



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Board of directors

Dec. 12, 2024

2025 Strategic Budget review and adoption

Shelley Nywall, director of finance



Agenda

- Budget change since public hearing
- Financial results
- Highlights – 2025 Strategic Budget

Budget change since public hearing

- \$3.1 million anticipated capacity sales resulting in increased
 - Sales for resale
 - Deferred regulatory revenues (now estimated at \$12 million)

Financial results

Strategic Financial Plan metrics	Target minimums	2025 budget
Fixed obligation charge coverage ratio	1.50x	2.00x
Change in net position as a percentage of annual operating expenses	3%	3% ⁽¹⁾
Adjusted debt ratio	< 50%	22%
Days adjusted liquidity on hand	200	252

⁽¹⁾ Change in net position before deferred revenue is \$19.5 million. \$12 million is estimated to be deferred under the board-approved deferred revenue and expense accounting policy.

Budget results (\$ millions)	2025 budget
Total revenues	\$ 324.6
Total expenditures	\$ 392.0
Board contingency	\$ 75.0
Average wholesale rate increase	6.3%



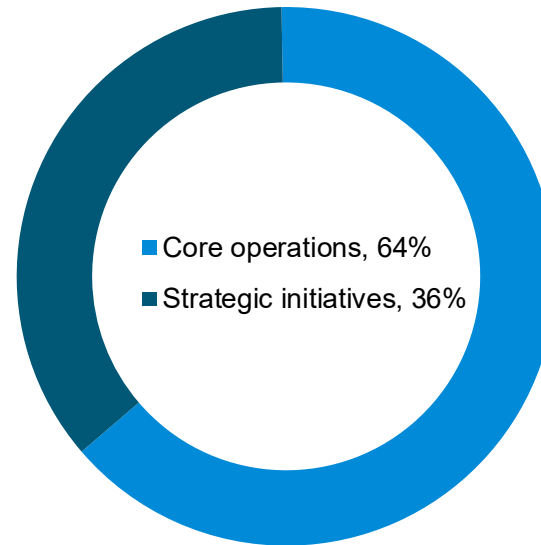
Highlights – 2025 Strategic Budget



Operating expenses and capital additions \$373 million

Strategic initiatives

- Resource diversification planning and integration
 - Noncarbon resources
 - Dispatchable resource
 - Transmission and substations
 - Operational flexibility
 - SPP RTO West market
 - Chimney Hollow
- Community partner and engagement
- Workforce culture
- Process management and coordination
 - Data management and analytics platform
 - Project management
 - Enterprise risk management



Core operations

- Baseload and peaking generation, transmission, customer energy programs
- Purchased power agreements for existing renewable resources and hydropower
- Predictive maintenance
- Proactive capital investments to maintain reliability, efficiency and environmental compliance

Revenues

- Stable owner community loads
- Decreasing sales for resale
- Increasing wheeling
- 6.3% average wholesale rate increase

2025 budget: \$467 M

Questions



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Organic Contract Power Supply Agreements term extensions

Sarah Leonard, general counsel

Dave Smalley, chief financial officer and deputy GM



Organic Contract

- Four-way agreement among Estes Park, Fort Collins, Longmont, and Loveland
- Platte River was initially formed in 1973 to protect the owner communities' federal hydropower interests
- In 1975, the Power Authority Act enabled Platte River to become a political subdivision and joint action agency
- Colorado law empowers governmental units to contract with each other to jointly provide any function, service, or facility lawfully authorized to each (C.R.S. sections 29-1-203 and 29-1-204)
- Platte River has enumerated powers (including bonding authority) and can deliver economies of scale the owner communities could not achieve alone

Organic Contract

- Colorado Revised Statutes § 29-1-204 provided that:
“[a]ny combination of cities and towns which are authorized to own and operate electric systems may, by contract with each other..., establish *a separate governmental entity, to be known as a power authority, to be used by such contracting municipalities to effect the development of electric energy resources in whole or in part for the benefit of the inhabitants of such contracting municipalities.* (Emphasis supplied.)

Organic Contract provisions

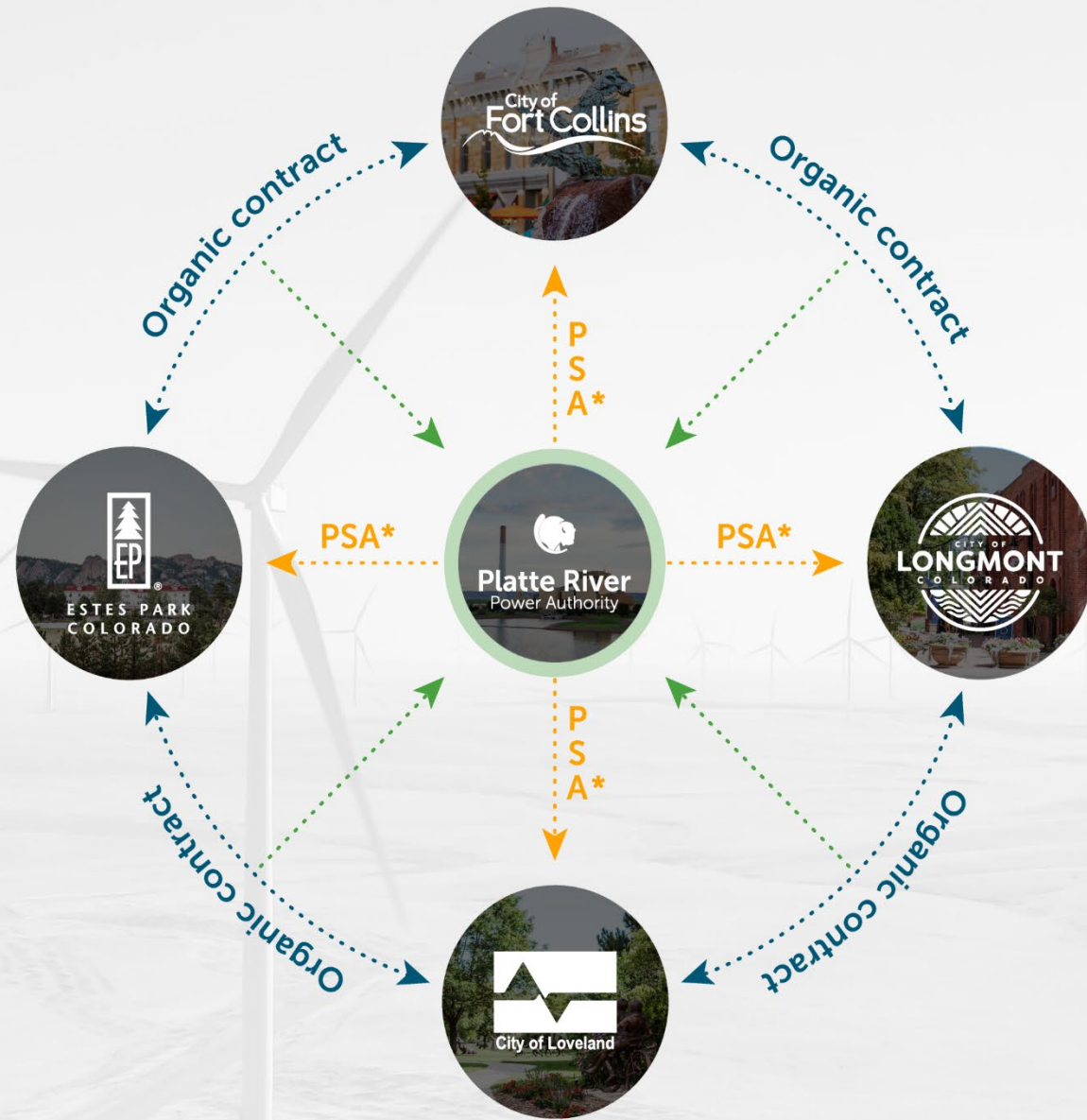
- Platte River is governed by an eight-member board of directors, in which “all legislative power is vested.”
- The four owner communities revised the Organic Contract in 1998 to invoke additional statutory authority: C.R.S. § 29-1-203
- Much broader language—governmental entities may “contract with one another to provide any function, service, or facility lawfully authorized to each” and may “provide for the joint exercise of the function, service, or facility, including the establishment of a separate legal entity to do so.”

Organic Contract provisions

- Along with its core mission, Platte River may
“provide any additional designated function, service, or facility lawfully authorized to any combination of two or more of the Municipalities, provided that these constitute an ‘enterprise’ as defined in subsection 2(d) of Article X, Section 20 of the Colorado Constitution”

Colorado state enterprise

- An “enterprise” must
 - be an independent, self-supporting government-owned business
 - earn income by providing goods or services (rather than depending on taxes)
 - have the power to issue its own bonds
 - not receive more than 10% of its funds through grants from state and local governments (in other words, revenues derived from state or local taxes)



*Bond holder protections

Power Supply Agreements

Concurrent with the Organic Contract

- Bilateral agreements between Platte River and each owner community
- Mutual “all-requirements” obligations:
 - Platte River must supply essentially all owner community electricity requirements
 - Owner communities must buy essentially all needed electricity from Platte River
- All-requirements obligations protect owner communities against cost-shifting
- Platte River staff provide centralized expertise and 24-hour operations



Power Supply Agreements

Concurrent with the Organic Contract

Three exceptions to the “all requirements” obligation:

- Owner community legacy generation (pre-1974)
- New owner community-owned generation, up to 1 MW or 1% of owner community peak load (whichever is greater)
- Energy from net metered customers



Why do the Power Supply Agreements have reciprocal all-requirements obligations?

Advantages

- Economies of scale
- Cost recovery
- Equity among the owner communities
- Stronger credit ratings
- Bond covenant compliance

Risk mitigation

- Platte River brings resources and experience to manage risks
- Lowers risk to owner communities
- Counterparty performance and credit risk

Benefits

- Owner communities and Platte River benefit from the most cost-effective and reliable solutions
- Protect reliability and maximize operation flexibility
- Lower wholesale power and transmission rates
- Regional collaboration and control

Power Supply Agreements

Concurrent with the Organic Contract

- Terms of the Power Supply Agreements provide security for bondholders
 - Power Supply Agreements are intended to provide sufficient net revenues for a term longer than outstanding bonds
- Owner communities are obligated to make payments only from their electric revenues—taxing powers and non-utility revenues are not pledged to pay Platte River debt service
- Outstanding Platte River bonds are not indebtedness of the owner communities

Power Supply Agreements

Concurrent with the Organic Contract

Rating agency considerations

- Platte River's strong revenue defensibility is based on
 - Long-term, all-requirements wholesale electric power contracts with the owner communities
 - The strong purchaser credit quality of the owner communities
 - The ability for Platte River and the owner communities to each independently establish rates



Current agreements

- Organic Contract
 - Among the four owner communities
 - Renewed in 2019 through 2060
- Power Supply Agreements
 - Agreements between Platte River and each owner community
 - Renewed in 2019 through 2060

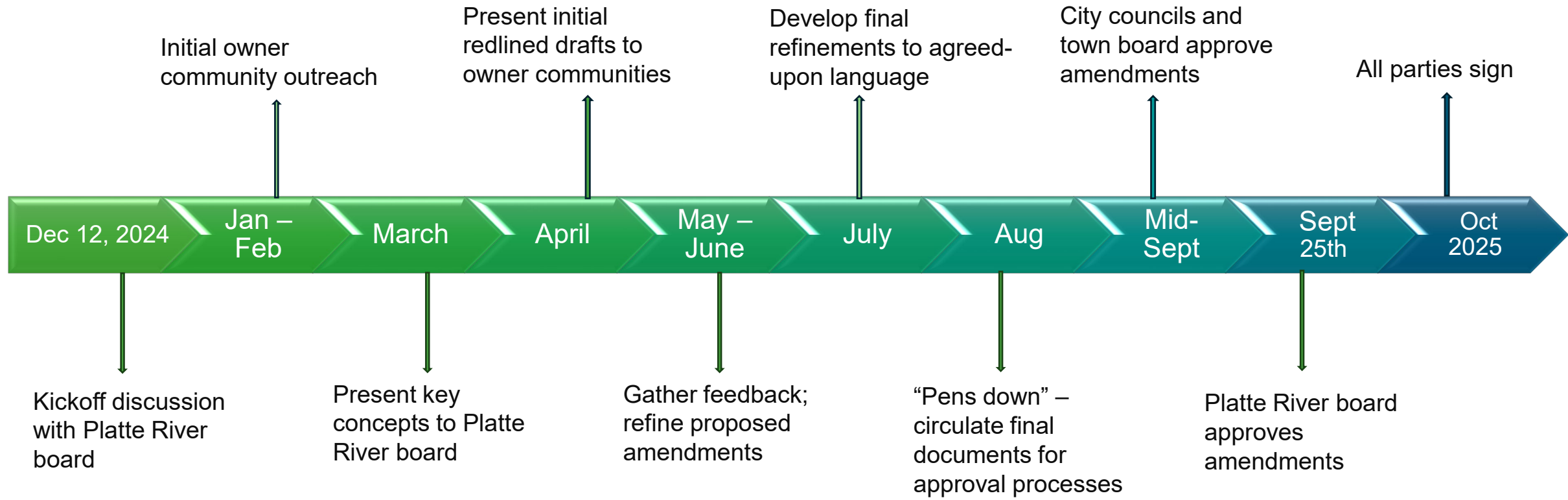
Why extend the Organic Contract and Power Supply Agreements now?

- Rapid change across the electric utility industry and for Platte River
 - Board-established goal of 100% noncarbon energy mix by 2030 while maintaining reliability, environmental responsibility, and financial sustainability
 - Dramatic shifts in policy and technology
 - We are comprehensively changing how we generate and deliver power to the owner communities
- Better align our core documents to reflect current and future initiatives
- Send a positive signal to the bond market
- Support anticipated bond issuances beginning in 2026

Suggested approach to extend terms and fine tune

- Informally discuss, among all five entities, which terms they might wish to revise or refine
- Build alignment on concepts
- Work with bond counsel to ensure changes do not impair bondholder security
- Develop, circulate, refine, and finalize new language
- Preview with and periodically update decision-makers (boards, councils, executives)
- Present and circulate documents for approval

Example timeline



Questions



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Transmission planning strategy in an RTO

Darren Buck, director of power delivery



Transmission and generation planning – past and future

- Transmission short-term vs. long-term planning
- Historic planning principles and congestion management
- Southwest Power Pool (SPP) Regional Transmission Organization (RTO)

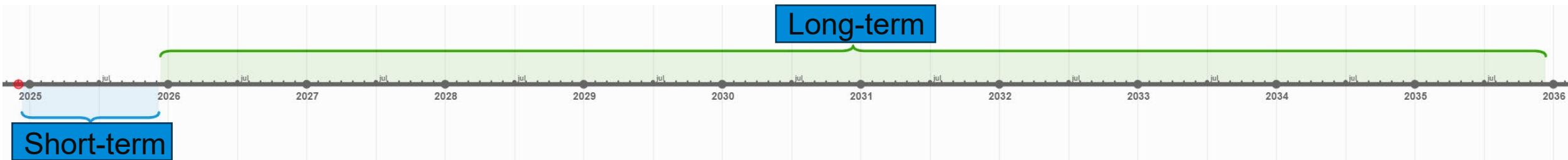
Transmission short-term vs. long-term planning

Short-term

- Real-time to one year
- Accounts for all surrounding system outages
- Single contingency
- Work with local utilities to ensure reliability

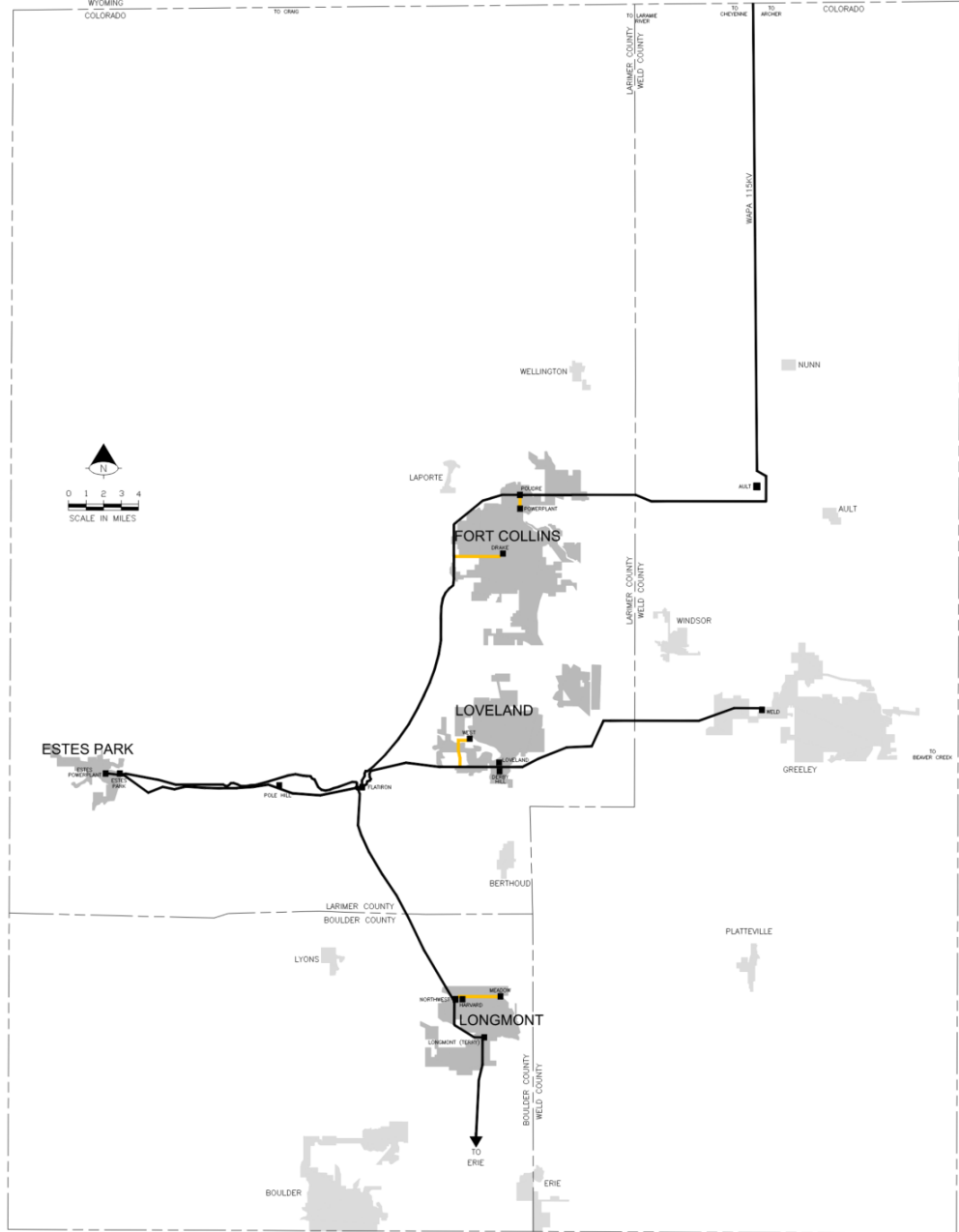
Long-term

- One year to ten years
- System intact
- Multiple creditable contingencies
- Work with local utilities on regional connections for future reliability



Historic system planning to serve load

- Generator investment specifically to serve owner community load
- Congestion managed through reliability redispatch
- Resilient Platte River transmission investment
- Interconnections to transact with other utilities

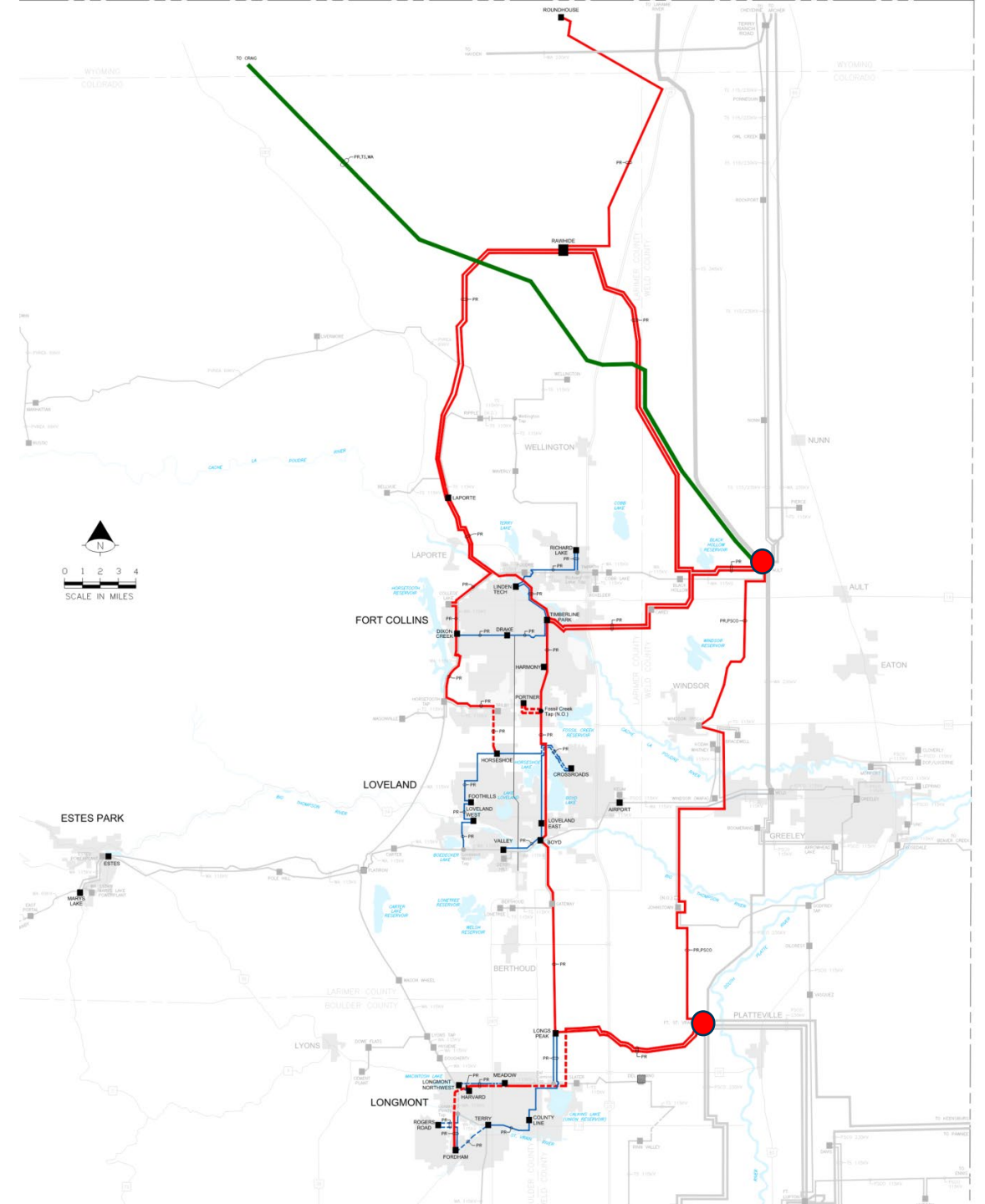


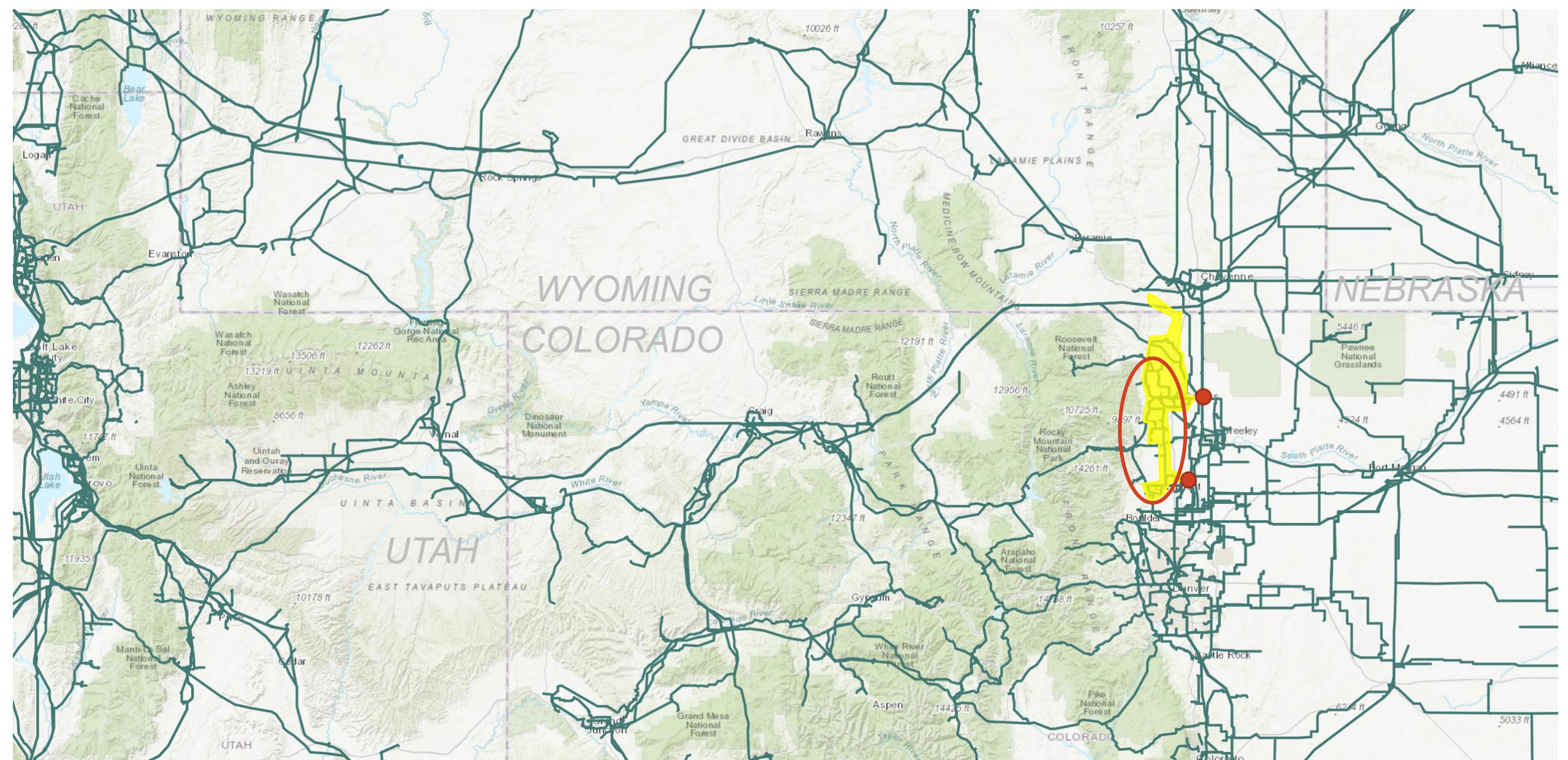
LEGEND
 115KV PAPA TRANSMISSION LINE
 115KV WAPA TRANSMISSION LINE
 SUBSTATION

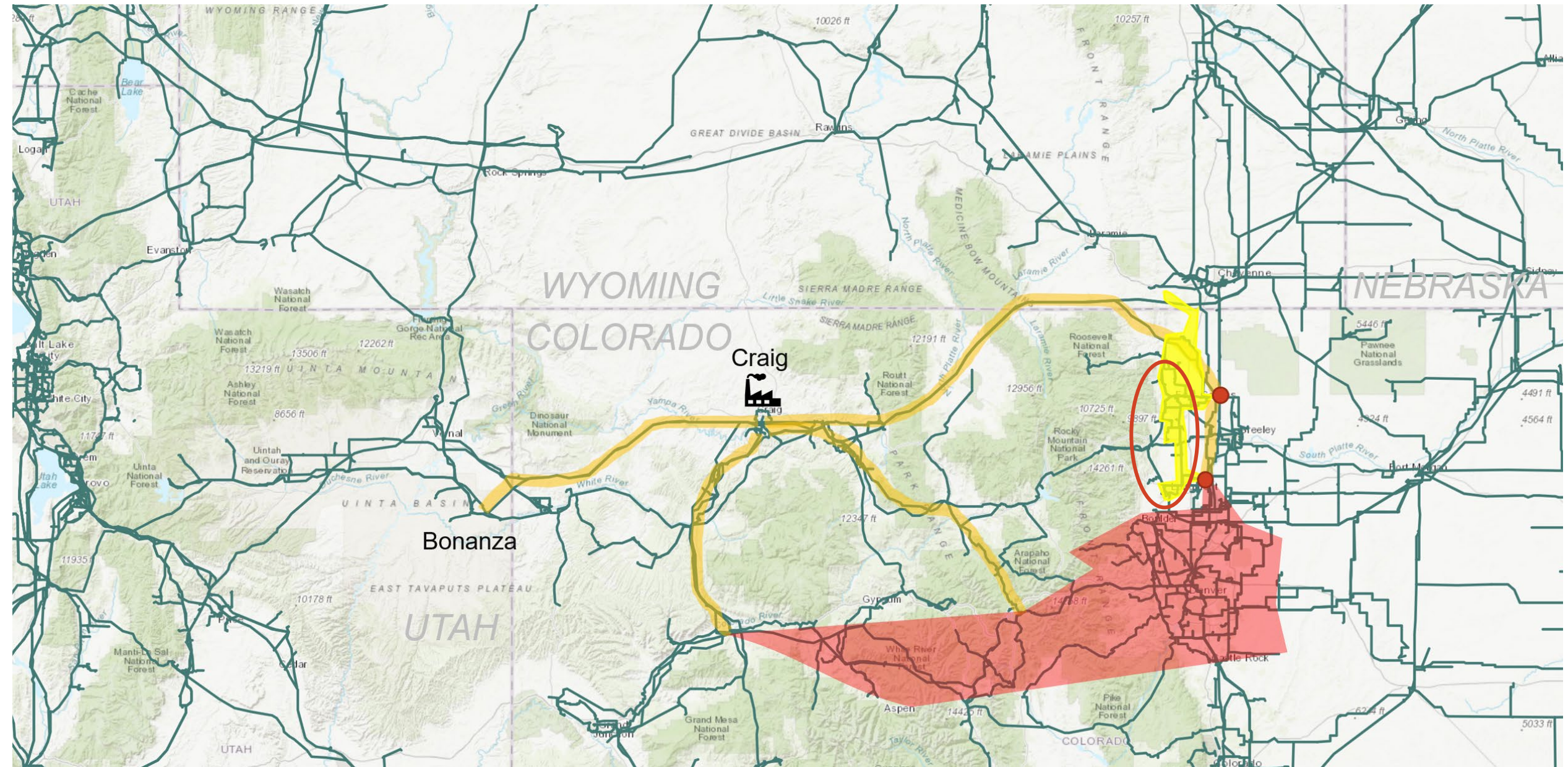
PLATTE RIVER POWER AUTHORITY
 2000 E. HORNETTOTH ROAD
 FT. COLLINS, COLORADO 80525

**PLATTE RIVER
 1973 TRANSMISSION SYSTEM**

DESIGNED BY: PAPA	DRAWN BY: S.S.	CHECKED BY:
APPROVED BY:	DATE: 10/11/03	
SCALE: AS NOTED	DRAWING NO:	PRS-1973

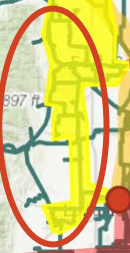






Craig


Bonanza



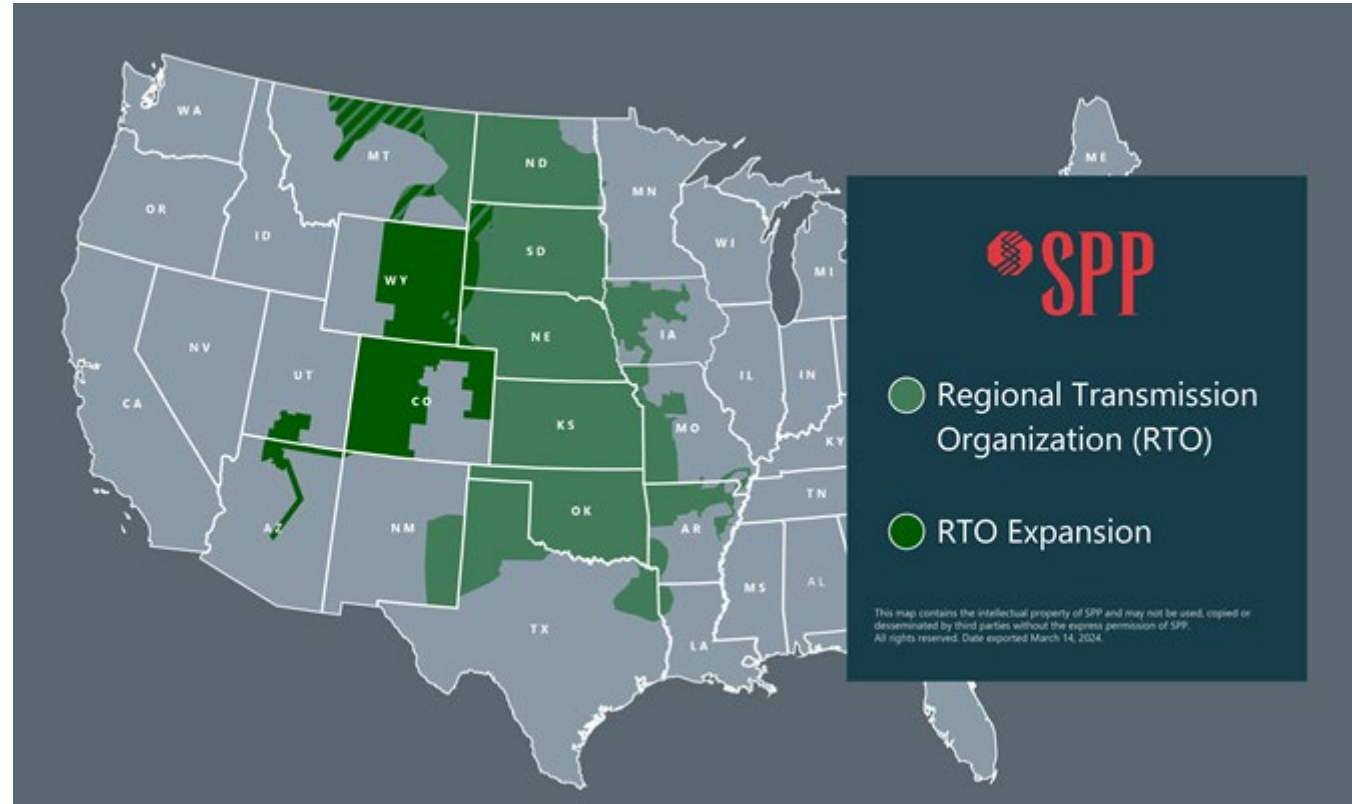
Boulder

Denver

Little Rock

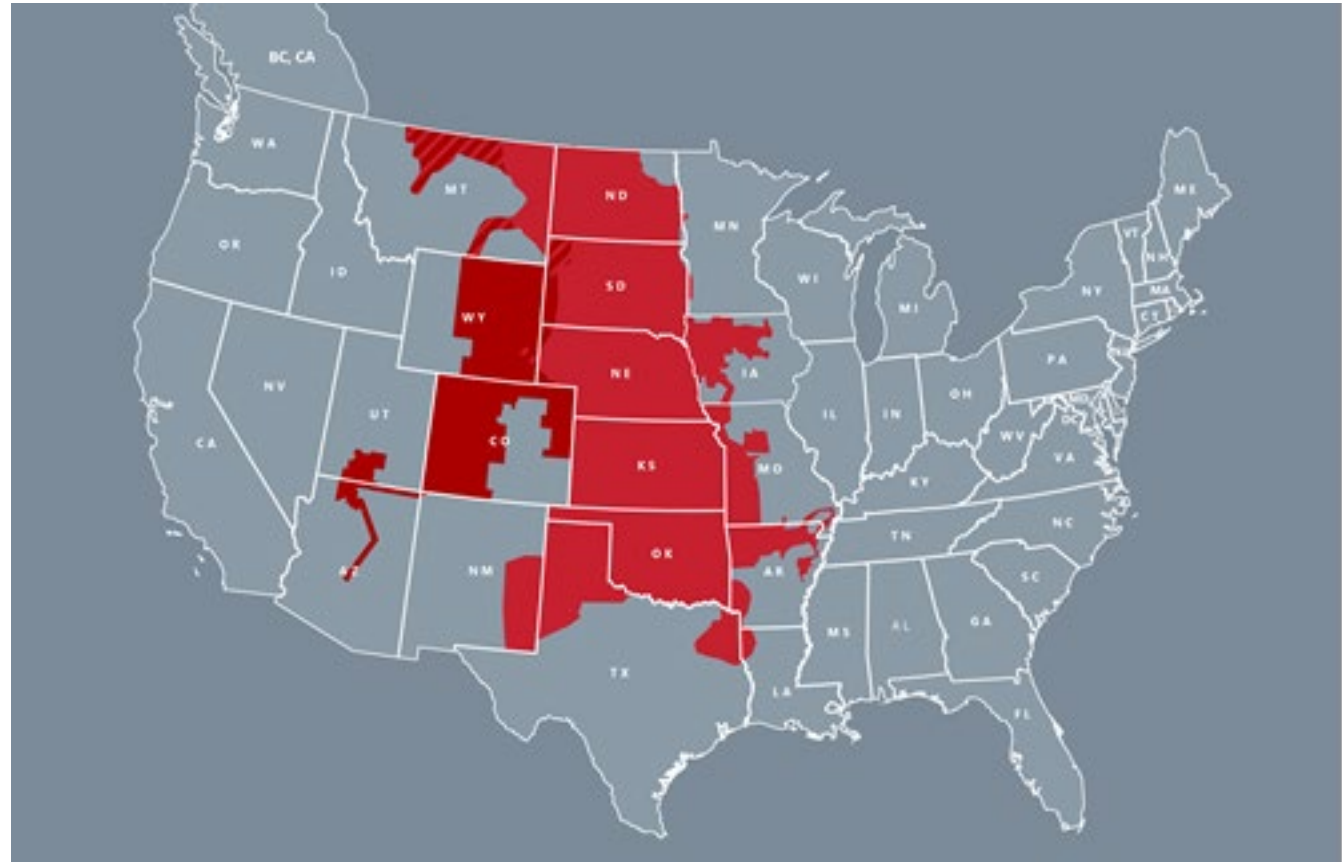
SPP RTO

- Extension of the existing SPP RTO
- Same member governance structure
- Update of tariff to include the west
- Brattle Group estimates annual production cost savings of \$25M
- SPP RTO West fast facts
 - 7 market participants
 - ~ 10,000 miles of high voltage transmission
 - ~ 21 TWh annual net energy load



Future operations - RTO

- Generation and transmission are pooled
- Serve load with cheapest generation
- Transmission congestion managed monetarily
- Normally renewable resources dispatched first, lowering greenhouse gas emissions

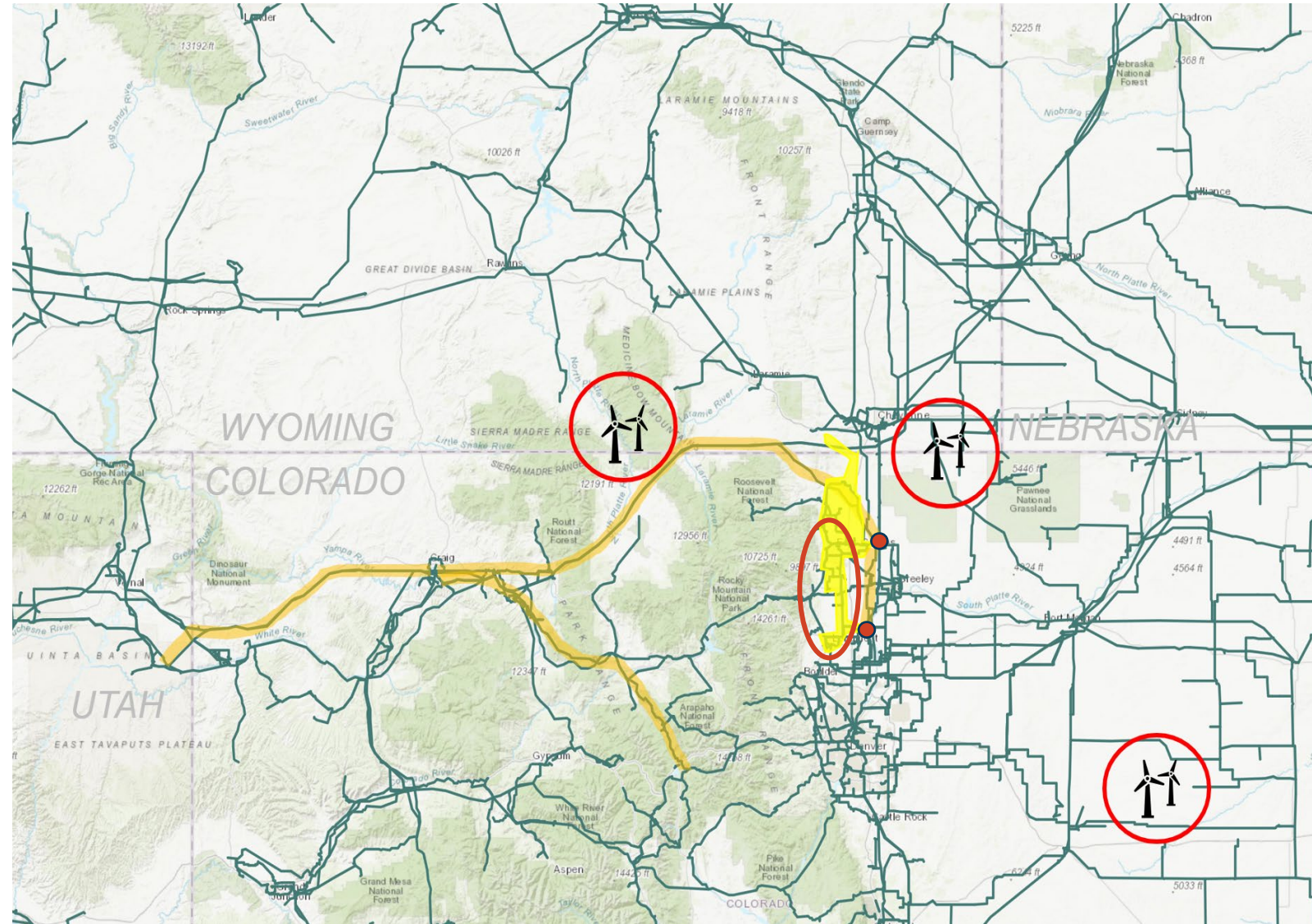


Additional RTO benefits

- Regional transmission planning
 - System studied as a region
 - Shared cost of upgrades
- Entities must provide enough generation to maintain reliability
- Generation investments can be on other entities' transmission lines

New resources in the RTO

- Diverse generation locations available
- Value of generation must include congestion





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Transmission operations and costs in an RTO

Melie Vincent, chief power supply officer



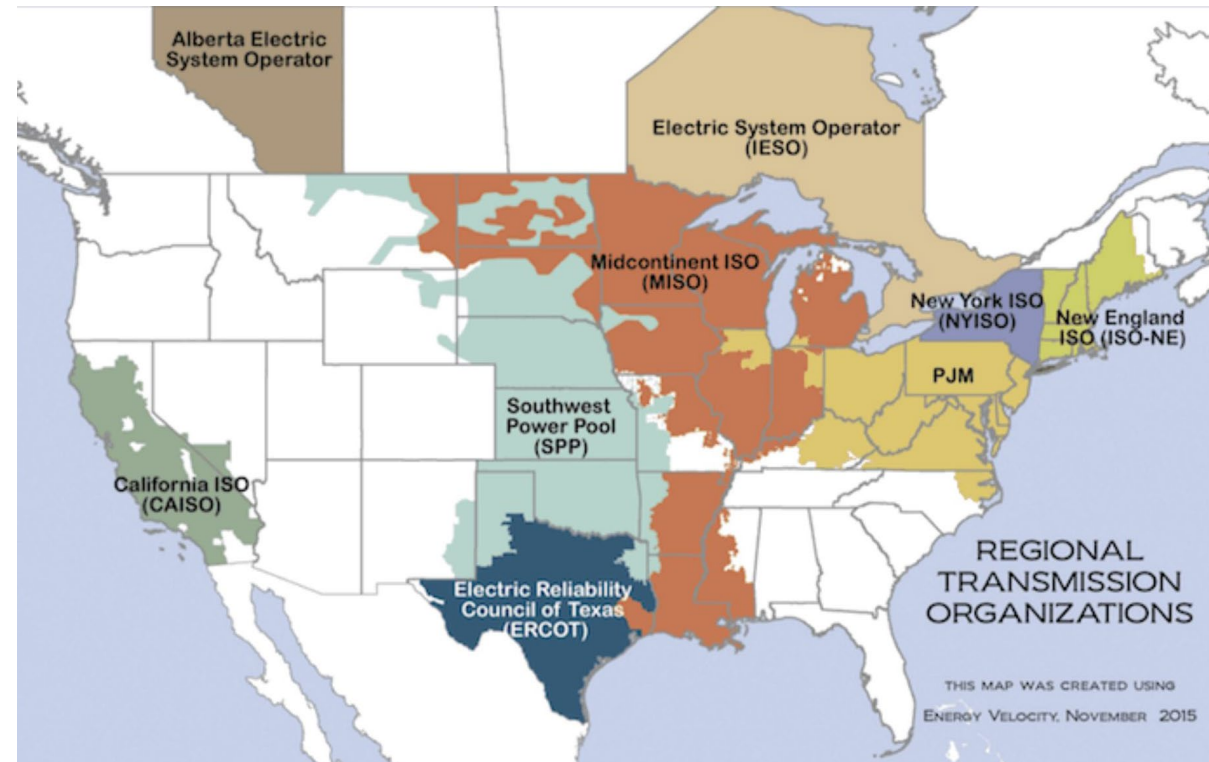
Agenda

- Transmission management today versus in a regional transmission organization (RTO)
- Transmission cost allocation and recovery today versus in an RTO
- RTO transmission charge types
- RTO transmission settlements
- Transmission congestion rights (TCRs)

Regional transmission organizations

Requirements of an RTO are mostly related to transmission

- Tariff administration and design
- Ancillary services
- Market monitoring
- **Transmission planning and expansion**
- **Interregional coordination**
- **Open access transmission**
- **Congestion management**
- **Parallel path flow management**



Transmission management

Responsibility	Today	RTO
Maintain power flow reliability and protect grid infrastructure	Platte River follows operating directives from PSCo as the balancing authority (BA)	Platte River follows operating directives from SPP as the BA
Tariff management	Platte River manages its own tariff	SPP administers tariff for RTO footprint
Power flow within and through system	Managed by Platte River for local system	Managed by SPP for RTO footprint
Generation interconnection queue	Managed by Platte River for local system	Managed by SPP for RTO footprint
Ancillary services	Platte River self-provides or purchases from BA	SPP procures for the RTO footprint through the energy market
Congestion management	Platte River directly dispatches local generation	SPP dispatches generation via the market pricing which includes congestion costs
Plan and build transmission	Platte River plans and builds projects for Platte River system benefit	SPP conducts interregional transmission planning to identify and build projects beneficial to the region

Transmission cost allocation and recovery

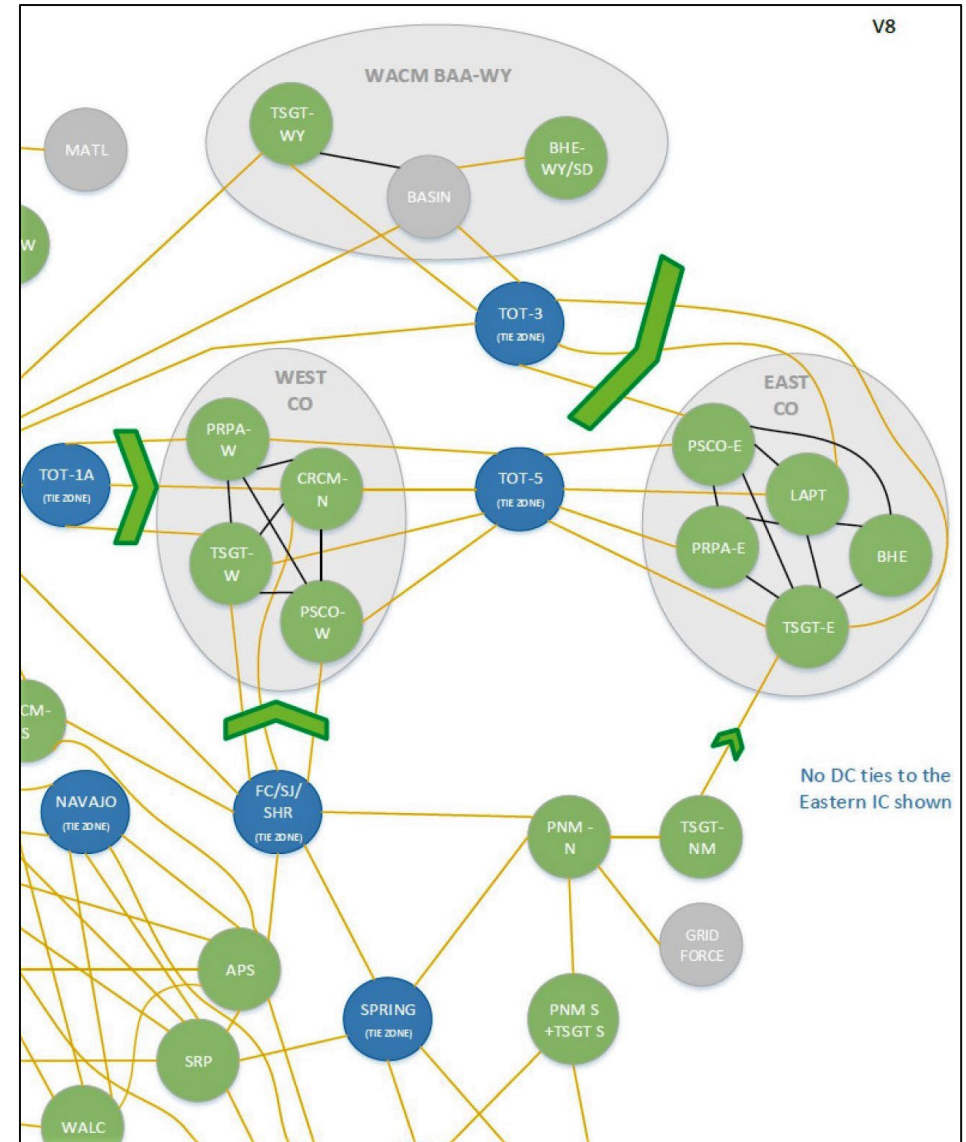
Cost	Today	RTO
Moving power from seller to buyer	Pancake rates: Each transmission system in the path between seller and buyer is paid for use of their system at either a firm or non-firm rate	<p>Network integration transmission service (NITS): Market participants, including Platte River, pay SPP schedule 9 charges for firm transmission service across the RTO footprint</p> <p>Highway/byway rates: Market participants pay SPP schedule 11 charges for non-firm service</p>
Transmission rate setting	Platte River's rate is set according to our tariff and is based on our annual transmission revenue requirement (ATRR) to maintain our system	SPP pays Platte River for their share of schedule 9 and 11 charges collected from market transmission users, according to our ATRR
Power marketing impact	Pancake rates increase power transaction costs and limit the number of viable counterparties	NITS and highway/byway rates reduce total cost for most power transactions and improves power market liquidity
Transmission planning impact	Total transmission costs across a region is higher as each system independently plans and builds projects for their own benefit	SPP conducts regional cost/benefit analysis to steer transmission investment toward projects most beneficial to the region

Transmission tariff schedules

Schedule 1	Scheduling, system control and dispatch service
Schedule 2	Reactive supply and voltage control from generation or other source service
Schedule 3	Regulation and frequency response service
Schedule 5	Operating reserve – spinning reserve service
Schedule 6	Operating reserve – supplemental
Schedule 7 and 8	Firm and non-firm point to point transmission service
Schedule 9	Network integration transmission service
Schedule 11	Base zonal charge and region wide charge
Schedule 12	Federal Energy Regulatory Commission assessment charge

Schedule 9 NITS charges

- Schedule 9 monthly charge recovers the cost to integrate, economically dispatch and regulate resources within a zone
- As a transmission user, Platte River will pay SPP the load ratio share within our zone multiplied by the ATRR divided by 12
- As a transmission owner, SPP will pay Platte River the load ratio share of each transmission user within the zone multiplied by Platte River's ATRR divided by 12



Regional transmission cost allocation and recovery

Sponsored	Project owner builds and receives credit for use of transmission lines
Directly-assigned	Project owner builds and recovers cost through retail rates
Schedule 11	<ul style="list-style-type: none"> SPP recovers transmission investment costs from transmission users based on load ratio share SPP pays each transmission owner their ATRR for the month

- Platte River will be allocated costs for projects based on load ratio share at coincident peak within the zone and within the SPP RTO footprint, per the chart below
- The highway/byway methodology acknowledges that all market participants benefit from higher voltage lines that move more power across the region and benefit more locally from lower voltage lines
- Managing Platte River's total load during zonal monthly peak and region's monthly peak will be critical in managing transmission costs in the RTO

Voltage	Region pays	Local zone pays
300-kV and above (highway)	100%	0%
Between 100-kV and 300-kV (highway and byway)	33%	67%
100-kV and below (byway)	0%	100%

Example schedule 11 calculations

Determinants

- Acme utility load at zone peak: 400 MW
- Zone load peak: 8,000 MW
 - Acme's zone load ratio: 0.05
- Acme utility load at region's peak: 450 MW
- Region load peak: 45,000 MW
 - Acme's region load ratio share = 0.01
- Region ATRR: \$500,000,000
- Zone ATRR: \$60,000,000
- Acme's ATRR: \$5,000,000

Schedule 11 charges

- Acme zonal schedule 11 monthly charge
 - $0.05 \times \$60,000,000 / 12 = \$250,000$
- Acme region schedule 11 monthly charge
 - $0.01 \times \$600,000,000 / 12 = \$500,000$
- Total schedule 11 monthly charge = \$750,000
- Acme's schedule 11 revenue
 $\$4,500,000 / 12 = \$375,000$

Details to note

- Load ratio share is based on previous year's data
- Above calculations do not account for lines with transmission voltages between 100-kv and 300-kv

Transmission congestion rights market

- TCRs are a financial hedge against congestion costs in the day-ahead market (DAM) if the marginal congestion component (MCC) of the TCR sink settlement location is greater than the MCC of the TCR source settlement location (credit). If less TCR holder is charged
- TCRs can result in a credit or a charge
- The transmission congestion rights market includes an annual long-term congestion right allocation process, an annual and monthly allocated revenue rights (ARR) allocation process and annual and monthly TCR auctions
- TCR values are determined as part of the day-ahead market settlement based on the MW amount of the TCR and the DAM differential of the marginal congestion component of locational marginal price (LMP) between specified sinks and sources
- ARRs are granted to the load serving entities (LSE) that pay for transmission rights. ARRs may be converted to TCRs
- Entities may participate in TCR auctions as financial speculators by purchasing TCRs at auction prices
- TCR auction participation is contingent on meeting credit requirements in addition to those required for DAM and real-time balancing market (RTBM) participation

What you should know about TCRs

- TCRs are an asset sold and purchased in the auction process with monthly annual invoices
- TCR auctions are a distinct process with significant potential value to Platte River
- TCRs are settled in the day-ahead market process independent of actual energy positions
- Platte River will be working with a vendor to manage the TCR process and maximize the value of ARR and TCRs

Key takeaways

- With an RTO, we give up some direct control for greater efficiency and cost-savings
- RTO transmission increases access to more diverse locations for siting new generation
- Schedule 11 provides an additional opportunity to increase the value of behind the meter distributed energy resources
- TCRs allow RTO participants to protect against congestion costs and allocated ARRAs provide a financial asset to load serving entities with firm transmission service

Questions



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October operational results

Owner community load	Budget	Actual	Variance	% variance	
Owner community demand	455 MW	464 MW	9 MW	2.0%	◆
Owner community energy	254 GWh	241 GWh	(13 GWh)	(4.9%)	■
Net variable cost* to serve owner community energy	\$5.9M	\$4.6M	(\$1.3M)	(17.7%)	●
	\$23.32/MWh	\$19.20/MWh	(\$4.12/MWh)		

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

Market impacts to net variable cost

Downward pressure	
Generation and market variances pushing costs lower	
Higher bilateral sales price and volume	\$1.25M
Coal generation fuel savings – Rawhide	\$0.88M
Lower wind generation volume and pricing	\$0.62M

Upward pressure	
Generation and market variances pushing costs higher	
Higher coal generation pricing - Craig	\$0.61M
Higher market purchase volume	\$0.50M
Higher gas generation volume	\$0.35M

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

YTD operational results

Owner community load	Budget	Actual	Variance	% variance	
Owner community demand	5,426 MW	5,248 MW	(178 MW)	(3.3%)	■
Owner community energy	2,761 GWh	2,662 GWh	(99 GWh)	(3.6%)	■
Net variable cost* to serve owner community energy	\$47.7M	\$39.2M	(\$8.5M)	(14.8%)	●
	\$17.27/MWh	\$14.72/MWh	(\$2.55/MWh)		

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

Market impacts to net variable cost

Downward pressure	
Generation and market variances pushing costs lower	
Coal generation fuel savings - Rawhide	\$8.01M
Lower wind generation volume and pricing	\$3.93M
Higher bilateral sales pricing	\$3.41M

Upward pressure	
Generation and market variances pushing costs higher	
Lower market sales volume and pricing	\$3.60M
Higher market purchase volume and pricing	\$2.75M
Higher coal generation fuel volume and pricing - Craig	\$2.58M

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



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Financial summary

Category	October variance from budget (\$ in millions)		YTD variance from budget (\$ in millions)	
Change in net position ⁽¹⁾	\$2.0	●	\$11.1	●
Fixed obligation charge coverage	.95x	●	.29x	●
Revenues	\$2.8	●	\$(1.6)	◆
Operating expenses	\$0.4	◆	\$10.1	●
Capital additions	\$(1.8)	■	\$(25.1)	■

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

⁽¹⁾ Change in net position includes \$1.1 million unrealized loss on investments for November and \$2.1 million above budget unrealized gain on investments YTD.



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