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

Board of directors regular meeting

2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, Dec. 7, 2023, 9 a.m.

Call to order

1. Consent agenda — *Motion to approve*
    a. Minutes of the regular meeting of Oct. 26, 2023
    b. 2024 proposed board of directors regular meeting schedule — *Resolution 12-23*
    c. Strategic Financial Plan revision — *Resolution 13-23*

Public comment

Committee reports

2. Defined Benefit Plan committee report

Board action items

3. Defined Benefit Plan amendment — *Resolution 14-23*
4. Defined Contribution Plan amendment — *Resolution 15-23*
5. 2023 Budget contingency appropriation transfer — *Resolution 16-23*
6. 2024 Strategic Budget review and adoption — *Resolution 17-23*

Management presentations

7. SPP RTO West update
8. Rawhide Transition Plan update
9. Resource Diversification Policy update
10. Legislative preview
11. Windy Gap request for proposal recap

Management reports

12. IRP community outreach recap
13. Benefits update

Monthly informational reports – October

14. Legal, environmental and compliance report
15. Resource diversification report
16. Operating report
17. Financial report
18. General management report

Strategic discussions

Adjournment

Platte River Power Authority

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2024 board meeting planning calendar

Updated Nov. 29, 2023

Feb. 29, 2024 Annual meeting

Defined Benefit Plan committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
Annual election of officers	2023 year in review		Q4 performance dashboard
Defined Benefit Retirement committee appointments			Legal, environmental and compliance report
Transfer of 2023 capital budget carryover to 2024 budget			Resource diversification report
			Operating report
			Financial report
			General management report

March 28, 2024

Board action items	Management presentations	Management reports	Monthly informational reports
General manager annual review		Draft 2024 Integrated Resource Plan	Legal, environmental and compliance report
			Resource diversification report
			Operating report
Committee report			Financial report
Defined Benefit committee report			General management report

Platte River Power Authority

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April 25, 2024

Board action items	Management presentations	Management reports	Monthly informational reports
2023 FORVIS financial audit report	Draft 2024 Integrated Resource Plan	Wholesale rate projections	Q1 performance dashboard
Acceptance of 2023 annual report		Water resources reference document (updated version)	Legal, environmental and compliance report
			Resource diversification report
			Operating report
			Financial report
			General management report

May 30, 2024

Defined Benefit Plan committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
Revision to wholesale transmission service (Tariff WT-25)	Average wholesale rate projections and 2025 tariff schedule charges		Legal, environmental and compliance report
2024 Integrated Resource Plan	Legislative session update		Resource diversification report
			Operating report
			Financial report
			General management report

Platte River Power Authority

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June 7-12, 2024

APPA National Conference (San Diego, CA)

July 25, 2024

Board action items	Management presentations	Management reports	Monthly informational reports
		Legislative session recap	Q2 performance dashboard
			Legal, environmental and compliance report
			Resource diversification report
			Operating report
Committee report			Financial report
Defined Benefit committee report			General management report

Aug. 29, 2024

Defined Benefit Plan committee meeting

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

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Sept. 26, 2024

Board action items	Management presentations	Management reports	Monthly informational reports
	2025 proposed strategic budget work session	Staffing update (memo only)	Legal, environmental and compliance report
	2025 rate tariff schedules		Resource diversification report
			Operating report
Committee report			Financial report
Defined Benefit committee report			General management report

Oct. 31, 2024

Defined Benefit Plan committee meeting

Board action items	Management presentations	Management reports	Monthly informational reports
2024 FORVIS financial audit plan	2025 proposed strategic budget update – public hearing		Q3 performance dashboard
2025 rate tariff schedules			Legal, environmental and compliance report
			Resource diversification report
			Operating report
			Financial report
			General management report

Platte River Power Authority

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November 2024

No board of directors meeting

Dec. 12, 2024

Board action items	Management presentations	Management reports	Monthly informational reports
2024 budget contingency appropriation transfer (if required)		Benefits update (memo only)	Legal, environmental and compliance report
2025 Strategic Budget review and adoption			Resource diversification report
2025 proposed board of directors regular meeting schedule			Operating report
			Financial report
Committee report			General management report
Defined Benefit committee report			

Topics to be scheduled:

-

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

Platte River Power Authority
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2024 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 2025
Kendall Minor	December 2026
City of Longmont	
350 Kimbark Street, Longmont, Colorado 80501	
Mayor Joan Peck	November 2025
David Hornbacher	December 2026
City of Loveland	
500 East Third Street, Suite 330, Loveland, Colorado 80537	
Mayor Jacki Marsh	November 2025
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: 11/29/2023

To: Board of directors

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

Subject: **Consent agenda – December**

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 Oct. 26, 2023
- Resolution 12-23: 2024 proposed board of directors regular meeting schedule
- Strategic Financial Plan
- Resolution 13-23: Strategic Financial Plan revisions

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

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Oct. 26, 2023

Attendance

Board members

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

Platte River staff

Jason Frisbie (general manager/CEO)
Sarah Leonard (general counsel)
Dave Smalley (chief financial officer and deputy general manager)
Melie Vincent (chief operating officer)
Raj Singam Setti (chief transition and integration officer)
Eddie Gutiérrez (chief strategy officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance)
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)
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)
Jennifer Hammitt (director of legal affairs)
Matt Tribby (senior air quality engineer)
Chris Wood (environmental compliance manager)
Pat Connors (director of portfolio strategy and integration)

Guests

Daniel Brooks (Electric Power Research Institute)

John Di Stasio (Large Public Power Council)
Anna Thigpen (FORVIS)
Chris Telli (FORVIS)

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

Director Hornbacher 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. Eleven members of the public addressed the board.

Board action items

2. **2023 FORVIS financial audit plan (presenter: Dave Smalley)**

Dave Smalley, chief financial officer and deputy general manager, introduced Chris Telli and Anna Thigpen with FORVIS to discuss the 2023 annual financial pre audit letter and engagement letter to be signed by the board chair following authorization. Chris Telli, FORVIS partner, discussed the audit process and highlighted a new Governmental Accounting Standards Board (GASB) statement for Platte River to adopt, referred to as GASB 96, requiring auditing actions on subscription-based information technology arrangements. He also summarized logistics and the timeline for the financial audit beginning in February 2024. Anna Thigpen, FORVIS director, provided an overview of the pre audit letter and engagement letter.

The board had no questions. Chair Bergsten thanked Mr. Telli and Ms. Thigpen for their overview of the materials provided.

Director Arndt moved to authorize the chair to sign the 2023 FORVIS audit plan and engagement letter as presented. Director Gertig seconded. The motion carried 8-0.

3. Dispatchable capacity (presenter: Raj Singam Setti)

Raj Singam Setti, chief transition and integration officer, summarized advancements in the clean energy transition since the board approved the Resource Diversification Policy (RDP) and key points in developing the 2024 Integrated Resource Plan (IRP). Mr. Singam Setti introduced Daniel Brooks, vice president of integrated grid and energy systems for the Electric Power Research Institute (EPRI).

Mr. Brooks presented analysis from a U.S. economy decarbonization modeling report detailing energy generation resources needed to achieve net-zero by 2050.

Mr. Singam Setti introduced John Di Stasio, president of the Large Public Power Council (LPPC). Mr. Di Stasio presented on planning activities and trends among the 28 largest public power utilities across the United States.

Mr. Singam Setti summarized the key takeaways from the two presenters and explained Platte River's continued efforts in the clean energy transition. He reiterated staffs' recommendation of dispatchable capacity to support renewable resource performance and increased renewable penetration, maintain reliability and enhance the ability to integrate technologies of the future.

Sarah Leonard, general counsel, explained the changes made to the draft resolution to reflect board member and public feedback following the September board meeting. Director Marsh asked when staff would purchase the aeroderivative units and if purchasing them would be staged to allow for testing the performance with the system. Jason Frisbie, general manager and chief executive officer, responded that Platte River must order the units by the second quarter of 2024, and it is more cost effective to do all the units at once. He suggested there is too much focus on the aeroderivative units and not enough on the other two elements of dispatchable capacity: long-duration storage and a virtual power plant. The proposed resolution includes all three to help protect the three pillars of the organization. Director Peck noted text in the resolution addressing long-duration storage development, asked about the storage pilot program and requested that long-duration storage be implemented first. Chair Bergsten reiterated the resolution expresses the need for all three categories of dispatchable capacity. Director Peck commented that the resolution did not address the environmental responsibility pillar. Mr. Frisbie observed the caveats in the RDP that address the three pillars of the organization, including environmental responsibility and the board can hold the general manager accountable for the actions made to reach the 2030 goal. Discussion ensued among directors and staff regarding executive sessions that covered renewable energy resource negotiations, other utilities' clean energy transitions and their portfolios and the ability to take advantage of opportunities to further clean energy penetration.

Director Hornbacher supported the resolution with the three components of dispatchable capacity and discussed how the distribution systems have different planning challenges, how renewable generation resources will perform and the importance of reliability to the overall electric system. Director Peck

stated her support for the resolution and asked about relative costs of aeroderivative units and long-duration storage and when hydrogen fuel capabilities could be implemented. Director Arndt expressed her support for the resolution based on the information and science behind the staff's recommendation and the trust City of Fort Collins has for Platte River Power Authority. She added that she is committed to the 100% clean energy transition and for social justice. Director Koenig emphasized the importance of reliability and supported the resolution as written, noting diversity of views in the Estes Park community but that modeling continues past the 2024 IRP. Director Marsh discussed the board's support for staff to continue transitioning to 100% clean energy and supported the resolution. Director Minor expressed his support for the resolution because it aligns with the City of Fort Collins Climate Action goals, appreciated the public comments and feedback, and appreciated the resolution addressing the three components of dispatchable capacity.

Director Peck moved to approve Resolution 11-23: Dispatchable capacity support as presented. Director Marsh seconded. The motion carried 8-0.

Mr. Frisbie and Chair Bergsten thanked the guest speakers for presenting at the meeting.

Break 10:47-11:05

Management presentations

4. 2024 proposed Strategic Budget public hearing (presenter: Jason Harris)

Jason Harris, senior manager, financial reporting and budget, presented the changes made since the September work session, and summarized the high-level financial results and overall highlights to the proposed 2024 Strategic Budget.

Chair Bergsten stated the proposed 2024 Strategic Budget for Platte River had been delivered to the board of directors in accordance with applicable law. Legal notices were published announcing that the proposed 2024 Strategic Budget was available to the public for inspection and that the public hearing would be held October 26 for the board to receive public comment on the proposed Strategic Budget before final adoption by the end of the year.

Chair Bergsten declared the public hearing on the proposed 2024 Strategic Budget for Platte River Power Authority open.

One member of the public discussed changes reflected in the Rawhide Unit 1 fuel costs. Director Arndt asked why the unit was dispatched less. Melie Vincent, chief operating officer, explained that future cost estimates are based on modeling results and how the market has impacted dispatch of coal-fired generation. Mr. Smalley noted that a mild summer and increased hydropower this year decreased the capacity factor of Rawhide Unit 1, which affected dispatch of base-load generation resources and modeling results further.

Chair Bergsten asked if there were any additional comments or questions from the board regarding the proposed budget. There were none.

Chair Bergsten closed the public hearing.

5. Strategic Financial Plan update (presenter: Shelley Nywall)

Shelley Nywall, director of finance, reviewed updates to the proposed Strategic Financial Plan (SFP) and summarized the goals and objectives along with the financial and rate requirements included in the document. She provided an overview of the financial governance framework, highlighting the financial metrics and rate stability strategies to preserve long-term financial sustainability and manage financial risk. Ms. Nywall also discussed the advantages the SFP gives Platte River, including long-term financial sustainability and financial flexibility in an uncertain environment.

Director Arndt asked about how Platte River pays for energy from the federal hydropower allocation and if it will change as generation decreases. Ms. Nywall explained the demand and energy components to the rate Platte River pays will decrease when the allocation is decreased. Discussion ensued among directors and staff on hydropower resource allocation.

Ms. Nywall thanked Mr. Smalley for his oversight of the financial departments and celebrating his 30-year service anniversary at Platte River.

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

Eddie Gutiérrez, chief strategy officer, presented key highlights from the community engagement during public meetings in the four owner communities the past few months and previewed the fall marketing campaign to include celebrating 50 years of Platte River.

Directors offered other community groups for staff to meet with that are actively engaged in the owner communities. Director Hornbacher discussed the educational value in communication efforts throughout the owner communities. Discussions ensued among directors and staff regarding radio ads and the evolution of the marketing campaign.

7. SPP RTO West update (presenter: Melie Vincent)

Due to the limited time, this presentation was postponed to December.

Monthly informational reports for September

8. Q3 performance dashboard (presenter: Jason Frisbie)

Mr. Frisbie summarized the third quarter performance results, highlighting the reliability, environmental responsibility and financial sustainability statistics. Discussion ensued among directors and staff about how deferred revenues and expenses will impact financial results.

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

Ms. Leonard highlighted the continued progress on Platte River entering the Southwest Power Pool's western regional transmission organization scheduled to begin operation in April 2026.

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

Mr. Singam Setti provided an update on the request for proposals (RFP) for wind, solar and storage projects. Director Hornbacher asked if the RFPs designated certain geographical locations or if the location was left open. Mr. Singam Setti explained that the RFP left location open, but transmission and other costs are taken into consideration when choosing the proposals to move forward.

11. Operating report (presenter: Melie Vincent)

Ms. Vincent highlighted operating results for September, showcasing a new format. Owner community demand was slightly above budget while energy was slightly below budget due to 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.

12. Financial report (presenter: Dave Smalley)

Mr. Smalley highlighted favorable results for September. Change in net position was favorable by $4.8 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. Year to date, change in net position is favorable by $14.7 million. Revenues over budget included sales for resale, which were $1.4 million above budget due to short-term sales. Owner community sales and energy came in slightly below budget. The purchased power expense was above budget but was offset by below-budget fuel costs. He noted the need for a budget contingency transfer at the end of 2023, expected to be about $2.2 million, with more details listed in the general management report.

Chair Bergsten commented on the change in net position being part of the strategy in deferring revenues and expenses and asked if the change in net position is higher than expected. Mr. Smalley responded that the $14.7 million is above budget and Platte River plans to defer revenues to stay within the Strategic Financial Plan matrix.

13. General management report (presenter: Jason Frisbie)

Mr. Frisbie highlighted the board invitation to the holiday employee appreciation party and addressed comments about Platte River's 10-year capital plan and how it relates to the budgeting process for adding renewable energy (which generally does not show as capital because payments under renewable power purchase agreements are treated as operation and maintenance expenses). He also notified the board that he would be out of the office on medical leave.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities.

Adjournment

With no further business, the meeting adjourned at 12:16 p.m. The next regular board meeting is scheduled for Thursday, Dec. 7, 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

RESOLUTION NO. 12-23

The board of directors (board) of Platte River Power Authority (Platte River) hereby resolves that:

1. Unless otherwise directed by the board, the board's annual meeting and regular meetings during calendar year 2024 will be held at 9:00 a.m. local time in Platte River's boardroom, 2000 East Horsetooth Road, Fort Collins, Colorado, or virtually, according to the following schedule:

February 29 – annual meeting	August 29
March 28	September 26
April 25	October 31
May 30	December 12
July 25	

2. Board meetings are open to the public. The secretary is authorized and directed to post at the place designated below and to publish in newspapers of general circulation in Estes Park, Fort Collins, Longmont and Loveland full and timely notice of this meeting schedule.
3. The designated place for posting of notices of board meetings is Platte River's public website, www.prpa.org, on the page specific to the board. For purposes of C.R.S. § 24-6-402(2)(c)(I), this action is deemed to have occurred at the board's first regular meeting in calendar year 2024 and will be incorporated into the record of that meeting.

AS WITNESS, I have executed my name as secretary and have affixed the corporate seal of the Platte River Power Authority this 7th day of December, 2023.

_____
Secretary

Adopted:
Vote:

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

Memorandum

Date: 11/29/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Dave Smalley, chief financial officer and deputy general manager
Shelley Nywall, director of finance
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 presented the changes at the October board meeting. 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 recommends the board adopt the Strategic Financial Plan revisions as proposed.

Attachments

- Draft Strategic Financial Plan
- Strategic Financial Plan white paper
- Resolution 13-23: Strategic Financial Plan revision

Platte River Power Authority

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Strategic Financial Plan

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.

Platte River Power Authority
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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.

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

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

[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

[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.

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

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

RESOLUTION NO. 13-23

Background

A. In February 2018, the board of directors (board) of Platte River Power Authority (Platte River) adopted Resolution No. 03-18, approving the current Strategic Financial Plan.

B. Management and staff recently revised the Strategic Financial Plan to improve readability, update terminology, and further describe Platte River's rate stability strategies.

C. Staff shared an initial revised draft of the Strategic Financial Plan at the September 2023 board meeting and then presented the revisions again, together with an accompanying white paper, at the October 2023 board meeting.

D. Staff recommends the board adopt the revised Strategic Financial Plan.

Resolution

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

1. The Strategic Financial Plan, in substantially the form presented, is approved.

2. This Strategic Financial Plan supersedes and replaces all previous Strategic Financial Plans and will remain in effect until formally revised or replaced by board action.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 7th day of December, 2023.

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Secretary

Adopted:
Vote:

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

Memorandum

Date: 11/29/2023

To: Board of directors

From: David Hornbacher, board member, retirement committee chair
Jason Frisbie, general manager and chief executive officer

Subject: **Defined Benefit Plan committee report**

The retirement committee held its quarterly meeting on Oct. 26, 2023. The minutes of the meeting are included in the board packet. At the board meeting, committee chair Dave Hornbacher will provide a summary of the October retirement committee meeting.

Attachment

- Oct. 26, 2023 defined benefit plan committee minutes - DRAFT

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

Regular meeting minutes of the defined benefit plan committee

2000 E. Horsetooth Road, Fort Collins, CO and virtually via Microsoft Teams
Thursday, October 26, 2023

Attendance

Committee members
David Hornbacher, chair
Jason Frisbie (plan administrator)
Jeni Arndt
Reuben Bergsten
Jacki Marsh
Dave Smalley

Committee members - absent

Platte River staff
Julie Depperman (director of treasury services)
Shelley Nywall (director of finance)
Caroline Schmiedt (senior counsel)
Angela Walsh (executive assistant to the general manager/CEO)

Guests
Jason Palmer of Northern Trust Asset Management (Northern Trust)
Dan Phillips of Northern Trust
Jim Hayes of Northern Trust

Call to order

The meeting was called to order at 1:04 p.m. A quorum was present and the meeting, having been duly convened, was ready to proceed with business. Committee Chair Dave Hornbacher led the meeting.

Action items

(1) Review minutes of Aug. 31, 2023, meeting. Chair David Hornbacher asked for a motion to approve the minutes from the Aug. 31, 2023, meeting. Reuben Bergsten moved to approve the minutes as submitted. Jeni Arndt seconded, and the motion carried 6-0.

(2) Third quarter investment performance. Dan Phillips of Northern Trust reviewed the third quarter performance and highlighted the plan's performance relative to its benchmarks (included in the meeting materials). Northern Trust staff summarized key market developments, economic indicators, and significant events that impacted the market.

Mr. Palmer provided a brief portfolio overview, highlighting that inception to date the portfolio returned 6.4%, equal to the benchmark. Year-to-date, through September 30, the plan returned 2.4%, significantly below the benchmark return of 6.1%. The long-term return goal is 7.5%.

Mr. Palmer reviewed the plan's portfolio position for the third quarter and the asset allocation process. The portfolio consists of risk control and risk assets. For the quarter, the plan was underweight in risk assets and overweight in cash and high yield. Plan assets decreased from $108.5 million to $105.7 million, which accounts for contributions, income, appreciation, depreciation and benefit payments.

Mr. Palmer reviewed the plan's key performance drivers for the quarter. Global equities, fixed income and real assets declined. Overweight cash and underweight allocations to fixed income and global equities aided performance. Tactical positioning improved results by an estimated 0.5%. Investment manager selection was negative during the quarter. U.S. and international low-volatility equity strategies outperformed their benchmarks. Overall, investment manager selection hurt performance.

Page 17 of the quarterly investment report provides rationales for the portfolio's positioning in each asset class.

(3) Capital markets outlook. Every year, Northern Trust's capital market assumptions working group develops forward-looking, historically aware forecasts for global economic activity and financial market returns that drive Northern Trust's ten-year asset class return expectations and inform their asset allocation decisions. The asset allocation decisions guide Northern Trust's long-term strategic asset allocations, which are used by institutional and individual investors worldwide. Mr. Phillips provided an overview of the capital market assumptions. He noted the 10-year forward-looking themes (beginning on page 4), which include growth restraints, inflation adaptation, central bank concessions, geopolitical fault lines, sustainable green transition and private matters. (Included in the meeting materials.)

(4) Annual investment policy review. Northern Trust reviewed the Investment Policy Statement (IPS). The purpose of IPS is to establish overall guidelines and parameters for investing fund assets and to help the retirement committee and other persons charged with executing the IPS effectively supervise, monitor and evaluate the investments. The intent of the IPS is to provide guidelines that are specific enough to be meaningful but also flexible enough to take into account practical considerations.

In reviewing the exhibits of the IPS, Mr. Palmer explained recommended changes for the IPS focusing on increasing strategic asset allocation with domestic equities and inflation protection by 1% each and decreasing core fixed income and emerging market equities by 1% each. The benchmark composition will also change by the same parameters. The IPS was updated to reflect the current roster of committee members as well.

Chair Hornbacher asked for a motion to approve the revised IPS as presented. Mayor Arndt moved, Mr. Frisbie seconded, and the motion carried 6-0.

(5) Plan amendment. Caroline Schmiedt reviewed the proposed plan amendment. Several plan references will be updated to comply with the SECURE ACT 2.0. There are also changes to the definitions of "Compensation" and "Final Average Monthly Compensation." Revisions include clarifying the calculation of maximum permissible benefit, and deleting outdated language. (Memorandum and plan amendment included in the meeting materials provide the blueline revisions as proposed.)

Chair Hornbacher asked for a motion to approve the plan amendment and submit the amendment to the board for adoption. Mr. Bergsten moved, Mayor Marsh seconded, and the motion carried 4-0 with Mr. Frisbie and Mr. Smalley abstaining.

(6) Proposed 2024 retirement committee meeting schedule. The committee reviewed the following proposed 2024 schedule for the committee's quarterly meetings. Under the proposed schedule, all meetings will be held in the Platte River board room (or remotely via Microsoft Teams) and will begin at 12:30 p.m.

- February 29, 2024
- May 30, 2024
- August 29, 2024
- October 31, 2024

Chair Hornbacher asked for a motion to approve the schedule as presented. Mr. Frisbie moved, Mr. Bergsten seconded, and the motion carried 6-0.

(7) Other business. None.

The next regular committee meeting is scheduled for February 29, 2024, at 12:30 p.m. in the Platte River board room or virtually via Microsoft Teams.

The meeting adjourned at 1:58 p.m.

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Chair David Hornbacher

Platte River Power Authority
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Memorandum

Date: 11/29/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Libby Clark, director, human resources & safety
Caroline Schmiedt, senior counsel

Subject: **Platte River Power Authority Defined Benefit Plan amendment**

The Retirement Committee recommends the board adopt the attached resolution amending the Platte River Power Authority Defined Benefit Plan (Plan).

Platte River is required to periodically review the Plan to ensure it remains compliant with current law and IRS regulations. The Plan's outside pension counsel from Reinhart Boerner Van Deuren thoroughly reviewed the Plan document and recommended the attached amendments to implement the following modifications (highlighted in green) to:

- clarify the definitions of compensation and final average monthly compensation and remove outdated language;
- update references to the required minimum distribution under the SECURE Act 2.0; and
- clarify the calculation of maximum benefits.

The Plan's actuary and trustee reviewed and approved the changes described below.

Definition of Compensation

Reinhart Boerner Van Deuren suggested minor revisions to section 1.10 in Article 1 of the Plan.

Clarify that all taxable fringe benefits, including but not limited to gainsharing and bonuses, are not included in the definition of Compensation.

Article 1, Section1.10(a)(ii)(iii): Compensation

(a) for Plan Years beginning on or after January 1, 2000, wages paid by the Employer for which the Employer is required to furnish the Participant a written statement under Code §§6041(d), 6051(a)(3), and 6052 adjusted as follows:

ii. to the extent described in Section 1.23, accumulated personal leave and sick pay amounts paid upon termination of employment or upon commencement of an In Service Distribution will be included only for Participants whose Employment Commencement Date occurred prior to January 1, 2004;

iii. all of the following will be excluded:

A. expense reimbursements and allowances;

B. all taxable fringe benefits, including but not limited to gainsharing and bonuses ~~except group term life insurance premiums~~;

C. moving expenses;

D. short-term disability payments;

E. long-term disability payments;

F. non-qualified deferred compensation;

G. severance pay; and

H. wellness initiatives.

Delete outdated information in sections e, f, and h and consolidated into g.

Article 1, Section 1.10(e)(f)(g)(h): Compensation

~~(e) subject to (d) above, for calendar years beginning after December 31, 1998, the annual compensation taken into account under this Plan for any calendar year shall not include amounts in excess of $200,000, as adjusted annually by the Secretary of the Treasury to reflect cost of living changes.~~

~~(f) subject to (d) above, for calendar years beginning on or after January 1, 1996 and for Participants who became a Participant on or after January 1, 1996, annual compensation taken into account under this Plan for any calendar year shall not exceed $150,000 as adjusted annually by the Secretary of the Treasury to reflect cost of living changes.~~

(g) ~~Increase in limit.~~ subject to (d) above, for ~~the annual compensation of each Participant taken into account in determining benefit accruals in~~ any Plan Years beginning after December 31, 2001, the annual compensation of each Participant taken into account in determining benefits provided under the Plan for any determination period shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with Code § 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. Annual compensation means

compensation during the Plan Year or such other consecutive 12-month period over which compensation is otherwise determined under the Plan (the determination period). If a determination period consists of fewer than 12 months, the annual compensation limit $200,000 limitation will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12. If compensation for any prior period is taken into account in determining a Participant's benefits for the current Plan Year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period. For purposes of determining benefit accruals in a Plan Year beginning after December 31, 2001, compensation for any prior determination period shall be $150,000 for any determination period beginning in 1996 or earlier; $160,000 for any determination period beginning in 1997, 1998, or 1999; and $170,000 for any determination period beginning in 2000 or 2001.

(h) Cost-of-living adjustment. The $200,000 limit on annual compensation in (g) above shall be adjusted for cost-of-living increases in accordance with Code §401(a)(17)(B). The cost- of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

Definition of Final Average Monthly Compensation

Delete outdated historical information

Article 1, Section 1.23: Final Average Monthly Compensation

Final Average Monthly Compensation shall mean ~~for Plan Years ending on or before December 31, 1994, the Participant's average monthly rate of Compensation from the Employer for the 36 consecutive months out of the 120 months immediately preceding (1) the first day of the month coincident with or next following the date on which the Participant's service terminates for any reason, or (2) the Participant's Normal Retirement Date, whichever is earlier, which gives the highest average monthly rate of Compensation for the Participant. The Participant's average monthly rate of Compensation will be determined by dividing the total Compensation received during the 36 consecutive month period by 36. Prior to January 1, 1993, the number of months for which the Employee received Compensation from the Employer will be computed to the extent the Employee was paid on other than a monthly basis, by determining the number of bi-weekly pay periods ending within the 36 consecutive month period for which the Employee received Compensation from the Employer and converting such pay periods into months by dividing the number thereof by 2-1/6. In computing Final Average Monthly Compensation for a Participant who has returned to the active service of the Employer following a full calendar year or calendar years during which the Employee did not receive regular Compensation from the Employer because of a Leave of Absence without pay granted by the Employer, or because of such Participant's reemployment with a reinstatement of the Employee's prior Vesting Service and Credited Service, the period during which the Employee did not receive regular Compensation from the Employer shall be excluded in determining the 120 months and the 36 consecutive months to be used in determining the Participant's Final Average Monthly Compensation.~~

~~Effective for Plan Years beginning on or after January 1, 1995 for Participants who terminate service with the Employer on or after January 1, 1995, Final Average Monthly Compensation shall mean the greater of (1) Final Average Monthly Compensation as of December 31, 1994, or (2) the Participant's average annual Compensation from the Employer for three consecutive Plan Years out of the 10 Plan Years immediately preceding (i) the Participant's termination of service for any reason or (ii) the~~

~~Participant's Normal Retirement Date, whichever is earlier, which gives the highest average annual Compensation for the Participant, divided by 12.~~

~~Effective for Plan Years beginning on or after January 1, 2001, for Participants who terminate service with the Employer on or after January 1, 2001, Final Average Monthly Compensation shall mean the greater of (1) Final Average Monthly Compensation as of December 31, 1994, or (2) the Participant's total Compensation from the Employer for three consecutive Plan Years out of the 10 Plan Years immediately preceding (i) the Participant's termination of service for any reason or (ii) the Participant's Normal Retirement Date, whichever is earlier, which gives the highest total Compensation for the Participant, plus any amounts received at termination for accrued personal leave, up to a maximum of 440 hours, and any amounts received at termination for accrued sick leave, up to a maximum of 400 hours, divided by 36, provided, however, that no amounts paid to a Participant shall be counted more than once for purposes of calculating Final Average Monthly Compensation.~~

~~Effective for Plan Years beginning on or after January 1, 2004, for Participants who terminate service with the Employer on or after January 1, 2004, Final Average Monthly Compensation shall mean~~ the greater of (1) Final Average Monthly Compensation as of December 31, 1994, or (2) the Participant's total Compensation from the Employer for three consecutive Plan Years out of the 10 Plan Years in which the Participant was employed immediately preceding (i) the Participant's termination of service for any reason or (ii) the Participant's Normal Retirement Date, whichever is earlier, which gives the highest total Compensation for the Participant, plus, for Participants hired before January 1, 2004, any amounts received at termination for accrued personal leave, up to a maximum of 440 hours, and any amounts received at termination for accrued sick leave, up to a maximum of 400 hours, divided by 36, provided, however, that no amounts paid to a Participant shall be counted more than once for purposes of calculating Final Average Monthly Compensation and Compensation shall be limited as required by Section 1.10(e). For purposes of determining consecutive Plan Years, Plan Years for which the Participant is not credited with at least 1,000 hours shall be ignored, and the Plan Year first preceding such year and the Plan Year first following such year for which the Participant is credited with at least 1,000 hours shall be considered consecutive Plan Years.

For Participants who take an In Service Distribution permitted under Section 5.7(b), for purposes of calculating that distribution, Final Average Monthly Compensation shall mean the greater of (1) Final Average Monthly Compensation as of December 31, 1994, or (2) the Participant's total Compensation from the Employer for three consecutive Plan Years out of the 10 Plan Years in which the Participant was employed immediately preceding (i) the Participant's In Service Distribution commencement date or (ii) the Participant's Normal Retirement Date, whichever is earlier, which gives the highest total Compensation for the Participant, plus, for Participants hired before January 1, 2004, any amounts received as of the In Service Distribution commencement date for accrued personal leave, up to a maximum of 440 hours, and any amounts received as of the In Service Distribution commencement date for accrued sick leave, up to a maximum of 400 hours, divided by 36, provided, however, that no amounts paid to a Participant shall be counted more than once for purposes of calculating Final Average Monthly Compensation and Compensation shall be limited as required by Section 1.10(e). For purposes of determining consecutive Plan Years, Plan Years for which the Participant is not credited with at least 1,000 hours shall be ignored, and the Plan Year first preceding such year and the Plan Year first following such year for which the Participant is credited with at least 1,000 hours shall be considered consecutive Plan Years.

SECURE Act 2.0: required mandatory distributions

The SECURE Act 2.0 of 2022 increased the age required for mandatory distributions from retirement plans. To avoid revising Plan language every time the distribution age changes, Reinhart Boerner Van Deuren suggested referencing the applicable code section.

Reference IRS code section for required minimum distributions

Article 1, Section 1.41: Required Beginning Date

Required Beginning Date shall mean April 1 of the calendar year following the later of the calendar year in which the Participant attains the applicable age as defined in Code section 401(a)(9)(C)(v) ~~age 72 (70-1/2 if the Participant attained age 70-1/2 prior to January 1, 2020)~~ or the calendar year in which the Participant retires.

Article 5, Section 5.8(b)(ii)(A): Time and Manner of Distribution – Death of Participant Before Payments Begin

If the Participant's surviving Spouse is the Participant's sole designated Beneficiary, then distributions to the surviving Spouse may begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or at the option of the surviving Spouse by a date no later than December 31 of the calendar year in which the Participant would have attained the applicable age as defined in Code section 401(a)(9)(C)(v) ~~age 72 (70-1/2 if the Participant would have attained age 70-1/2 prior to January 1, 2020)~~, if later. Alternatively, the Participant's entire interest will be distributed to the designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the surviving Spouse dies after the Participant but before distributions to either the Participant or the surviving Spouse begin, this alternative will apply as if the surviving Spouse were the Participant.

Internal Revenue Code (IRC) Section 415 dollar limitations

The Plan is subject to internal revenue service provisions that define the maximum allowable annual benefit participants may receive under the Plan. In 2022, the Plan's actuary, Willis Towers Watson, recommended and the board of directors approved a modification to the Plan to allow for a retiree whose benefit is subject to an IRC Section 415 dollar limitation to receive benefit increases as the limit increases. After further review, Willis Towers Watson identified additional modifications to the language in the Plan's Maximum Amount of Benefits section to correctly calculate the maximum benefit.

Modify Maximum Amount of Benefits language to correctly calculate the maximum benefit

Article 4, Section 4.1: Maximum Amount of Benefits

~~The Annual Benefit otherwise payable to a Participant under the Plan at any time shall not exceed the Maximum Permissible Benefit (defined below). If the benefit the Participant would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible Benefit, the benefit shall be limited (or the rate of accrual reduced) to a benefit that does not exceed the Maximum Permissible Benefit. If a Participant is, or has ever been, covered under more than one defined benefit Plan maintained by the Employer, the sum of the Participant's Annual Benefits from all defined benefit plans may not exceed the Maximum Permissible Benefit.~~ The sum of a Participant's Annual Benefit from the Plan and any other includable arrangements shall not exceed the Defined Benefit Dollar

Limitation as defined herein and Internal Revenue Code section 415(b). The Maximum Permissible Benefit and the Defined Benefit Dollar Limitation applicable to any Participant shall be determined or recalculated, as necessary, on an annual basis.

Attachments

- Defined Benefit Plan amendment
- Resolution 14-23: Defined Benefit Plan amendment

AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY DEFINED BENEFIT PLAN

The Platte River Power Authority Defined Benefit Plan as amended December 8, 2022 and restated effective January 1, 2023 (the Plan) provides Platte River Power Authority (the Employer) with the power and right to amend the Plan.

The Employer amends the Plan by the adoption of the following amendments:

1) Article 1, Section 1.10 of the Plan relating to the definition of Compensation is amended to read as follows, effective January 1, 2024:

1.10 **Compensation** shall mean, subject to the limitations in Subsections (d) and (e):

(a) for Plan Years beginning on or after January 1, 2000, wages paid by the Employer for which the Employer is required to furnish the Participant a written statement under Code §§6041(d), 6051(a)(3), and 6052 adjusted as follows:

(i) any amounts contributed by an Employer on the Participant's behalf under a salary reduction agreement or designated as an employee contribution and not includable in the gross income of the Employee under Code §§125, 132(f), 402(g), 402(h), 414(h), 457, or 403(b) will be included;

(ii) to the extent described in Section 1.23, accumulated personal leave and sick pay amounts paid upon termination of employment or upon commencement of an In-Service Distribution will be included only for Participants whose Employment Commencement Date occurred prior to January 1, 2004;

(iii) all of the following will be excluded:

(A) expense reimbursements and allowances;

(B) all taxable fringe benefits, including but not limited to gainsharing and bonuses;

(C) moving expenses;

(D) short-term disability payments;

(E) long-term disability payments;

(F) non-qualified deferred compensation;

(G) severance pay; and

(H) wellness initiatives.

(iv) for Participants whose Employment Commencement Date occurred on or after January 1, 2004, all of the following shall be excluded in addition to items excluded under (iii) above:

(A) overtime other than regularly scheduled overtime;

(B) payouts at termination or upon commencement of an In Service Distribution for Compensatory Time Off (CTO).

(v) for Participants whose Employment Commencement Date occurred on or after January 1, 2008, all of the following shall be excluded in addition to items excluded under (iii) and (iv) above:

(A) payouts at termination or upon commencement of an In Service Distribution for Wellness Leave;

(B) payouts at termination or upon commencement of an In Service Distribution for Recognition Leave.

(b) for Plan Years beginning on or after January 1, 1995, and ending on or before December 31, 1999, wages paid by the Employer that constitute wages within the meaning of Code §3401 or qualify as a payment of compensation for which the Employer is required to furnish the Participant a written statement under Code §§6041(d), 6051(a)(3), and 6052 adjusted as follows:

(i) any amounts contributed by an Employer on the Participant's behalf under a salary reduction agreement or designated as an Employee contribution and not includable in the gross income of the Employee under Code §§125, 402(g), 402(h), 414(h), 457, or 403(b) will be included;

(ii) all of the following will be excluded:

(A) reimbursements and other expense allowances;

(B) all taxable fringe benefits except group term life insurance premiums;

(C) moving expenses; and

(D) currently taxable deferred compensation and welfare benefits included as wages within the meaning of Code §3401.

(c) for Plan Years prior to January 1, 1995, the compensation paid to a Participant by the Employer, for the applicable calendar year that would be subject to tax (for the purpose of the Federal Insurance Contribution Act) under Code §3101(a), without the dollar limitation of §3121(a)(1).

AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY DEFINED BENEFIT PLAN

(d) for any Participant who became a Participant on or before December 31, 1995, the annual compensation taken into account under this Plan for any calendar year will not exceed the adjusted annual compensation limit under Code §401(a)(17) as of July 1, 1993, which shall not be less than $235,840 as adjusted annually by the Secretary of the Treasury to reflect cost of living changes.

(e) subject to (d) above, for Plan Years beginning after December 31, 2001, the annual compensation of each Participant taken into account in determining benefits provided under the Plan for any determination period shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with Code §401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. Annual compensation means compensation during the Plan Year or such other consecutive 12-month period over which compensation is otherwise determined under the Plan (the determination period). If a determination period consists of fewer than 12 months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12. If compensation for any prior period is taken into account in determining a Participant's benefits for the current Plan Year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period.

2) Article 1, Section 1.23 of the Plan relating to Final Average Monthly Compensation is amended to read as follows, effective January 1, 2024:

1.23 **Final Average Monthly** Compensation shall mean the greater of (1) Final Average Monthly Compensation as of December 31, 1994, or (2) the Participant's total Compensation from the Employer for three consecutive Plan Years out of the 10 Plan Years in which the Participant was employed immediately preceding (i) the Participant's termination of service for any reason or (ii) the Participant's Normal Retirement Date, whichever is earlier, which gives the highest total Compensation for the Participant, plus, for Participants hired before January 1, 2004, any amounts received at termination for accrued personal leave, up to a maximum of 440 hours, and any amounts received at termination for accrued sick leave, up to a maximum of 400 hours, divided by 36, provided, however, that no amounts paid to a Participant shall be counted more than once for purposes of calculating Final Average Monthly Compensation and Compensation shall be limited as required by Section 1.10(e). For purposes of determining consecutive Plan Years, Plan Years for which the Participant is not credited with at least 1,000 hours shall be ignored, and the Plan Year first preceding such year and the Plan Year first following such year for which the Participant is credited with at least 1,000 hours shall be considered consecutive Plan Years.

For Participants who take an In Service Distribution permitted under Section 5.7(b), for purposes of calculating that distribution, Final Average Monthly Compensation

AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY DEFINED BENEFIT PLAN

shall mean the greater of (1) Final Average Monthly Compensation as of December 31, 1994, or (2) the Participant's total Compensation from the Employer for three consecutive Plan Years out of the 10 Plan Years in which the Participant was employed immediately preceding (i) the Participant's In Service Distribution commencement date or (ii) the Participant's Normal Retirement Date, whichever is earlier, which gives the highest total Compensation for the Participant, plus, for Participants hired before January 1, 2004, any amounts received as of the In Service Distribution commencement date for accrued personal leave, up to a maximum of 440 hours, and any amounts received as of the In Service Distribution commencement date for accrued sick leave, up to a maximum of 400 hours, divided by 36, provided, however, that no amounts paid to a Participant shall be counted more than once for purposes of calculating Final Average Monthly Compensation and Compensation shall be limited as required by Section 1.10(e). For purposes of determining consecutive Plan Years, Plan Years for which the Participant is not credited with at least 1,000 hours shall be ignored, and the Plan Year first preceding such year and the Plan Year first following such year for which the Participant is credited with at least 1,000 hours shall be considered consecutive Plan Years.

3) Article 1, Section 1.41 of the Plan relating to Required Beginning Date is amended to read as follows, effective January 1, 2023:

1.41 **Required Beginning Date** shall mean April 1 of the calendar year following the later of the calendar year in which the Participant attains the applicable age as defined in Code section 401(a)(9)(C)(v) or the calendar year in which the Participant retires.

4) Article 4, Section 4.1 of the Plan relating to the maximum amount of benefits is amended to read as follows, effective January 1, 2024:

4.1 **Maximum Amount of Benefits**. The sum of a Participant's Annual Benefit from the Plan and any other includable arrangements shall not exceed the Defined Benefit Dollar Limitation as defined herein and Internal Revenue Code section 415(b). The Maximum Permissible Benefit and the Defined Benefit Dollar Limitation applicable to any Participant shall be determined or recalculated, as necessary, on an annual basis.

5) Article 5, Section 5.8(b)(ii)(A) of the Plan relating to Time and Manner of Distribution – Death of Participant Before Payments Begin is amended to read as follows, effective January 1, 2023:

(A) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary, then distributions to the surviving Spouse may begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or at the option of the surviving Spouse by a date no later than December 31 of the calendar year in which the Participant would have attained the applicable age as defined in Code section 401(a)(9)(C)(v), if later. Alternatively, the Participant's entire interest will be distributed to the designated Beneficiary by

AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY

DEFINED BENEFIT PLAN

December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the surviving Spouse dies after the Participant but before distributions to either the Participant or the surviving Spouse begin, this alternative will apply as if the surviving Spouse were the Participant.

ATTEST

_____
Secretary

PLATTE RIVER POWER AUTHORITY

By: _____

Title: General Manager/CEO

Date: _____

RESOLUTION NO. 14-23

Background

A. Platte River Power Authority (Platte River) maintains the Platte River Power Authority Defined Benefit Plan (Plan).

B. At its October 2023 meeting, the Retirement Committee established under the Plan approved the following:

1. Attorney-recommended modifications to the definition of compensation to clarify that gainsharing and bonuses are excluded from the definition and to the definitions of compensation and final average monthly compensation to delete outdated historical information.
2. Attorney-recommended modifications to provisions used to determine when a participant's Plan payments must begin—specifically, the beginning date and time and manner of distributions used when a participant dies before payments begin. The changes reference the applicable Internal Revenue Code (IRC) section when determining the participant age required for mandatory distributions from retirement plans as dictated by the SECURE Act 2.0 of 2022.
3. An actuary-recommended update to the definition of maximum permissible benefit used to calculate a retiree's benefit that is subject to IRC Section 415 dollar limitation, clarifying the calculation of the maximum benefit.

C. To change these Plan sections as approved by the Retirement Committee, the board must amend the Plan.

D. The Retirement Committee recommends in a memorandum prepared by staff dated November 29, 2023, that the board adopt the attached amendments to the Plan.

RESOLUTION NO. 14-23

Resolution

The board of directors of Platte River Power Authority adopts and approves the attached amendments to the Platte River Power Authority Defined Benefit Plan.

AS WITNESS, I have signed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 7th day of December, 2023.

_____
Secretary

Adopted:
Vote:

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

Memorandum

Date: 11/29/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Julie Depperman, director, treasury services (defined contribution committee chair)
Libby Clark, director, human resources & safety
Caroline Schmiedt, senior counsel

Subject: **Platte River Power Authority Defined Contribution Plan amendment**

The Defined Contribution Plan Committee recommends the board adopt the attached resolution amending the Platte River Power Authority Defined Contribution Plan (Plan).

Platte River is required to periodically review the Plan to ensure it remains compliant with current law and IRS regulations. The Plan's outside pension counsel from Reinhart Boerner Van Deuren thoroughly reviewed the Plan document and recommended the attached amendments to implement the following modifications (highlighted in green) to:

- clarify the definition of earnings;
- update references to the required minimum distribution age under the SECURE Act 2.0; and
- clarify the use of forfeiture funds.

Definition of Earnings

Define Earnings as the Participant's hourly rate of pay multiplied by 80 for each two-week period. The current Plan ties Earnings to the Employee Status Notification, which Platte River no longer uses.

Article II, Section 2.1[f]: Earnings

"Earnings" means the Participant's hourly rate of pay multiplied by 80 for each two-week pay period ~~salary reported to the Participant on the Employee Status Notification then in effect~~. The maximum annual Earnings taken into account under the Plan for Plan Years beginning on and after the Effective Date of the Plan shall not exceed $245,000 as adjusted by the Secretary of the Treasury for increases

in the cost-of-living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which annual Earnings are determined (determination period) that begins in the calendar year. If a determination period consists of fewer than 12 months, the annual limit on Earnings will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

SECURE Act 2.0: required mandatory distributions

The SECURE Act 2.0 of 2022 increased the age required for mandatory distributions from retirement plans. To avoid revising Plan language every time the distribution age changes, Reinhart Boerner Van Deuren suggested referencing the applicable code section.

Reference IRS code section for required minimum distributions

Article II, Section 2.1[z]: Required Beginning Date

"Required Beginning Date" means April 1 of the calendar year following the calendar year in which occurs the later of [1] the date the Participant attains the applicable age as defined in Code section 401(a)(9)(C)(v) ~~age 72 (70-1/2 if the Participant attained age 70-1/2 prior to January 1, 2020)~~, or [2] the date the Participant retires from employment with the Employer.

Article VII, Section 7.3[a]: Payment of Death Benefits

Payment of Death Benefits. If a Participant dies before receiving distribution of his entire vested Account, any unpaid balance will be distributed to the Participant's beneficiary in the distribution form elected by the Participant (or if no election is made by the Participant, in a single lump sum payment) as soon as practicable after the Participant's death. The distributable amount will be determined as of the Valuation Date coincident with or next preceding the distribution. Provided, however, that if the Participant's surviving Spouse is the Participant's sole beneficiary, the surviving Spouse may elect to defer distributions to a date no later than December 31 of the calendar year in which the Participant would have attained the applicable age as defined in Code section 401(a)(9)(C)(v) ~~age 72 (70-1/2 if the Participant would have attained age 70-1/2 prior to January 1, 2020)~~.

Article VII, Section 7.6[a][ii][B](i): Required Distributions from the Trust – Death of Participant Before Distributions Begin

If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or at the option of the surviving Spouse by a date no later than December 31 of the calendar year in which the Participant would have attained the applicable age as defined in Code section 401(a)(9)(C)(v) ~~age 72 (70-1/2 if the Participant would have attained age 70-1/2 prior to January 1, 2020)~~.

Use of forfeiture funds

Clarify that forfeiture funds may be used to pay Plan administrative expenses and describe the timing for applying forfeiture funds.

Article VI, Section 6.1[d]: Suspense Account for Unallocated Forfeitures

[d] Suspense Account for Unallocated Forfeitures. In the event that the amount of forfeitures used to reduce the Employer's contributions and to be allocated to any Participant's Account would exceed the annual addition limitations, the Employer may use forfeitures to pay Plan administrative expenses. In the event there are additional forfeitures, a separate suspense account shall be established to hold such unallocated forfeitures for any year ~~or years~~ provided that:

[i] no Employer Contributions may be made at any time when their allocation would be precluded by Section 415 of the Code;

[ii] investment gains and losses and other income are not allocated to the suspense account; ~~and~~

[iii] the amounts in the suspense account are allocated under Subsection [c] as of each allocation date on which forfeitures may be allocated until the suspense account is exhausted; and

[iv] all forfeitures will be used to reduce the Employer's contributions or pay Plan administrative expenses no later than 12 months following the close of the Plan Year in which the forfeitures are incurred.

In the event of Plan termination, the balance of such suspense account may revert to the Employer.

Attachments

- Defined Contribution Plan amendment
- Resolution 15-23: Defined Contribution Plan amendment

AMENDMENT TO THE PLATTE RIVER POWER AUTHORITY DEFINED CONTRIBUTION PLAN

The Platte River Power Authority Defined Contribution Plan as amended December 8, 2022 and restated effective January 1, 2023 (the Plan) provides Platte River Power Authority (the Employer) with the power and right to amend the Plan.

The Employer amends the Plan by the adoption of the following amendments:

1) Section 2.1[f] of the Plan is amended to read as follows, effective January 1, 2023:

[f] "Earnings" means the Participant's hourly rate of pay multiplied by 80 for each two-week pay period. The maximum annual Earnings taken into account under the Plan for Plan Years beginning on and after the Effective Date of the Plan, shall not exceed $245,000 as adjusted by the Secretary of the Treasury for increases in the cost-of-living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which annual Earnings are determined (determination period) that begins in the calendar year. If a determination period consists of fewer than 12 months, the annual limit on Earnings will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

2) Section 2.1[z] of the Plan is amended to read as follows, effective January 1, 2023:

[z] "Required Beginning Date" means April 1 of the calendar year following the calendar year in which occurs the later of [1] the date the Participant attains the applicable age as defined in Code section 401(a)(9)(C)(v), or [2] the date the Participant retires from employment with the Employer.

3) Section 6.1[d] of the Plan is amended to read as follows, effective January 1, 2024.

[d] Suspense Account for Unallocated Forfeitures. In the event that the amount of forfeitures used to reduce the Employer's contributions and to be allocated to any Participant's Account would exceed the annual addition limitations, the Employer may use forfeitures to pay Plan administrative expenses. In the event there are additional forfeitures, a separate suspense account shall be established to hold such unallocated forfeitures for any year provided that:

[i] no Employer Contributions may be made at any time when their allocation would be precluded by Section 415 of the Code;

[ii] investment gains and losses and other income are not allocated to the suspense account;

[iii] the amounts in the suspense account are allocated under Subsection [c] as of each allocation date on which forfeitures may be allocated until the suspense account is exhausted; and

[iv] all forfeitures will be used to reduce the Employer's contributions or pay Plan administrative expenses no later than 12 months following the close of the Plan Year in which the forfeitures are incurred.

In the event of Plan termination, the balance of such suspense account may revert to the Employer.

4) Section 7.3[a] of the Plan is amended to read as follows, effective January 1, 2023:

[a] Payment of Death Benefits. If a Participant dies before receiving distribution of his entire vested Account, any unpaid balance will be distributed to the Participant's beneficiary in the distribution form elected by the Participant (or if no election is made by the Participant, in a single lump sum payment) as soon as practicable after the Participant's death. The distributable amount will be determined as of the Valuation Date coincident with or next preceding the distribution. Provided, however, that if the Participant's surviving Spouse is the Participant's sole beneficiary, the surviving Spouse may elect to defer distributions to a date no later than December 31 of the calendar year in which the Participant would have attained the applicable age as defined in Code section 401(a)(9)(C)(v).

5) Section 7.6[a][ii][B](i) of the Plan is amended to read as follows, effective January 1, 2023:

(i) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or at the option of the surviving Spouse by a date no later than December 31 of the calendar year in which the Participant would have attained the applicable age as defined in Code section 401(a)(9)(C)(v).

ATTEST:

_____
Secretary

PLATTE RIVER POWER AUTHORITY

By: _____

Title: _____

Date: _____

RESOLUTION NO. 15-23

Background

A. Platte River Power Authority (Platte River) maintains the Platte River Power Authority Defined Contribution Plan (Plan).

B. At its November 2023 meeting, the Defined Contribution Plan Committee established under the Plan approved the following:

1. Attorney-recommended modifications to the definition of compensation to clarify the definition of earnings by removing references to a report Platte River no longer uses.
2. Attorney-recommended modifications to provisions used to determine when a participant's Plan payments must begin—specifically, the required beginning date and time and manner of distributions used when a participant dies before payments begin. The changes reference the applicable Internal Revenue Code section when determining the participant age required for mandatory distributions from retirement plans as dictated by the SECURE Act 2.0 of 2022.
3. Attorney-recommended modifications to a provision governing use and timing of forfeiture funds.

C. To change these Plan sections as approved by the Defined Contribution Plan Committee, the board must amend the Plan.

D. The Defined Contribution Plan Committee recommends in a memorandum prepared by staff dated November 29, 2023, that the board adopt the attached amendments to the Plan.

RESOLUTION NO. 15-23

Resolution

The board of directors of Platte River Power Authority adopts and approves the attached amendments to the Platte River Power Authority Defined Contribution Plan.

AS WITNESS, I have signed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 7th day of December, 2023.

_____
Secretary

Adopted:
Vote:

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

Memorandum

Date: 11/29/2023

To: Board of Directors

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

Subject: **2023 budget contingency appropriation transfer**

As mentioned in the October management report, Platte River needs to move contingency funds to cover above-budget expenditures in 2023. Various situations can arise during the year that require additional funds above budgeted amounts. While less common for operating expenses and debt service expenditures, this is not uncommon for capital additions. Typically, there are several requests for projects that are out of budget or require additional funds. The capital project requests go through a formal submission, review and approval process, with final approval by the general manager. Frequently, and as occurred in 2023, the new requests can be managed and absorbed in the current budget because other projects are canceled or completed under budget.

In 2023, debt service expenditures require additional funds. Operating expenses and capital additions are not projected to be above budget, but may require additional funds if expenses at year end unexpectedly exceed the appropriated budget.

Debt service expenditures

Based on the most recent trends and assumptions, staff projects debt service expenditures will be approximately $0.6 million above budget. As discussed in the financial report, Platte River is subject to subscription reporting 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, the 2023 Strategic Budget did not appropriate debt service expenditures for these transactions. As actual results are uncertain, staff has included an additional amount.

Summary

After year-end close, only the final amount needed to fund operating expenses, capital additions and debt service expenditures will be transferred. This approach avoids moving funds that are not needed. Staff will report the actual amounts transferred at the February 2024 board meeting. If amounts needed are higher than anticipated, staff will present additional information and a second resolution.

The table below summarizes the contingency appropriation transfer request.

Contingency summary	Operating expenses $ million	Capital additions $ million	Debt service expenditures $ million	Total $ million
2023 budget appropriation	$ 238.1	$ 42.7	$ 17.8	**$ 298.6**
2023 projection	226.7	28.5	18.4	**273.6**
Estimated budget variance before carryovers	$ 11.4	$ 14.2	$ (0.6)	**$ 25.0**
Estimated carryovers from 2023 to 2024		(11.9)		**(11.9)**
Estimated budget variance after carryovers	$ 11.4	$ 2.3	$ (0.6)	**$ 13.1**
Estimated contingency transfer required	$ -	$ -	$ (0.6)	**$ (0.6)**
Adder for unknowns				**(4.4)**
Total contingency transfer not-to-exceed amount				**$ (5.0)**

Resolution No. 15-22 adopting the Strategic Budget for fiscal year 2023 included a contingency appropriation of $52 million. Through the attached resolution, staff requests an amount not to exceed $5 million to be re-appropriated to operating expenses, capital additions and debt service expenditures based on final 2023 financial results. Included is a description of the budget contingency with a 10-year history of the amount budgeted each year and the purposes of the transfers, when applicable.

Staff will be available at the board meeting to answer questions.

Attachment

- Resolution 16-23: 2023 budget contingency appropriation transfer

Budget contingency

The budget contingency can be used to meet expenditures not foreseen when the budget was prepared. Events that may require contingency funds include unplanned generation or transmission outages, significant increases in power market or natural gas prices, unplanned expenses to maintain power supply to the owner communities or the adoption of an accounting policy that alters expenditures. Contingency may also be used for existing capital projects that require expenditures above those budgeted due to scheduling changes, payment timing differences, changes in work scope, price fluctuations or new projects best started before the next budget year. A contingency transfer is not unusual for capital projects. Before transferring contingency to an expense category, staff must notify the board and present a proposed resolution. Before 2018, the budgeted contingency appropriation was a fixed amount. From 2019 to 2022, the amount was approximately 10% of the operating expenses and capital additions to align with fluctuations in the budget. Beginning in 2023, the contingency appropriation amount increased to approximately 20% of operating expenses and capital additions to help Platte River manage increased uncertainty in future budgets related to the resource transition plan and organized energy market activities.

Year	Contingency appropriation budget ($000)	Appropriated amount ($000)	%	Purpose of transfer
2014	$20,000	-	-	
2015	$20,000	$6,640	33%	Additional expenditures for several capital projects including the Craig Unit 2 nitrogen oxide removal, the fiber route to Estes Park and the control room for the digital control system, as well as ancillary services related to additional wind generation.
2016	$20,000	$1,200	6%	Additional expenditures for the initial progress payments for the generator rotor replacement project and the generator stator rewind project completed during the 2018 planned maintenance outage.
2017	$20,000	$1,100	6%	Additional expenditures for the initial progress payments for the bottom ash and reclaim pond project completed during the 2018 planned maintenance outage.
2018	$23,000	-	-	
2019	$23,000	$1,779	8%	Additional expenditures for several capital projects including the Energy Engagement Center, Rawhide variable frequency drive, circuit switcher addition and breaker replacements at Harmony Substation, air compliance database software and vehicle fleet replacements.
2020	$26,000	$1,282	5%	Additional expenditures for bottom ash transfer impoundments and reclaim pond closure project.
2021	$28,000	$1,566	6%	Additional natural gas expense for high natural gas prices and additional combustion turbine generation to make sales, serve load and replace generation during Rawhide Unit 1's scheduled maintenance outage.
2022	$24,000	$17,122	71%	Additional natural gas expense for high natural gas prices and additional combustion turbine generation to make sales, serve load and replace generation during Rawhide Unit 1's scheduled screen outage. Additional expenditures for several capital projects including the SCADA and energy management system, the Rawhide pipeline reroute, combustion component upgrade on CT Unit D and Transformer T1 replacement at Longs Peak Substation.
2023	$52,000	$5,000 (1)	10%	Additional debt service expenditures due to presentation of certain payments impacted by the implementation of GASB Statement No. 96.

(1) Total not-to-exceed amount requested at the December 2023 board of directors meeting.

RESOLUTION NO. 16-23

Background

A. The 2023 Strategic Budget for Platte River Power Authority (Platte River) contains a budget contingency appropriation of $52 million.

B. As explained in the memorandum dated Nov. 29, 2023 (memo), Platte River projects higher-than-budgeted debt service expenditures during 2023, due to expected impacts of implementing the GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* accounting standard.

C. As further explained in the memo, operating expenses and capital additions are not projected to be above budget, but may require additional funds if year-end expenses unexpectedly exceed the appropriated budget.

D. Although final numbers will be unclear until year end, Platte River accounting staff anticipates 2023 above-budget operating expenses, capital additions and debt service expenditures will not exceed $5 million. Management recommends the board of directors re-appropriate, from the budget contingency appropriation category for 2023, funds not to exceed $5 million, of which portions would be transferred to the operating expense, capital additions and debt service expenditures categories as needed. These transfers would enable Platte River to fully fund any above-budget expenditures.

Resolution

The board of directors of Platte River Power Authority therefore resolves that funds, not to exceed $5 million, be transferred from the budget contingency appropriation category in the 2023 Strategic Budget to the operating expense, capital additions and debt service expenditures categories based on final 2023 financial results.

AS WITNESS, I have executed my name as secretary and have affixed the corporate seal of the Platte River Power Authority this 7th day of December, 2023.

_____
Secretary

Adopted:
Vote:

Platte River Power Authority
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Memorandum

Date: 11/29/2023

To: Board of Directors

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

Subject: **2024 Strategic Budget review and adoption**

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

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

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

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

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

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

Amount favorable (unfavorable)	Operating expenses	Description
($1.2 M)	Operating expenses	• ($1.2 M) – Medical and dental costs expected to increase • ($0.1 M) – Operating wages for refinements to new hire assumptions • $0.1 M – Software decreased with refinements to GASB 96 *Subscription-Based Information Technology Arrangements* (GASB 96) assumptions on one additional contract now estimated to be funded by debt service expenditures below
($1.2 M)		Total increase in operating expenses

Amount favorable (unfavorable)	Debt service expenditures	Description
($0.1 M)	Debt service expenditures	• (0.1 M) – Subscription payments increased with refinements to GASB 96 assumptions on one additional contract
($0.1 M)		Total increase in debt service expenditures

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

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

Attachments

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

Platte River Power Authority

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2024 STRATEGIC BUDGET AT A GLANCE

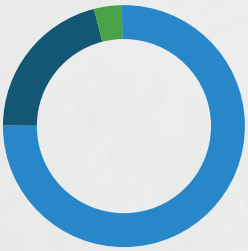
The Platte River Power Authority 2024 Strategic Budget, produced under the direction of the organization's leadership, aligns with the long-range strategic plan to provide community leaders, stakeholders and the public with a transparent roadmap of Platte River's tactical, operational and capital plans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

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

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

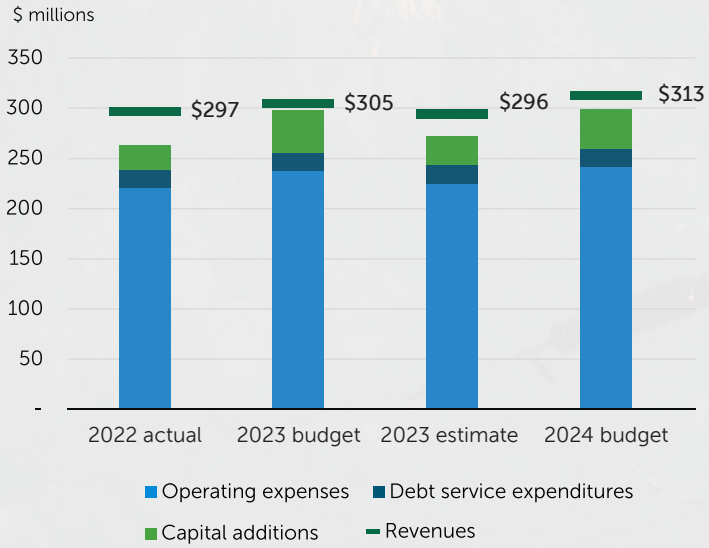
Platte River's budget includes $313 million in revenues and $300.6 million in expenditures, consisting of operating, capital and debt. Of the $281.9 million in operating expenses and capital additions, approximately 85% and 15% are allocated to activities supporting core operations and strategic initiatives,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

Revenues

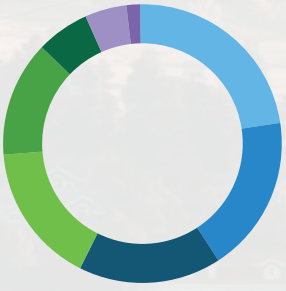


- Sales to owner communities **75%**
- Sales for resale and wheeling **21%**
- Interest and other income **4%**

Revenues and expenditures



Operating and capital additions



- Generation **23%**
- Fuel **18%**
- Contract renewables and hydro **17%**
- General business **16%**
- Transmission **13%**
- Other energy purchases **6%**
- Distributed energy resources **5%**
- Facilities **2%**

Strategic initiatives

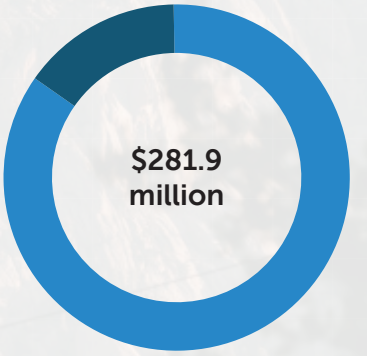
$42.1 million, 15% of operating and capital

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

Activities

- Aeroderivative combustion turbine design and air permitting
- Noncarbon resources infrastructure and planning
- Distributed energy resources, including disributed 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%**

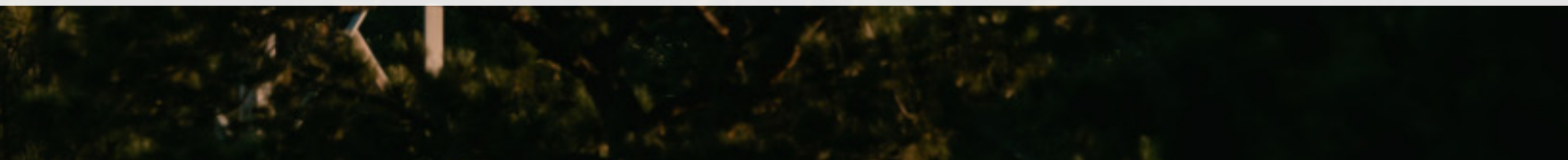
Core operations

$239.8 million, 85% of operating and capital

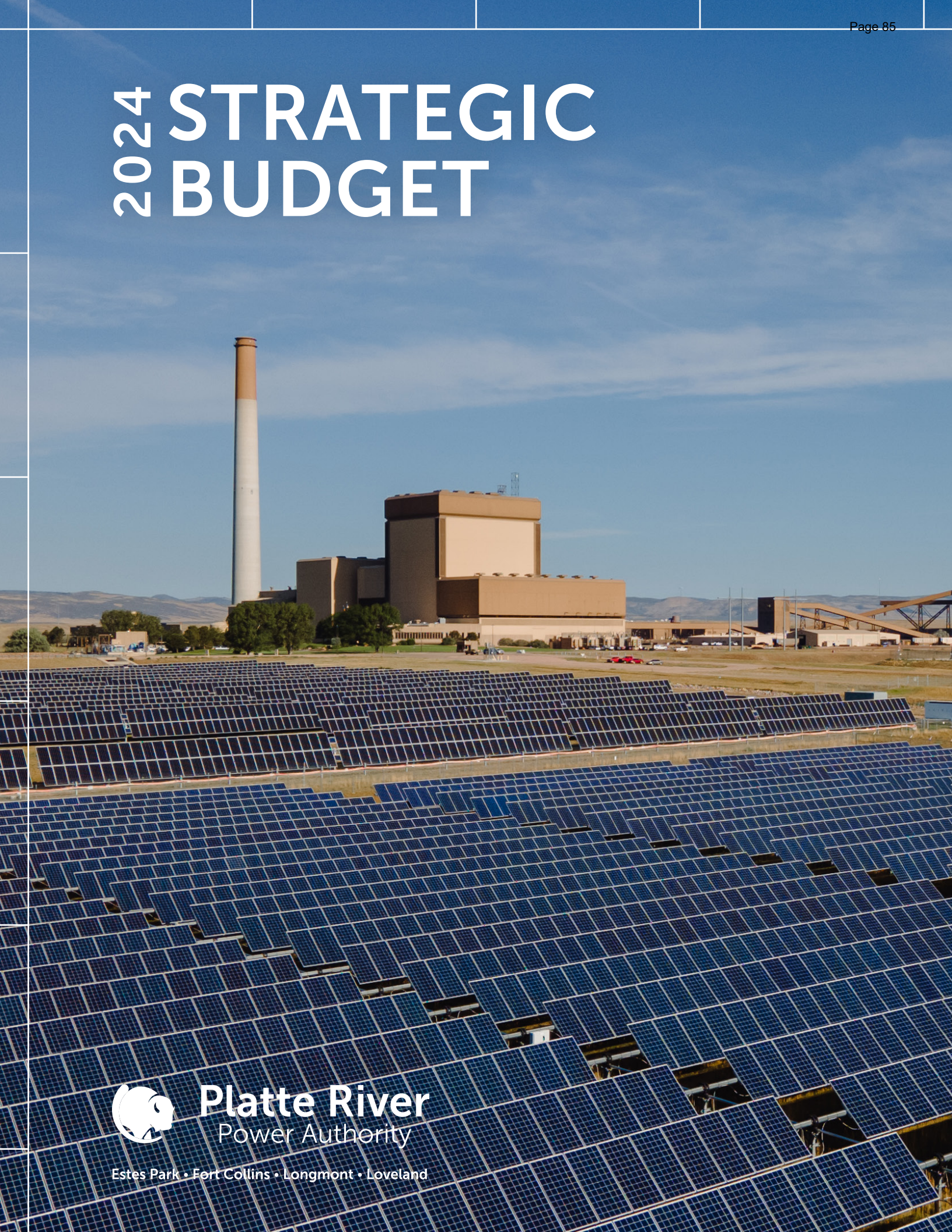
- Generation, including fuel, $130 million, 46%
- Energy purchases including wind, hydropower and solar energy, $63.8 million, 23%
- Transmission, $36 million, 12%
- Energy efficiency programs, $10 million, 4%

Activities

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



2024 STRATEGIC BUDGET



Platte River Power Authority

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LETTER FROM BOARD CHAIR AND GENERAL MANAGER/CEO

After more than 50 years of providing reliable, environmentally responsible and financially sustainable energy and services (the foundational pillars of the organization), Platte River Power Authority and our owner communities of Estes Park, Fort Collins, Longmont and Loveland continue to lead the energy transition in Northern Colorado. As challenges and opportunities arise on our path toward a noncarbon energy future, our organizations remain committed to each other and focused on the customers we serve.

The Resource Diversification Policy (RDP) adopted in 2018 continues to serve as our North Star. This 2024 Strategic Budget reflects the current investments needed to proactively decarbonize our portfolio while maintaining our foundational pillars and includes developing and expanding our workforce in the areas of legal, contracts, data analytics, settlements and trading as we transition to a more integrated organization. The budget also aligns with the updated strategic initiatives established by Platte River's Board of Directors and senior leadership team in 2023.

We plan more than $300.6 million in expenditures, with approximately 85% of operating and capital budgets allocated to core operations and 15% contributing to strategic initiatives. These investments reflect the accelerated integration of noncarbon resources and the installation of aeroderivative combustion turbines to support the increasing number of renewable energy facilities on Platte River's system.

The 2024 Strategic Budget includes tariff charges reflecting a budgeted 5% average wholesale rate increase. The increase is part of a multiyear strategy to minimize rate volatility in support of our continued trajectory as we journey toward a noncarbon energy future. As we move forward, we will continue to evaluate our rate strategy to maintain financial sustainability and work with Platte River's Board of Directors if adjustments are needed to fulfill the RDP.

Construction of the 150 megawatt (MW) Black Hollow Sun project continues in 2024 following numerous setbacks during the COVID-19 pandemic. We expect to sign a power purchase agreement (PPA) for our next solar and storage project in late 2023 or early 2024, increasing future renewable energy on our system. We are also moving forward with development of aeroderivative combustion turbines to help maintain system reliability while enabling deeper decarbonization as we wait for long-duration storage technology to mature and for distributed energy resources (DER) to be deployed in our owner communities and aggregated into a virtual power plant (VPP).

Developing and integrating DER in our owner communities is fundamental to our progress toward the RDP. Successful integration of DER will enable us to accurately forecast how DER operate. This will improve our ability to manage costs to serve load and leverage DER flexibility to provide energy and reliability services to the market.

In 2024, we will celebrate 10 years of the Efficiency Works™ program, a successful collaboration between the four owner communities and Platte River. Since 2014, Platte River and the owner communities have invested over $70 million in the Efficiency Works program, bringing cumulative energy savings of approximately 269,000 megawatt-hours (MWh), about 1% of Platte River's load, and cumulative demand reduction of 38 MW. In 2024, the Efficiency Works program will continue evolving into distributed energy solutions (DES) to support our joint DER efforts.

Platte River has operated in Southwest Power Pool (SPP) Western Energy Imbalance Service (WEIS) market since April 2023. In this time, we have observed reductions in capacity factors on our baseload facilities when renewable resource output in the market is high; conversely, we have seen volatile market pricing when loads are high and renewable output is low. These market conditions represent significant changes to our operations. This budget reflects the ongoing investments required to operate in this new environment. As we continue navigating WEIS, we are also preparing for entry into the SPP Regional Transmission Organization West (RTO West) in 2026.

In 2024, we will celebrate the 40th anniversary of the Rawhide Energy Station, which began with the commercial operation of Rawhide Unit 1 in 1984. Since startup, Rawhide Unit 1 has operated as a baseload unit, produced over 77 million MWh of energy with a lifetime capacity factor of 84% and has been recognized with numerous awards for operational and environmental performance. Going forward, the unit must operate more flexibly. Our team is successfully using plant modernization investments to maximize renewable energy during periods of high output and help buffer us from volatile market pricing during high loads and low renewable output.

With the unit's closure date planned for Dec. 31, 2029, we determined the next scheduled major maintenance outage can be moved from 2024 to 2025, reducing duration and costs of a future outage.

Despite challenges and setbacks, Platte River and our owner communities continue to work together toward the same goal. We are relentless and responsible in our pursuit of a noncarbon energy future. We will be transparent with our owner communities and their customers and will need their support and engagement to achieve our energy transition. With more than a half-century of experience as a community-owned, public power provider, we have a proven track record of success, and we can apply what we have learned as we move forward together in this new energy era.

Reuben Bergsten
Board chair

Jason Frisbie
General manager/CEO

PLATTE RIVER AT A GLANCE

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

Headquarters

Fort Collins, Colorado

General manager/CEO

Jason Frisbie

Began operations

1973

Staff 2024 budget

312

Transmission system

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

2024 peak demand of owner communities

713 MW

2024 deliveries of energy

4,773,982 MWh

2024 deliveries of energy to owner communities

3,314,141 MWh

2024 revenues

$313 million

2024 operating expenses

$242.7 million

2024 capital additions

$39.2 million

2024 debt service expenditures

$18.7 million

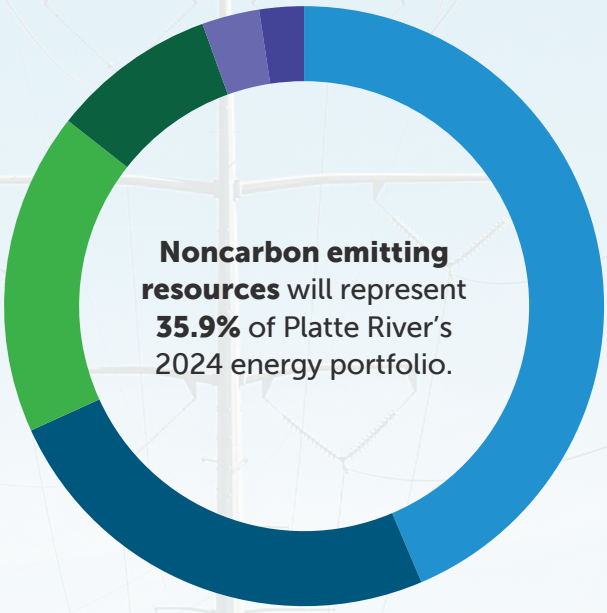
CAPACITY AND ENERGY

Resource capacity	MW	
Coal	431	
Natural gas	388	
Hydropower [1]	80	
Wind power [2][3]	303	67
Solar [2]	52	22
Total	**1,254**	**988**

(1) Hydropower capacity is estimated and may vary with drought conditions.

(2) For the effective load carrying capability (ELCC) calculation, wind facilities are assigned firm capacity of 22% of their nameplate capacity and solar facilities are assigned 42% of their nameplate capacity. Platte River is also using a 2 MWh battery charged by solar.

(3) 72 MW of wind is currently sold to other entities, 60 MW of which will return to Platte River in 2030.



2024 system total

- Coal **43.6%**
- Wind **24.6%**
- Other purchases **17.4%**
- Hydropower **8.9%**
- Natural gas **3.1%**
- Solar **2.4%**

Includes renewable energy certificate (REC) allocations to carbon resources.

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

VISION, MISSION AND VALUES

VISION

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

MISSION

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

VALUES

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

SAFETY

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

INNOVATION

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

INTEGRITY

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

OPERATIONAL EXCELLENCE

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

RESPECT

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

SUSTAINABILITY

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

SERVICE

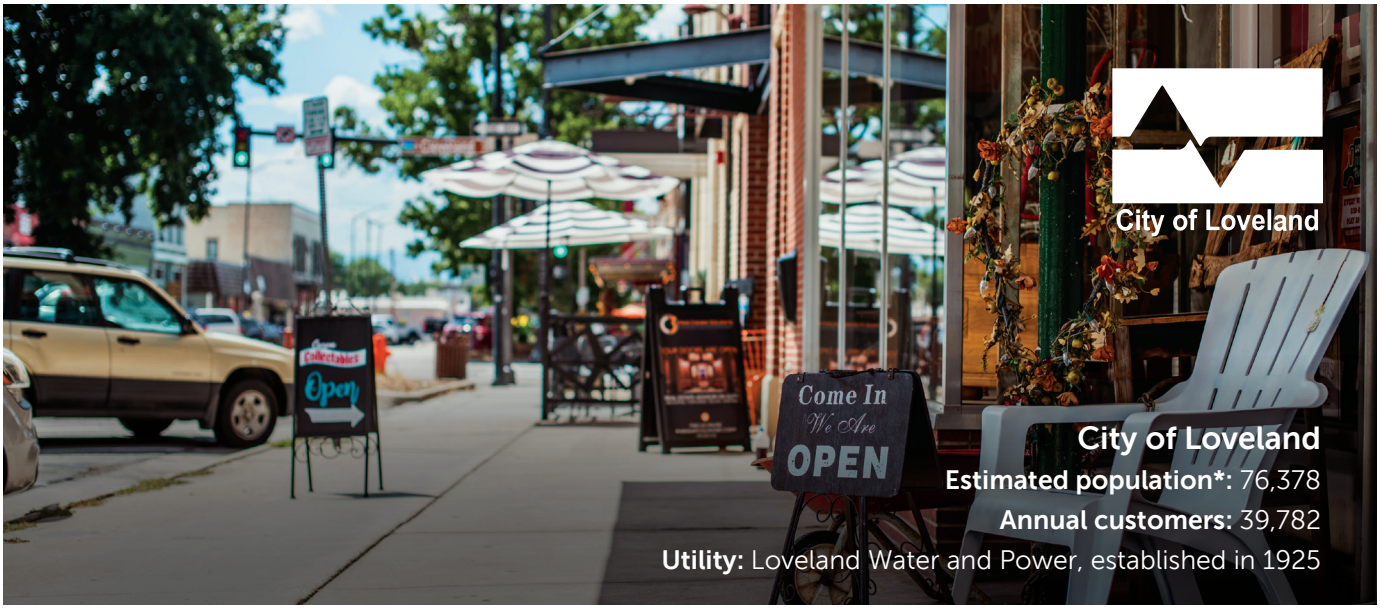
As a respected leader and responsible energy partner, we will empower our employees to provide energy and superior services to our owner communities.

OUR COMMUNITIES

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

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

City of Fort Collins
Estimated population*: 169,810
Annual customers: 78,450
Utility: Fort Collins Utilities, established in 1938



City of Loveland
Estimated population*: 76,378
Annual customers: 39,782
Utility: Loveland Water and Power, established in 1925

BOARD OF DIRECTORS

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

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

Wendy Koenig
Mayor
Town of Estes Park

Reuben Bergsten
Board chair
Director of utilities
Town of Estes Park

Jeni Arndt
Mayor
City of Fort Collins

Kendall Minor
Utilities executive director
City of Fort Collins

Joan Peck
Mayor
City of Longmont

David Hornbacher
Assistant city manager
City of Longmont

Jacki Marsh
Mayor
City of Loveland

Kevin Gertig
Vice chair
Director of Loveland Water and Power
City of Loveland

SENIOR LEADERSHIP TEAM

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

Jason Frisbie
General manager/CEO

Eddie Gutiérrez
Chief strategy officer

Sarah Leonard
General counsel

Raj Singam Setti
Chief transition and integration officer

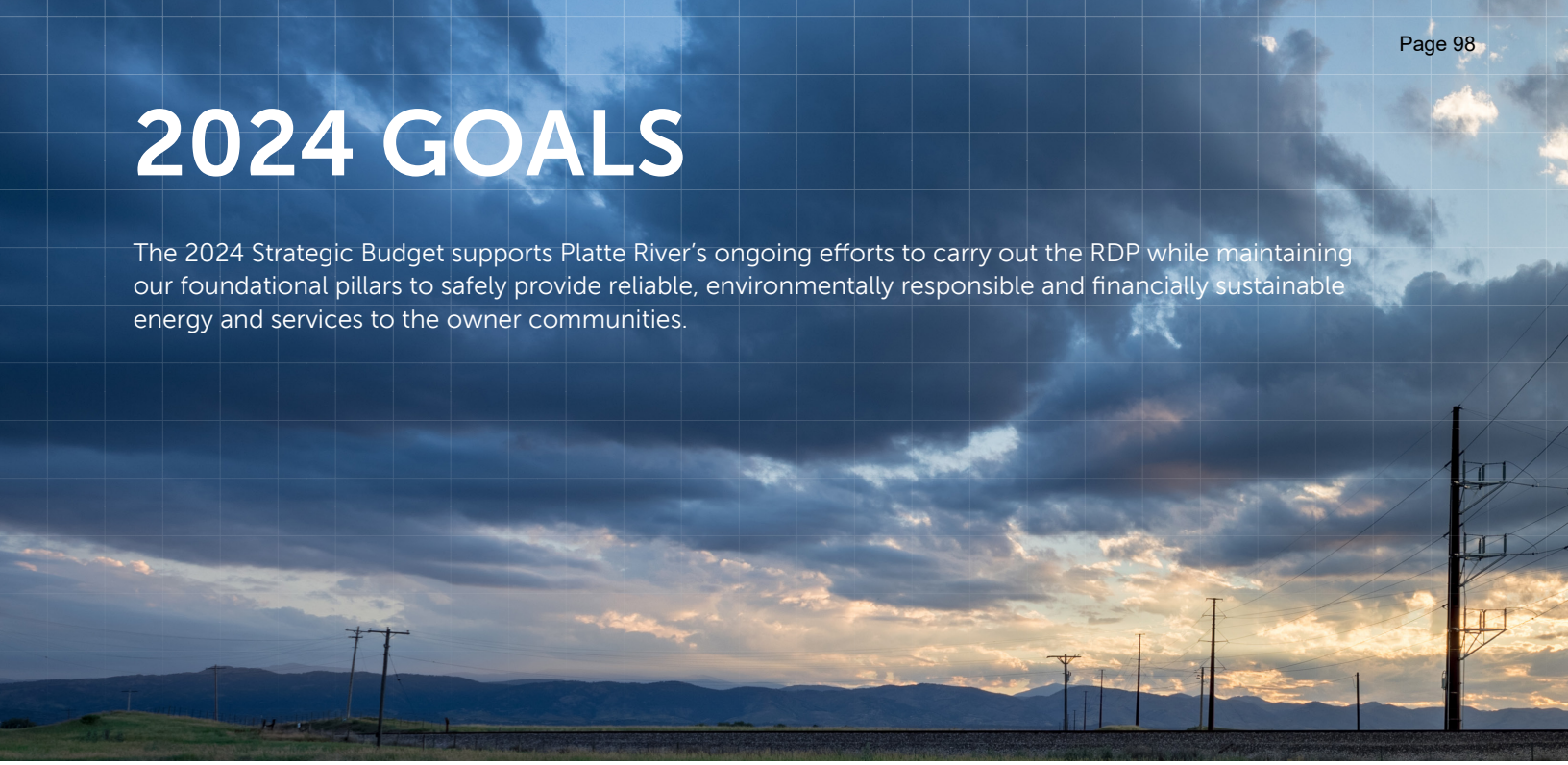
Dave Smalley
Chief financial officer and deputy general manager

Melie Vincent
Chief operating officer

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

2024 GOALS

The 2024 Strategic Budget supports Platte River's ongoing efforts to carry out the RDP while maintaining our foundational pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities.



Reliability

100%

No loss of load to Platte River's owner communities

Transmission

≥ 97%

Adjusted equivalent availability factor, no controllable outages

Rawhide Unit 1

0

No unplanned communication outages to Platte River's owner communities

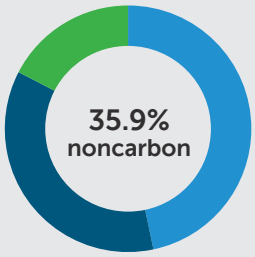
Fiber communications

≥ 90%

Delivery reliability

Rawhide combustion turbines

Environmental responsibility



- Carbon **46.7%**
- Noncarbon **35.9%**
- Other purchases **17.4%**

Includes REC allocations to carbon resources.

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

System total

18,016 MWh

0.5% of Platte River's load

The Efficiency Works energy savings goal to **reduce Platte River's load**

Energy savings from completed projects

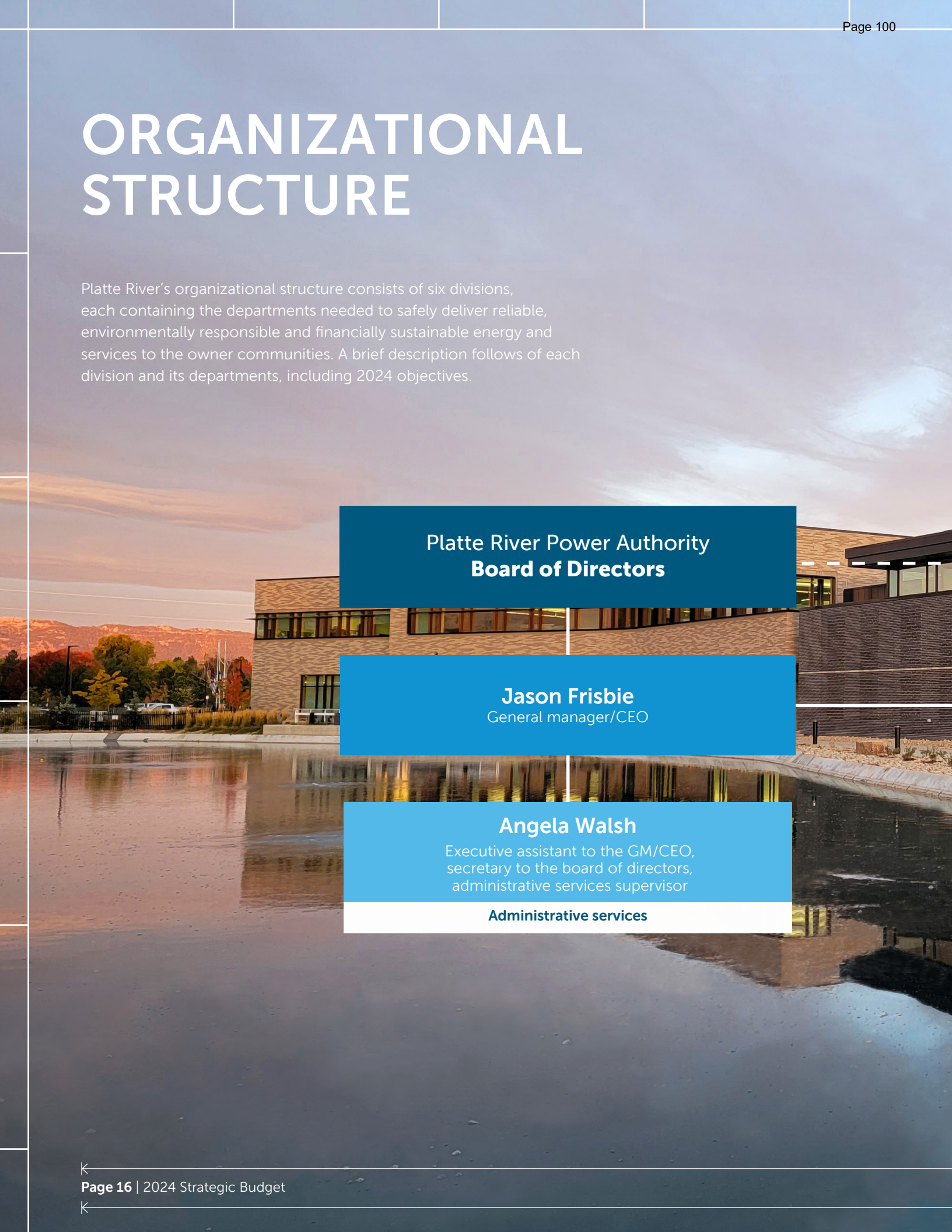
Financial sustainability

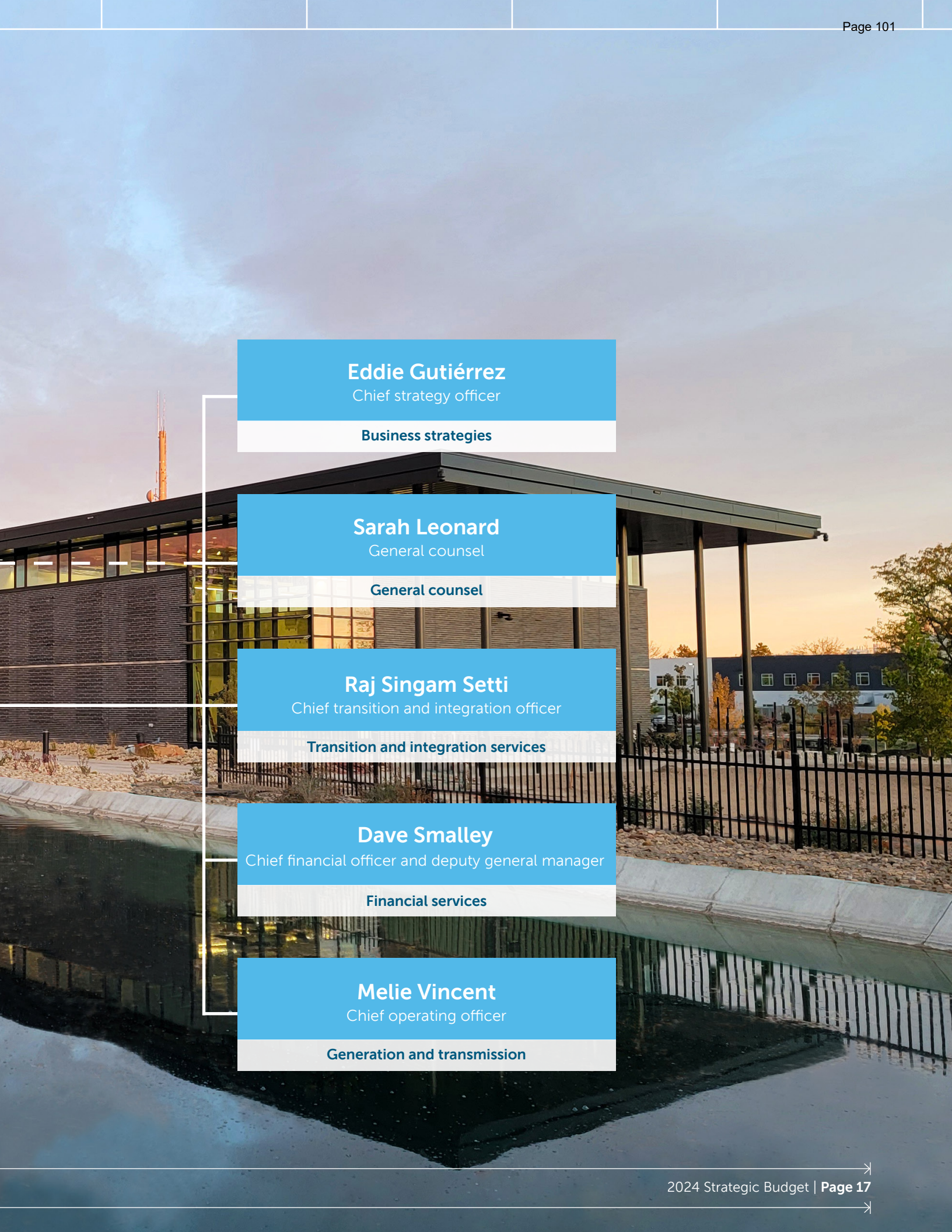
Credit rating				
AA	**1.89x**	**3%**	**23%**	**443**
	Fixed obligation charge coverage ratio	Change in net position as a percentage of annual operating expenses	Adjusted debt ratio	Days adjusted liquidity on hand
	Target minimum 1.50x	**Target minimum** 3%	**Target minimum** Less than 50%	**Target minimum** 200

2024 strategic financial plan (SFP) metrics

ORGANIZATIONAL STRUCTURE

Platte River's organizational structure consists of six divisions, each containing the departments needed to safely deliver reliable, environmentally responsible and financially sustainable energy and services to the owner communities. A brief description follows of each division and its departments, including 2024 objectives.





Eddie Gutiérrez
Chief strategy officer

Business strategies

Sarah Leonard
General counsel

General counsel

Raj Singam Setti
Chief transition and integration officer

Transition and integration services

Dave Smalley
Chief financial officer and deputy general manager

Financial services

Melie Vincent
Chief operating officer

Generation and transmission

General manager/CEO

The general manager provides strategic leadership and direction for the safe, ethical and effective operation of Platte River. The general manager consults with, advises and makes recommendations to the board of directors about Platte River's strategic direction and operations, based on Platte River's foundational pillars of system reliability, environmental responsibility and financial sustainability. The general manager also provides oversight and direction for the board secretary and all centralized business and office management functions.

In addition to ongoing operational oversight in 2024, the general manager will continue leading efforts to diversify Platte River's energy mix and achieve the board's and owner communities' electricity generation carbon reduction goals. Platte River will work with utility leaders from the owner communities to welcome DER and facilitate a distributed energy resources management system (DERMS) and further integrate the transmission and distribution systems. The general manager will lead essential collaborative efforts between Platte River and the owner communities.

Business strategies

In collaboration with the owner communities, this division manages relationships critical to Platte River's success, including those with staff, elected officials, owner communities, stakeholders and the public.

Communications, marketing and external affairs develops and executes tactical and strategic plans to support Platte River's mission and provide information about the utility to staff, board of directors, stakeholders and the public. The department specifically manages internal and external communications, public relations, marketing, community engagement and support, legislative policies and government affairs to support Platte River, Efficiency Works and other specialized programs like DER. During 2024, the department will deploy significant outreach and communications programs to support the new strategic initiatives that emphasize greater engagement and collaboration with owner communities to collectively pursue a noncarbon energy future. Other focus areas include facilitating community engagement around Platte River's 2024 Integrated Resource Plan (IRP) and permitting of aeroderivative combustion turbines; commemorating Rawhide Energy Station's 40th anniversary of operations; influencing public policy outcomes at the local, regional and statewide levels; and supporting regulatory processes for key projects. The department will also support growth in DER and DES programs.

Human resources proactively partners with internal operating departments to address strategic personnel opportunities in support of Platte River's strategic initiatives. The department focuses on attracting, developing and retaining talent for the organization. Human resources manages and focuses on minimizing controllable health care costs and risks while maintaining attractive and competitive staff benefits. In 2024, the department will focus on continuous process improvement of the overall total rewards strategy and program and support efforts toward the transition plan for Rawhide staff. Human resources will also refine and implement additional functionality within the human resources information system

while documenting processes and identifying more efficient ways to support the organization as it seeks to achieve the RDP.

Safety supports Platte River's core value of workforce, public and asset safety by administering and managing policies that leverage workforce training, education and safety culture development. The department will facilitate planned training for all staff and specialized groups in 2024 and track safety certifications required for designated roles. The department will also conduct annual occupational health testing, evaluate and acquire personal protective equipment and systems and provide issue-specific safety training through traditional and multimedia channels and by using third-party subject matter experts.

The **emergency response team,** certified by the state of Colorado, protects staff and infrastructure at the Rawhide Energy Station and provides mutual aid assistance to the owner communities, the Nunn Fire Protection District and the Wellington Fire Protection District. In 2024, the team will conduct 10 training events and perform required annual system testing and inspection in accordance with National Fire Protection Association standards.

General counsel

The general counsel division oversees Platte River's legal, environmental compliance and reliability compliance functions.

Legal provides a broad range of services to support all Platte River operations and strategic initiatives. Services include managing complex transactions, legal and regulatory compliance, support and advice to senior leadership and the board of directors, risk management and dispute resolution, contract management and review, and support for human resources and real estate matters. The legal department also supervises relationships with retained counsel who assist in specialized areas such as water law, public finance, pension and Federal Energy Regulatory Commission (FERC) regulations. In 2024, the legal department will emphasize efforts to expand noncarbon energy resources; advise on the legal implications of legislative and regulatory changes; continue to modernize contracting processes and documents; support Platte River as a participant in the Chimney Hollow Reservoir construction project; continue to improve information governance and privacy practices; and help train staff on legal and compliance obligations. Legal will continue to develop the framework for future participation in RTO West. The legal department will also work with outside counsel in legal proceedings to protect Platte River's interests, as appropriate.

Environmental compliance oversees Platte River's adherence to federal, state and local environmental regulatory requirements governing Platte River's operations. The department's primary activities include obtaining and managing compliance with various permits; reporting key operational data to local, federal and state regulatory agencies; monitoring emissions; managing environmental projects; assessing emerging regulatory changes; and collaborating with trade groups and other utilities on environmental topics. The department's focus in 2024 will be to support activities that advance the RDP by finalizing permitting of aeroderivative combustion turbines and to implement programs that comply with new federal and state requirements related to groundwater protection, which include regular field sampling, groundwater modeling and evaluation of mitigation options. The department will

also manage necessary environmental permitting in compliance with new or revised regional ozone nonattainment and greenhouse gas regulations.

Reliability compliance provides oversight and guidance for all North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) reliability obligations enforceable under the Energy Policy Act of 2005. Activities include compliance risk analysis and monitoring as well as compliance implementation guidance and support. In addition to providing reasonable assurance to senior leadership that Platte River meets all NERC and WECC regulatory compliance obligations, the department will continue to develop and implement a risk assessment and internal controls framework in 2024. This framework enables Platte River to demonstrate effective risk mitigation practices to WECC staff ahead of Platte River's next formal audit, as well as completing an outside compliance audit conducted by WECC.

Transition and integration services

The transition and integration services division drives Platte River's evolution toward a noncarbon energy future and focuses on energy transition leadership.

Portfolio strategy and integration

Portfolio strategy and integration develops near- and long-term power supply plans that drive strategies to achieve the RDP. These plans are developed with industry standard modeling tools and analytical methods and form the basis of the IRP, budgeting and wholesale rate projections. The department also provides analytical support for power transactions, DER integration, short-term operational optimization and WEIS analysis. During 2024, the department will complete and file the 2024 IRP, support stakeholder engagement for aeroderivative combustion turbine and other dispatchable capacity justification, refine a new resource integration schedule, continue assessment of innovative power generation and storage technologies and lead procurement of future PPAs for additional noncarbon resources as well as pursue opportunities for revenue generation through sales agreements.

Distributed energy resources

DER leads the coordinated and collaborative effort between Platte River and the owner communities to integrate DER to make them part of a reliable, financially sustainable and increasingly noncarbon electric system. In 2024, the department will collaborate with the chosen DERMS vendor to begin implementation, which is central to the integration of DER into Platte River's and the owner communities' electric systems by providing visibility into DER availability, aggregation and potential control. The department will also lead the distributed utility storage project, co-lead the development and implementation of flexible DER programs with the DES team, and support the completion of the 2024 IRP.

Distributed energy solutions

DES leads the development and implementation of customer DES, which provide technical and financial support to help customers use energy more wisely and better manage their electric loads. The department collaborates with owner community staff to provide DES to their customers under the Efficiency Works brand in addition to supporting the customer wind power purchase programs and associated REC tracking for the communities. In 2024, the department will continue expanding beyond energy efficiency program offerings to encourage the deployment of additional DER technologies in support of the RDP. The department will continue offering efficiency programs to residents and businesses and also plans to impact annual energy use and consumption through new DES offerings focused on building electrification, electric vehicle (EV) charging, demand flexibility and battery storage initiatives. These new offerings are anticipated to grow in future years to align with Platte River and owner community goals.

Digital

The digital department, composed of eight functional groups, enables a secure and reliable technology ecosystem by leading Platte River's digital transformation with innovative strategies and solutions.

Information and cyber governance develops cybersecurity strategy and manages the cyber risk remediation program. The group designs and implements the asset management program and provides information governance support to the organization, making data and information available, reliable, secure and transparent. The group researches technical security controls, manages security systems, provides cybersecurity education for the organization and oversees the vulnerability management program.

Client technology and security manages end-user computing devices and applications, including laptops and desktops, special-purpose computers, non-enterprise software, audio and video systems, building support systems, printers, mobile devices and more. The group is responsible for client-facing system administration and mobile device management via on-premise and cloud tools. The team collaborates with others to supply project resources, provides access services for market resources (local security administration), coordinates digital communications and remediates security vulnerabilities on client devices.

Enterprise applications manages the lifecycle of all enterprise applications, including data center and cloud-based applications used across the enterprise or by a large part of the user community. Examples include the financial, maintenance management and human resources information systems. Activities include supporting other departments with applications-related business need analysis, requirements gathering, product research, vendor evaluations, project planning, contractor management and ongoing maintenance.

Enterprise infrastructure manages the backend systems used by other departments to deliver services to end users. The group designs, implements and manages the wired and wireless enterprise networks, firewalls, servers, virtualization systems, storage systems and backup and recovery solutions.

Operational technology and critical infrastructure protection (CIP) compliance maintains the reliability, security and compliance of the regulated control systems that monitor 263 miles of wholly owned and operated high-voltage transmission lines and 27 electrical substations on Platte River's system. The group provides transmission system asset control, situational awareness, advanced applications and operations data exchange with critical partners while overseeing compliance with NERC regulations.

Fiber optics manages the network that provides high-speed, digital connectivity between Platte River's generating assets, its transmission system and the owner communities' distribution systems. Primary activities include maintenance, management and documentation of the physical fiber optic infrastructure and installation of new and relocation of existing fiber optic cable.

Telecommunications maintains the safe, reliable and secure operations of Platte River's wide-area communications network, a critical component to the transmission system's operation and communication with interconnected utilities.

Digital project management maintains the digital project portfolio and works with various digital leaders as well as other departments to perform project intake and assist in creating project documents. This new functional group represents an important step in the evolution of project portfolio management at Platte River as the organization works toward best practices in planning, prioritization and execution of projects.

During 2024, the digital department will initiate and manage multiple projects central to Platte River's operations and long-term objectives. A partial scope of projects includes:

- Replacement of the supervisory control and data acquisition (SCADA) system with an energy management system (EMS)
- Ongoing support and implementation of a compliance management platform, needed to comply with NERC regulatory standards
- Initiation of phase two of the rebuild project for the long-haul east fiber optic line, a 20-year-old overhead cable, that will add capacity between Boyd Substation and Longs Peak Substation
- Implementation and configuration of the enterprise resource planning (ERP) system
- Data archiving to identify, clean and migrate data for business units as they prepare for the ERP system implementation
- Selection and initial implementation of a DERMS
- Support of the implementation and integration of systems required for eventual operation in RTO West
- Data science and analytics projects to support the RDP

Financial services

As a service-providing division, financial services protects the short- and long-term financial sustainability of Platte River, manages the financial risk of the organization and supports organizational leadership through the following functions.

Treasury manages Platte River's cash, investments and debt to verify the organization has sufficient financial resources to fund projects and initiatives while meeting the organization's financial targets. Treasury includes Platte River's accounts payable, purchasing, warehousing, inventory control and contract administration functions.

Financial reporting and budgeting monitors and reports on Platte River's financial status. This includes budget development as well as monthly and annual financial reporting, giving managers, directors, senior leaders and the board of directors the tools and information they need to make informed decisions. This team also coordinates Platte River's annual financial audit and leads the budget process in compliance with Colorado state budget law.

Accounting manages the transactional side of accounting including capital, fuel, metering, market settlements and invoicing for the organization. This team also provides reporting to managers, directors and senior leaders to make informed decisions in these areas. This team also assists with coordinating the annual financial audit and budget preparation.

Financial planning and rates develops financial and rates models and establishes metrics for financial sustainability. This team is responsible for long-term financial planning using established models and works closely with the resource planning department. In collaboration with senior leadership and the board of directors, this team establishes rate strategy and design, maintains the rate setting policy and establishes rate tariffs.

Enterprise risk management coordinates risk management activities at Platte River. These activities include overseeing the risk assessment and mitigation process, working with risk owners in the organization and reporting to the risk oversight committee. The manager works with internal audit, other departments and the risk oversight committee to develop, support and maintain the enterprise and energy risk management programs.

Internal audit provides independent, objective assurance and consulting services. This includes assessing risks to organizational objectives, confirming asset protection and analyzing processes for compliance with regulations, policies and procedures. Internal audit helps management understand risks and provides recommendations to help enhance the efficiency and effectiveness of risk management, internal control and governance processes.

During 2024, the financial services division will participate in the implementation of the ERP system and support preparations for RTO West entry. The financial planning and rates team will also analyze varying cost allocations, rate designs and strategies for DER initiatives and support completion of the 2024 IRP. The risk team will provide training and educational risk sessions to the organization and continue to expand the enterprise risk management program by working through the results of the risk assessment performed in 2023.

Generation and transmission

The generation and transmission division manages the core functions of Platte River – the generation of power and the delivery of high-voltage electricity to substations in the owner communities. This division is composed of several departments and groups that collaborate to fulfill Platte River's core operations and strategic direction.

Fuels and water

Fuels and water manages the availability and delivery of critical resources necessary to operate generation facilities reliably and efficiently. Primary activities include managing contracts, developing strategies to optimize coal and rail agreements, maintaining a reliable water supply and accurately planning for future fuels and water needs. In 2024, the fuels and water group will continue to support the Chimney Hollow Reservoir construction project while optimizing Platte River's water resources portfolio, engage in regional water discussions and continue strategic planning efforts at the Trapper Mine to optimize coal inventory levels at the Craig Generating Station. An additional focus will be strategic management of coal deliveries for Rawhide Unit 1 to align with projected burn rates.

Power generation

The power generation departments perform every job associated with the generation of electricity at the Rawhide Energy Station. These departments manage plant operation and maintenance, fuel handling, control systems, design and engineering, and building and property maintenance.

Power generation administration oversees power generation, plant operations, maintenance, engineering, fuel handling and facilities maintenance at the Rawhide Energy Station. The group also participates on the engineering and operations committee of the Craig Generating Station. 2024 efforts will include further adapting the Rawhide Energy Station to changing market conditions driven primarily by increased use of intermittent resources and participation in WEIS. The team will continue work on a transition plan for Rawhide staff and a decommissioning plan for Rawhide Unit 1.

Plant engineering services supports operations and maintenance activities for all Rawhide Energy Station infrastructure related to power generation. Primary functions include troubleshooting process issues, inspection and assessment of major plant equipment during outages, maintenance assistance and identification and implementation of capital projects. During 2024, the department will continue to make reliability and availability improvements to the combustion turbines and enhance flexibility of Rawhide Unit 1 to more effectively meet evolving market demands and accommodate increased noncarbon resources.

Mechanical maintenance conducts safe and effective maintenance of all mechanical equipment and systems at the Rawhide Energy Station. The group plans and executes all outages and collaborates with engineering for the planning and execution of capital projects. Efforts in 2024 include scheduled inspections of combustion turbine units F and C. The group will also conduct ongoing Rawhide Unit 1 mechanical maintenance.

Instrumentation and electrical conducts safe and effective maintenance of all low- and medium-voltage electrical equipment, instrumentation and control systems at the Rawhide Energy Station. The group performs troubleshooting and repair services for Rawhide Unit 1 and all combustion turbines. During 2024, the group will perform preventive maintenance and prioritize corrective action to maintain generation reliability.

Fuel handling manages the coal supply to Rawhide Unit 1. The department is responsible for operating the rotary car dumping system, suppressing dust in all plant areas, maintaining the Rawhide short-line railroad system and managing fly and bottom ash from Rawhide Unit 1. Significant objectives for 2024 include maintaining an adequate coal supply, efficiently transferring ash from the plant to the monofill in compliance with regulatory requirements and sustaining effective dust suppression throughout the facility.

Plant operations manages and maintains all systems and components of Rawhide Unit 1 and the combustion turbines to maintain reliable generation that meets load demand and other obligations. In addition, the department supports operations of the water pump stations that serve the Rawhide Energy Station. The group will work in 2024 to support Rawhide Unit 1's high reliability with greater operational flexibility, including enhanced ramp rate and turndown.

Rawhide facilities maintains all buildings and structures, roofing, roads, heating, ventilation and air conditioning (HVAC) systems, lighting, plumbing, elevators, doors, windows and floors for all 48 buildings at the Rawhide Energy Station. The group also manages the bison herds and maintains the grounds including landscaping, rangeland management, weed and pest control and fencing. During 2024, the group will conduct standard maintenance activities.

Power markets

Power markets and generation dispatch schedules and dispatches generating resources to reliably meet energy requirements of the owner communities and other obligations. The department optimizes available resources using bilateral and an organized energy market to create the most cost-effective and reliable supply of energy to meet customer demand. In 2024, staff will begin preparations to join RTO West in support of Platte River's strategic initiatives and the RDP. The department will also manage available resources, including hydropower energy allocations from the Western Area Power Administration (WAPA), while considering ongoing drought conditions, and monitoring the development of new noncarbon resources under PPAs.

Power delivery

Power delivery manages the complex, long-term planning and real-time demands of Platte River's high-voltage transmission system to deliver energy to the owner communities. Staff leverages various tools to continually monitor thousands of system components yielding maximum performance and energy channeling efficiency. Large amounts of data and long-range plans are used to design and build transmission systems to meet future customer demand and optimize participation in WEIS and RTO West. Power delivery will be a critical component in future work to better integrate Platte River's transmission system with the distribution systems of the owner communities.

System engineering conducts long-range system planning, designs safe, reliable and financially sustainable transmission lines and substations along with system relaying protection and supports compliance-related activities. The department also provides engineering services under intergovernmental agreements with the owner communities,

when requested. In 2024, the team will provide engineering and project management support to complete construction and commissioning of the new Severance Substation, located in Weld County, that will interconnect the Black Hollow Sun Project to the existing transmission system. The team will also provide engineering support and project management for replacement of an autotransformer located at the Timberline Substation and a breaker replacement and relay upgrade project at the Airport Substation.

System operations safely and reliably operates Platte River's transmission system service to the owner communities and administers the transmission tariff. The department conducts coordinated transmission operations with neighboring reliability operators while complying with all required NERC and WECC reliability standards and in accordance with Platte River's processes and procedures. During 2024, the group will continue to implement new energy management system technologies to maintain safe and reliable transmission service when operating within the western interconnection, WEIS and as DER are incorporated.

System maintenance and facilities

System maintenance is responsible for building and maintaining electrical substation assets including those wholly owned by Platte River and some assets owned by the distribution utilities of the owner communities. The department also inspects and maintains Platte River's 230 kilovolt (kV) and 115 kV transmission lines. Collaborating with internal and external groups, the department manages equipment installations and inspections for capital projects, provides ongoing maintenance and conducts testing of substation equipment. During 2024, the group will perform transformer maintenance, battery maintenance and testing and substation breaker maintenance at Platte River substations. The team will perform ongoing systemwide vegetation management and will oversee contracted maintenance on the transmission system. The department will also work with the system engineering department to complete upgrades and improvements to substations, Severance Substation construction and transmission line configuration changes for highway construction.

Headquarters facilities is responsible for all building and grounds maintenance and repairs at the headquarters campus and substations. The group oversees maintenance activities so that spaces, structures and infrastructure are in optimal operating condition. They oversee and perform routine, scheduled, and anticipated maintenance on building equipment and systems that support the bulk electric system. Facilities also oversees grounds maintenance at 27 sites around the four owner communities. During 2024, the team will complete substation HVAC unit replacements at the Portner and Mary's Lake substations, install a system that takes stormwater drainage from the west side of the maintenance building and ties it into the underground storm water system, and evaluate adding more solar to the Energy Engagement Center roof structure to provide enough generation to incorporate a commercial-size battery system. The group will also continue optimizing the building automation system to maximize efficiencies and energy savings.

Physical security designs, implements and maintains the physical access control systems, administers intrusion detection systems at substations, manages video surveillance systems, oversees security guard services, reviews security policies and procedures for all Platte River locations and oversees multiple critical infrastructure protection standards relating to

physical security controls. In addition to ongoing operations in 2024, the group will install perimeter detection systems on the LaPorte and Severance substations and provide compliance evidence for the 2024 WECC audit of CIP physical security standards.

Fleet is responsible for purchasing and maintaining all Platte River vehicles. The group also maintains records and performs inspections as required by the Department of Transportation program.

2024 STRATEGIC BUDGET SUMMARY

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

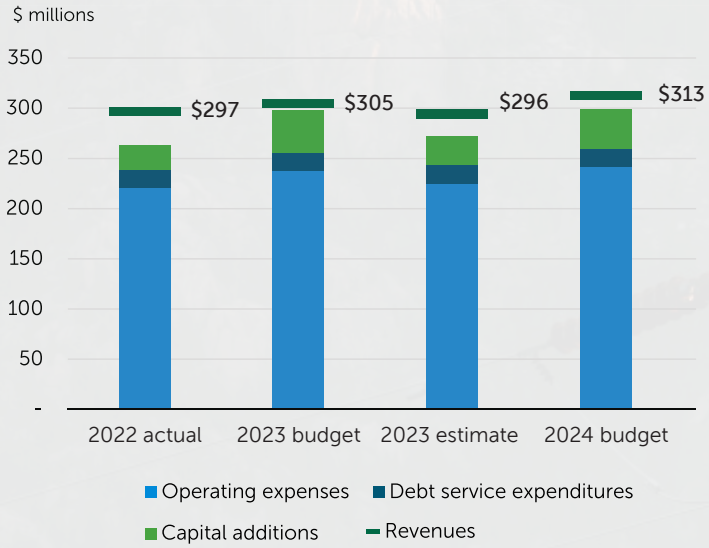
The foundation for Platte River's 2024 budget represents ongoing investments to transform the organization based on its strategic initiatives and core operations. These reflect Platte River's foundational pillars of system reliability, environmental responsibility and financial sustainability. The pillars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

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

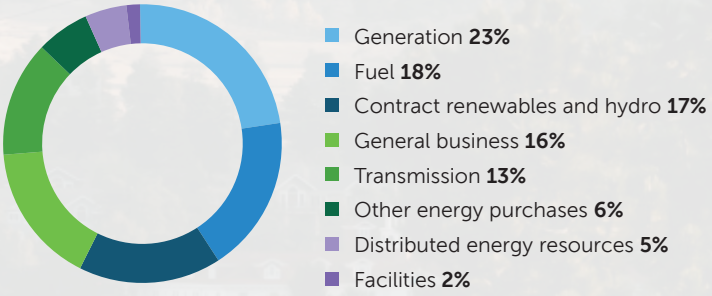
Platte River's budget includes $313 million in revenues and $300.6 million in expenditures, consisting of operating, capital and debt. Of the $281.9 million in operating expenses and capital additions, approximately 85% and 15% are allocated to activities supporting core operations and strategic initiatives,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

Revenues

Revenues and expenditures



Operating and capital additions



Strategic initiatives

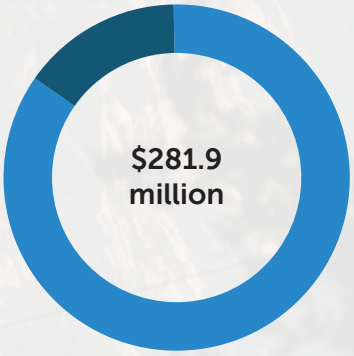
$42.1 million, 15% of operating and capital

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

Activities

- Aeroderivative combustion turbine design and air permitting
- Noncarbon resources infrastructure and planning
- DER, including DERMS, beneficial electrification and program development
- 2024 IRP development, RTO West planning and operational flexibility
- Public engagement for the RDP, IRP, DER and DES programs
- Workforce evolution and development
- ERP, enterprise risk management and project management

Operating expenses and capital additions



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

Core operations

$239.8 million, 85% of operating and capital

- Generation, including fuel, $130 million, 46%
- Energy purchases including wind, hydropower and solar energy, $63.8 million, 23%
- Transmission, $36 million, 12%
- Energy efficiency programs, $10 million, 4%

Activities

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

STRATEGIC INITIATIVES

$42.1 million, 15% of operating and capital

Platte River remains committed to working toward the RDP adopted in 2018, which calls for a 100% noncarbon energy mix by 2030, while maintaining the organization's foundational pillars of reliability, environmental responsibility and financial sustainability. According to the policy, achieving a 100% noncarbon energy mix requires key advancements in energy storage technology, transmission infrastructure, distributed generation resource performance and active participation in an organized energy market. Additional information is available at prpa.org/2030-goal.

As Platte River celebrated half a century of public power in 2023, management and staff collaborated with the board of directors to develop a new strategic plan to reflect numerous industry changes since the 2018 Strategic Plan. Tied to Platte River's vision, mission and values, the 2023 Strategic Plan provides direction and guidance for the future and aligns activities throughout the organization with the following four strategic initiatives:

- Resource diversification planning and integration
- Community partner and engagement
- Workforce culture
- Process management and coordination

The following information highlights investments in 2024 that support each strategic initiative.

Resource diversification planning and integration

$28 million, 10%

Platte River's resource diversification planning and integration effort is an evolution of the 2018 resource diversification and alignment strategic initiative. With a focus on implementing a diverse resource portfolio that reliably and affordably serves Platte River's owner communities as coal-fired resources retire, this strategic initiative reflects the accelerated timeline of asset integration required to maintain the organization's foundational pillars during the region's energy transition and aligns with recommendations from ongoing resource planning efforts. This initiative also includes implementation of technological resources and data analytics to modernize the electric grid, optimization of assets for participation in an organized market and capturing opportunities as the industry continues to evolve.

Aeroderivative combustion turbines

The RDP directs Platte River to proactively work toward a 100% noncarbon portfolio by 2030, provided the organization can maintain its foundational pillars and subject to necessary key advancements. The 2020 IRP identified the need for significant wind and solar resources to achieve this goal. The IRP also called for a dispatchable resource to maintain system reliability

while other technologies, such as long-duration storage, develop and reach maturity. The need for this type of resource was confirmed and further refined in subsequent resource planning activities in 2022 and is planned to be included in the 2024 IRP.

In 2023, Platte River established a cross-functional team to evaluate dispatchable resource technology options and make recommendations to senior leadership. Supported by independent expert analysis, the recommended technology is flexible, high-efficiency, low-carbon aeroderivative combustion turbines. Aeroderivative combustion turbines will use natural gas as their primary fuel source initially but have the potential to use green hydrogen and other alternative fuels as the necessary technology and infrastructure develop. They also effectively support variable renewable resource integration because they can start up and ramp from zero to full output, and back down again, within minutes. They can provide critical reliability support to the grid, in some cases without consuming fuel, and help Platte River hedge ancillary services costs for decades to come. The team also made substantial progress on air permit modeling and preliminary design activities.

In 2024, Platte River will invest approximately $4.6 million of capital and $0.3 million of operating funds in this multiyear project. Activities in 2024 will include further project definition including capacity, detailed engineering design and submitting an air permit application. This resource should begin commercial operation in early 2028.

To support this dispatchable resource and other possible future resources, in 2024 Platte River will begin preliminary engineering and design of a $13.5 million multiyear project to expand the existing Rawhide Substation by 2027. In addition to foundations, equipment installation and modifications to existing structures, the project will include grading land at the site and additional perimeter fencing.

Noncarbon resources

Noncarbon resources are expected to represent 35.9% of Platte River's 2024 total energy production, which includes REC allocations to carbon resources. Staff is advancing the RDP by working to secure additional solar, wind and storage resources before Rawhide Unit 1 retires. The goal is to spread out necessary investments and resulting rate impact while gaining needed operational experience and helping the owner communities achieve interim carbon reduction goals.

In late 2022, Platte River finalized an amended PPA to purchase solar energy from the 150 MW Black Hollow Sun Project. The project is expected to produce test energy in late 2024 and begin commercial operation in early 2025. Platte River will invest the final $6.6 million of a total $13.1 million project cost to complete construction and commissioning of the new Severance Substation in Weld County that will interconnect the Black Hollow Sun Project to Platte River's transmission system. Staff will also work to develop systems to view and, when needed to maintain reliability, limit solar output. As a separate project pending the execution of the new purchase power agreement discussed below, Platte River will invest $1.5 million of a total $4.3 million multiyear project to install breakers, conduit, switches and other substation systems, as well as one mile of double-circuit transmission line, to create an additional interconnection bay at Severance Substation. Once complete in 2025, this

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

In 2024, staff will continue steps to integrate more renewable energy. The PPA for 100-150 MW of additional solar, which the interconnection discussed above will be used for, will be signed so that permitting and development can begin. Staff will also work to procure up to 200 MW of additional wind. Platte River's resource plans also call for a significant increase in storage to support decarbonization by aligning variable renewable energy generation with load. Having diverse storage types, durations and locations is important to improve their potential benefits. Until long-duration storage technology matures, Platte River will add short-term storage. For the next storage initiative, the DER department will coordinate with the owner communities on as many as five 5 MW, four-hour distribution-level storage projects placed across the region for a combined capacity of 100 MWh. Implementation will start in 2024 with a target commercial operation date of 2026. To support these storage resources, design for interconnection infrastructure in each owner community will begin in 2024 with construction occurring between 2025 and 2026 at a multiyear total investment of $3.8 million for all project locations. Staff also plans to issue an RFP for a utility-scale 25 MW four-hour battery system in late 2023.

As Platte River continues to decarbonize its resource portfolio, it will need new substation facilities and modifications to existing substations to connect new renewable resource sites to the transmission system and improve transmission system reliability. It will also need to build new transmission lines to maintain reliability and relieve transmission congestion. Platte River will oversee these projects and, beginning in 2024 with a combined $0.1 million investment, contract with external consulting services to support land rights, land acquisition efforts and permitting requirements. Specific project details will depend on new renewable resource types and locations. These multiyear substation projects are estimated to cost a total of $10.1 million, with targeted completion in the fall of 2027, and multiyear transmission projects, estimated at $50.3 million total, should conclude in summer 2028.

Distributed energy resources and solutions

DER are technologies deployed on the electric distribution system or on customer premises that can be used to provide individual customer benefits and value to all customers through electric system optimization. When deployed, DER enable individual customers to actively participate in and benefit from a reliable, financially sustainable increasingly noncarbon electric system. DER technologies include energy efficiency, EVs, energy storage, beneficial electrification and rooftop solar.

Investing $3.3 million of operating funds in 2024, Platte River will work collaboratively with the owner communities to advance the following initiatives and impact an estimated 696 MWh:

- Technical and financial support for residential customers seeking to reduce the carbon impact of home space and water heating by converting from fossil fuel to efficient heat pump technology

- Information to support customers interested in transitioning to EVs through the EV educational website and new consulting services to support commercial customers evaluating fleet conversion to EVs
- Development of demand flexibility solution pilots for EVs and storage that can integrate with the DERMS described below
- Equitable program solutions to the owner communities and their customers
- Engagement and collaboration with other utilities and organizations that are developing and demonstrating effective approaches to integrate DER into customer DES program offerings
- Identification and evaluation of other new technologies that can provide additional benefits to customers and the electric system

Additionally, Platte River and the owner communities are working together on new programs that support development of a VPP. A VPP is a portfolio of flexible DER capable of being operated, on a scheduled basis or in near-real time, to manage the electric supply-demand balance. A VPP could allow customers to save money by shifting energy consumption from times when prices are high to times when prices are low and to be compensated by providing reliability services to the system.

Enabling a VPP requires significant upgrades to Platte River's and the owner communities' information technology and operations technology systems. A VPP needs additional systems for reliable, near-real-time communication with customers' DER. In addition, Platte River will need to aggregate DER in a system that allows individual DER to operate predictably and reliably in coordination with Platte River's participation in a regional market. VPP operation also must be coordinated with the owner communities as they manage DER for distribution system benefits.

Many different information and operation technology systems are involved in this coordination, such as customer information systems, advanced metering infrastructure and advanced distribution management systems. However, the DERMS is the core. Platte River expects to select a DERMS vendor in 2023 that can meet these requirements. This DERMS could be extended to owner communities for their use or integrated with a DERMS of their choice. After selection, Platte River will invest approximately $2.5 million in 2024 to procure and begin implementing this $9.9 million total multiyear project with an expected completion date by 2027.

Integrated resource plan

2023 included robust community engagement efforts and resource planning, including studies of current energy resources and those that may be added to meet anticipated energy demand while achieving the RDP. Traditionally due every five years, Platte River will complete the 2024 IRP one year ahead of schedule so that at least two IRPs are completed before Rawhide Unit 1 retires. These plans must reflect the most up-to-date assumptions and consider latest technologies. During 2024, Platte River will invest $0.1 million in addition to extensive staff time to continue community engagement and finalize work on the 2024 IRP for board approval in the spring. The financial governance section has additional information about the IRP.

Organized energy markets

Platte River entered WEIS in April 2023, providing broader access to generation resources, enabling opportunities to improve operational efficiencies and seek out cost savings for the owner communities. In 2024, staff will continue managing day-to-day operations in WEIS to serve the owner communities' loads, economically and reliably dispatch available resources, and manage renewable generation resources.

As staff continues to navigate operating in WEIS, preparations to join RTO West will continue. A cross-functional team within Platte River and industry expert consultants will identify and develop requirements, training, business processes and systems needed for successful participation in this full, day-head market. Platte River will need new marketing software functionality to develop bids and offers and manage settlements in RTO West. In parallel, Platte River's finance, legal and transmission teams will collaborate to address transmission cost recovery in RTO West. The 2024 budget includes approximately $1.2 million towards these early efforts.

To optimize participation in organized energy markets, Rawhide staff will continue to test and operate Rawhide Energy Station resources under lower load conditions and identify opportunities for investments to improve performance, including operational flexibility and availability, and reduce maintenance expenses including outage costs.

Operational flexibility

Platte River's combustion turbines are increasingly important to the flexible integration of noncarbon resources, participation in WEIS and meeting peak energy demand. To increase energy output during summer months, the 2024 budget includes $1.5 million for the addition of evaporative cooling and wet compression technology for combustion turbine Unit F. This technology increases water vapor content of inlet air. The goals are to increase summer generating capacity, lower the heat rate, decrease fuel costs and reduce nitrogen oxide emissions.

Coal inventory optimization

Platte River will actively and strategically manage coal inventory at the Craig Generating Station, maintaining a gradual glidepath to zero inventory for Craig Unit 2 when it retires in 2028. Trapper Mine owners may buy and sell on-site coal among themselves to achieve inventory objectives while also supporting flexible operation at the station. Staff will also manage Rawhide coal inventory according to operational needs and contract compliance, adjusting as needed, with the goal of reaching zero inventory when Rawhide Unit 1 retires.

Chimney Hollow Reservoir

Platte River will continue to collaborate with its partners through the construction of Chimney Hollow Reservoir, the most significant component of the Windy Gap Firming Project. The project supports the long-term, dependable delivery of Platte River's Windy Gap water, which is essential for reliable operations and optimizes Platte River's water resource portfolio. In 2024, Platte River will provide its share of the estimated project completion costs and expenses, including the increase described in the debt service expenditures and other long-term obligations section of this document. Contractors expect construction to progress through 2025. Once the reservoir is completed, the time needed to fill it will depend on water supply.

Community partner and engagement

$2.2 million, 1%

The 2023 Strategic Plan initiatives emphasize greater engagement and collaboration with owner communities to collectively pursue a noncarbon energy future and build a regional identity. Platte River will work to build a strong partnership with the owner communities and enhance regional visibility through continued engagement efforts, transparent education and communication, and ongoing community support and involvement activities.

Communications, marketing and external affairs

Staff will build on the momentum of the long-term public education program initiated in 2023 to establish a regional identity and continue to explain how Platte River will collaborate with the owner communities to achieve the shared noncarbon goals. Part of the collaboration includes expanding marketing efforts to support the 2024 IRP and progress toward achieving the RDP, including deployment of a multimedia brand marketing and communications campaign to engage communities. The team will also manage communications and marketing for all DES and DER programs, including the development of a new DES website and ongoing promotion and operation of the EV education microsite.

Community support and involvement activities will continue in 2024 to enhance the wellbeing of the citizens in the owner communities and increase awareness about Platte River. Platte River will also continue expanding its stakeholder engagement with public policy, business, educational, environmental and nonprofit organizations during 2024 by strengthening relationships in support of Platte River's objectives. Focus in 2024 will be on planning and permitting work for additional noncarbon and aeroderivative combustion turbine resources, enabling Platte River to increase renewable energy delivered to the owner communities. The external affairs team and contract lobbyist will continue monitoring state and federal policies that could affect Platte River's operations.

Workforce culture

$2.1 million, 1%

Platte River will build on its high-performing workforce by providing ongoing development opportunities, dynamic talent assessment, job retention and succession planning for employees at the headquarters campus and Rawhide Energy Station. As the organization continues to work toward its energy transition, Platte River will maintain and enhance its strong workforce culture by recruiting the best available talent, fostering diversity and a culture of learning, personal growth and mutual respect.

Workforce evolution and development

Human resources will continue updating Platte River's total rewards strategy, including work flexibility and overall employee wellness, to position the organization well for retaining and attracting high-quality employees. The department will also implement additional changes recommended by the compensation study conducted in 2022 and work done in 2023 to enable benchmarking, comparisons and other analysis with the broader market beyond public power.

Platte River will focus on the long-term transition at the Rawhide Energy Station as Rawhide Unit 1 approaches retirement by the end of 2029. In 2024, human resources and plant leadership will continue work on the transition plan for Rawhide employees to determine future staffing needs and the skills and experience needed to manage the organization's future, more diverse energy mix. Platte River anticipates no involuntary workforce reductions and leadership will begin to design programs to re- or up-skill staff to take advantage of new job opportunities.

Internal engagement

Throughout 2024, Platte River will celebrate the 40th anniversary of Rawhide Energy Station by emphasizing Rawhide Unit 1's legacy as a highly efficient, state-of-the-art resource while highlighting the unit's role in achieving the energy transition. Activities include special events and memorabilia for past and present staff, local and regional communications efforts including video, and media engagement. Community support and involvement activities planned for 2024 also support the enrichment of Platte River's workforce culture.

Process management and coordination

$9.8 million, 3%

The RDP challenges Platte River to change how it generates and delivers electricity to its owner communities. To meet this challenge, staff must also change how processes and projects are organized and managed. This requires a new or refined approach to systems thinking and change management, project management, technology integration and long-term planning, and comprehensive risk management.

Enterprise resource planning system

Many of Platte River's critical business systems have reached the end of their useful lives, and some are well beyond design functionality. Others depend heavily on manual processes because they do not integrate with other systems. Manual processes between the outdated systems increase data integrity risks and decreases productivity. To upgrade and integrate digital systems, Platte River initiated a multiyear ERP project. In 2022, staff evaluated, selected and contracted to implement Oracle Cloud. In 2024, Platte River will invest approximately $5.6 million to finalize the project, concluding this $10.6 million estimated total investment. Contingency amounts are included in the total project cost as, periodically, scope and timeline are evaluated during project progression. Some uncertainty exists as requirements are clarified and best practices, sometimes requiring complete overhaul of existing processes, are considered. When complete, the ERP will fully integrate finance and accounting, cash management, procurement and contracts management, budgeting and forecasting, inventory management, asset and maintenance management and fleet tracking. It will improve productivity, reporting accuracy and functionality and align work products with organizational goals.

Enterprise risk management

A comprehensive risk management strategy will continue to develop and evolve as the enterprise risk manager works with internal audit, other departments and the risk oversight committee to develop, support and maintain the enterprise and energy risk management programs.

In 2024, the enterprise risk management program will continue to build on work performed in 2023 by analyzing and implementing recommendations from the third-party risk assessment. Staff also plans to continue to build a risk-aware culture by providing training and educational risk sessions to the organization.

Project management

As part of evolving process management and coordination, Platte River teams need new structures and processes to work more collaboratively across the organization. The creation of the digital project management functional group within the digital department is an example of a needed structure change. During 2024, Platte River leadership will continue to evaluate processes and structures with the objective to clearly define roles and responsibilities that allows cross-functional teams, across owner communities and within Platte River, to better identify, prioritize, plan and execute projects.

CORE OPERATIONS

$239.8 million, 85% of operating and capital

Platte River must continue to invest in core operations to maintain the safe, reliable production and transmission of environmentally responsible and financially sustainable energy and services to the owner communities. To diversify its resource portfolio, Platte River has PPAs for wind, hydropower and solar. With a focus on preventive and predictive maintenance strategies, core operations and maintenance expenses are relatively consistent from year to year.

Generation

For 2024, approximately 47% of Platte River's energy will come from owned baseload coal-fired and natural gas resources. Through market participation in WEIS, Platte River will gain greater opportunities to purchase power if prices are lower than the cost to generate and to sell excess energy if production costs are below market prices. Purchasing power lowers fuel expense, which is partially offset by higher purchased power expense; selling power increases revenue, which is partially offset by higher fuel expense. Additional information about Platte River's generation and sources of electricity is available on Platte River's website at prpa.org/generation. Resource and load information, including resource mix, for the trailing 24-hour period is available at prpa.org/energy-production.

Rawhide Energy Station

Although Platte River continues to diversify its energy mix and plan for retirement of Rawhide Unit 1, this unit remains its single largest energy source. The Rawhide Energy Station began with the commercial operation of Rawhide Unit 1 in 1984 and has evolved into a diversified site with multiple forms of energy resources including natural gas, solar, battery storage and wind. As the portfolio changes, the ongoing performance of Rawhide Unit 1 and the combustion turbine units is critical to system reliability and instrumental to facilitating deeper levels of decarbonization of the resource portfolio. As a primary reliability resource, the combustion turbine units will receive more emphasis on upgrades and maintenance. In 2024, Rawhide Unit 1 and the combustion turbines will generate 34.6% and 3.1%, respectively, of Platte River's energy before REC allocations.

Rawhide Unit 1

While a major maintenance outage for Rawhide Unit 1 was initially planned for 2024, Platte River will delay this outage until 2025 to avoid an additional major maintenance outage in 2027, replacing it with one minor outage before the unit retires at the end of 2029. This provides overall cost savings. The delay also allows for the integration of the ERP system to facilitate more efficient work order and vendor management.

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

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

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

Combustion turbine units

Platte River will invest $1.9 million to upgrade rotating and stationary compressor blades on combustion turbine Unit F to proactively address a known vulnerability with the existing blades. In addition to improving reliability, the upgraded blades may improve unit output from better air flow through the new compressor package.

To further increase reliability and reduce maintenance activities for combustion turbine Unit C, Platte River will invest $0.5 million to replace all existing electro-hydraulic stop and speed ratio valves and gas control valves with electric actuated valves. In addition to giving operators advanced diagnostic capabilities, the new valves will improve the cold weather reliability of the unit, reduce operations and maintenance costs and minimize safety and environmental hazards.

Craig Generating Station

Continued operation of Craig Generating Station’s units 1 and 2 requires investments to maintain optimal performance and environmental compliance until the units retire in 2025 and 2028, respectively. Platte River’s share of planned capital investments in 2024 is $0.1 million. Upgrades will be completed by plant operator Tri-State Generation and Transmission Association, Inc. (Tri-State) and primarily benefit the transmission system. No scheduled outages are planned. The Craig units will provide 9.8% of Platte River’s energy, with a portion resold through June 2024 under a 25 MW long-term contract.

As the retirement dates for the Craig units approach, Trapper Mine reclamation activities will intensify. Beginning in 2023, Platte River annually appropriates funding for mine reclamation under a recent accounting pronouncement. Previously, Platte River appropriated reclamation liability expenses as operations and maintenance funds, but they are now considered capital as an asset retirement obligation. The mine’s post-closure care period is expected to run through 2041, with currently estimated total funding of $11.6 million. Actual funding need is uncertain. Platte River will evaluate these plans as additional information is obtained before closure, including the impact of highwall mining.

Purchased power

The remainder of Platte River's resource portfolio, approximately 53%, is sourced from wind, hydropower, solar (combined with battery storage) and other purchases.

Due to ongoing drought conditions that have depleted water supplies in the Colorado River basin, WAPA increased rates and reduced deliveries of Colorado River Storage Project (CRSP) hydropower in late 2021. Further CRSP delivery reductions are expected in 2024 but depend on water conditions. Deliveries from the Loveland Area Projects (LAP) have not been reduced and rates have been stable. The operating expenses section has more information on purchases.

Transmission, substations and fiber optics

Transmission and substations capital projects are determined through an annual 10-year load study that identifies areas Platte River must address to meet operational standards. Scheduling future delivery points and other system betterments requires collaboration and coordination with owner communities.

Transmission

During 2019, transmission line inspectors found significant corrosion on the base plates, anchor bolts and pole base sections along a 2-mile section of the 115 kV transmission line along Drake Road in Fort Collins. Corrosion stemmed from numerous road improvement projects that elevated the thoroughfare and buried the pole bases. Platte River will spend approximately $0.1 million during 2024 on engineering and initial construction of this multiyear presumed overhead line replacement project. With an estimated total project cost of $8 million, planned construction begins in 2026 and may be complete by 2027.

Substations

Due to the City of Loveland's lengthy planned outage to replace distribution switchgear, Platte River will consolidate and perform several replacements and upgrades to the Airport Substation in 2024, with multiyear costs totaling $2.3 million. As a potential carryover project, unspent funds expected from 2023 (due to the overall schedule changes to align with the outage) will support project costs in 2024 to replace aged relay panels and two 115 kV breakers, along with related control cables and high-voltage switchgear. Following Platte River design work, contractors will complete ground and foundation work and remove existing equipment. Platte River substation teams expect to complete installation and inspections in 2025.

Replacement of aged, single-phase 230-115 kV transformers with a single three-phase autotransformer will continue at two substations in 2024. Platte River plans to invest $1.6 million at the Longs Peak Substation near Longmont and approximately $3 million at the Timberline Substation in Fort Collins. In addition to other activities, crews will upgrade control panels to align with current design standards at both substations, which will improve performance and reliability and will efficiently accommodate future maintenance. These multiyear projects represent total investment of $5.1 million and $5.3 million, respectively.

Fiber optics

Platte River's fiber optic system enables efficient data communications between generation and transmission assets and gives the owner communities robust communications service capabilities. Approximately $1.8 million is budgeted in 2024 to replace the section of Long-Haul East overhead fiber cable from Boyd Substation in Loveland to Longs Peak Substation in Longmont. The project will also increase fiber strand capacity and reduce outage risk.

Billable projects

In 2024, Platte River staff will collaborate with the owner communities and other regional partners on several transmission and substation upgrades and enhancements that benefit and will be billed to others. Examples include switchgear replacement and transmission line modifications necessitated by road improvements. While these projects, with estimated total billing of $3.8 million during 2024, are fully funded by third-party facility owners and therefore not included in budget appropriation, Platte River staff will support design, engineering and project management to help maintain the safe and reliable operation of the transmission network.

Energy efficiency programs

The DES team works collaboratively with the owner communities to provide DES to their customers under the Efficiency Works brand. In 2024, Platte River will invest $10 million by continuing to offer efficiency programs while expanding DES through the deployment of additional DER technologies to support the RDP, as discussed in the strategic initiatives section. Efficiency programs target 18,016 MWh of energy savings (using Platte River funds), with a potential 1,198 MWh of additional savings from anticipated owner community funds, for total potential portfolio energy savings of 19,214 MWh.

Funding provided by the owner communities is managed under an intergovernmental agreement, and owner communities may supplement Platte River's budget for these programs. Supplemental funding is used only after Platte River's budget is exhausted so that each community receives its load-ratio share of benefits through DES offerings. Projects under approved agreements and rebate applications are completed on a timeline determined largely by program participants (customers and their contractors). As a result, some projects intended for the current budget year could be moved into the next budget year if not completed. Conversely, a budget contingency may be required if projects are completed earlier than planned.

Personnel

Approximately 26% of the operating expense budget relates to employee salaries and benefits, which include retirement, medical and dental. Combined, these expenses are expected to rise 15.2% from 2023. For 2024, Platte River will begin to implement salary market adjustments from the compensation study conducted in 2022. Benefits for employees are spread across all functional areas as a percentage of salaries.

As timelines advance on strategic initiatives, new positions will require additional staffing. Platte River evaluates all vacancies to determine and align resources where they are needed most. Platte River evaluated and repurposed seven positions across all divisions in the organization to meet current and future needs. For 2024, Platte River will add 14 new positions, two of which were out of cycle additions from 2023. Of these new positions, three serve in business strategies, two in general counsel, four in transition and integration services, two in financial services and three in generation and transmission. From time to time, Platte River may reorganize its reporting structures and repurpose positions to better align with its strategic initiatives. Below is a summary of full-time positions by division, based on organizational structure at each year presented.

Positions by division	2022 actual	2023 budget [1]	2023 estimate	2024 budget
General manager/CEO	4	5	5	5
Business strategies	23	24	24	27
General counsel	12	12	12	14
Transition and integration services	63	71	71	75
Financial services	29	29	32	30
Generation and transmission	153	157	156	161
Total positions	284	298	300	312

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

Revenues

Platte River anticipates approximately $313 million in revenues during 2024. The majority of revenues, 75%, are derived from energy sales to the owner communities. The remainder are derived from sales for resale, wheeling, interest and other income. Owner communities' loads are forecasted to increase 0.4%. Revenues from sales for resale and wheeling are 21% of revenues and are expected to decrease by approximately $9.3 million due primarily to less volume of energy sold, partially offset by increased average market price and revenues for use of Platte River's transmission system. Platte River entered into multi-year contracts providing revenue certainty for a portion of sales for 2024 through 2026.

Platte River provides stable and financially sustainable wholesale rates while advancing the RDP. Platte River's rate philosophy includes implementing incremental increases to provide a more predictable path of smaller, more consistent annual rate increases. The 2024 budget includes a 5% average wholesale rate increase, which reflects implementation of the board-approved deferred revenue and expense accounting policy. This accounting policy helps reduce rate pressure during the resource transition and supports greater long-term rate stability.

Platte River's rate structure provides unbundled transmission and generation rates and transparent fixed and variable costs. The rate structure adds value to the owner communities by offering a desirable portfolio of services that meet community needs, more accurately aligning wholesale time-of-use pricing signals with costs of service and sending clear pricing signals that lead to system benefits. Additional information about rates is available on Platte River's website at prpa.org/wholesale-rates.

FINANCIAL REVIEW

In addition to the budget items discussed, the financial results shown below are compared to Platte River's SFP metrics, with more information on those metrics included in the financial governance section. In the years represented, all financial metrics were or are expected to be met.

Depreciation, amortization and accretion expense is a non-budgeted expense and is expected to increase in 2024 by $4.6 million. Depreciation expense relates to capital assets in use and will increase as a result of new capital improvements placed into service and refinements of estimated useful lives as future capital needs are evaluated. Amortization expense relates to other assets due to board-approved accounting policies and Governmental Accounting Standards Board (GASB) pronouncements. Amortization expense will increase as the ERP is placed into service and for an increase for the Trapper Mine post-mining reclamation estimate. Accretion expense relates to the accrual for the board-approved accounting policy for decommissioning costs at the Craig Generating Station, which increases annually for inflation. The financial governance section includes more information on board-approved accounting policies.

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

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

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

(3) 2022 actual, 2023 estimate and 2024 budget include a portion of revenues that was or is projected to be deferred under the board-approved deferred revenue and expense accounting policy.

Statements of revenues, expenses and changes in net position	2022 actual	2023 budget	2023 estimate	2024 budget
Operating revenues				
Sales to owner communities	$ 212,318,941	$ 224,081,909	$ 217,966,956	$ 235,736,438
Sales for resale	73,438,783	68,473,255	61,263,121	56,442,604
Wheeling	7,637,897	6,164,920	8,836,326	8,941,957
Deferred regulatory revenues [1]	(21,602,326)	-	(29,361,799)	(14,032,800)
Total operating revenues	271,793,295	298,720,084	258,704,604	287,088,199
Operating expenses				
Purchased power	53,379,138	55,114,915	62,307,043	63,775,644
Fuel	66,455,232	62,676,500	45,713,817	51,118,728
Operations and maintenance [2]	67,482,639	75,023,200	77,568,302	77,492,800
Administrative and general [2]	26,015,354	31,507,820	32,149,908	36,863,271
Distributed energy resources [2]	8,483,538	13,789,562	10,083,137	13,664,632
Depreciation, amortization and accretion [2]	36,128,627	40,758,303	29,679,364	45,398,213
Total operating expenses	257,944,528	278,870,300	257,501,571	288,313,288
Operating income	13,848,767	19,849,784	1,203,033	(1,225,089)
Nonoperating revenues (expenses)				
Interest income	2,913,635	5,924,208	7,658,637	11,359,881
Other income	429,283	300,762	330,909	281,992
Interest expense	(5,803,334)	(5,232,940)	(5,242,841)	(4,667,494)
Amortization of bond financing costs [2]	1,640,727	1,476,520	1,476,520	1,328,895
Net (decrease)/increase in fair value of investments [2]	(6,374,600)	54,310	2,632,024	209,268
Total nonoperating revenues (expenses)	(7,194,289)	2,522,860	6,855,249	8,512,542
Change in net position	6,654,478	22,372,644	8,058,282	7,287,453
Net position at beginning of period	651,286,990	675,539,412	657,941,468	665,999,750
Net position at end of period	$ 657,941,468	$ 697,912,056	$ 665,999,750	$ 673,287,203

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

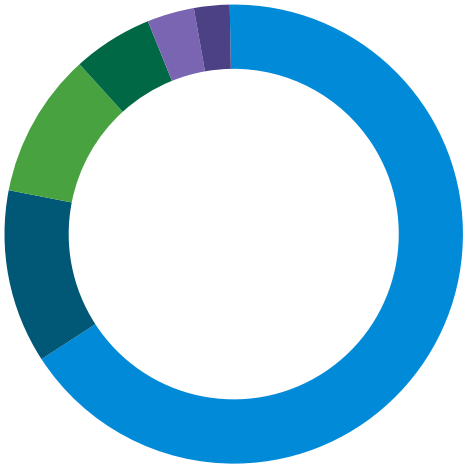
(2) Includes nonappropriated expenses when applicable due to basis of accounting differences discussed in the financial governance section.

CONSOLIDATED BUDGET SCHEDULES

Source and use of funds	2022 actual	2023 budget	2023 estimate	2024 budget
Source of funds				
Operating revenues				
Sales to owner communities	$ 212,318,941	$ 224,081,909	$ 217,966,956	$ 235,736,438
Sales for resale - long-term	23,035,803	14,889,513	13,820,841	20,086,326
Sales for resale - short-term	50,402,980	53,583,742	47,442,280	36,356,278
Wheeling	7,637,897	6,164,920	8,836,326	8,941,957
Total operating revenues	293,395,621	298,720,084	288,066,403	301,120,999
Other revenues				
Interest income	2,896,824	5,978,518	7,712,947	11,569,149
Other income	429,283	300,762	330,909	281,992
Total other revenues	3,326,107	6,279,280	8,043,856	11,851,141
Total revenues	296,721,728	304,999,364	296,110,259	312,972,140
Funds from prior reserves	(33,570,767)	45,616,165	(22,488,311)	43,629,313
Total sources	$ 263,150,961	$ 350,615,529	$ 273,621,948	$ 356,601,453
Use of funds				
Operating expenses				
Purchased power	$ 53,379,138	$ 55,114,915	$ 62,307,043	$ 63,775,644
Fuel	66,455,232	62,676,500	45,713,817	51,118,728
Production	48,916,111	54,769,640	56,831,728	55,841,670
Transmission	18,536,259	20,253,560	20,211,657	21,412,126
Administrative and general	25,561,913	31,507,820	31,660,506	36,863,271
Distributed energy resources	8,412,889	13,789,562	10,019,907	13,664,632
Total operating expenses	221,261,542	238,111,997	226,744,658	242,676,071
Capital additions				
Production	11,290,471	14,667,393	12,855,460	10,442,245
Transmission	5,707,972	14,952,982	7,285,924	15,074,991
General	7,103,894	13,048,037	8,337,254	12,792,695
Asset retirement obligations	-	51,763	51,763	933,072
Total capital additions	24,102,337	42,720,175	28,530,401	39,243,003
Total operating expenses and capital additions	245,363,879	280,832,172	255,275,059	281,919,074
Debt service expenditures				
Principal	11,983,748	12,550,417	13,104,048	14,014,885
Interest expense	5,803,334	5,232,940	5,242,841	4,667,494
Total debt service expenditures	17,787,082	17,783,357[1]	18,346,889	18,682,379
Total expenditures	263,150,961	298,615,529	273,621,948	300,601,453
Contingency appropriation	-	52,000,000[1]	-	56,000,000
Total uses	$ 263,150,961	$ 350,615,529	$ 273,621,948	$ 356,601,453

(1) Excludes projections for contingency transfers.

2024 sources



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

2024 uses

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

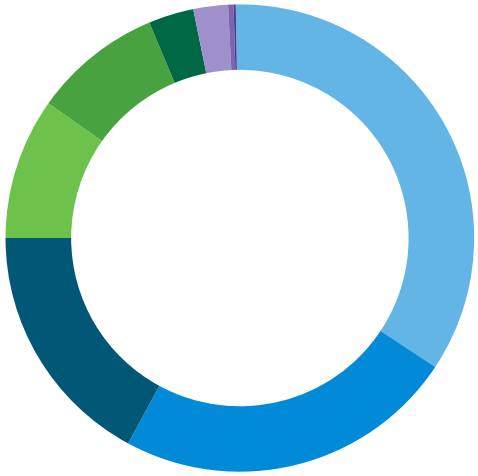
Revenue and expenditure detail	2022 actual	2023 budget	2023 estimate	2024 budget
Revenues				
Sales to owner communities	$ 212,318,941	$ 224,081,909	$ 217,966,956	$ 235,736,438
Sales for resale - long-term	23,035,803	14,889,513	13,820,841	20,086,326
Sales for resale - short-term	50,402,980	53,583,742	47,442,280	36,356,278
Wheeling	7,637,897	6,164,920	8,836,326	8,941,957
Interest income	2,896,824	5,978,518	7,712,947	11,569,149
Other income	429,283	300,762	330,909	281,992
Total revenues	296,721,728	304,999,364	296,110,259	312,972,140
Funds from prior reserves	(33,570,767)	45,616,165	(22,488,311)	43,629,313
Total revenues and prior funds	$ 263,150,961	$ 350,615,529	$ 273,621,948	$ 356,601,453
Expenditures				
Personnel expenses				
Salaries				
Regular wages	$ 32,993,336	$ 38,627,091	$ 37,097,180	$ 43,867,456
Overtime wages	2,187,417	1,947,481	2,541,635	1,911,615
Total salaries	35,180,753	40,574,572	39,638,815	45,779,071
Benefits				
Pension - defined contribution	1,707,065	2,138,232	2,187,258	2,352,055
Pension - defined benefit	4,898,799	4,515,409	4,515,409	6,571,899
Social security	2,473,394	2,918,877	2,810,717	3,279,920
Long-term disability	119,122	130,000	133,151	130,000
Medical and dental	5,375,398	5,692,000	6,105,640	6,868,792
Recruiting	213,380	182,000	225,221	207,000
Life insurance	123,324	130,000	136,326	143,000
Accidental death	27,508	30,000	30,578	33,000
Workers' compensation	61,079	130,000	120,860	140,000
Unemployment compensation	16,110	15,000	11,404	17,500
Salary and pension services	322,913	371,400	302,683	345,250
Total benefits	15,338,092	16,252,918	16,579,247	20,088,416
Total personnel expenses	50,518,845	56,827,490	56,218,062	65,867,487
Less charged to capital and other	1,718,035	2,017,205	1,843,555	2,737,929
Total operating personnel expenses	48,800,810	54,810,285	54,374,507	63,129,558
Materials and other expenses				
Office expenses	25,262	26,775	22,598	18,525
Safety expenses	185,914	217,330	151,227	224,465
Furniture and equipment	81,163	17,900	25,982	38,880
Local business expense	406,712	615,243	599,812	801,866
Postage and deliveries	18,012	39,158	18,075	36,850

Revenue and expenditure detail (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Materials and other expenses (continued)				
Rawhide O&M materials	$ 4,298,376	$ 4,091,828	$ 3,706,991	$ 3,548,778
Other O&M materials	1,001,644	1,265,995	1,558,982	2,038,710
Rawhide coal	32,104,422	36,721,806	23,856,026	30,569,730
Craig units 1 and 2 coal	17,353,692	16,534,601	11,001,399	11,724,307
Oil	253,750	60,000	333,760	45,000
Natural gas (Rawhide units A, B, C, D and F)	15,925,683	8,261,211	9,862,256	7,852,202
Natural gas (Craig units startup)	196,817	100,000	166,849	175,000
Gasoline and diesel	190,082	156,476	179,357	174,290
Tools, shop and garage equipment	77,923	119,908	88,647	130,754
Purchased power	53,158,920	54,393,436	61,585,564	63,458,454
Craig units 1 and 2 operating expenses	9,056,725	9,452,309	12,169,743	7,887,404
Computer equipment	767,656	974,100	705,549	655,100
Wheeling expense	4,222,379	4,250,469	3,816,901	4,225,440
Outage accrual	3,516,180	3,620,621	3,620,621	4,209,175
Total materials and other expenses	142,841,312	140,919,166	133,470,339	137,814,930
Contractual services				
Rawhide contracted services	4,662,476	7,695,070	7,537,024	6,543,589
Other contracted services	10,989,512	17,039,678	16,336,949	18,217,116
Insurance	2,584,854	3,080,200	3,017,214	3,020,340
Travel and training	827,881	1,268,046	1,110,714	1,481,024
Telephone services	156,953	205,561	179,622	223,347
Utilities	804,872	709,164	689,167	720,600
Dues, memberships and fees	830,674	939,673	984,580	1,109,322
Trustees fees	18,000	12,000	12,000	12,000
Water leases and rents	3,295,157	3,465,827	3,425,470	3,294,567
Other leases and rents	116,212	131,540	105,893	107,902
Economic development	100,000	100,000	100,000	120,000
Fiscal impact payment	36,217	36,217	36,217	36,217
Rebates/incentives for retail customers	4,343,546	6,681,000	3,807,576	5,221,571
Rebates/incentives to owner communities	99,835	154,870	29,867	104,828
Audits/assessments for retail customers	715,699	805,000	1,490,543	1,462,260
Other financing expenses	37,532	58,700	36,976	56,900
Total contractual services	29,619,420	42,382,546	38,899,812	41,731,583

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

(1) Excludes projections for contingency transfers.

2024 resources

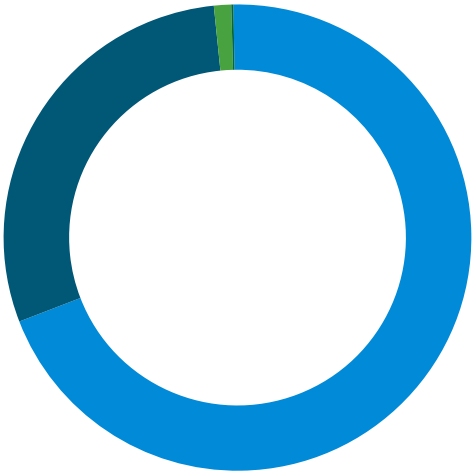


- Rawhide Unit 1 (1,651 GWh)
- Wind (1,127 GWh)
- Market purchases (816 GWh)
- Craig units 1 and 2 (467 GWh)
- Hydropower (425 GWh)
- Combustion turbines (149 GWh)
- Solar (114 GWh)
- Bilateral purchases and owner community solar (18 GWh)
- Forced outage exchange (7 GWh)

Total resources* = 4,774 GWh

* Excludes REC allocations to carbon resources

2024 deliveries



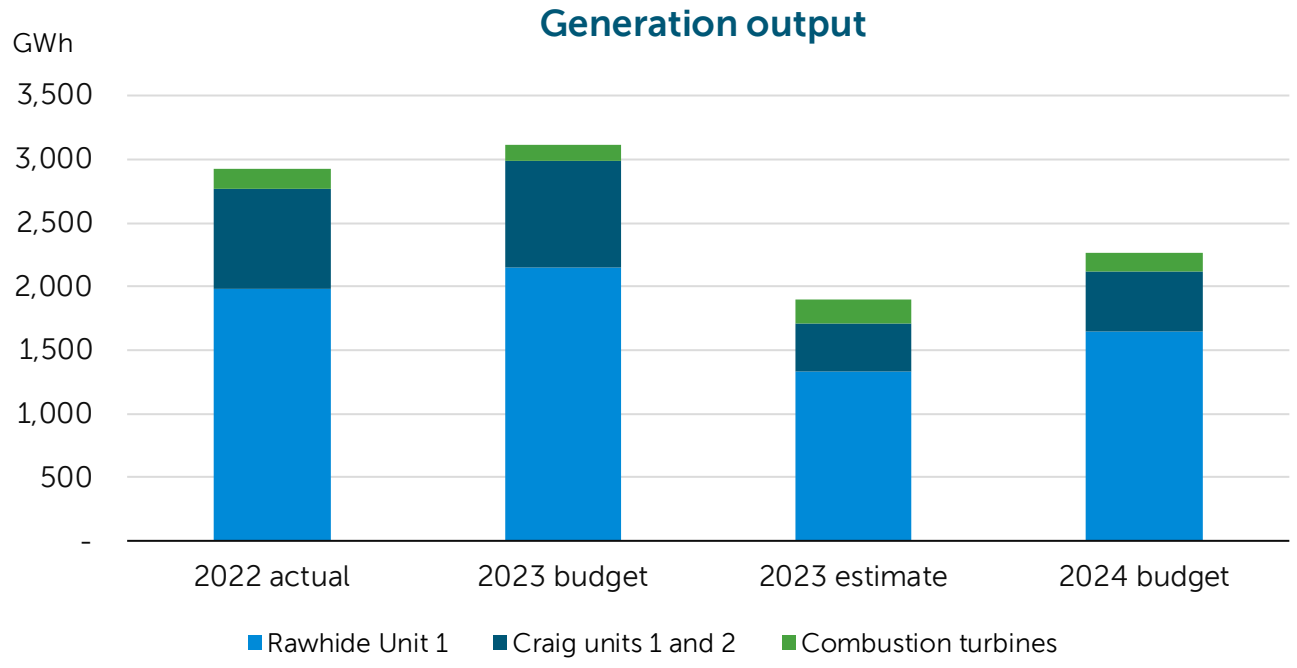
- Owner communities (3,314 GWh)
- Sales for resale (1,396 GWh)
- Losses and other (57 GWh)
- Forced outage exchange (7 GWh)

Total deliveries = 4,774 GWh

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

(1) Craig Unit 1 = 77 MW, Craig Unit 2 = 74 MW.

(2) Rawhide units A, B, C, D = 260 MW, Rawhide Unit F = 128 MW.



Purchased power resources	2022 actual	2023 budget	2023 estimate	2024 budget
Wind				
Roundhouse (225 MW)				
Generation (GWh)	969	838	835	840
Capacity factor	49.2%	42.5%	42.4%	42.5%
Total Roundhouse ($/MWh) - delivered	$ 19.5	$ 21.2	$ 21.2	$ 22.4
Spring Canyon II and III (60 MW) [1]				
Generation (GWh)	238	231	188	231
Capacity factor	45.3%	44.0%	35.9%	43.9%
Total Spring Canyon ($/MWh) - delivered	$ 45.0	$ 45.3	$ 47.7	$ 45.8
Silver Sage (12 MW) [2]				
Generation (GWh)	35	38	32	38
Capacity factor	33.1%	36.0%	30.0%	36.0%
Total Silver Sage ($/MWh) - delivered	$ 65.2	$ 66.8	$ 66.8	$ 68.4
Medicine Bow (6 MW)				
Generation (GWh)	16	18	12	18
Capacity factor	29.9%	34.9%	22.4%	34.9%
Total Medicine Bow ($/MWh) - delivered	$ 49.7	$ 50.4	$ 53.0	$ 48.3
Total wind (303 MW)				
Generation (GWh)	1,258	1,125	1,067	1,127
Capacity factor	47.4%	42.4%	40.2%	42.4%
Total wind ($/MWh)	$ 25.9	$ 28.2	$ 27.6	$ 29.2
Hydropower				
WAPA-CRSP (106 MW-summer/ 136 MW-winter) [3]				
Generation (GWh)	327	325	386	315
Capacity factor	30.9%	30.7%	36.5%	29.7%
Total WAPA-CRSP ($/MWh)	$ 35.6	$ 35.7	$ 32.1	$ 36.5
WAPA-LAP (30 MW-summer/ 32 MW-winter) [4]				
Generation (GWh)	110	110	110	110
Capacity factor	40.3%	40.3%	40.3%	40.1%
Total WAPA-LAP ($/MWh)	$ 29.7	$ 34.6	$ 34.6	$ 34.6
Total hydropower (136 MW-summer/ 168 MW-winter)				
Generation (GWh)	437	435	496	425
Capacity factor	32.8%	32.7%	37.2%	31.8%
Total hydropower ($/MWh)	$ 34.1	$ 35.5	$ 32.6	$ 36.0

Purchased power resources (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Solar				
Rawhide Flats Solar (30 MW)				
Generation (GWh)	66	61	63	61
Capacity factor	25.1%	23.3%	24.2%	23.1%
Total Rawhide Flats Solar ($/MWh) - including ancillary services and maintenance	$ 53.9	$ 54.2	$ 54.0	$ 54.3
Rawhide Prairie Solar (22 MW)				
Generation (GWh)	50	54	49	53
Capacity factor	25.9%	27.8%	25.3%	27.5%
Total Rawhide Prairie Solar ($/MWh) - including ancillary services, maintenance, interconnection and battery fee	$ 33.4	$ 33.3	$ 34.0	$ 33.3
Total solar (52 MW)				
Generation (GWh)	116	115	112	114
Capacity factor	25.5%	25.2%	24.7%	25.0%
Total solar ($/MWh)	$ 45.1	$ 44.4	$ 45.4	$ 44.5
Other purchases				
Market purchases				
Energy (GWh)	244	316	765	816
Total market purchases ($/MWh)	$ 10.2	$ 7.1	$ 15.7	$ 13.1
Bilateral purchases				
Energy (GWh)	22	35	85	10
Total bilateral purchases ($/MWh)	$ 89.8	$ 38.6	$ 35.8	$ 45.0
Owner community solar programs (4.355 MW) [5]				
Energy (GWh)	8	8	8	8
Total owner community solar programs ($/MWh)	$ 54.7	$ 25.4	$ 26.7	$ 21.9
Total other purchases				
Energy (GWh)	274	359	858	834
Total other purchases ($/MWh)	$ 18.0	$ 10.6	$ 17.8	$ 13.6

(1) Effective June 2020, Spring Canyon II and III energy and renewable attributes have been sold to a third party. At the end of the 10-year sales contract, the energy and renewable attributes will return to Platte River.

(2) Effective October 2018, Silver Sage energy and the renewable attribute have been sold to a third party.

(3) WAPA-CRSP capacity amounts shown represent the contract rate of delivery. Actual capacity available varies by month. During the summer season, estimated available capacity ranges from 34 MW to 51 MW. In the winter season, estimated available capacity ranges from 40 MW to 48 MW. Available capacity and energy may fluctuate with drought conditions.

(4) WAPA-LAP actual capacity available varies by month. During the summer season, available capacity ranges from 23 MW to 30 MW. In the winter season, available capacity ranges from 26 MW to 32 MW.

(5) Owner community solar programs: Fort Collins = 4.022 MW, Loveland = 0.333 MW. The owner communities retain the renewable attributes.

REVENUES

Operating revenues

Platte River's operating revenues consist of sales to owner communities, sales for resale and wheeling revenues. The production cost model determines the forecast of revenues for the budget; however, actual results are strongly influenced by weather and various market conditions and will vary from budget.

Sales to owner communities

Budgeted revenues from sales to owner communities are based on Platte River's load forecast and tariff charges. Average wholesale rate increases, when applicable, support Platte River's strategic initiatives and core operations. Sales to the owner communities represent the largest source of revenue.

Sales for resale

Sales for resale include long-term sales and short-term sales. Long-term sales are for a contracted term greater than one year. Short-term sales are for a term of one year or less and include seasonal, monthly, day-ahead and real-time bilateral and market sales. Platte River may also sell excess capacity. The production cost model determines the volume and price of sales for resale for the budget based on current market projections.

Typically, Platte River sells when energy available exceeds requirements of the owner communities and prices are higher than the marginal cost resource. Because of Platte River's must-take obligations under noncarbon PPAs, certain sales may reflect that it is more economical to sell energy at a low price than to curtail generation. These sales typically occur when the coal-fired facilities are at minimum output levels. Platte River's participation in WEIS helps further manage and dispatch the must-take energy on the system and allows more economic dispatch of regional resources.

Sales for resale contribute to low rates for the owner communities, help manage variability and high noncarbon output during lower load conditions and benefit the regional grid by providing access to the reliable, economic and environmental performance of Platte River's baseload resources.

Wheeling

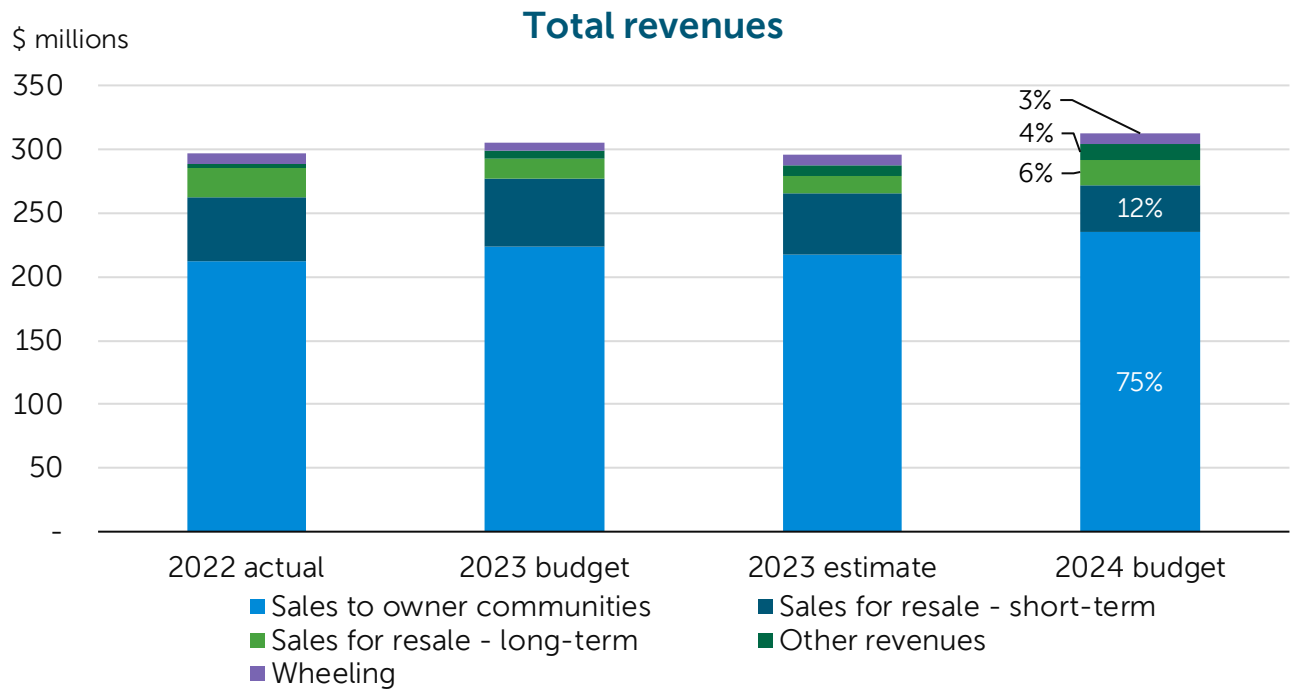
Wheeling revenues represent payments from other parties that use Platte River's transmission system. Platte River charges others for transmission service under its Wholesale Transmission Service tariff. The transmission system usage rates are adjusted annually based on the prior year's actual transmission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

Other revenues

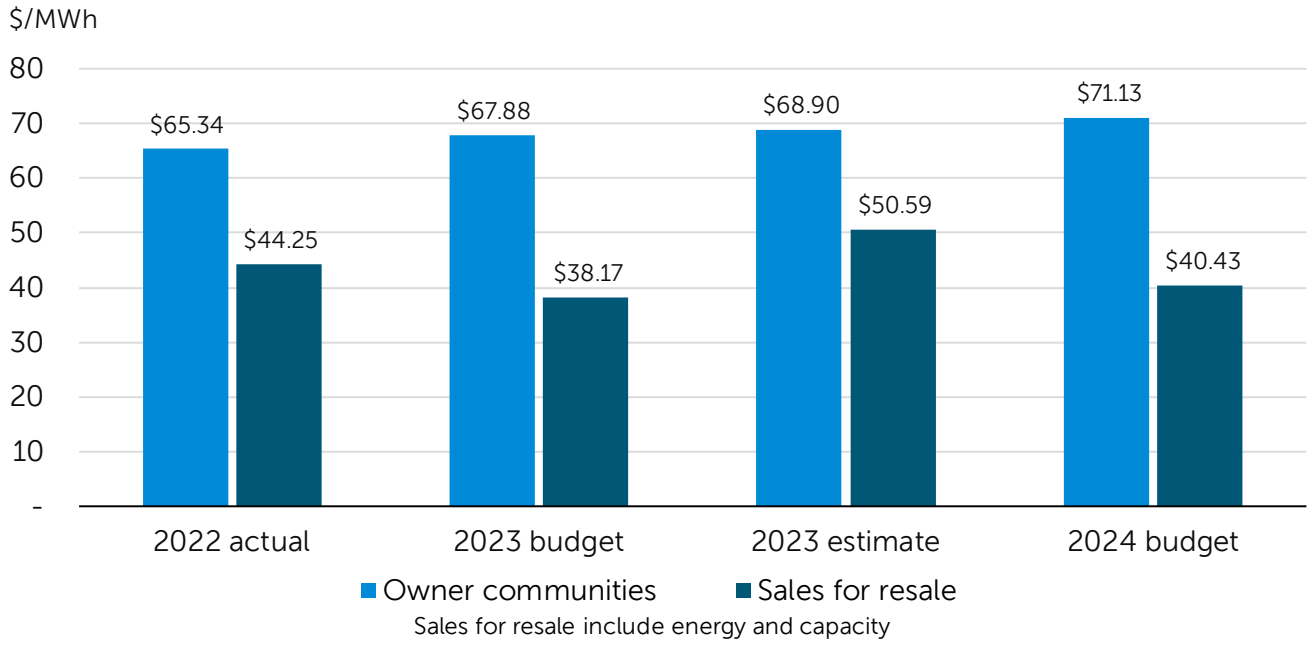
Interest and other income

Interest and other income represent a small portion of the revenue budget, but Platte River expects a significant increase in interest income due to higher interest rates. Interest income fluctuates with investment balances and interest rates. The sale of Windy Gap water units and above-budget overall financial results have improved investment balances over the past several years. Other income includes fiber and tower leases, fiber administration fees and other miscellaneous revenues.

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

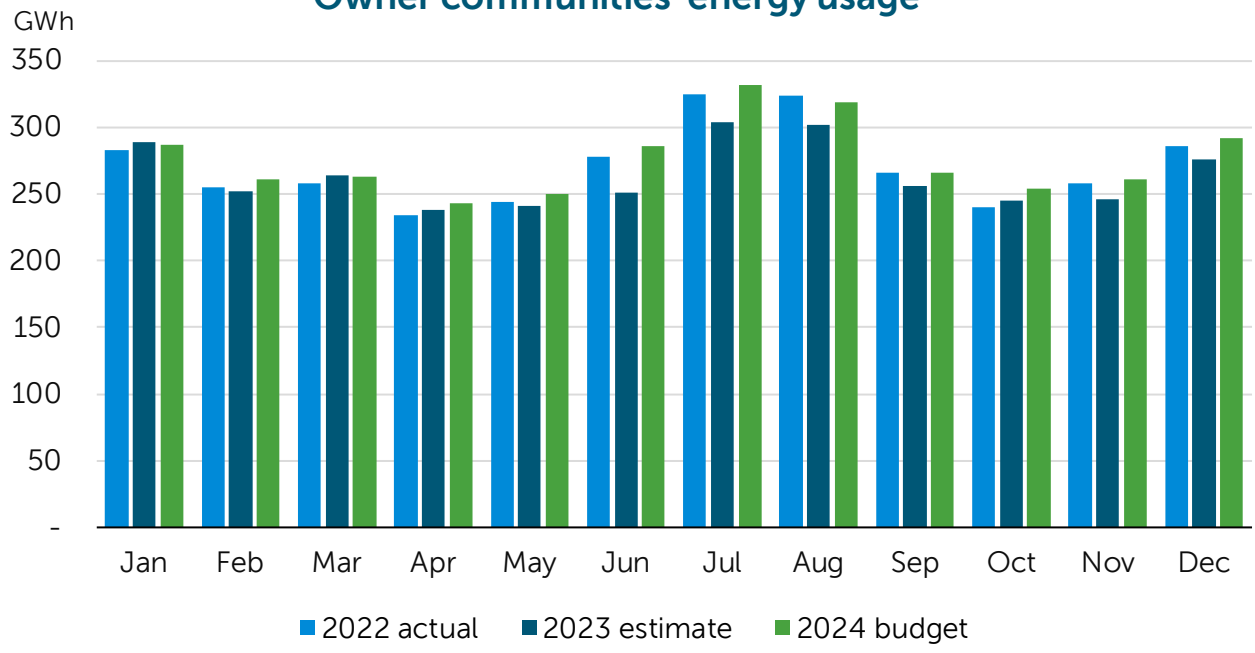


Average owner community rate and sales for resale price



Sales for resale include energy and capacity

Owner communities' energy usage



Owner communities' loads	2022 actual	2023 budget	2023 estimate	2024 budget
Summer peak demand (MW) [1]	684	707	680	713
Nonsummer peak demand (MW) [1]	532	499	508	503
Metered coincident demand (MW) [2]	6,422	6,327	6,257	6,391
Billing determinants [2] [3]				
Noncoincident billing demand (MW)	6,731	6,702	6,641	6,794
Coincident billing demand (MW)	6,679	6,654	6,587	6,734
Energy (GWh)	3,249	3,301	3,165	3,314
Sales for resale				
Energy (GWh) [4]	1,660	1,794	1,211	1,396
Capacity (MW-Mo) [2]	780	780	780	1,555

(1) Summer season is June through September. The nonsummer season is January through May and October through December.

(2) Accumulated monthly values.

(3) Billing demand is subject to a monthly minimum demand charge and excludes large customer service.

(4) Includes long-term and short-term sales.

Sales to owner communities	2022 actual	2023 budget	2023 estimate	2024 budget
Fort Collins				
Owner community allocation	47.6%	47.5%	47.5%	47.3%
Noncoincident billing demand (MW)	3,057	3,030	2,990	3,047
Coincident billing demand (MW)	3,049	3,022	2,985	3,039
Energy (MWh)				
Dispatchable	996,911	1,099,760	1,019,143	1,082,557
Intermittent [1]	516,182	458,343	447,085	448,694
Total energy supplied	1,513,093	1,558,103	1,466,228	1,531,251
Owner community charge	$ 6,581,606	$ 7,542,120	$ 7,542,120	$ 7,409,160
Demand charges				
Transmission demand	$ 20,236,214	$ 20,358,736	$ 20,092,840	$ 20,352,810
Generation demand	15,609,259	15,741,272	15,500,085	16,961,928
Total demand charges	$ 35,845,473	$ 36,100,008	$ 35,592,925	$ 37,314,738
Energy charges				
Fixed cost energy	$ 23,785,828	$ 24,711,508	$ 23,254,381	$ 25,740,321
Variable cost energy	31,275,641	35,415,668	33,327,372	37,163,450
Total energy charges	$ 55,061,469	$ 60,127,176	$ 56,581,753	$ 62,903,771
Total charges	$ 97,488,548	$ 103,769,304	$ 99,716,798	$ 107,627,669
Average blended rate ($/MWh)	$ 64.4	$ 66.6	$ 68.0	$ 70.3
Longmont				
Owner community allocation	25.4%	25.6%	25.6%	25.7%
Noncoincident billing demand (MW)	1,860	1,869	1,856	1,898
Coincident billing demand (MW)	1,859	1,862	1,851	1,890
Energy (MWh)				
Dispatchable	559,500	602,558	580,016	616,884
Intermittent [1]	287,803	249,433	254,445	254,165
Total energy supplied	847,303	851,991	834,461	871,049
Owner community charge	$ 3,508,531	$ 4,059,192	$ 4,059,192	$ 4,028,964
Demand charges				
Transmission demand	$ 12,313,882	$ 12,559,160	$ 12,474,341	$ 12,674,718
Generation demand	9,531,073	9,695,043	9,629,410	10,554,036
Total demand charges	$ 21,844,955	$ 22,254,203	$ 22,103,751	$ 23,228,754

Sales to owner communities (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Longmont (continued)				
Energy charges				
Fixed cost energy	$ 13,319,595	$ 13,512,580	$ 13,234,543	$ 14,642,336
Variable cost energy	17,513,742	19,365,756	18,967,285	21,140,360
Total energy charges	$ 30,833,337	$ 32,878,336	$ 32,201,828	$ 35,782,696
Total charges	$ 56,186,823	$ 59,191,731	$ 58,364,771	$ 63,040,414
Average blended rate ($/MWh)	$ 66.3	$ 69.5	$ 69.9	$ 72.4
Loveland				
Owner community allocation	22.9%	22.7%	22.7%	22.8%
Noncoincident billing demand (MW)	1,540	1,533	1,519	1,571
Coincident billing demand (MW)	1,535	1,532	1,516	1,569
Energy (MWh)				
Dispatchable and large customer service	501,572	540,686	509,142	552,081
Intermittent [1]	246,960	210,696	215,095	216,294
Total energy supplied	748,532	751,382	724,237	768,375
Owner community charge	$ 2,748,211	$ 3,151,152	$ 3,151,152	$ 3,115,356
Demand charges				
Transmission demand	$ 10,193,728	$ 10,303,221	$ 10,209,034	$ 10,497,502
Generation demand	7,889,140	7,981,796	7,884,276	8,757,901
Total demand charges	$ 18,082,868	$ 18,285,017	$ 18,093,310	$ 19,255,403
Energy charges				
Fixed cost energy	$ 10,268,063	$ 10,283,402	$ 9,980,777	$ 11,261,955
Variable cost energy and large customer service	18,892,005	20,321,022	19,603,140	21,752,270
Total energy charges	$ 29,160,068	$ 30,604,424	$ 29,583,917	$ 33,014,225
Total charges	$ 49,991,147	$ 52,040,593	$ 50,828,379	$ 55,384,984
Average blended rate ($/MWh)	$ 66.8	$ 69.3	$ 70.2	$ 72.1
Estes Park				
Owner community allocation	4.1%	4.2%	4.2%	4.2%
Noncoincident billing demand (MW)	274	270	276	278
Coincident billing demand (MW)	236	238	235	236

Sales to owner communities (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Estes Park (continued)				
Energy (MWh)				
Dispatchable	90,216	97,497	96,477	100,128
Intermittent [1]	50,355	42,403	43,717	43,338
Total energy supplied	140,571	139,900	140,194	143,466
Owner community charge	$ 570,932	$ 661,980	$ 661,980	$ 659,736
Demand charges				
Transmission demand	$ 1,812,450	$ 1,818,042	$ 1,846,589	$ 1,859,086
Generation demand	1,164,258	1,201,536	1,173,586	1,270,968
Total demand charges	$ 2,976,708	$ 3,019,578	$ 3,020,175	$ 3,130,054
Energy charges				
Fixed cost energy	$ 2,199,178	$ 2,218,808	$ 2,203,884	$ 2,411,662
Variable cost energy	2,905,605	3,179,915	3,170,969	3,481,919
Total energy charges	$ 5,104,783	$ 5,398,723	$ 5,374,853	$ 5,893,581
Total charges	$ 8,652,423	$ 9,080,281	$ 9,057,008	$ 9,683,371
Average blended rate ($/MWh)	$ 61.6	$ 64.9	$ 64.6	$ 67.5
Total owner communities				
Owner community allocation	100.0%	100.0%	100.0%	100.0%
Noncoincident billing demand (MW)	6,731	6,702	6,641	6,794
Coincident billing demand (MW)	6,679	6,654	6,587	6,734
Energy (MWh)				
Dispatchable and large customer service	2,148,199	2,340,501	2,204,778	2,351,650
Intermittent [1]	1,101,300	960,875	960,342	962,491
Total energy supplied	3,249,499	3,301,376	3,165,120	3,314,141
Owner community charge	$ 13,409,280	$ 15,414,444	$ 15,414,444	$ 15,213,216
Demand charges				
Transmission demand	$ 44,556,274	$ 45,039,159	$ 44,622,804	$ 45,384,116
Generation demand	34,193,730	34,619,647	34,187,357	37,544,833
Total demand charges	$ 78,750,004	$ 79,658,806	$ 78,810,161	$ 82,928,949
Energy charges				
Fixed cost energy	$ 49,572,664	$ 50,726,298	$ 48,673,585	$ 54,056,274
Variable cost energy and large customer service	70,586,993	78,282,361	75,068,766	83,537,999
Total energy charges	$ 120,159,657	$ 129,008,659	$ 123,742,351	$ 137,594,273
Total charges	$ 212,318,941	$ 224,081,909	$ 217,966,956	$ 235,736,438
Average blended rate ($/MWh)	$ 65.3	$ 67.9	$ 68.9	$ 71.1

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

OPERATING EXPENSES

Expenses incurred to generate and deliver electricity include purchased power, fuel, production, transmission and administrative and general. In addition, operating expenses include investments in DER. The production cost model determines the budgeted expense for purchased power and fuel, whereas expenses for production, transmission, administrative and general and DER are predominately determined by departmental budgets. Platte River emphasizes preventive and predictive maintenance to help control expenses while also investing in strategic initiatives and accomplishing the RDP goal.

Purchased power

Purchased power is the largest classifications of operating expenses. Purchased power includes purchases under long-term contracts for wind, hydropower and solar energy. Other purchases supplement additional energy requirements. Platte River also includes an accrual for estimated future replacement power costs during specified maintenance outages when applicable. Purchased power fluctuates with outages and market conditions. When market prices are low, Platte River may decide, for economic reasons, to purchase rather than generate from a coal-fired or natural gas facility. Through market purchases, Platte River is able to take advantage of low-cost energy when pricing is less than marginal production costs.

Platte River continues to diversify its resource portfolio by adding more noncarbon resources and by relying less on coal-fired resources through the PPAs listed below.

Wind

Wind generation includes 303 MW of nameplate capacity (67 MW of ELCC) provided under long-term PPAs. The agreements are for deliveries from the following facilities.

- Roundhouse Wind Energy Center (225 MW) in Wyoming; contract ends May 31, 2042.
- Spring Canyon Wind Energy Center Phase II and III (60 MW combined) in Colorado; contracts end Oct. 31, 2039, and Dec. 10, 2039, respectively. To accommodate additional energy available from the Roundhouse Wind Energy Center and reduce ancillary services expense, Platte River has sold the energy and renewable attribute from these sites under a 10-year contract that began in 2020. This energy is therefore not delivered to the owner communities for the term of the sales contract. At the end of the sales contract, the energy will return to Platte River.
- Silver Sage Windpower Project (12 MW) in Wyoming; contract ends Sept. 30, 2029. To accommodate additional wind available from the Roundhouse Wind Energy Center and to reduce transmission and ancillary services expenses, Platte River has sold the energy and renewable attribute from this site under a long-term contract. This energy is therefore not delivered to the owner communities.
- Medicine Bow Wind Project (6 MW) in Wyoming; contract ends Dec. 30, 2033.

Hydropower

Platte River receives hydropower under two long-term contracts with WAPA. The hydropower contracts are subject to periodic price changes. The CRSP and LAP contracts end Sept. 30, 2057, and Sept. 30, 2054, respectively.

- CRSP contract rate of delivery amounts are 106 MW in the summer and 136 MW in the winter, which are not being met due to drought conditions. Actual capacity available varies by month. During the summer season, estimated available capacity ranges from 34 MW to 51 MW. In the winter season, estimated available capacity ranges from 40 MW to 48 MW. Available capacity and energy may further change with drought conditions, and as conditions worsen, there may be periods where no energy is delivered.
- LAP capacity is 30 MW in the summer and 32 MW in the winter. The available capacity from LAP varies from 23 MW to 30 MW in the summer season and 26 MW to 32 MW in the winter season.

Solar and battery storage

Solar generation includes 52 MW of nameplate capacity (22 MW of ELCC) with 2 MWh of battery storage provided under long-term PPAs. The agreements are for deliveries from the following facilities.

- Rawhide Flats Solar facility (30 MW) located at the Rawhide Energy Station; contract ends Dec. 14, 2041.
- Rawhide Prairie Solar facility (22 MW) located at the Rawhide Energy Station; contract ends March 18, 2041. This project has an integrated battery storage system of 2 MWh, which can be discharged once daily at a rate up to 1 MW per hour.

Other purchases

Market purchases provide energy through participation in WEIS, which provides access to lower-cost resources and increased operational efficiencies while enhancing reliability. WEIS is a real-time organized energy market operated by SPP, in which generation and load are balanced regionally based on marginal cost and generation resource characteristics calculated for every five-minute interval. Platte River entered WEIS in April 2023 and will participate until joining RTO West. Additional information about WEIS is available on SPP's website at spp.org/weis.

Bilateral purchases involve a single counterparty and are specifically negotiated deals. These provide energy to satisfy loads, replace power during outages and meet reserve requirements.

Platte River purchases capacity of approximately 4.022 MW and 0.333 MW from Fort Collins and Loveland community solar facilities, respectively. For these two facilities, the owner communities retain the renewable attributes and the facilities are not part of Platte River's noncarbon resource portfolio.

Platte River has a forced outage exchange agreement with Tri-State. If either Rawhide Unit 1 or Tri-State's Craig Unit 3 is out of service, the other utility will provide 100 MW of generation on a short-term basis not to exceed one week per forced outage. The agreement is in effect until March 31, 2024.

Maintenance outage accrual policy

This policy allows replacement power for Rawhide Unit 1 scheduled maintenance outage costs exceeding $5 million to be spread over the interim period between outages to smooth rate impacts to the owner communities.

Fuel

Fuel expense is one of the largest classifications of operating expenses, although it has declined as a percentage of total operating expenses as fossil fueled generation becomes a smaller component of Platte River's resource portfolio. Changes to market conditions, primarily in coal and natural gas pricing, have significant impact on fuel expense. Fuel expense includes coal purchased for Rawhide Unit 1, Craig units 1 and 2 and natural gas purchased for the combustion turbines. The production cost model determines the majority of fuel expense for the budget year, which fluctuates as resource availability changes with outages and market conditions, including weather.

Rawhide Unit 1 (280 MW) is Platte River's largest baseload resource and has historically operated at a high capacity factor. As Platte River adds more noncarbon energy to its resource portfolio and participates in organized energy markets that help balance regional noncarbon generation, Rawhide Unit 1 will operate at lower load levels to accommodate higher renewable output. Platte River continues to assess the full impact of these operational changes.

Platte River purchases coal for Rawhide Unit 1 under a long-term contract that supplies all coal needed through the unit's useful life. The coal price defaults to a market index unless Platte River chooses to use price lock provisions outlined in the contract, which Platte River has exercised for all 2024 projected coal purchases. The current Rawhide coal contract is for low-sulfur coal from Antelope Mine in the Powder River Basin in Wyoming. A long-term transportation contract through 2026 establishes a base rate per delivered ton, which is subject to an annual adjustment based on specified indices and a fuel adjustment charge.

Platte River owns 18% of Craig units 1 and 2 (151 MW combined). Platte River purchases coal for the Craig units under the long-term contract with Trapper Mining, Inc. that runs through 2025. Platte River has a minority ownership share of the mine. Platte River will work to structure future fuel supply contracts and fuel inventory levels to align with operations and the planned closure timelines of the Craig units. Recent changes in mining technique to lessen the environmental impact and reduce future reclamation burden have increased price volatility for coal delivered from Trapper Mine.

Natural gas-fired combustion turbines include five simple-cycle combustion turbines: four GE 7EAs (Rawhide units A, B, C and D, 65 MW each) and one GE 7FA (Rawhide Unit F, 128 MW). The combustion turbines meet peak load demand, provide reserves during outages of

the coal-fired units and serve sales for resale. Platte River purchases natural gas at market prices as needed. Natural gas needs fluctuate with load, market energy prices and the addition of noncarbon energy resources.

Production

Production expenses include operations and maintenance expenses (excluding fuel) incurred for the Rawhide Energy Station, the Craig Generating Station and power operations. The Rawhide expenses are predominately determined by departmental budgets. Craig expenses are determined by Tri-State, the operating agent, and approved by the engineering and operations committee of which Platte River is a member. An accrual for estimated future costs during specified Rawhide maintenance outages is also included.

Rawhide Energy Station

Rawhide Unit 1 is Platte River's largest resource and will retire by December 2029. Platte River plans continued investment in preventive and predictive maintenance so that the resource is reliable, safe and compliant through its remaining operating life. Through this proactive and planned approach, ongoing operations and maintenance expenses have been consistent from year to year. Regular outages are required to keep the unit operable and reliable. An accrual for estimated future costs during specified maintenance outages of Rawhide Unit 1 is also included and smooths out costs of outages over a longer period. Historically, Rawhide Unit 1 has had major outages about every three years, with a scheduled minor maintenance outage about halfway between scheduled major maintenance outages. Platte River is evaluating future scheduled outages as the unit nears retirement, which will materially impact remaining outage needs. Scheduled maintenance outages are also required for the combustion turbines, based on the number of unit starts. Due to more frequent starts, outage needs have increased in recent years. Personnel expenses that are charged to operations and maintenance can fluctuate with labor charged to capital projects and fluctuations in headcount in any given year.

Craig Generating Station

Routine operations and maintenance expenses for Craig units 1 and 2 have decreased slightly as participants are prudently investing in the Craig units to maintain reliability until retirement. Scheduled maintenance outages typically cause a non-recurring increase in expenses. To limit reliance on coal-fired resources and avoid excessive capital costs to comply with changing environmental regulations, participants in Craig units 1 and 2 agreed to retire the facilities by December 2025 and September 2028, respectively.

Power operations

Power operations relates to managing resources, including purchases, to meet load and sales for resale obligations. The focus is to provide the owner communities with a reliable energy supply, cost-effectively optimize how that demand is served and create additional value through the sale of available energy and capacity to third parties.

Transmission

Transmission maintenance is important to support the safe and reliable delivery of power across Platte River's regional transmission system. Transmission expenses also include Platte River's share of operating and maintaining jointly owned transmission facilities, ancillary services for regulation of wind and solar, and wheeling expenses paid to WAPA and others for wind and a portion of Platte River's load. Transmission expenses are primarily developed through departmental budgets. Personnel expenses that are charged to operations and maintenance can fluctuate with the amount of labor charged to capital projects and fluctuations in headcount in any given year.

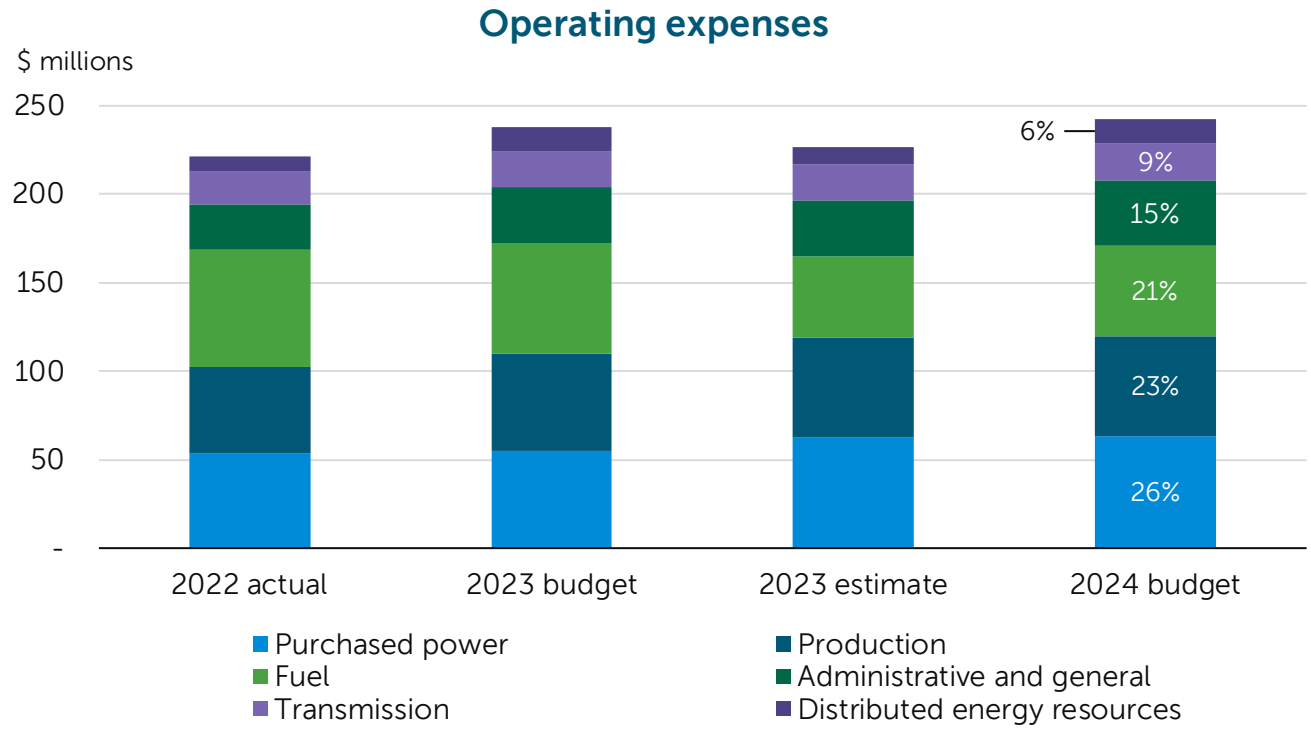
Administrative and general

Administrative and general expenses include all expenses incurred that are not directly allocated to capital or assignable to fuel, production, transmission or DER. These expenses include those related to the general manager, communications, community and government affairs, human resources, safety, general counsel, digital, financial services, facilities and fleet. The largest expense is personnel, which includes salaries and benefits. With the changing environment and continued focus on operational excellence, Platte River has made investments and will continue to invest in employees to achieve strategic initiatives and goals. These investments emphasize general counsel, business strategies and transition and integrations services.

Distributed energy resources

DER expenses include all expenses to administer and implement Platte River's DER programs. Energy efficiency and demand response programs, early forms of DER, began in 2002 with a budget of $0.4 million. DES investment continues due to its success and positive system and community benefits. Development and testing continue with other DER, DERMS and demand response programs as Platte River continues to implement the long-range DER strategy to support the resource diversification planning and integration strategic initiative and the RDP.

Operating expenses ($000)	2022 actual	2023 budget	2023 estimate	2024 budget
Purchased power	$ 53,379	$ 55,115	$ 62,307	$ 63,776
Fuel	66,456	62,676	45,714	51,119
Production	48,916	54,770	56,832	55,842
Transmission	18,536	20,254	20,212	21,412
Administrative and general	25,562	31,508	31,660	36,863
Distributed energy resources	8,413	13,789	10,020	13,664
Total operating expenses	$ 221,262	$ 238,112	$ 226,745	$ 242,676



Purchased power	2022 actual	2023 budget	2023 estimate	2024 budget
Wind				
Roundhouse				
Energy (kWh)	969,525,431	837,499,424	835,219,584	839,692,859
Energy $	$ 16,513,805	$ 14,488,742	$ 14,475,316	$ 14,526,688
Spring Canyon II [1]				
Energy (kWh)	126,214,234	125,207,621	102,600,587	125,251,164
Energy $	$ 4,061,773	$ 4,131,203	$ 3,388,538	$ 4,235,815
Spring Canyon III [1]				
Energy (kWh)	111,885,524	105,944,909	85,960,275	105,981,753
Energy $	$ 3,590,337	$ 3,488,986	$ 2,832,691	$ 3,577,339
Silver Sage [2]				
Energy (kWh)	34,776,397	37,849,763	31,543,958	37,950,606
Energy $	$ 2,266,106	$ 2,527,506	$ 2,107,602	$ 2,597,349
Medicine Bow				
Energy (kWh)	15,733,372	18,346,543	11,748,657	18,395,371
Energy $	$ 629,335	$ 733,862	$ 469,946	$ 721,208
Total wind				
Energy (kWh)	1,258,134,958	1,124,848,260	1,067,073,061	1,127,271,753
Energy $	$ 27,061,356	$ 25,370,299	$ 23,274,093	$ 25,658,399
Hydropower				
WAPA-CRSP				
Demand (kW-Mo)	1,450,002	1,450,002	1,450,002	1,450,002
Demand $	$ 7,612,511	$ 7,612,512	$ 7,612,512	$ 7,612,512
Energy (kWh)	327,414,176	325,785,010	386,448,417	315,313,773
Energy $	$ 4,046,839	$ 4,026,704	$ 4,776,501	$ 3,897,279
Total CRSP	$ 11,659,350	$ 11,639,216	$ 12,389,013	$ 11,509,791
WAPA-LAP				
Demand (kW-Mo)	372,606	372,606	372,606	371,694
Demand $	$ 1,535,137	$ 1,788,510	$ 1,788,510	$ 1,784,130
Energy (kWh)	109,536,421	109,536,421	109,536,421	109,264,400
Energy $	$ 1,721,912	$ 2,005,612	$ 2,005,612	$ 2,000,630
Total LAP	$ 3,257,049	$ 3,794,122	$ 3,794,122	$ 3,784,760
Total hydropower				
Demand (kW-Mo)	1,822,608	1,822,608	1,822,608	1,821,696
Demand $	$ 9,147,648	$ 9,401,022	$ 9,401,022	$ 9,396,642
Energy (kWh)	436,950,597	435,321,431	495,984,838	424,578,173
Energy $	$ 5,768,751	$ 6,032,316	$ 6,782,113	$ 5,897,909
Total $	$ 14,916,399	$ 15,433,338	$ 16,183,135	$ 15,294,551
Solar				
Rawhide Flats Solar				
Energy (kWh)	66,072,558	61,114,995	63,667,032	60,801,529
Energy $	$ 3,531,578	$ 3,266,596	$ 3,403,003	$ 3,249,843

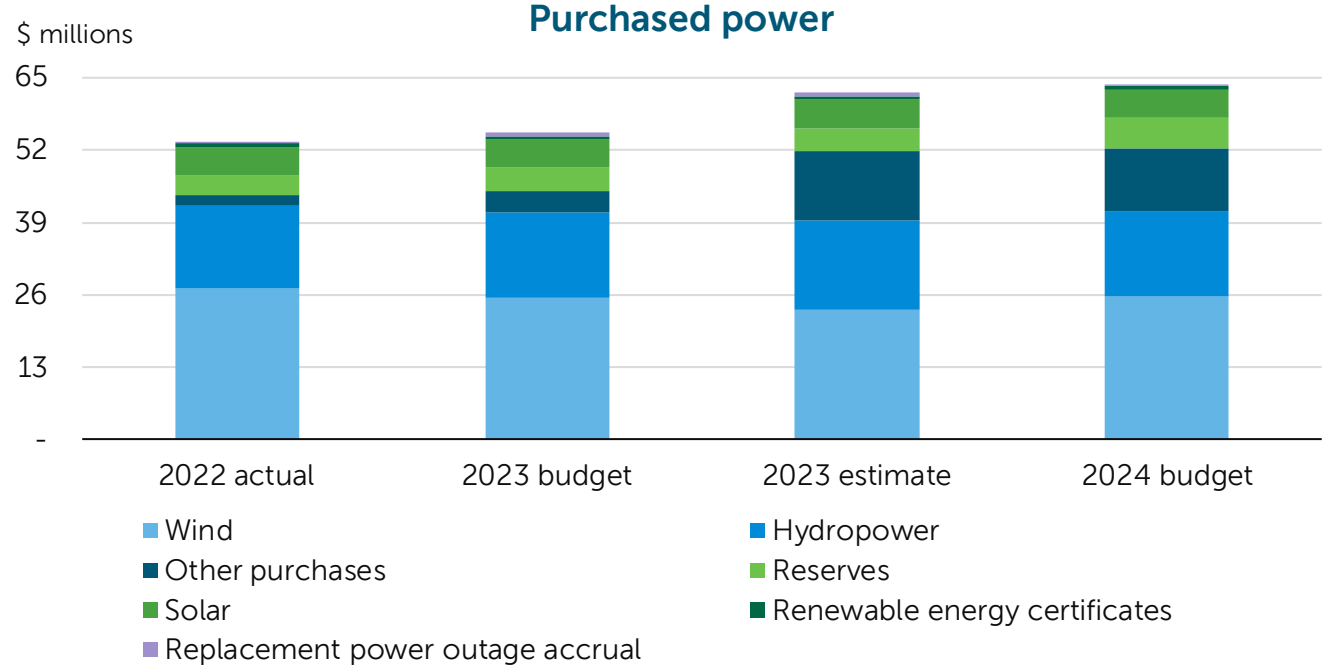
Purchased power (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Solar (continued)				
Rawhide Prairie Solar				
Energy (kWh)	49,968,765	53,522,251	48,738,101	53,225,757
Energy $	$ 1,644,686	$ 1,758,757	$ 1,636,105	$ 1,749,121
Total solar				
Energy (kWh)	116,041,323	114,637,246	112,405,133	114,027,286
Energy $	$ 5,176,264	$ 5,025,353	$ 5,039,108	$ 4,998,964
Other purchases				
Market purchases				
Energy (kWh)	243,766,000	316,265,879	765,229,055	816,027,149
Energy $	$ 2,493,515	$ 2,257,529	$ 11,987,743	$ 10,697,149
Bilateral purchases				
Energy (kWh)	22,419,000	35,312,125	85,203,434	10,392,359
Energy $	$ 2,013,131	$ 1,361,737	$ 3,042,139	$ 467,530
Owner community solar programs [3]				
Energy (kWh)	7,415,952	7,773,742	7,355,586	7,665,231
Energy $	$ 405,448	$ 197,153	$ 196,332	$ 167,807
Forced outage exchange				
Energy (kWh)	(53,700,000)	-	(55,100,000)	-
Energy $	$ (3,072,160)	$ -	$ (2,969,530)	$ -
Total other purchases				
Energy (kWh)	219,900,952	359,351,746	802,688,075	834,084,739
Energy $	$ 1,839,934	$ 3,816,419	$ 12,256,684	$ 11,332,486
Reserves	$ 3,614,987	$ 4,198,047	$ 4,282,564	$ 5,623,834
Renewable energy certificates	$ 549,980	$ 549,980	$ 549,980	$ 550,220
Replacement power outage accrual	$ 220,218	$ 721,479	$ 721,479	$ 317,190
Total purchased power	$ 53,379,138	$ 55,114,915	$ 62,307,043	$ 63,775,644

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

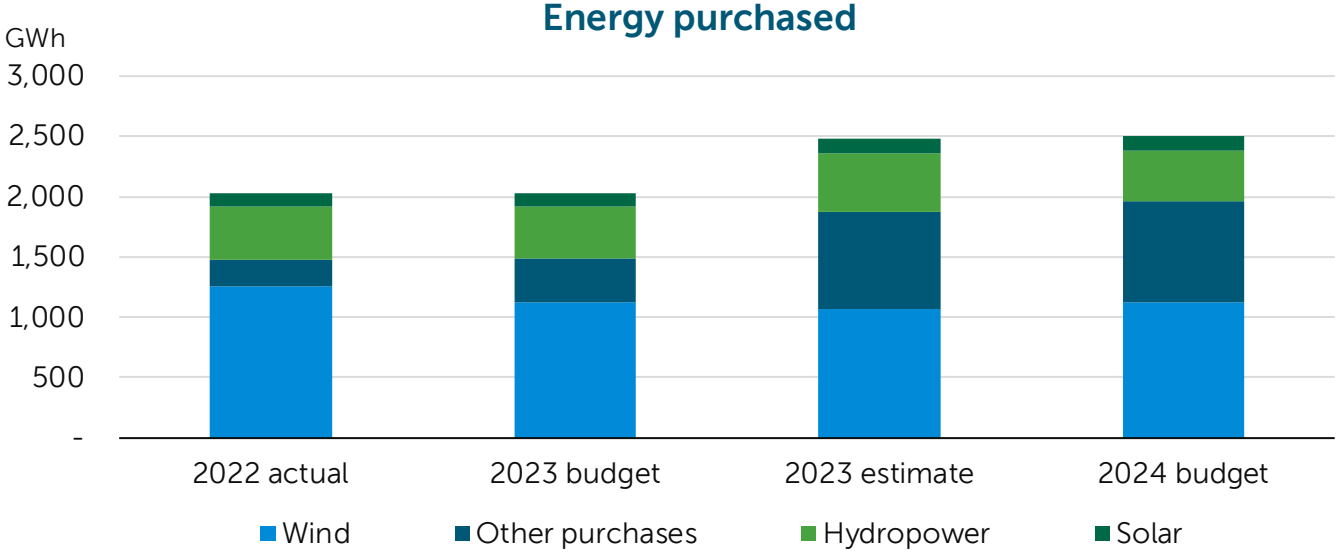
(2) Effective October 2018, Silver Sage energy and the renewable attribute have been sold to a third party.

(3) The owner communities retain the renewable attributes.

Purchased power

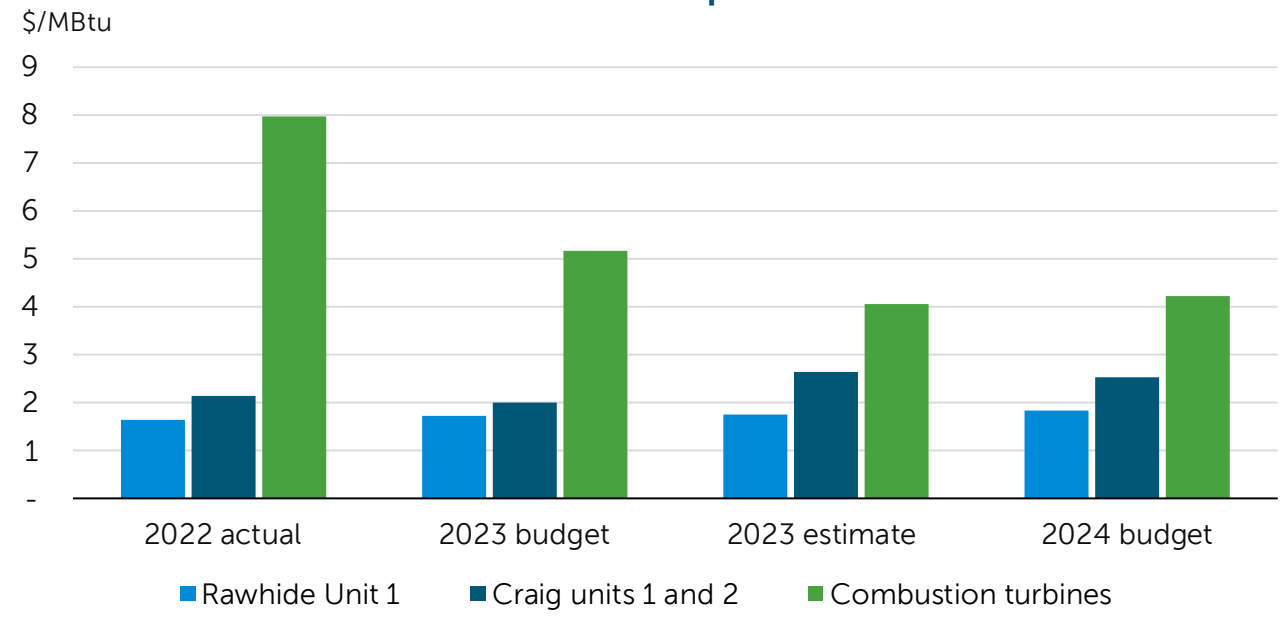


Energy purchased

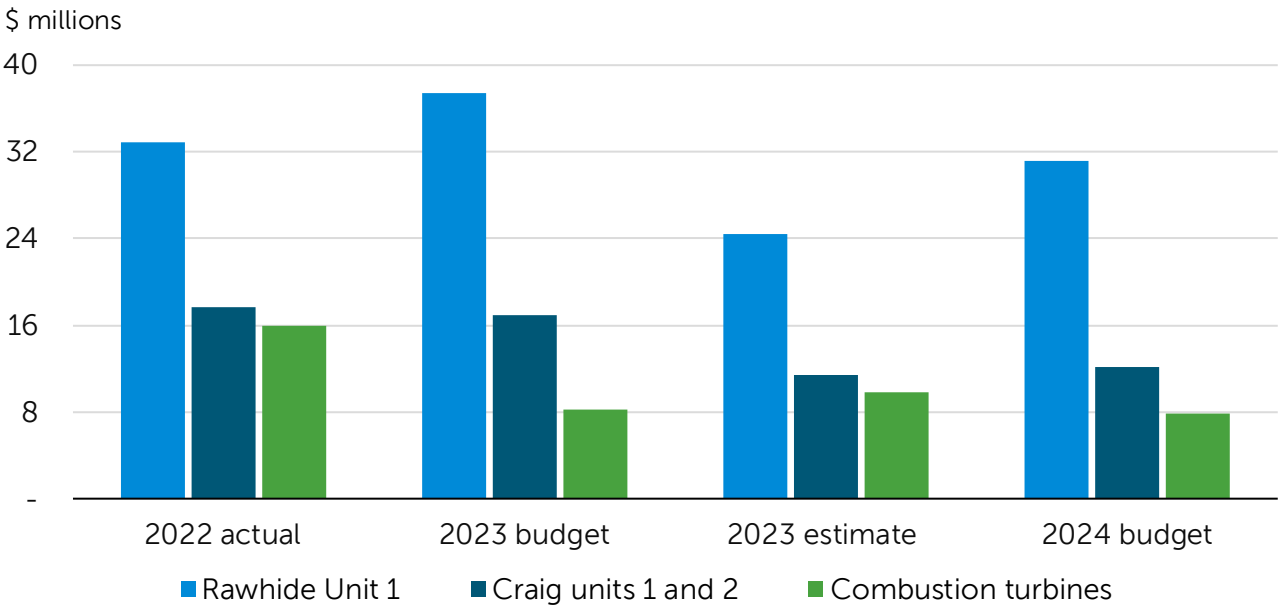


Fuel	2022 actual	2023 budget	2023 estimate	2024 budget
Rawhide Unit 1				
Coal burned (MBtu)	19,872,467	21,776,624	13,787,141	16,930,242
$/MBtu	$ 1.62	$ 1.69	$ 1.73	$ 1.80
Coal expense	$ 32,099,233	$ 36,702,106	$ 23,837,575	$ 30,552,730
Car lease and other	5,189	19,700	18,451	17,000
Oil	271,884	50,000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

Fuel unit cost per MBtu

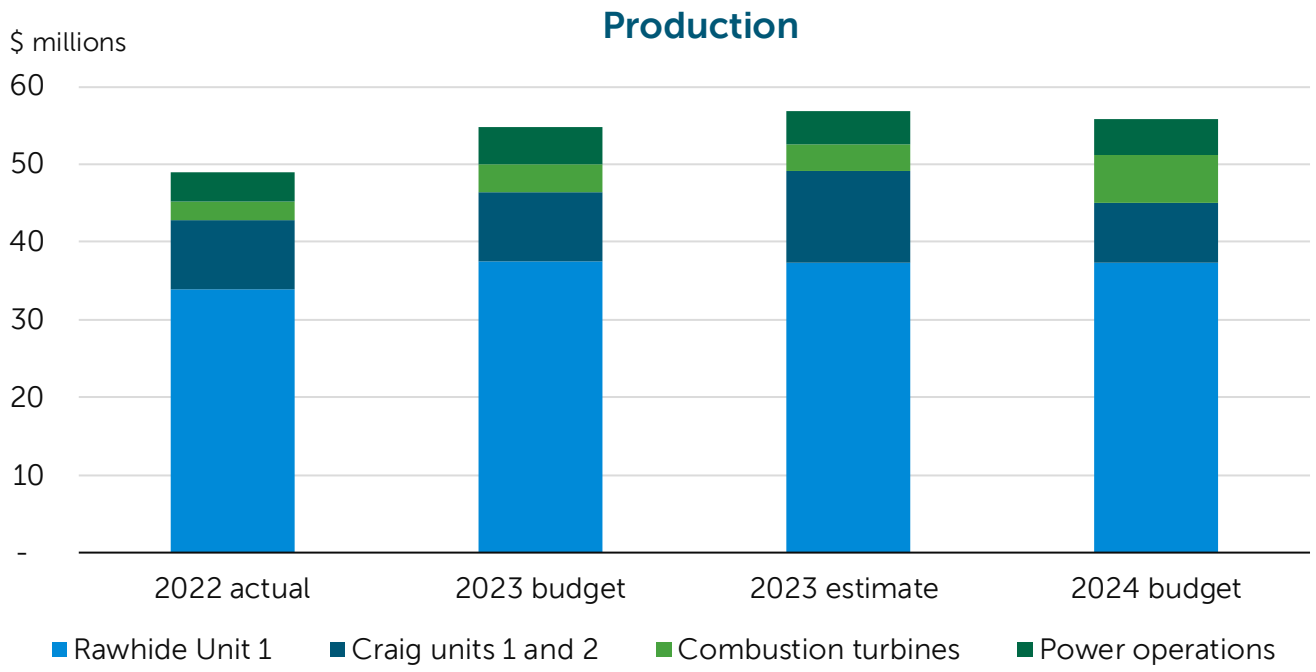


Fuel

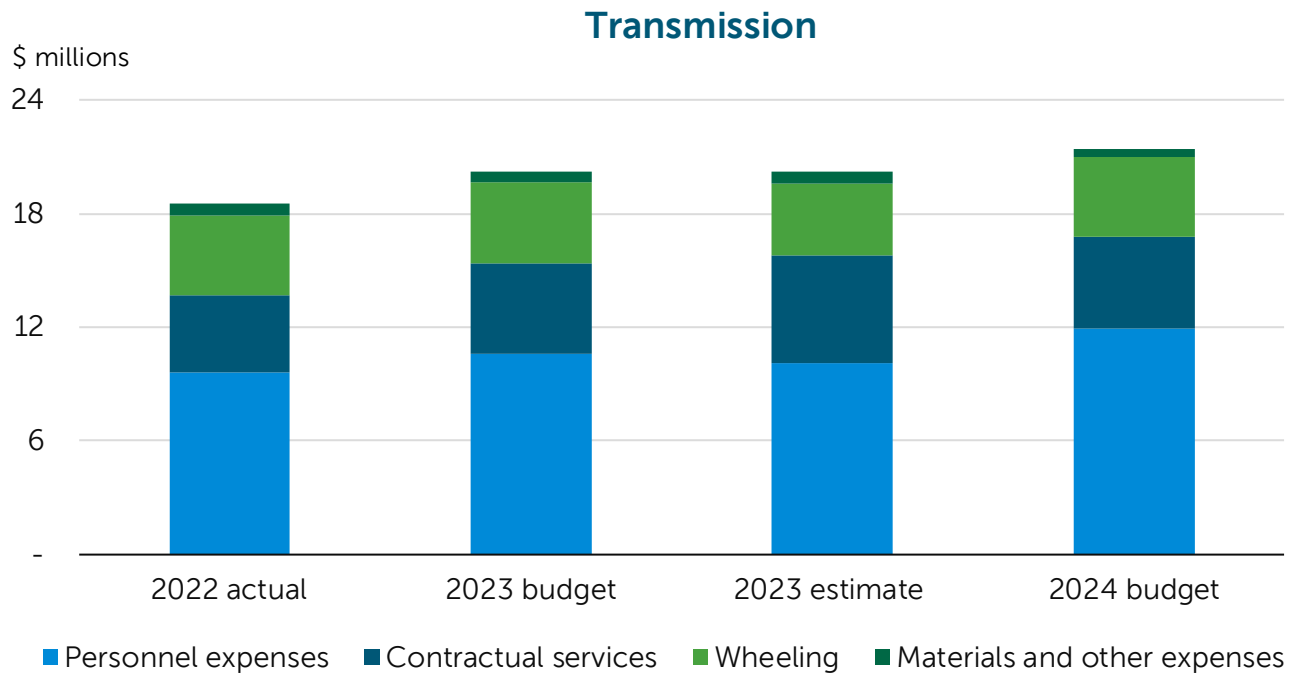


Production	2022 actual	2023 budget	2023 estimate	2024 budget
Rawhide Unit 1				
Personnel expenses				
Regular wages	$ 9,901,196	$ 10,637,071	$ 10,344,902	$ 10,771,560
Overtime wages	1,237,458	1,246,805	1,620,062	1,115,713
Benefits allocation	4,777,663	4,693,725	4,953,397	5,202,324
Total personnel expenses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

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


Production
$ millions
60
50
40
30
20
10
-
2022 actual
2023 budget
2023 estimate
2024 budget
Rawhide Unit 1
Craig units 1 and 2
Combustion turbines
Power operations

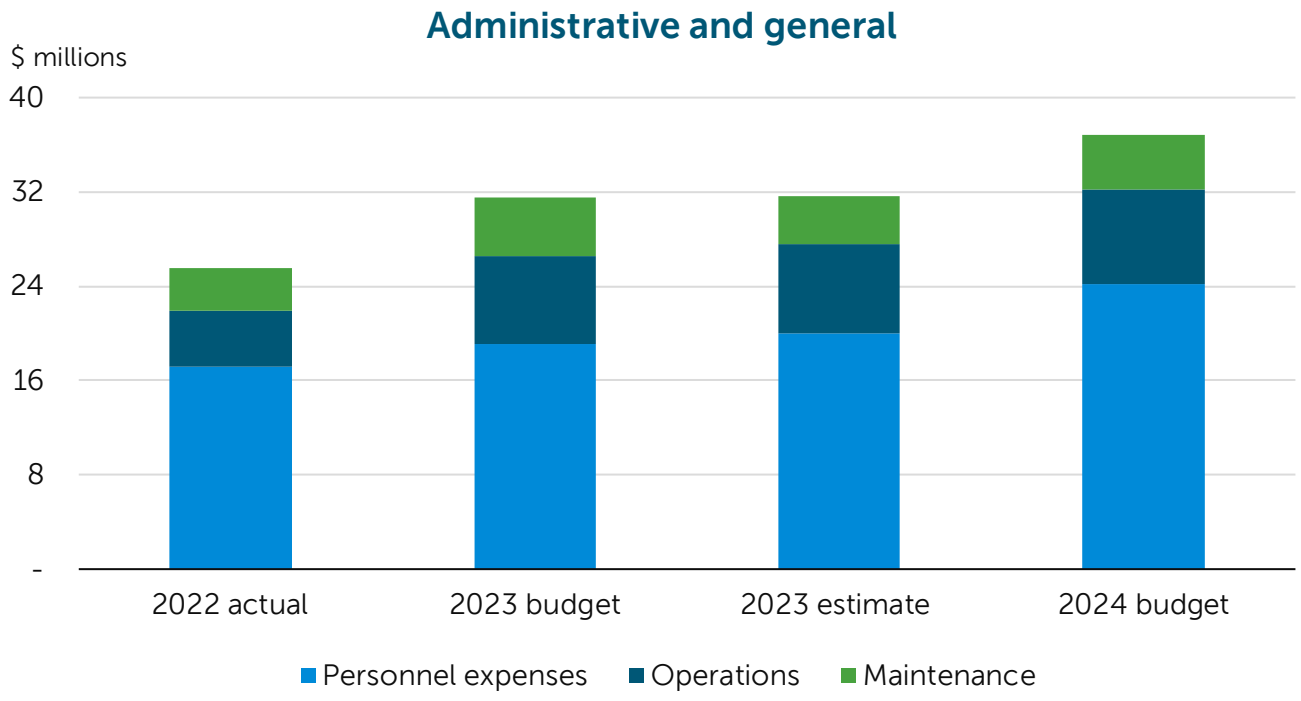
Transmission	2022 actual	2023 budget	2023 estimate	2024 budget
Personnel expenses				
Regular wages	$ 6,265,104	$ 7,217,599	$ 6,646,941	$ 7,862,639
Overtime wages	442,510	402,782	478,675	453,760
Benefits allocation	2,880,326	3,000,090	2,944,025	3,613,429
Total personnel expenses	9,587,940	10,620,471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


Transmission
$ millions
24
18
12
6
-
2022 actual
2023 budget
2023 estimate
2024 budget
Personnel expenses
Contractual services
Wheeling
Materials and other expenses

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

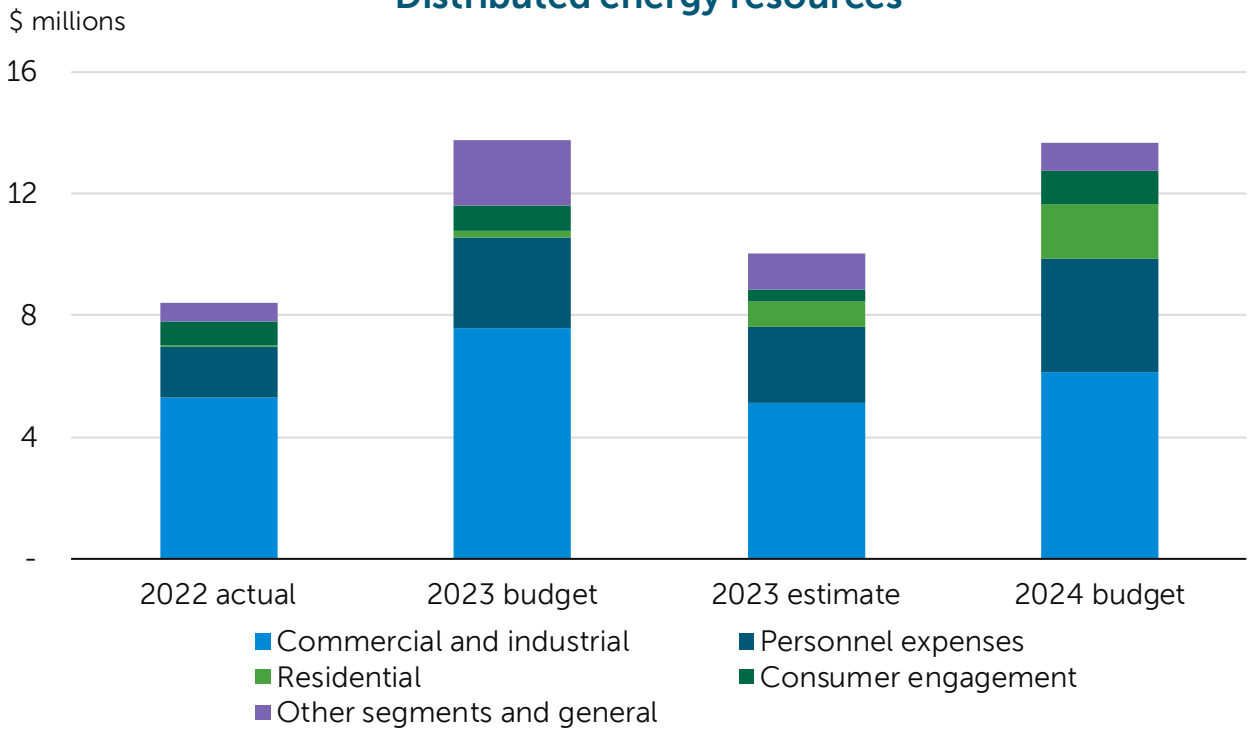
Administrative and general (continued)	2022 actual	2023 budget	2023 estimate	2024 budget
Operations (continued)				
Board and enterprise expenses (continued)				
Trustees fees	$ 18,000	$ 12,000	$ 12,000	$ 12,000
Owner community economic development	100,000	100,000	100,000	120,000
Total board and enterprise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

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



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

Distributed energy resources



CAPITAL ADDITIONS

Capital projects are viewed strategically with a long-term outlook to support Platte River's foundational pillars to safely provide reliable, environmentally responsible and financially sustainable energy and services to the owner communities, as well as strategic initiatives and core operations. Capital additions generally consist of projects to maintain and improve system reliability, replace and upgrade aging infrastructure, implement technology improvements, diversify and transition resources, maintain compliance and improve efficiency.

Production capital additions include new aeroderivative combustion turbines, power plant upgrades and equipment replacements as well as compliance-related projects at the Rawhide and Craig generating stations. Transmission capital additions include transmission lines, substations and supporting equipment. Projects are based on transmission studies and consultation with the owner communities' staff through the joint technical advisory committee. These projects will enhance system reliability and add capacity to serve new and existing loads as well as allow future noncarbon projects. General plant capital additions include computer hardware and implementation costs associated with subscription-based information technology arrangements, communication equipment, building modifications and other general plant equipment purchases. Asset retirement obligations include payments to satisfy legally enforceable liabilities associated with the retirement of a tangible capital asset such as an impoundment or electric generation facility.

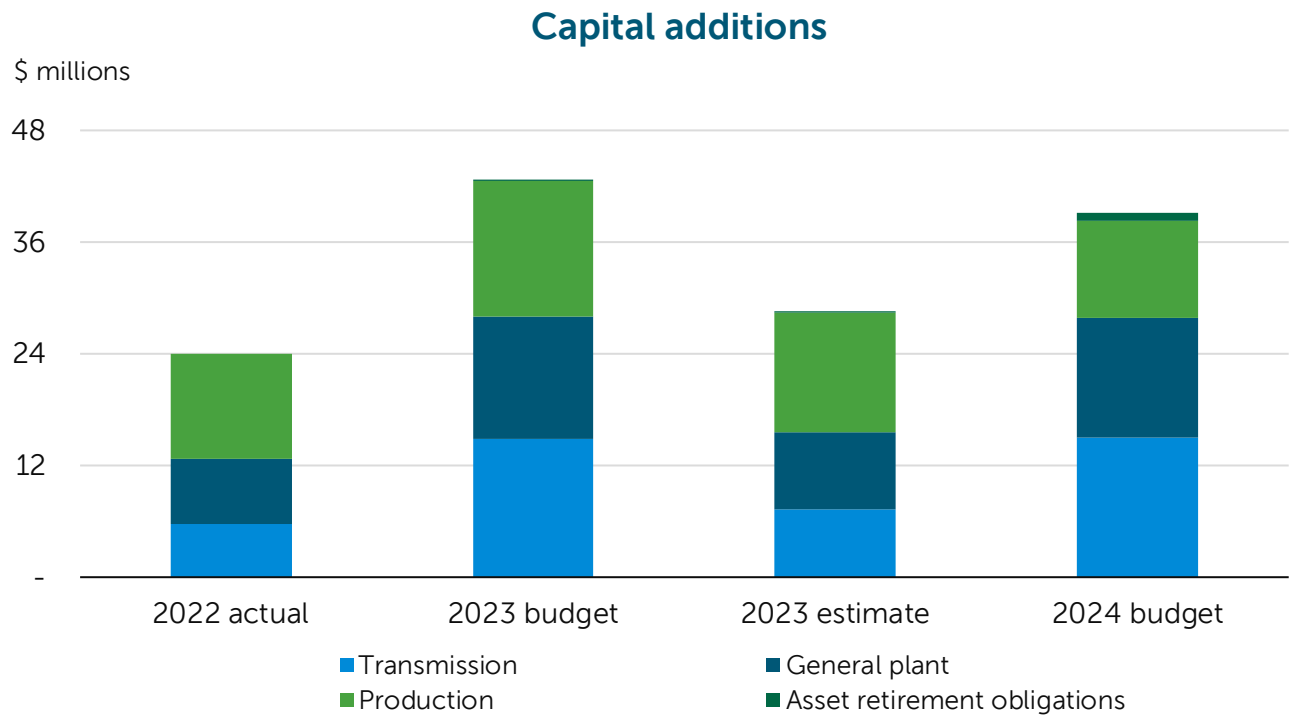
The five-year capital forecast is developed to outline future investment in capital projects. Capital planning is an ongoing effort as needs change, so Platte River reviews and updates the plan three times annually along with financial projections. The plan is the basis for each budget year. Production projects focus on plant equipment improvements, including equipment replacements or enhancements during scheduled maintenance outages, dust collection system replacements, combustion component upgrades, controls hardware upgrades and the new aeroderivative combustion turbines. Transmission projects focus on new substations for new noncarbon resources, substation expansion for the new aeroderivative combustion turbines, a new transmission line and interconnection assets for noncarbon resources, transformer replacements, transmission line replacement, and include coordinating and planning owner community requests for substation additions. Future general plant projects include replacing information technology equipment, fiber optic cable and equipment replacements, implementing strategic software solutions including DERMS, additional energy market software and the ERP that will benefit the entire organization. Asset retirement obligations consist of reclamation activities at Trapper Mine.

Project management continues to be a focus. In the past several years, Platte River has emphasized resource availability and improving project planning and execution. This process will continue to evolve, striving toward operational excellence. Projects typically experience schedule changes for various reasons; therefore, staff will request a portion of unspent 2023 budget capital additions be carried over into the 2024 budget. Supply chain issues

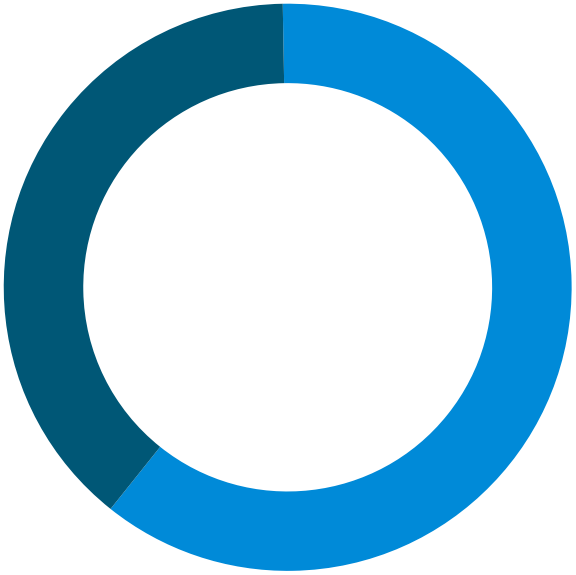
experienced during 2023 have dictated many schedule changes. Current lead times and resource constraints have been considered in the 2024 budget, but evolving economic conditions create uncertainty.

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

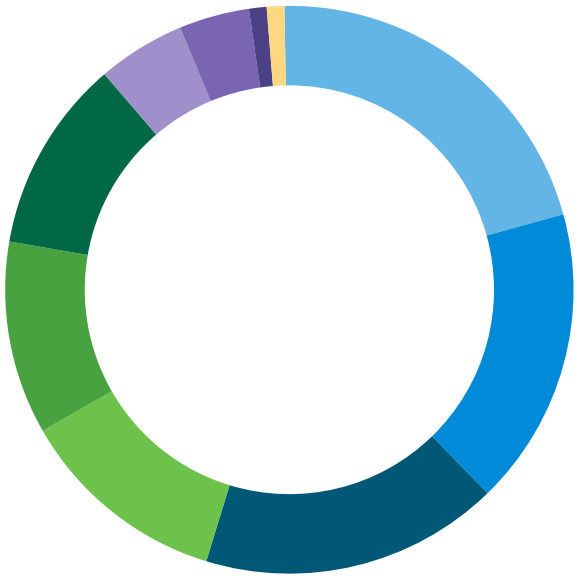
Capital additions ($000)	2022 actual	2023 budget	2023 estimate	2024 budget
Production	$ 11,290	$ 14,668	$ 12,855	$ 10,442
Transmission	5,708	14,953	7,286	15,075
General plant	7,104	13,048	8,337	12,793
Asset retirement obligations	-	52	52	933
Total capital additions	$ 24,102	$ 42,721	$ 28,530	$ 39,243



2024 capital additions: $39.2 million



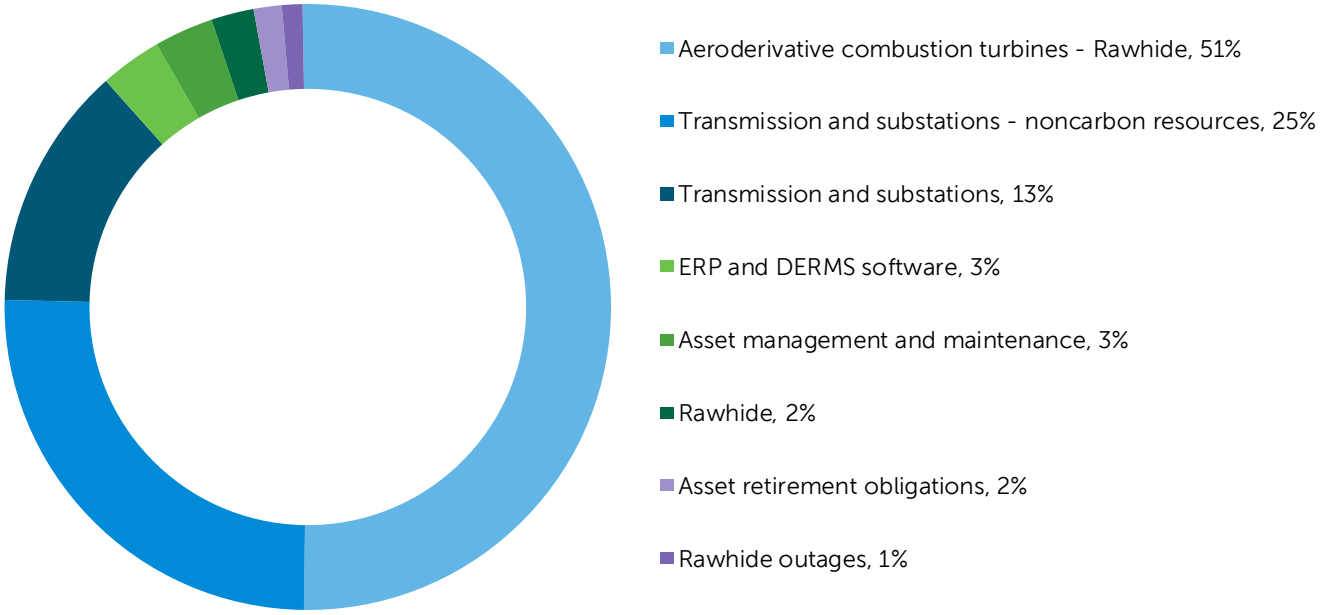
- Strategic initiatives, 61%
- Core operations, 39%

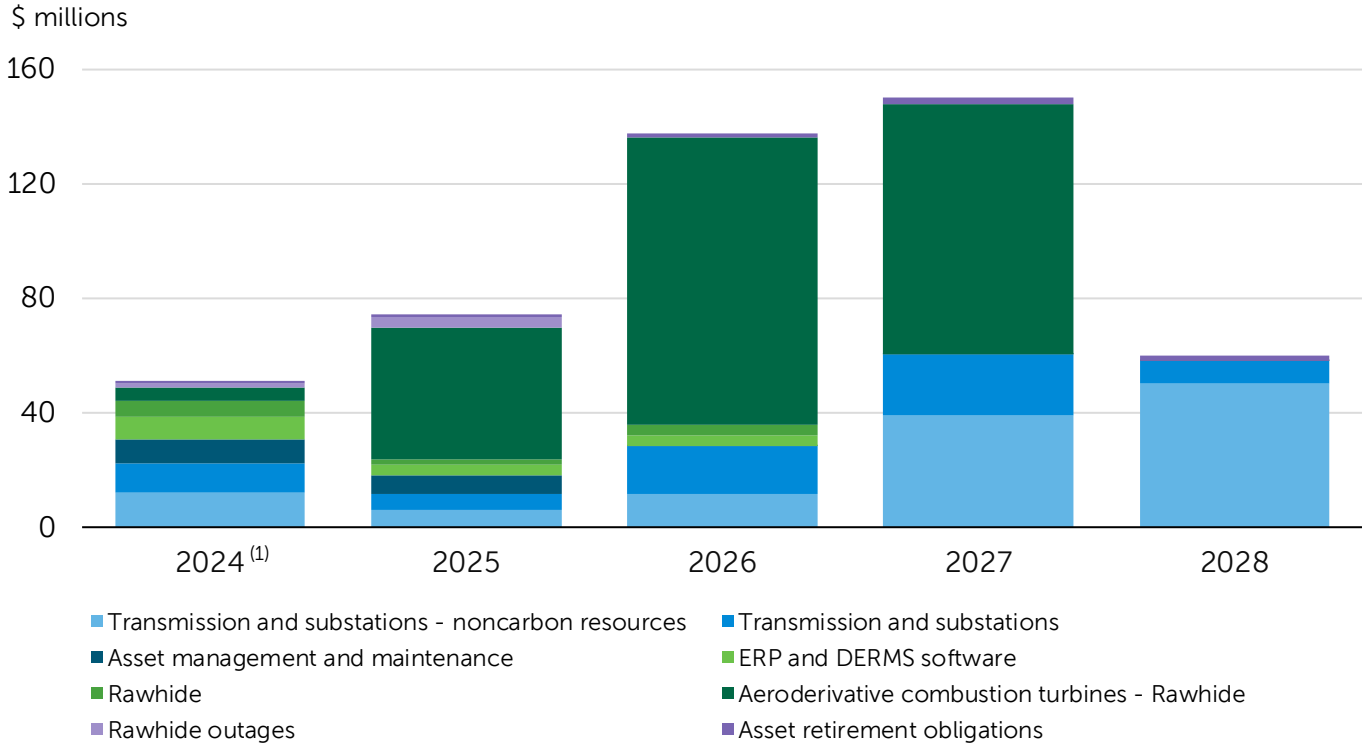


- ERP and DERMS software*, 21%
- Transmission and substation equipment, 17%
- Solar substation 230 kV - Severance Substation*, 17%
- Aeroderivative combustion turbines - Rawhide*, 12%
- Other strategic projects*, 11%
- Rawhide, 11%
- Fiber optics, 5%
- Asset management and maintenance, 4%
- Asset retirement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

* Strategic projects

Capital five-year forecast
2024-2028
$473.5 million





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

Production capital additions	2024 budget	Total cost estimate[1]
Rawhide projects		
• Aeroderivative combustion turbines - Rawhide	$ 4,606,284	$ 239,041,000
Compressor blade upgrade - combustion turbine Unit F	1,861,451	
• Evaporative cooling and wet compression - combustion turbine Unit F	1,546,510	
Evergreen controls hardware upgrade - Rawhide Unit 1	1,111,332	1,941,000
Gas control valve replacement - combustion turbine Unit C	451,889	
Bently system upgrade - Rawhide	345,839	429,000
Transformer nitrogen generator - Rawhide Unit 1	152,359	
pH and conductivity analyzer replacements - Rawhide Unit 1	75,214	
Station service battery bank replacement - combustion turbine Unit F	40,187	
Uninterruptible power supply replacement - gas yard	39,028	
HVAC replacement - rotary car dumper server room	26,782	
Total Rawhide projects	10,256,875	
Rawhide purchases		
Floor machine replacement - Rawhide	46,640	
Extrication tool replacement - Rawhide	33,000	
Scissor lift - Rawhide	20,000	
Total Rawhide purchases	99,640	
Other production projects		
Craig units 1 and 2 projects	85,730	
Total production capital additions	$ 10,442,245	

Transmission capital additions	2024 budget	Total cost estimate[1]
Transmission projects		
• Solar substation 230 kV - Severance Substation [2]	$ 6,568,805	$ 13,074,000
Transformer T3 replacement - Timberline Substation [2]	2,977,711	5,298,000
Transformer T1 replacement - Longs Peak Substation [2]	1,618,287	5,070,000
• Bay connection and transmission line to Severance Substation - noncarbon resources	1,529,155	4,302,000
Circuit breaker replacement 592, 596 - Ault Substation WAPA	878,000	
Circuit breaker replacement 492, 1092, 3124, 3224 - Ault Substation WAPA	751,800	
Transmission line vault upgrades - Rogers Road Substation [2]	368,368	773,000
115 kV transmission line replacement - Drake transmission line [2]	140,200	7,965,000
• Substation and interconnections - noncarbon resources	70,100	10,120,000
• Transmission lines - noncarbon resources	59,908	50,260,000
• Distribution battery storage interconnection - Town of Estes Park, City of Fort Collins, City of Longmont and City of Loveland	36,360	3,836,000

Transmission capital additions (continued)	2024 budget	Total cost estimate[1]
• Substation expansion and reliability upgrade - Rawhide Substation	$ 32,320	$ 13,532,000
HVAC unit replacements - substations	22,419	
Transmission digital fault information network - Portner Substation	21,558	
Total transmission capital additions	$ 15,074,991	

General plant capital additions	2024 budget	Total cost estimate[1]
General plant projects		
• Enterprise resource planning software	$ 5,635,050	$ 10,620,000
• Distributed energy resources management system	2,484,733	9,927,000
Fiber optic cable replacement - Long-Haul East (Loveland to Longmont)	1,825,557	
• Regional transmission organization market software	584,807	885,000
Mechanical system redundancy - headquarters [2]	487,628	768,000
• Operations analytics software	480,000	
Network replacement - headquarters	345,000	
Microwave network replacement - headquarters to Estes Park	342,462	
Perimeter detection system - LaPorte Substation (PSCo, Tri-State)	218,009	
• Backup recovery storage addition	150,000	
Storm water drainage - outbuildings	141,379	
Built-in shelving - headquarters	54,349	
Data sharing remote terminal unit replacement - Crossroads Substation	27,052	
Global positioning system timing source replacement - Disaster Recovery Center	10,769	
Total general plant projects	12,786,795	
General plant purchases		
Copier replacement - Rawhide	5,900	
Total general plant capital additions	$ 12,792,695	

Asset retirement obligations capital additions	2024 budget	Total cost estimate[1]
Asset retirement obligations projects		
Trapper Mine post-mining reclamation	$ 933,072	$ 11,650,000
Total capital additions	$ 39,243,003	

• Project supports strategic initiative.

(1) If no amount is shown, the 2024 budget amount represents the total project cost estimate.

(2) Projects with estimated unspent 2023 funds that will be requested to be carried over to the 2024 budget.

Production capital additions

Rawhide projects

Aeroderivative combustion turbines - Rawhide	$ 4,606,284

Project time frame: 2024-2027
Total cost estimate: $239,041,000[1]

Construct flexible, high-efficiency, low-carbon aeroderivative combustion turbines at Rawhide Energy Station to support the reliable transition to a noncarbon energy portfolio supporting the RDP. This resource will support system reliability as other firm, noncarbon technologies such as long-duration storage or green hydrogen develop and reach maturity. Funds budgeted in 2024 will be used for detail design, including capacity and technical specifications.

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

Compressor blade upgrade - combustion turbine Unit F	1,861,451

Upgrade the first row of rotating blades and the first five rows of stationary blades in the compressor section of combustion turbine Unit F. The manufacturer identified the rotating blades are susceptible to distress in the dovetail of the blade and pose a risk for blade liberation. Platte River's insurance provider has also recommended that the compressor section of the unit be upgraded to address concerns with the front end of the compressor. Upgrading the compressor blades may allow additional unit output due to improved air flow through the compressor and will improve rub tolerance of the blades during operation.

Evaporative cooling and wet compression - combustion turbine Unit F	1,546,510

Add an evaporative cooling technology known as fogging and wet compression to combustion turbine Unit F to increase energy output during summer months. The project includes two high pressure pump skids, stainless steel high pressure feed lines, two fog nozzle arrays and associated electrical and control instrumentation. Water introduced in the inlet ductwork will fully evaporate prior to reaching the turbine blades, alleviating concerns of erosion of the compressor blades and results in a negligible effect on the gas turbine maintenance interval. Fogging and wet compression have the potential to reduce heat rate, fuel costs and nitrogen oxide emissions due to the increased water vapor content of inlet air.

Evergreen controls hardware upgrade - Rawhide Unit 1	1,111,332

Project time frame: 2024-2025
Total cost estimate: $1,941,000

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

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

Replace all existing electro-hydraulic stop-speed ratio valves and gas control valves with electric-actuated valves on combustion turbine Unit C. The project includes replacement of the inlet guide vane actuator and positioner, installing new digital valve positioners for each component, new wiring and conduit and integration into the Ovation distributed control system. The current electro-hydraulic valves require disassembly, cleaning and rebuild every other year to prevent clogged servos and filters. The current valves have also been problematic during cold weather operation. Removal of the hydraulic oil system minimizes safety and environmental hazards. The new electric-actuated valves will increase reliability and provide advanced diagnostic capabilities.

Bently system upgrade - Rawhide 345,839

Project time frame: 2023-2024
Total cost estimate: $429,000

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

Transformer nitrogen generator - Rawhide Unit 1 152,359

Replace nitrogen bottles on three generation step-up transformers, one unit auxiliary transformer and two reserve auxiliary transformers with a nitrogen generator. Nitrogen is the inert gas used to seal off the transformer from outside air keeping moisture, oxygen and any other hazardous gases out of the transformer headspace. Each transformer has its own nitrogen cabinet consisting of a bottle of nitrogen. These transformers are checked four times in a 24 hour period by plant operators which entails walking to each transformer, opening a cabinet and recording the reading. The nitrogen generator will pipe nitrogen to each transformer and pressure readings will be located in a single location for verification.

pH and conductivity analyzer replacements - Rawhide Unit 1 75,214

Replace up to six transmitters, associated instrument housing and cabling for the cycle chemistry lab and potable water system at Rawhide Unit 1. Online potential hydrogen (pH) and conductivity analysis throughout the boiler and steam cycle provide critical information on potential condenser tube leaks, boiler tube leaks, system contamination and cycle chemical treatment effectiveness. The current transmitters are outdated and provide inconsistent results. Updating the transmitters to a uniform model and manufacturer would provide ease of operation. Newer transmitters would also increase troubleshooting capability, increasing reliability of information.

Station service battery bank replacement - combustion turbine Unit F	$	40,187

Replace the station service battery bank for combustion turbine Unit F. The project includes disposal of the existing batteries, installation and load testing to verify the batteries are performing as required. The current battery bank is at the end of its useful life. Direct-current power from the battery bank is vital for safety relaying and operation of the circuit breaker. If the unit trips, the battery bank is the energy source to operate oil pumps and other protective equipment to keep the unit safe until another source of power is restored or the unit is able to be brought offline in a controlled manner.

Uninterruptible power supply replacement - gas yard	39,028

Replace the uninterruptible power supply at the gas yard as the current system is reaching the end of its useful life. This system provides power to bath heaters and other gas yard controls equipment in the event there is a loss of primary and secondary power sources.

HVAC replacement - rotary car dumper server room	26,782

Replace the HVAC unit in the rotary car dumper server room which houses critical control system computer equipment for fuel handling. The current unit is at the end of its useful life and has coil damage from hail storms.

Total Rawhide projects	$	10,256,875

Rawhide purchases

Floor machine replacement - Rawhide	$	46,640

Purchase a riding floor scrubbing machine to clean the plant floors which will replace the existing floor machine that has reached the end of its useful life.

Extrication tool replacement - Rawhide	33,000

Purchase extrication tools to replace the existing hydraulic extrication tools that have reached the end of their useful life. The new battery-powered tools are portable and can be utilized for rescue within more areas of the plant. The tools will also be cordless to avoid tripping hazards and are lighter in weight to reduce user strain and fatigue.

Scissor lift - Rawhide	20,000

Purchase a 500-pound, two-person capacity scissor lift. A scissor lift is a safe, efficient and effective way to work from heights. The scissor lift can be moved on the elevator allowing it to be used on different floors in the main plant. The scissor lift can also be used in the combustion turbine yard and throughout the facility in different applications.

Total Rawhide purchases	$	99,640

Other production projects

Craig units 1 and 2 projects	$	85,730

The engineering and operating committee approved capital projects for plant improvements and additions at the Craig Generating Station. The budget includes expenses for various projects for Craig units 1 and 2 with a significant project related to concrete foundation repairs to transmission lines. The amount shown represents Platte River's ownership share responsibility.

Total production capital additions	$	10,442,245

Transmission capital additions

Transmission projects

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

Project time frame: 2021-2024
Total cost estimate: $13,074,000
Carryover estimate: $4,058,000

Construct a 230 kV substation to connect additional noncarbon resources to the Front Range transmission system. As part of the project, existing transmission line structures will be modified to route the lines into the new substation.

Transformer T3 replacement - Timberline Substation	2,977,711

Project time frame: 2021-2024
Total cost estimate: $5,298,000
Carryover estimate: $487,000

Replace the existing three single-phase 230-115 kV transformers with a single three-phase 230-115 kV autotransformer at Timberline Substation. In addition, a new 230 kV circuit switcher and 115 kV circuit switcher will be installed, and three 115 kV disconnect switches will be replaced. The disconnect switches have higher than normal test measurements. The manufacturer has discontinued production of the switches making replacement parts difficult to find. The scope of the project also includes completing a transformer specification and formal bid process; designing and installing a new foundation and oil containment system to accommodate new equipment; modifying the high voltage and low voltage connections; modifying the existing sensing and monitoring system; and modifying the ground grid system. The existing transformer is reaching the end of its design life and needs to be replaced in order to maintain reliable operation of the system.

Transformer T1 replacement - Longs Peak Substation $ 1,618,287

Project time frame: 2022-2025
Total cost estimate: $5,070,000
Carryover estimate: $67,000

Replace the existing three single-phase 230-115 kV transformers with a single three-phase 230-115 kV autotransformer at Longs Peak Substation. In addition, a new 230 kV circuit switcher and 115 kV circuit switcher will be installed with associated disconnect switches, and the remote terminal unit (RTU) will be replaced. The scope of the project also includes completing a transformer specification and formal bid process; designing and installing a new foundation and oil containment system to accommodate new equipment; modifying the high voltage and low voltage connections; modifying the existing sensing and monitoring system; and modifying the ground grid system. In addition, Platte River will upgrade the control panels in the building per current Platte River design standards. The existing transformer is reaching the end of its design life and needs to be replaced in order to maintain reliable operation of the system. The new relay panels are designed with more space and with removal panels to accommodate future replacement projects. There are multiple relays at the end of their useful lives that are being replaced in a continuous effort to modernize the grid. The new relays have the latest hardware that provides the processing power necessary to capture high resolution system data which is used to further improve the transmission system's operation. The existing panels were manufactured using a wire labeling method not consistent with Platte River standard. This nonstandard labeling makes routine maintenance and troubleshooting difficult. The new relay panels will be constructed per Platte River's labeling standard.

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

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

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

Circuit breaker replacement 592, 596 - Ault Substation WAPA 878,000

Replace two 345 kV power circuit breakers at the Ault Substation. The existing breakers have experienced sulfur hexafluoride gas leaks in recent years and are approaching the end of their useful life. Platte River is a party to contract 87-LAO-285 which states Platte River's ownership and financial obligation to the Ault facilities. Platte River is responsible for 40% of the total project cost.

Circuit breaker replacement 492, 1092, 3124, 3224 - Ault Substation WAPA 751,800

Replace four 345 kV power circuit breakers at the Ault Substation. The existing breakers have experienced sulfur hexafluoride gas leaks in recent years and are approaching the end of their useful life. Platte River is a party to contract 87-LAO-285 which states Platte River's ownership and financial obligation to the Ault facilities. Platte River is responsible for 28% of the total project cost.

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

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

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

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

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

Design and replace two miles of the Drake transmission line. Funds budgeted in 2024 will be used for preliminary design work and project evaluation. Inspections completed in 2019 on the 115 kV transmission line located along Drake Road in the City of Fort Collins between the Drake Substation and the Power Trail noted significant corrosion on the base plates, anchor bolts and pole base sections. Rebuilding is necessary to continue safe and reliable operation of the transmission line.

Substation and interconnections - noncarbon resources 70,100

Project time frame: 2024-2027
Total cost estimate: $10,120,000

Design and construct new substation facilities and modify existing substations to connect new renewable resource sites to the transmission system. The additional substation facilities and modifications are required to maintain reliable operation of the transmission system. Funds budgeted for 2024 will be used for preliminary design work and project evaluation.

Transmission lines - noncarbon resources 59,908

Project time frame: 2024-2028
Total cost estimate: $50,260,000

Design and construct new transmission line facilities to connect new renewable resource sites to the transmission system. The additional transmission lines are needed to maintain reliable operation of the transmission system and relieve projected transmission congestion. Funds budgeted for 2024 will be used for preliminary design work and project evaluation.

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

Project time frame: 2024-2026
Total cost estimate: $3,836,000

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

Substation expansion and reliability upgrade - Rawhide Substation 32,320

Project time frame: 2024-2027
Total cost estimate: $13,532,000

Design and construct an expansion of the existing Rawhide Substation yard to provide additional interconnections for new generation resources. The scope of this project includes the redevelopment of an area of land on the Rawhide site to install new substation equipment; site grading to accommodate the new equipment and proper drainage; and installation of additional perimeter fencing, a ground grid, 230 kV bus, 230 kV breakers, 230 kV switches, capacitor coupled transformers, relaying and a control enclosure. Funds budgeted for 2024 will be used for preliminary design work and project evaluation.

HVAC unit replacements - substations 22,419

Replace HVAC units at Portner Substation. The units are at the end of their useful life, have been costly to maintain and are having trouble keeping building temperature at required levels. These replacements are part of a multiyear initiative to replace all units at all substation and auxiliary buildings.

Transmission digital fault information network - Portner Substation 21,558

Purchase and install a microprocessor-based device designed to integrate with existing relays installed at the Portner Substation. Frequently, faults occur on the system during inclement weather conditions. This system will collect fault event data automatically, which eliminates the need to dispatch a substation technician in inclement weather conditions to manually retrieve the data. Restoration times will be shortened as fault event data will be immediately collected and available for use.

Total transmission capital additions	$	15,074,991

General plant capital additions

General plant projects

Enterprise resource planning software	$ 5,635,050

Project time frame: 2022-2024
Total cost estimate: $10,620,000

Replace multiple systems that have reached the end of their useful lives. The scope of applications to be replaced or added includes the general ledger, accounting, fixed assets, cash management, contracting, purchasing, project portfolio management, budgeting, forecasting and reporting systems for financial services. The new software will allow employees to work more efficiently with access to real-time data needed to make business decisions. In addition, new functionality within the selected system will offer modernized features to employees, improving reporting functionality and better aligning work products with organizational goals.

Distributed energy resources management system	2,484,733

Project time frame: 2024-2026
Total cost estimate: $9,927,000

Develop a system to enable the management of flexible DER that can provide customer and system benefits. The DERMS is being developed to enable DER visibility (through monitoring or modeling DER performance), predictability (through analytics, measurement and verification) and dispatchability (through direct control or price-responsive control by the customer) for DER brought into the system through programs or interconnection processes. The DERMS is intended to enable DER owners to enroll, interconnect and register their DER devices to provide services to the electric system in exchange for a share of system benefits they provide. The DERMS will provide Platte River the ability to operate DER to support integration of variable renewable energy by improving the accuracy of load forecasts and providing information on flexible DER performance. In addition, DERMS is expected to manage flexible DER as a hedge against cost risks of variable renewable energy oversupply or undersupply and will support system reliability.

Fiber optic cable replacement - Long-Haul East (Loveland to Longmont)	1,825,557

Replace the existing aerial 96 fiber strand cable section of Long-Haul East from Boyd Substation to Longs Peak Substation with a 144 fiber strand count underground cable. The existing Long-Haul East fiber cable is over 20 years old and, during spot checking, shows signs of ultraviolet and wear damage. This project will proactively replace a portion of the aerial cable to avoid failure in addition to adding capacity between the Boyd Substation and Longs Peak Substation.

Regional transmission organization market software $ 584,807

Project time frame: 2024-2025
Total cost estimate: $885,000

Implement additional software modules needed to operate and perform activities in SPP RTO West. Modules included in this project enable developing and submitting bids, generation dispatching, receiving and shadowing settlements, performing analysis on RTO West results and integrating results with financial and other reporting tools.

Mechanical system redundancy - headquarters 487,628

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

Install a closed-loop fluid cooler to the headquarters building for mechanical system redundancy. Installation of this unit will allow all critical systems to stay online in the event the pond heat exchangers are unavailable. There is a known design flaw within the pond heat exchangers being corrected under warranty. However, Platte River would like to have full redundancy for all critical systems.

Operations analytics software 480,000

Develop a decision software system to improve descriptive, predictive and prescriptive operations analytics. This software system will optimize DER and renewable operational processes and improve efficiency. In addition, the system will analyze operational data to identify bottlenecks, optimize resource allocations, improve production planning and enhance overall operational performance.

Network replacement - headquarters 345,000

Replace network equipment that has reached the end its useful life at headquarters. Network equipment is replaced approximately every five years for compatibility, security, reliability and supportability reasons. Beyond five years, reliability of equipment decreases, annual maintenance costs from the vendor increase and availability of security patches becomes uncertain.

Microwave network replacement - headquarters to Estes Park 342,462

Replace the point-to-point microwave radio equipment at headquarters, Bald Mountain, Panorama Peak and Prospect Mountain. The existing microwave radio network used as a backup communications solution for the bulk electric system network is obsolete and has reached the end of its useful life. This solution is a unique backup network link into the Estes Park bulk electric system network and can operate in the event all fiber communications outside of Estes Park are down.

Perimeter detection system - LaPorte Substation (PSCo, Tri-State)	$	218,009

Install forward-looking infrared thermal cameras to detect any perimeter breach into the LaPorte Substation. The project will include infrastructure on perimeter walls for mounting cameras and electronics. The cameras will be positioned on the perimeter wall and send alerts to Platte River security if the perimeter is breached. This system provides thermal alarm triggering which will add another layer of protection against vandalism, theft and malicious threats. In addition, perimeter lighting will be installed to aid in investigation and act as a deterrent upon alarm. The project will be billed in accordance with the LaPorte 115 kV Substation Participation Agreement with Public Service Company of Colorado (PSCo) and Tri-State. Platte River is responsible for 75% of the total project cost.

Backup recovery storage addition	150,000

Purchase storage necessary to implement a single, centralized backup system. Platte River has multiple legacy backup systems that are being consolidated onto the new centralized platform. By consolidating all backup systems, Platte River will reduce training and support costs while enabling more employees to become subject matter experts on a single platform.

Storm water drainage - outbuildings	141,379

Install piping on the west side of the maintenance shop to direct storm water from the downspouts into the underground storm water drainage system. Currently, storm water drains from the building directly onto paving on the west side of the building. During winter months, water freezes and creates large areas of ice resulting in a safety hazard for foot traffic and vehicles. This project will eliminate these safety hazards and reduce liability to Platte River.

Built-in shelving - headquarters	54,349

Build custom drawing storage within the engineering plotter room at headquarters. Shelving will accommodate all drawings currently held in vertical and horizontal rack storage. The built-in shelving will allow for a more permanent and secure storage location for all drawing sets.

Data sharing remote terminal unit replacement - Crossroads Substation	27,052

Replace the legacy remote terminal unit at Crossroads Substation. The current unit is being phased out by the manufacturer and replacement parts will become difficult to find. In order to maintain reliable operation of the transmission system, this unit will be replaced with a modern unit.

Global positioning system timing source replacement - Disaster Recovery Center	10,769

Replace the global positioning system timing source equipment at the disaster recovery center. The timing source ensures all networking hardware is synchronized. The current timing hardware is obsolete and has reached the end of its useful life.

Total general plant projects	$	12,786,795

General plant purchases

Copier replacement - Rawhide	$	5,900

Replace a copier at Rawhide that is nearing the end of its useful life. To keep the copiers running reliably, Platte River has all copiers on a five-year replacement cycle which ensures software is secure and updated, toner and parts are available and repairs are minimized.

Total general plant capital additions	$	12,792,695

Asset retirement obligations capital additions

Trapper Mine post-mining reclamation	$	933,072

Project time frame: 2023-2041
Total cost estimate: $11,650,000

Post-mining reclamation activity, which is an asset retirement obligation due to Platte River's membership in Trapper Mining, Inc. and the Final Reclamation Agreement with its members. The amounts shown represent Platte River's portion of the total expected cashflow for final reclamation and mine closure based on detailed engineering calculations for a third party to perform the required work. Reclamation and mine closure costs are reviewed annually, and the costs are allocated to the members of Trapper Mining, Inc. based on cumulative tons of coal delivered.

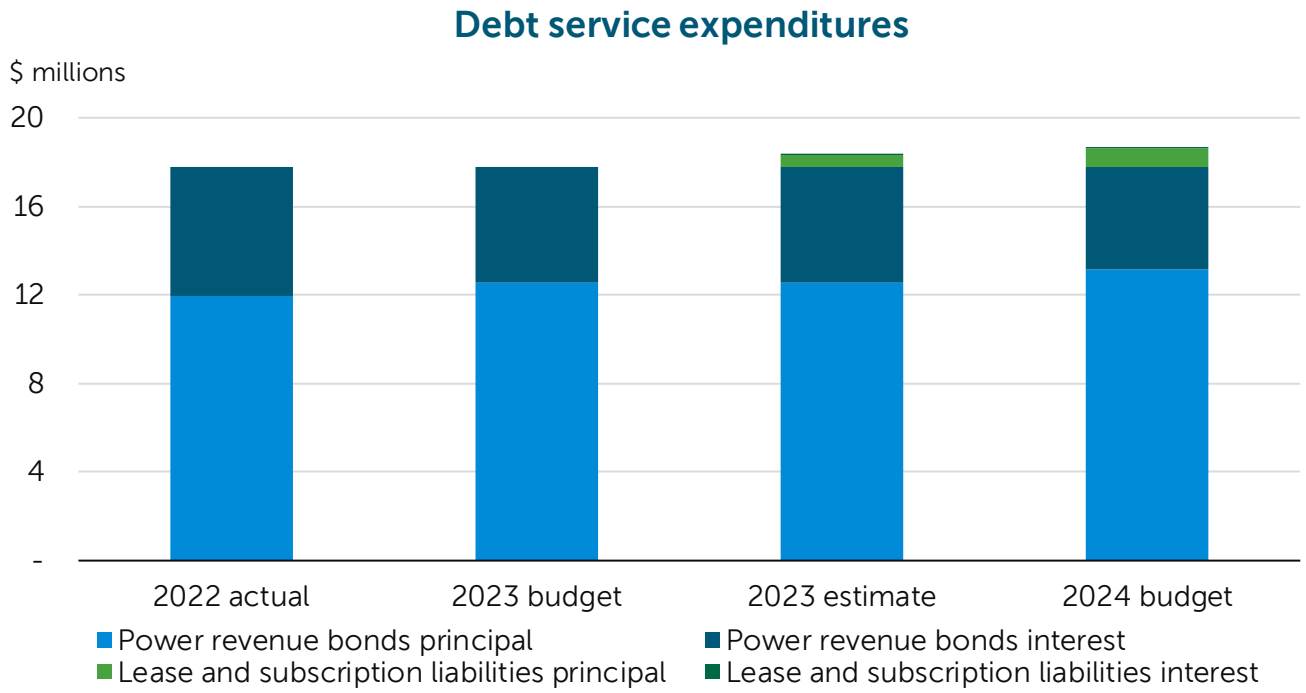
Total 2024 capital additions	$	39,243,003

DEBT SERVICE EXPENDITURES AND OTHER LONG-TERM OBLIGATIONS

Long-term financial projections aligned with SFP metrics determine the need for and timing of debt financings. Platte River's adjusted debt ratio in 2024 is expected to be 23%, meeting its SFP adjusted debt ratio target of less than 50%. Debt proceeds historically have been used to finance production and transmission assets. Outstanding long-term debts and other obligations consist of fixed-rate debt issued under Platte River's General Power Bond Resolution, lease and subscription liabilities due to accounting pronouncements requiring accounting treatment of certain contracts as financing arrangements, and amounts Platte River owes under a pooled financing arrangement. Debt service expenditures include principal repayments and interest expense for issued power revenue bonds and estimated principal payments and interest expense for lease and subscription liabilities.

Platte River is legally required to maintain a power revenue bond service coverage ratio of 1.10 times. To support strong long-term financial sustainability, Platte River also maintains a 1.50 times fixed obligation charge coverage ratio as an SFP metric and expects a 2024 fixed obligation charge coverage ratio of 1.89 times. This metric reclassifies debt-like obligations as fixed obligation charges. Debt-like obligations include demand or capacity payments on contracted assets and any debt service associated with off-balance sheet obligations . A minimum 1.50 times ratio provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio and partially fund future capital additions. Platte River is not legally restricted on the amount of debt it can issue.

Debt service expenditures ($000)	2022 actual	2023 budget	2023 estimate	2024 budget
Principal				
Power revenue bonds	$ 11,984	$ 12,550	$ 12,550	$ 13,146
Lease and subscription liabilities	-	-	554	869
Total principal	11,984	12,550	13,104	14,015
Interest expense				
Power revenue bonds	5,803	5,233	5,233	4,642
Lease and subscription liabilities	-	-	10	25
Total interest expense	5,803	5,233	5,243	4,667
Total debt service expenditures	$ 17,787	$ 17,783	$ 18,347	$ 18,682



Power revenue bonds

Of the $113.1 million power revenue bonds outstanding at the end of 2024, approximately 82% and 18% relate to transmission and Rawhide projects, respectively. The weighted average cost of this debt during 2024 is forecast to be approximately 2.8%.

Long-term debt outstanding	2022 actual	2023 budget	2023 estimate	2024 budget
Power revenue bonds				
Series JJ	$ 113,490,000	$ 102,320,000	$ 102,320,000	$ 90,590,000 (1)
Series KK - taxable	24,595,000	23,550,000	23,550,000	22,490,000 (2)
Total power revenue bonds	138,085,000	125,870,000	125,870,000	113,080,000
Unamortized bond premium	11,938,371	9,600,959	9,600,959	7,526,504
Total long-term debt	$ 150,023,371	$ 135,470,959	$ 135,470,959	$ 120,606,504

(1) Series JJ remaining amount outstanding relates to transmission assets and Rawhide assets of $70.5 million (78%) and $20.1 million (22%), respectively, and matures each year through June 1, 2036.

(2) Series KK - taxable remaining amount outstanding relates to transmission assets and matures each year through June 1, 2037.

Bond service funding	Principal	Interest	Total
Deposits in 2023 for 2024 payment	$ 7,460,830	$ 416,140	$ 7,876,970
2024	13,145,836	4,642,294	17,788,130
2025	13,729,581	4,022,517	17,752,098
2026	14,312,085	3,449,141	17,761,226
2027	14,898,334	2,825,745	17,724,079
2028	15,443,333	2,245,896	17,689,229
2029-2033	28,547,501	6,078,664	34,626,165
2034-2037	18,332,500	1,180,361	19,512,861
Total bond service funding	$ 125,870,000	$ 24,860,758	$ 150,730,758

Platte River is committed to maintaining a strong credit rating, which is a significant factor in determining cost of debt. Platte River's senior lien debt credit is rated AA by all three credit rating agencies: Moody's Investor Service (Moody's), Fitch Ratings (Fitch) and S&P Global Ratings (S&P). The key factors in determining these ratings are the diversity and economic strengths of the owner communities, Platte River's financial position, the board's willingness to raise rates, management expertise and overall competitive position.

Bond issue	Moody's	Fitch	S&P
Series JJ	- (1)	AA	AA
Series KK - taxable	Aa2	AA	- (2)

(1) A credit rating was not obtained from Moody's for the Series JJ debt issuance.

(2) A credit rating was not obtained from S&P for the Series KK - taxable debt issuance.

Lease and subscription liabilities

In 2022, Platte River adopted the principles of GASB Statement No. 87, Leases. In 2023, Platte River will also adopt the principles of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. These two accounting standards require leases and subscription-based information technology arrangements to be recorded as financing arrangements and the expenditures, previously considered operating expenses, to be classified as capital additions (as described in the capital additions section) or debt service, depending on the status of the underlying project at the time the expenditure is made. Accordingly, the 2024 budget includes appropriation for these types of payments meeting accounting standard recognition as debt service, which are also considered fixed obligation charges, and the related liabilities are included in the adjusted debt ratio.

Lease and subscription liabilities outstanding	2022 actual[1]	2023 budget[2]	2023 estimate[1]	2024 budget
Lease liabilities	$ 120,191	$ -	$ 111,102	$ 101,684
Subscription liabilities	-	-	744,291	2,111,464
Total lease and subscription liabilities	$ 120,191	$ -	$ 855,393	$ 2,213,148

(1) Recognition of subscription liabilities depends on ongoing contract review as GASB Statement No. 96 is implemented during 2023. Once the standard is fully implemented as part of the 2023 year-end process, 2022 financial statements will be restated to reflect the changes from adopting this accounting standard.

(2) Lease and subscription liabilities for the 2023 budget were not determined. No related debt service was identified for appropriation as accounting standards related to these types of financing arrangements had not been fully implemented at adoption.

Lease and subscription liabilities estimated funding	Estimated principal	Estimated interest	Total
2024	$ 869,049	$ 25,200	$ 894,249
2025	1,028,334	17,073	1,045,407
2026	661,834	8,701	670,535
2027	451,645	4,962	456,607
2028	10,858	2,582	13,440
2029-2033	60,477	6,723	67,200
Total lease and subscription liabilities estimated funding	$ 3,082,197	$ 65,241	$ 3,147,438

Lease and subscription liabilities estimated funding above represents those contracts for which 2024 budget appropriations or expected year-end liabilities exist. Additional or changes to lease and subscription contracts or assumptions relating to those contracts, such as planned exercise of renewal options, may significantly impact future funding requirements.

Other long-term obligations

Platte River is a participant in a pooled financing arrangement that closed in 2021 to fund the Windy Gap Firming Project, which includes construction of the Chimney Hollow Reservoir. Due to alternate accounting treatment, the debt service payments under the pooled financing will be included in operations and maintenance and not accounted for as debt service. Instead, the liabilities are considered other long-term obligations. Payments are considered fixed obligation charges and the related pooled financing liabilities are included in the adjusted debt ratio.

The original pooled financing arrangement is not sufficient to fully fund completion of the project after increases due to a federal permit delay, environmental mitigation and enhancement, construction cost increases and additional engineering and construction management. Platte River is expected to provide an additional $8.2 million to $11.9 million, likely through increasing the amount of existing pooled financing funding, near the end of 2024. This increase in the pooled financing arrangement is not reflected in the tables below as the amount and repayment schedule are not final and therefore remain subject to material uncertainty. Consistent with the alternative accounting treatment of the original balances,

any increase to payments for additional pooled financing funding will be included in operations and maintenance and not accounted for as debt service.

Other long-term obligations	2022 actual	2023 budget	2023 estimate	2024 budget
Windy Gap Firming Project obligations				
Pooled financing senior debt	$ 61,046,133	$ 61,046,133	$ 61,046,133	$ 61,046,133
Pooled financing subordinate debt	32,359,551	32,359,551	32,359,551	32,359,551
Settlement liability	1,777,778	888,889	1,777,778	888,889
Total other long-term obligations	$ 95,183,462	$ 94,294,573	$ 95,183,462	$ 94,294,573

Other obligations relating to the project include Platte River's portion of a settlement liability, due in three equal installments. The first installment was paid in 2022 and the remaining two are estimated to be payable in 2024 and 2025.

Pooled financing estimated funding	Estimated net principal [1]	Estimated interest	Total
2024	$ -	$ 2,888,007	$ 2,888,007
2025	-	2,888,007	2,888,007
2026	2,935,487	3,561,085	6,496,572
2027	3,060,620	3,437,312	6,497,932
2028	3,188,359	3,307,761	6,496,120
2029-2033	18,108,194	14,376,481	32,484,675
2034-2038	22,340,302	10,143,399	32,483,701
2039-2043	18,847,869	5,069,267	23,917,136
2044-2048	8,670,755	2,394,872	11,065,627
2049-2053	8,574,831	985,764	9,560,595
2054-2055	2,832,897	88,689	2,921,586
Total estimated funding	$ 88,559,314	$ 49,140,644	$ 137,699,958

(1) Applied estimated unused bond service reserve funds in 2041 and 2051.

Bond service coverage	2022 actual	2023 budget	2023 estimate	2024 budget
Net revenues				
Operating revenues	$ 271,793,295	$ 298,720,084	$ 258,704,604	$ 287,088,199
Operating expenses, excluding depreciation, amortization and accretion	(221,815,901)	(238,111,997)	(227,822,207)	(242,915,075)
Net operating revenues	49,977,394	60,608,087	30,882,397	44,173,124
Plus interest and other income	3,326,107	6,279,280	8,043,856	11,851,141
Net revenues before rate stabilization	53,303,501	66,887,367	38,926,253	56,024,265
Rate stabilization				
Deposits	-	-	-	-
Withdrawals	-	-	-	-
Total net revenues	$ 53,303,501	$ 66,887,367	$ 38,926,253	$ 56,024,265
Bond service				
Power revenue bonds	$ 17,787,082	$ 17,783,357	$ 17,783,357	$ 17,788,130
Coverage				
Power revenue bond coverage ratio	3.00x	3.76x	2.19x	3.15x
Fixed obligation charge coverage [1]				
Total net revenues, above	$ 53,303,501	$ 66,887,367	$ 38,926,253	$ 56,024,265
Fixed obligation charges included in operating expenses	17,028,002	16,630,919	22,811,838	23,245,445
Adjusted net revenues before fixed obligation charges	$ 70,331,503	$ 83,518,286	$ 61,738,091	$ 79,269,710
Fixed obligation charges				
Power revenue bonds, above	$ 17,787,082	$ 17,783,357	$ 17,783,357	$ 17,788,130
Fixed obligation charges [2]	17,028,002	16,630,919	23,375,370	24,139,694
Total fixed obligation charges	$ 34,815,084	$ 34,414,276	$ 41,158,727	$ 41,927,824
Coverage				
Fixed obligation charge coverage ratio	2.02x	2.43x	1.50x	1.89x

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

(2) This value includes lease and subscription debt service expenditures that are not included in operating expenses.

BUDGET PROCESS

Platte River is a political subdivision of the state of Colorado and is subject to the Local Government Budget Law, C.R.S § 29-1-101, *et seq*. Platte River is not subject to Colorado's Taxpayer's Bill of Rights because it operates as an enterprise. Colorado law and Platte River financial policy require an annual budget that is balanced, meaning it must have sufficient projected revenues and available resources to equal anticipated expenditures. Throughout the budget development process, Platte River monitors anticipated revenues and expenditures to produce a balanced budget.

The statutory deadline for Platte River to submit its annual budget to its board of directors is Oct. 15 of each year. By that date, Platte River publishes a notice in newspapers of general circulation stating that the annual budget is available for public inspection and providing the date and time for the public hearing. The budget document can be found on Platte River's website at prpa.org/financial-information and at Platte River's headquarters at 2000 East Horsetooth Road, Fort Collins, Colorado.

The budget was developed to align with the strategic initiatives and comply with the financial framework described in the financial governance section. Platte River follows an adaptive strategy to effectively maintain system reliability, demonstrate environmental responsibility and regulatory compliance, as well as manage risk. The summary below explains how Platte River develops, reviews and approves the budget.

Owner communities load forecast

Platte River develops a long-range load forecast using an econometric model that incorporates independent variables including population, distributed solar, EVs usage and weather. The forecast also includes a trend for demand and energy changes anticipated from energy efficiency programs. Budgeted monthly demand and energy load projections are based on a 10-year official load forecast.

Production cost model

The major revenue and expense categories (sales for resale, purchased power and fuel) reflect results from an hourly production cost simulation model. Generation by resource reflects assumptions for resource availability and performance, fuel and transportation contract costs, PPA terms and market prices for sales for resale, supplemental purchased power and natural gas.

Personnel budget

The salaries budget follows the board policy on employee total compensation. Platte River typically includes a market adjustment to regular wages based on data from a variety of published sources, both regional general industry and from other utilities. Other known increases, where applicable, are also included in the budget. New positions are requested by

department managers who submit a position description and justification. The senior and director leadership teams review the requests and approve positions for the upcoming year based on the greatest need and value to Platte River. As positions become vacant, they are evaluated to determine if replacement is required or if the position can be allocated to another area. The board of directors approves incremental headcount through the budget process. Individual departments budget overtime and capital labor as a component of total salaries. The remaining operating salaries are allocated to the functional accounts based on estimates informed by recent historical data and anticipated impacts of new and changing roles and responsibilities. Medical and dental expenses are based on a mid-year projection provided by third-party consultants using historical claims and industry cost projections. All projected benefit costs are applied to the budgeted labor charges.

Departmental budgets

Each department must submit a budget on an account-by-account basis along with justifications, explanations and statistical information supporting the budget. Department managers develop internal goals and work plans and align their activities with Platte River's strategic initiatives. Through internal work sessions, directors and senior leadership review and approve department budgets.

Craig units 1 and 2 budget

The Yampa participation agreement provides for joint ownership of Craig units 1 and 2, of which Platte River owns 18%. Tri-State, as the operating agent for the Craig Generating Station, is responsible for the daily management, administration, operation and maintenance of Craig units 1 and 2 and related transmission facilities. All costs of operation and maintenance, other than fuel costs, are shared on a pro rata ownership basis. Participants must advance funds to the operating agent as required to make payments of operations and maintenance costs when due. The engineering and operating committee works closely with Tri-State staff to develop capital and operations and maintenance budgets to support future plant reliability through the remaining operating life of the units. Until a legally enforceable agreement and estimate for decommissioning exists, Platte River independently develops an accretion expense estimate following the Craig units 1 and 2 decommissioning accrual accounting policy discussed in the financial governance section. This expense is a non-budgeted item but is included in change in net position for rate recovery purposes. Platte River will appropriate costs for decommissioning in future budgets based on cashflows, similar to an asset retirement obligation.

Joint transmission

Platte River's share of joint ownership projects include costs for the Ault-Fort St. Vrain, Craig-Bonanza, Hayden-Blue River and Craig-Ault transmission lines, as well as Craig units 1 and 2 transmission costs. The joint ownership project budgets are developed by the operating agents and approved by the participants through the engineering and operating committees.

Billable projects

Platte River performs services on behalf of the owner communities. The services are structured under intergovernmental agreements and are billed directly to each owner community. Examples of services provided include customer information systems, distribution, SCADA, substation security, engineering and other technical support services and fiber management.

Capital budget

Platte River's capital projects are based on a five- to 10-year planning horizon. With each budget cycle, projects are submitted with a description and justification. Projects are planned based on resource availability and are categorized, ranked, prioritized and strategic projects are identified. A long-term capital forecast is also prepared, reviewed and updated three times per year. The long-term capital forecast is used as a significant input into long-range financial planning to determine rates, projected cash flows and the timing of planned debt financings.

Budget contingency

The budget contingency can be used to meet expenditures not foreseen when the budget was prepared. Events that may require contingency funds include unplanned generation or transmission outages, significant increases in power market or natural gas prices, unplanned expenses to maintain power supply to the owner communities or the adoption of an accounting policy that alters expenditures. Contingency may also be used for existing capital projects that require expenditures above those budgeted due to scheduling changes, payment timing differences, changes in work scope, price fluctuations or new projects best started before the next budget year. A contingency transfer is not unusual for capital projects. Before transferring contingency to an expense category, staff must notify the board and present a proposed resolution. Before 2018, the budgeted contingency appropriation was a fixed amount. From 2019 to 2022, the amount was approximately 10% of the operating expenses and capital additions to align with fluctuations in the budget. Beginning in 2023, the contingency appropriation amount increased to approximately 20% of operating expenses and capital additions to help Platte River manage increased uncertainty in future budgets related to the resource transition plan and organized energy market activities.

Year	Contingency appropriation budget ($000)	Appropriated amount ($000)	%	Purpose of transfer
2014	$20,000	-	-	
2015	$20,000	$6,640	33%	Additional expenditures for several capital projects including the Craig Unit 2 nitrogen oxide removal, the fiber route to Estes Park and the control room for the digital control system, as well as ancillary services related to additional wind generation.
2016	$20,000	$1,200	6%	Additional expenditures for the initial progress payments for the generator rotor replacement project and the generator stator rewind project completed during the 2018 planned maintenance outage.
2017	$20,000	$1,100	6%	Additional expenditures for the initial progress payments for the bottom ash and reclaim pond project completed during the 2018 planned maintenance outage.
2018	$23,000	-	-	
2019	$23,000	$1,779	8%	Additional expenditures for several capital projects including the Energy Engagement Center, Rawhide variable frequency drive, circuit switcher addition and breaker replacements at Harmony Substation, air compliance database software and vehicle fleet replacements.
2020	$26,000	$1,282	5%	Additional expenditures for bottom ash transfer impoundments and reclaim pond closure project.
2021	$28,000	$1,566	6%	Additional natural gas expense for high natural gas prices and additional combustion turbine generation to make sales, serve load and replace generation during Rawhide Unit 1's scheduled maintenance outage.
2022	$24,000	$17,122	71%	Additional natural gas expense for high natural gas prices and additional combustion turbine generation to make sales, serve load and replace generation during Rawhide Unit 1's scheduled screen outage. Additional expenditures for several capital projects including the SCADA and energy management system, the Rawhide pipeline reroute, combustion component upgrade on CT Unit D and Transformer T1 replacement at Longs Peak Substation.
2023	$52,000 (1)	-	-	

(1) Staff plans to request a contingency transfer for debt service expenditures at the December 2023 board of directors meeting.

Management review

Staff prepares and analyzes financial statements, budget summary, budget detail, division and department budget reports for management review. Finance staff meet with the managers and the general manager/CEO to discuss the budget and confirm expenditures for the budget year are consistent with goals, objectives, strategic initiatives, rate projections and SFP metrics. These meetings may result in revisions, deletions, reductions or additions of budget items. Staff revises the budget accordingly and distributes revised reports to management for further review.

Budget document

The strategic budget document is a comprehensive document used by Platte River's management as a planning tool and a means of communicating to the board of directors and the public. The budget document complies with the Local Government Budget Law of Colorado and is submitted to the state no later than 30 days after the start of the fiscal year of the adopted budget. The budget document must show all proposed expenditures as well as all sources of anticipated income; estimated beginning and ending fund balances; the corresponding actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year; a written budget message; and explanatory schedules or statements. Certain budget amounts for the current fiscal year may be reclassified for consistency with the upcoming budget year presentation. These reclassifications have no impact on budgeted amounts and results.

Board review and adoption

Staff circulates the proposed budget to the board of directors in September and conducts a budget work session at the September board meeting. Legal notices are published in the owner communities' newspapers stating the budget has been delivered to the board of directors; it is available for public inspection; the date and time of a public hearing which is scheduled at the October board meeting; and that the adoption of the proposed budget will be considered at the December board meeting. The board of directors reviews revisions to the budget made during the board of directors work session or other revisions arising from unanticipated changes at the October board meeting. Staff makes any necessary final adjustments to the proposed budget before board adoption which, for the 2024 Strategic Budget, is on Dec. 7, 2023.

Revisions between the proposed and adopted budget typically include those based on a revised production cost model run and refinements to operations and maintenance expenses and capital projects. Revisions can include changes to sales for resale market assumptions, fuel costs, ancillary service and wheeling rates, personnel costs, other various departmental expenses and any other change necessary for an accurate and complete budget for board adoption. The following table summarizes the changes between the proposed budget and the adopted budget.

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

Budget amendments

If total revenues or total expenditures deviate from an adopted budget, after considering any resolution for contingency use, a budget amendment may be necessary. Under Colorado law, budget amendments must follow the same annual budget process requiring board meeting notice, public hearing and board adoption.

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Platte River Power Authority for its 2023 Strategic Budget for the fiscal year beginning Jan. 1, 2023. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This is the fourth consecutive year Platte River has earned this award.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Platte River Power Authority
Colorado

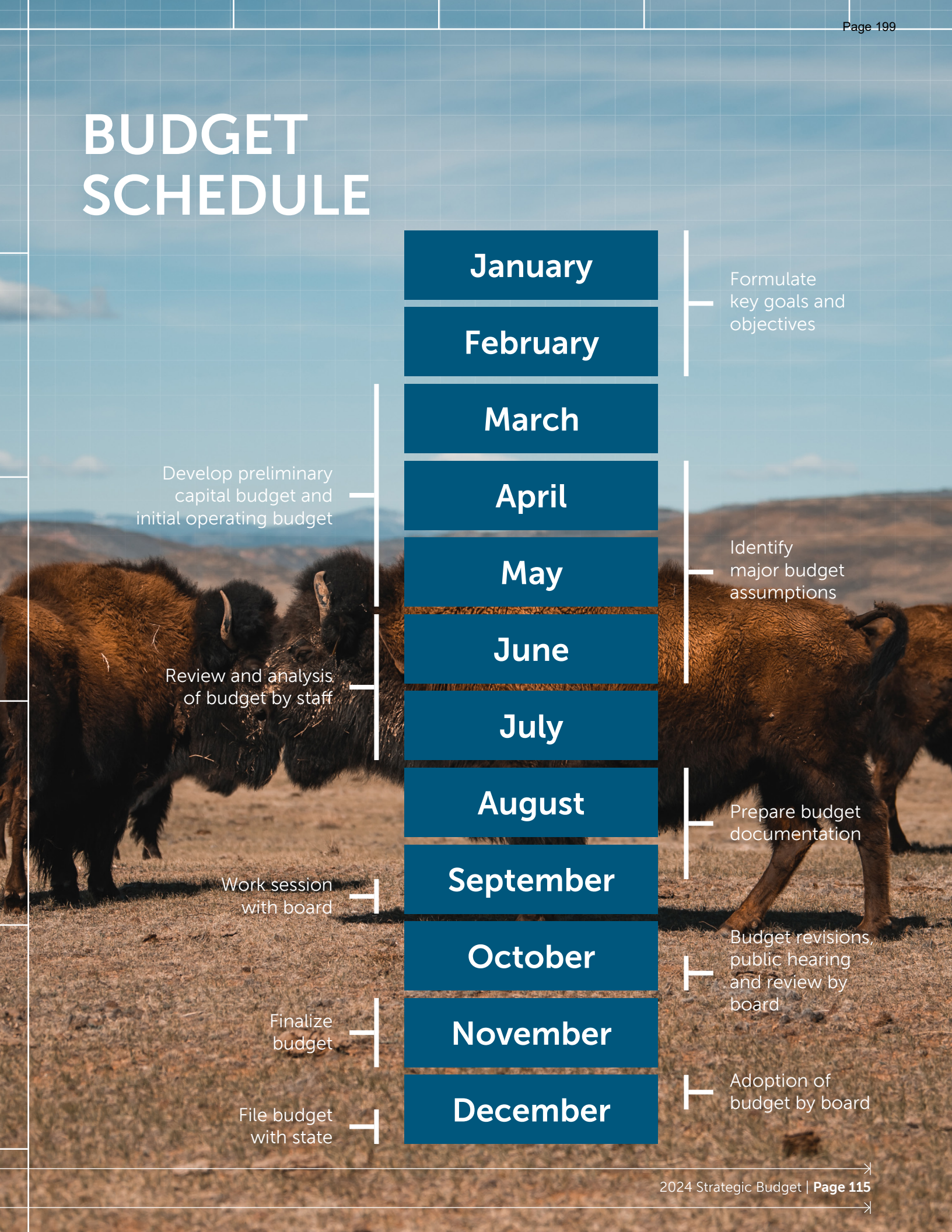
For the Fiscal Year Beginning

January 01, 2023

Christopher P. Morrill

Executive Director

BUDGET SCHEDULE



January

Formulate key goals and objectives

February

March

Develop preliminary capital budget and initial operating budget

April

May

Identify major budget assumptions

June

Review and analysis of budget by staff

July

August

Prepare budget documentation

September

Work session with board

October

Budget revisions, public hearing and review by board

November

Finalize budget

December

Adoption of budget by board

File budget with state

FINANCIAL GOVERNANCE

The Local Government Budget Law of Colorado, in addition to the policies listed below, provides the framework for Platte River's financial activities and budget development.

Fiscal resolution

The resolution is adopted as a requirement of the Organic Contract that governs the financial transactions of Platte River.

Strategic financial plan

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

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

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

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

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

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

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

Financial metrics

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

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

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

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

Included within the liquidity metric is the rate stabilization fund, established and maintained as allowed by the General Power Bond Resolution. The purpose of the rate stabilization fund is to reduce or eliminate the rate impact from an unforeseen event that affects Platte River's ability to meet the minimum legal bond service coverage ratio requirement, but not to smooth the rate impacts of continued typical business operations. Platte River has never withdrawn funds from the account to meet bond service coverage. The current rate stabilization account is a statement of net position item of $20 million. Risk analysis is performed annually to determine the appropriate level to maintain in the account.

Rate stability strategies

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

Fiscal responsibility

Revenue generation

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

Expense management

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

Rate smoothing

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

Accounting policies - revenue and expense smoothing

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

Multi-year rate analysis

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

Integrated resource plan

Critical to the budgeting and rate projection process, an IRP establishes a short-term action plan and long-term resource acquisition trajectory for meeting forecasted electric load. Plans are modeled using a combination of supply-side generation resources and DER. Platte River's IRP uses sophisticated modeling of Platte River's unique resources, available technologies

and specific constraints, all studied by industry experts using best practices to develop supply portfolio options covering a 20-year planning period. The resource portfolio includes capital, operational, fuel and environmental costs. Community engagement is a significant part of the IRP development process, and Platte River engages with the owner communities on multiple levels to gain public input from as many retail customers as possible on the proposed long-term supply portfolios.

Decisions to invest in and maintain generating resources are significant and complex, with long-range financial and environmental implications that vary widely depending on the selected resource portfolio mix. The IRP results can significantly affect rate requirements as selected resources are factored into rate projections. Platte River updates the assumptions to achieve the selected path annually and incorporates them into financial and rate projections. Platte River must complete an IRP every five years, with the most recent being submitted in 2020 and covering the planning period from 2020 to 2040. As discussed in the strategic initiatives section, Platte River is developing a new IRP for 2024, one year early, which will cover the planning period from 2024 to 2043. Additional information about the current IRP is available on Platte River's website at prpa.org/irp and additional information about the upcoming IRP is available at prpa.org/2024irp.

Financial projections and cost of service

Platte River's financial model is designed to coincide with resource planning models and the IRP. While the planning horizon typically extends 10 years, functionality exists to evaluate scenarios out to 25 years. Key metrics typically identified and reported by the financial model include average rate projections (including annual rate increases) and the SFP metrics. Platte River uses the financial model to obtain forward-looking insight into the impact of IRP portfolios and the possible need to adjust long-term financial plans, including debt financing and rate adjustments, to meet SFP objectives.

The cost of service model determines specific charges outlined in the tariff schedules for the upcoming year's budget. It incorporates budgeted expenses by FERC functional area and determines which specific charges should be used for cost recovery of each expense. The cost of service model produces unbundled charges that are transparent and aligned with underlying cost structures, leading to system benefits.

Power supply agreements

The power supply agreements define the terms and conditions for Platte River's sale of wholesale electricity to the owner communities. Currently all four power supply agreements run through 2060.

General Power Bond Resolution

The General Power Bond Resolution allows Platte River to issue and sell bonds for a specific purpose and establishes the rights and responsibilities of each party in a bond contract (the issuer and the bondholder). The bonds represent money loaned and entitle the holder to interest payments and the return of principal.

Bond service coverage

Bond service coverage is a measure of Platte River's ability to generate cash to pay bondholders and is a key indicator of financial strength. Credit rating agencies review bond service coverage when assessing Platte River's credit quality. Under the General Power Bond Resolution, Platte River must charge wholesale electric energy rates to the owner communities that are reasonably expected to yield net revenues for the forthcoming 12-month period that are at least equal to 1.10 times total power bond service requirements.

Use of restricted and unrestricted resources

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

Investments

Platte River's investment policy provides a framework for managing its investments. Platte River must invest and manage assets as a prudent investor would, by considering the purposes, cash requirements and terms of the various funds. In satisfying this standard, the chief financial officer must exercise reasonable care, skill and caution. Investment and management decisions will be evaluated not in isolation but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to Platte River. The primary objectives of investment activities are safety, liquidity and yield. Platte River invests only in obligations of the United States government and its agencies and other investments permitted under Colorado law.

Enterprise risk management

Platte River is committed to enterprise risk management, the process to identify potential events that may affect its ability to meet strategic objectives and manage identified risks appropriately. The risk oversight committee, consisting of the general manager/CEO and the senior leadership team, monitors the risk environment and provides direction for the activities to eliminate, mitigate or transfer, to an acceptable level, the risks that may adversely affect Platte River's ability to achieve its goals. Additionally, the risk oversight committee supports organization-wide efforts to identify, monitor, evaluate and report risks and risk mitigation strategies. Platte River has also established an energy risk management framework, as a subset of enterprise risk management, to identify, measure, monitor, report and mitigate energy-related risks. The enterprise risk management program is continually evolving to incorporate best industry practices.

Platte River maintains several different types of insurance including auto liability, commercial crime, cyber liability, directors and officer's liability, fiduciary liability, excess liability, medical professional, property, employee health and workers' compensation. Insurance coverages and limits are commensurate with operating the electric system and Platte River's contractual requirements.

Basis of accounting

Platte River accounts for its financial operations as a proprietary fund and uses the modified accrual basis of accounting for budgetary reporting purposes. Under the modified accrual basis of accounting, certain non-cash items are excluded from budget appropriation, including but not limited to depreciation expense for fixed assets, amortization for asset retirement obligations, accretion expense for Craig units decommissioning costs, accrued compensated absences, amortization of bond financing costs and unrealized gains or losses. Debt principal is included in the budget under the modified accrual basis of accounting. For financial statement reporting purposes, Platte River uses the full accrual basis of accounting conforming to accounting principles generally accepted in the United States of America. Platte River maintains its accounts according to FERC's Uniform System of Accounts.

As a board-regulated entity, Platte River is subject to GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Regulated Operations, paragraphs 476–500, which requires the effects of the rate making process to be recorded in the financial statements. Accordingly, certain expenses and revenues normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in Platte River's wholesale rates. These policies are used as rate setting strategies. Below is a list of Platte River Board-approved accounting policies for specific activities following this standard:

- Additional pension funding expense recognition
- Pension contribution expense recognition
- Debt issuance expense recognition
- Maintenance outage expense accrual
- Change in depreciation method
- Windy Gap Firming Project
- Craig units 1 and 2 decommissioning accrual
- Deferred revenue and expense

Operating revenues and expenses

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

Capital

Capital additions include expenditures of $5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years. Expenditures less than $5,000 are reflected in the operations and maintenance expense budget. Where applicable, expenditures also include payments to vendors made under GASB statements 87 and 96 before the underlying asset is placed in service. The Craig units 1 and 2 capital budget was prepared by the operating agent, Tri-State, and has been approved by the engineering

and operating committee of which Platte River is a member. Depreciation is recorded using the straight-line method over the estimated useful lives of the various assets of plant in service. For budgetary reporting, capital additions also include appropriations for asset retirement obligations, discussed further in this section.

Platte River management emphasizes project management, specifically reviewing resource availability, as well as improving project planning and execution. This process will continue to evolve, striving toward operational excellence.

Capital projects can be delayed for various reasons. Unexpended amounts may be due to construction delays, change in scope or payment timing differences and will be determined after the Dec. 31 year-end closing. Budget law allows Platte River to carry over into the next year any unexpended balance of funds appropriated for the previous year expenditures. The amounts required in the next year to complete the previous year projects will then be transferred to the appropriate budget categories in the next year. This is termed the carryover process and is preferred versus re-budgeting the funds. The capital additions will be funded either from current operations or proceeds from debt financings.

As unplanned projects or additional fund requests for existing projects come up throughout the year, project managers follow the internal out-of-budget or over budget request process to submit the request for consideration. Each request for a new project or additional funding for an existing project is described and justified and other impacts are evaluated. The general manager/CEO then reviews the request on merit. If the request is approved, overall project schedules may change to accommodate the new or revised project. Given variability and uncertainty with projects, funding is tracked closely, and the carryover process is implemented if a project cannot be completed in the given year. If additional funds are required for all capital additions at the enterprise-wide level, staff will request a contingency transfer to move funds into the capital budget.

Asset retirement obligations

Asset retirement obligations originate when a legally enforceable liability associated with the retirement of a tangible capital asset exists and is reasonably estimable. Following Platte River's adoption of GASB Statement No. 83, Certain Asset Retirement Obligations, effective for the period ending Dec. 31, 2019, asset retirement obligations are appropriated for budgetary purposes on a cash basis method aligned with when liabilities are anticipated to be settled as retirement activities occur. For financial reporting purposes, the expense of the liabilities is recognized in the period during which the underlying capital asset is being used. This is achieved by recording a deferred outflow of resources equal to the liability, which is subsequently recognized as amortization expense during the pre-retirement period. The liability and associated deferred outflow of resources are evaluated annually for an inflationary adjustment and changes in estimated costs and adjusted when necessary. Before Platte River adopted this statement, identified asset retirement obligations were appropriated through operations and maintenance expense with no differences in budgetary and financial reporting.

The following table summarizes anticipated asset retirement obligations for financial reporting purposes at the end of 2023, including the periods in which amortization is expected to be recognized. Budget appropriation occurs as actual retirement activities commence and are reflected as capital additions.

Asset retirement obligations	Estimated liability as of Dec. 31, 2023	Estimated unamortized deferred outflow of resources as of Dec. 31, 2023	2024 budget amortization	Amortization period end date
Rawhide Unit 1 impoundments	$ 7,177,924	$ 4,396,058	$ 732,684	2029
Rawhide Energy Station decommissioning	17,550,586	15,127,476	472,728	2055
Craig Energy Station impoundments	3,925,926	2,689,408	566,196	2028
Trapper Mine post-mining reclamation	5,066,411	4,350,715	2,697,382	2025
Total asset retirement obligations	$ 33,720,847	$ 26,563,657	$ 4,468,990	

ACRONYMS AND TERMS

2023 estimate	Current estimate of revenues and expenditures to reflect actual revenues and expenditures (January through October) and budget revenues and expenditures (November and December). Modifications were made to reflect more accurate projections.
Accretion	Gradual recognition of an expense related to a long-term liability.
Accrual	An expense is recognized when incurred, before cash is paid out.
Adjusted debt ratio	Adjusted debt ratio measures statement of net position leverage. An adjusted debt ratio less than 50% gives Platte River a strong statement of net position and reduces the risk of becoming over leveraged.
Amortization	Gradual reduction of book value for a non-depreciable asset.
Balanced budget	A budget that has sufficient projected revenues and available resources to equal anticipated expenditures.
Bond service	Power revenue bond interest and principal.
Bond service coverage	Net revenues divided by power revenue bond service.
Capacity factor	The ratio of the average load on a generator for a given period of time to the capacity rating of the generator.
Capital and debt management fund	A dedicated fund authorized by Platte River's SFP to be used in managing debt and to provide reserves for future capital additions.
Capital expenditure	Expenditures of $5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years.
Change in net position	Revenues less operating costs, depreciation, amortization, accretion and interest expense.
CIP	Critical infrastructure protection.
Contingency	An appropriation of funds to cover unforeseen expenditures which may occur during the budget year.

CRSP	Colorado River Storage Project – division of Western Area Power Administration.
Days adjusted liquidity on hand	Days adjusted liquidity on hand measures Platte River's ability to meet daily operating cash flow requirements. It also serves as a hedge against unforeseen financial obligations resulting from significant events and provides flexibility to take advantage of opportunities. Achieving this metric generates and maintains adequate cash. Cash that is liquid or unrestricted refers to total funds excluding legally required reserves under the General Power Bond Resolution.
Debt service	Interest and principal, including those for bonds and lease and subscription liabilities.
Depreciation	The portion of the cost of a fixed asset expensed to operations to allow for consumed usefulness.
DER	Distributed energy resources are technologies that can be deployed on the electric distribution system or on customer premises that can be used to provide value to all customers through electric system optimization and individual customer benefits.
DES	Distributed energy solutions refers to programs and services offered to customers to support their adoption of DER in a manner that optimizes the customer's and electric system's benefits.
Distributed energy resources management system	Distributed energy resources management system (DERMS) is a platform that integrates DER into electric systems with a goal of making DER more visible, manageable and responsive to electric system needs.
ELCC	Effective load carrying capability is an estimation of a resource's ability to reliably support an increase in load. In general, ELCC of an intermittent resource is the equivalent MW contribution of a firm resource in meeting peak demand. The IRP contains additional information about Platte River's system ELCC.
Enterprise resource planning	Enterprise resource planning (ERP) is the integrated management of main business processes, often in real time and mediated by software and technology. Many ERP software applications exist to help organizations implement resource planning by integrating all of the processes needed to run an organization with a single system.
EV	Electric vehicle.

FERC	Federal Energy Regulatory Commission.
Fiscal resolution	A resolution that governs the financial transactions of Platte River.
Fixed asset	See capital expenditure.
Fixed obligation charge coverage ratio	The fixed obligation charge coverage ratio is a measurement of Platte River's annual cash flows and their ability to repay annual power revenue bond service expense and debt-like obligations. Debt-like obligations include demand or capacity payments on contracted assets and any debt service associated with off-balance sheet obligations. A minimum 1.50 times fixed obligation charge coverage ratio provides sufficient annual cash flows to meet the legal minimum 1.10 times bond service coverage ratio requirement and partially fund future capital additions.
GASB	Governmental Accounting Standards Board, the source of generally accepted accounting principles used by state and local governments in the United States.
General power bond resolution	A resolution for providing the issuance of power revenue bonds.
GFOA	Government Finance Officers Association of the United States and Canada.
GW	Gigawatt, one thousand megawatts; one million kilowatts.
GWh	One gigawatt of power delivered steadily for one hour.
HVAC	Heating, ventilation and air conditioning.
IRP	Integrated resource plan.
kW	Kilowatt; one thousand watts.
kW-Mo	The maximum kW reached or made available during a calendar month used for billing demand or capacity.
kWh	One kilowatt of power delivered steadily for one hour.
kV	Kilovolt; one thousand volts.

LAP	Loveland Area Projects – division of the Western Area Power Administration.
MBtu	One million Btu. A Btu is a British thermal unit and is the standard unit for measuring quantity of heat energy and represents the amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit.
MW	Megawatt; one thousand kilowatts.
MWh	One megawatt of power delivered steadily for one hour.
MW-Mo	The maximum MW reached or made available during a calendar month used for billing demand or capacity.
NERC	North American Electric Reliability Corporation.
Net position	Difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources.
Net revenue	Total revenues less operation and maintenance expenses during a period.
O&M	Operations and maintenance.
Organized energy market	A system in which participants submit offers to buy or sell wholesale energy as a commodity. Utilizing pricing signals to leverage the lowest-cost resources to serve load, market operators efficiently dispatch resources across participating utilities, reducing fuel and maintenance costs while increasing reliability and integration of renewable resources.
OSHA	Occupational Safety and Health Administration.
Owner communities	Town of Estes Park, City of Fort Collins, City of Longmont and City of Loveland are the owner communities of Platte River.
pH	Potential hydrogen, a scale used to specify the acidity or basicity of a solution.
PPA	Power purchase agreement.
Projected	Estimate of revenues and expenditures based on past trends, current economic conditions and future financial forecasts.

PSCo	Public Service Company of Colorado.
Rate stabilization fund	An account provided for by Platte River's General Power Bond Resolution and funded or used in accordance with Platte River's SFP.
RDP	Resource Diversification Policy.
REC	Renewable Energy Certificate.
Restricted assets	Cash and investment accounts restricted to use by bond covenants or laws and regulations.
RTO West	Regional Transmission Organization West, an expansion of SPP's existing RTO structure in the Western Interconnection. RTO West is a centralized, financially binding day ahead market as well as regional transmission planning mechanism. Participation in RTO West would yield additional benefits beyond those of WEIS in that reliability is further improved and regional transmission planning reduces congestion which benefits the overall footprint.
Sales for resale – long-term	Sales of energy set forth by a contract with duration greater than one year.
Sales for resale – short-term	Sales of electric energy for a period of one year or less.
SCADA	Supervisory control and data acquisition.
SFP	Strategic financial plan.
SPP	Southwest Power Pool.
Tri-State	Tri-State Generation and Transmission Association, Inc.
VPP	Virtual power plant, which is a portfolio of flexible DER capable of being operated, on a schedule basis or in near-real-time, to manage the electric supply-demand balance.
WAPA	Western Area Power Administration.
WECC	Western Electricity Coordinating Council.
WEIS	Western Energy Imbalance Service, which is a real-time, five-minute organized energy market operated by SPP.

Wheeling	Use of transmission facilities by other utilities.

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RESOLUTION NO. 17-23

Background

A. Platte River Power Authority (Platte River) is a municipally owned utility and political subdivision of the state of Colorado, subject to the Local Government Budget Law of Colorado, Colorado Revised Statutes (C.R.S.) § 29-1-101, *et seq*.

B. Platte River's staff has prepared and submitted to the board of directors (board) a proposed Strategic Budget for Platte River for the fiscal year that begins on Jan. 1, 2024, and ends on Dec. 31, 2024 (2024 Strategic Budget) and issued public notices (on Sept. 27, 2023) that the 2024 Strategic Budget was available for public inspection as required by C.R.S. § 29-1-106.

C. The board received the proposed 2024 Strategic Budget and held a public hearing on Oct. 26, 2023 to consider any public comments on or objections to the budget as required by C.R.S. § 29-1-108.

D. The board has reviewed the proposed 2024 Strategic Budget and determined that the anticipated revenues, prior period reserves and financing are sufficient to meet Platte River's costs of operation and maintenance, debt expense, capital additions, and contingencies and will provide an adequate earnings margin, all in accordance with the power supply agreements with the owner communities, Platte River's General Power Bond Resolution (Resolution No. 5-87) and the Strategic Financial Plan (Resolution No. 03-18).

Resolution

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

1. The 2024 Strategic Budget, in the form submitted, is hereby approved and adopted.

2. This resolution constitutes the "Platte River Power Authority 2024 Strategic Budget and Appropriation Resolution." This resolution, together with the 2024 Strategic Budget, represents a complete financial plan and makes total expenditure appropriations for the fiscal year 2024 of $356,601,453.

RESOLUTION NO. 17-23

3. The board hereby budgets and appropriates, from funds available to Platte River and not otherwise subject to restricted purposes under the General Power Bond Resolution, the unexpended balance of funds authorized for expenditure by the Platte River Power Authority 2023 Strategic Budget and Appropriation Resolution for the purposes specified in that resolution or in this resolution.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 7th day of December, 2023.

_____

Secretary

Adopted:
Vote:

Platte River Power Authority
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Memorandum

Date: 11/29/2023

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 update the board on development of the Southwest Power Pool Regional Transmission Organization West (SPP RTO West). The update will cover 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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Memorandum

Date: 11/29/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operating officer
Travis Hunter, director, power generation

Subject: **Rawhide Transition Plan update**

Staff will update the board on the Rawhide transition plan at the December board meeting. A cross-functional team is developing a plan, guided by Resolution No. 08-20 (which the board passed in July 2020), that will comply with State of Colorado Just Transition Office requirements.

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

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Memorandum

Date: 11/29/2023

To: Board of directors

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

Subject: **Resource Diversification Policy update**

In December 2018, the board enacted the Platte River Resource Diversification Policy. Since that time, there have been considerable shifts, notably in the market prices within the renewable energy sector, supply chain interruptions and passage of the Inflation Reduction Act.

Our work on the 2024 Integrated Resource Plan has enhanced our understanding of reliability challenges. Staff will update the board on the diverse elements guiding our journey toward a noncarbon future and will cover our progress over the past year and provide a forecast of upcoming trends and developments.

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

Platte River Power Authority
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Memorandum

Date: 11/29/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Javier C. Camacho, director of public and external affairs, strategic communications and social marketing

Subject: **Preview of the 2024 Colorado legislative session**

This presentation will preview the 2024 Colorado legislative session, including the current composition of the Colorado General Assembly, anticipated energy- and environment-related bills and overall legislative priorities for the 2024 session. The presentation will also provide an overview of Platte River's state-level legislative priorities and strategy to prepare for the 2024 session.

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

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Memorandum

Date: 11/29/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Melie Vincent, chief operating officer
Heather Banks, senior manager, fuels and water

Subject: **Windy Gap request for proposal recap**

Platte River's water resources policy directs Platte River to manage its water rights and resources as an asset of the organization. The board of directors approved Platte River's initial water resources reference document in December 2016 and the most recent edition in May 2023. One component of Platte River's water resources policy authorizes the sale of up to 60 Windy Gap units. To date, Platte River has sold 50 of these units, with the most recent sale completed in December 2020.

Earlier this year, Platte River decided to offer to sell up to five unfirmed Windy Gap units (units without associated storage capacity in Chimney Hollow Reservoir). To determine the current fair market value of unfirmed Windy Gap units, Platte River issued a request for proposals on June 15, 2023. Bidders submitted proposals in August; sales transactions with the successful bidders are currently in progress.

Platte River staff will provide a high-level overview of the proposals and the status of the forthcoming sales.

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

Platte River Power Authority
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Memorandum

Date: 11/29/2023

To: Board of directors

From: Jason Frisbie, general manager and chief executive officer
Eddie Gutiérrez, chief strategy officer
Javier C. Camacho, director of public and external affairs, strategic communications and social marketing

Subject: **Status report on Platte River's 2024 IRP community engagement strategy and recap on second community engagement session**

2024 Integrated Resource Plan (IRP) community engagement strategy update

The communications, marketing and external affairs (CMEA) team worked closely with the transition and integration team to develop a robust and highly localized community engagement strategy for the 2024 IRP. While the community engagement strategy is still in motion, the teams have been actively involved between June 1 and late November 2023. The strategy involved working in collaboration with the four owner communities' distribution utilities' communications and community relations staff. The owner communities' staff recommended neighborhood groups, community and nonprofit organizations and customer accounts to engage and helped coordinate presentations for city councils and council-appointed boards. This allowed for a more targeted approach on engaging with stakeholders across Platte River's service region, responding to questions and addressing concerns surrounding reliability, environmental responsibility and financial sustainability. To date, Platte River has made 19 community presentations outside of the June 1 and November 2 community engagement sessions. Following is an overview of these presentations.

Presentations per owner community:

- Estes Park: 2
- Fort Collins: 8
- Longmont: 5
- Loveland: 4

Presentations per community group type:

- Neighborhood group: 2
- Community organization: 6
- Nonprofit: 5
- Customer account: 1
- Council-appointed board: 3
- City/town council: 4

Based on logistics and recommendations made from each owner community, staff individualized some presentations for the attending group; other presentations allowed an opportunity to combine several groups. While the audiences were vast across Platte River's service region with an array of backgrounds, there were general themes that surfaced. Those themes included discussions around behavioral changes and impacts to resource planning, impacts of climate change and extreme weather modeling, equity and affordability, the increasing trend of beneficial electrification and growth in demand and load, and clarity on what is a dispatchable resource. Each presentation provided the audience an opportunity to ask questions. The Platte River team continues to receive questions from a variety of platforms such as email, social media and in-person. To date, over 150 questions have been logged.

Second community engagement session recap

On Thursday, November 2 from 6:00 to 8:00 p.m., Platte River hosted its second community engagement session as part of the 2024 IRP process. This session was the second of three as we undergo the 2024 IRP process. This session was the result of successful cross-functional teamwork within the organization, including communications, marketing and external affairs, facilities and security, administrative services, portfolio strategy and integration, distributed energy resources and energy solutions.

- 48 people attended in person, with options to self-identify which community they were representing:
  - Estes Park: 3
  - Fort Collins: 29
  - Longmont: 5
  - Loveland: 7
  - Unidentified: 4
- 50 viewers via Zoom
- 22 questions were received (electronically and in-person) by the conclusion of the session.

The evening overall was broken into two main sections: a formal presentation by Platte River to update the community on resource planning and data from the studies, and secondly a question-and-answer period. Attendees were encouraged to ask questions either in person or online. The second part of the engagement session allowed Platte River to underscore content covered during the formal presentation

and to share with the community work in progress as part of the IRP. All questions received will be answered and be available on Platte River's IRP webpage.

The second engagement session took elements of the first session, allowing the attendees to submit questions in written form, but also provided a guided dialogue in response to questions and comments in real time. The second session also offered the community both Spanish and American Sign Language translation services, in addition to equipment for those in need of hearing assistance. Attendees were encouraged to explore the five studies published on the IRP webpage and review the updated FAQs, as well as send questions and comments to 2024IRP@prpa.org.

Next steps

The CMEA team will lead and actively coordinate follow-up presentations to the community groups Platte River presented to in 2023. Any community group that did not receive a presentation in 2023 is slated for early first quarter 2024. CMEA will work with the transition and integration team to develop an updated IRP presentation for this next phase of community engagement. Planning for the final community engagement session, slated for March 2024, will begin in early January. The CMEA team will also begin production of an updated IRP video – a refresh from the Resource Diversification Policy video produced in 2020 – that captures Platte River's current work on resource planning. This video will debut during the third community engagement session.

Over the long term, the CMEA team will continue working with the regional communications task force across the four owner communities to develop and maintain messaging alignment and pursue larger community engagement opportunities beyond the IRP process.

In the short term, the CMEA team is coordinating responses to IRP questions received since June 1 and maintaining communications with stakeholders on the IRP distribution list.

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Memorandum

Date: 11/29/2023

To: Board of directors

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

Subject: **Benefits update**

Each year, Platte River human resources evaluates the organization's insurance plans (medical, dental, vision, life and accidental death and disability, long-term disability, etc.) and identifies protections to cap Platte River's liability as well as ensures our plans remain competitive and sustainable for the future.

Platte River implemented many changes to our non-medical benefit offering including personal leave, bereavement leave and holiday pay at the beginning of 2023. Platte River introduced an industry-leading paid family leave program that complements the federal Family Medical Leave Act and provides a greater benefit than the Colorado Family and Medical Leave Insurance program. New voluntary medical benefit offerings with accident and critical illness coverage were also added for employees. These additions are at no cost to the organization but provide options for employees' benefits packages. These enhancements made our total rewards program highly competitive in the market and support our strategic initiatives to retain and attract top talent at Platte River.

In 2023, human resources conducted a request for proposals, which resulted in a change to our third-party administrator for the 2024 plan year. This change brings a new and improved level of customer service and a larger service network for our plan participants' care. We also continue to evaluate and implement benefit offerings to enhance our total rewards package.

The flexibility of our self-funded plan gives Platte River the advantage of evaluating our benefit offerings independently. This allows us to offer high-quality benefits at the most reasonable prices. Our partnership with our benefits consultant, Alliant Insurance Services, enabled us to market our plans and receive competitive bids from other providers, guaranteeing continuation of coverage at competitive rates. Our 2024 medical and dental budget will increase by approximately 20%, due primarily to increases in cost of care and employee growth.

We are committed to continuously evaluating our plans and services to align our actions with our strategic roadmap and ensure we provide competitive benefits for our employees while maintaining financial sustainability for the organization.

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Legal, environmental and compliance report

October 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 Oct. 10, 2023, the Western Area Power Administration also signed commitment agreements to expand its SPP participation into RTO West, allowing RTO West to move forward as planned. 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 will 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 the template for a series of bilateral agreements (Commitment Agreements) 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 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 Agreements, the obligation to reimburse SPP for its development costs arises only for participants that withdraw before the go-live date or if RTO West does not launch in the Western Interconnection.

Current Status:

On Oct. 10, 2023, WAPA signed Commitment Agreements to participate in RTO West, allowing RTO West to move forward as planned. Platte River and the other participants are working with SPP to further develop RTO West, including setting up committees and drafting tariff provisions to incorporate the new members. SPP plans to file the updated tariff provisions with the Federal Energy Regulatory Commission (FERC) in early- to mid-2024.

Platte River Power Authority

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

Current Status:

On Aug. 2, 2023, the Fifth Circuit Court of Appeals (Fifth Circuit) found that the cost allocation scheme 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

Current Status:

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)

Current Status:

On June 1, 2023, Save the Colorado and other environmental groups (appellants) filed their opening brief at the Ninth Circuit Court of Appeals (Ninth Circuit). 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 Aug. 2, 2023. Appellants filed their reply brief on Sept. 22, 2023. The parties must now wait for the Ninth Circuit to decide the case.

Environmental matters

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

Current Status:

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

Platte River Power Authority

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.

Groundwater and waste management

Current status:

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

There are no recently concluded legal matters.

Environmental matters

There are no recently concluded environmental matters.

Compliance matters

There are no recently concluded compliance matters.

Platte River Power Authority

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Resource diversification report

October 2023

Resource integration

Platte River has recently received proposals from six different wind developers in response to our recent request for proposals (RFP) to acquire 150 - 250 MW of additional nameplate wind capacity. Several of the wind developers submitted multiple proposals from unique project locations. We will develop a short list of preferred projects over the next few weeks. We are targeting this additional wind capacity to come online in 2027.

Our team is currently in active negotiations to secure 150 MW of nameplate solar capacity, with the aim to begin commercial operations in early 2026.

Black Hollow Sun Solar, LLC (BHS) has signed engineering, procurement, and construction (EPC) Limited Notice to Proceed agreements to procure long-lead items essential for construction. Additionally, BHS's EPC team is actively applying for the building and grading permits and has already secured approval for the stormwater permit as of November 8. Crews are schedule to mobilize and start civil work at the project site in the first quarter of 2024. The anticipated commercial operation date is in early 2025.

In the first quarter next year, staff plans to issue a new RFP for a utility-scale, grid-connected, four-hour lithium-ion battery project, targeting potential commercial operation by early 2027.

The table 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

The resource planning team dedicated most of last month to refine portfolios for the 2024 Integrated Resource Plan (IRP), participated in public engagements related to the 2024 IRP and finalized studies in support of the IRP. Key activities include:

- Finalized four portfolios out of the 25 developed and reviewed for the 2024 IRP.
    - Cost-Efficient Portfolio: Focused on achieving the lowest possible costs.

  - Thermal-Free Portfolio: Excludes any new thermal energy resources.
  - Social Carbon Cost-Aware Portfolio: Incorporates the implications of the social cost of carbon.
  - Optimal Strategy Portfolio: Designed to offer the best overall reliability and sustainability.
- Continued participation in the 2024 IRP public engagement sessions, including a successful presentation and messaging at the second IRP listening session on November 2.
- Completed all external consulting studies, with the exception of the study on low or no-carbon technology screening.
- Initiated phase 2 of the dispatchable generation technology screening study.
- Worked with external vendors and companies to explore low- and no-carbon technologies, including meetings with Form Energy and Mitsubishi Aero.
- Collaborated with the portfolio strategy department to explore alternative fuel options for new resources.

Data Science and Analytics

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

- Provided consistent support to our operations department by delivering daily updates for the Western Energy Imbalance Service demand-supply balance and locational marginal price data dashboards.
- Assisted our external IT consultant in overhauling our planning database and various internally developed planning dashboards. Our team has also been instrumental in enhancing plant information data pipelines and developing new dashboards to address evolving requirements.

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.

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	47	135
Demand response, enrolled MW	0	15	31
Total VPP, enrolled MW	0	71	204
Total VPP, achievable MW	0	32	93

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.

Work continues to develop distribution-scale storage projects, which could give Platte River and the owner communities as much as 25 MW of four-hour storage. Platte River staff continue to work with owner community staff to build project support, address inquiries they may have and gather their feedback on proposals. Platte River and owner community staff have met with each of the bidders to meet their teams and to discuss their approaches to project development and implementation.

Work on the DER gap assessment and roadmap continues. Platte River and Utilicast have shared two draft deliverables with the owner communities for review and discussion. The *Enabling Technologies for Distributed Energy Resources Integration and Virtual Power Plant Operations* report describes the utility information technology, operations technology and communications systems that support effective integration of DERs. The *Target State, Gap Assessment and Roadmap* document explores how Platte River and the owner communities could develop and integrate these enabling technologies over time. Owner community and Platte River staff are currently reviewing the documents and hope to complete this work in December to inform our collective and individual next steps.

Platte River Power Authority

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Operating report

October 2023

Executive summary

October started with mild temperatures and brought snow near the end of the month which resulted in owner community demand being at budget. Owner community energy came in below budget, as most of the month was unusually mild. Year to date, demand is near budget and energy is below budget. The overall net variable cost to serve owner community load was above budget for the month, due to below budget surplus sales volume and above budget coal generation prices. Year to date, the net variable cost to serve owner community load is below budget.

Thermal resources

Rawhide Unit 1 had a forced outage due to a fire and a few curtailments, which resulted in equivalent availability factor coming in below budget. Net capacity factor was 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 Unit 1 experienced several curtailments throughout the month as well as two outages. The Oct. 13 outage was to replace stator cooling filters and the Oct. 20 outage was to complete maintenance and replace some equipment. Craig 2 experienced an outage on Oct. 21 and was offline until Oct. 31 for work on air heaters, balancing of a forced draft fan and repairs on a boiler feed pump turbine. In addition, the Craig units' generation output was limited for about 3 and a half weeks due to transmission work on the system. The outages and curtailments resulted in equivalent availability factor being below budget for the month. The Craig units were also dispatched lower in WEIS which resulted in net capacity factor being below budget. Year to date, Craig equivalent availability factor and net capacity factor are significantly below budget.

In October, the combustion turbines (CTs) were primarily run to serve owner community load to replace baseload generation during outages and curtailments. CT equivalent availability factor was below budget for the month and net capacity factor was above 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 to mild weather in the region in addition to being curtailed through WEIS. Overall solar generation was below budget, with the Rawhide Prairie Solar project also experiencing WEIS curtailments. Net capacity factors for wind and solar were below 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, missing one day when the solar panels were covered in snow.

Surplus sales

Surplus sales volume was below budget for the month, as the result of baseload generation outages and curtailments as well as mild temperatures. Average surplus sales pricing was 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 and pricing were significantly above budget for the month due to higher pricing during periods when baseload generation was curtailed and offline. Year to date, both purchased power volume and purchased power pricing are significantly above budget.

Total resources

Total blended resource costs were above budget for the month, primarily due to significantly above budget coal costs at Craig and purchased power costs. Year to date, total blended resource costs are above budget.

Variances

October operational results

Owner community load	Budget	Actual	Variance	% Variance	
Owner community demand	453 MW	453 MW	0 MW	0.0%	◆
Owner community energy	253 GWh	245 GWh	(8 GWh)	(3.2%)	■
Net variable cost* to serve owner community energy	$3.2M	$3.4M	$0.2M	(9%)	■
	$12.77/MWh	$13.92/MWh	($1.15/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	$0.8M
Coal generation volume savings	$1.1M

Upward pressure	
Generation and market outcomes pushing costs higher	
Lower bilateral and market sales volume	($1.0M)
Coal generation prices	($0.8M)
Gas unit volume	($0.5M)

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

YTD operational results

Owner community load	Budget	Actual	Variance	% Variance	
Owner community demand	5,366 MW	5,296 MW	(70 MW)	(1.4%)	◆
Owner community energy	2,751 GWh	2,643 GWh	(108 GWh)	(4%)	■
Net variable cost* to serve owner community energy	$35.8M	$28.9M	$6.9M	15.8%	●
	$13.00/MWh	$10.95/MWh	$2.05/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	$18.9M
Higher bilateral sales prices	$14.1M

Upward pressure	
Generation and market outcomes pushing costs higher	
Higher market purchase volume and average price	($7.7M)
Lower bilateral sales volume	($11.4M)

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

Loss of load

System disturbances

There was one system disturbance resulting in loss of load during the month of October.

2023 goal	October actual	YTD total
0 ●	1 ■	2 ■

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.**

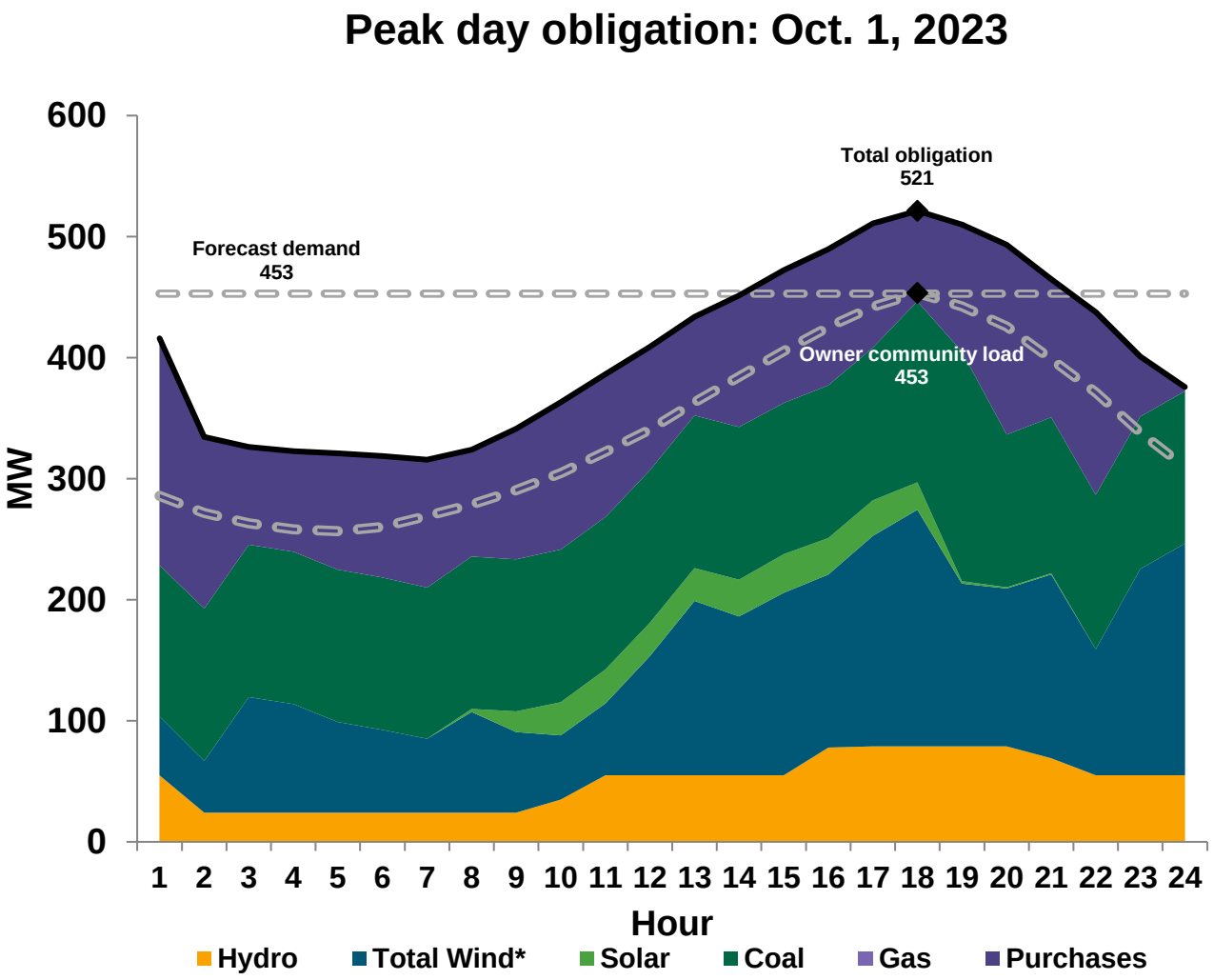
Events of significance

- On Oct. 23, the Craig to Ault line had a planned transmission outage which concluded on Oct. 25 at 4:00 p.m., well ahead of the anticipated Oct. 27 completion date.
- On Oct. 18, the Western Area Power Administration (WAPA) completed the rebuild project of the Pole Hill – Estes Park115 kV line and the Lyons – Estes Park 115 kV line.
- On Oct. 20, the Estes Park – Wagon Wheel 115 kV line section tripped and reclosed. It was later reported that the cause of the trip was two individuals having climbed a tower and gotten into the line.
- On Oct. 4, transmission power system operators (PSOs) completed the annual test of operating from the disaster recovery center for a minimum of two hours, as required by the North American Electric Reliability Corporation (NERC) emergency operations standards.
- Starting Oct. 9, the Craig units had a planned generation limitation which restricted Platte River's Craig generation to a maximum of 133 MW. The limitation was for planned work on transformer T1. Starting Oct. 31, planned work on transformer T2 began which extended the Craig generation maximum of 133 MW. Platte River's normal share of Craig generation is 151 MW.
- On Oct. 3, Xcel Natural Gas scheduled maintenance on their system resulting in a natural gas interruption which impacted Platte River. Gas transportation was unavailable during the planned maintenance period which involved a generator upgrade in preparation for cold weather. All Platte River combustion turbines were, therefore, unavailable for approximately 10 hours during the natural gas interruption.
- On Oct. 10, Rawhide Operations tripped Rawhide Unit 1 after a fire was discovered in the coal piping for coal mill 102. The buildings were evacuated until the emergency response team had the fire extinguished. Rawhide Unit 1 started up later that same afternoon. The investigation into the cause of the fire is ongoing. Coal mill 102 remains out of service until new coal piping parts can be purchased.
- On Oct. 29, line galloping caused the Estes Park – Pole Hill 115 kV line and the Estes Park – Lyons 115 kV line to trip and could not reclose which resulted in a blackout for the Town of Estes Park. Thanks to the coordinated efforts between Platte River, Estes Park Utilities, WAPA and Tri-State staff, all load was restored by 12:06 p.m. Line galloping happens when weather conditions are such that ice forms on the conductors and the wind shapes the ice in a manner which causes the conductors to start swaying up and down and side to side in the wind. The phases then hit each other which causes the lines to trip. Platte River and WAPA personnel are coordinating efforts to perform mitigating actions to prevent the galloping from occurring in the future. Due to WAPA's required federal procurement process, an immediate long-term solution may be difficult. However, WAPA staff are pursuing emergency funding options that could result in a faster response. In the interim, Platte River and WAPA personnel are working to develop a plan to re-energize the Town of Estes Park in a quicker manner, should this happen again in the interim.

Peak day

Peak day obligation

Peak demand for the month was 453 megawatts which occurred on Oct. 1, 2023, at hour ending 18:00 and was at budget. Platte River's obligation at the time of the peak totaled 521 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.**

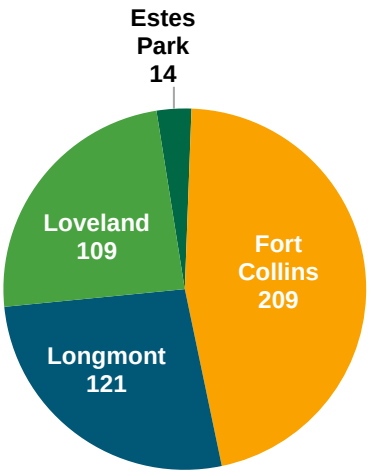
Owner community loads

	Oct. budget	Oct. actual	Minimum	Actual variance	
Coincident demand (MW)	453	453	500	0.0%	◆
Estes Park	18	**14**	13	(22.2%)	■
Fort Collins	212	209	**229**	(1.4%)	◆
Longmont	117	121	**142**	3.4%	●
Loveland	106	109	**116**	2.8%	●
Non-coincident demand (MW)	461	461	508	0.0%	◆
Estes Park	24	**22**	20	(8.3%)	■
Fort Collins	212	209	**229**	(1.4%)	◆
Longmont	117	121	**142**	3.4%	●
Loveland	108	109	**117**	0.9%	◆
Energy sales (MWh)	253,432	245,128		(3.3%)	■
Estes Park	11,154	10,678		(4.3%)	■
Fort Collins	120,162	114,047		(5.1%)	■
Longmont	64,473	63,756		(1.1%)	◆
Loveland	57,643	56,647		(1.7%)	◆

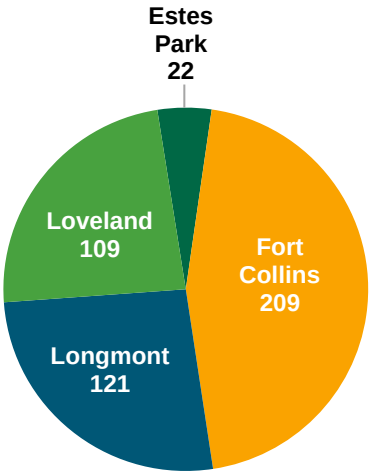
Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

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.

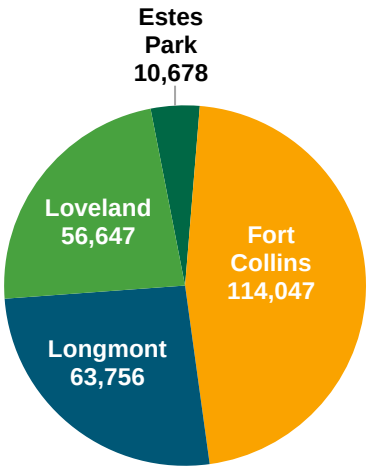
Actual October coincident demand = 453 MW



Actual October non-coincident demand = 461 MW

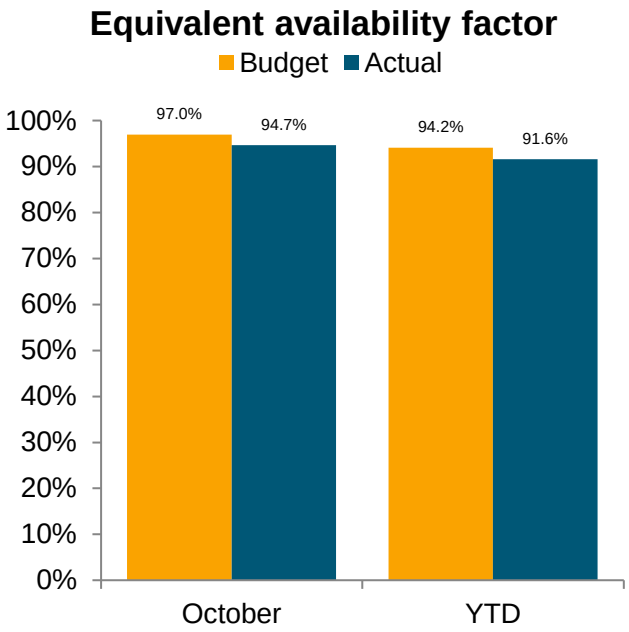


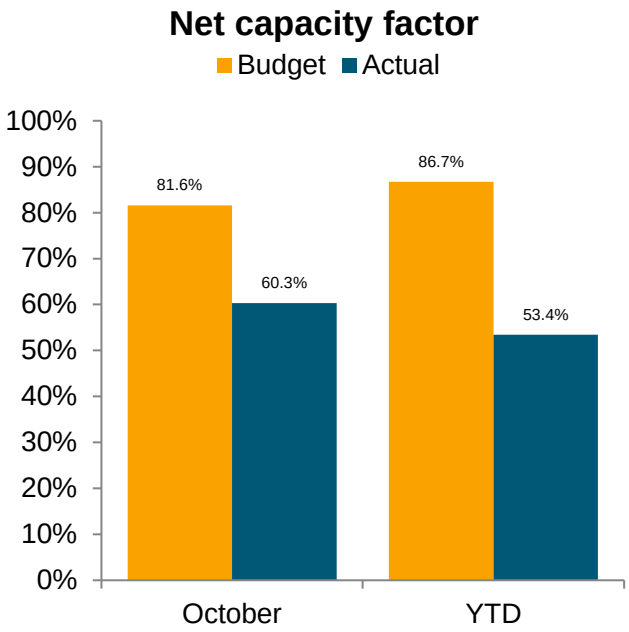
Actual October energy sales = 245,128 MWh



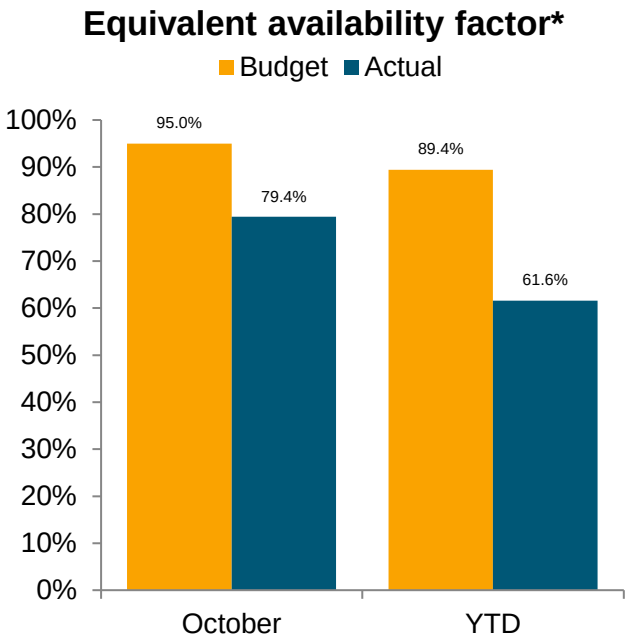
Thermal resources

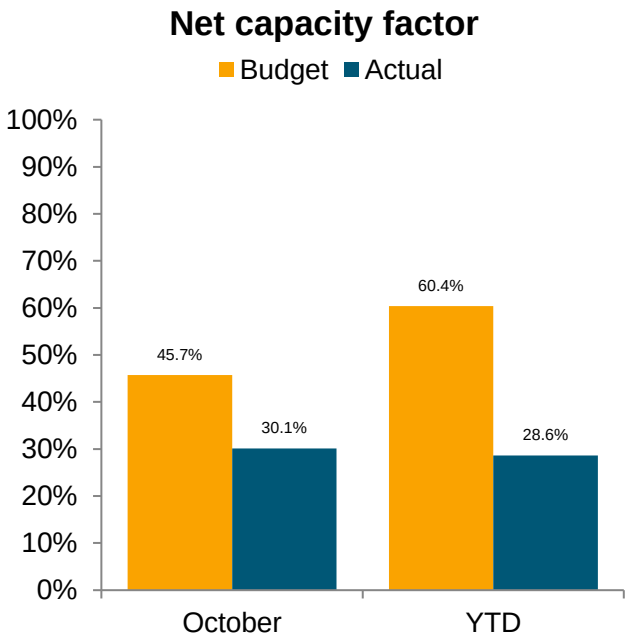
Power generation - Rawhide





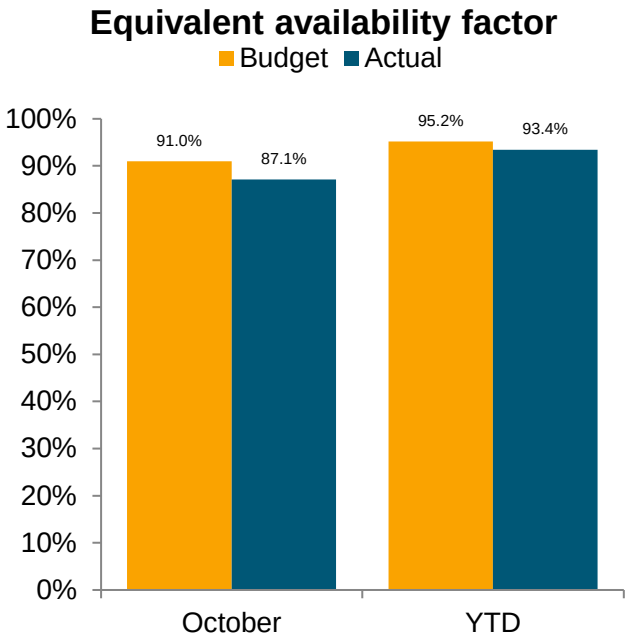
Power generation – Craig

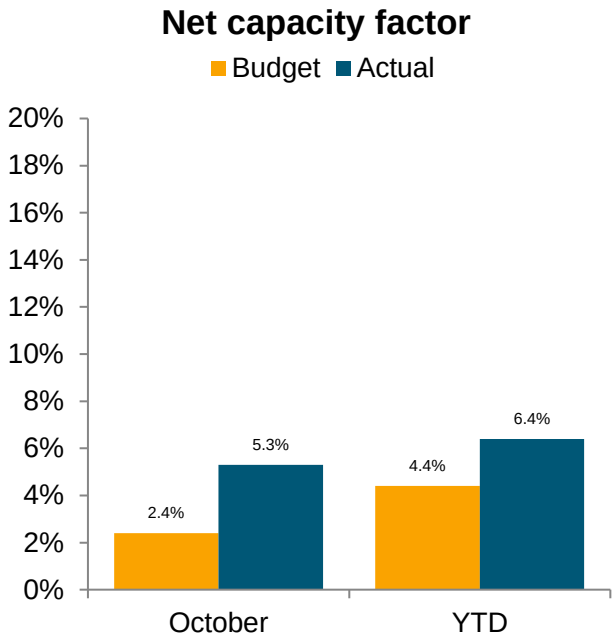




***Estimated due to a delay of the actual results**

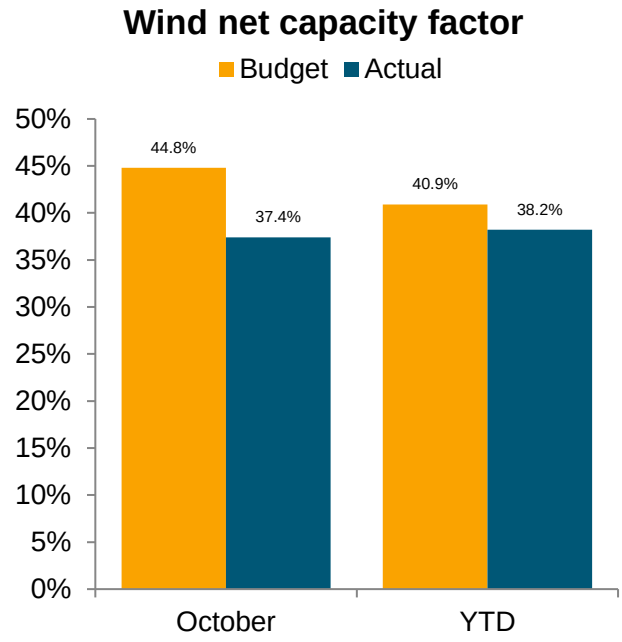
Power generation – combustion turbines

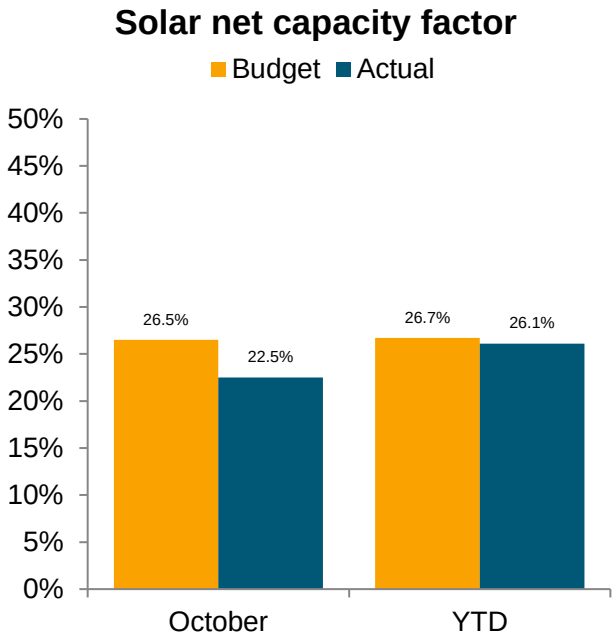




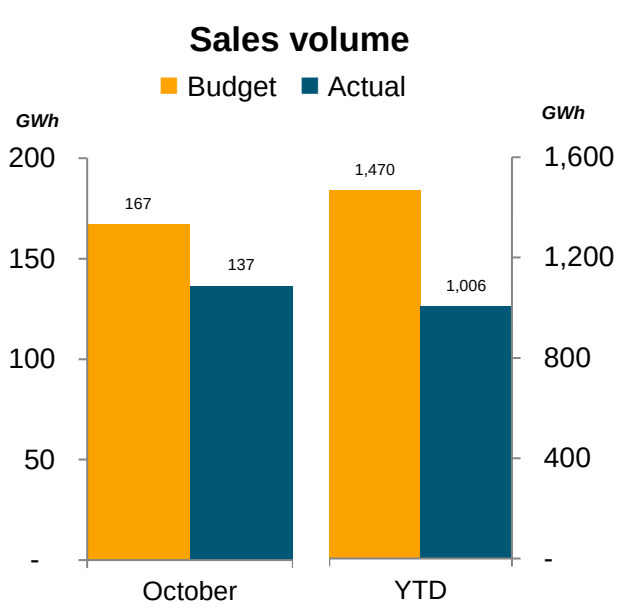
Renewable resources

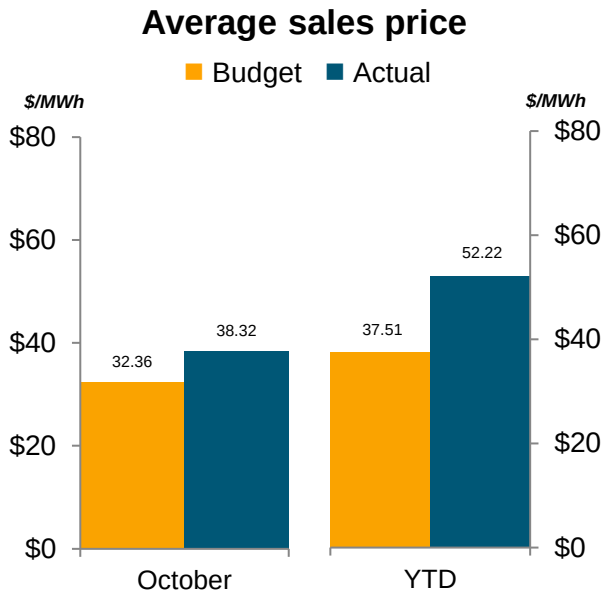
Power generation – wind and solar production



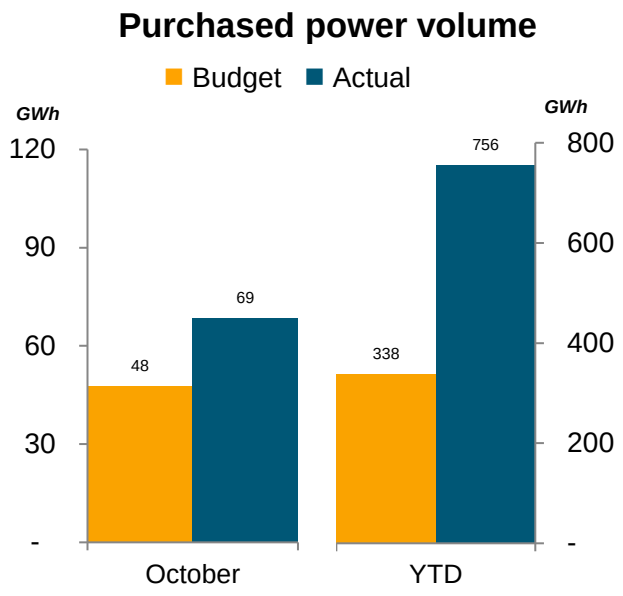


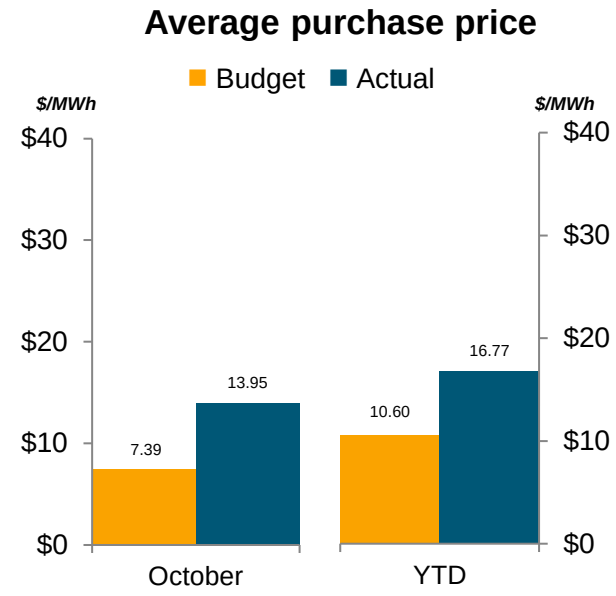
Surplus sales



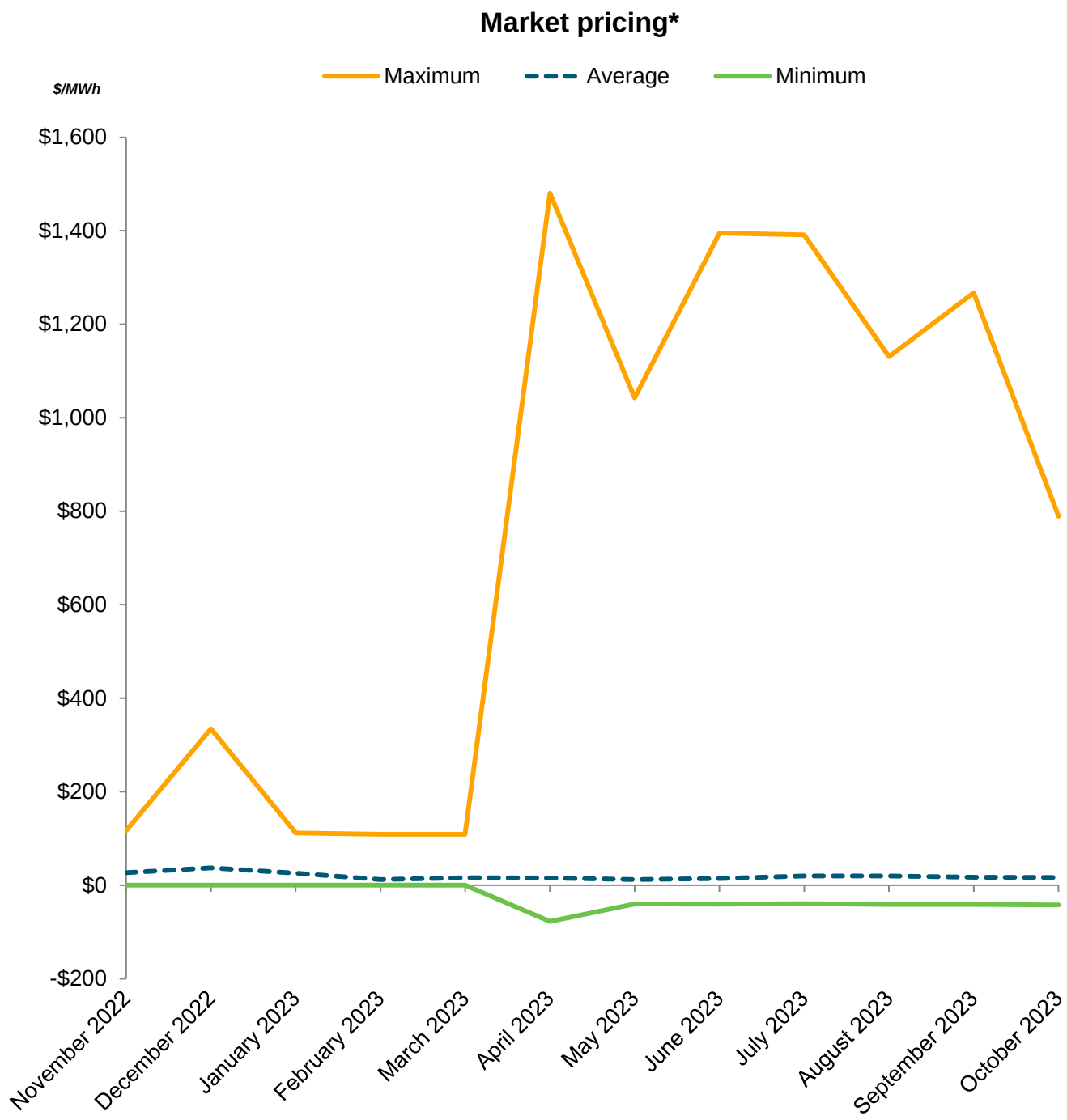


Purchased power



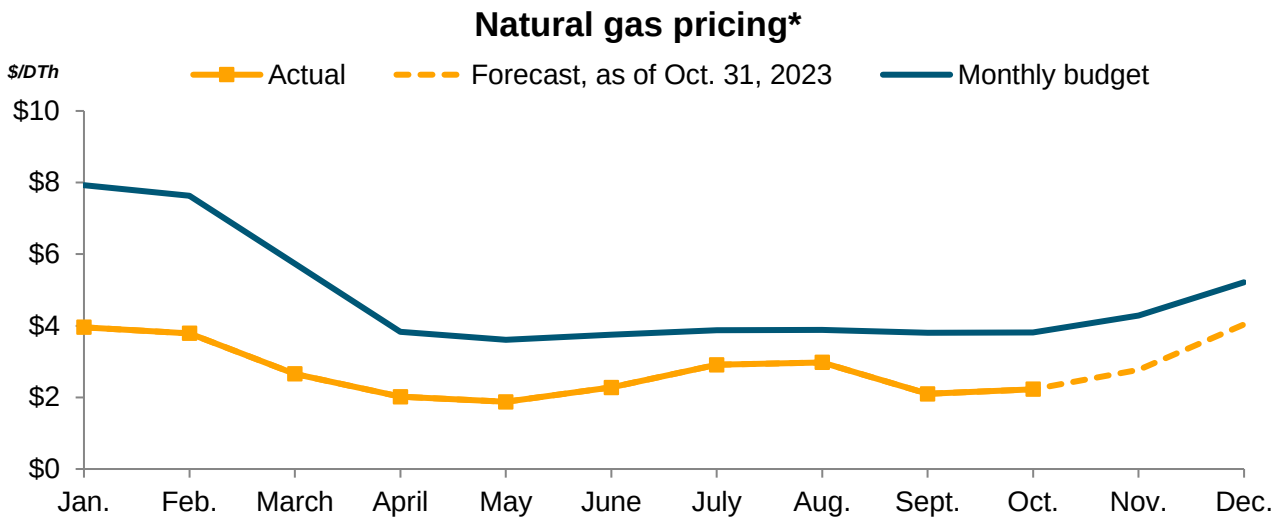


Market pricing



***WEIS Operations started April 1.**

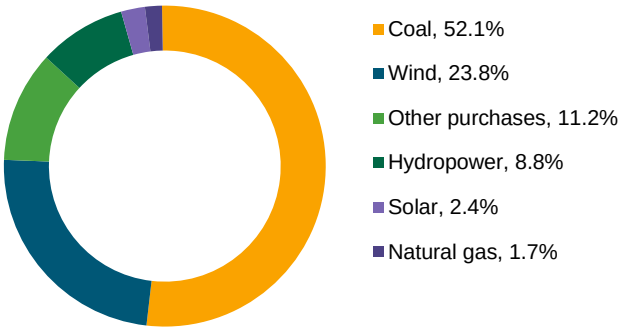
Natural gas pricing



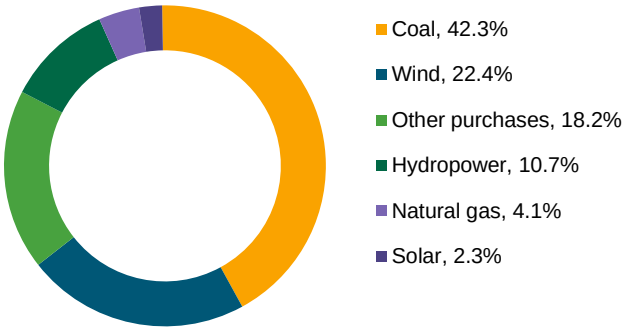
***Forecast based on Argus North American Natural Gas forward curves. Pricing does not include transport.**

Total resources

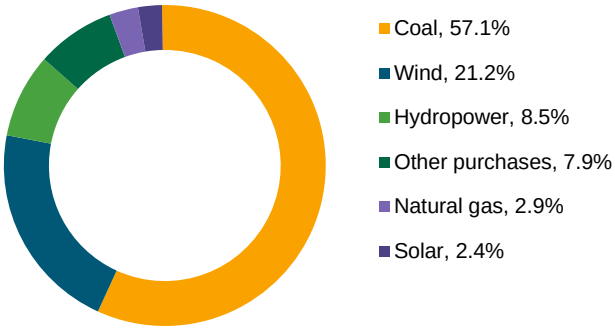
October generation budget



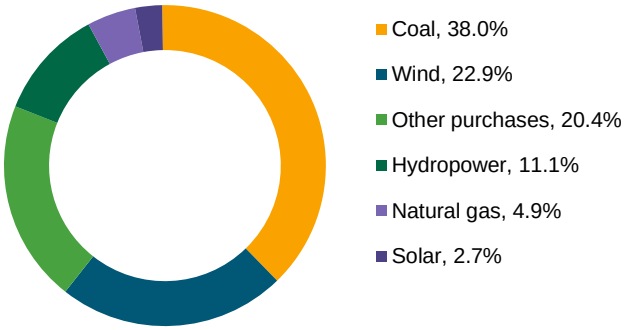
October generation actual

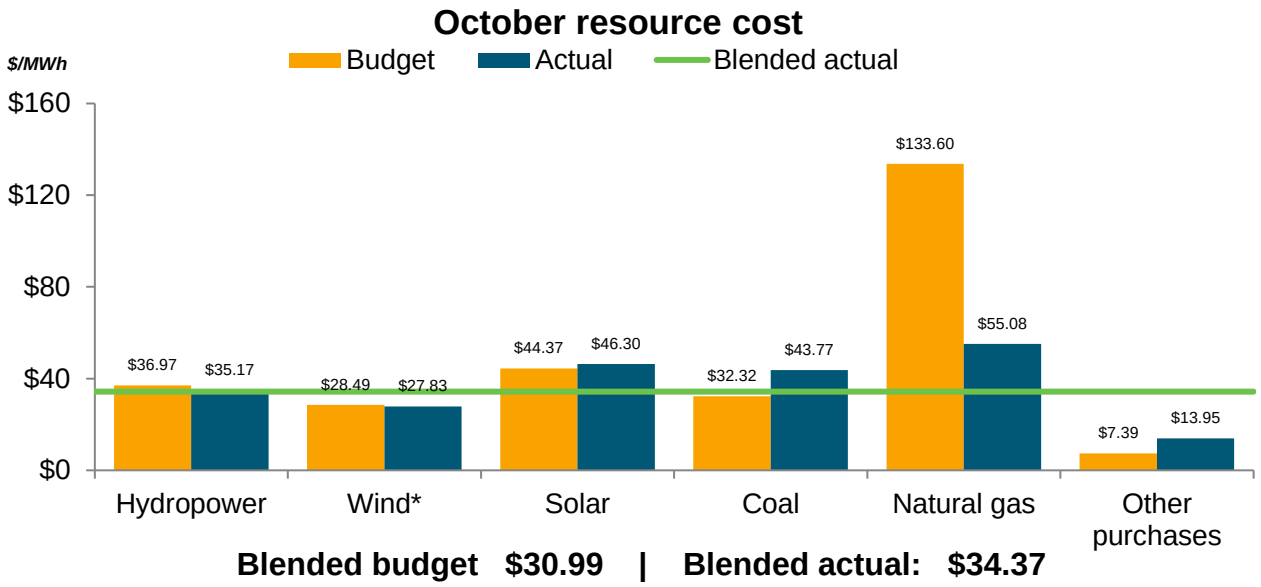


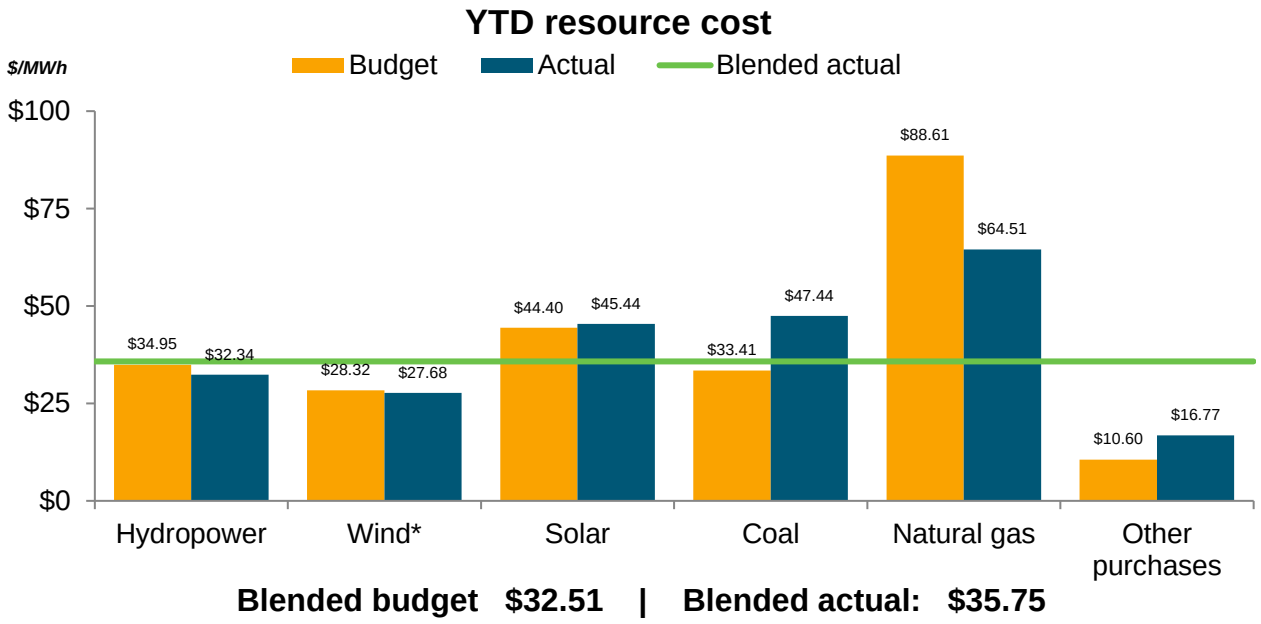
YTD budget



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.**

Platte River Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Financial report

October 2023

Financial highlights year to date

Platte River reported favorable results year to date. Change in net position of $34.6 million was favorable by $14.6 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)	October Budget	October Actual		Favorable (unfavorable)		Year to date Budget	Year to date Actual		Favorable (unfavorable)	
Change in net position	$ 0.7	$ 0.7	◆	$ -	0.0%	$ 20.0	$ 34.6	●	$ 14.6	73.0%
Fixed obligation charge coverage	2.00x	1.86x	■	(0.14x)	(7.0%)	2.48x	2.91x	●	0.43x	17.3%

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

Change in net position estimate

Based on current assumptions, the expected change in net position for 2023 is projected to be approximately $37.4 million before deferral. The table below compares this amount to the annual budget and calculates the amount of deferred revenues under this scenario. This amount will vary as actual outcomes will differ from assumptions.

Change in net position: annual budget	Change in net position before deferral: expected	Variance ($)	Variance (%)	Projected deferred revenue (1)	Change in net position after deferred revenues
$ 22.4	$ 37.4	$ 15.0	67%	$ 29.4	$ 8.0

Amounts above are in millions

(1) The projected deferred revenue is based on maintaining the SFP metrics.

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

Operating revenues

- **Sales to the owner communities and sales for resale** are anticipated to end the year below budget. Mild weather is contributing to lower sales to the owner communities and lower sales for resale. Resource availability and market conditions and are also contributing to the lower sales for resale.

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 Craig Unit 2 outage expenses partially offset by below-budget distributed energy resources.
- **Depreciation, amortization and accretion** are projected to end the year significantly below budget due to recognizing a gain on the sale of Windy Gap water units expected to occur before the end of the year. The gain was partially offset by above-budget expenses as asset retirement obligation costs were updated and assets were retired that were not fully depreciated or required additional costs to remove resulting in a loss on retirement.

The results have uncertainty primarily because of the unpredictability of bilateral sales and the energy imbalance market. At this time, operating expenses and capital additions are expected to end the year below budget. However, debt service expenditures are expected to be above budget as discussed in the debt service expenditures section. Overall, a budget contingency transfer appropriation will be required and is expected not to exceed $5 million.

Budgetary highlights year to date

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

Key financial results ($ millions)	October Budget	October Actual		Favorable (unfavorable)		Year to date Budget	Year to date Actual		Favorable (unfavorable)		Annual budget
Total revenues	$ 23.6	$ 23.5	◆	$ (0.1)	(0.4%)	$ 255.3	$ 251.6	◆	$ (3.7)	(1.4%)	$ 305.0
Sales to owner communities	16.9	16.6	◆	(0.3)	(1.8%)	188.4	183.3	■	(5.1)	(2.7%)	224.1
Sales for resale - long-term	1.2	1.1	■	(0.1)	(8.3%)	12.5	11.5	■	(1.0)	(8.0%)	14.9
Sales for resale - short-term	4.4	4.3	■	(0.1)	(2.3%)	44.2	42.6	■	(1.6)	(3.6%)	53.6
Wheeling	0.5	0.7	●	0.2	40.0%	5.1	7.8	●	2.7	52.9%	6.1
Interest and other income	0.6	0.8	●	0.2	33.3%	5.1	6.4	●	1.3	25.5%	6.3
Total operating expenses	$ 19.2	$ 19.6	■	$ (0.4)	(2.1%)	$ 198.3	$ 182.3	●	$ 16.0	8.1%	$ 238.1
Purchased power	4.9	5.1	■	(0.2)	(4.1%)	45.2	49.9	■	(4.7)	(10.4%)	55.1
Fuel	4.4	4.3	●	0.1	2.3%	52.2	38.3	●	13.9	26.6%	62.7
Production	4.3	4.1	●	0.2	4.7%	46.5	45.7	◆	0.8	1.7%	54.8
Transmission	1.8	1.8	◆	0.0	0.0%	17.0	16.1	●	0.9	5.3%	20.2
Administrative and general	2.6	3.0	■	(0.4)	(15.4%)	26.3	25.5	●	0.8	3.0%	31.5
Distributed energy resources	1.2	1.3	■	(0.1)	(8.3%)	11.1	6.8	●	4.3	38.7%	13.8
Capital additions	$ 3.2	$ 2.1	●	$ 1.1	34.4%	$ 37.5	$ 17.4	●	$ 20.1	53.6%	$ 42.7
Debt service expenditures	$ 1.5	$ 1.5	◆	$ -	0.0%	$ 14.8	$ 14.8	◆	$ -	0.0%	$ 17.8

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

Total revenues, $3.7 million below budget

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

- **Sales to owner communities** were below budget $5.1 million. Energy revenues were $4.2 million or 3.9% below budget due to below-budget energy. Demand revenues were $0.9 million or 1.2% below budget as coincident and non-coincident billing demand were below budget 1.2% and 1.1%, respectively.
- **Sales for resale - long-term** were below budget $1 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 $1.6 million as energy volume was 38% below budget, partially offset by 55.7% 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 $2.7 million due to unplanned point-to-point transmission sales and above-budget network customer service charges.
- **Interest and other income** was above budget $1.3 million primarily due to higher interest income earned on investments.

Total operating expenses, $16 million below budget

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

- **Fuel** was $13.9 million below budget.
  Coal - Rawhide Unit 1 78% of the overall variance, $10.8 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 33% of the overall variance, $4.6 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 (11%) of the overall variance, $1.5 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 $4.3 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 $2.5 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) chemicals, 6) environmental services, 7) transmission non-routine projects, 8) wheeling, 9) market services and 10) administrative and general non-routine projects. The above-budget expenses include: 1) Craig maintenance and scheduled outage, 2) Rawhide Unit 1 scheduled minor outage, 3) general plant and combustion turbine maintenance, 4) SCADA and energy management, 5) planning initiatives and 6) Fordham to Fort St. Vrain termination repair. The net below-budget variance is expected to be spent by the end of the year.

- **Purchased power** was $4.7 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) purchased reserves due to holding fewer reserves on the coal units. 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 October 2023)

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

	Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
	Below budget projects				
	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
*	**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	$ 945	$ 1,134	$ 1,134
**	**Combustion component upgrade - combustion turbine Unit D** - This project will be below budget as Platte River received a multi-unit discount when procuring equipment. Additionally, a payment for combustion hardware equipment required an out-of-budget request in 2022, therefore reducing funds required in 2023.	$ 4,342	$ 3,274	$ 1,068	$ -
	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	$ -
**	**Fiber optic OPGW installation - Long Haul East (Timberline to Harmony)** - This project will be below budget as procurement of materials will not occur in 2023 as originally anticipated. In addition, a transmission line outage is required to complete the project which is not scheduled until 2024. *The below-budget funds will be requested to be carried over into 2024.*	$ 834	$ 33	$ 801	$ 801

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
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
* **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	$ 870	$ 300	$ -
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
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
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)	$ -

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
* **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. *Additional funds were requested in 2023, of which a portion will be requested to be carried over into 2024.*	$ 428	$ 753	$ (325)	$ 20
* **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	$ 289	$ (272)	$ -
** **Fiber optic expansion - Long Haul West (Fort Collins to Loveland)** - This project will be above budget due to additional contracted services being required as a result of staffing changes and outsourcing the project design. In addition, unanticipated rock layers and locating issues led to increased labor, boring, potholing and traffic control costs.	$ 380	$ 538	$ (158)	$ -
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				
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)	$ -
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)	$ -
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

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
* **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. Due to long lead times equipment will not be received in 2023 as originally anticipated. *Funds were requested in 2023, of which all will be requested to be carried over into 2024.*	$ -	$ -	$ -	$ 280
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
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	$ -

Project ($ in thousands)	2023 budget	Estimate	Favorable (unfavorable)	Carryover request
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	9,991					
Total revenue bonds outstanding	135,861					
Less: due within one year	(12,790)					
Total long-term debt, net	$ 123,071					

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 and is expected not to exceed $5 million. 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.

Budget schedules

Schedule of revenues and expenditures, budget to actual

October 2023

Non-GAAP budgetary basis (in thousands)

	Month of October		Favorable
	Budget	**Actual**	(unfavorable)
Revenues			
Operating revenues			
Sales to owner communities	$ 16,934	**$ 16,595**	$ (339)
Sales for resale - long-term	1,202	**1,132**	(70)
Sales for resale - short-term	4,365	**4,263**	(102)
Wheeling	521	**745**	224
Total operating revenues	23,022	**22,735**	(287)
Other revenues			
Interest income[(1)]	581	**814**	233
Other income	1	**4**	3
Total other revenues	582	**818**	236
Total revenues	$ 23,604	**$ 23,553**	$ (51)
Expenditures			
Operating expenses			
Purchased power	$ 4,851	**$ 5,100**	$ (249)
Fuel	4,438	**4,292**	146
Production	4,252	**4,064**	188
Transmission	1,827	**1,780**	47
Administrative and general	2,598	**3,020**	(422)
Distributed energy resources	1,184	**1,297**	(113)
Total operating expenses	19,150	**19,553**	(403)
Capital additions			
Production	612	**1,069**	(457)
Transmission	1,631	**416**	1,215
General	961	**650**	311
Total capital additions	3,204	**2,135**	1,069
Debt service expenditures			
Principal	1,066	**1,066**	-
Interest expense	416	**416**	-
Total debt service expenditures	1,482	**1,482**	-
Total expenditures	$ 23,836	**$ 23,170**	$ 666
Revenues less expenditures	$ (232)	**$ 383**	$ 615

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

Schedule of revenues and expenditures, budget to actual

October 2023 year-to-date

Non-GAAP budgetary basis (in thousands)

	October year to date		Favorable	Annual
	Budget	**Actual**	(unfavorable)	budget
Revenues				
Operating revenues				
Sales to owner communities	$ 188,382	**$ 183,331**	$ (5,051)	$ 224,082
Sales for resale - long-term	12,540	**11,493**	(1,047)	14,889
Sales for resale - short-term	44,217	**42,652**	(1,565)	53,584
Wheeling	5,111	**7,783**	2,672	6,165
Total operating revenues	250,250	**245,259**	(4,991)	298,720
Other revenues				
Interest income[1]	4,766	**6,065**	1,299	5,978
Other income	285	**315**	30	301
Total other revenues	5,051	**6,380**	1,329	6,279
Total revenues	$ 255,301	**$ 251,639**	$ (3,662)	$ 304,999
Expenditures				
Operating expenses				
Purchased power	$ 45,193	**$ 49,889**	$ (4,696)	$ 55,115
Fuel	52,187	**38,272**	13,915	62,676
Production	46,530	**45,698**	832	54,770
Transmission	16,967	**16,119**	848	20,254
Administrative and general	26,377	**25,556**	821	31,508
Distributed energy resources	11,069	**6,789**	4,280	13,789
Total operating expenses	198,323	**182,323**	16,000	238,112
Capital additions				
Production	13,957	**6,284**	7,673	14,668
Transmission	11,544	**6,551**	4,993	14,953
General	12,024	**4,532**	7,492	13,048
Asset retirement obligations	-	**-**	-	52
Total capital additions	37,525	**17,367**	20,158	42,721
Debt service expenditures				
Principal	10,419	**10,419**	-	12,550
Interest expense	4,400	**4,400**	-	5,233
Total debt service expenditures	14,819	**14,819**	-	17,783
Total expenditures	$ 250,667	**$ 214,509**	$ 36,158	$ 298,616
Contingency reserved to board	-	**-**	-	52,000
Total expenditures and contingency	$ 250,667	**$ 214,509**	$ 36,158	$ 350,616
Revenues less expenditures and contingency	$ 4,634	**$ 37,130**	$ 32,496	$ (45,617)

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

Financial statements

Statements of net position

Unaudited (in thousands)

	October 31 2023	2022
Assets		
Electric utility plant, at original cost		
Land and land rights	**$ 19,446**	$ 19,446
Plant and equipment in service	**1,469,690**	1,455,795
Less: accumulated depreciation and amortization	**(968,307)**	(930,967)
Plant in service, net	**520,829**	544,274
Construction work in progress	**34,122**	24,773
Total electric utility plant	**554,951**	569,047
Special funds and investments		
Restricted funds and investments	**19,192**	19,022
Dedicated funds and investments	**165,941**	150,344
Total special funds and investments	**185,133**	169,366
Current assets		
Cash and cash equivalents	**63,967**	48,174
Other temporary investments	**47,764**	47,591
Accounts receivable - owner communities	**16,587**	15,538
Accounts receivable - other	**7,810**	10,673
Fuel inventory, at last-in, first-out cost	**16,289**	9,795
Materials and supplies inventory, at average cost	**17,384**	16,343
Prepayments and other assets	**7,663**	5,271
Total current assets	**177,464**	153,385
Noncurrent assets		
Regulatory assets	**128,868**	124,977
Other long-term assets	**7,122**	6,014
Total noncurrent assets	**135,990**	130,991
Total assets	**1,053,538**	1,022,789
Deferred outflows of resources		
Deferred loss on debt refundings	**2,413**	3,225
Pension deferrals	**14,849**	2,116
Asset retirement obligations	**25,221**	22,899
Total deferred outflows of resources	**42,483**	28,240
Liabilities		
Noncurrent liabilities		
Long-term debt, net	**123,071**	138,244
Other long-term obligations	**94,295**	94,295
Net pension liability	**30,520**	7,770
Asset retirement obligations	**32,748**	29,178
Other liabilities and credits	**8,159**	7,564
Total noncurrent liabilities	**288,793**	277,051
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	**17,687**	14,792
Accrued interest	**2,081**	2,320
Accrued liabilities and other	**6,092**	3,282
Total current liabilities	**41,086**	35,204
Total liabilities	**329,879**	312,255
Deferred inflows of resources		
Deferred gain on debt refundings	**115**	129
Regulatory credits	**72,342**	53,346
Pension deferrals	**287**	6,024
Lease deferrals	**852**	999
Total deferred inflows of resources	**73,596**	60,498
Net position		
Net investment in capital assets	**406,976**	399,721
Restricted	**17,111**	16,702
Unrestricted	**268,459**	261,853
Total net position	**$ 692,546**	$ 678,276

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 October	October year to date		Twelve months ended October 31	
		2023	2022	2023	2022
Operating revenues					
Sales to owner communities	**$ 16,595**	**$ 183,331**	$ 178,827	$ 216,823	$ 210,484
Sales for resale	**5,395**	**54,145**	56,868	70,715	68,160
Wheeling	**745**	**7,783**	6,009	9,412	6,996
Deferred regulatory revenues	**-**	**-**	-	(21,602)	-
Total operating revenues	**22,735**	**245,259**	241,704	275,348	285,640
Operating expenses					
Purchased power	**5,100**	**49,889**	42,673	60,596	53,319
Fuel	**4,292**	**38,272**	52,648	52,079	59,470
Operations and maintenance	**5,893**	**62,342**	54,480	75,344	64,327
Administrative and general	**3,048**	**26,046**	20,506	31,555	24,182
Distributed energy resources	**1,303**	**6,852**	5,972	9,363	7,575
Depreciation, amortization and accretion	**3,371**	**33,040**	30,206	38,964	37,338
Total operating expenses	**23,007**	**216,441**	206,485	267,901	246,211
Operating income	**(272)**	**28,818**	35,219	7,447	39,429
Nonoperating revenues (expenses)					
Interest income	**799**	**6,019**	1,962	6,971	2,149
Other income	**4**	**315**	658	86	817
Interest expense	**(416)**	**(4,400)**	(4,875)	(5,329)	(5,897)
Amortization of bond financing costs	**123**	**1,230**	1,367	1,504	1,672
Net increase/(decrease) in fair value of investments	**415**	**2,623**	(7,342)	3,591	(7,806)
Total nonoperating revenues (expenses)	**925**	**5,787**	(8,230)	6,823	(9,065)
Change in net position	**653**	**34,605**	26,989	14,270	30,364
Net position at beginning of period, as previously reported	**691,893**	**657,941**	651,287	678,276	647,912
Net position at end of period	**$ 692,546**	**$ 692,546**	$ 678,276	$ 692,546	$ 678,276

Statements of cash flows

Unaudited (in thousands)

	Month of October	October year to date 2023	October year to date 2022	Twelve months ended October 31 2023	Twelve months ended October 31 2022
Cash flows from operating activities					
Receipts from customers	**$ 27,211**	**$ 249,640**	$ 242,932	$ 297,488	$ 281,203
Payments for operating goods and services	**(14,677)**	**(142,775)**	(134,877)	(175,623)	(166,909)
Payments for employee services	**(4,623)**	**(45,381)**	(40,666)	(52,237)	(47,890)
Net cash provided by operating activities	**7,911**	**61,484**	67,389	69,628	66,404
Cash flows from capital and related financing activities					
Additions to electric utility plant	**(1,773)**	**(17,473)**	(13,000)	(26,192)	(20,482)
Payments from accounts payable incurred for electric utility plant additions	**(252)**	**(3,493)**	(1,581)	(522)	(1,234)
Proceeds from disposal of electric utility plant	**64**	**118**	74	118	82
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	**(1,961)**	**(39,992)**	(33,042)	(48,390)	(43,236)
Cash flows from investing activities					
Purchases and sales of temporary and restricted investments, net	**(4,296)**	**(11,883)**	(29,130)	(12,395)	(29,175)
Interest and other income, including realized gains and losses	**814**	**6,341**	2,550	6,950	2,881
Net cash used in investing activities	**(3,482)**	**(5,542)**	(26,580)	(5,445)	(26,294)
Increase/(decrease) in cash and cash equivalents	**2,468**	**15,950**	7,767	15,793	(3,126)
Balance at beginning of period in cash and cash equivalents	**61,499**	**48,017**	40,407	48,174	51,300
Balance at end of period in cash and cash equivalents	**$ 63,967**	**$ 63,967**	$ 48,174	$ 63,967	$ 48,174
Reconciliation of net operating income to net cash provided by operating activities					
Operating income	**$ (272)**	**$ 28,818**	$ 35,219	$ 7,447	$ 39,429
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	**3,419**	**33,770**	32,487	40,515	38,716
Amortization	**(479)**	**(4,710)**	(5,162)	(6,184)	(4,548)
Changes in assets and liabilities that provided/(used) cash					
Accounts receivable	**4,565**	**6,430**	491	1,814	(4,879)
Fuel and materials and supplies inventories	**(1,493)**	**(7,740)**	(277)	(7,535)	(932)
Prepayments and other assets	**364**	**(560)**	(1,691)	(1,308)	(827)
Regulatory assets	**(156)**	**(557)**	861	(4,665)	1,025
Deferred outflows of resources	**313**	**95**	(452)	(15,054)	(597)
Accounts payable	**843**	**(3,660)**	(1,198)	2,913	(7,611)
Net pension liability	**-**	**-**	-	22,750	(7,834)
Asset retirement obligations	**(293)**	**1,009**	1,628	3,411	1,907
Other liabilities	**749**	**4,975**	1,877	5,270	1,532
Deferred inflows of resources	**351**	**3,614**	3,606	20,254	11,023
Net cash provided by operating activities	**$ 7,911**	**$ 61,484**	$ 67,389	$ 69,628	$ 66,404
Noncash capital and related financing activities					
Additions of electric utility plant through incurrence of accounts payable	**463**	**463**	522	463	522
Additions of electric utility plant through leasing	**-**	**-**	-	-	134
Amortization of regulatory asset (debt issuance costs)	**7**	**67**	73	81	89
Amortization of bond premiums, deferred loss and deferred gain on refundings	**(130)**	**(1,297)**	(1,440)	(1,585)	(1,762)

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 October	October year to date 2023	October year to date 2022	Twelve months ended October 31 2023	Twelve months ended October 31 2022
Net revenues					
Operating revenues	**$ 22,735**	**$ 245,259**	$ 241,704	$ 275,348	$ 285,640
Operations and maintenance expenses, excluding depreciation, amortization and accretion	**19,636**	**183,401**	176,279	228,937	208,873
Net operating revenues	**3,099**	**61,858**	65,425	46,411	76,767
Plus interest income on bond accounts and other income [1]	**818**	**6,380**	2,604	7,102	2,945
Net revenues before rate stabilization	**3,917**	**68,238**	68,029	53,513	79,712
Rate stabilization					
Deposits	-	-	-	-	-
Withdrawals	-	-	-	-	-
Total net revenues	**$ 3,917**	**$ 68,238**	$ 68,029	$ 53,513	$ 79,712
Bond service					
Power revenue bonds	**$ 1,482**	**$ 14,819**	$ 14,823	$ 17,783	$ 17,789
Coverage					
Bond service coverage ratio	**2.64**	**4.60**	4.59	3.01	4.48

	Month of October	October year to date 2023	October year to date 2022	Twelve months ended October 31 2023	Twelve months ended October 31 2022
Fixed obligation charge coverage					
Total net revenues, above	**$ 3,917**	**$ 68,238**	$ 68,029	$ 53,513	$ 79,712
Fixed obligation charges included in operating expenses [2]	**1,340**	**13,202**	13,967	16,263	17,151
Adjusted net revenues before fixed obligation charges	**$ 5,257**	**$ 81,440**	$ 81,996	$ 69,776	$ 96,863
Fixed obligation charges					
Power revenue bonds, above	**$ 1,482**	**$ 14,819**	$ 14,823	$ 17,783	$ 17,789
Fixed obligation charges	**1,340**	**13,202**	13,967	16,263	17,151
Total fixed obligation charges	**$ 2,822**	**$ 28,021**	$ 28,790	$ 34,046	$ 34,940
Coverage					
Fixed obligation charge coverage ratio	**1.86**	**2.91**	2.85	2.05	2.77

[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 Power Authority

Estes Park • Fort Collins • Longmont • Loveland

General management report

October 2023

Business strategies

Communications, marketing and external affairs

During October, the communications, marketing and external affairs (CMEA) team continued the series of presentations about Platte River's resource planning progress to our owner communities. In addition to stakeholder presentations, the team supported presentations by Jason Frisbie and Raj Singam Setti to the Fort Collins and Longmont city councils.

The CMEA helped coordinate the Fort Collins Utilities Customer Accounts meeting hosted in Platte River's Energy Engagement Center, helped develop welcoming remarks by Jason Frisbie and facilitated headquarters campus tours.

Internally, the team kicked off the 2023-2024 United Way fall fundraising campaign, setting ambitious goals for donations and staff participation, and recognized National Cybersecurity Awareness Month through a series of Halloween-themed stories.

External affairs staff represented Platte River at the Large Public Power Council Policy Task Force event in Washington, D.C., conducting meetings with staff from the offices of Colorado Senator Hickenlooper and representatives Neguse, Buck and Caraveo, and several senators and representatives from other states, as well as staff from the House Committee on Energy and Commerce.

In addition to attending meetings for the Colorado Energy Office and Colorado Association of Municipal Utilities, external affairs staff met with advocacy and legislative affairs staff of Xcel Energy (Larimer and Weld counties), Energy Outreach Colorado and United Way of Larimer County.

Staff also conducted due diligence on nine potential grant opportunities and is moving forward with applications for the Colorado Department of Local Affairs microgrids opportunity (partnering with Estes Park; application due November 16) and the U.S. Department of Energy grid resilience and innovation partnership grants opportunity (partnering with Fort Collins; application window slated to open mid-December).

Efficiency Works™ marketing staff attended key accounts meetings for Fort Collins and Longmont, promoted programs at a Loveland Chamber Business After Hours event and presented an HVAC 101 class to Front Range Community College students in Longmont. Staff developed and deployed a general marketing campaign encompassing social media, digital advertising and radio ads, and direct mail and email campaigns for services and rebates. Work continued on streamlining the Efficiency Works mission and vision.

Human resources

Platte River's human resources team completed the rollout of the compensation study training and communication with all employees. Each employee received a personalized impact statement via small and large group training opportunities and one-on-one question and answer sessions. The human

resources team is also working with the senior leadership team on the in-range analysis to transition employees from the former step program to a new market-based range program.

The human resources manager delivered annual training to all levels of Platte River leadership that included human resources and employment law updates.

Platte River hosted the utilities human resources shirtsleeves conference during the first week of October. The conference included all Platte River human resources staff and 42 individuals representing eight organizations attending in-person and remotely.

Safety

- Platte River safety offered six classes for basic first aid training over a two-day period at headquarters. A third-party vendor trained 49 employees.
- The Emergency Services Specialist attended the Fire Leadership Challenge 2023 conference in Keystone, Colorado.
- Safety personnel began supporting a series of combustion turbine outages at Rawhide.
- Working with the National Fire Protection Association, the safety team performed the required fire system inspections and tests at Rawhide.
- Rawhide experienced a coal mill-related fire and emergency plant evacuation. There was no loss of fire containment, full accountability, and no injuries or further incident.

Injury statistics	2021 year end	2022 year end	YTD through October 2022	YTD through October 2023
Recordable injury rate	1.67	1.25	1.41	2.36
DART	0.00	0.83	0.94	0.47
Lost time rate	0.00	0.00	0.00	0.00

Platte River had no recordable or lost time injuries in October.

Financial

2023 Board contingency

Based on the most recent trends and assumptions, projected debt service expenditures are approximately $0.6 million above budget. As discussed in the financial report, Platte River is subject to subscription reporting 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, the 2023 Strategic Budget did not appropriate debt service expenditures for these transactions. As actual results are uncertain, staff has included an additional amount.

The December board materials include a memorandum and resolution to cover additional debt expenditures for 2023 above original planned expenses. Operating expenses and capital additions are not expected to exceed budget, but the resolution is flexible to cover operating expenses and capital additions if needed. The board contingency transfer request is for a not-to-exceed amount. This will enable staff to refine the actual transfer, up to the maximum, after year-end close when actual costs are known. Staff will report the final amount transferred at the February board meeting.

Proposed 2024 Strategic Budget

Included in this month's board materials is a memorandum accompanying the final budget document, as well as a proposed resolution to adopt the 2024 Strategic Budget and appropriate funds for 2024 expenditures. At the board meeting, staff will review the budget changes since the public hearing and briefly recap the budget results, and then ask the board to adopt the budget.

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

Preliminary financial audit work

During the week beginning November 27, FORVIS, Platte River's external auditors, reviewed financial processes, met with staff to review internal controls, and reviewed Sept. 30, 2023 financial results.

Credit rating update

Fitch Ratings (Fitch) conducted its annual surveillance of Platte River. In Fitch's published report, Fitch affirmed Platte River's AA rating with a stable outlook. The ratings reflect Fitch's base and stress scenarios, which showed strong operating cash flow and downward trending debt. Platte River's strong revenue defensibility is based on long-term, all-requirements wholesale electric power contracts with the owner communities (and their very strong purchaser credit quality), as well as on the ability of Platte River and the owner communities to independently establish rates. Platte River's very low operating cost burden drives its similarly situated operating risk and reflects a diverse resource mix, including historically low-cost coal-fired units, as well as natural gas-fired units, wind, hydropower and solar sources. The report also noted that over the past several years, Platte River has begun to expand its renewable resources to prepare for the retirement of coal-fired generation.

Transition and integration

Distributed energy solutions

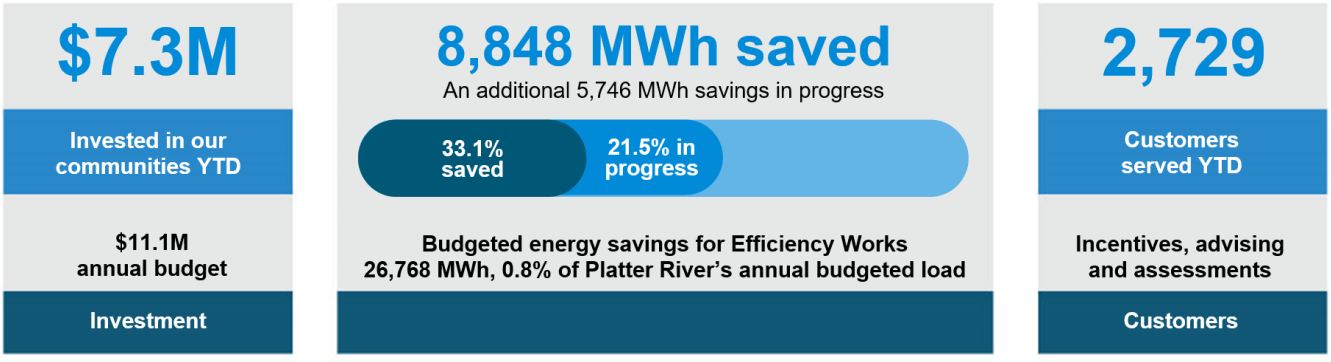
October and November marked a transitional period for the Distributed Energy Solutions (DES) staff, focusing on 2024 program offerings. While upholding current customer programs, staff updated selections for 2024. They collaborated with the contracts and purchasing teams to secure necessary agreements to allow the program to expand into areas like building electrification and electric vehicle initiatives.

Key activities in included:

- Efficiency Works Homes completed the first six months of the revamped income-qualified program. Program participation grew significantly, with completed services doubling from September to October.
- Efficiency Works Business began to develop an electric vehicle (EV) fleet planning website tool to provide online calculators and reporting to help businesses shift their fleets from internal combustion engines to electric. We expect to complete and launch these tools in January 2024.
- Staff initiated a Spanish translation project for the EV shopper website platform, enhancing accessibility for customers in the owner communities. We expect to complete the project by mid-December.
- After a third-party vendor unexpectedly ended services in August, staff successfully transitioned to a new model for the Appliance Recycling Program, so that customers can continue to recycle inefficient refrigerators and freezers properly.

Through October 2023, Efficiency Works programs have achieved:

- 8,777 MWh of energy savings complete, with an additional 5,746 MWh savings in progress.
- 1,094 kW summer peak reduction complete, with an additional 236 kW peak reduction in progress.
- 2,257 residential and 472 business customer interactions with program offerings.
- $7.3 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

  The primary goal of the ERP project is to transform Platte River's business processes, gain efficiencies, and increase reporting and analytics capabilities to provide information necessary for strategic decision-making in our ever-changing environment. The project will give staff integrated tools and access to information across the organization in a cohesive suite of systems to enable faster, better-informed decision making.

  - The implementation team is preparing for our second "conference room pilot." These sessions will test the system using real-world business scenarios to understand how it performs and if further system configuration is needed. The sessions will run daily from January 9 until February 12 and will require significant staff time from across the organization. The primary goals are to improve the user's understanding of how the system works and identify issues so they can be resolved before user acceptance testing. Investing the time in this process now will improve the chances of a successful system launch in July 2024.
  - The team is finalizing its change management process to propose, review, approve and track configuration changes. Now that most of the configuration is complete and should remain static between now and go-live, any proposed changes need to be reviewed for impact to schedule, budget, and other areas of the system. Change control is essential to the overall success of the project; this process will ensure we make only vetted and approved changes to the system, preventing adverse system and project impacts.

Cyber Security

- Mobile Device Management (MDM) with Microsoft Intune
  - The objective of MDM is to separate corporate data from personal data on mobile devices so the corporate data can be removed when employees leave the organization. MDM helps protect against data loss or theft, reducing risk due to vulnerabilities on mobile devices and increasing the organization's overall security posture.

Digital Project and Portfolio Management

- Digital project management office activities

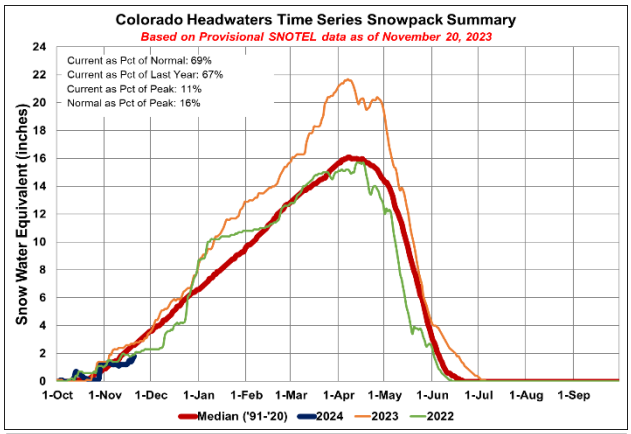
  The digital project portfolio's goal is to capture all active digital department programs and projects and gather insight into digital's current workload and potential capacity for additional work. The project portfolio will allow Platte River to monitor current and requested projects and prioritize those that bring maximum value to the organization.

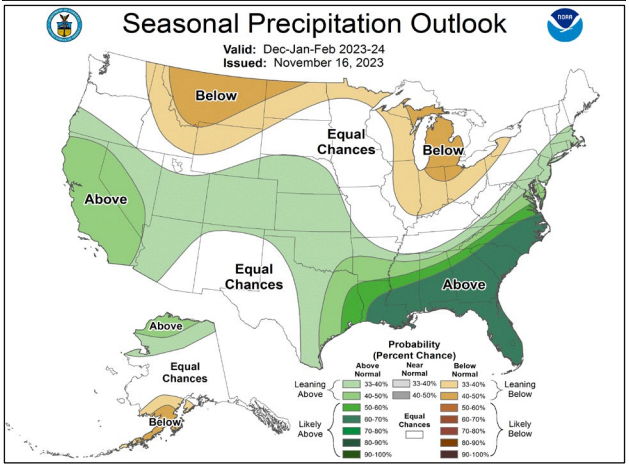
- We work with users across the organization to capture current projects and future requests so we can present a holistic view of the project landscape to the business unit leaders and get their input on prioritization of the numerous projects. This will help ensure digital is focusing on the projects that the business units agree will deliver the greatest benefit to the organization.
- We are implementing a formal “resource management” process. The objective of resource management is to plan, schedule, and allocate resources based on real-time resource availability data. Resource management aligns resource availability with project requirements and identifies skillset gaps that could impede project success.

Operations

Fuels and water

Thus far in the 2024 water year, conditions have generally been dry in the upper Colorado river basin and the snowpack is slightly below the 30-year average (see graph). Although the water year has just begun, early season snowpack provides the significant benefit of boosting basin soil moisture content, which establishes a solid foundation for additional snowpack through the remainder of the year and boosts runoff volumes in the spring.





Looking ahead, a strong El Niño pattern is developing in the Pacific, which generally increases chances of a wetter-than-average winter in northern Colorado. As shown in the precipitation outlook, all of Colorado has an increased chance of above-average precipitation through the winter months. Forecasters caution, however, that no two El Niño events are alike and a slight shift in the weather pattern could bring drier conditions and reduced snowpack to the region. For reference, the past three years with similar strong El Niño conditions have led to peak snowpacks in the upper Colorado basin of 116%, 102%, and 100% of average.

Through the fall, the Chimney Hollow Reservoir project has benefitted from favorable weather conditions. The contractor has made solid progress throughout the project. Construction operations are currently running 24 hours a day, six days a week, with over 500 on-site personnel. The main dam is now over 140 feet tall (see image) and work will continue through the winter as weather allows. At the saddle dam, foundation work is substantially complete and the embankment will be completed next summer. The project is nearly 50% complete and is approximately two years from completion.

Chimney Hollow reservoir main dam (looking east)

In August, Platte River issued a request for proposals (RFP) offering to sell up to five unfirmed Windy Gap units and received multiple bids. Platte River accepted three bids and will sell all five units. Staff is currently working through the purchase and sale process with each of the successful bidders and will present an update on the RFP process at the December board meeting.