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

Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, Oct. 26, 2023, 9 a.m.

Call to order

1. Consent agenda — *Motion to approve*
    a. Minutes of the regular meeting of Sept. 28, 2023
    b. 2024 rate tariff schedules — *Resolution 10-23*

Public comment

Board action items

2. 2023 FORVIS financial audit plan
    a. Audit engagement letter — *Motion to authorize*
3. Dispatchable capacity
    a. LPPC / EPRI presentations
    b. Dispatchable capacity support — *Resolution 11-23*

Management presentations

4. 2024 proposed Strategic Budget update – public hearing
5. Strategic Financial Plan update
6. Marketing and community engagement update
7. SPP RTO West update

Monthly informational reports – September

8. Q3 performance dashboard
9. Legal, environmental and compliance report
10. Resource diversification report
11. Operating report
12. Financial report
13. General management report

Strategic discussions

Adjournment

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

2023 board meeting planning calendar

Updated Oct. 17, 2023

November 2023

No board of directors meeting

Dec. 7, 2023

Board action items	Management presentations	Management reports	Monthly informational reports
2023 budget contingency appropriation transfer (if required)	Rawhide Transition Plan update (internal study and document)	Benefits update	Legal, environmental and compliance report
2024 Strategic Budget review and adoption	Resource Diversification Policy update	IRP community outreach recap	Resource diversification report
2024 proposed board of directors regular meeting schedule	Windy Gap request for proposal recap		Operating report
Strategic Financial Plan			Financial report
DC and DB Plan amendments			General management report
Committee report			
Defined Benefit Plan committee report			

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

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

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
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Memorandum

Date: 10/18/2023

To: Board of directors

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

Subject: Consent agenda – October

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 Sept. 28, 2023
- Resolution 10-23: 2024 rate tariff schedules

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Sept. 28, 2023

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Jeni Arndt[1] and Kendall Minor
Representing Longmont: Mayor Joan Peck[2] and David Hornbacher[3]
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)
Josh Pinsky (IT service desk technician II)
Shelley Nywall (director of finance)
Jason Harris (senior manager, financial reporting and budget)
Masood Ahmad (resource planning manager)
Tyler Michie (plant operations manager)
Wade Hancock (senior manager, financial planning and rates)
Javier Camacho (director of public and external affairs, strategic communications and social marketing)
Kendal Perez (strategic communications and community relations manager)
Leigh Gibson (senior external affairs specialist)
Kathleen West (communications and marketing specialist)
Maia Jackson (senior communications and marketing specialist)

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[1] Attended online.
[2] Attended online.
[3] Attended online.

Palmer Giro (accounting analyst III)
Jennifer Hammitt (director of legal affairs)
Travis Hunter (director of power generation)
Matt Tribby (senior air quality engineer)
Chris Wood (environmental compliance manager)
Pat Connors (director of portfolio strategy and integration)
Mike Jones (principal resource planner)
George Andrikopoulos (senior resource planner)
Phillip Vaughn (senior resource planner)
Paul Davis (distributed energy resources manager)
Bryce Brady (energy solutions manager)

Guests

Gary Wilmes (Black and Veatch)
Michael Fischer (Black and Veatch)

Call to order

Chair Bergsten called the meeting to order at 9:00 a.m. A quorum of board members was present via roll call. The meeting, having been duly convened, proceeded with the business on the agenda.

Action items

1. **Consent Agenda**

    a. Approval of the regular meeting minutes of Aug. 31, 2023

Director Marsh moved to approve the consent agenda as presented. Director Peck seconded. The motion carried 8-0.

Public comment

Chair Bergsten opened the public comment section by reading instructions, noting that time to accommodate each speaker would be divided equitably by the number of in-person members of the public and callers wishing to speak at the start of public comment. Five members of the public addressed the board.

Committee report

2. Defined Benefit Plan committee report (presenter: Dave Smalley)

Dave Smalley, chief financial officer and deputy general manager, summarized the Defined Benefit Plan committee meeting held on Aug. 25, 2023.

Northern Trust, the plan's investment consultant, reported on the plan's performance for the June 2023 quarter, stating that assets increased $1.7 million as positive market returns and contributions exceeded benefit payments. The portfolio returned 2%, while the plan's benchmark increased 3%. The plan's underperformance is the result of the portfolio's exposure to low-volatility, high-quality equities. The low-volatility strategies provide the portfolio downside protection during turbulent markets but will lag market returns when riskier equity strategies are in favor. The plan's target return is 7.5%.

Northern Trust also provided an educational session on its quality, low-volatility equity strategy. The consultant explained the strategy seeks to build a diverse, higher-quality and lower-volatility portfolio that delivers attractive up-market participation and down-market mitigation.

Mr. Smalley also discussed Platte River's senior counsel providing a high-level overview of an upcoming plan amendment the board will consider at its December meeting. The next committee meeting is scheduled for October 26.

Mr. Smalley stated the retirement committee report is for informational purposes and no board action is necessary.

Board action items

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

Sarah Leonard, general counsel, presented the recommended policy for general manager authorization on real estate transactions for resource development and suggested revisions to the board governance document for a board review process to oversee resolutions and policies that give the general manager broad authority (especially when a successor general manager takes office). Staff recommended approving the resolution and revising the board governance document. Chair Bergsten commented that the resolution helps address the need for agility and flexibility in an ever-changing industry. Director Arndt thanked staff for taking the comments during the August board meeting and incorporating them in the revisions.

Director Koenig moved to approve Resolution 09-23: policy on real estate transactions for resource development as presented. Director Hornbacher seconded. The motion carried 8-0.

Jason Frisbie, general manager and chief executive officer, noted that the board secretary will send an email after the meeting with a link to the board orientation web page that lists major board approved-policies and associated resolutions.

Management presentations

4. 2024 rate tariff schedules (presenter: Shelley Nywall)

Shelley Nywall, director of finance, reviewed the 2024 rate tariff schedules and associated documents included in the board materials.

Mr. Frisbie clarified the transmission rate correction was a thirty-dollar increase to the annual transmission rate which is not significant to the overall annual rate. Chair Bergsten asked to clarify the tariff charge to the communities is a combination of all charges including fixes charges and transmission charges but does not include the avoided costs for the residential customers who engage in net metering. Ms. Nywall confirmed his explanation.

5. 2024 proposed Strategic Budget work session (presenters: Shelley Nywall, Jason Harris)

Ms. Nywall introduced the 2024 proposed Strategic Budget. She highlighted how the budget supports Platte River's key initiatives, such as the Resource Diversification Policy, and the 2023 Strategic Plan, and previewed the major components of the 2024 proposed Strategic Budget. She thanked board members for their support throughout the budget review process.

Mr. Frisbie pointed out capital spending does not capture purchase power agreements (PPAs) for wind and solar projects Platte River pays for annually as operating expenses. Chair Bergsten asked if there is a first right of refusal for the projects to purchase at the end of the agreed-upon term. Mr. Frisbie confirmed all PPAs include rights of first refusal at the ends of their terms.

Jason Harris, senior manager, financial reporting and budget, presented the 2024 proposed Strategic Budget, including the budget schedule, process, overall document content, high-level trends, a 2024 overview and the five-year capital forecast. He noted additional slides contain further detailed information but he would not present them.

Director Marsh asked if the larger expenses in 2026-2028 included in the five-year capital forecast for costs associated with adding dispatchable capacity. Raj Singam Setti, chief transition and integration officer, responded that technology evaluation is covered in the next presentation but costs were included for budget planning purposes. Mr. Frisbie confirmed that construction of new units must be complete by 2028; the bulk of the costs is shown in 2026-2028. Mr. Smalley clarified that the expenses shown reflects the estimated cash flow to install capacity but will change in future years.

Director Arndt asked why total energy is showing a decrease for next year. Mr. Harris explained total energy is driven by the production cost model. This includes all market assumptions and information for Platte River's resource portfolio, including Western Energy Imbalance Service (WEIS) market data. He noted that in 2023 purchases increased, displacing energy Platte River would otherwise have produced. Mr. Frisbie noted capacity factors on the base-load resources are decreasing as their output is replaced by renewables and purchases. Director Arndt asked how Platte River tracks purchases from carbon vs. noncarbon resources within the market and if it is possible to know where the energy is coming from. Mr. Harris responded that, for accounting purposes, market purchases are not included as noncarbon resources. Melie Vincent, chief operating officer, explained the state of the market report provides annual accounting information, but that gives information on total renewable energy production (not which market participants receive credit for the output, which does not change through real-time dispatch transactions). Mr. Frisbie noted there is often a correlation between price paid and type of resource. Discussion ensued among directors and staff regarding accounting for renewable energy credits, five-year planning efforts with the four owner communities, tracking carbon resources, capacity factors and tuning Rawhide Unit 1 to ramp down to 80 MW.

Break 10:28-10:42

6. Dispatchable capacity implementation (presenters: Raj Singam Setti, Masood Ahmad, Tyler Michie, Sarah Leonard)

Mr. Singam Setti reviewed how Platte River's clean energy transition planning supports the Resource Diversification Policy (RDP) while maintaining the three pillars of the organization by integrating dispatchable capacity including dispatchable energy storage, dispatchable thermal units and the virtual power plant (VPP).

Chair Bergsten emphasized how the term "dispatchable capacity" has three elements, not just thermal units. Mr. Singam Setti confirmed and explained how Platte River uses studies for planning reserve margin to help define what the requirements will be and what resources would be needed to meet them.

Mr. Singam Setti introduced the staff who worked on selecting the thermal dispatchable technology to complement the future portfolio. Chair Bergsten noted the RDP is an inspirational goal that attracted staff to work at Platte River.

Masood Ahmad, resource planning manager, presented the process and study results the resource selection team used to select a dispatchable capacity resource.

Director Marsh asked how many days are entered into the models for a dark calm event. Mr. Ahmad responded three to five days based on the last 50 years of average occurrences.

Director Koenig asked about battery storage performance, the effects of multiple charge/discharge occurrences and the life of the batteries. Mr. Ahmad responded four-hour lithium-ion batteries will last about 10 to 15 years before the cells need to be replaced. Mr. Singam Setti explained the batteries go through different cycles and vendors define how many cycles in a year can be used. He added that every megawatt stored in the battery does not result in equal availability to discharge and the long-term efficiency degrades over time. Mr. Ahmad noted the current 100-hour battery efficiency is less than 40% and the technology is still developing. Director Marsh commented on lithium-ion batteries being available and asked what the drop-dead date would be to have batteries in place or if Platte River could delay the dispatchable capacity closer to 2030. Mr. Frisbie said that, because of permitting requirements, the process must start now. The new units must be built, tested, and operational by 2028 to make sure we have all resources needed before Rawhide Unit 1 retires. Director Marsh asked if anyone else is using the aeroderivative technology. Mr. Frisbie stated Colorado Springs Utilities installed this technology when it shut down one of its coal units two years ago.

Director Peck asked if the dispatchable capacity units could run on non-thermal fuel. Mr. Ahmad explained the aeroderivative units will be capable of using green hydrogen in the future, which does not emit CO2, and other lower-emitting fuels like biodiesel and renewable natural gas. Director Peck restated her focus on clean energy. Chair Bergsten suggested having future discussions on green fuels. Ms. Leonard clarified that Platte River previously considered reciprocating internal combustion engine (or "RICE") units as an option in 2020 but never installed them and does not plan to install them. Mr. Frisbie discussed the difference of the combustion turbines (CTs) at Rawhide Energy Station and how they function compared to the aeroderivative units. Mr. Singam Setti noted the aeroderivative dispatchable capacity will enable Platte River to reach 88% renewable energy penetration onto the system by 2030. Discussion ensued among directors and staff regarding the use of renewable fuels, the storage of green hydrogen, and if long duration storage and VPP will replace the existing CTs in the future.

Mr. Frisbie described how other utilities are using smaller long-duration storage projects to learn before committing to a large capital project with unproven technology. Director Minor commented on reading headlines of other utilities' press releases and understanding how their initiatives compare to projects at Platte River's scale. Staff reiterated that long-duration storage is still in the piloting phase and is not economically feasible.

Director Marsh asked if Platte River resource planning efforts focus on just covering owner community load or if the intent is to add more capacity to be able to sell into the market. Mr. Singam Setti responded that staff is trying to ensure Platte River can handle intermittent energy resources and keep the system reliable while also covering required ancillary services. Mr. Frisbie emphasized that the portfolio presented relies on technology available today to be successful; he noted the portfolio structures will continue to change in the next iteration of integrated resource plan modeling. Discussion ensued among directors and staff regarding VPP technology and development.

Director Hornbacher asked to clarify if the recommended portfolio is for 2028 or 2030 and asked for more information on use of the existing CTs. Mr. Ahmad responded that the recommended portfolio is aimed at 2030 after all coal facilities are retired. The existing CTs will be used during dark calm events, about one to three percent of the time. Mr. Singam Setti added the CTs serve peak load requirements and the new dispatchable capacity will be used to follow the intermittent resources to balance the system.

Director Arndt expressed the importance of social justice in providing risk management and reliability to the owner communities, reflecting back to previous extreme weather events.

Tyler Michie, plant operations manager, presented the evaluation criteria for selecting the technology for the dispatchable capacity thermal units.

Director Marsh asked if the aeroderivative units will cover the demand during a dark calm or extreme weather event in the absence of storage. Mr. Singam Setti confirmed they would. Mr. Frisbie discussed the synchronization of the system and how the aeroderivative units will support system stability without using any fuel.

Staff recommended aeroderivative technology as the best-suited option for Platte River as one element to the dispatchable capacity resources. Director Minor asked why the existing CTs cannot meet the needs for flexible power supply. Mr. Michie explained the CTs takes about 20 minutes to start up compared to a five-minute startup time for the aeroderivative units. They are designed to respond quickly to changes in system frequency and intermittent energy output. Director Minor asked if the coal unit was evaluated to convert to gas and what would the conversion look like. Mr. Michie explained staff evaluated converting Rawhide Unit 1 to gas twice in recent years. The results showed an expensive project that would carry the same limitations a steam-driven turbine on the flexibility of the unit. Discussion ensued among directors and staff regarding conversion limitations, life of units, maintenance requirements and efficiency of the CTs.

Mr. Singam Setti compared Platte River's operational flexibility planning to other large utilities facing the same challenges. Platte River needs flexible dispatchable capacity to allow deeper penetration of renewable energy on the system. Mr. Frisbie commented on attending a Large Public Power Council CEO panel discussion; the biggest concern nationwide was resource adequacy as utilities transition to renewable energy. Discussion ensued among directors and staff regarding past weather events that caused large financial burdens in other areas.

Ms. Leonard discussed the draft resolution for dispatchable capacity support for consideration at the October board meeting and welcomed feedback from the board. Directors offered feedback and suggestions for the resolution and how to educate the communities through communications. Eddie Gutiérrez, chief strategy officer, committed to incorporate an educational piece about dispatchable capacity, fuel sources and equity within the communities.

Director Gertig thanked the staff for all the work dedicated to evaluating the options.

7. Marketing and community engagement update (presenter: Eddie Gutiérrez)

Due to time limitations, this presentation was rescheduled for the October board meeting.

Management reports

8. Strategic Financial Plan update (presenter: Dave Smalley)

Mr. Smalley commented on the draft strategic financial plan, noting the redline appears to have substantial changes from 2018 but mostly reflects shifting passages within the document and edits for readability. He added the whitepaper provides background on metrics and rating agencies' criteria.

9. Staffing update (presenter: Libby Clark)

Libby Clark, director of human resources and safety, summarized the memorandum on staffing additions for 2024, which were mentioned during the budget presentation. She explained the need for increased staff to support strategic goals, emerging technologies and the increasingly complex business processes. Chair Bergsten asked if office capacity is of concern. Ms. Clark responded Platte River allows for a hybrid work schedules and has created hoteling workspaces for employees to share, which has increased capacity.

Monthly informational reports for August

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

Ms. Leonard highlighted the El Paso Electric Co. versus Federal Energy Regulatory Commission lawsuit, proposed revisions to the Colorado Air Quality Control Commission Regulation number three and the Environmental Protection Agency's proposed regulations for greenhouse gas emissions from power plants.

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

Mr. Singam Setti provided an update on the Black Hollow solar project and highlighted work with another developer for an additional 150 MW solar project. Platte River has also issued a request for proposals for a new wind and storage project and engaged a consultant to perform DER gap analysis. Chair Bergsten asked if Platte River-owned assets could be placed within owner community substations, such as distributed storage. Mr. Singam Setti responded that the value would be greater for the distributed storage to be spread out within the owner communities, but further discussions are scheduled to address details and limitations. Discussion ensued among directors and staff on legal concerns and the Organic Contract framework for Platte River-owned assets to be placed on the owner community sides of the substation transformers.

12. Operating report (presenter: Melie Vincent)

Melie Vincent, chief operating officer, highlighted operating results for the month of August. A few days of summer heat lifted owner community demand above budget but energy was below budget for the month. Year to date, demand was close to budget, while energy is still below budget. She stated the overall net variable cost to serve owner community load was significantly below budget for August (due to above-budget surplus sales pricing) and continues to be below budget year to date. Ms. Vincent also provided an update on the Southwest Power Pool Regional Transmission Organization (RTO) West, with the final two participants committing to join RTO West in 2026.

13. Financial report (presenter: Dave Smalley)

Mr. Smalley highlighted favorable results for the month of August, as operating revenues were above budget (driven by surplus sales) while municipal sales were below budget. Operating expenses were below budget because purchased power was above budget but more than offset by below-budget fuel expenses. Year to date results are favorable, but projections indicate results will be close to budget by year end (although potential results for the year could vary significantly).

14. General management report (presenter: Jason Frisbie)

Mr. Frisbie thanked staff for the work on the budget throughout the year and the operations and commended resource planning staff for all the work on selecting the dispatchable capacity thermal resources, along with Black and Veatch supporting the project.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities. Chair Bergsten thanked staff for presenting to the Estes Park Town Board and requested educational sessions for community engagement opportunities.

Adjournment

With no further business, the meeting adjourned at 12:51 p.m. The next regular board meeting is scheduled for Thursday, Oct. 26, 2023, at 9:00 a.m. virtually and at Platte River Power Authority, 2000 E. Horsetooth Road, Fort Collins, Colorado.

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

____

Secretary

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

Memorandum

Date: 10/18/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Dave Smalley, chief financial officer and deputy general manager
Shelley Nywall, director of finance
Wade Hancock, financial planning and rates manager

Subject: **2024 Rate Tariff Schedules**

The Amended Contracts for the Supply of Electric Power and Energy between Platte River and each of the four owner communities require Platte River's Board of Directors to review the rate for electric power and energy furnished to the owner communities at least once each calendar year. The 2024 Rate Tariff Schedules were distributed and discussed at the September board meeting. Staff also presented details of the 2024 charges at the May board meeting

The tariffs include the rate recommendations outlined below. The May 2024 whitepaper (attached for ease of reference) provides more detailed explanations of the rate recommendations. Staff provided the charges earlier than in years past to accommodate the owner communities' budget preparation and rate development schedules.

Firm Power Service (Tariff FP-24)

- Charges were adjusted for an average wholesale rate increase of 5.0%.

Standard Offer Energy Purchase (Tariff SO-24)

- Avoided energy rate increase of 7.8%.

Wholesale Transmission Service Tariff (Tariff WT-24)

- Long-Term and Short-Term Firm Point-to-Point Transmission Service includes an error correction to the posted tariff yearly rate from $78,447.13 to $78,477.13 per megawatt of Reserved Capacity per year

Staff recommends the board adopt the updated rate tariff schedules as proposed. If adopted, the 2024 Rate Tariff Schedules will become effective Jan. 1, 2024. Platte River will give each owner community written notice of the revised rates for Firm Power Service not less than 30 days before the effective dates.

Attachments

Tariff schedules and resolution

- 2024 Rate Tariff Schedules
- Resolution 10-23

Background information

- Average wholesale rate projections and 2024 rate tariff schedule charges whitepaper – May 2023
- 2024 wholesale rates at a glance

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2024 Rate Tariff Schedules

Firm Power Service Tariff (Tariff FP-24)

Applicability:

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

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

Character of Service:

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

Monthly Rate:

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

Owner Community Charge:
Owner Community rate of $13,059 per month per Owner Community Allocation

Transmission Demand Charge
$6.68 per kilowatt of Noncoincident Billing Demand

Generation Demand Charge:

Summer Season	$6.61 per kilowatt of Coincident Billing Demand
Nonsummer Season	$4.92 per kilowatt of Coincident Billing Demand

Fixed Cost Energy Charge:
$0.01681 per kilowatt-hour for all energy supplied

Variable Cost Energy Charge:
$0.02427 per kilowatt-hour for all energy supplied

Summer / Nonsummer Season:

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

Owner Community Allocation:

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

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

Billing Demand:

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

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

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

Standard Offer Energy Purchase Tariff (Tariff SO-24)

Applicability:

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

Platte River's policy governing purchases from PURPA QFs

Capacity Forecast:

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

Obligation to Purchase Energy:

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

a) Firm energy. Platte River is under no obligation to purchase firm energy or capacity offered by a QF under a "legally enforceable obligation" for a period greater than five years.

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

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

Pricing:

Each QF has the option either:

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

b) To provide energy or capacity under a legally enforceable obligation for delivery of energy or capacity over a specified term, in which case the rates for the energy will be either of the following (at the QF's option, exercised before the specified term begins):

   i) Platte River's Avoided Energy Rate ($0.02191 per kilowatt-hour for electricity made available to Platte River); or

   ii) Platte River's avoided energy rate calculated at the time the obligation is incurred.

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

Capacity Payments:

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

Interconnection:

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

Wholesale Transmission Service Tariff (Tariff WT-24)

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

A summary of the charges follows.

(1) Scheduling, System Control, and Dispatch Service

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

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

The charges equal the following:

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

(3) Regulation and Frequency Response Service

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

(4) Energy Imbalance Service

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

(5) Operating Reserve—Spinning Reserve Service

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

(6) Operating Reserve—Supplemental Reserve Service

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

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

The charges can be up to the following limits:

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

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

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

(8) Nonfirm Point-to-Point Transmission Service

The charges can be up to the following limits:

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

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

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

Real power losses

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

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

Transmission Revenue Requirement

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

WEIS Joint Dispatch Transmission Service

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

Hourly delivery:
- On-Peak Hours: the on-peak rate $0.00/MWh
- Off-Peak Hours: the off-peak rate $0.00/MWh

Large Customer Service Tariff (Tariff LC-24)

Applicability:

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

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

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

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

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

Charges for Service:

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

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

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

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

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

RESOLUTION NO. 10-23

Background

A. Platte River Power Authority (Platte River) was formed to provide electric generation and transmission services to the municipalities of Estes Park, Fort Collins, Longmont and Loveland (collectively, the owner communities).

B. The Amended Contracts for the Supply of Electric Power and Energy (power supply agreements) dated May 30, 2019 between Platte River and each of the owner communities require Platte River's board of directors (board) to review Platte River's wholesale rates for electric power and energy supplied to the owner communities at least once each calendar year.

C. The power supply agreements require the board, if necessary, to revise rates to produce revenues sufficient (but only sufficient), together with the revenues from all other sources, to (1) meet the cost of operation and maintenance, (2) meet the cost of purchased power, (3) make payments on indebtedness and provide an earnings margin adequate to obtain revenue bond financing on favorable terms, and (4) provide for reasonable reserves.

D. Platte River's management has estimated electric energy sales and the costs of service for 2024 and has submitted to the board a proposed strategic budget for 2024.

E. Platte River's management has advised the board that the tariff schedules as attached, combined with prior period reserves, will provide sufficient revenues to comply with the power supply agreements and Section 6.12 of the General Power Bond Resolution (No. 5-87).

F. Staff recommends the following:

1. for calendar year 2024, the Firm Power Service Tariff (FP-24) replaces the Firm Power Service Tariff (FP-23),
2. for calendar year 2024, the Standard Offer Energy Purchase Tariff (SO-24) replaces the Standard Offer Energy Purchase Tariff (SO-23),
3. for calendar year 2024, the Wholesale Transmission Service Tariff (Tariff WT-24) be revised to update the Long-Term and Short-Term Firm Point-to-Point Transmission Service Yearly delivery charge to $78,477.13, and
4. for calendar year 2024, the Large Customer Service Tariff (LC-24) replaces the Large Customer Service Tariff (LC-23).

Resolution

The board of directors of Platte River Power Authority therefore resolves that:

1. The 2024 Rate Tariff Schedules, as attached, are adopted with all changes effective Jan. 1, 2024, and
2. The general manager is authorized and directed, on behalf of Platte River, to give written notice to the owner communities of the Firm Power Service Tariff (FP-24) revised rates and terms applicable under the power supply agreements and to take any further actions, consistent with this resolution, he determines necessary.

AS WITNESS, I have signed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 26th day of October, 2023.

____

Secretary

Average wholesale rate projections and 2024 rate tariff schedule charges

Platte River Power Authority white paper

May 2023

Overview

Platte River establishes service offerings and supporting rate structures that complement its foundational pillars, vision, mission and values, strategic plan, and underlying policies of the organization. Platte River establishes its tariffs and charges to achieve Strategic Financial Plan (SFP) targeted financial metrics.

Under the Amended Contracts for the Supply of Electric Power and Energy between Platte River and each of the four owner communities, Platte River's Board of Directors is required to review the rates for electric power and energy furnished to the owner communities at least once each calendar year.

This white paper discusses the following:

- 2024 average wholesale rate recommended 5.0% increase to $71.26/MWh from $67.88/MWh in the 2023 Strategic Budget: 4.7% due to increases in the Firm Power Service tariff charges and 0.3% due to projected load increases
- Long-term average wholesale rate projections: 5.0% (2024 – 2030), 2.5% (2031 – 2033)
- Factors driving rate pressure
- 2024 rate tariff schedule charges to achieve the recommended 5.0% average wholesale rate increase

Platte River continues to actively pursue the Resource Diversification Policy (RDP) goal of reaching a 100% noncarbon resource mix while maintaining the three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services. Platte River prioritizes preventive and predictive maintenance strategies and proactive capital investments to provide long-term system benefits and efficiencies. Platte River will continue to invest in its existing power generation and electrical transmission assets to maintain operational efficiency and to proactively address federal and state regulatory requirements.

Rate setting framework

Platte River's board-approved SFP provides direction for the organization to support Platte River's mission, vision and values, create long-term financial sustainability and manage financial risk. The priorities of the SFP are to generate adequate cash flows, maintain access to low-cost capital, provide wholesale rate stability and maintain sufficient liquidity for operational stability.

The board implements appropriate rate increases and rate smoothing strategies that achieve SFP metrics and balance the following:

- Avoiding significant single or multiple year rate hikes by smoothing rates over multiple years.
- Providing greater rate predictability to aid owner communities and customers with more accurate, long-term planning.

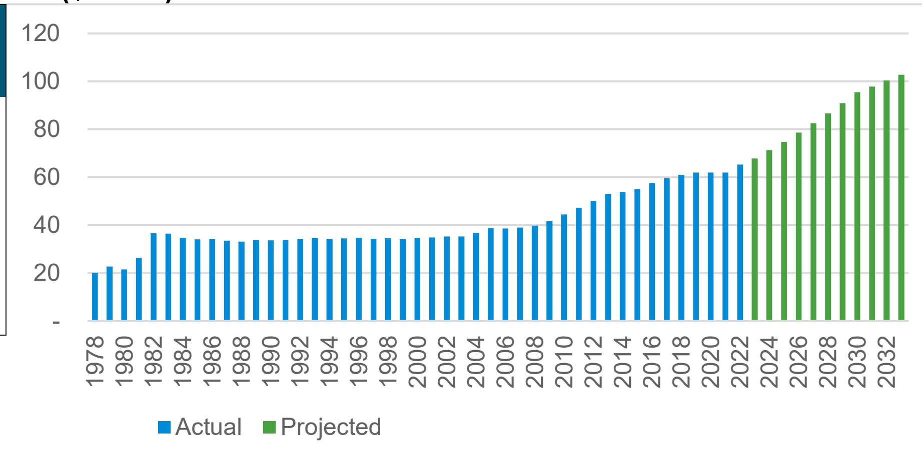
Rate increases help Platte River maintain a strong financial position and its AA credit rating, which enable it to obtain favorable debt financing. Over the long term, rate increases fund continued general infrastructure investment, resource portfolio transition, general inflationary expenses and market-based expenses.

Historical average wholesale rates

From 1978 to 2022, Platte River's average wholesale rate has increased an average 2.7% annually. However, there are several distinct periods when the average 2.7% increase has not been representative of the rate pressure for a specific period. As show in in Figure 1, in the period before Rawhide Unit 1 became operational in 1984, rates increased significantly to fund its construction and initial operation. From the mid-1980s throughout the 1990s there was a period with rate stability. During this period, Platte River relied heavily on surplus sales revenues from excess baseload capacity. As Platte River's loads grew, and were projected to continue to grow, the average wholesale rate began to rise in the early 2000s with increased capital investment in transmission projects and the natural gas combustion turbines. The rate increases beyond 2022 occur as Platte River transitions to a noncarbon based generation resource portfolio.

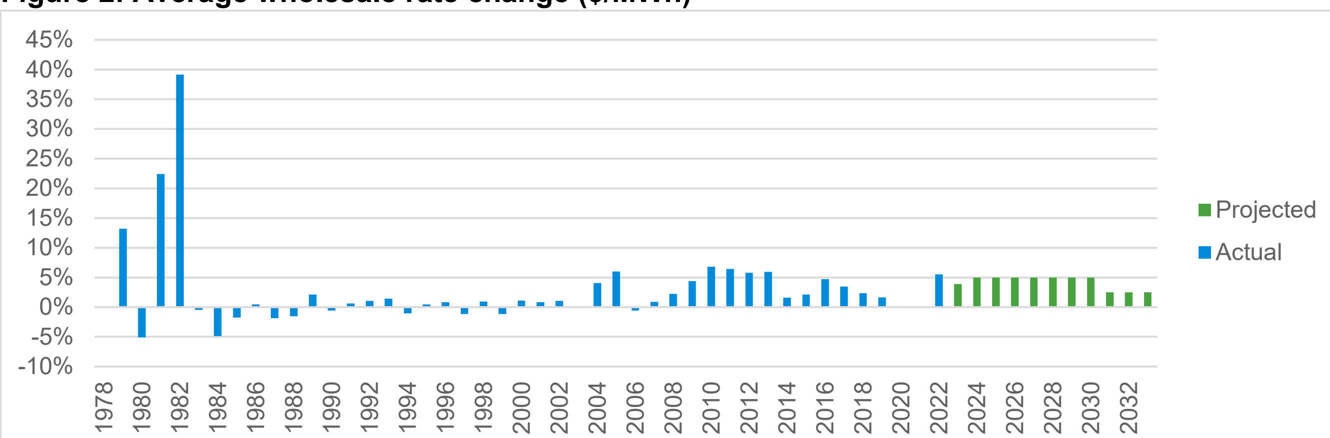
Figure 1: Average wholesale rate ($/MWh)

Period	Avg. annual	Total
1978 – 1984	9.6%	73%
1984 – 2003	0.1%	2%
2003 – 2023	3.3%	93%
2023 – 2033	4.2%	52%



Not shown as clearly in Figure 1 are the significant annual changes in the average wholesale rate during the construction and early operation of Rawhide Unit 1. Figure 2 highlights this annual change. The rate increases associated with Rawhide Unit 1 were significant: 73% from 1978 to 1984. These substantial increases over such a short period contributed to the implementation of the strategic financial plan strategy and the board's preference to smooth rates to avoid significant increases over shorter periods. The generation asset transition to support the RDP goal is Platte River's most significant generation resource transition since the addition of Rawhide Unit 1. Implementing rate smoothing strategies will avoid increases similar to those in the early 1980s and provide greater financial flexibility and sustainability.

Figure 2: Average wholesale rate change ($/MWh)

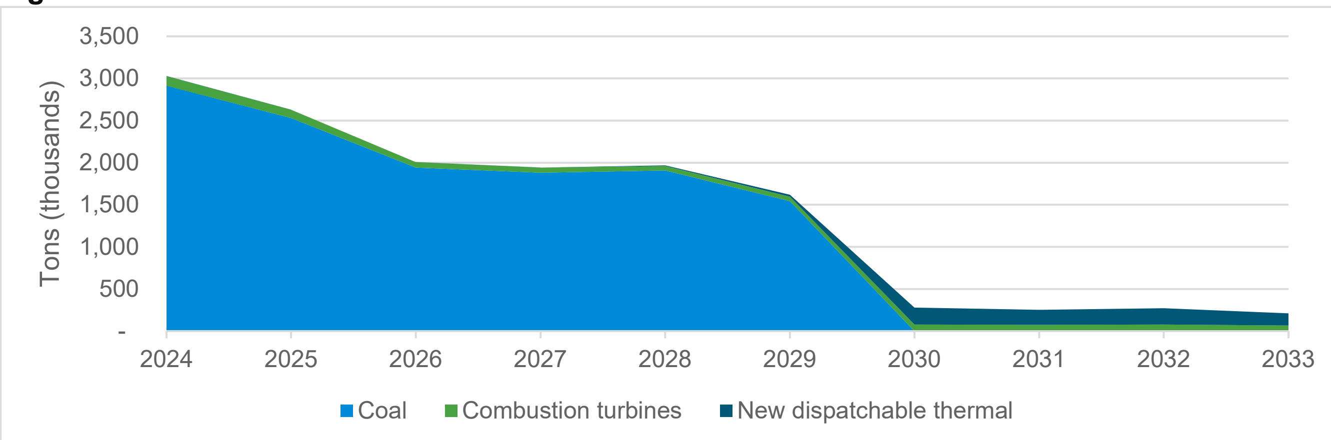


Resource and financial planning updates

The 2020 Integrated Resource Plan (IRP) contains power supply portfolio 2 (P2), which the board adopted in October 2020. The P2 scenario has since served as the planning basis for budgetary, financial planning and ratemaking purposes, as Platte River pursues the goals outlined in the RDP. The

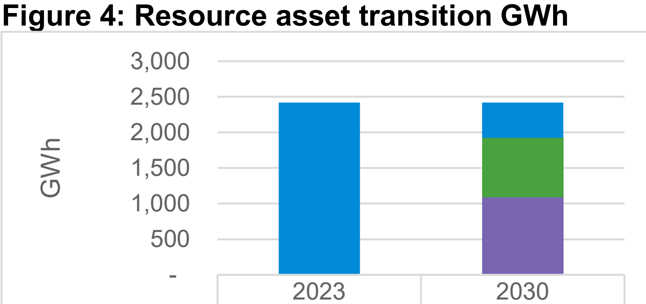
P2 scenario has since been refined to include changes in the quantity and timing of wind and solar resources and incorporate the latest load, market, wind and solar power purchase agreements, resource dispatch, and financial projections. Based on the retirement of all coal-fired generation by the end of 2029, the current resource planning case assumes procurement of new noncarbon and dispatchable thermal resources by Jan. 1, 2028, to ensure operational reliability. In 2033, carbon emissions are projected to decrease approximately 3.6 million tons relative to 2005. The 2024 IRP process is currently underway and those results will modify future projections.

Figure 3: Tons of carbon emitted



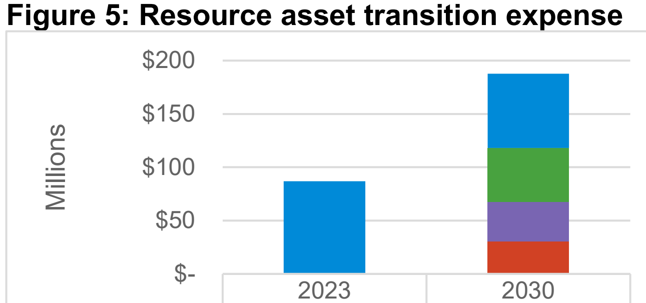
The decrease in emissions results from generation portfolio changes. Highlighting this change, Figure 4 displays the noncarbon and lower carbon emitting dispatchable thermal resources replacing the same quantity of energy from current dispatchable thermal resources. Figure 5 shows the cost to replace the current dispatchable resources, an approximate $100 million increase in 2030 based on current, uncertain, future resource cost assumptions.

Figure 4: Resource asset transition GWh



	2023	2030
Dispatchable thermal	2,419	495
Wind	-	831
Solar	-	1,093
Storage	-	-

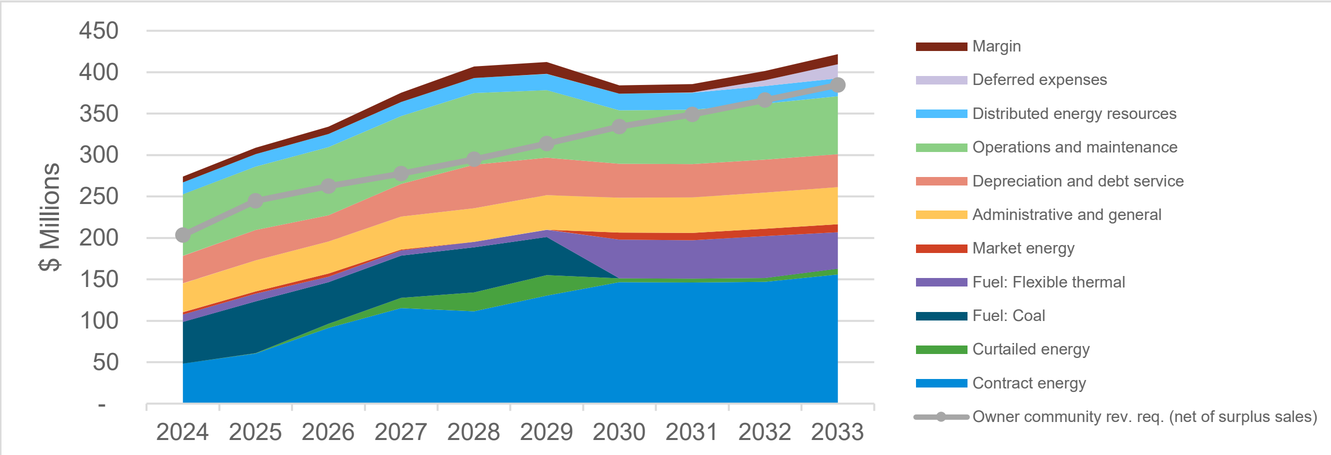
Figure 5: Resource asset transition expense



	2023	2030
Dispatchable thermal	$86.8	$69.7
Wind	$-	$50.4
Solar	$-	$37.5
Storage	$-	$30.1

As the resource portfolio transitions, operating costs continue to increase throughout the planning horizon (Figure 6). The owner community revenue requirement (net of surplus sales) is projected to increase $181 million, or 89% from 2024 to 2033.

Figure 6: Owner community revenue requirement (net of surplus sales)



Relative to projections shared with the board in 2022, revenues and expenses are increasing $128 million due to many factors but primarily driven by the following:

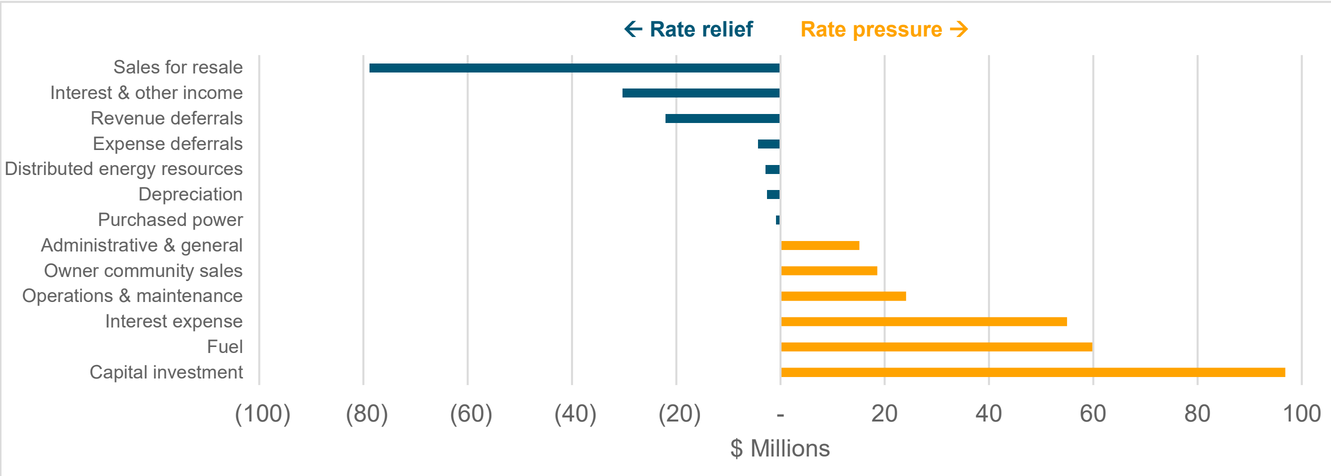
- Lower owner community load forecast: Platte River recently contracted with a third party to revise Platte River's load forecast. The resulting forecast, integrated into the latest resource and financial plans, projects 5.1% lower loads in 2033 relative to the previous load forecast. The impact is a 3.1% reduction in energy sold, resulting in a $91.5 million decrease in owner community revenues over this period. Partially offsetting the lower loads is a $72.9 million increase in owner community revenues due to higher projected rate increases beyond 2029. The net impact is an $18.6 million decrease in owner community revenues. Lower revenues from the owner communities result in less cash accumulated to fund capital investments.

- Increased capital investment: Capital investment increases are primarily for wind resource integration expense for transmission lines and substation interconnections, dispatchable capacity interconnection and Windy Gap Firming Project (Chimney Hollow Reservoir) cost increases.

- Increased fuel expenses: Fuel price forecasts have increased as well as surplus sales prices. Sales are from the natural gas combustion turbines.

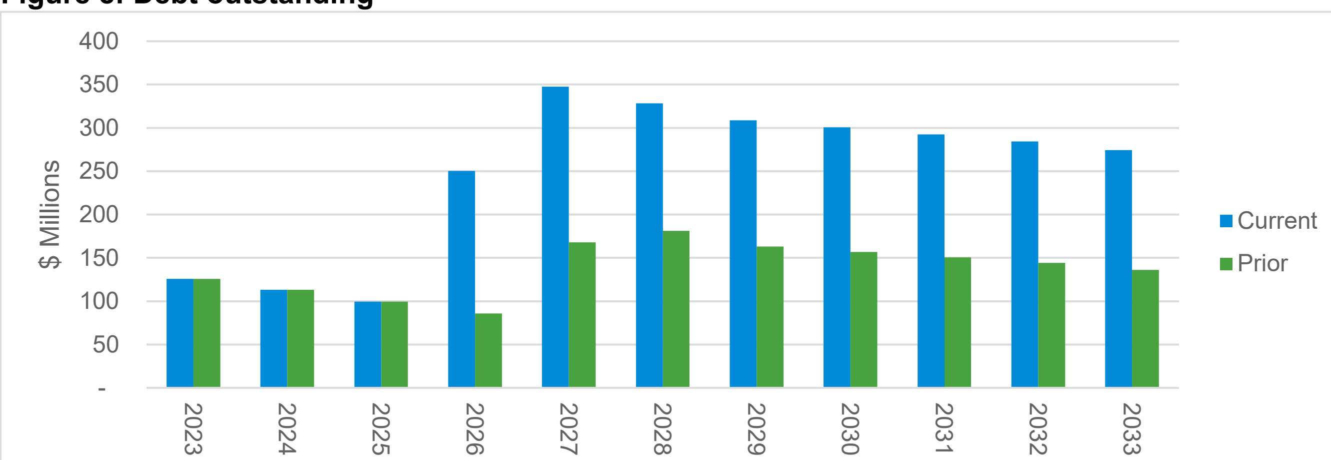
- Increased surplus sales revenue due to prices and higher investment rates of return partially offset the increased expenses.

Figure 7: Case comparison of total revenue and expense, 2023 – 2033



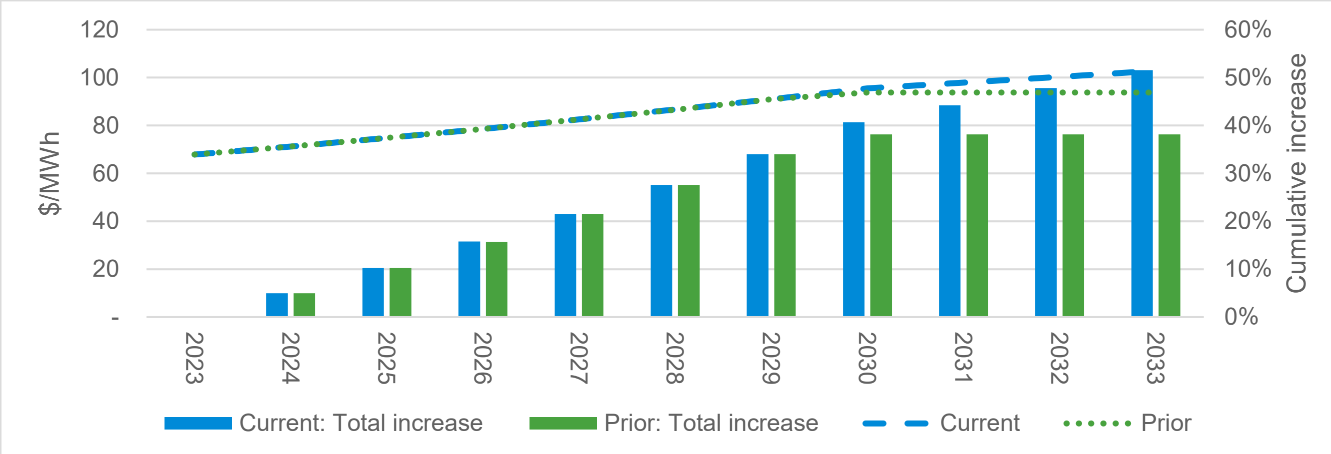
Lower revenue and increased expenses result in in lower future cash projections to fund capital investment. Combined with increased capital investment, debt issuance projections (Figure 8) have increased $150 million, adding rate pressure in the form of interest and principal repayments.

Figure 8: Debt outstanding



Before 2030, long-term rate projections are currently able to remain consistent with prior communications: 5.0% average wholesale rate increases annually from 2024 through 2029. However, rate pressure is increasing beyond 2029 as shown in Figure 9.

Figure 9: Average wholesale rate increase



Increased use of the deferred revenue and expense accounting policy helps alleviate pressure to increase rates more than 5.0% before 2029. Because Platte River is transitioning its resource portfolio by retiring coal-fired units and replacing those units with noncarbon and new dispatchable thermal resources, in 2022, the board adopted the deferred revenue and expense accounting policy. The purpose of the policy is to help reduce rate pressure and achieve 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.

Platte River anticipates deferring revenues of approximately $75 million from 2022 to 2025 to be later recognized (between 2026 and 2030). In 2022, Platte River deferred $21.6 million in revenues to recognize during the transition. While no expenses are deferred currently, the forecast projects deferring approximately $39 million of expenses in 2028 and 2029 to be recognized, in accordance with policy, before 2035. The deferred expenses increase rate pressure in 2029 and beyond. Expenses are deferred to maintain stable rates but as those expenses are recognized, they create pressure in future years if revenues are insufficient to absorb higher expenses. Thus, the increased rate pressure beyond 2029 indicates the flexibility deferred revenues and expenses provide is limited. Actual deferred amounts will be determined annually at year end. The long-term projections will be updated to reflect actual deferred revenue and expenses; future estimates will be updated as well.

Figure 10: Deferred revenues

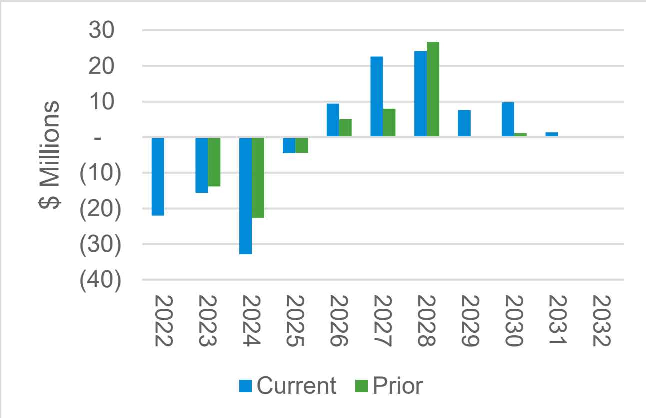
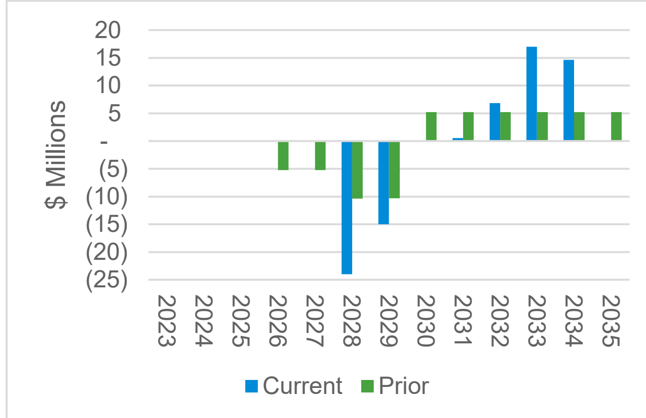


Figure 11: Deferred expenses



2024 rate tariff schedules

The 2024 proposed Firm Power Service tariff charges and the Standard Offer Energy Purchase tariff avoided energy rate for large facilities are described in this white paper. Changes to the Wholesale Transmission Service tariff (Tariff WT-24) will be recommended for adoption through a separate action at the May board meeting. The Large Customer Service charges are established under a separate contract.

Firm Power Service (Tariff FP-24)

The Firm Power Service tariff charges reflect cost of service, based on 2024 budget estimates, and incorporate Platte River's recommended 5.0% average wholesale rate increase. Staff accelerated development of the charges from August to support owner community budget preparation and rates development schedules.

Before 2022, Platte River provided unbundled variable energy charges for dispatchable and noncarbon intermittent resources. While the variable revenue requirement is now collected through a single variable energy charge, the owner communities continue to receive their load ratio allocations of delivered hydropower, wind and solar energy.

The changes to the individual Firm Power Service tariff charges will have varying impacts to each owner community due to each owner community's unique load characteristics. Staff has provided the projected overall impacts of the forecasted average rate, load growth and total revenues collected to the utility directors and owner community rate staffs based on Platte River's load estimates. Appendix C contains more detailed analysis of owner community impacts of the average wholesale rate change, as well as analysis of the change to the Firm Power Service tariff charges.

Platte River's revenue requirement and charges are unbundled into Platte River's business functions: owner community services, transmission and generation. Charges have been unbundled further by fixed and variable costs, collected through either direct allocation, demand or energy charges.

The individual charges are changing due to the proposed average wholesale rate increase, updated cost of service estimates among the different charges and changes to projected energy and demand loads. Because Platte River's 2024 budget is not yet developed, changes from 2023 to 2024 include general inflationary increases and known budget estimates including the latest load forecast.

Pending board direction and barring any significant unanticipated events, the recommended charges will remain unchanged and will be Platte River's recommendation for the October adoption of the tariff schedules, to be effective Jan. 1, 2024. Appendix B includes an overview of the Firm Power Service charges.

Figure 12: Firm Power Service tariff (Tariff FP-24) charges

	Tariff FP-23	Tariff FP-24 recommendation	$ change	% change
Owner community charge	$13,229	$13,059	($170)	-1.3%
Demand charges				
Transmission	$6.72	$6.68	($0.04)	-0.6%
Generation: summer	$6.15	$6.61	$0.46	7.5%
Generation: nonsummer	$4.60	$4.92	$0.32	7.0%
Energy charges				
Fixed cost	$0.01586	$0.01681	$0.00095	6.0%
Variable cost	$0.02273	$0.02427	$0.00154	6.8%

As shown in Figure 13, the 2024 average wholesale increase is 5.0% to $71.26/MWh from $67.88/MWh in the 2023 Strategic Budget. Also shown is the isolated 4.7% impact of the change in charges and the 0.3% change due to projected load increases

Figure 13: Impact of Firm Power Service tariff charge changes

Load year	2023 Budget	2024 budget estimate	2024 budget estimate
Tariff charges*	Tariff FP-23	Tariff FP-23	Tariff FP-24 recommendation
Revenues (millions)	$224.1	$225.5	$236.2
MWh	3,301,376	3,314,141	3,314,141
$/MWh	$67.88	$68.05	$71.26
Change due to load		0.3%	-
Change due to charges		-	4.7%
$/MWh change			5.0%

Standard Offer Energy Purchase (Tariff SO-24)

The Standard Offer Energy Purchase tariff rate applies to the purchase of available electricity from power production facilities that have registered with the Federal Energy Regulatory Commission as Qualifying Facilities under the Public Utility Regulatory Policies Act and are electrically connected to Platte River's transmission system or the distribution system of one of Platte River's owner communities. No customers currently receive service under this tariff.

The avoided energy rate is based on an hourly resource model marginal cost analysis of coal-fired generation, natural gas-fired generation and market purchases to serve the balance of load after 'must-take' energy projections, including hydropower and renewables. The avoided energy rate is in Figure 14. The rate increased primarily due to the increased frequency of natural gas generation and market purchases as the marginal resource.

Figure 14: Standard offer energy purchase (Tariff SO-24) avoided energy rate

Standard Offer Energy Purchase	2023	2024 recommendation	$ change	% change
Avoided energy rate	$0.02033	$0.02191	$0.00158	7.8%

Wholesale Transmission Service (Tariff WT-24)

The Wholesale Transmission Service tariff under which Platte River offers transmission service to third parties is reviewed and updated on an annual basis in the second quarter after the audited year-end financial results are available. This ensures the rate reflects the most recent costs of operation and maintenance and actual transmission usage. Revisions to the Wholesale Transmission Service tariff (Tariff WT-24) are proposed for adoption at the May 2023 board meeting. This tariff is effective June of each year.

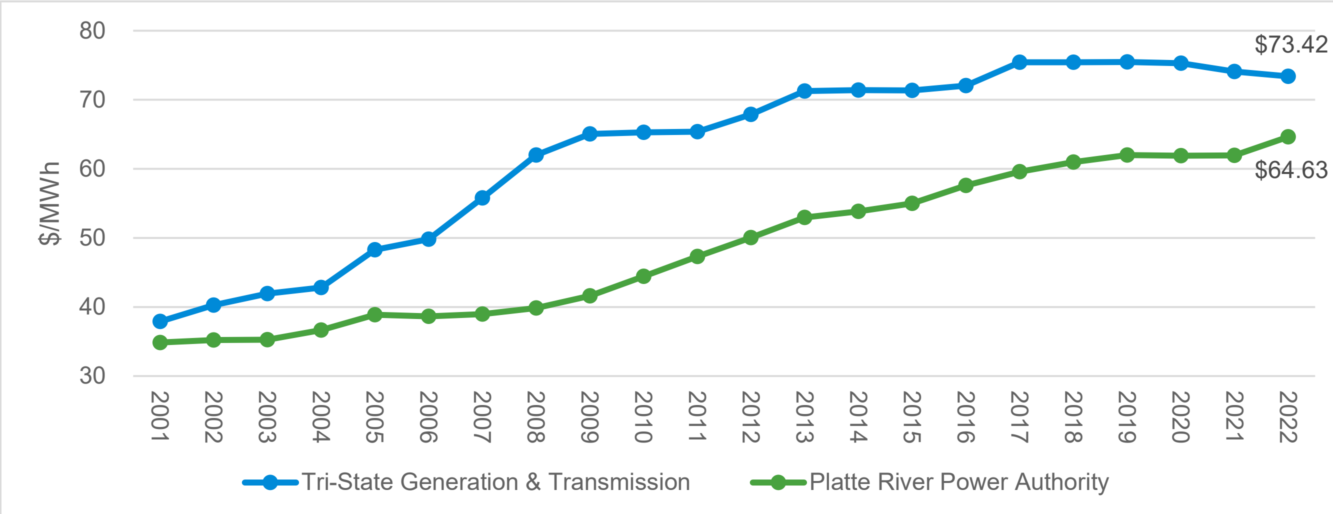
Large Customer Service (Tariff LC-24)

Charges under this tariff are established through a separate contract.

Rate competitiveness

The direction provided by the board and the SFP position Platte River to offer competitive rates. Wholesale rates for energy provided to Platte River's owner communities was 12% lower than Tri-State Generation and Transmission Association (Tri-State) in 2022. Platte River and Tri-State organization goals will impact rate differentials. Platte River will continue to pursue to the RDP goals while prioritizing the foundational pillars.

Figure 15: Member average rate comparison ($/MWh)



Schedule

Staff will present the information detailed in this white paper at the May board meeting. Staff also requests board direction to implement a 5.0% average wholesale rate increase in 2024 to $71.26/MWh from $67.88/MWh in the 2023 Strategic Budget and the individual charges as calculated.

In September, staff will provide the draft 2024 rate tariff schedules. In October, staff will ask the board to approve the 2024 rate tariff schedules with a Jan. 1, 2024, effective date.

Staff encourages and is available to support wholesale rate communications to stakeholders as requested by the owner communities.

APPENDIX A

Modeling assumption uncertainties

Significant uncertainty exists with key assumptions. Potential assumption changes include, but are not limited to, the items detailed below.

Category	Explanation
Asset integration schedule	Modeling assumptions include the following capacity additions. Changes to asset integration schedule will impact future results. • Wind: 200 MW (2026), 100 MW (2029) and 60 MW (2030 – Spring Canyon reverts to Platte River), 100 MW (2033) • Solar: 150 MW (2025), 150 MW (2026) and 150 MW (2027) • Battery storage: 100 MW (2026) and 100 MW (2028) • Dispatchable thermal units: 166 MW (2028)
Asset sales	To maximize the value of assets, coal inventory sales opportunities and Windy Gap water units will be considered.
Capital investment forecast	The model incorporates the most recent long-term capital forecast including investment in a new dispatchable resource and transmission and interconnection projects to integrate wind. Interconnection feasibility studies will be completed as part of the analysis to determine size and location of wind and solar resource additions. Technology costs for owner assets, including dispatchable thermal generating resources, is uncertain and subject to change. Cost estimate accuracy will become more certain as projects and locations are finalized. Revisions to the capital forecast are integrated as available.
Coal inventory sales	To maximize the value of assets, coal inventory sales opportunities will be considered as coal-unit retirements near.
Commodity prices	Platte River's Power Supply Plan, which includes the hourly dispatch modeling and associated costs, is updated throughout the year. Updates include Rawhide Unit 1 and the Craig units fuel assumptions, as well as market prices for electricity and natural gas. Updates change economic

Category	Explanation
	dispatch impacting fuel, variable operations and maintenance, purchased power and surplus sales.
Debt issuance costs	Debt structure and issuance costs vary and are updated throughout the year.
Decommissioning	Craig decommissioning expenses are based on a budgetary estimate and will be refined later. While Rawhide Unit 1 is projected to retire by 2030, assumptions include decommissioning the entire Rawhide Energy Station in 2055 and associated decommissioning expenses accrued through 2055. If the decommissioning date shifts, expenses will be revised accordingly.
Deferred revenue and expenses	The amount of deferred revenues and expenses depend on actual results and projections. Limited flexibility remains to defer expenses without creating additional future rate pressure.
Distributed energy resources and strategy	The collaborative distributed energy resource (DER) process among the owner communities and Platte River is increasingly important to Platte River and its owner communities' ability to achieve noncarbon goals. Wide-spread adoption of DER is expected to provide benefits for the electric system and retail customers. As specific DER programs become established and evolve, rate strategies to incorporate DER will be analyzed.
Economic externalities	Inflation, supply chain constraints and interest rate volatility will continue to impact financial results. Modeling assumptions are revised accordingly, reflecting current conditions.
Emissions expense	Rate projections assume the implementation of the Clean Power Plan (or similar form of regulation) beginning in 2025. However, due to political uncertainty and the multi-year timeframe required to pass and implement legislation, this assumption will be delayed later this year to 2027. There is significant uncertainty about implementation of emission regulations and the associated future costs. Modeling assumptions include a tax applied to 100% of carbon emissions.

Category	Explanation
Federal hydropower allocations	Persistent drought conditions throughout the western United States have constrained hydropower resources, resulting in reduced energy allocations and increased prices. Staff continues to monitor federal developments and adjust model assumptions accordingly.
Integrated resource plan	The next IRP is planned for completion in 2024 with analysis beginning in 2023. The board will provide direction throughout the IRP process. Resource modeling assumption revisions will impact future rate projections.
Load forecast	The load forecast is updated at least annually. The latest forecast, completed by a third party, projects energy growth lower than previous forecasts. Growth attributed to projected building electrification efforts and electric vehicles is reflected.
Noncarbon energy curtailments	As Platte River transitions to a more noncarbon based resource portfolio, the ability to sell surplus energy significantly impacts wholesale rate projections. At times, renewable energy cannot be consumed or sold but there is an associated cost.
Organized energy markets	Platte River joined the Southwest Power Pool (SPP) Western Energy Imbalance Service market in April 2023. As staff becomes more familiar with Energy Imbalance Service market and collects more data, modeling will be refined. Platte River intends to enter the SPP Regional Transmission Organization to be created for the West. Currently, projections do not include long-term costs and benefits associated with participation in that market due to lack of data.
Regulations	Platte River faces rising compliance-related risks resulting from aggressive and changing regulatory requirements that are difficult to predict and scope.
Resource Diversification Policy	In December 2018 the board adopted a policy with a goal for Platte River to reach a 100% noncarbon resource mix by 2030, provided Platte River can maintain its three pillars of providing reliable, environmentally

Category	Explanation
	responsible and financially sustainable electricity and services. Future decisions to achieve this goal will impact results.
Staffing	Modeling contains estimates for future staffing additions, including salary and benefits expenses, through 2029. Staff is also working through the Rawhide Unit 1 closure transition plan. These assumptions will be further analyzed and revised accordingly.
Surplus sales prices and volumes	In addition to electricity market commodity price risk, hourly dispatch modeling market depth assumptions (ability to sell excess, must-take generation) are reviewed and updated regularly throughout the year. Negative pricing has not been factored into model assumptions but there will be instances when energy supply exceeds demand based on renewable energy production resulting in negative energy prices.

APPENDIX B

Rate tariff schedule charges

Owner charge

The owner charge is a monthly flat rate multiplied by each owner's share of Platte River's owner community kilowatt hour sales based on the six most recent year-end values. The owner charge is intended to recover fixed costs for distributed energy resources, which are long-term behavioral shifting programs. The six-year period allows owner communities to see change over time, without dramatically impacting year-to-year changes. This is a fixed amount invoiced each month with no variability.

Demand charges

The demand charges are unbundled between transmission and generation and employ minimum billing demands designed to address owner community demand fluctuations to provide greater monthly invoice stability for each owner community as well as revenue certainty for Platte River. The minimum billing demands also emphasize the efficient use of infrastructure to maximize short-term marginal cost savings (avoiding expensive purchases or generation at time of peak) and long-term marginal cost savings (delaying or avoiding future capital investment, such as new generation or transmission resources). The minimum billing demands concentrate the signal to reduce consumption at time of peak, giving the owner communities a greater financial incentive to lower peaks during months with high demands, with less financial incentives to lower peaks during nonpeak months. Because of the minimum billing demand, approximately 90% of projected demand revenues are certain. Only the revenues based on loads above minimum billing demands vary by consumption.

Energy charges

The energy charges are unbundled into fixed and variable components. The fixed energy charge is a transparent mechanism to highlight the cost of firm-energy service. Variable costs, including wind and solar, are recovered through the variable cost energy charge. Platte River assumes the risk of intermittent generation variances and associated costs, not the owner communities. Monthly invoices display load share intermittent energy delivered for flexible service offerings to retail customers. The energy charges provide the least revenue certainty as the revenues vary based on consumption.

Figure 16 includes a high-level summary of the cost components of each charge.

Figure 16: Firm Power Service cost components

	Owner community	Transmission demand	Generation demand	Fixed energy	Variable energy
Costs					
Purchased power: Renewables, market					✓
Purchased power: Hydro demand			✓	✓	
Purchased power: Hydro energy					✓
Purchased reserves			✓	✓	
Fuel: Coal and natural gas					✓
Operations and maintenance: Fixed baseload			✓	✓	
Operations and maintenance: Fixed combustion turbines			✓		
Operations and maintenance: Fixed transmission		✓			
Operations and maintenance: Variable					✓
Administrative and general	✓	✓	✓	✓	
Distributed energy resources	✓				
Debt service expense		✓	✓	✓	
Margin	✓	✓	✓	✓	
Credits					
Surplus sales: Margin		✓	✓	✓	
Surplus sales: Cost of generation credit					✓
Surplus sales: Cost of transmission credit		✓			
Interest income and other credits	✓	✓	✓	✓	✓

APPENDIX C

Owner community impacts

The impact of the recommended 5.0% average wholesale rate increase budget to budget and the recommended charges vary among the owner communities based on their unique load characteristics, including projected load growth among the owner communities. Platte River forecasts load at the system level and establishes the Firm Power Service tariff charges based on the system-level load forecast. Platte River derives owner community loads from the system-level forecasts for budget detail reporting. The projected impact of the Firm Power Service tariff charges will differ among varying forecasts.

Additionally, the change in the total amount billed to each owner community will not be the same as the average rate increase. Forecasted demand and energy growth will increase the projected invoice total more than the average rate increase. Figure 16 below shows the 2024 estimated impact of the rate changes relative to the 2023 Strategic Budget.

Following are the significant drivers of the varying owner community rate impacts:

- Transmission and generation minimum billing demand
- Energy consumption
- Load factors

The minimum billing demands concentrate the signal to avoid consumption at time of peak, which is the summer season peak for generation, and the annual peak for transmission regardless of season. The lower annual coincident and noncoincident peak demand results in lower annual billing demands. Improvements in billing demand, relative to the other owner communities, can also lower an owner community's rate increase relative to the average. As individual owner communities lower billing demands, the associated cost recovery will shift proportionally.

Total energy consumption increases can create downward pressure on the average rate by spreading fixed costs over more energy. Inversely, energy consumption increases will increase the amount billed.

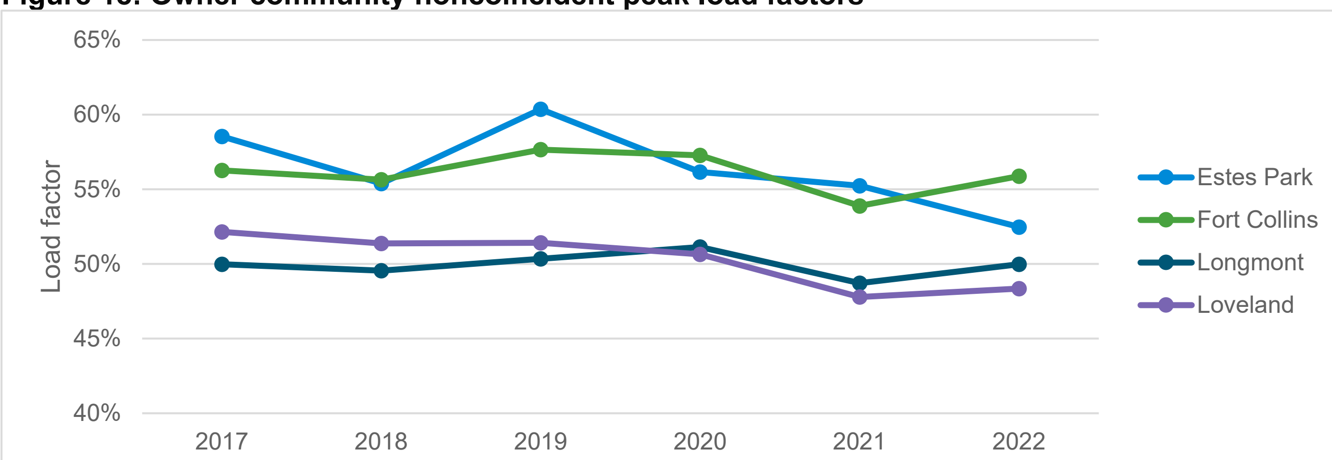
The owner communities with the lowest average rate (Figure 17) also have the highest load factors (Figure 18). Load factor is a measure of electric system efficiency.

Figure 17: Owner community impact

		Estes Park	Fort Collins	Longmont	Loveland*	Platte River
2023	Average rate ($/MWh)	$64.91	$66.60	$69.47	$69.26	$67.88
	Energy sales (GWh)	139.9	1,558.1	852.0	751.4	3,301.4
	Revenues (millions)	$9.1	$103.8	$59.2	$52.0	$224.1
2024	Average rate ($/MWh)	$67.50	$70.29	$72.37	$72.64	$71.26
	Energy sales (GWh)	143.5	1,531.3	871.0	768.4	3,314.1
	Revenues (millions)	$9.7	$107.6	$63.0	$55.8	$236.2
	Average $/MWh change	4.0%	5.5%	4.2%	4.9%	5.0%

**Loveland includes large customer.*

Figure 18: Owner community noncoincident peak load factors



It is also important to recognize the 5.0% average wholesale rate increase is the net impact of projected changing loads and changing charges. Figure 19 is an analysis of 2022 actual loads applied to the Firm Power Service tariff charges, owner allocations and demand minimums from FP-23 and FP-24. This analysis isolates the impact of changes to charges.

Figure 19: Charge change impact: 2022 actual loads at Firm Power Service tariff charges

2022 actual loads	Tariff FP-23	Tariff FP-24	% Change
Platte River	$68.73	$72.05	4.8%
Estes Park	$64.91	$68.24	5.1%
Fort Collins	$67.66	$70.84	4.7%
Longmont	$69.86	$73.28	4.9%
Loveland	$70.34	$73.82	5.0%

Platte River
Power Authority

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2024 wholesale rate at a glance

The 2024 average wholesale rate to the owner communities for electric service is increasing 5.0% from the 2023 Strategic Budget to achieve rate strategy objectives in pursuit of a noncarbon energy future. The board's preference is to use a multi-year rate smoothing strategy. The board approves an annual rate increase that avoids significant single or multiple year rate hikes while providing greater rate predictability to the owner communities.

Rate increases fund ongoing general infrastructure investment, resource portfolio transition, general inflationary expenses and market-based expenses.

A means to achieve Platte River's foundational pillars

Reliability

Environmental responsibility

Financial sustainability

Platte River is committed to:

- Proactively working toward the Resource Diversification Policy goal to achieve a 100% noncarbon resource mix while maintaining the foundational pillars
- Continuing to invest in its electricity generation resources and transmission infrastructure to maintain system reliability, improve efficiency and to meet regulatory requirements
- Maintaining a strong credit rating to enable access to low-cost financing for future investments
- Prudently managing expenses, providing long-term financial sustainability and maintaining competitive rates

Rate stability strategy objectives

Per its strategic financial plan, Platte River's Board of Directors will maintain long-term financial sustainability by implementing appropriate rates and strategies that:

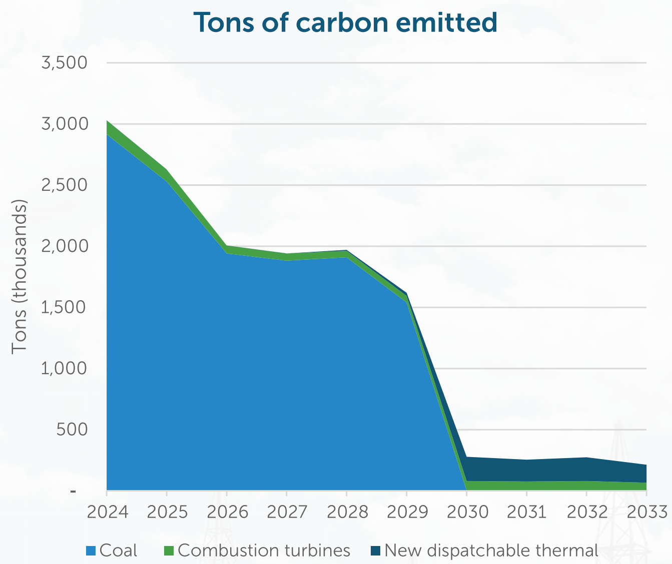
- Reduce significant single year rate hikes
- Provide greater rate predictability to support owner communities with more accurate, long-term planning
- Maintain a strong financial position and AA credit rating

Platte River's rate structure strives to meet the following objectives:

- Align wholesale pricing signals with cost of service
- Adapt to cost structure changes
- Integrate noncarbon resource additions
- Maximize cost savings through pricing signals that provide system benefits and revenue stability

Competitive wholesale rates and our energy future

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



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Memorandum

Date: 10/18/2023

To: Board of directors

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

Subject: **2023 FORVIS audit plan**

At the October board meeting, Chris Telli and Anna Thigpen from FORVIS will discuss the planning and timing of the 2023 annual audit of the financial statements and defined benefit plan and will answer any questions the board may have. Included in the packet are copies of the pre-audit letter and engagement letter describing the scope of services and arrangements proposed for the audit.

Platte River will implement GASB Statement No. 96, Subscription-based Information Technology Arrangements, which is effective for year-end 2023. Platte River does not plan early adoption of any future standard.

The board authorized Platte River to enter into a five-year agreement with FORVIS to provide audit services for 2021-2025 year-end financial results for both the financial statement and defined benefit pension plan audits. The base fee stated in the attached engagement letter is $99,000 for the combined audit, which represents a 2% increase from 2022 as agreed upon in the five-year agreement. In addition, FORVIS will also bill actual travel costs and an administrative fee of 4%. Implementing GASB Statement No. 96 will generate additional fees for actual time expended.

Staff recommends a motion authorizing the board chair to sign the engagement letter.

Attachments

- Audit engagement letter
- Pre-audit letter

FORVIS

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

October 10, 2023

Mr. Reuben Bergsten
Chairman of the Board of Directors
Platte River Power Authority
2000 East Horsetooth Road
Fort Collins, Colorado 80525-5721

We appreciate your selection of **FORVIS, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you an **Unmatched Client Experience.**

In addition to the terms set forth in this contract, including the detailed **Scope of Services,** our engagement is governed by the following, incorporated fully by this reference:

- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached **Scope of Services,** our services will include the following:

Platte River Power Authority
- Audit Services for the year ended December 31, 2023

You agree to be ultimately responsible for the business decisions you make following the contracted services or any other services we may provide. FORVIS acknowledges its responsibility to act in a reasonably prudent manner with respect to its provision of services.

You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management's objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions.

We understand you have designated a management-level individuals to be responsible and accountable for overseeing the performance of nonattest services, and you have determined these individuals are qualified to conduct such oversight.

Engagement Fees

The fee for our services will be $99,000.

As discussed below, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* is effective for the year ended December 31, 2023. We anticipate the fees relating to implementation to be $8,500 - $10,000.

In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of four (4) percent to cover certain technology and administrative costs associated with our services.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. Payment of our invoices is due upon receipt.

We will issue progress billings during the course of our engagement. Our timely completion of services and the fees thereon depends on the assistance you provide us in accumulating information and responding to our inquiries. Inaccuracies or delays in providing this information or the responses may result in additional billings, untimely filings, or inability to meet other deadlines. Our fees do not contemplate the following transactions or activities during the period of this engagement:

- Change in accounting principles
- Substantial doubt about the entity's ability to continue as a going concern
- Violation of covenants in debt arrangements
- Indications of fraudulent financial reporting or misappropriation of assets

If there are changes in circumstances where these or other conditions become known and significant additional time is necessary or additional services are requested, we reserve the right to revise our fees.

Assistance with New Standards

Assistance and additional time as a result of the adoption of the following new standards are not included within our standard engagement fees. These fees will be based on time expended and will vary based on the level of assistance and procedures required.

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for fiscal years beginning after June 15, 2022. Early application is encouraged.

Statement No. 96 addresses the accounting for the costs related to cloud computing agreements. Under this Statement, a government reports a subscription asset and subscription liability for agreements meeting the definition of a subscription-based information technology arrangement (SBITA) and to disclose essential information about the arrangement. We can assist you with the adoption by providing services which may include, but are not limited to:

- Assessing your readiness by assisting with the evaluation of your:
  - Current controls and policies
  - Current internal resources and system capabilities
- Assisting with changes required to adopt Statement No. 96, including:
  - Assisting with information gathering to develop an inventory of all SBITA agreements, service contracts, and other arrangements that may contain right-to-use IT assets
  - Recommending enhancements to existing controls and policies or suggesting new controls and policies to address Statement No. 96
  - Documenting any changes from your previous IT subscription recognition and reporting methods
  - Drafting the required disclosures

The time it will take to perform the above assistance and our additional audit procedures relating to the adoption of the Statement, and any time to assist you with the adoption, may be minimized to the extent your personnel will be available to provide timely and accurate documentation and information as requested by us.

Contract Agreement

Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

FORVIS, LLP

Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services** and **Terms and Conditions Addendum**, on behalf of Platte River Power Authority.

BY ____
Reuben Bergsten
Chairman of the Board of Directors

DATE ____________________________________

BY ____
David Smalley
Chief Financial Officer and Deputy General Manger

DATE ____________________________________

Approved as to form:

BY ____
Sarah Leonard, General Counsel

DATE ____________________________________

Scope of Services – Audit Services

We will audit the basic financial statements and related disclosures, which collectively comprise the basic financial statements for the following entity:

- Platte River Power Authority as of and for the year ended December 31, 2023

The objectives of our audit 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 opinion.

You have informed us that the audited financial statements are expected to be presented along with management's annual report. Management is responsible for the other information included in the annual report. The other information comprises the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements will not cover the other information, and we will not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether 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.

Anna Thigpen, Director, will oversee and coordinate the engagement. Christopher Telli, Partner, is responsible for supervising the engagement team and authorizing the signing of reports.

We will issue a written report upon completion of our audit, addressed to the following parties:

Entity Name	**Party Name**
Platte River Power Authority	Board of Directors of Platte River Power Authority

The following apply for the audit services described above:

Our Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). We will exercise professional judgment and maintain professional skepticism throughout the audit.

We will identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We will obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

We will 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We will also conclude, based on audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Limitations & Fraud

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit that is planned and conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and 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. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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.

Our understanding of internal control is not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and FORVIS.

Opinion

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph(s) to our auditor's report, or if necessary, decline to express an opinion or withdraw from the engagement.

If we discover conditions that may prohibit us from issuing a standard report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Management and, if applicable, those charged with governance acknowledge and understand their responsibility for the accuracy and completeness of all information provided and for the following:

- **Audit Support** – to provide us with:
  - Unrestricted access to persons within the entity or within components of the entity (including management, those charged with governance, and component auditors) from whom we determine it necessary to obtain audit evidence
  - Information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures
  - Information about events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements
  - Information about any known or suspected fraud affecting the entity involving management, employees with significant role in internal control, and others where fraud could have a material effect on the financials

- Identification and provision of report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented
- Additional information that we may request for the purpose of the audit

- **Internal Control and Compliance** – for the:
  - Design, implementation, and maintenance of internal control relevant to compliance with laws and regulations and the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - Alignment of internal control to ensure that appropriate goals and objectives are met; that management and financial information is reliable and properly reported; and that compliance with and identification of the laws, regulations, contracts, grants, or agreements (including any federal award programs) applicable to the entity's activities is achieved
  - Remedy, through timely and appropriate steps, of fraud and noncompliance with provisions of laws, regulations, contracts, or other agreements reported by the auditor
  - Establishment and maintenance of processes to track the status and address findings and recommendations of auditors

- **Accounting and Reporting** – for the:
  - Maintenance of adequate records, selection and application of accounting principles, and the safeguard of assets
  - Adjustment of the financial statements to correct material misstatements and confirmation to us in the representation letter that the effects of any uncorrected misstatements aggregated by us are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
  - Preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (or other basis if indicated in the contract)
  - Inclusion of the auditors' report in any document containing financial statements that indicates that such financial statements have been audited by us
  - Distribution of audit reports to any necessary parties

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures, or other engagements that satisfy relevant legal, regulatory, or contractual requirements or fully meet other reasonable user needs.

Required Supplementary Information

Accounting principles generally accepted in the United States of America provide for certain required supplementary information ("RSI") to accompany the basic financial statements. We understand the following RSI will accompany the basic financial statements:

1. Management's Discussion and Analysis ("MD&A")
2. Pension information

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.

Management is responsible for the fair presentation of the RSI. As part of our engagement, we will apply certain limited procedures to the RSI in GAAS. These limited procedures will consist of inquiries of management regarding 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 will 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.

Written Confirmations Required

As part of our audit process, we will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

FORVIS, LLP Terms and Conditions Addendum

GENERAL

1. **Overview.** This addendum describes **FORVIS LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and FORVIS, LLP. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to FORVIS, LLP ("FORVIS"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services and the party or parties ultimately responsible for payment of Our fees and costs.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Unless otherwise provided in Our contract, payment is due upon receipt of Our billing statement. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent. All fees, charges, and other amounts payable to FORVIS hereunder do not include any sales, use, excise, value-added, or other applicable taxes, tariffs, or duties, payment of which shall be Your sole responsibility, and do not include any applicable taxes based on FORVIS' net income or taxes arising from the employment or independent contractor relationship between FORVIS and FORVIS' personnel.

   We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

   Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four (4) years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.

4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay FORVIS for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of four (4) percent to cover certain technology and administrative costs associated with Our services. Unless terminated sooner in accordance with its terms, this engagement shall terminate upon the completion of FORVIS' services hereunder.

DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. Unless the parties agree otherwise, the American Arbitration Association ("AAA") will administer any such medication in accordance with its Commercial Mediation Rules. The mediator will be selected by agreement of the parties. If We cannot agree, a mediator shall be designated by the AAA. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.

6. **Indemnification.** Unless disallowed by law or applicable professional standards, You agree to hold FORVIS harmless from any and all claims which arise from knowing misrepresentations to FORVIS, or the intentional withholding or concealment of information from FORVIS by Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. You also agree to indemnify FORVIS for any claims made against FORVIS by third parties, which arise from any wrongful actions of Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. The provisions of this paragraph shall apply regardless of the nature of the claim.

7. **Limitation of Liability.** You agree that FORVIS' liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply (1) to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of FORVIS, (2) to any third-party claim against You resulting from Our action or inaction, or (3) if enforcement of this provision is disallowed by applicable law or professional standards.

8. **Waiver of Certain Damages.** In no event shall FORVIS be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise

under a theory of contract, tort, strict liability, or otherwise. This waiver shall not apply to any third-party claim against You resulting from Our action or inaction.

9. **WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, OR ANY CLAIM, COUNTERCLAIM, OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY THE PARTIES, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE.**

10. **Severability.** In the event that any term or provision of this agreement shall be held to be invalid, void, or unenforceable, then the remainder of this agreement shall not be affected, and each such term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law.

11. **Assignment.** Agreement shall not be assignable by either party in whole or in part without the prior written consent of the other party; provided, however, that each party may assign, without the other party's consent, this Agreement to (i) any person or entity into which a party has merged or which has otherwise succeeded to all or substantially all of its business and assets to which this Agreement pertains, by merger, consolidation, reorganization or otherwise; or (ii) any affiliate of a party, which shall include any entity now or hereafter controlling, controlled by, or under common control with such party. This Agreement will be binding on the parties' successors and permitted assigns.

12. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

13. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that FORVIS has no responsibility to maintain this information. You agree You will not rely on FORVIS to provide hosting, electronic security, or backup services, *e.g.*, business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from FORVIS' servers, *i.e.*, FORVIS portals used to exchange information, can be terminated at any time and You will not rely on using this to host Your data and records.

14. **FORVIS Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of FORVIS. We can be compelled to provide information under legal process. In addition, We may be requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, FORVIS will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information.

15. **Subpoenas or Other Legal Process.** In the event FORVIS is required to respond to any such subpoena, court order, or any government regulatory inquiry or other legal process relating to You or Your management for the production of documents and/or testimony relative to information We obtained or prepared incident to this or any other engagement with You in a matter in which FORVIS is not a party, You shall compensate FORVIS for all time We expend in connection with such response at normal and customary hourly rates and to reimburse Us for all out-of-pocket expenses incurred in regard to such response.

16. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

    Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes) and any supplementary information, as appropriate, are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

17. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to Us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Neither You, nor any of Your agents, will copy, electronically store, reproduce, or make any such documents available to anyone other than Your personnel. This provision will apply to all materials whether in digital, "hard copy" format, or other medium, provided, however, that We acknowledge that documents and other materials supplied to You may potentially become public records subject to inspection by outside parties under the Colorado Open Records Act, C.R.S. 24-72-200.1, et. Seq., as amended. Unless proper grounds exist to deny requests to inspect these materials, You may be unable to prevent inspection. We have familiarized Ourselves with the relevant law sufficiently to enable Us to take steps necessary to protect the confidential nature of Our submissions.

REGULATORY

18. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants ("AICPA"), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not apply to the extent necessary only to avoid such prohibition or impairment.

19. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor's report, or reference to Our firm, will not be included in any such offering document without notifying Us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

    Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, "FORVIS, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. FORVIS, LLP also has not performed any procedures relating to this offering document."

20. **FORVIS Not a Municipal Advisor.** FORVIS is not acting as Your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, FORVIS is not recommending any action to You and does not owe You a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such matters with internal or external advisors and experts You deem appropriate before acting on any such information or material provided by FORVIS.

21. **FORVIS Not a Fiduciary.** In providing Our attest services, We are required by law and our professional standards to maintain our independence from You. We take this mandate very seriously and thus guard against impermissible relationships which may impair the very independence which You and the users of Our report require. As such, You should not place upon Us special confidence that in the performance of Our attest services We will act solely in Your interest. Therefore, You acknowledge and agree We are not in a fiduciary relationship with You and We have no fiduciary responsibilities to You in the performance of Our services described herein.

TECHNOLOGY

22. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites. We recognize that any materials We provide that You present to Your board of directors will be posted on the board materials section of Your public website.

23. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in "portable document format" (".pdf") or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.

24. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

    You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by Us. You consent to Our use of these electronic devices and applications during this engagement.

OTHER MATTERS

25. **Cooperation.** You agree to cooperate with FORVIS in the performance of FORVIS' services to You, including the provision to FORVIS of reasonable facilities and timely access to Your data, information, and personnel. You shall be responsible for the performance of Your employees and agents.

26. **Third-Party Service Providers.** FORVIS may from time to time utilize third-party service providers, including but not limited to domestic software processors or legal counsel, or disclose confidential information about You to third-party service providers in serving Your account. FORVIS maintains, however, internal policies, procedures, and safeguards to protect the confidentiality and security of Your information. In addition, FORVIS will secure confidentiality agreements with all service providers to maintain the confidentiality of Your information. If We are unable to secure an appropriate confidentiality agreement, You will be asked to consent prior to

FORVIS sharing Your confidential information with the third-party service provider.

27. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to You. Decisions regarding management of Your business remain the responsibility of Your personnel at all times. Neither You nor FORVIS shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

28. **Use of FORVIS Name.** Any time You intend to reference FORVIS' firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.

29. **Praxity.** FORVIS is an independent accounting firm allowed to use the name "Praxity" in relation to its practice. FORVIS is not connected, however, by ownership with any other firm using the name "Praxity." FORVIS will be solely responsible for all work carried out on Your behalf. In deciding to engage FORVIS, You acknowledge that We have not represented to You that any other firm using the name "Praxity" will in any way be responsible for Our work.

30. **Entire Agreement.** The contract, including this Terms and Conditions Addendum and any other attachments or addenda, encompasses the entire agreement between You and FORVIS and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and FORVIS.

31. **Force Majeure.** Neither party (the excused party) shall be held responsible for any failure to fulfill its obligations under this contract if such failure was caused by circumstances beyond the excused party's control.

FORVIS Planning Communication to the Board of Directors

Platte River Power Authority

December 31, 2023

Thank You for Selecting FORVIS

We are grateful for the opportunity to serve Platte River Power Authority (the Authority) and gain insight into your operations. This communication provides useful information relevant to your role as those charged with governance of the Authority, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

We understand the appropriate person in the governance structure with whom to communicate is:

- Reuben Bergsten, Chairman of the Board of Directors
- David Smalley, Chief Financial Officer and Deputy General Manager

Your audit leaders for any questions or communications are:

- Christopher Telli, CPA, Partner | chris.telli@forvis.com | 303.861.4545
- Anna Thigpen, CPA, Director | anna.thigpen@forvis.com | 303.861.4545

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	We have been engaged to audit the financial statements of the Authority for the year ended December 31, 2023. Please refer to our contract dated October 10, 2023 for additional information and the terms of our engagement.
Expected Emphasis of Matter Opinion	Emphasis of a matter related to the adoption of Governmental Accounting Standards Board Number 96, *Subscription-Based Information Technology Arrangements.*

FORVIS

Matter	Description of Audit Area
Audit Standards & Materiality	We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.
Our Responsibilities	We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.
Your Responsibilities	Our audit of the financial statements does not relieve you or management of your responsibilities.
Distribution Restriction	This communication is intended solely for the information and use of Board of Directors and, if appropriate, management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Other Information Accompanying the Audited Financial Statements

Management is responsible for the other information included in the annual report.

The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

We will not subject such information to the auditing procedures applied in the audit of the financial statements and, accordingly, we will not express an opinion or provide any assurance on it. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or whether there is an indication that the other information appears to be materially misstated or misleading. We will respond appropriately when we identify material inconsistencies or when we otherwise become aware that information appears to be materially misstated.

In the event we issue a disclaimer of opinion on the financial statements, our auditor's report will not make any reference to the annual report or to any procedures that may have been performed.

Drafts of the annual report should be provided to us as soon as practical, in order to provide us with adequate time to read the documents for the purposes described above.

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules, and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

We expect to begin our audit on approximately November 27, 2023. Final fieldwork is scheduled for February 19 – March 6, 2024.

Drafts of the financial statements and management letter, together with our letter regarding auditor responsibilities, will be furnished by April 5, 2024.

The final report will be issued by April 11, 2024.

Audit presentation to the board is preliminarily scheduled for April 25, 2024.

Planned Audit Scope

We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Risk Area(s)	Audit Approach
Risk of management override of controls	Review accounting estimates for bias, electronic review of journal entries and evaluate business rationale for unusual transactions
Revenue recognition	Test the cutoff of revenue to determine that the amounts tested are properly recognized
GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements, Regulated Operations*, Paragraphs 476-500	Review accounting estimates for bias, review board approval of accounting treatment and test supporting documentation for reasonableness
Implementation of new accounting standard GASB 96, *Subscription-Based Information Technology Arrangements*	Evaluate proper implementation and application of the standard including all required disclosures

Other Procedures to Be Performed

We may also request written representations from the Authority's attorneys as part of the engagement, and they may bill the Authority for responding to this inquiry.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

Adoption of New Accounting Standards

Platte River Power Authority must adopt GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of January 1, 2022. Implementation of this standard includes a review of all information technology arrangements and a determination by management as to whether those arrangements are within the scope of the standard. Arrangements within scope will require the measurement of a subscription liability and a corresponding right-to-use subscription asset. In addition, implementation of this standard may affect internal controls over financial reporting. We encourage you to communicate with management regularly regarding the policy elections made, recognition of new financial statement amounts, and disclosures upon transition.

Consideration of Error or Fraud

One of the most common questions we receive from governing bodies is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement team brainstorming
  - Discussions include how and where we believe the Authority's financial statements might be susceptible to material misstatement due to error or fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the Authority could be misappropriated
  - An emphasis is placed on the importance of maintaining the proper state of mind throughout the audit regarding the potential for material misstatement due to error or fraud
- Inquiries of management and others
  - Personnel interviewed will include the Board Chair, the General Manager/Chief Executive Officer, the Chief Financial Officer/Deputy General Manager, the Director of Finance, the Senior Manager, Financial Reporting and Budget, Senior Manager, Accounting and others
  - Inquiries are directed towards the risks of error or fraud and whether personnel have knowledge of any fraud or suspected fraud affecting the Authority
- Reviewing accounting estimates for bias
- Considering the risk that management may attempt to present disclosures to the financial statements in a manner that may obscure a proper understanding of the matters disclosed (for example, by using unclear or ambiguous language)
- Evaluating business rationale for significant unusual transactions
- Evaluating business rationale for significant transactions with related parties
- Incorporating an element of unpredictability into the audit each year

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

Memorandum

Date: 10/18/2023

To: Board of directors

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

Subject: Dispatchable capacity

In navigating the challenges and opportunities of our clean energy transition, we must consider resilience, flexibility, and a diverse energy mix as we work toward an environmentally responsible, financially sustainable, and reliable energy future.

As we pursue this mission, we will distill insights that focus on grid reliability and the transition to cleaner energy sources. These insights will illuminate the impact of the evolving energy landscape on grid reliability and underscore the strategic role of dispatchable thermal capacity in helping maintain system stability.

Here are the key takeaways:

- As the grid transforms with future cleaner energy resources, we must account for how extreme weather affects power system stability and drives the need for dispatchable resources that can help us manage these challenges.

- The clean energy transition requires us to integrate solar and wind resources. Dispatchable resources like energy storage, virtual power plants, and thermal capacity are critical to dependable and sustainable grid infrastructure and align with anticipated beneficial electrification in end-use energy consumption.

- We must address the challenges of our evolving energy resource mix and its implications for grid reliability. Many organizations, including Large Public Power Council members, are strategically investing in or maintaining dispatchable thermal capacity assets to reinforce grid security. These investments aim to leverage dispatchable thermal capabilities, such as operating at lower capacity factors and co-firing with hydrogen, as they contribute to system reliability.

By integrating flexibility and a diversified energy mix, we can navigate the complexities of the clean energy transition while ensuring a reliable, financially sustainable, and environmentally responsible energy future.

Attachment

- Resolution No. 11-23 Support for dispatchable capacity

RESOLUTION NO. 11-23

Background

A. In the years since its board of directors adopted the 2018 Resource Diversification Policy, Platte River Power Authority (Platte River) has taken many steps to advance the Resource Diversification Policy goals, including adding new renewable resources and battery energy storage systems, joining a real-time energy dispatch market, committing to join a full regional transmission organization by 2026, and collaborating with our owner communities to lay the foundations for a virtual power plant.

B. Dispatchable capacity is essential to maintaining reliability as intermittent renewable resources on Platte River's system increase. Dispatchable capacity has three components—energy storage and virtual power plant capabilities (which are in early stages and must continue to advance) and flexible combustion turbine technology (which is mature but has long lead times for permitting and construction).

C. While Platte River continues to evaluate and pilot promising energy storage options (both short- and long-duration) as they advance, battery storage technology and cost improvements have been slow since 2018 and virtual power plant development is a multiyear, ongoing process.

D. To maintain reliability and financial sustainability as coal-fired generation retires and effectively integrate increasing intermittent renewable resources, Platte River will need flexible combustion turbine technology.

E. Supported by independent expert analysis, staff evaluated a broad range of dispatchable resource options, including potential changes or upgrades to Platte River's existing coal-fired and natural gas-fired generators, which proved technically infeasible, cost prohibitive, or both—in some cases, involving more than $150 million in capital investments that would reduce efficiency without improving operational flexibility.

F. Comprehensive analyses show new aeroderivative combustion turbine technology is best suited to protect system reliability and financial sustainability in the near term as Platte River works toward fully noncarbon options for the long term.

G. Aeroderivative combustion turbines will use natural gas as their primary fuel source initially, but

- have the potential to use green hydrogen or other alternative fuels as the necessary technology and infrastructure develop,
- most effectively support variable renewable resource integration because they can start up and ramp from zero to full output (and back down again) within minutes, and
- will not become stranded assets because they can provide critical reliability support to the grid (in some cases, without consuming fuel) and help Platte River hedge ancillary services costs for decades to come.

H. Platte River must act promptly to meet state permitting requirements for the new aeroderivative turbines.

<u>Resolution</u>

By this resolution, the board of directors of Platte River Power Authority formally expresses support for Platte River's efforts to proactively develop the dispatchable capacity necessary to protect system reliability and financial sustainability (including battery storage systems, virtual power plant capabilities, and flexible aeroderivative combustion turbine technology) as Platte River continues to pursue the Resource Diversification Policy goal of a 100% noncarbon resource mix by 2030.

AS WITNESS, I have signed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 26th day of October, 2023.

____
Secretary

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

Memorandum

Date: 10/18/2023

To: Board of directors

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

Subject: **Proposed 2024 Strategic Budget public hearing**

As previewed during the September budget work session, staff anticipated changes to the proposed 2024 Strategic Budget. The changes are based on updates and refinements to resources, production costs, departmental operations and maintenance expenses, capital projects and contingency appropriation. The updated budget includes total revenues of $313 million, total expenditures of $299.4 million and a board contingency appropriation of $56 million. Change in net position is projected to be $22.5 million, with fixed obligation charge coverage at 2.49 times.

The budget has been updated to reflect the most current information for revenues, operating expenses, capital additions and contingency appropriation as listed below.

Amount favorable (unfavorable)	Revenues	Description
($0.3 M)	Sales to owner communities	Final adjustments were made based on the updated production cost model.
($0.2 M)	Wheeling revenue	Decreased due to adjustments to point-to-point sales and network customer loads based on current trends.
$0.2 M	Interest and other income	Interest income increased because of higher projected interest rates, partially offset by a decrease in other income due to keeping fiber rates flat.
($0.3 M)		Total decrease in revenues

Amount favorable (unfavorable)	Operating expenses	Description
($4.9 M)	Purchased power	• ($2.8 M) – Purchases in both the Western Energy Imbalance Service and bilateral markets increased based on the updated production cost model. • ($1.8 M) - Purchased reserves increased based on Xcel Energy's estimated tariff and self-providing fewer reserves, which increases capacity available to the market. • ($0.3 M) - Replacement power outage accrual increased.
$0.1 M	Operating expenses	• $0.4 M - Nonroutine projects decreased primarily due to combustion turbine inspections as parts sent out for refurbishment will not be returned until 2025. • $0.2 M – Windy Gap water expenses decreased due to updated assumptions. • $0.1 M – Wheeling expenses decreased because of an updated rate from the Western Area Power Administration for transmission service. • ($0.2 M) – Ancillary services expenses increased due to Xcel Energy's estimated tariff. • ($0.2 M) - Department budgets adjusted based on more accurate information, including additions for market expenses and contracted services, partially offset by a decrease in memberships and the maintenance outage accrual. • ($0.2 M) – Yampa operating expenses increased based on the final approved budget.
$1.7 M	Fuel	Prices and generation volumes for coal and natural gas resources reflect the latest estimates from the production cost model. Trapper Mine pricing increased 19% as total projected production from the mine decreased, increasing cost per ton delivered.
($3.1 M)		Total increase in operating expenses

Amount favorable (unfavorable)	Capital additions	Description
($1.5 M)	Bay connection to Severance Substation - noncarbon resources	Reclassification as a separate project from the solar substation 230 kV Severance Substation project as discussed below due to a timing difference in project completion
($1.1 M)	Evergreen controls hardware upgrade - Rawhide Unit 1	New project to upgrade controls hardware at the end of its useful life.
($0.8 M)	Evaporative cooling and wet compression - combustion turbine Unit F	Increase due to additional scope of wet compression component, which will yield additional output.
($0.5 M)	Mechanical system redundancy - headquarters	New project to install a redundant cooling system to allow all critical systems to remain online if the primary system is unavailable.
($0.5 M)	Gas control valve replacement - combustion turbine Unit C	New project to replace valves and related systems, increasing reliability and lowering future maintenance.
($0.4 M)	Transmission line vault upgrades - Rogers Road Substation	Carryover project into 2024 due to contractor delays and an increase in scope in 2023 requiring additional funds in 2024.
($0.3 M)	Bently system upgrade - Rawhide	New project to upgrade the vibration monitoring system on rotating equipment throughout the plant.
($36 K)	Distribution battery storage interconnections	New projects (four) to begin design for infrastructure to interconnect battery storage systems to each owner community electric distribution network.
$0.5 M	Hydrogen dryer and auto-purge - combustion turbine Unit F	Delayed until 2025 to prioritize the evaporative cooling and wet compression combustion turbine Unit F project.
$0.6 M	Gas control valve replacement - combustion turbine Unit F	Canceled to prioritize a similar project for combustion turbine Unit C.
$1.8 M	Solar substation 230 kV - Severance Substation	Decreased due to reclassification of costs relating to the bay connection as a separate project as discussed above.
($2.3 M)		Total increase in capital additions

Amount favorable (unfavorable)	Contingency appropriation	Description
($1.0 M)	Contingency appropriation	Contingency appropriation is approximately 20% of operating expenditures and capital additions. Due to the increase in those categories, contingency appropriation increased.
($1.0 M)		Total increase in contingency appropriation

The following table summarizes the proposed 2024 Strategic Budget and outlines impacts from the current changes to the revenue and expenditure categories as well as the contingency appropriation.

$ in thousands	Proposed budget	*Prices & model update impacts*	*Other O&M net increase and contingency increase*	*Capital & depreciation, amortization & accretion impacts [1]*	*Favorable (unfavorable) changes*	Updated proposed budget
Revenues						
Sales to owner communities	$ 236,072	$ (335)			***$ (335)***	***$ 235,737***
Sales for resale - long-term	11,494	8,592			***8,592***	***20,086***
Sales for resale - short-term	44,939	(8,583)			***(8,583)***	***36,356***
Wheeling	9,123	(181)			***(181)***	***8,942***
Interest and other income	11,627	226			***226***	***11,853***
Total revenues	$ 313,255	$ (281)			***$ (281)***	***$ 312,974***
Operating expenses						
Purchased power	$ 58,881	$ (3,611)	$ (1,284)		***$ (4,895)***	***$ 63,776***
Fuel	52,831	1,723			***1,723***	***51,108***
Production	55,538	59	20		***79***	***55,459***
Transmission	21,098		(98)		***(98)***	***21,196***
Administrative and general	36,298		(85)		***(85)***	***36,383***
Distributed energy resources	13,807		209		***209***	***13,598***
Total operating expenses	$ 238,453	$ (1,829)	$ (1,238)		***$ (3,067)***	***$ 241,520***
Capital additions						
Production	$ 8,722			$ (1,720)	***$ (1,720)***	***$ 10,442***
Transmission	14,938			(137)	***(137)***	***15,075***
General	12,305			(488)	***(488)***	***12,793***
Asset retirement obligations	933				***-***	***933***
Total capital additions	$ 36,898			$ (2,345)	***$ (2,345)***	***$ 39,243***
Total operating expenses and capital additions	$ 275,351	$ (1,829)	$ (1,238)	$ (2,345)	***$ (5,412)***	***$ 280,763***
Debt expenditures	$ 18,638				***$ -***	***$ 18,638***
Total expenditures	**$ 293,989**	$ (1,829)	$ (1,238)	$ (2,345)	***$ (5,412)***	***$ 299,401***
Contingency appropriation	**$ 55,000**		$ (1,000)		***$ (1,000)***	***$ 56,000***
Total expenditures and contingency appropriation	**$ 348,989**	$ (1,829)	$ (2,238)	$ (2,345)	***$ (6,412)***	***$ 355,401***
Change in net position	**$ 25,922**	**$ (2,110)**	**$ (1,238)**	**$ (51)**	***$ (3,399)***	***$ 22,523***

(1) Depreciation, amortization and accretion expense increased by approximately $51K impacting change in net position.

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2024 STRATEGIC BUDGET AT A GLANCE

PUBLIC HEARING

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

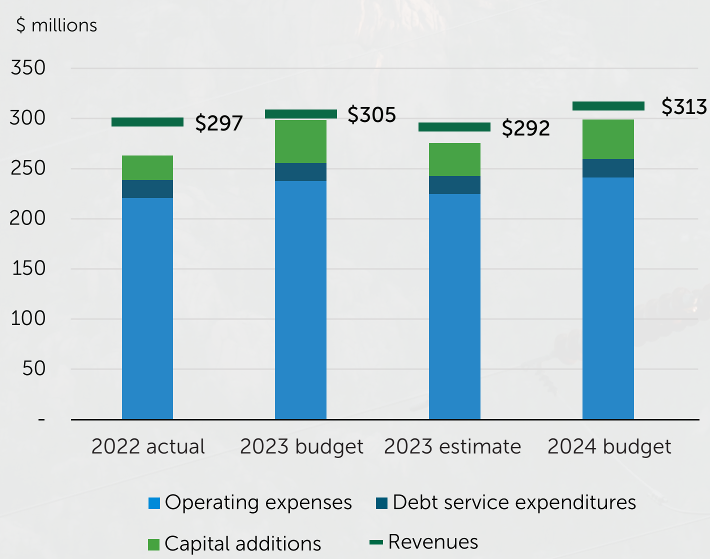
The foundation for Platte River's 2024 budget represents ongoing investments to transform the organization based on its strategic initiatives and core operations. These reflect Platte River's foundational pillars of system reliability, environmental responsibility and financial sustainability. The pillars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

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

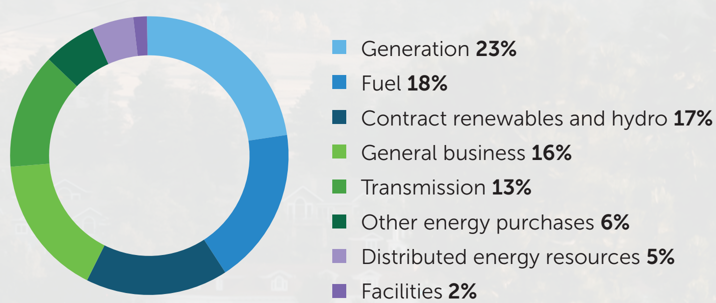
Platte River's budget includes $313 million in revenues and $299.4 million in expenditures, consisting of operating, capital and debt. Of the $280.8 million in operating expenses and capital additions, approximately 85% and 15% are allocated to activities supporting core operations and strategic initiatives, respectively.

Revenues

Revenues and expenditures



Operating and capital additions



Strategic initiatives

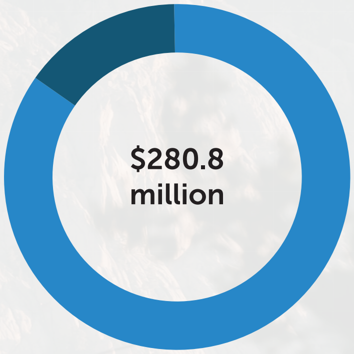
$41.7 million, 15% of operating and capital

- Resource diversification planning and integration, $27.7 million, 10%
- Community partner and engagement, $2.2 million, 1%
- Workforce culture, $2.1 million, 1%
- Process management and coordination, $9.7 million, 3%

Activities

- Dispatchable resource design and air permitting
- Noncarbon resources infrastructure and planning
- Distributed energy resources, including distributed energy resources management software, beneficial electrification and program development
- 2024 integrated resource plan development, Southwest Power Pool Regional Transmission Organization West planning and operational flexibility
- Public engagement for the Resource Diversification Policy, integrated resource plan, distributed energy resources and distributed energy solutions programs
- Workforce evolution and development
- Enterprise resource planning system, enterprise risk management and project management

Operating expenses and capital additions



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

Core operations

$239.1 million, 85% of operating and capital

- Generation, including fuel, $129.5 million, 46%
- Energy purchases including wind, hydropower and solar energy, $63.8 million, 23%
- Transmission, $35.8 million, 12%
- Energy efficiency programs, $10 million, 4%

Activities

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

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Memorandum

Date: 10/18/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Dave Smalley, chief financial officer and deputy general manager
Shelley Nywall, director of finance
Wade Hancock, senior manager, financial planning and rates

Subject: **Strategic Financial Plan update**

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

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

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

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

Attachments

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

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Strategic Financial Plan

Draft

Strategic Financial Plan

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

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

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

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

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

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

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

Financial metrics

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

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

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

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

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

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

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

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

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

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

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

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

Leverage metric: Target adjusted debt ratio less than 50%

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

Liquidity metric: Target minimum 200 days adjusted liquidity on hand

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

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

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

Rate stability strategies

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

Fiscal responsibility

Revenue generation

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

Expense management

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

Rate smoothing

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

Accounting policies - revenue and expense smoothing

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

Multi-year rate analysis

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

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Strategic Financial Plan

Draft-Redline

Strategic Financial Plan

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

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

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

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

~~Rate Requirements and Practices~~

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

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

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

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

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

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

~~Platte River's tariffs and charges will be established to achieve SFP targeted financial metrics. Multi-year rate smoothing strategies will also be utilized, as deemed appropriate, to avoid greater single year rate impacts or to accomplish specified financial objectives.~~

Financial metrics

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

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

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

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

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

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

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

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

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

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

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

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

Leverage metric: Target adjusted debt ratio less than 50%

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

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

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

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

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

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Expense management

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Rate smoothing

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

Accounting policies - revenue and expense smoothing

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

Multi-year rate analysis

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

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Strategic Financial Plan

Platte River Power Authority white paper

September 2023

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

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

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

Strategic Financial Plan

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

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

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

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

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

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

Financial metrics

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

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

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

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

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

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

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

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

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

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

$$\begin{aligned}&\textit{Fixed obligation charge coverage ratio}\\&\qquad = \frac{\textit{Net operating revenues}^{1} + \textit{Interest and other income} + \textit{Debt like obligations}}{\textit{Net revenue bond service} + \textit{Debt like obligations}}\end{aligned}$$

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

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

Earnings metric: Generate minimum change in net position[2] equal to 3% of annual operating expenses

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

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

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

$$Change\ in\ net\ position = Total\ operating\ revenues - Total\ operating\ expenses + Total\ nonoperating\ revenues\ (expenses)$$

Leverage metric: Target adjusted debt ratio less than 50%

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

The ratio includes debt and debt-like obligations from Platte River's statement of net position:

- Long-term debt
- Net pension liability (new based on rating agency criteria)
- Other long-term obligations, including the Windy Gap Firming Project pooled financing arrangement (new)

$$Adjusted\ debt\ ratio = \frac{Long\ term\ debt,\ net + Net\ pension\ liability + Other\ long\ term\ obligations}{Total\ electric\ utility\ plant + Net\ working\ capital}$$

Liquidity metric: Target minimum 200 days adjusted liquidity on hand

The PSAs with the owner communities (in Article 2(b)(iv)) require Platte River to provide for the

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[2] Change in net position was formerly net income.

establishment and maintenance of reasonable reserves.

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

Rate stabilization fund

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

Staff will communicate all rate stabilization fund withdrawals and contributions to the board, except for rate stabilization fund interest distributions. Increases to the rate stabilization fund are based on analysis to mitigate risk exposure. If Platte River uses the rate stabilization fund balance partially or in full due to an event, the target balance will be replenished in increments determined and approved through the budget process.

The rate stabilization fund has a $20 million balance. Staff completes an annual analysis to verify the balance would be sufficient to achieve the legal minimum bond service coverage ratio during an extended unplanned generation resource outage in varying power market conditions. Lowering the rate stabilization fund balance provides no business advantage. Maintaining the current rate stabilization fund balance has no impact on projected future rates or financial results, is viewed favorably by rating agencies and could provide benefits for future unforeseen events. The target rate stabilization fund balance analysis and justification are maintained outside of the SFP. Staff brings recommended changes to the board as necessary.

$$Days\ adjusted\ liquidity\ on\ hand = \frac{Cash\ - Bond\ required\ reserves}{Total\ operating\ \text{expenses}\ -\ depreciation, amortization\ and\ accretion}\ x\ \text{Days in the year}$$

Rate stability strategies

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

Fiscal responsibility

Revenue generation

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

Expense management

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

Rate smoothing

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

Accounting policies - revenue and expense smoothing

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

Multi-year rate analysis

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

Recommendation

Electric utilities operate in a capital-intensive industry with investments in long-term generation and transmission assets. While Platte River implements the resource transition plan over the next few years, plans that have yet to be put in place are uncertain. The SFP financial metrics, rate stability strategies and “AA” category credit rating provide critical financial stability and flexibility. Platte River’s financial position and “AA” category credit rating allow it to preserve long-term financial sustainability and maintain competitive wholesale electric rates while pursuing its strategic initiatives.

Staff concludes that maintaining the current financial metrics is advantageous for Platte River and the owner communities as they provide financial flexibility to achieve the following:

- Obtain access to capital markets at a lower cost of capital
- Take advantage of opportunities for capital investments, lower expenses and provide benefits to the owner communities
- Manage industry-related financial risks
- Respond in a timely and value-maximizing manner to unexpected changes

In addition to updating financial metric calculations for alignment with rating agency criteria and Platte River’s change in financial position, staff recommends the following SFP modifications:

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

Staff will continue to evaluate the financial metrics to determine the best path forward to achieve financial and operational goals, objectives, and strategic initiatives for Platte River and the owner communities.

Staff will review the SFP and the proposed changes at the October board meeting. In December, staff will ask the board to approve the SFP with these modifications.

APPENDIX

Platte River's financial sustainability

An essential component to Platte River's overall financial goal is to preserve long-term financial sustainability. Maintaining an "AA" category credit rating provides long-term financial sustainability and competitive wholesale electric rates.

Over the years, Platte River has benefited from its strong financial position, favorable credit rating and sound financial decisions.

- Preventive and predictive maintenance strategies and proactive capital investments are prioritized to provide long-term system benefits and efficiencies
- Accounting policies are a strategic rating setting activity and contribute to a strong financial position. Through a governmental accounting standard, certain expenses and revenues normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in Platte River's wholesale rates. Below is a list of Platte River Board-approved accounting policies for specific activities:
    - 2022 Deferred revenue and expense
    - 2021 Craig units 1 and 2 decommissioning accrual
    - 2020 Windy Gap Firming Project
    - 2020 Change in depreciation method
    - 2017 Fiber optic network
    - 2015 Pension contribution expense recognition
    - 2012 Debt issuance expense recognition
    - 2009 Additional pension funding expense recognition
    - 2004 Maintenance outage expense accrual
- 2023 established favorable counterparty credit in the energy market and for power purchase agreements
- 2022 blended the intermittent and dispatchable variable cost energy charges with the ability to absorb the shift of the risk of cost variances back to Platte River from the owner communities
- 2020 provided a one-time $1 million owner distribution to the governing body of the owner communities to assist with the COVID-19 pandemic impacts within their communities
- 2020 refinanced bonds resulted in $4.6 million in net present value savings
- 2018 adopted the resource diversification policy to transition Platte River to a noncarbon future as a significant initiative requiring a strong financial position and financial flexibility
- 2015 refinanced bonds resulted in $13.7 million of net present value savings

- 2009 series DD bonds were paid off, the last bond issue requiring a bond reserve fund and Platte River's strong financial position eliminated the requirement to maintain bond required reserve funds, which were maintained at a negative arbitrage due to earnings restrictions
- 2008 used cash reserves to fund combustion turbine Unit F and avoided private use restrictions associated with the use of tax-exempt bonds, which would have reduced the economic benefit of a long-term capacity sale

Below are Moody's joint action agency rating criteria, corresponding weightings and Platte River's actions and strategies for each category. These actions maintain Platte River's "AA" category credit rating.

Summary table of rating factors

Rating factors[3]	Platte River actions and strategies
1. Participant credit quality and cost recovery framework (25%)	• The board includes the mayor (or a designee of the mayor) of each owner community and four other directors appointed by the governing bodies of the owner communities • The board of directors has the exclusive authority to establish electric rates • Rates established to recover projected cost of service with adequate margin to achieve SFP financial metrics • Rate smoothing strategies implemented to achieve strategic initiatives and SFP financial metrics • All requirements contracts with the owner communities through 2060 • The owner communities maintain strong credit ratings
2. Resource risk management and exposure to environmental regulation (10%)	• Committed to providing reliable, environmentally responsible and financially sustainable energy and services to its owner communities • Resource diversification policy goal to achieve 100% noncarbon resource portfolio by 2030 • Increased energy supply diversity with additions of solar, wind and battery storage • Continued investment in generation and transmission assets to maintain system reliability, improve efficiency and to meet regulatory requirements • Use of state-of-the-art air quality control systems at power generation stations to meet or exceed all applicable environmental laws and regulations • Southwest Power Pool Energy Imbalance Service market participation and future participation in the Southwest Power Pool Regional Transmission Organization West market • Implementation of enterprise risk management program
3. Competitiveness (15%)	• Average wholesale rates for energy provided to the owner communities for like service among the lowest in Colorado

[3] Rate factor percents based on Moody's Investor Services, Rating Methodology US Municipal Joint Action Agencies, 16 December 2022

	• Owner community retail rates are competitive based on the Colorado Association of Municipal Utilities annual rate surveys
4. Financial strength and liquidity	
a. Liquidity (10%)	• SFP metric: Target minimum 200 days adjusted liquidity on hand
b. Leverage and coverage (15%: Adjusted debt ratio 5%, Fixed obligation charge coverage ratio 10%)	• SFP metrics: Target adjusted debt ratio less than 50% • SFP metric: Generate minimum 1.50 times fixed obligation charge coverage and minimum 1.10 times bond service coverage margin • SFP metric: Generate minimum change in net position equal to 3% of annual operating expenses
5. Willingness to recover costs with sound financial metrics (25%)	• Rate setting record and financial metrics in “AA” category credit rating • Board has exhibited a preference for rate smoothing, raising average wholesale rates prior to financial requirements to establish adequate earnings margins, reasonable reserves, and financial flexibility • Board adopted accounting policies to manage revenues and expenses for rate making purposes • SFP financial metrics have been met every year

Links

- Moody’s Investor Service Rating Methodology US Municipal Joint Action Agencies https://ratings.moodys.com/api/rmc-documents/396803
- Fitch Ratings U.S. Public Power Rating Criteria: https://www.fitchratings.com/research/corporate-finance/us-public-power-rating-criteria-03-03-2023

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

Memorandum

Date: 10/18/2023

To: Board of directors

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

Subject: **Marketing and community engagement update**

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

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

Platte River Power Authority
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Memorandum

Date: 10/18/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operating officer

Subject: **Southwest Power Pool Regional Transmission Organization West update**

Platte River staff will provide an update regarding development of the Southwest Power Pool Regional Transmission Organization West (SPP RTO West). The objective is to inform the board of the market development activities, decisions and actions currently underway that are important to the long-term operation and success of Platte River in SPP RTO West. Staff will also review Platte River's SPP RTO West implementation work plan for market go-live April 1, 2026.

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

Platte River Power Authority

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Performance dashboard

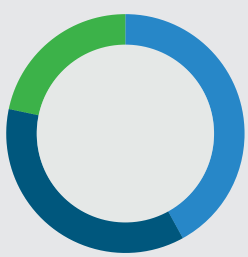
Sept. 30, 2023 (YTD)

Reliability

Transmission	Fiber communications	Rawhide Unit 1	Rawhide combustion turbines
99.9%	**0**	**94.8%**	**99.6%**
March 30 Estes Park loss of load		Three controllable outages	
Goal: no loss of load to the owner communities	**Goal: no unplanned communication outages to the owner communities**	**Goal: adjusted equivalent availability factor ≥ 97%, no controllable outages**	**Goal: delivery reliability ≥ 90%**

Environmental responsibility

System total



- Carbon **42.0%**
- Noncarbon **36.3%**
- Other purchases **21.7%**

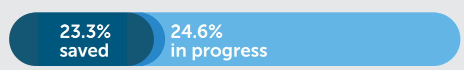
Noncarbon projection 33.3%

Energy savings from completed projects

6,247 MWh saved

An additional 6,591 MWh of savings in progress

0.3% 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

Change in net position as a percentage of operating expenses	Fixed obligation charge coverage ratio	Debt ratio	Unrestricted days cash on hand
21%	**3.02x**	**26%**	**417**
Target annual minimum 3% of operating expenses	**Target annual minimum** 1.50x	**Target minimum** Less than 50%	**Target minimum** 200 days

Platte River Power Authority
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Legal, environmental and compliance report

September 2023

Platte River Power Authority

Overview of recent developments

Legal matters

Progress on the Southwest Power Pool's western regional transmission organization

Platte River entered the Southwest Power Pool (SPP) Western Energy Imbalance Service market on March 31, 2023. Over the past year or so, Platte River has collaborated with other regional utilities, as well as SPP, to explore the potential for SPP to expand its current 14-state regional transmission organization into the Western Interconnection (RTO West), with an anticipated go-live date of April 2026. Platte River signed a commitment agreement to participate in RTO West on June 29, 2023. On Sept. 8, 2023, the Western Area Power Administration (WAPA) announced it would pursue final negotiations with SPP for membership and expanded participation in RTO West. WAPA must sign its commitment agreement by Oct. 10, 2023 for RTO West to move forward. 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.

Monitoring—status unchanged

Page 4 of this document provides a list of matters previously reported but unchanged since our last report.

Recently concluded matters

Page 6 of this document provides a list of matters that have concluded within the last three months.

Platte River
Power Authority

Active matters

Legal matters

Progress on the Southwest Power Pool's western regional transmission organization

Background:

Platte River entered the Southwest Power Pool (SPP) Western Energy Imbalance Service market on March 31, 2023. Over the past year or so, Platte River has collaborated with other regional utilities, as well as SPP, to explore the potential for SPP to expand its current 14-state regional transmission organization into the Western Interconnection (RTO West).

RTO West would include day-ahead as well as real-time operational and tariff services. Potential participants include Basin Electric Cooperative, Colorado Springs Utilities, Deseret Generation and Transmission Cooperative, Municipal Energy Agency of Nebraska, Platte River Power Authority, Tri-State Generation and Transmission Association, and the Western Area Power Administration (WAPA) (encompassing three divisions—the Rocky Mountain Region, the Upper Great Plains Region, and the Colorado River Storage Project). The target "go-live" date for RTO West is April 2026.

To begin the RTO West expansion, SPP required prospective participants to make financial commitments. Platte River worked with the legal teams from SPP and the other participants to draft an agreement (Commitment Agreement) to enable SPP to recover its development costs if RTO West does not go forward as planned. (If RTO West launches as planned, SPP will recover its development costs over time through its administrative fees.) Most participants, including Platte River, signed their Commitment Agreements by June 30, 2023.

SPP's current cost estimate for the RTO West expansion is approximately $40 million. Platte River's estimated share is roughly $5 million. Under the Commitment Agreement, the obligation to reimburse SPP for its full development costs arises only for participants that withdraw before the go-live date or if RTO West does not launch in the Western Interconnection. There are separate provisions that would apply if WAPA does not sign by October 10. In that case, the Commitment Agreements (and the RTO West expansion effort) would terminate. SPP's reimbursable start-up costs would be limited to $1 million and Platte River would be responsible for 15% of those costs, or $150,000.

On April 28, 2023, WAPA issued a notice in the Federal Register recommending that WAPA's Rocky Mountain Region "pursue final negotiations regarding transmission owning membership" in SPP (and that WAPA's Upper Great Plains Region, which already has facilities in SPP's Eastern Interconnection RTO footprint, expand its participation to encompass facilities in the Western Interconnection). WAPA's Federal Register notice invited public comment on its recommendation by July 11, 2023.

Current Status:

On Sept. 8, 2023, WAPA announced it would pursue final negotiations with SPP for membership and expanded participation in RTO West. WAPA must sign the Commitment Agreement by Oct. 10, 2023, for RTO West to continue, but this decision is a major milestone. Platte River and the other participants are working with SPP to further develop RTO West, including setting up committees and drafting tariff provisions, to be better prepared if RTO West moves forward as planned.

Environmental matters

There are no active environmental matters to report.

Compliance matters

There are no active compliance-related matters to report.

Platte River
Power Authority

Monitoring—status unchanged

Legal matters

El Paso Electric Co. v. Federal Energy Regulatory Commission

On Aug. 2, 2023, the Fifth Circuit Court of Appeals (Fifth Circuit) found that the cost allocation scheme the Federal Energy Regulatory Commission (FERC) approved for WestConnect might require FERC-jurisdictional utilities to subsidize non-jurisdictional utilities on regional transmission projects. Therefore, the Fifth Circuit overturned FERC's orders. It is unclear how FERC-jurisdictional utilities will respond. Platte River will continue to monitor the proceedings at the Fifth Circuit and at FERC.

Proposed revisions to Colorado Air Quality Control Commission Regulation No. 3 for sources in disproportionately impacted communities

On Aug. 21, 2023, a coalition of non-governmental organizations, including GreenLatinos, 350 Colorado, and Earthworks, sued the Air Quality Control Commission (Air Commission) in Denver County District Court. The lawsuit alleges that the rules the Air Commission adopted on May 18 do not comply with Colorado's Environmental Justice Act and are otherwise arbitrary and capricious. If the lawsuit succeeds, the likely outcome is a remand to the Air Commission for a new rulemaking. Platte River will monitor this lawsuit and update the board with any developments.

Save the Colorado v. Bureau of Reclamation (Glen Canyon Dam)

On June 1, 2023, Save the Colorado and other environmental groups (appellants) filed their opening brief at the Ninth Circuit Court of Appeals. The defendants (now appellees), including the Bureau and the Colorado River Energy Distributors Association (of which Platte River is a member), filed their responding briefs on August 2, 2023.

Environmental matters

EPA's proposed new regulations for greenhouse gas emissions from power plants

The comment period on rules proposed by the U.S. Environmental Protection Agency (EPA) ended Aug. 8, 2023. EPA received more than one million comments on this proposed rule, showing the high level of interest and controversy over relying on new technologies like hydrogen co-firing and carbon capture and sequestration. Because of the numerous comments, it may take EPA many months or even years to respond and issue final rules. Platte River will evaluate the effect of any final rule, once issued, on its current and any proposed new electric generating units.

Platte River
Power Authority

Groundwater and waste management

Platte River continues to monitor groundwater and has nearly completed lining and improvements at the monofil. There have been no new developments since our last report.

Compliance matters

There are no compliance-related matters in monitored status this month.

Platte River Power Authority

Recently concluded matters (last three months)

Legal matters

Federal Energy Regulatory Commission Rulemaking—Generator Interconnection Reform

Background:

In 2021, FERC issued a wide-ranging advanced notice of proposed rulemaking (ANOPR) addressing regional transmission planning, cost allocation and generator interconnection (Docket No. RM21-17). FERC sought input on a menu of potential reforms, intended to reflect a more "holistic" approach to transmission planning, cost allocation and generator interconnection processes to support "the grid for the future."

On July 27, 2023, FERC issued a final rule, "Improvements to Generator Interconnection Procedures and Agreements," designated as FERC Order No. 2023. This rule adopts reforms to speed up and streamline the generator interconnection process and address long queues that have delayed renewable projects. Among other reforms, the rule:

- implements a "first ready, first-served" cluster study process that allows transmission providers to enlarge interconnection studies to encompass many generating facilities at once;
- adds financial deposit and site control requirements for interconnection customers to prevent speculative projects from taking up queue space and triggering new studies when they withdraw;
- sets penalties for transmission providers that fail to complete interconnection studies on time,
- sets uniform modeling standards for systems studies,
- requires transmission providers to allow more than one generating facility to co-locate at a shared site behind a single interconnection point with a single interconnection request,
- requires transmission providers to use operating assumptions that reflect the charging behavior of battery storage systems, and
- establishes modeling and performance standards for inverter-based resources (such as wind and solar power facilities).

FERC-regulated transmission providers must submit compliance filings within 90 days after FERC publishes its final rule. Although Platte River is not FERC jurisdictional, this rule will likely have wide-ranging effects on how transmission providers manage their interconnection queues. And, if Platte River moves ahead with its plans to join RTO West or another regional transmission entity, Order No. 2023 will apply to the regional entity's interconnection process.

Platte River Power Authority

Environmental matters

There are no recently concluded environmental matters.

Compliance matters

There are no recently concluded compliance matters.

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Resource diversification report

September 2023

Resource integration

Platte River has recently taken significant steps to bolster its clean energy supply portfolio. This includes finalizing an interconnection agreement with Black Hollow Sun (BHS) Solar, LLC, facilitating the integration of the BHS solar project with Platte River's transmission system. Collaboratively with 174 Power Global (BHS's parent company), we are already in the process of procuring the necessary equipment to initiate the construction of the 150 MW BHS solar project in early 2024, with an anticipated commercial operation date in early 2025.

Furthermore, we have successfully concluded a term sheet with a developer to acquire an additional 150 MW of nameplate solar capacity, slated for commercial operation in early 2026. Our team is actively engaged in negotiations for a power purchase agreement aligned with the terms outlined in the term sheet.

Platte River has recently issued a request for proposals (RFP) to acquire 150 - 250 MW of additional wind capacity, expected to come online in 2027.

We may also issue another RFP later this year for a long-duration battery and large utility-scale four-hour lithium-ion battery project, with potential commercial operation for both projects in early 2027.

The table provided below summarizes Platte River's latest resource expansion initiatives, tailored to align with our evolving power supply objectives.

	2023	2024	2025	2026	2027	2028	2029	2030
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	150		150		
Wind					200			100
Storage				25	75	100		
Dispatchable capacity						166		

(*) In-service year for new resources is based on first year such resource is available during the summer months.

Integrated resource planning 2024

Our resource planning team dedicated most of the past month to finalizing a range of critical studies to support the forthcoming 2024 Integrated Resource Plan (IRP). The team's endeavors encompassed several key activities, including:

- Developed more than 20 power supply portfolios for the IRP, assessed their reliability, and conducted a detailed analysis of a selected subset of these portfolios.
- Completed a comprehensive study assessing the 2030 planning reserve margin requirement and the effective load carrying capability of renewable generation and storage.
- Supported an independent consultant conducting an objective assessment of Platte River's future power supply portfolio requirements following the retirement of coal generation in 2030.
- Continued modeling efforts for phase 2 of dispatchable generation technology assessment with an independent consultant.
- Participated in 2024 IRP public listening sessions, along with engagements with key stakeholders, including the City of Fort Collins and Estes Park.
- Continued collaboration with external vendors and companies to explore opportunities related to low/no carbon technologies.

Data Science and Analytics

In the field of analytics, our team has actively engaged in the following key activities:

- Supporting our operations department by providing daily updates for the Western Energy Imbalance Service demand-supply balance and locational marginal price data dashboards.
- Assisting portfolio strategy and origination by conducting analyses of various transactions aimed at minimizing portfolio risk.
- Supporting excess power sale contracts by analyzing different levels of MW power sales and the related risk.
- Completing final review of the 2024 power supply plan, a pivotal step in developing the 2024 proposed budget.
- Helping guide our external IT consultant, contributing to the overhaul of our planning database and various internally developed planning dashboards. Additionally, our team has helped advance plant information data pipelines and create new dashboards to meet evolving needs.

DER system integration

Platte River and the four owner communities are working together to integrate distributed energy resources (DERs), whether owned by customers or the utility, into the electric system. This collaborative endeavor includes the DER Advisory Committee, DER Planning and Programs teams, and additional working groups of Platte River personnel and owner communities.

Platte River enlisted the expertise of Dunsky Energy + Climate Advisors to conduct an in-depth DER forecast and potential study, further enriching our insights. This study has been completed, and its outcomes are actively shaping our strategies for the 2024 IRP and plans for DER customer programs. The table below illustrates our DER planning forecast of DER adoption and the projected enrolled and achievable potential for DERs that can be managed by the virtual power plant (VPP).

DER planning forecast (MW)

	2022 actual	2030 forecast	2040 forecast
DER adoption forecast [1]			
Distributed customer solar, rated output	24	155	282
Distributed customer storage, rated output	1	47	135
Electric vehicles, summer peak	2	26	107
Building electrification, winter peak	0	46	244
VPP: DERs enrolled [2]			
Electric vehicles, enrolled MW	0	10	38
Distributed storage, enrolled MW	0	36	105
Demand response, enrolled MW	0	28	35
Total VPP, enrolled MW	0	74	178
Total VPP, achievable MW	0	33	94

1. DER adoption forecast: Projected customer-driven uptake of solar, storage, and electrification based on costs, incentives, and customer evaluations of technology and fuel expenses.
2. VPP enrolled MW capacities represent the capacity of DERs projected to be enrolled in VPP management. Achievable MW capacities represents the capacity projected to be dispatchable after adjusting for customer usage limitations.

We are actively evaluating distribution-scale storage projects and have met with utility references provided by the bidders. Platte River staff will continue working with owner community staff to build project support, address any inquiries they may have, and gather their valuable feedback on the proposals.

Meanwhile, our focus on the DER gap assessment and roadmap projects remains steadfast. These initiatives will identify the essential technologies required for the effective integration of DERs. While we have encountered some unforeseen delays, we remain committed to delivering draft results by the end of October. Platte River staff have reviewed the draft target technology state and provided feedback to the consultant.

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

Operating report

September 2023

SINCE 1973

Executive summary

Owner community demand was near budget for September while owner community energy was below budget as a result of mild temperatures throughout the month. Year to date, demand is near budget and energy is below budget. The overall net variable cost to serve owner community load was significantly below budget for the month, due to higher bilateral sales pricing and below budget coal generation. Year to date, the net variable cost to serve owner community load is below budget.

Thermal resources

Rawhide Unit 1 ran well for the majority of the month. The unit experienced a brief four-hour outage due to a runback and one minor curtailment. Despite these events, equivalent availability factor was above budget. Net capacity factor was significantly below budget, due to having been dispatched lower in the Southwest Power Pool Western Energy Imbalance Service (SPP WEIS). Year to date, Rawhide equivalent availability factor is below budget and net capacity factor is significantly below budget.

Craig Units 1 and 2 experienced several curtailments throughout the month. Craig Unit 2 experienced one trip and was offline for approximately seven hours. Despite the outage and curtailments, equivalent availability factor was above budget. The Craig units were dispatched lower in WEIS, throughout the month, which resulted in net capacity factor being significantly below budget. Year to date, Craig equivalent availability factor and net capacity factors are significantly below budget.

The combustion turbines (CTs) were primarily run to facilitate sales and to replace Rawhide Unit 1 generation during Mercury and Air Toxics Standards (MATS) testing in the month of September. In addition, scheduled CT maintenance outages occurred on CT units A, B, C and D. CT equivalent availability factor was near budget for the month and net capacity factor was below budget. Year to date, CT equivalent availability factor is below budget and net capacity factor is above budget.

Renewable resources

Wind generation was below budget for the month, due in part to Roundhouse wind curtailments and mild weather in the region. Solar generation was near budget. Net capacity factor for wind was below budget and solar was near budget for the month. Year to date, net capacity factor for wind is below budget and solar is near budget. The battery associated with the Rawhide Prairie Solar project was charged and discharged 30 times throughout the month.

Surplus sales

Surplus sales volume was significantly below budget for the month, as the result of Craig curtailments and a softer market in the region due to mild temperatures. Average surplus sales pricing was significantly above budget, due to above budget bilateral sales pricing. Year to date, surplus sales volume is significantly below budget and average surplus sales pricing is significantly above budget.

Purchased power

Overall purchased power volume was significantly above budget, due to a considerable amount of energy purchased through WEIS. WEIS average purchased power pricing was significantly above budget, but below generation costs. Bilateral purchased power volume was above budget, and bilateral purchased power pricing was significantly above budget, resulting in overall purchased power pricing being above budget for the month. Year to date, purchased power volume and pricing are significantly above budget.

Total resources

Total blended resource costs were above budget for the month, primarily due to above budget Craig coal costs and other purchases. Year to date, total blended resource costs are above budget.

Variances

September operational results

Owner community load	Budget	Actual	Variance	% Variance	
Owner community demand	608 MW	618 MW	10 MW	1.7%	◆
Owner community energy	266 GWh	256 GWh	(10 GWh)	(3.8%)	■
Net variable cost* to serve owner community energy	$3.8M	$2.0M	$1.8M	47%	●
	$14.27/MWh	$7.65/MWh	$6.62/MWh		

*Net Variable Cost = total resource variable costs + purchased power costs - sales revenue

Market impacts to net variable cost

Downward pressure Generation and market outcomes pushing costs lower	
Higher bilateral sales prices	$2.9M
Coal generation volume savings	$1.9M

Upward pressure Generation and market outcomes pushing costs higher	
Lower bilateral sales volume	($0.8M)
Coal generation prices	($1.0M)

Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

YTD operational results

Owner community load	Budget	Actual	Variance	% Variance	
Owner community demand	4913 MW	4843 MW	(70 MW)	(1.4%)	◆
Owner community energy	2498 GWh	2397 GWh	(101 GWh)	(4%)	■
Net variable cost* to serve owner community energy	$32.5M	$25.5M	$7.0M	21.5%	●
	$13.02/MWh	$10.65/MWh	$2.37/MWh		

*Net Variable Cost = total resource variable costs + purchased power costs - sales revenue

Market impacts to net variable cost

Downward pressure Generation and market outcomes pushing costs lower	
Coal generation volume savings	$17.8M
Higher bilateral sales prices	$14.3M

Upward pressure Generation and market outcomes pushing costs higher	
Higher market purchase volume and average price	($6.9M)
Lower bilateral sales volume	($10.7M)
Lower market sales volume	($6.0M)

Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

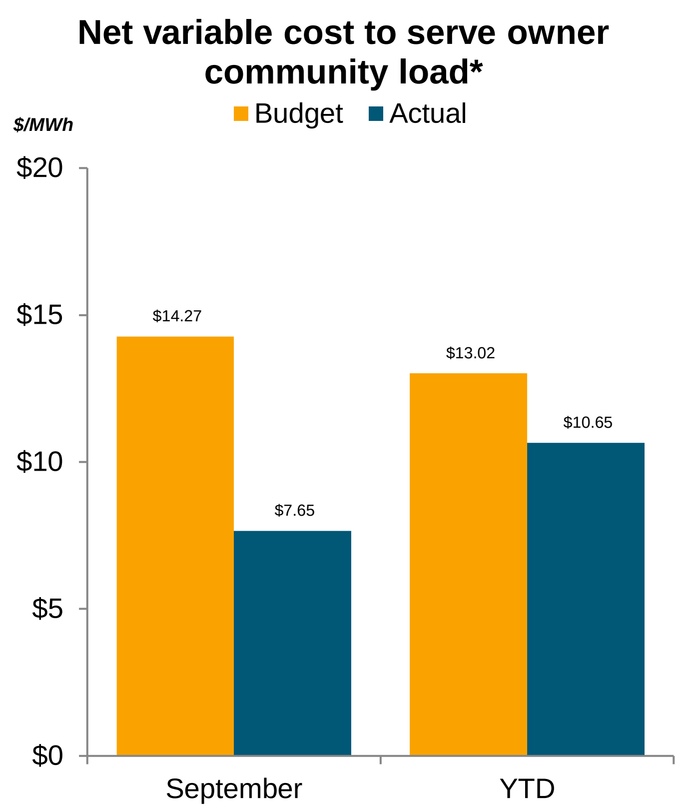
Loss of load

System disturbances

There were no system disturbances resulting in loss of load during the month of September.

2023 goal		September actual		YTD total	
0	●	0	●	1	■

Net variable cost to serve owner community load



*** The net variable operating cost to serve owner community load is equal to the sum of fuel, renewable purchases, energy purchases less surplus energy sales. The net variable cost is divided by total owner community load to determine average net variable cost to serve owner community load.**

Events of significance

- System maintenance completed all scheduled transmission line maintenance for 2023 on a combination of four 115-kv and 230-kv transmissions lines.

- Platte River's power markets team executed three month-long short-term surplus sales contracts for Q4 2023. The contracts for October, November and December sales were all made at above budget prices.

- On Sept. 21, Rawhide Unit 1 tripped due to a false radioactive measurement during an on-site contractor-performed radiographic (x-ray) inspection on the coal mill inert steam piping between coal mills 102 and 103. The unit returned to service later that day.

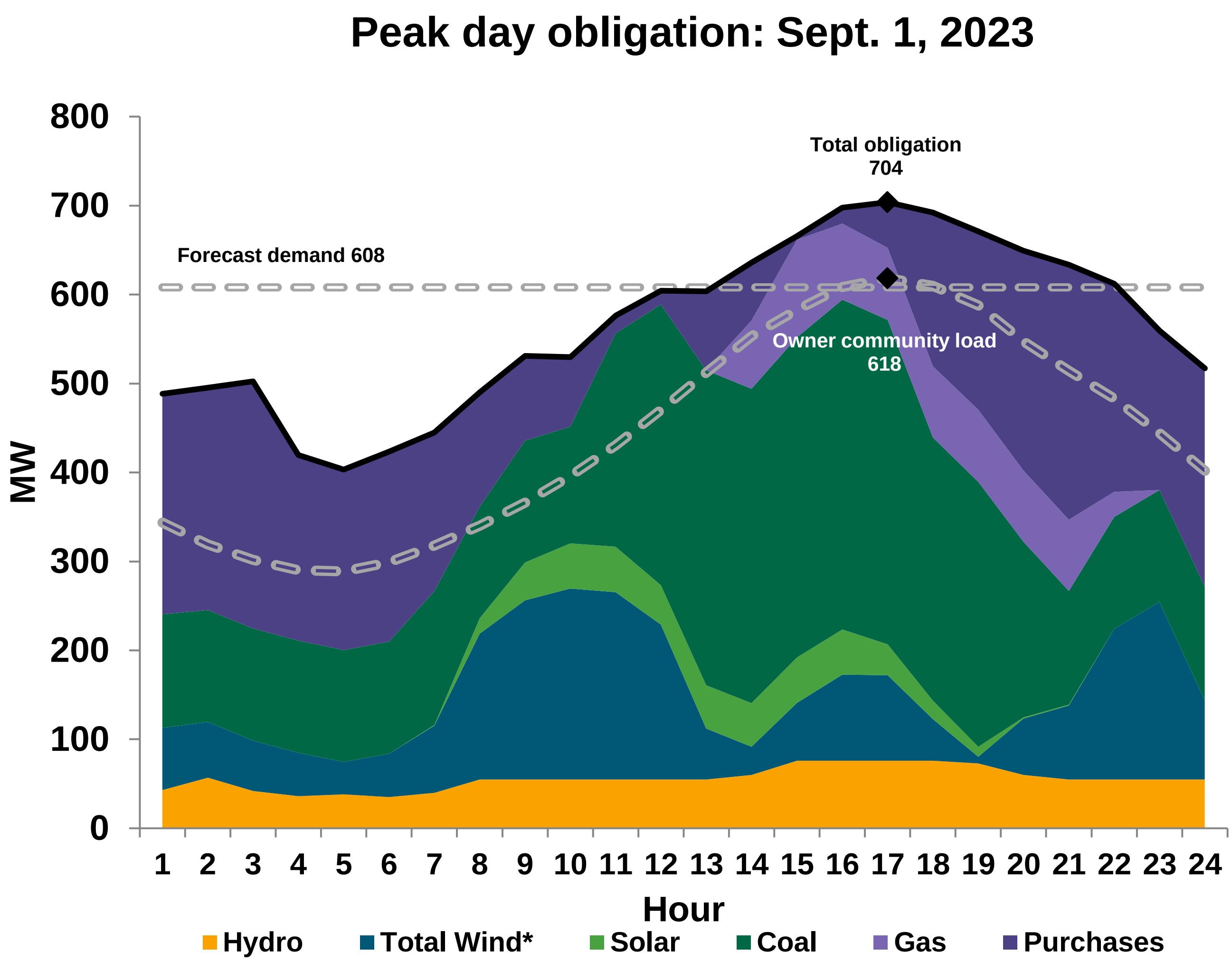
- On the afternoon of Sept. 7, WAPA reported that a fire caused the forced outage of the Wolcott-Cooley-Mesa 230-kV line. This reduced Platte River's share of TOT 5 to 131 MW. The line returned to service later that evening at which time Platte River's share of TOT 5 returned to a normal share of 151 MW.

- On Sept. 8, 2023, Western Area Power Administration (WAPA) announced three WAPA divisions (Upper Great Plains, Colorado River Storage Project and Rocky Mountain region) will pursue final negotiations towards full membership in the Southwest Power Pool Regional Transmission Organization (RTO). This will broaden the footprint in the RTO-West which Platte River will be joining on April 1, 2026.

Peak day

Peak day obligation

Peak demand for the month was 618 megawatts which occurred on Sept. 1, 2023, at hour ending 17:00 and was 10 megawatts above budget. Platte River's obligation at the time of the peak totaled 704 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.

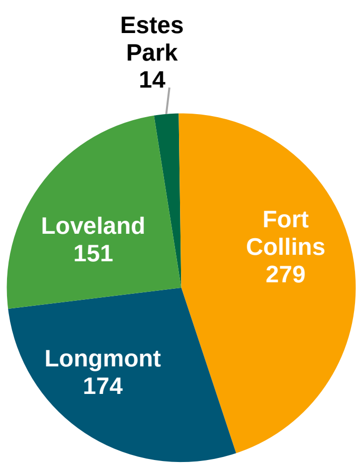
Owner community loads

	Sept. budget	Sept. actual	Minimum	Actual variance	
Coincident demand (MW)	608	618	500	1.6%	◆
Estes Park	17	**14**	13	(17.6%)	■
Fort Collins	273	**279**	229	2.2%	●
Longmont	170	**174**	142	2.4%	●
Loveland	148	**151**	116	2.0%	◆
Non-coincident demand (MW)	616	620	508	0.6%	◆
Estes Park	18	16	**20**	(11.1%)	■
Fort Collins	277	**279**	229	0.7%	◆
Longmont	171	**174**	142	1.8%	◆
Loveland	150	**151**	117	0.7%	◆
Energy sales (MWh)	266,443	256,143		(3.9%)	■
Estes Park	9,476	9,256		(2.3%)	■
Fort Collins	126,061	118,589		(5.9%)	■
Longmont	69,112	67,395		(2.5%)	■
Loveland	61,794	60,903		(1.4%)	◆

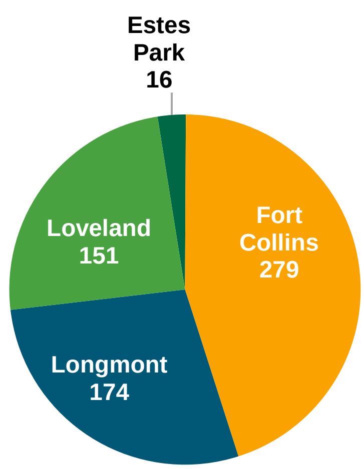
Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

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.

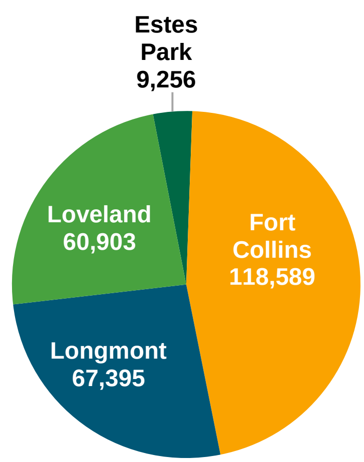
Actual September coincident demand = 618 MW



Actual September non-coincident demand = 620 MW

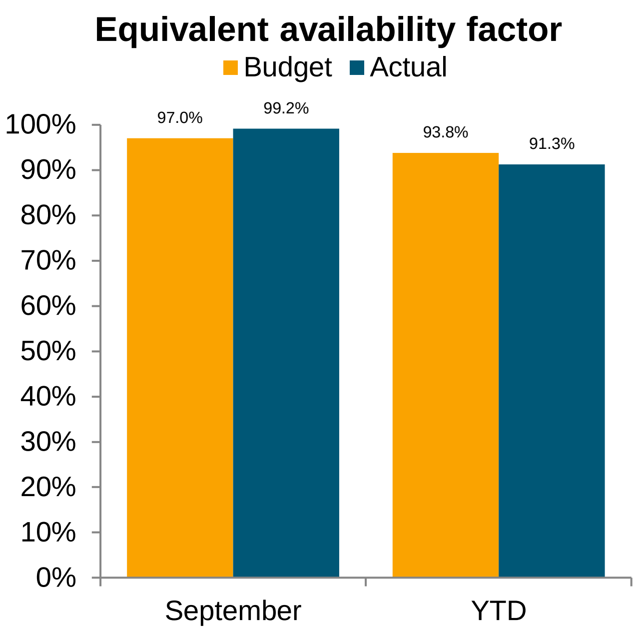


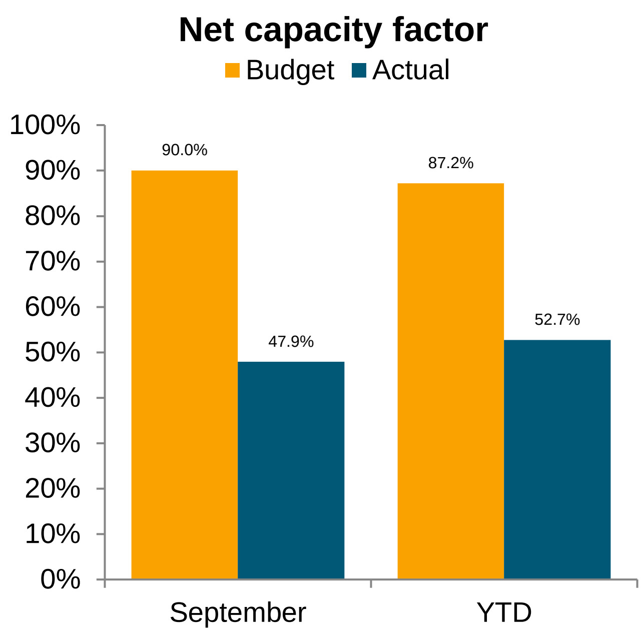
Actual September energy sales = 256,143 MWh



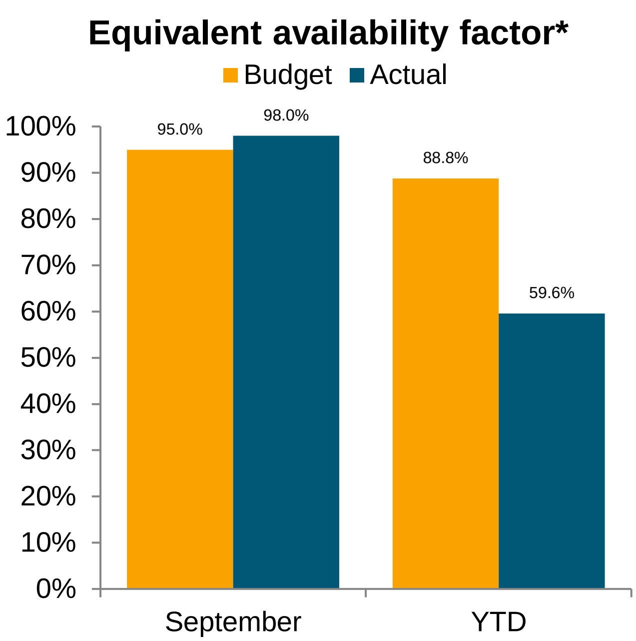
Thermal resources

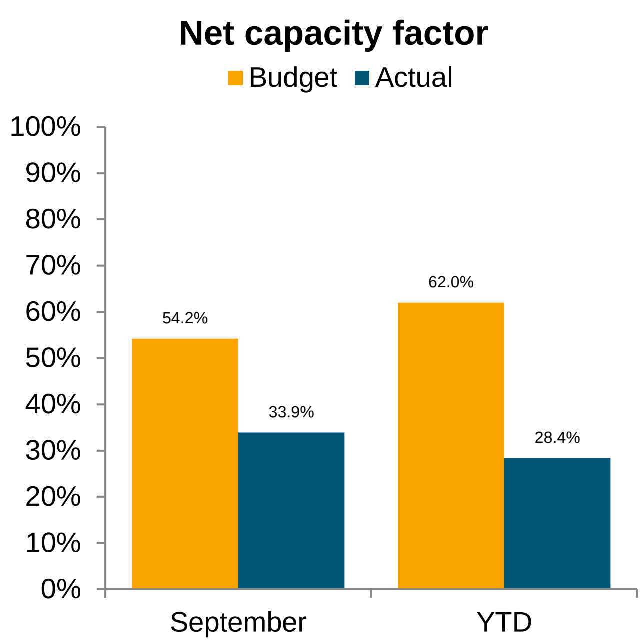
Power generation - Rawhide





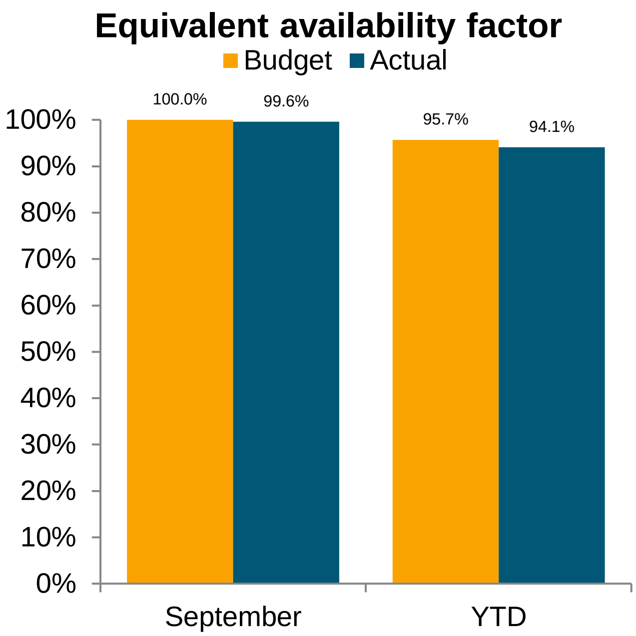
Power generation – Craig

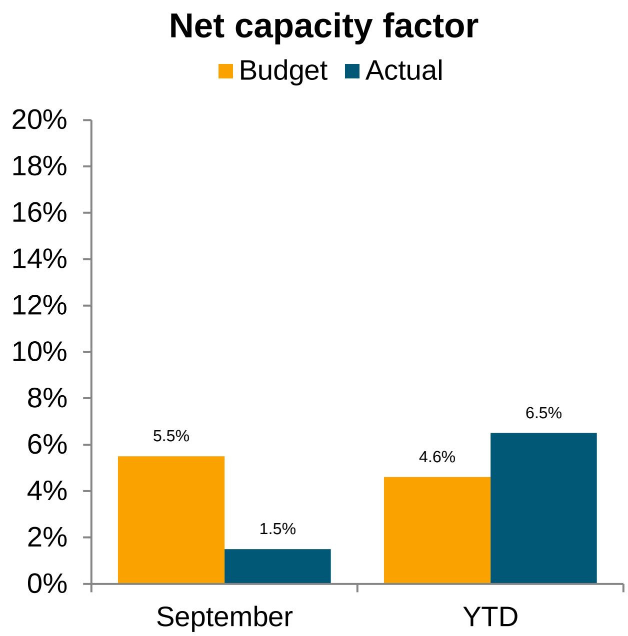




***Estimated due to a delay**

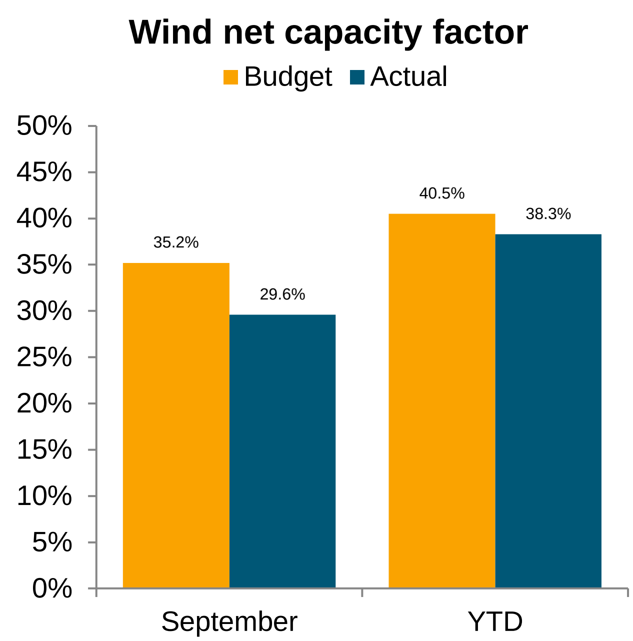
Power generation – combustion turbines

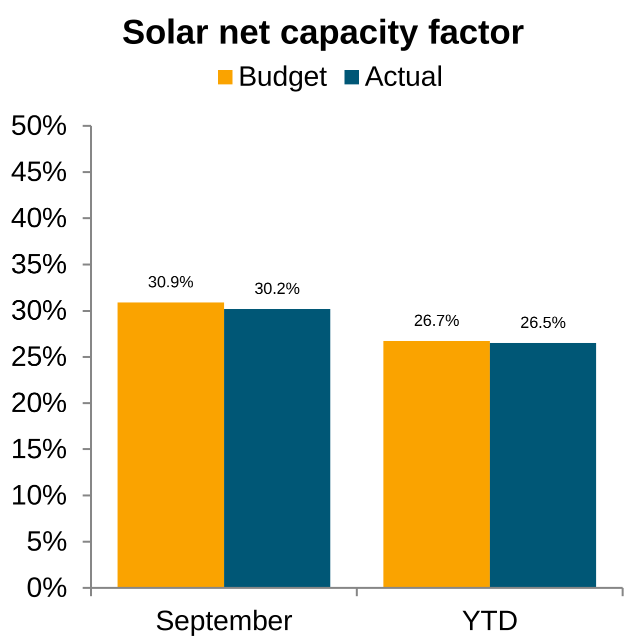




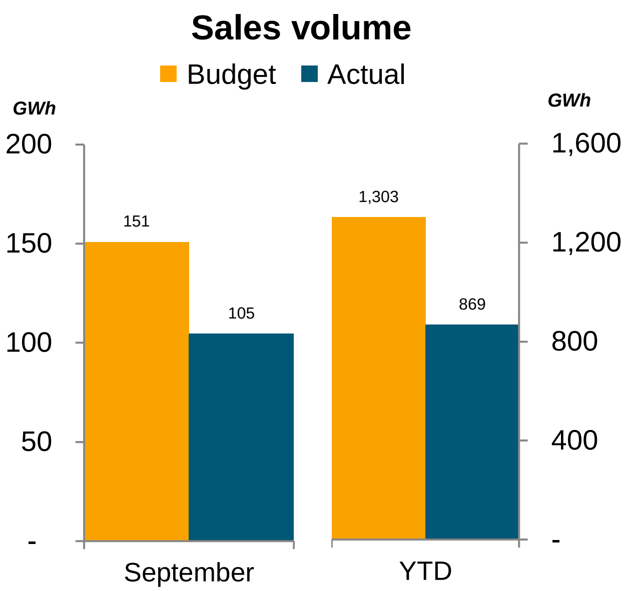
Renewable resources

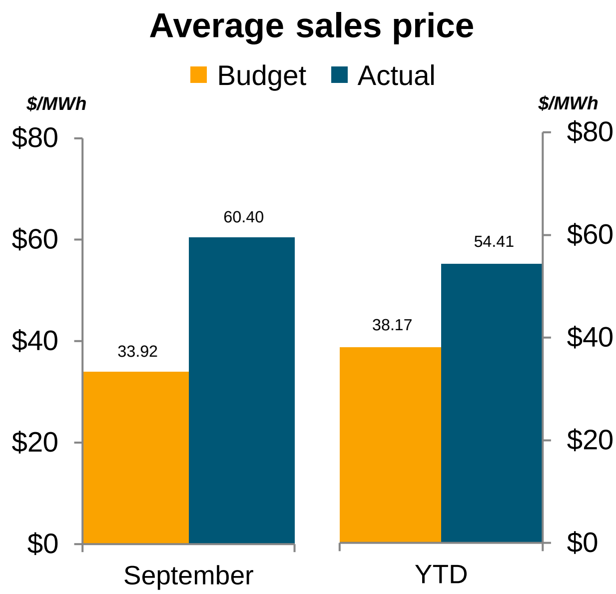
Power generation – wind and solar production



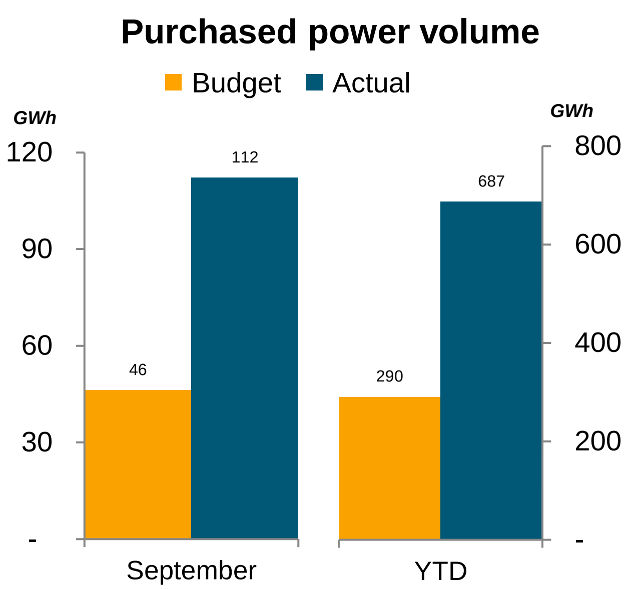


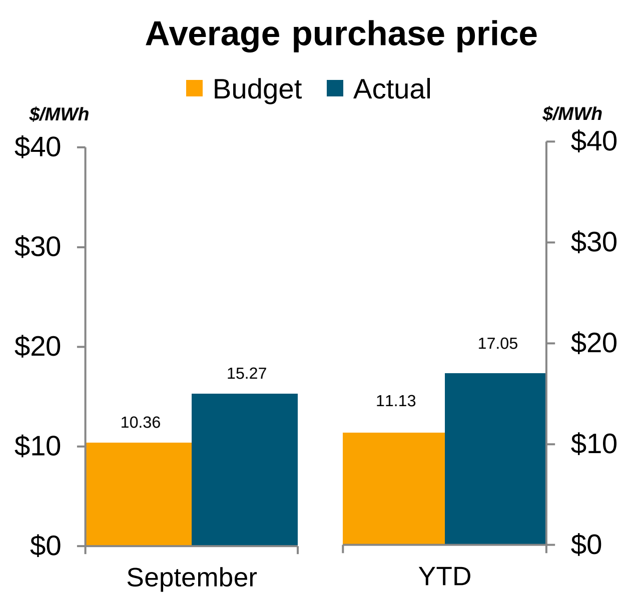
Surplus sales



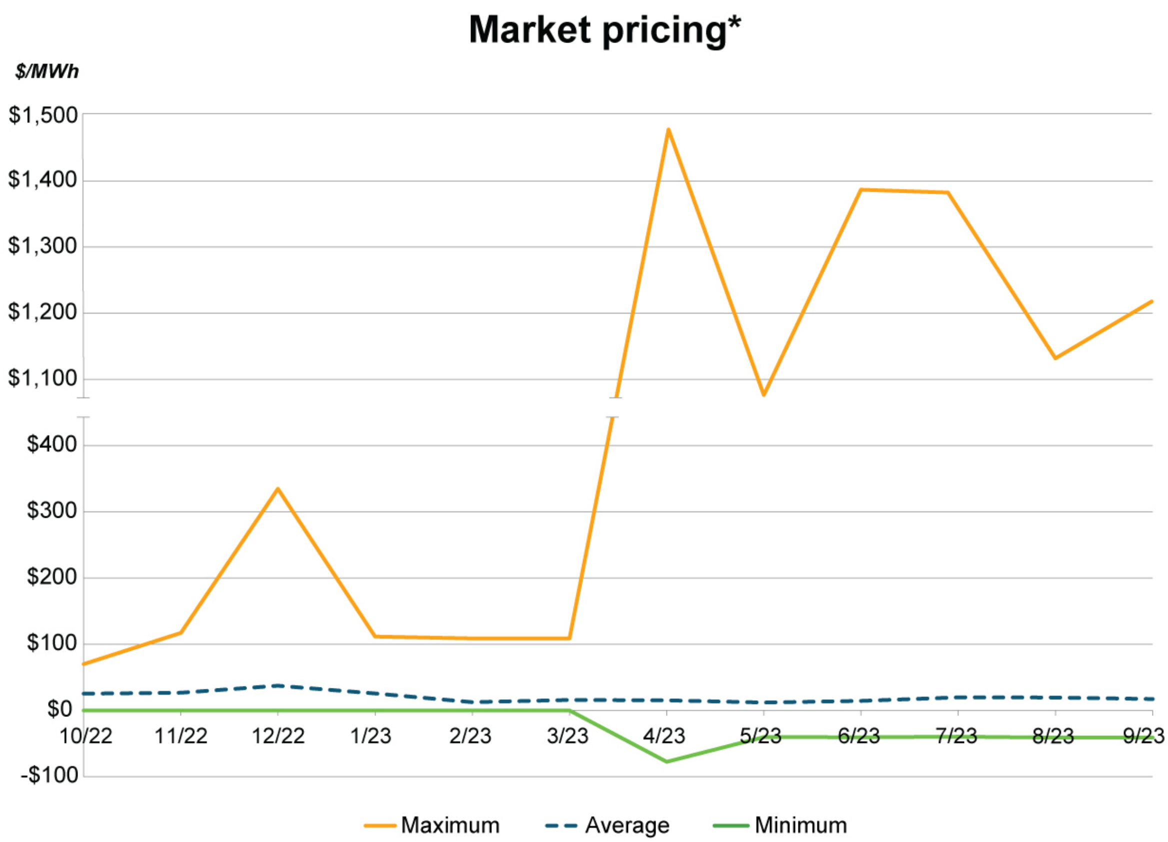


Purchased power



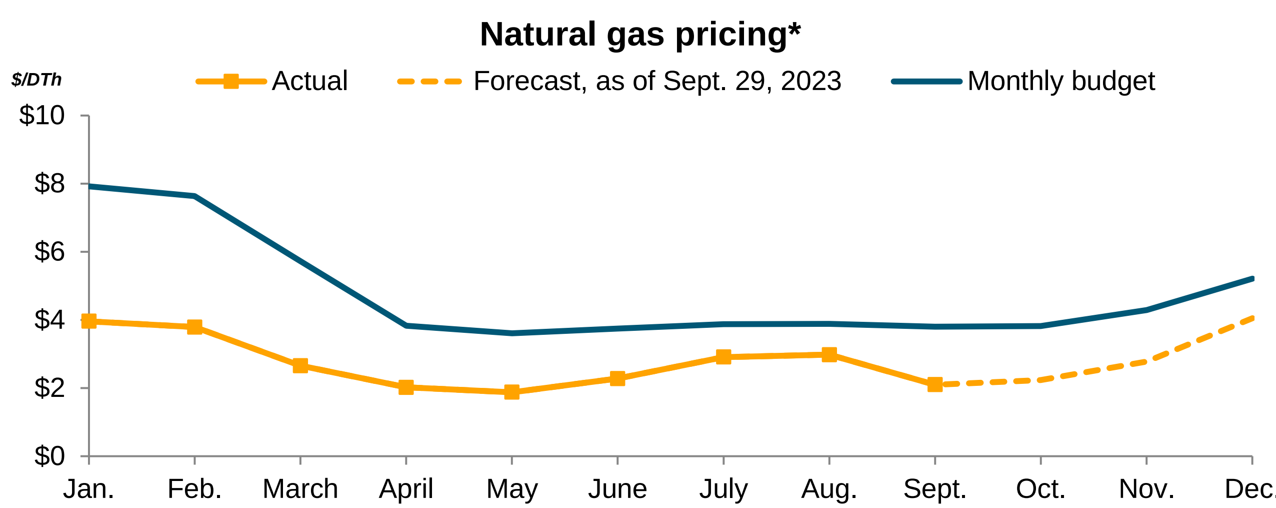


Market pricing



***WEIS Operations started April 1.**

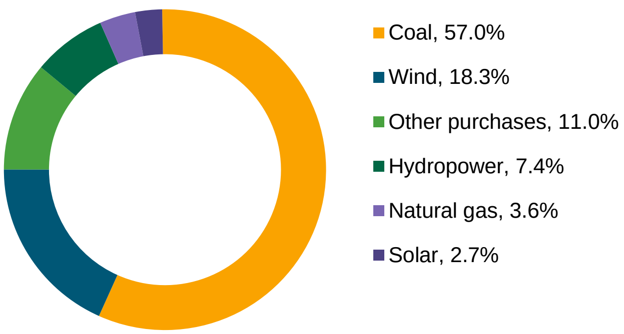
Natural gas pricing



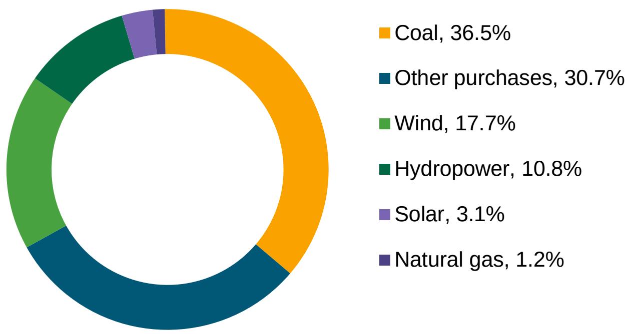
***Forecast based on Argus North American Natural Gas forward curves. Pricing does not include transport.**

Total resources

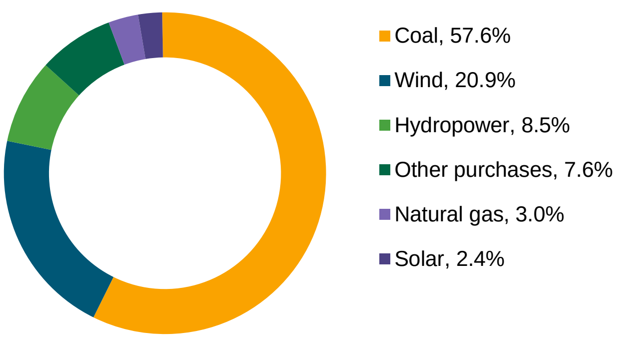
September generation budget



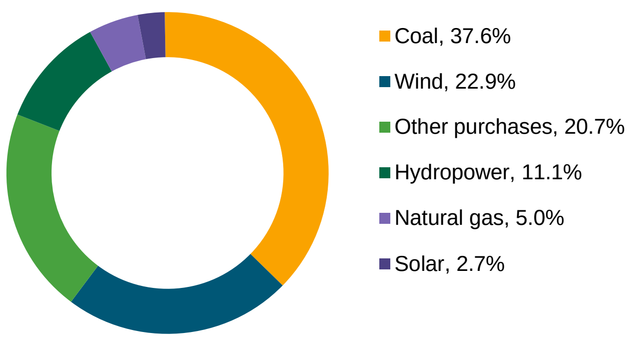
September generation actual

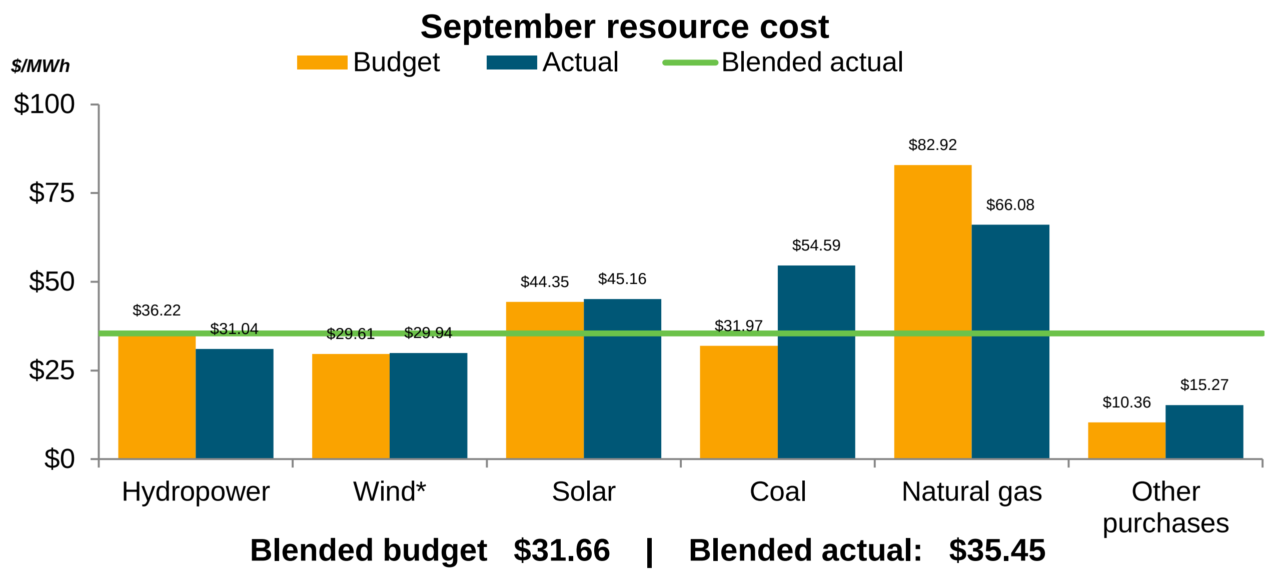


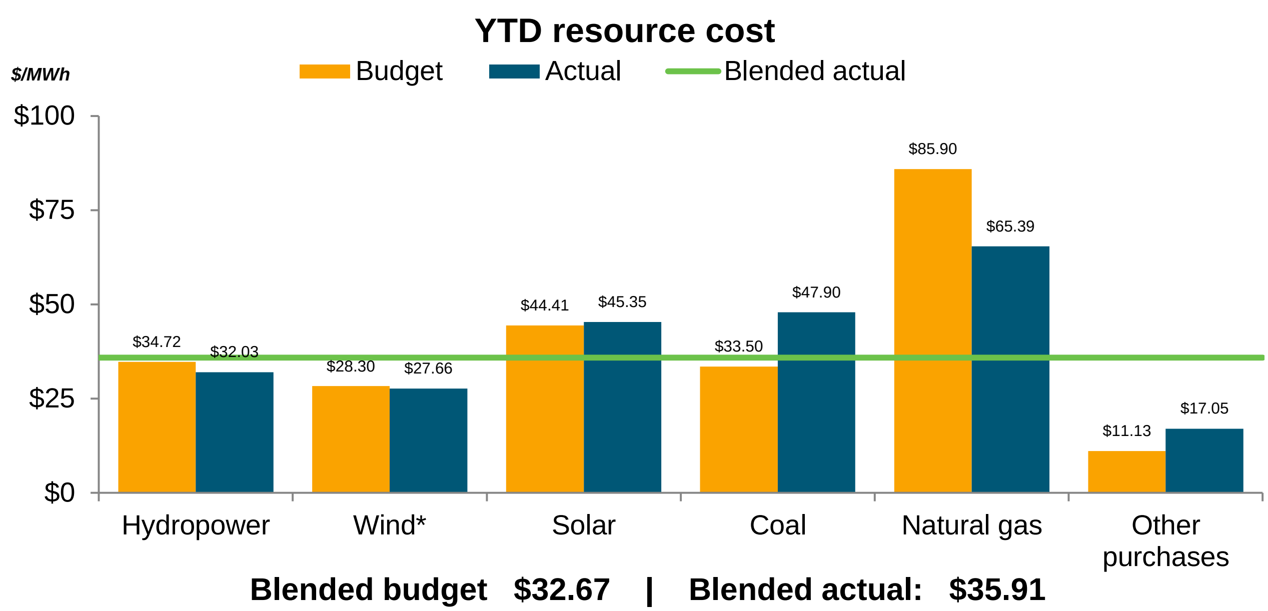
YTD budget



YTD actual







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

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Financial report

September 2023

Financial highlights year to date

Platte River reported favorable results year to date. Change in net position of $34 million was favorable by $14.7 million compared to budget due to below-budget operating expenses and above-budget unrealized gains and interest income on investments, partially offset by below-budget revenues.

Key financial results ($ millions)	September Budget	September Actual		Favorable (unfavorable)		Year to date Budget	Year to date Actual		Favorable (unfavorable)	
Change in net position	$ 2.9	$ 4.8	●	$ 1.9	65.5%	$ 19.3	$ 34.0	●	$ 14.7	76.2%
Fixed obligation charge coverage	2.86x	3.62x	●	0.76x	26.6%	2.54x	3.02x	●	0.48x	18.9%

>2% ● Favorable | 2% to -2% ◆ At or near budget | <-2% ■ Unfavorable

Current year estimate

The current estimate for year-end change in net position prior to deferring revenues ranges from $19.3 million to $28.3 million. Based on current assumptions, the expected change in net position is $23.4 million. The table below compares this amount to the annual budget and calculates the amount of deferred revenues under this scenario.

Change in net position: annual budget	Change in net position: expected	Variance ($)	Variance (%)	Projected deferred revenue (1)	Change in net position after deferred revenues
$ 22.4	$ 23.4	$ 1.0	4%	$ 16.5	$ 6.8

Amounts above are in millions

(1) The projected deferred revenue is based on the SFP target of 3% of projected operating expenses.

The expected projection includes overall lower operating revenues partially offset by lower operating expenses.

Operating revenues

- **Sales to the owner communities and sales for resale** are anticipated to end the year below budget. Resource availability, market prices and mild weather are contributing to the lower sales for resale volumes.

Operating expenses

- **Purchased power** is anticipated to be above budget at the end of the year as purchases replace baseload generation.
- **Fuel** is anticipated to be below budget as baseload generation is replaced with purchases and sales for resale volumes are lower.
- **Other operating expenses** are anticipated to end the year above budget primarily due to above-budget Rawhide Unit 1 maintenance and Craig Unit 2 outage expenses, partially offset by below-budget distributed energy resources.
- **Depreciation, amortization and accretion** will end the year above budget as asset retirement obligation costs were updated and assets have been retired that were not fully depreciated or required additional costs to remove.

The results have a high degree of uncertainty primarily because of the unpredictability of bilateral sales and the energy imbalance market. The low and high projections are based on higher variability in revenues and expenses than the expected projection. Staff will continue to monitor assumptions, estimates and forecasts to ensure appropriate funding.

Budgetary highlights year to date

The following budgetary highlights are presented on a non-GAAP budgetary basis.

Key financial results ($ millions)	September Budget	September Actual		Favorable (unfavorable)	Favorable (unfavorable) %	Year to date Budget	Year to date Actual		Favorable (unfavorable)	Favorable (unfavorable) %	Annual budget
Total revenues	$ 25.8	$ 27.1	●	$ 1.3	5.0%	$ 231.7	$ 228.1	◆	$ (3.6)	(1.6%)	$ 305.0
Sales to owner communities	19.5	19.2	◆	(0.3)	(1.5%)	171.4	166.7	■	(4.7)	(2.7%)	224.1
Sales for resale - long-term	1.3	0.9	■	(0.4)	(30.8%)	11.3	10.4	■	(0.9)	(8.0%)	14.9
Sales for resale - short-term	4.0	5.6	●	1.6	40.0%	39.9	38.4	■	(1.5)	(3.8%)	53.6
Wheeling	0.5	0.7	●	0.2	40.0%	4.6	7.0	●	2.4	52.2%	6.1
Interest and other income	0.5	0.7	●	0.2	40.0%	4.5	5.6	●	1.1	24.4%	6.3
Total operating expenses	$ 19.2	$ 18.5	●	$ 0.7	3.6%	$ 179.2	$ 162.8	●	$ 16.4	9.2%	$ 238.1
Purchased power	4.3	5.3	■	(1.0)	(23.3%)	40.3	44.8	■	(4.5)	(11.2%)	55.1
Fuel	5.2	3.6	●	1.6	30.8%	47.8	34.0	●	13.8	28.9%	62.7
Production	4.3	4.6	■	(0.3)	(7.0%)	42.3	41.6	◆	0.7	1.7%	54.8
Transmission	1.6	1.5	●	0.1	6.3%	15.1	14.3	●	0.8	5.3%	20.2
Administrative and general	2.7	2.7	◆	0.0	0.0%	23.8	22.6	●	1.2	5.0%	31.5
Distributed energy resources	1.1	0.8	●	0.3	27.3%	9.9	5.5	●	4.4	44.4%	13.8
Capital additions	$ 2.6	$ 2.5	●	$ 0.1	3.8%	$ 34.3	$ 15.2	●	$ 19.1	55.7%	$ 42.7
Debt service expenditures	$ 1.5	$ 1.5	◆	$ -	0.0%	$ 13.3	$ 13.3	◆	$ -	0.0%	$ 17.8

>2% ● Favorable | 2% to -2% ◆ At or near budget | <-2% ■ Unfavorable

Total revenues, $3.6 million below budget

Key variances greater than 2% or less than (2%)

- **Sales to owner communities** were below budget $4.7 million. Energy revenues were $3.9 million or 4% below budget due to below-budget energy. Demand revenues were $0.8 million or 1.3% below budget as coincident and non-coincident billing demand were both below budget 1.2%.
- **Sales for resale - long-term** were below budget $0.9 million due to lower available baseload generation that serves a contract and below-budget resold wind generation, partially offset by calls on a capacity contract.
- **Sales for resale - short-term** were below budget $1.5 million as energy volume was 40.5% below budget, partially offset by 61.9% above-budget average prices. The variance is primarily due to selling less energy in the Western Energy Imbalance Service (WEIS) market than budgeted because of lower average prices and unit outages and curtailments. WEIS operations started April 1.
- **Wheeling** was above budget $2.4 million due to unplanned point-to-point transmission sales and above-budget network customer service charges.
- **Interest and other income** was above budget $1.1 million primarily due to higher interest income earned on investments.

Total operating expenses, $16.4 million below budget

Key variances greater than 2% or less than (2%)

- **Fuel** was $13.8 million below budget.

  Coal - Rawhide Unit 1 73% of the overall variance, $10.1 million below budget. Generation was below budget due to lower-cost energy available in the WEIS market, unplanned outages, curtailments and an unplanned extension of the scheduled minor outage.

  Coal - Craig units 36% of the overall variance, $4.9 million below budget. Generation was below budget due to lower-cost energy available in the WEIS market, the extended Craig Unit 2 scheduled maintenance outage, curtailments and unplanned outages. Unit 1 was offline from April 24th to May 14th due to mercury emissions. An unplanned outage on Craig Unit 2 led to an early start of the scheduled maintenance outage and remained offline January 18th to May 17th for repairs to the primary air fans. Price was above budget due to an updated price from Trapper Mine as total projected production from the mine decreased, increasing cost per ton delivered. The above-budget pricing is expected to continue through the end of the year.

  Natural Gas (9%) of the overall variance, $1.2 million above budget. The combustion turbine units were used predominantly to make sales and to serve load during the scheduled minor outage on Rawhide Unit 1. Further, non-generation gas expense was above budget due to losses on price-locked gas that was not burned, as prices had fallen. Price was below budget due to lower market prices.

- **Distributed energy resources** were $4.4 million below budget due to the unpredictability of the completion of customers' energy efficiency projects, below-budget personnel expenses and consulting services. The energy efficiency rebates and incentives will finish the year below budget primarily due to slow participation in small and medium businesses, which is driven by continued effects of the COVID-19 pandemic and economic recovery challenges.

- **Production, transmission, and administrative and general** were $2.7 million below budget. Projects were either completed below budget or expenses not required. The below-budget expenses include: 1) Rawhide non-routine projects, 2) digital and communications consulting services, 3) personnel, 4) software and hardware, 5) transmission non-routine projects, 6) environmental services, 7) chemicals, 8) wheeling, 9) market services, 10) administrative and general non-routine projects and 11) travel and training. The above-budget expenses include: 1) Craig maintenance and scheduled outage, 2) general plant and combustion turbine maintenance, 3) Rawhide Unit 1 scheduled minor outage, 4) SCADA and energy management, 5) Fordham to Fort St. Vrain termination repair and 6) planning initiatives. The net below-budget variance is expected to be spent by the end of the year.

- **Purchased power** was $4.5 million above budget. The above-budget expenses include: 1) market and bilateral purchases to replace baseload generation during outages and curtailments, serve sales and to take advantage of lower-cost energy in the WEIS market, 2) hydropower purchases due to favorable conditions and 3) solar generation. The below-budget expenses include: 1) net energy provided to Tri-State Generation and Transmission Association, Inc. (Tri-State) under the forced outage assistance agreement and 2) wind generation.

Capital additions (year-end estimates as of September 2023)

At this time, capital expenditures are expected to be approximately $8.3 million below budget at the end of the year. However, some projects will not be completed during 2023 and the remaining funds for those projects, approximately $10.5 million, will be requested to be carried over into 2024 for project completion. The majority of these projects are summarized below.

Several additional requests for funds have occurred in 2023 due to out-of-budget projects, schedule changes and scope changes to projects. As a result of the need to carry over funds to 2024, a budget contingency appropriation may be required to cover the additional capital project expenses in 2023, which is currently expected to be $2.2 million. Project managers are continuously improving work planning and budgeting by better aligning scope, schedules and available resources.

The projects listed below are projected to end the year with a budget variance of more than $100,000. In addition, the amounts below are costs for 2023 and may not represent the total cost of the project. Further changes to capital projections are anticipated and staff will continue to monitor spending estimates to ensure capital projects are appropriately funded.

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
Below budget projects				
* **Solar substation 230 kV - Severance Substation** - This project will be below budget due to supply chain issues. Material and equipment lead times are longer than anticipated and are not expected to be received until 2024. This delay is not expected to impact the revised overall project schedule. *The below-budget funds will be requested to be carried over into 2024.*	$ 6,368	$ 2,310	$ 4,058	$ 4,058
* **Relay panel and breaker replacements - Airport Substation** - This project will be below budget due to third-party delays. The number of participants in the project adds complexity which requires additional time to evaluate the overall project plan. *The below-budget funds will be requested to be carried over into 2024.*	$ 1,829	$ 2	$ 1,827	$ 1,827
* **Monofill upgrade - Rawhide** - This project will be below budget due to optimized design and value engineering. The leachate collection tank system was redesigned to use mobile steel tanks rather than a specialty tank, which significantly reduced project costs.	$ 2,209	$ 1,200	$ 1,009	$ -

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
* **SCADA and energy management system** - This project will be below budget due to a delay as the latest vendor schedule shows milestones shifting from 2023 to 2024. *The below-budget funds will be requested to be carried over into 2024.*	$ 2,079	$ 1,169	$ 910	$ 910
* **Transformer T3 replacement - Timberline Substation** - This project will be below budget due to supply chain issues. *The below-budget funds will be requested to be carried over into 2024.*	$ 1,487	$ 1,000	$ 487	$ 487
* **115 kV transmission line replacement - Drake transmission line** - This project will be below budget as a portion of the design budgeted for 2023 will be delayed to better align with the overall project schedule. *The below-budget funds will be requested to be carried over into 2024.*	$ 225	$ 10	$ 215	$ 215
52G breaker replacement - combustion turbine units A-D - This project will be below budget as contingency funds were not needed and proceeds were received on the sale of existing breakers.	$ 600	$ 388	$ 212	$ -
Market software - PCI GenManager - This project will be below budget due to vendor project costs being lower than originally anticipated and contingency funds being not needed.	$ 459	$ 249	$ 210	$ -
Transmission line vault upgrades - Rogers Road Substation - This project will be below budget due to a delay in the project design as a result of the vault's close proximity to the road. *The below-budget funds will be requested to be carried over into 2024.*	$ 309	$ 143	$ 166	$ 166
* **Simulator evergreen upgrade - Rawhide Unit 1** - This project will be below budget as the scope was reduced to remove additional modeling software resulting in less labor, hardware and licensing costs than originally anticipated.	$ 1,170	$ 1,020	$ 150	$ -
* **Switchgear replacement - Soldier Canyon Pump Station** - This project will be below budget due to supply chain issues. *The below-budget funds will be requested to be carried over into 2024.*	$ 210	$ 63	$ 147	$ 147
Capacitor coupled voltage transformer replacement - Dixon Creek Substation - This project will be below budget due to material costs and the construction contract being lower than anticipated.	$ 272	$ 146	$ 126	$ -
Above budget projects				
* **Pipeline reroute - Rawhide pipeline** - This project will be above budget due to an additional section of pipeline reroute required because of a Larimer County bridge installation. Contaminated ground water was also detected requiring water to be hauled offsite to a waste management facility leading to increased costs. *Additional funds were requested in 2023, of which a portion will be requested to be carried over into 2024.*	$ 2,016	$ 2,876	$ (860)	$ 500

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
Southern toe drain modifications - Rawhide - This project will be above budget due to formal bids being higher than anticipated. Funds were initially budgeted in 2022 prior to receiving approval of the modification plans from the State of Colorado.	$ 593	$ 1,085	$ (492)	$ -
Spray dry absorber direct lime injection - This project will be above budget due to a new design requiring additional labor and materials such as pumps, piping and other equipment.	$ 428	$ 773	$ (345)	$ -
Relay upgrades - **(T1 and T2 bays) Dixon Creek Substation** - This project will be above budget for the construction of relay upgrades which will improve the transformer bus protection and modernize the existing relay protection package. The scope was also increased to include installation of a remote terminal unit and real time automation controllers. Project design began in late 2022 and funds could not be budgeted timely for 2023.	$ 17	$ 297	$ (280)	$ -
Transmission line vault upgrades - Crossroads Substation - This project will be above budget due to increased contractor labor rates, project duration extending by one week and material costs being higher than originally anticipated.	$ 994	$ 1,142	$ (148)	$ -
Switch replacements - Loveland East Substation - This project will be above budget due to an increase in scope as additional switches were identified that require replacement.	$ 151	$ 276	$ (125)	$ -
Out-of-budget projects				
** **3350 Eastbrook Drive property** - This project will purchase a building to serve as additional office space and provide opportunities for other uses.	$ -	$ 3,265	$ (3,265)	$ -
Reactors replacement KW1A and KW1B - Ault Substation WAPA - This project will replace two oil filled 13.8-kV 25MVAR reactors at the Ault KU1A transformer tertiary.	$ -	$ 346	$ (346)	$ -
Mechanical system redundancy - headquarters - This project will install an additional fluid cooler to the headquarters building for mechanical system redundancy. Installation of this unit will allow all critical systems to stay online in the event the pond exchangers are unavailable.	$ -	$ 280	$ (280)	$ -
Perimeter detection system - **Horseshoe Substation** - This project will install forward-looking infrared thermal cameras to detect and monitor breaches of the substation. In addition, perimeter lighting will be installed to act as a deterrent and to aid in investigation if there was a breach. This project was escalated due to recent physical security events at substations across the country.	$ -	$ 164	$ (164)	$ -

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
* **Switch and capacitor voltage transformer (CVT) replacements - Timberline Substation** - This project will replace inoperable and unreliable disconnect switches and will replace the CVT which is at the end of its useful life. Equipment replacements will be combined to reduce costs and outage scheduling. Due to supply chain issues, equipment is not expected to be delivered until 2024. *Funds were requested in 2023, of which a portion will be requested to be carried over into 2024.*	$ -	$ 6	$ (6)	$ 211
Delayed projects				
** **Compliance management software** - This project will be delayed due to lack of vendor availability. *The below-budget funds will be requested to be carried over into 2024.*	$ 348	$ -	$ 348	$ 348
** **Wireless network replacement** - This project will be delayed due to internal resources shifting to higher priority projects. *The below-budget funds will be requested to be carried over into 2024.*	$ 345	$ -	$ 345	$ 345
Dust collection system replacement - crusher building - This project will be delayed due to a schedule change for the next major outage from 2024 to 2025. *The below-budget funds will be requested to be carried over into 2024.*	$ 222	$ -	$ 222	$ 222
Dust collection system replacement - coal transfer building - This project will be delayed due to a schedule change for the next major outage from 2024 to 2025. *The below-budget funds will be requested to be carried over into 2024.*	$ 191	$ -	$ 191	$ 191
** **Fiber optic cable replacement** - **Fort Collins Riverside** - This project will be delayed to align with City of Fort Collins' schedule. *The below-budget funds will be requested to be carried over into 2024.*	$ 153	$ -	$ 153	$ 153
** **Infrastructure automation** - This project will be delayed due to internal resources shifting to higher priority projects. *The below-budget funds will be requested to be carried over into 2024.*	$ 130	$ -	$ 130	$ 130
HVAC replacements - **microwave communications building** - This project will be delayed due to supply chain issues. *The below-budget funds will be requested to be carried over into 2024.*	$ 110	$ -	$ 110	$ 110
Switch 2089 replacement - **Boyd Substation** - This project will be delayed due to supply chain issues. *The below-budget funds will be requested to be carried over into 2024.*	$ 108	$ -	$ 108	$ 108

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
Canceled projects				
Subscription based information technology arrangements - Due to the implementation of GASB 96 *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 are best attributed to existing capital projects or classified as financing arrangements and reported as debt service if the subscribed software has been implemented. Results presented may not represent the full implementation of the standard until the end of 2023.	$ 1,160	$ -	$ 1,160	$ -
Transformer (Flats) replacement - Rawhide Substation - This project was canceled and will be evaluated with future generation resources to ensure construction and system impacts at the Rawhide Energy Station are optimized.	$ 949	$ -	$ 949	$ -
Real time tools - This project was canceled as a capital addition. COVID-19 restrictions delayed the project leading to an estimated remaining useful life of less than two years and a replacement asset was in progress. Therefore, it did not meet capitalization criteria when completed and the expenditures were reclassified as operating expenses.	$ -	$ (561)	$ 561	$ -
Control enclosure and relay upgrades - Valley Substation - This project was canceled and will be rebudgeted in a future year to align with City of Loveland projects. This will minimize outages and gain efficiencies.	$ 453	$ -	$ 453	$ -
Pipeline reroute - Soldier Canyon Pipeline - This project was canceled and will be evaluated as water needs for future generation resources are determined.	$ 309	$ -	$ 309	$ -

* Project details or amounts have changed since last report.

** Project is new to the report.

Debt service expenditures

The outstanding principal for Series JJ and KK represents debt associated with transmission assets ($104.6 million) and the Rawhide Energy Station ($21.3 million). Principal and interest payments are made June 1 and interest only payments are made Dec. 1. The table below shows current debt outstanding.

Series	Debt outstanding $/thousands	Par issued $/thousands	True interest cost	Maturity date	Callable date	Purpose
Series JJ - April 2016	$ 102,320	$ 147,230	2.2%	6/1/2036	6/1/2026	$60M new money for Rawhide & transmission projects & refund portion of Series HH ($13.7M NPV/12.9% savings)
Series KK - December 2020	23,550	$ 25,230	1.6%	6/1/2037	N/A*	Refund a portion of Series II ($6.5M NPV/27.6% savings)
Total par outstanding	125,870					
Unamortized bond premium	10,185					
Total revenue bonds outstanding	136,055					
Less: due within one year	(12,790)					
Total long-term debt, net	$ 123,265					

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

*Series KK is subject to prior redemption, in whole or in part as selected by Platte River, on any date.

As discussed in the capital additions section, Platte River is subject to the subscription reporting model applicable under GASB 96 *Subscription-Based Information Technology Arrangements.* Payments for implemented right-to-use subscription assets will be presented as debt service expenditures rather than capital additions. Because these were budgeted as capital additions, an appropriation for debt service expenditures was not approved for these transactions. Therefore, staff will request a contingency transfer appropriation of approximately $0.6 million but will continue to evaluate subscriptions until the end of the year. The results presented may not represent the full implementation of the standard until the end of 2023.

Other financial information

- **Deferred revenue and expense accounting policy** - This policy allows deferring revenues and expenses to reduce rate pressure and achieve rate smoothing during the portfolio transition to meet the Resource Diversification Policy goal. Staff will evaluate the financial statements at the end of the year and apply the policy accordingly, which would impact the change in net position.
- **Forced outage assistance agreement** - This agreement, which involves Platte River's Rawhide Unit 1 and Tri-State's Craig Unit 3, provides that each party supply replacement energy to the other party during a forced outage of either unit. The Energy Account Balance Limit, defined in the agreement, was exceeded in February and May. Tri-State was invoiced $2.4 million and $2.6 million, respectively. Pursuant to the terms of the agreement, this payment buys down the energy balance to half of the contract limit.

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Budget schedules

Schedule of revenues and expenditures, budget to actual

September 2023

Non-GAAP budgetary basis (in thousands)

	Month of September		Favorable
	Budget	**Actual**	(unfavorable)
Revenues			
Operating revenues			
Sales to owner communities	$ 19,445	**$ 19,154**	$ (291)
Sales for resale - long-term	1,273	**888**	(385)
Sales for resale - short-term	4,007	**5,596**	1,589
Wheeling	521	**739**	218
Total operating revenues	25,246	**26,377**	1,131
Other revenues			
Interest income[1]	545	**724**	179
Other income	8	**7**	(1)
Total other revenues	553	**731**	178
Total revenues	$ 25,799	**$ 27,108**	$ 1,309
Expenditures			
Operating expenses			
Purchased power	$ 4,318	**$ 5,343**	$ (1,025)
Fuel	5,227	**3,567**	1,660
Production	4,337	**4,579**	(242)
Transmission	1,602	**1,455**	147
Administrative and general	2,678	**2,720**	(42)
Distributed energy resources	1,049	**787**	262
Total operating expenses	19,211	**18,451**	760
Capital additions			
Production	578	**212**	366
Transmission	769	**1,934**	(1,165)
General	1,246	**304**	942
Total capital additions	2,593	**2,450**	143
Debt service expenditures			
Principal	1,066	**1,066**	-
Interest expense	416	**416**	-
Total debt service expenditures	1,482	**1,482**	-
Total expenditures	$ 23,286	**$ 22,383**	$ 903
Revenues less expenditures	$ 2,513	**$ 4,725**	$ 2,212

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

Schedule of revenues and expenditures, budget to actual

September 2023 year-to-date

Non-GAAP budgetary basis (in thousands)

	September year to date		Favorable	Annual
	Budget	**Actual**	(unfavorable)	budget
Revenues				
Operating revenues				
Sales to owner communities	$ 171,448	**$ 166,737**	$ (4,711)	$ 224,082
Sales for resale - long-term	11,339	**10,361**	(978)	14,889
Sales for resale - short-term	39,851	**38,389**	(1,462)	53,584
Wheeling	4,590	**7,037**	2,447	6,165
Total operating revenues	227,228	**222,524**	(4,704)	298,720
Other revenues				
Interest income[1]	4,184	**5,251**	1,067	5,978
Other income	284	**311**	27	301
Total other revenues	4,468	**5,562**	1,094	6,279
Total revenues	$ 231,696	**$ 228,086**	$ (3,610)	$ 304,999
Expenditures				
Operating expenses				
Purchased power	$ 40,342	**$ 44,790**	$ (4,448)	$ 55,115
Fuel	47,749	**33,980**	13,769	62,676
Production	42,279	**41,635**	644	54,770
Transmission	15,140	**14,338**	802	20,254
Administrative and general	23,779	**22,536**	1,243	31,508
Distributed energy resources	9,885	**5,492**	4,393	13,789
Total operating expenses	179,174	**162,771**	16,403	238,112
Capital additions				
Production	13,345	**5,215**	8,130	14,668
Transmission	9,912	**6,134**	3,778	14,953
General	11,063	**3,882**	7,181	13,048
Asset retirement obligations	-	**-**	-	52
Total capital additions	34,320	**15,231**	19,089	42,721
Debt service expenditures				
Principal	9,353	**9,353**	-	12,550
Interest expense	3,984	**3,984**	-	5,233
Total debt service expenditures	13,337	**13,337**	-	17,783
Total expenditures	$ 226,831	**$ 191,339**	$ 35,492	$ 298,616
Contingency reserved to board	-	**-**	-	52,000
Total expenditures and contingency	$ 226,831	**$ 191,339**	$ 35,492	$ 350,616
Revenues less expenditures and contingency	$ 4,865	**$ 36,747**	$ 31,882	$ (45,617)

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

Financial statements

Statements of net position

Unaudited (in thousands)

	September 30 2023	September 30 2022
Assets		
Electric utility plant, at original cost		
Land and land rights	$ 19,446	$ 19,446
Plant and equipment in service	1,469,737	1,455,183
Less: accumulated depreciation and amortization	(965,153)	(928,080)
Plant in service, net	524,030	546,549
Construction work in progress	32,313	24,396
Total electric utility plant	556,343	570,945
Special funds and investments		
Restricted funds and investments	17,645	17,525
Dedicated funds and investments	165,309	150,286
Total special funds and investments	182,954	167,811
Current assets		
Cash and cash equivalents	61,499	44,152
Other temporary investments	45,248	43,683
Accounts receivable - owner communities	19,140	18,836
Accounts receivable - other	9,822	17,595
Fuel inventory, at last-in, first-out cost	15,126	10,457
Materials and supplies inventory, at average cost	17,054	16,302
Prepayments and other assets	8,027	4,035
Total current assets	175,916	155,060
Noncurrent assets		
Regulatory assets	128,776	125,128
Other long-term assets	7,122	6,014
Total noncurrent assets	135,898	131,142
Total assets	1,051,111	1,024,958
Deferred outflows of resources		
Deferred loss on debt refundings	2,479	3,299
Pension deferrals	14,849	2,116
Asset retirement obligations	25,534	23,097
Total deferred outflows of resources	42,862	28,512
Liabilities		
Noncurrent liabilities		
Long-term debt, net	123,265	138,461
Other long-term obligations	94,295	94,295
Net pension liability	30,520	7,770
Asset retirement obligations	33,040	29,354
Other liabilities and credits	8,069	7,568
Total noncurrent liabilities	289,189	277,448
Current liabilities		
Current maturities of long-term debt	12,790	12,215
Current portion of other long-term obligations	889	889
Current portion of asset retirement obligations	1,547	1,706
Accounts payable	16,634	18,387
Accrued interest	1,665	1,856
Accrued liabilities and other	5,438	2,826
Total current liabilities	38,963	37,879
Total liabilities	328,152	315,327
Deferred inflows of resources		
Deferred gain on debt refundings	116	129
Regulatory credits	72,673	54,230
Pension deferrals	287	6,024
Lease deferrals	852	999
Total deferred inflows of resources	73,928	61,382
Net position		
Net investment in capital assets	407,831	400,557
Restricted	15,980	15,669
Unrestricted	268,082	260,535
Total net position	$ 691,893	$ 676,761

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 September	September year to date 2023	September year to date 2022	Twelve months ended September 30 2023	Twelve months ended September 30 2022
Operating revenues					
Sales to owner communities	**$ 19,154**	**$ 166,737**	$ 163,235	$ 215,821	$ 210,127
Sales for resale	**6,484**	**48,750**	52,010	70,179	65,392
Wheeling	**739**	**7,037**	5,388	9,287	6,846
Deferred regulatory revenues	**-**	**-**	-	(21,602)	-
Total operating revenues	**26,377**	**222,524**	220,633	273,685	282,365
Operating expenses					
Purchased power	**5,343**	**44,790**	38,682	59,487	54,080
Fuel	**3,567**	**33,980**	48,331	52,104	58,005
Operations and maintenance	**6,104**	**56,448**	49,414	74,517	63,437
Administrative and general	**2,796**	**22,998**	18,427	30,586	24,064
Distributed energy resources	**807**	**5,549**	5,287	8,747	7,455
Depreciation, amortization and accretion	**3,405**	**29,669**	27,063	38,734	36,793
Total operating expenses	**22,022**	**193,434**	187,204	264,175	243,834
Operating income	**4,355**	**29,090**	33,429	9,510	38,531
Nonoperating revenues (expenses)					
Interest income	**720**	**5,220**	1,577	6,556	1,860
Other income	**7**	**311**	661	80	825
Interest expense	**(416)**	**(3,984)**	(4,411)	(5,377)	(5,945)
Amortization of bond financing costs	**123**	**1,107**	1,230	1,517	1,688
Net increase/(decrease) in fair value of investments	**6**	**2,208**	(7,012)	2,846	(7,940)
Total nonoperating revenues (expenses)	**440**	**4,862**	(7,955)	5,622	(9,512)
Change in net position	**4,795**	**33,952**	25,474	15,132	29,019
Net position at beginning of period, as previously reported	**687,098**	**657,941**	651,287	676,761	647,742
Net position at end of period	**$ 691,893**	**$ 691,893**	$ 676,761	$ 691,893	$ 676,761

Statements of cash flows

Unaudited (in thousands)

	Month of September	September year to date 2023	September year to date 2022	Twelve months ended September 30 2023	Twelve months ended September 30 2022
Cash flows from operating activities					
Receipts from customers	**$ 31,541**	**$ 222,429**	$ 212,907	$ 300,302	$ 272,298
Payments for operating goods and services	**(14,169)**	**(128,098)**	(120,855)	(174,968)	(166,001)
Payments for employee services	**(4,528)**	**(40,758)**	(35,961)	(52,319)	(47,531)
Net cash provided by operating activities	**12,844**	**53,573**	56,091	73,015	58,766
Cash flows from capital and related financing activities					
Additions to electric utility plant	**(2,266)**	**(15,448)**	(11,135)	(26,281)	(21,277)
Payments from accounts payable incurred for electric utility plant additions	**(517)**	**(3,493)**	(1,581)	(273)	(2,019)
Proceeds from disposal of electric utility plant	**-**	**55**	71	58	86
Principal payments on long-term debt	**-**	**(12,215)**	(11,660)	(12,215)	(11,660)
Interest payments on long-term debt	**-**	**(2,784)**	(3,066)	(5,568)	(6,133)
Payments related to other long-term obligations	**-**	**(4,145)**	(3,809)	(4,145)	(3,809)
Payments from lease receivables	**-**	**-**	-	148	-
Payments on lease liabilities	**-**	**-**	-	(14)	-
Net cash used in capital and related financing activities	**(2,783)**	**(38,030)**	(31,180)	(48,290)	(44,812)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	**(786)**	**(7,588)**	(23,339)	(13,891)	(32,003)
Interest and other income, including realized gains and losses	**727**	**5,527**	2,173	6,513	2,579
Net cash used in by investing activities	**(59)**	**(2,061)**	(21,166)	(7,378)	(29,424)
Increase/(decrease) in cash and cash equivalents	**10,002**	**13,482**	3,745	17,347	(15,470)
Balance at beginning of period in cash and cash equivalents	**51,497**	**48,017**	40,407	44,152	59,622
Balance at end of period in cash and cash equivalents	**$ 61,499**	**$ 61,499**	$ 44,152	$ 61,499	$ 44,152
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	**$ 4,355**	**$ 29,090**	$ 33,429	$ 9,510	$ 38,531
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	**3,420**	**30,350**	29,137	40,446	38,469
Amortization	**(447)**	**(4,231)**	(4,646)	(6,220)	(4,302)
Changes in assets and liabilities that provided/(used) cash					
Accounts receivable	**5,185**	**1,865**	(9,729)	7,469	(12,080)
Fuel and materials and supplies inventories	**(866)**	**(6,247)**	(898)	(5,422)	(1,118)
Prepayments and other assets	**646**	**(924)**	(455)	(2,908)	992
Regulatory assets	**(156)**	**(401)**	775	(4,423)	1,021
Deferred outflows of resources	**313**	**(218)**	(650)	(15,170)	(650)
Accounts payable	**(6)**	**(4,503)**	2,646	(1,774)	3,517
Net pension liability	**-**	**-**	-	22,750	(7,834)
Asset retirement obligations	**(563)**	**1,302**	1,804	3,527	1,667
Other liabilities	**598**	**4,226**	1,421	4,978	1,685
Deferred inflows of resources	**365**	**3,264**	3,257	20,252	(1,132)
Net cash provided by operating activities	**$ 12,844**	**$ 53,573**	$ 56,091	$ 73,015	$ 58,766
Noncash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	**253**	**253**	273	253	273
Additions of electric utility plant through leasing	**-**	**-**	-	-	134
Amortization of regulatory asset (debt issuance costs)	**7**	**60**	66	82	90
Amortization of bond premiums, deferred loss and deferred gain on refundings	**(130)**	**(1,167)**	(1,296)	(1,600)	(1,778)

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)

Bond service coverage	Month of September	September year to date 2023	September year to date 2022	Twelve months ended September 30 2023	Twelve months ended September 30 2022
Net revenues					
Operating revenues	**$ 26,377**	**$ 222,524**	$ 220,633	$ 273,685	$ 282,365
Operations and maintenance expenses, excluding depreciation, amortization and accretion	**18,617**	**163,765**	160,141	225,441	207,041
Net operating revenues	**7,760**	**58,759**	60,492	48,244	75,324
Plus interest income on bond accounts and other income [(1)]	**731**	**5,562**	2,223	6,665	2,645
Net revenues before rate stabilization	**8,491**	**64,321**	62,715	54,909	77,969
Rate stabilization					
Deposits	-	-	-	-	-
Withdrawals	-	-	-	-	-
Total net revenues	**$ 8,491**	**$ 64,321**	$ 62,715	$ 54,909	$ 77,969
Bond service					
Power revenue bonds	**$ 1,482**	**$ 13,337**	$ 13,341	$ 17,783	$ 17,790
Coverage					
Bond service coverage ratio	**5.73**	**4.82**	4.70	3.09	4.38

	Month of September	September year to date 2023	September year to date 2022	Twelve months ended September 30 2023	Twelve months ended September 30 2022
Fixed obligation charge coverage					
Total net revenues, above	**$ 8,491**	**$ 64,321**	$ 62,715	$ 54,909	$ 77,969
Fixed obligation charges included in operating expenses [(2)]	**1,190**	**11,862**	12,606	16,284	17,293
Adjusted net revenues before fixed obligation charges	**$ 9,681**	**$ 76,183**	$ 75,321	$ 71,193	$ 95,262
Fixed obligation charges					
Power revenue bonds, above	**$ 1,482**	**$ 13,337**	$ 13,341	$ 17,783	$ 17,790
Fixed obligation charges	**1,190**	**11,862**	12,606	16,284	17,293
Total fixed obligation charges	**$ 2,672**	**$ 25,199**	$ 25,947	$ 34,067	$ 35,083
Coverage					
Fixed obligation charge coverage ratio	**3.62**	**3.02**	2.90	2.09	2.72

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

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

Platte River
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General management report

September 2023

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Business strategies

Communications, marketing and external affairs

During September, the communications, marketing and external affairs staff:

- Continued the series of community presentations to our owner communities to share Platte River's work on resource planning and to continue the strategy for developing overall community engagement.
  - September 20: Fort Collins Natural Resources Advisory Board
  - September 26: Colorado Solar and Storage Association
  - September 26: Northern Colorado Renewable Energy Society
  - September 26: Estes Park Town Board
  - September 27: Loveland Downtown Authority
  - September 27: Estes Park chapters of the Sierra Club and League of Women Voters
- Hosted Platte River's 50th anniversary celebration for staff, retirees and board members.
- Completed in-person meetings with each of Platte River's fiber customers to discuss the changes to the fiber rates.
- Attended E Source Forum, the 2023 Rocky Mountain Utility Exchange and the annual Colorado Sunfest hosted by the Colorado Sun in Denver, CO.
- Reviewed bids and selected finalists for a request for proposals soliciting a new marketing and advertising agency of record to support education and outreach campaigns.
- Launched Platte River's marketing outreach campaign that will serve to create brand awareness, educate and inform the communities served by Platte River on its decarbonization efforts and highlight how the four owner communities will benefit.
- Incorporated multilingual functionalities into Platte River's website.
- Supported the Food Bank for Larimer County through an employee food, funds and essentials drive totaling 240 pounds of food and essentials and $1,760 in cash donations. Staff also volunteered at the Fort Collins Food Bank and helped to prepare and clean food for customers.
- Attended the Sustainable Resilient Longmont's Electrify Longmont event and shared information about the NoCo Time Trials and the 2024 Integrated Resource Plan.

External affairs staff:

- Hosted the Large Public Power Council (LPPC) State Issues Working Group in-person meeting at Platte River Headquarters with 12 attendees representing 10 different public utilities and LPPC. Staff organized Colorado state Senator Chris Hansen as the guest speaker.
- Attended the two-day in-person Colorado River Energy Distributors Association meeting held at Tri-State Generation and Transmission Cooperative, which included strategic planning.

- Represented Platte River on a panel at the Northern Colorado Legislative Alliance annual retreat in Windsor, CO.
- Met with Colorado legislators: State Representative Cathy Kipp and Senate Majority Leader Robert Rodriguez
- Met with the legislative affairs staff of:
  - Fort Collins: Tyler Marr and Ginny Sawyer
  - Fort Collins Chamber of Commerce: Ann Hutchinson and Kevin Jones
  - Loveland Chamber of Commerce: Bill Becker
  - Colorado Energy Office: Chris Piper and Adair Andre
- Met with grants staff of Longmont (Julie Graf) and Loveland (Kristi Arnold)
- Attended a listening session with Governor Polis hosted by Colorado State University
- Received grant award notifications:
  - Our $5M grant pre-application for a battery storage in Estes Park was not selected to move forward (Department of Energy).
  - Fort Collins's $1M grant application for a SMART Grid EV Charge Management Solution, which Platte River supported, was awarded (Department of Transportation).
- Conducted research and due diligence on potential federal funding opportunities including:
  - Grid Resilience and Innovation Partnerships programs (forecasted to open Q4 2023). We will continue due diligence on this opportunity.
  - Workforce development opportunities (various).

Efficiency Works™ marketing staff:

- Attended the Electrify Longmont event.
- Developed and deployed outreach plans for Efficiency Works Business programs, including social media campaigns, letters to prospective participants and informational resource sheets for small and medium businesses and multifamily properties.
- Continued a project to streamline and update the Efficiency Works mission and vision. This long-term effort should conclude in 2024.
- Developed new materials and signage for events as Efficiency Works broadens its community engagement efforts.
- Incorporated multilingual functionalities into Efficiency Works' website.

Human resources

Platte River's human resources team provided compensation study implementation training to all managers and supervisors. The training included information and a manager toolkit to equip these leaders to effectively engage in one-on-one discussions with their staffs about individual impacts.

Work continued on the transition to Platte River's new third-party benefits administrator. The human resources total rewards team worked to ensure communication strategies and documents are ready for ongoing communication to the entire organization.

Human resources collaborated with facilities personnel in a Pipeline and Hazardous Materials Safety Administration drug and alcohol audit, conducted by Colorado Department of Regulatory Agency.

The human resources team coordinated plans to host a three-day "Shirtsleeves conference" in collaboration with the human resources team at Tri-State Generation and Transmission Cooperative. Platte River will hold the event at its headquarters in early October. Shirtsleeves has been together for 30 years, encouraging human resources collaboration between cooperatives, joint action agencies, and public power districts.

Safety

- Audiometric testing was completed for four different departments and one plant operations crew at Rawhide.
- The safety manager participated in the annual Rawhide site walkdown with property and asset insurance provider AEGIS General Insurance Agency. Safety and emergency response categories received "exceptional" remarks from the AEGIS representative.
- The monthly safety meeting at headquarters and Rawhide featured a guest speaker who provided information and training on active shooter situations and how to respond to them.
- Rawhide safety personnel coordinated the beginning phases of a fire network alarming system workover, using a third-party vendor to overhaul the fire protection alarming systems to make them more reliable.
- The safety manager and fire chief continued efforts with environmental staff and AECOM to close the Rawhide fire training facilities and the collection and retention pond.
- Two safety team members attended the American Society of Safety Professionals excavation safety seminar in Johnstown, CO.
- Rooftop fall protection and rescue training was coordinated and conducted at headquarters for applicable staff.

Injury statistics	2021 year end	2022 year end	YTD through September 2022	YTD through September 2023
Recordable injury rate	1.67	1.25	1.64	2.62
DART	0.00	0.83	1.10	0.00
Lost time rate	0.00	0.00	0.00	0.00

Platte River had zero recordable or lost time injuries in September.

Emergency Response Team

- There were two Emergency Response Team (ERT) trainings conducted at Rawhide.
- Three ERT members attended the Northern Colorado Emergency and Trauma Care Symposium to continue their education and skills and renew their Emergency Medical Technicians licenses.

Financial

2023 board contingency

Capital projects are tracked closely throughout the year and revisions are expected as projects' scope and schedules change, and new projects arise. At this time, capital expenditures are expected to be approximately $8.3 million below budget at the end of the year.

Some projects will not be completed during 2023 and the remaining funds for those projects, approximately $10.5 million, will need to be carried over into 2024. In October, Platte River management decided to purchase property near the Platte River headquarters, which will require $3.3 million in additional funds. Because Platte River must carry over funds to 2024, current estimates show $2.2 million may be required as a budget contingency appropriation to cover the additional 2023 capital project expense.

Project managers are continuously improving work planning and budgeting by better aligning scope, schedules and available resources. The following table represents the estimates for capital expenditures as of Sept. 30, 2023.

Capital summary	$ million
2023 capital budget	$ 42.7
Estimated capital expenses at 09/30/2023	34.4
Below budget variance	$ 8.3
Estimated capital carryovers from 2023 to 2024	(10.5)
Estimated contingency transfer request	**$ (2.2)**

As discussed in the financial report, Platte River is subject to the subscription reporting model under GASB 96 Subscription-Based Information Technology Arrangements. Payments for implemented right-to-use subscription assets will be presented as debt service expenditures rather than capital additions. Because these were budgeted as capital additions, an appropriation for debt service expenditures was not approved for these transactions. Staff will therefore request a contingency transfer appropriation of approximately $0.6 million but will continue to evaluate subscriptions until the end of the year.

Further changes to capital additions and debt service expenditures projections are anticipated and staff will continue to monitor spending estimates to determine the appropriate amount needed for the contingency transfer in each category. Staff will provide an estimate at the December board meeting, but the amount of the transfer requested at the December board meeting would be set as a not-to-exceed amount. After year-end close, only the required amount needed will be transferred to each category. This approach prevents moving funds that are not needed. The actual amount transferred will be reported to the board at the February board meeting. More details on projects and expenses can be found in the financial report.

Proposed 2024 Strategic Budget

The board will hold a public hearing on the budget at this month's meeting. Public notice of the meeting was given in each of the owner communities' newspapers in September. Also, staff will present changes to the proposed 2024 Strategic Budget in October, with board adoption requested in December.

Below is a condensed schedule of the overall budget process.

March to May	Kickoff presentations and preparation of budget details by departments
May-June	Data compilation, reporting and meetings with division managers
July	Senior leadership and general manager/CEO budget review
August	Refine budget and document preparation
September	Budget work session with board
October	Public hearing and board review of budget modifications
November	Prepare final budget document
December	Final budget review with board and request adoption

Economic development

Payments for community economic development have been made at each owner community's direction. The payments total the budgeted amount of $100,000, one-half of which is divided equally among the owner communities and the other is half based on MWh sales during 2022.

2023 year-end financial audit plan

Earlier this month, staff met with FORVIS to discuss new accounting pronouncements, significant 2023 activities and the audit schedule to prepare for FORVIS's 2023 financial audit.

Transition and integration

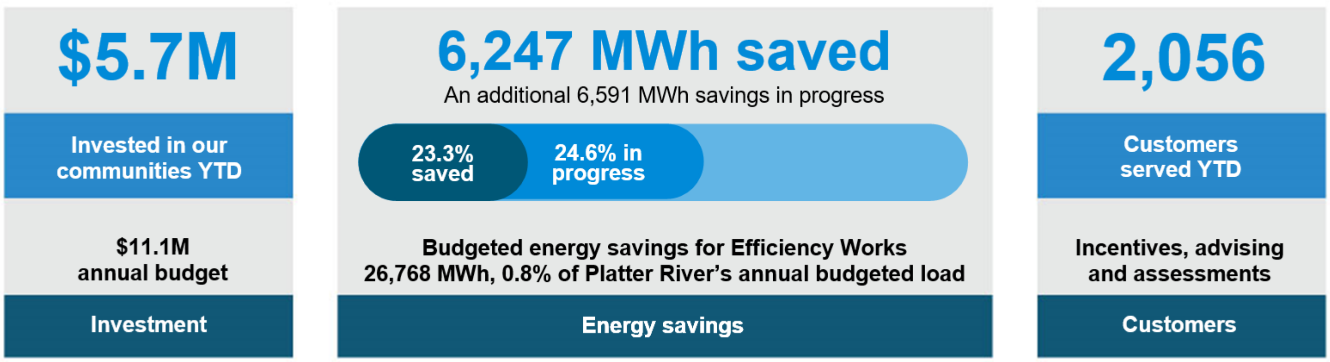
Distributed energy solutions

Throughout September, Distributed Energy Solutions (DES) staff continued fielding inquiries from customers interested in various DES programs ranging from building electrification to electric vehicle initiatives. Key activities in September included:

- Staff analyzed information released by the Colorado Energy Office for upcoming implementation of enacted Colorado legislation from the last two years, including HB21-1286, which has now become Regulation 28 under the Air Quality Control Commission, Inflation Reduction Act details in HB23-1161, and several other new laws, such as HB23-1005, HB23-1272, and HB12-1233. Staff will continue to analyze the information to adapt and incorporate into customer programming where possible in coming months.
- Ryan Gibson, Kali Osborn and Bryce Brady presented at the 17th annual Rocky Mountain Utility Exchange in Vail, Colorado on customer program models, providing leadership in the region for innovative program design, and engaged with other utilities on providing larger regional impact programs for utility customers.
- Efficiency Works Homes completed the one-year program offering a triple rebate for all-electric customers to make retrofits to their homes. To date, there have been 76 retrofits completed to improve homes.
- Efficiency Works Business received its first Public Electric Vehicle (EV) Charging Infrastructure Incentive application with anticipated construction to be completed in early November. Additional inquiries on the offering continued as local businesses look to provide more EV charging options for customers and employees.
- Staff navigated challenges with a third-party vendor halting services with the Appliance Recycling Program nationwide. Staff reached out to impacted customers in the four owner communities and developed alternative options for them.
- Staff initiated efforts to update the Efficiency Works Brand Governance and Standards to reflect the continuously changing elements of customer programming beyond energy efficiency.

Through September 2023, Efficiency Works programs have achieved:

- 6,247 MWh of energy savings complete, with an additional 6,591 MWh savings in progress.
- 785 KW summer peak reduction complete, with an additional 498 KW peak reduction in progress.
- 1,697 residential and 359 business customer interactions with program offerings.
- $5.7 million invested in our communities, including incentives and administrative costs incurred.



Digital departments

The digital department encompasses various domains, including enterprise infrastructure, enterprise applications, operational technology, telecommunications and fiber optics, client technology and security, and information and cyber governance.

The following are updates on key in-process and completed department initiatives and activities.

System implementation

- Oracle Cloud Fusion Enterprise Resource Planning (ERP) system implementation
    - Ongoing planning and scheduling for comprehensive end-to-end testing.
    - Conducting detailed design and proof of concept workshops for work and asset cloud services.
    - Validating converted and integrated data to prepare for end-to-end testing.
    - Developing a communication and training plan for Oracle ERP implementation.
- Open Systems International (OSI) Energy Management System implementation
    - Progressing with the conversion of the existing supervisory control and data acquisition (SCADA) database to the OSI system.
    - Creating SCADA displays to enhance system functionality.

Cyber security

- Mobile Device Management (MDM) with Microsoft Intune

  The goal of implementing MDM is to separate corporate data from personal data on mobile devices so the corporate data can be removed when the employee separates from the organization.

- Digital project management office activities
  - Successfully completed the project portfolio structure, project templates, and folder structure.
  - Identified in-flight projects for the remainder of 2023 and some for 2024.
  - Gathered feedback on project scorecard weights and definitions, with ongoing scorecard development.

Fiber Network

- Collaborated with Fort Collins to transition their connection at the disaster recovery center from the old SONET network to the new Cienna carrier Ethernet infrastructure.
- Replaced aging SONET equipment with the more reliable Cienna infrastructure, providing improved throughput and reliability.

Operations

Fuels and water

The 2023 Windy Gap water year that ended on Sept. 30 was characterized by a variety of operational conditions. In the previous year, the Windy Gap project pumped over 40,000 acre-feet of water and by October 2022 over 12,000 acre-feet of pumped water remained in the system for use in the 2023 water year. From this supply, Platte River received an allocation of water sufficient to reduce Reuse Plan operations with the City of Fort Collins and supply Rawhide process water needs for the first half of the water year. Following that, Platte River used Windy Gap in-lieu operations, which required Colorado-Big Thompson rental water. Looking ahead, the 2024 Windy Gap water year will begin with no pumped water available, so Reuse Plan operations must start the year in “Windy Gap short mode,” which limits the amount of effluent available for pumping to Rawhide for cooling purposes. However, Platte River can full meet Rawhide process water needs through the water exchange agreement with the City of Greeley (this arrangement was finalized in December 2022). Preliminary indications are that Lake Granby is likely to fill and spill again next spring, due to favorable hydrology (which would prevent the Windy Gap project from pumping in 2024). Staff will monitor the conditions and, if needed, secure rental water in the spring for Reuse Plan operations and cooling water needs.

In September, favorable weather conditions allowed substantial progress at the Chimney Hollow Reservoir project for the second straight month. The majority of work is focused on the main dam, which is now 120 feet above natural grade. Significant work is also happening at the saddle dam, where the contractor has finished the clay core test section and the grout curtain is nearly 70%

complete. Overall, construction is approximately 46% complete and the project is on track to be completed in fall 2025.