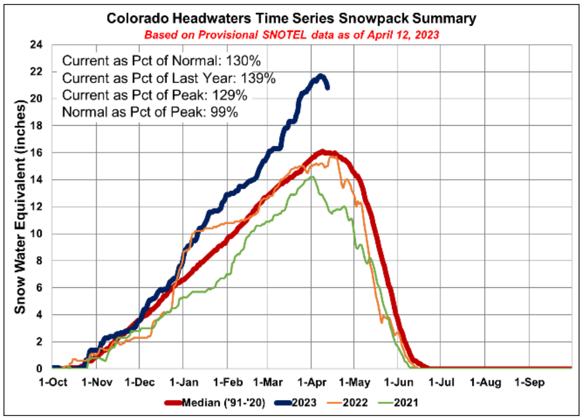
- Oracle Cloud Fusion ERP system
    - The department is supporting the first of at least two conference room pilots for the implementation of our ERP system. These pilot sessions cover four weeks of eight-hour days and include inventory, purchasing, contracts, budgeting, financial reporting, accounts receivable/accounts payable, cash management, maintenance management and field service. The goal of these sessions is to finalize our requirements based on how the system has been configured and the options available to further streamline configurations.

- OSI Energy Management System implementation (phase 1)
    - Several departments came together to complete implementation of part of the OSI energy management system required to enable automated generation dispatch signaling. The system went live on April 1, 2023, with only a few minor issues. The operational technology department is continuing to work on configuration, but the system is successfully operational. Dispatch signals are

being sent from Southwest Power Pool, carried across our network, processed by the OSI system, and sent to the generation resources.

Operations

Fuels and water



The most recent estimates from Northern Water indicate Lake Granby is likely to spill in 2023 due to significant snowpack conditions in the Colorado Headwaters basin (see graph – the dark blue line represents the 2023 water year compared to previous years). Depending on the progression of the snowmelt through spring and early summer, the spill would be anticipated to occur in late June or early July. While the above-average snow totals would typically be a good sign for Windy Gap operations, a lack of storage capacity in Lake Granby is expected to prevent the project from pumping this spring. Consequently, Platte River staff will begin efforts to secure alternative water supplies to satisfy Platte River's obligations to Fort Collins under the Reuse Plan for the remainder of the 2023 water year. The completion of Chimney Hollow Reservoir will eliminate the pumping limitations caused by lack of system storage.

At Chimney Hollow Reservoir, construction operations are expected to ramp up significantly as weather conditions improve. Main dam work has resumed its rise toward a final height of 350 feet at a rate of 4.5 feet of elevation gain per week. In the east abutment, the downstream portion of the inlet/outlet tunnel has been completed to the valve chamber and upstream tunnel excavation is now underway. The Chimney Hollow conduit, which carries water from the Colorado – Big Thompson system into the reservoir, is over 50% complete and should be finished by August. At the south end of the site, the saddle dam foundation excavation is complete after the construction timeline was accelerated due to schedule impacts elsewhere on the site. Through March, the project is lagging about one week behind the critical path schedule but significant gains are expected when the contractor begins 24-hour operations next month. Overall, the project is approximately 30% complete and 2023 is expected to be the most productive year in the construction schedule, with overall completion still targeted for 2025.

Follow up items

APPA CEO Roundtable

Jason Frisbie, Sarah Leonard and three board members attended the American Public Power Association CEO Roundtable in Savannah, Georgia, to discuss the State of U.S. Foreign Affairs, the global economy, fuel cost concerns with market volatility and strategic discussion topics to address supply chain issues.