



Platte River
Power Authority

Estes Park • Fort Collins • Longmont • Loveland

Board of directors

Oct. 30, 2025

Proposed 2026 Strategic Budget update

**Jason Harris, senior manager, financial reporting
and budget**



Agenda

- Budget changes since work session
- Financial results
- Highlights – 2026 Strategic Budget

Budget changes since work session

- Updates to revenues and production cost model
 - Market assumptions
 - Fuel price and generation
- Refinements to departmental operations and maintenance expenses
- Updates to capital projects
- Updates to debt service expenditures



Budget changes since work session

favorable/(unfavorable) change

⬆ Sales for resale \$4.1 million ▪ Price and volume updates in the production cost model	⬆ Interest and other income (\$0.1 million) ▪ Lower projected interest rates and average balances
⬆ Purchased power (\$1.3 million) ▪ Increases: Market, bilateral and hydropower purchases increased for price and volume updates in the production cost model ▪ Decrease: Purchased reserves due to Public Service Company of Colorado's estimated tariff	⬆ Operating expenses (\$0.9 million) ▪ Increases: Rawhide Unit 1 screen outage, personnel expenses due to less wages allocated to capital and billable projects, various departmental budget adjustments and Yampa operating expenses ▪ Decreases: Program services and rebates/incentives for retail customers decreased due to administration efficiencies, Efficiency Works online platform restructure and anticipated participation rates
⬆ Fuel \$1.7 million ▪ Price and generation volume updates for coal (decrease) and natural gas (increase) resources in the production cost model ▪ Yampa fuel handling expenses decreased due to receiving the final budget	⬆ Capital additions \$1.4 million ▪ Decreases: Distributed energy resources management system, Regional transmission organization market software, Wet compression - combustion turbine unit and other refined projects ▪ Increases: Transformer T3 replacement - Timberline Substation, Ambient adjusted rating software and other refined or new projects
⬆ Debt service (\$0.9 million) ▪ Power revenue bonds increased due to a Series LL par value increase to meet Strategic Financial Plan metrics and subscription payments increased with refinements to GASB 96 assumptions	

Due to budget changes, estimated deferred regulatory revenues for 2026 are increasing from \$26.7 million to \$29.4 million.

Financial results

Strategic Financial Plan metrics	Target minimums	2025 budget	2026 budget	Increase (decrease)
Fixed obligation charge coverage ratio	1.50x	2.00x	1.54x	↓ (23.0%)
Change in net position as a percentage of annual operating expenses	3%	3%	3%	→ 0.0%
Adjusted debt ratio	< 50%	22%	39% ⁽¹⁾	↑ 77.3%
Days adjusted liquidity on hand	200	252	200 ⁽¹⁾	↓ (20.6%)

⁽¹⁾ May change with the update to the 2025 estimate in the final budget document.

Budget results (\$ millions)	2025 budget	2026 budget	Increase (decrease)
Total revenues	\$ 324.6	\$ 350.2	↑ 7.9%
Total expenditures	\$ 408.9	\$ 534.1	↑ 30.6%
Board contingency	\$ 75.0 ⁽²⁾	\$ 102.0	↑ 36.0%

⁽²⁾ Contingency transfer to be determined at the end of the year.

Financial impact

\$ in thousands	Proposed budget	Prices & model update impacts	Other O&M net increase	Capital impacts	Power revenue bonds impacts	Favorable (unfavorable) changes	Updated proposed budget
Revenues							
Sales to owner communities	\$ 260,921	\$ 19				\$ 19	\$ 260,940
Sales for resale - long-term	9,158	220				220	9,378
Sales for resale - short-term	55,961	3,866				3,866	59,827
Wheeling	7,619					-	7,619
Renewable energy certificate sales	2,105					-	2,105
Interest and other income	10,434	(152)				(152)	10,282
Total revenues	\$ 346,198	\$ 3,953				\$ 3,953	\$ 350,151
Operating expenses							
Purchased power	\$ 82,484	\$ (1,554)	\$ 234			\$ (1,320)	\$ 83,804
Fuel	41,088	1,055	653			1,708	39,380
Production	57,070		(1,029)			(1,029)	58,099
Transmission	21,477		(217)			(217)	21,694
Administrative and general	46,168		(254)			(254)	46,422
Distributed energy resources	15,826		579			579	15,247
Total operating expenses	\$ 264,113	\$ (499)	\$ (34)			\$ (533)	\$ 264,646
Capital additions							
Production	\$ 219,888			\$ 233		\$ 233	\$ 219,655
Transmission	16,547			(400)		(400)	16,947
General	7,503			1,567		1,567	5,936
Asset retirement obligations	1,539					-	1,539
Total capital additions	\$ 245,477			\$ 1,400		\$ 1,400	\$ 244,077
Total operating expenses and capital additions	\$ 509,590	\$ (499)	\$ (34)	\$ 1,400		\$ 867	\$ 508,723
Debt service expenditures							
Principal	\$ 16,357		\$ (135)			\$ (135)	\$ 16,492
Interest expense	8,180		(5)		\$ (713)	(718)	8,898
Total debt service expenditures	\$ 24,537		\$ (140)		\$ (713)	\$ (853)	\$ 25,390
Total expenditures	\$ 534,127	\$ (499)	\$ (174)	\$ 1,400	\$ (713)	\$ 14	\$ 534,113
Contingency appropriation	\$ 102,000					\$ -	\$ 102,000
Total expenditures and contingency appropriation	\$ 636,127	\$ (499)	\$ (174)	\$ 1,400	\$ (713)	\$ 14	\$ 636,113

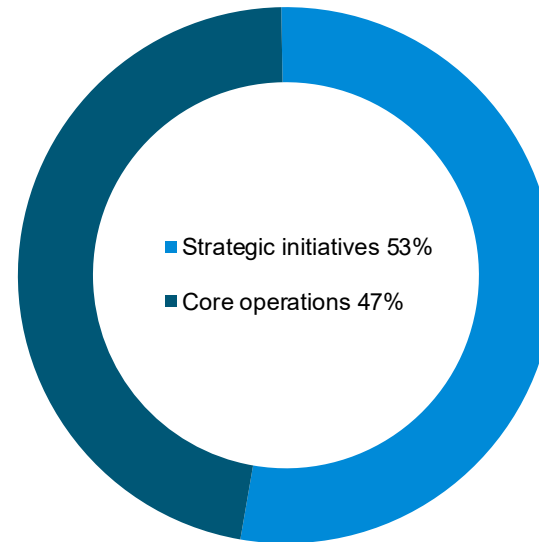
Highlights – 2026 Strategic Budget



Operating expenses and capital additions: \$508.7 million

Strategic initiatives

- Resource diversification planning and integration (noncarbon resources, dispatchable capacity, operational flexibility, SPP RTO)
- Community partner and engagement
- Workforce culture (transition and development)
- Process management and coordination (project management, enterprise risk management)



Core operations

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

Revenues

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

2026 budget: \$636.1 M

Questions



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Energy position post-2029

Melie Vincent, chief power supply officer

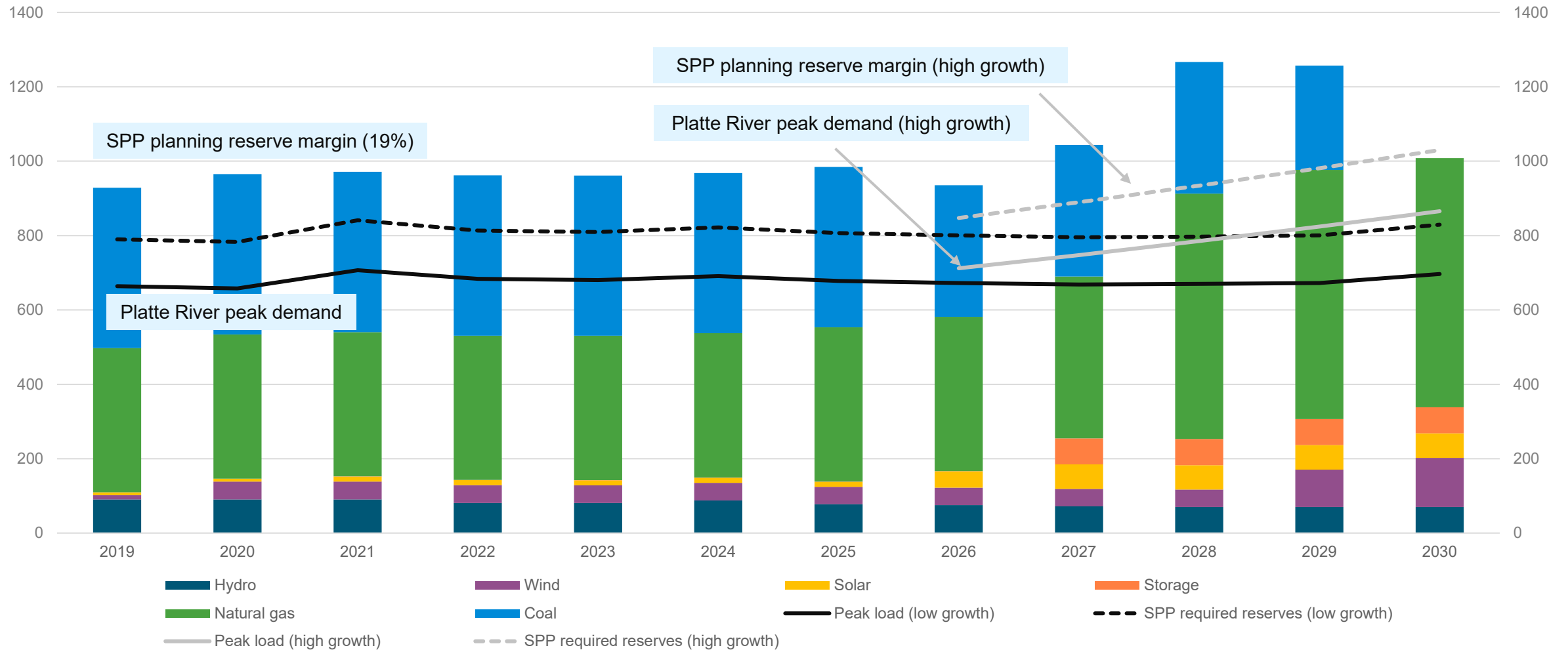


Agenda

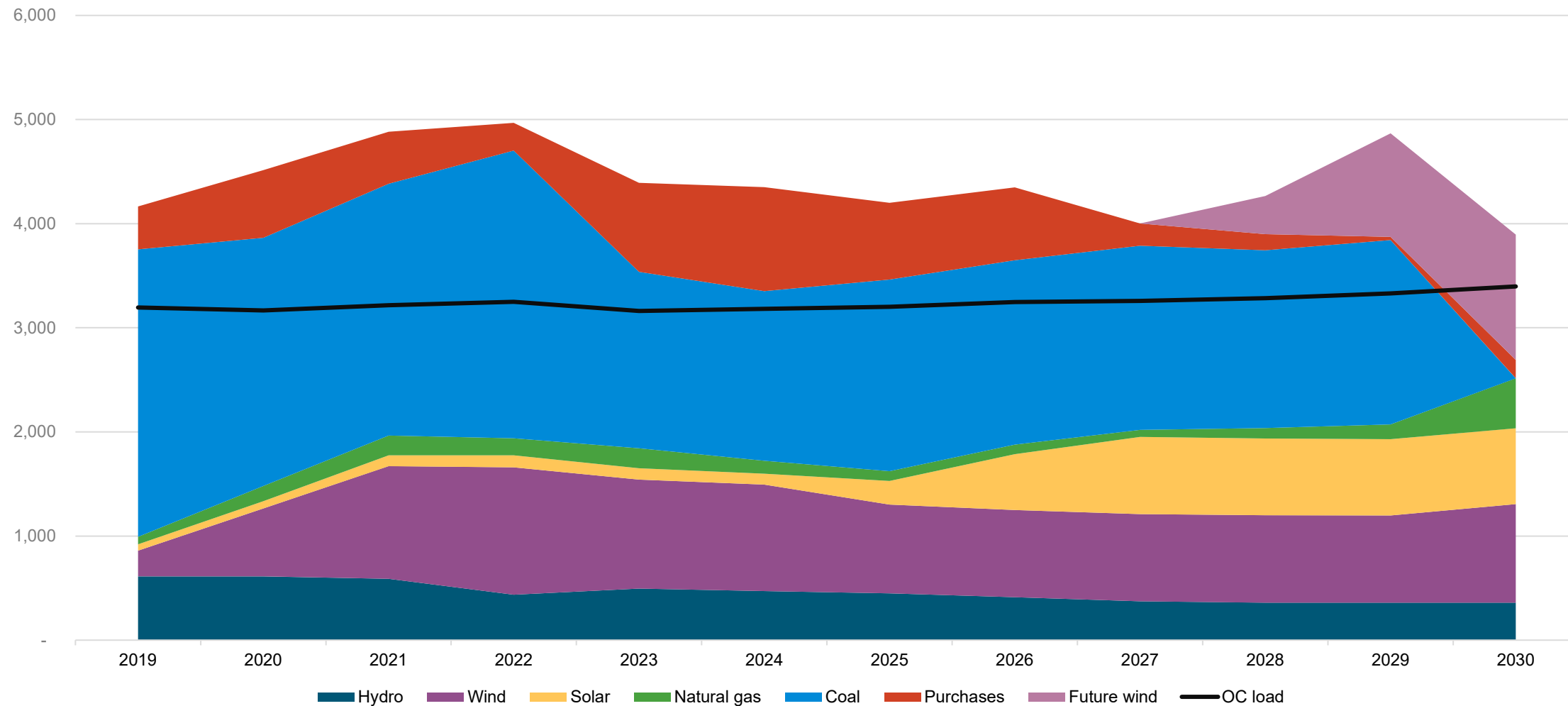
- Capacity, demand and reserves: 2019 through 2030
- Annual energy position: 2019 through 2030
- Resource mix: 2020, 2025, 2028 and 2030
- Current market dynamics
- Resource options



Summer capacity, demand and reserves (MW)



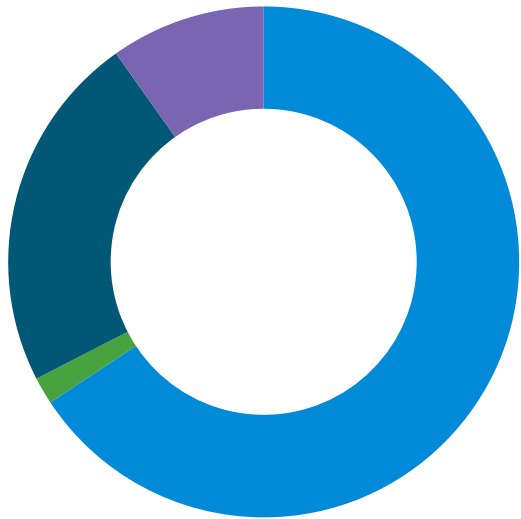
Annual energy position (MWh)



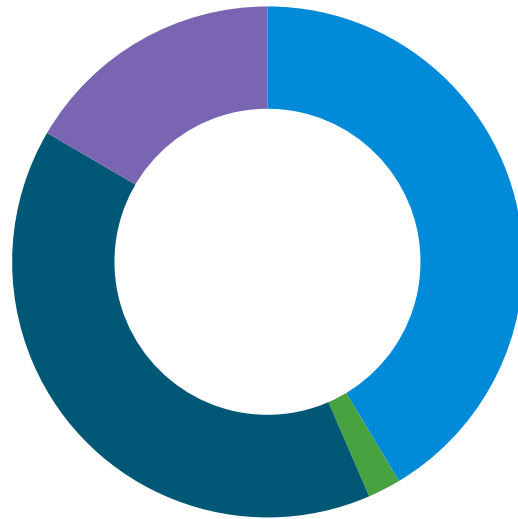
Resource gap to meet 2030 objectives

- Platte River will meet capacity requirements of SPP through 2030
- 1,000,000 MWh renewables is needed in 2030 to meet energy requirements
- Staff continues to pursue 250 MW of wind to fill the gap
- Origination activity is focused on established developers with ability to execute a project

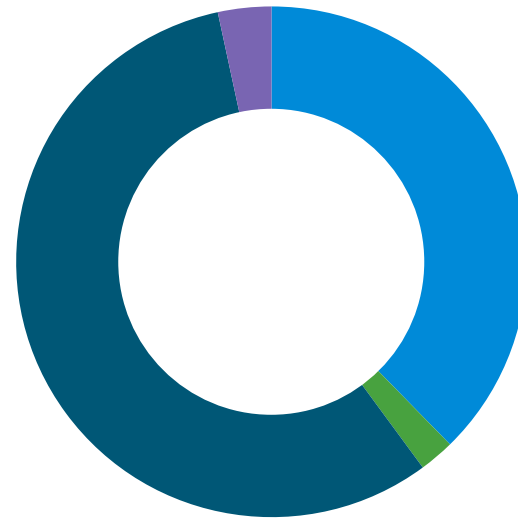
2019 resource mix



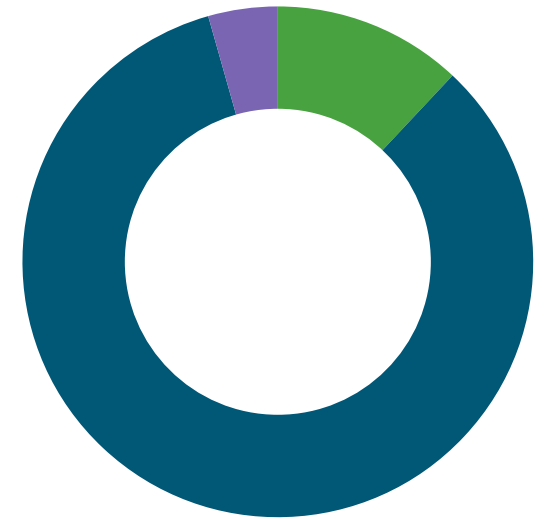
2025 resource mix
(estimated)



2028 resource mix



2030 projected
resource mix



■ Coal ■ Natural gas ■ Non-carbon ■ Purchases

Market dynamics

- Tariffs
- Executive orders
- Tax incentive changes
- Regulatory uncertainty
- Unprecedented load growth due to data centers
- Increasing competition with data centers for resources
- Challenging and prolonged contract negotiations due to emerging risks

Resource options

- Enter fourth year of negotiations for a wind project in Northern Colorado
- Work with large developer to create a wind portfolio power purchase agreement (PPA)
- Seek PPA pricing updates from previous respondents to wind request for proposals

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GIS collaboration

Jason Frisbie, general manager and chief executive officer

Melie Vincent, chief power supply officer



Background

- The Fiber Optic Executive Committee reaffirmed the shared goal of Platte River and the owner communities to adopt a common model for fiber geographic information systems (GIS) databases, ensuring consistency and enabling full synchronization of data.
- Platte River proposes extending these same principles to the electric system through sponsoring the development of a reference utility network model.
- This work builds on existing collaboration and supports upcoming edge distributed energy management systems (edge DERMS), grid DERMS and future advanced distribution management system (ADMS) initiatives.

Current state

- Each owner community maintains its own GIS environment supporting electric and fiber assets.
- All current systems use Esri's geometric model which will reach end of support in 2026.
- All owner communities are planning migration to Esri's utility network model and are at different stages in the process.
- Most owner communities are also exploring ADMS implementations, with an initial focus on the outage management system (OMS) component.
- ADMS planning is a key factor in GIS migration decisions, as GIS provides the foundational data for both OMS and ADMS operation as well as grid DERMS.

Timelines and readiness

Participant	GIS migration status	Target timeline	ADMS/OMS planning status
Platte River	- Planning stage (fiber) - Development (electric)	2026	- Contract review (edge-DERMS) - Contract review (grid DERMS)
Fort Collins	Roadmap (electric)	2026-2027	- Planning (ADMS) 2025-2026 - Roadmap (OMS) 2026-2027
Loveland	Planning stage (electric)	2026	- Roadmap (ADMS) 2025-2027 - OMS depends on ADMS selection
Longmont	- Early evaluation (electric) - Planning (fiber)	2027 TBD	TBD
Estes Park	Planning stage	2026	TBD

- Each owner community is at a different point in its GIS and ADMS journey. Coordinating timelines and standards now will reduce future cost and integration efforts.

Reference utility network model

- Establishes a common target for GIS modernization across Platte River and the owner communities
- Promotes data consistency, interoperability, and shared modeling standards
- Provides the foundation for integration with Platte River's edge-DERMS, grid DERMS and the owner communities' future ADMS
- Ensures future operational systems are built on a compatible and reliable data model
- Potential for standardized integrations to support edge-DERMS and grid DERMS
- Standardize DERMS information model within GIS across all owner communities
- Beneficial if all owner communities aligned on AspenTech ADMS solution

Next steps

- Form a GIS Collaboration Working Group with owner community participation representing electric and fiber
- Hold kickoff meeting with the working group and external consultant
- Define scope, structure, and governance for the reference model
- Coordinate migration planning with edge-DERMS, grid DERMS and ADMS development efforts
- Develop reference model prototypes and test data exchange
- Provide periodic updates to the board as the project progresses

VPP program alignment

- DER programs, systems and the proposed GIS planning initiative must be aligned
 - DER enrollment and registration process structure should be informed by the GIS structure
 - Essential DER data and metadata must be maintained in GIS, edge-DERMS, grid DERMS or related systems
 - Systems should efficiently capture essential locational data during DER enrollment and registration in the virtual power plant (VPP)
- VPP is intended to support effective market interactions and reliable distribution operations
 - Distribution management capabilities are crucial in a mature VPP program
 - ADMS and GIS must provide an accurate, up-to-date network model
- VPP will include the following
 - Customer DERs enrolled via edge-DERMS (2026)
 - Distribution-scale batteries in grid DERMS (2027)
 - Behind-the-meter distributed solar visibility modeled in grid DERMS

VPP anticipated timeline

Rapid development of VPP resources



Now

- Develop programs, systems, processes and projects



2026

- Launch first customer programs, enroll, test and learn



2027

- Commission 5-MW batteries
- Expand customer programs
- Launch grid DERMS



2028-2030

- 30+ MW VPP potential
- Prepare for distribution management of DERs



2031 onward

- Integrate emerging VPP technologies
- Improve operations to support decarbonizing electric system

VPP programs under construction



Air conditioning smart thermostats

Helps customers manage cooling on hot days by slightly adjusting thermostat setpoint during peak hours. Intended to maintain comfortable while reducing load on the grid and managing energy costs for everyone.



EV smart charging

Plug in an electric vehicle and let the utility charge when energy is cheapest and cleanest. Customers save money and support a greener, more reliable grid by charging when wind and solar are available.



Energy storage flexibility

Helps customers get more value from their battery storage. We'll guide customer batteries to charge and discharge at the best times—saving money and supporting the grid when it's needed most.



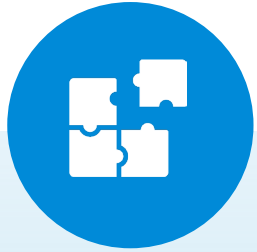
Commercial and industrial customized demand response

Partnerships with commercial and industrial customers to develop a customized approach for reducing energy use in response to grid conditions while minimizing impact on business operations.

- Anticipated program designs include incentives for enrolling in the VPP and for ongoing participation (e.g., an annual incentive).

Distributed battery storage project benefits

5 MW/20 MWh of energy storage on the distribution system located on leased land within the community (one per owner community)



Sandbox for the future

Supports better integration of future distributed energy resource (DER) processes and procedures. Collective planning ensures scalability for the future.



Renewable integration

Enables greater renewable integration by managing load fluctuations to better match intermittent sources. Contributes to Platte River's noncarbon energy goal.



Efficient operations

Stacking use cases to maximize savings across the distribution and transmission system.



Adaptable assets

Supports changing system demands and can defer future infrastructure needs.



Questions



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General manager annual review process

Libby Clark, director, human resources and safety

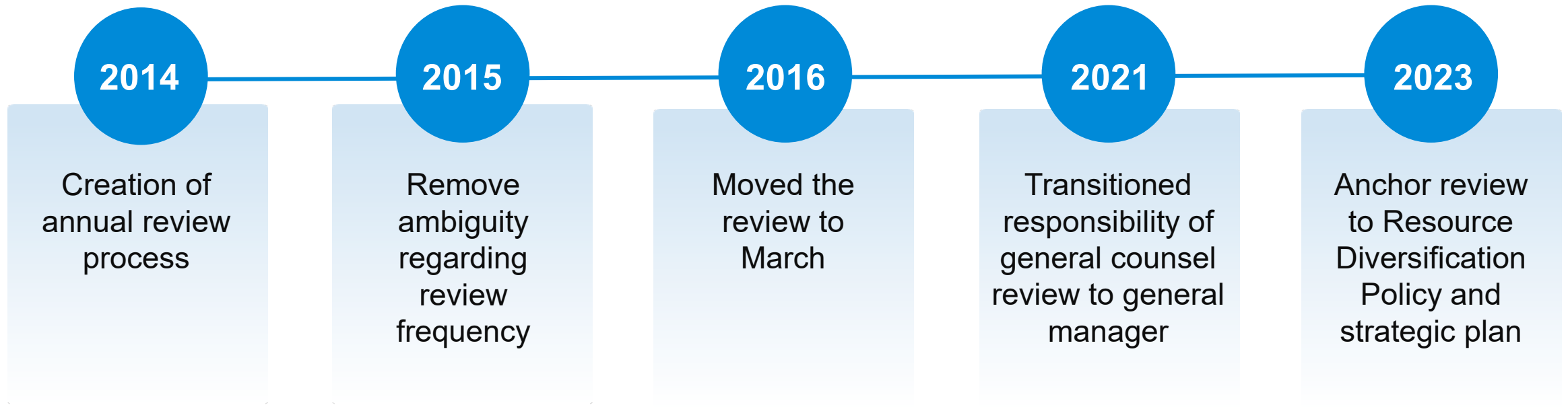


Agenda

- Policy overview and evolution
- Current review process
- Suggested timeline if changes are desired

Policy overview

Purpose: support the general manager with performance feedback on Resource Diversification Policy and strategic plan progress, and enable their success



Current process

- Conducted annually to review previous calendar year's performance
 - February kickoff
 - March executive session
- Feedback collected from three parties
 - Self-evaluation memo
 - Board members
 - Direct reports
- Survey questions that align with policy purpose, distributed to board members and senior leadership team
- Discussion includes performance review, expectations for upcoming year and salary review

Suggested timeline for changes

Feb. -
Mar. 2026

- Discuss changes to policy
- Direct staff to draft resolution documenting changes to policy

Apr.
2026

- Bring draft resolution to board vote
- If passed, implement changes

Feb.
2027

- Review process kicks off with implemented changes



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Update on public education process

Tim Blodgett, chief strategy officer



Goals and messaging

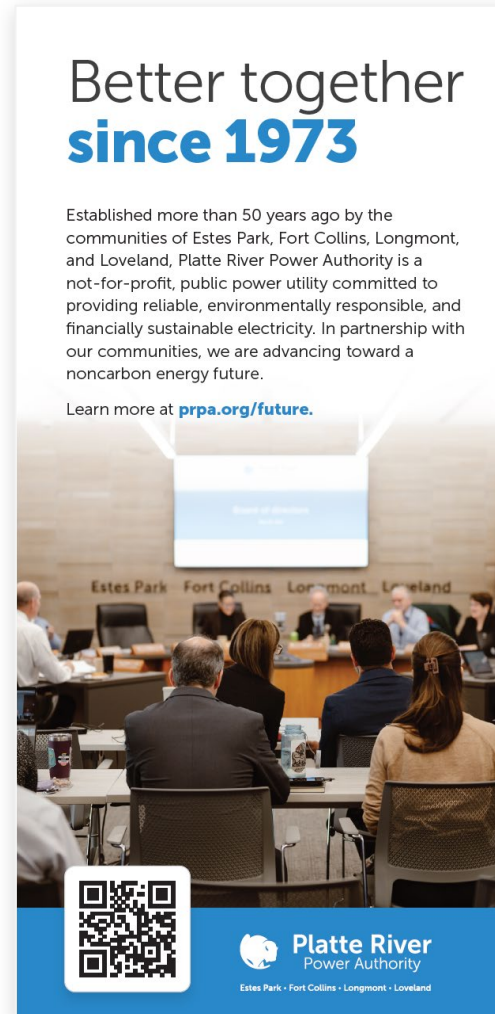
- Educate the public on how we are connected
 - Formed by and extension of you
- Proactively share our energy transition story
- Highlight our progress
- Acknowledge cost pressures and what customers are getting
 - Decarbonized system with the same reliability
- Next up: promote customer participation in the virtual power plant



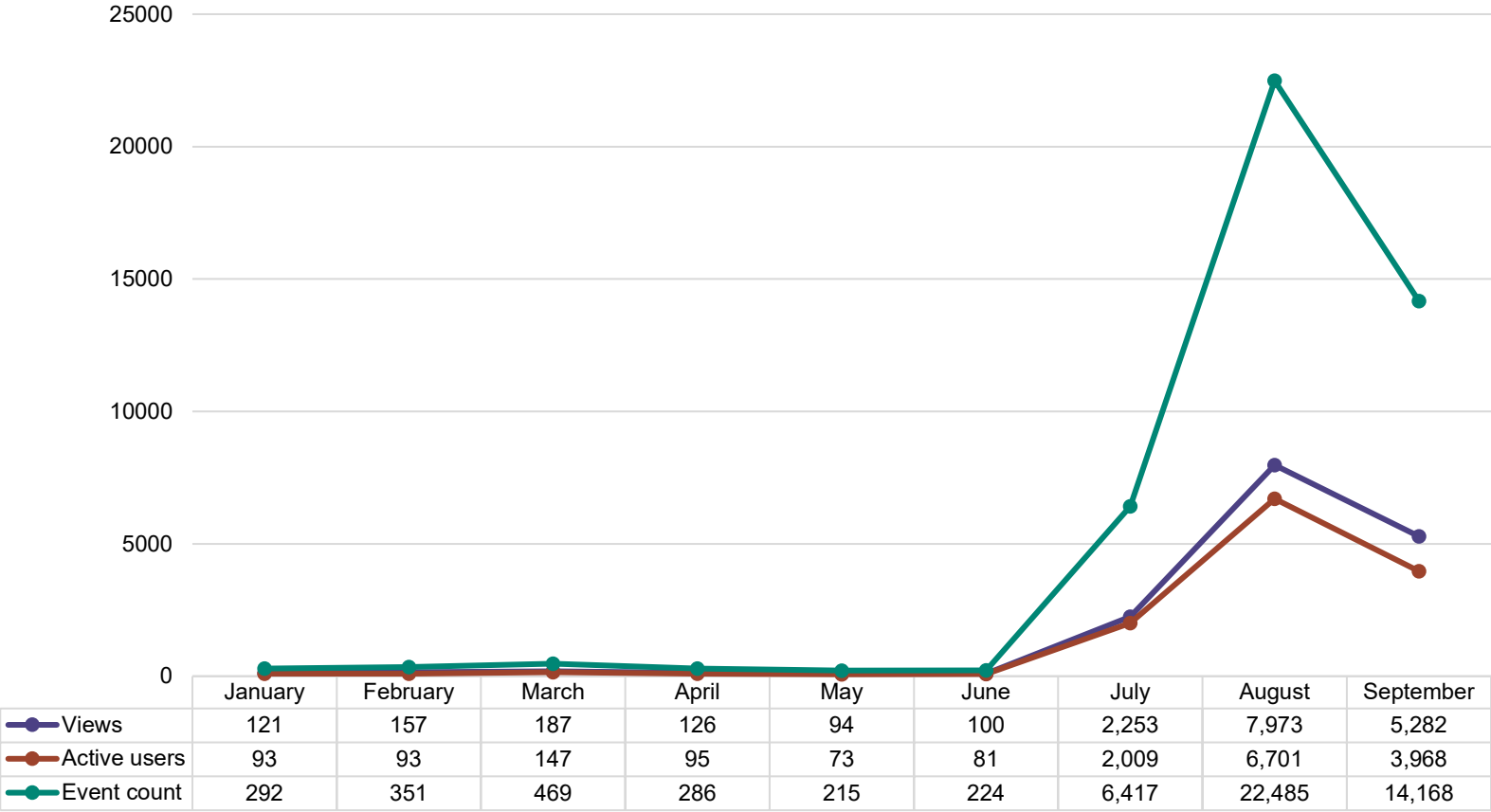
Public education campaign

Phase one: July-September 2025

- Illustrates how Platte River is governed
- Emphasizes focus on advancing our energy transition while balancing reliability and financial sustainability
- Highlights that we are better together



Public education campaign: phase 1 performance

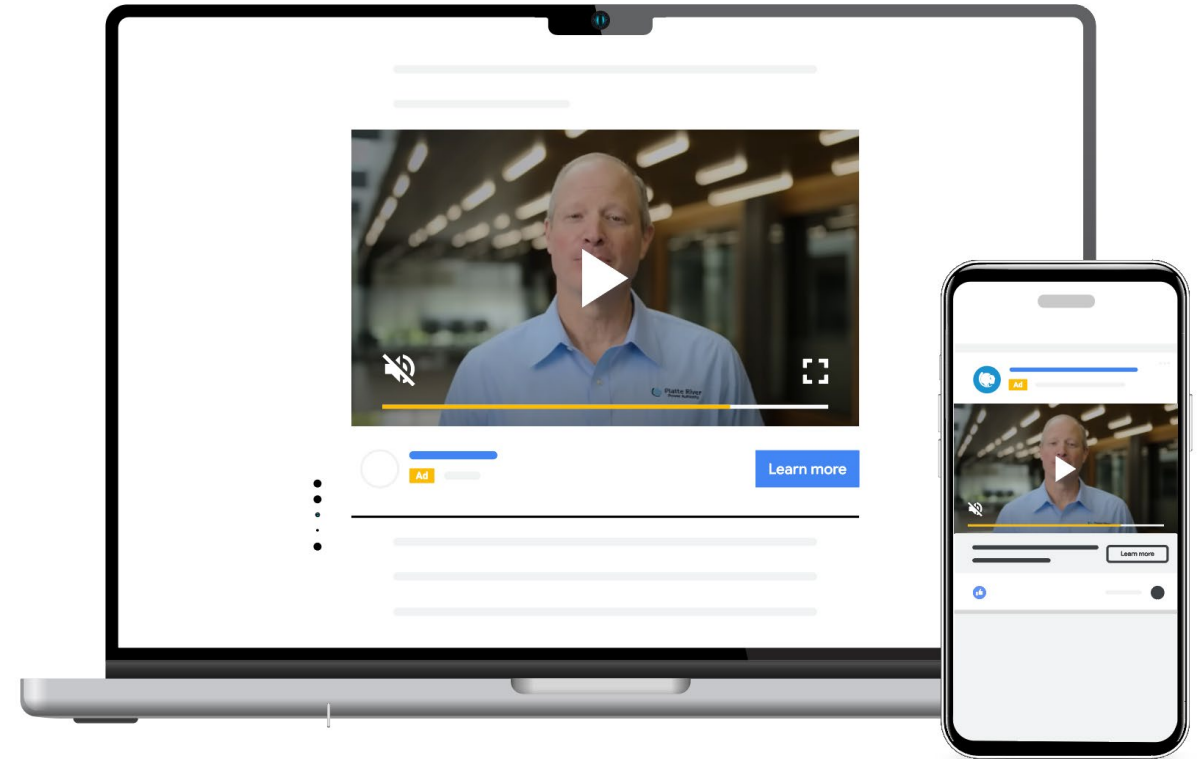


- Engagement surged after July launch, peaking in August
- Website traffic typically spikes early, then stabilizes at above-average levels
- October–November targets: maintain steady traffic above pre-campaign benchmarks

Public education campaign

Phase two: October-November 20, 2025

- Shares decarbonization progress since 2018 Resource Diversification Policy
- Highlights cost pressures we are facing
- Underscores commitment to maintaining reliability and financial sustainability





Public education campaign

Phase three: launches January 2026

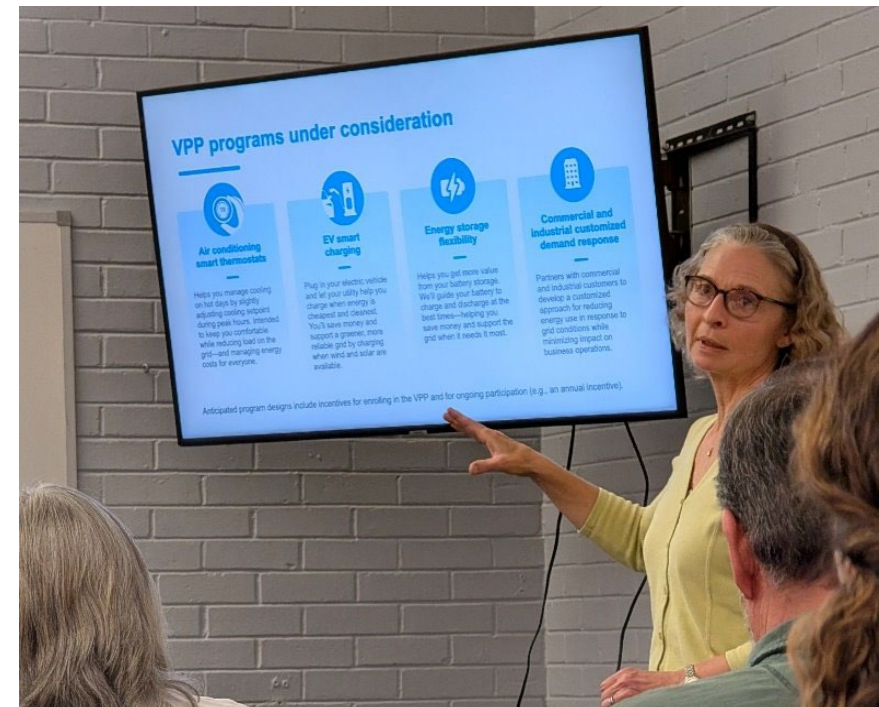
- Shares the value of the energy transition from the owner communities' perspectives
- Reaffirms our commitment to a noncarbon future in light of cost pressures
- Highlights how we are collaborating to advance the goal (better together)



Public education campaign

2026 focus

- Highlighting the value of customer participation in the virtual power plant



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Key takeaways

- We are all connected and better together
- Our progress is measurable and ongoing
- Cost pressures are real – but the value will be made clear
- Customer participation is the next frontier

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New large load policy draft

Sarah Leonard, general counsel



Draft board-level policy for new large loads

Board:

- States overall purpose
- Establishes broad principles

Staff:

- Develops implementing guidelines or procedures
 - Working together with owner community colleagues to address key goals, priorities, and concerns
 - Learning and adapting over time
 - General manager/CEO approves

Draft board-level policy for new large loads

Policy elements:

- Recognize both positive and negative potential
- Address four key areas
 - Exploratory/pre-interconnection
 - Interconnection/buildout
 - Rate development
 - Financial risk management



Exploratory/pre-interconnection

Objectives:

- Seek opportunities to partner with economic development authorities to vet potential new large load customers
- Fully recover costs of staff and consultant time spent to evaluate new large load interconnections
- Work directly with prospective new large load customers to obtain necessary information

Interconnection/buildout

Objectives:

- Actively track project needs and viability
- Assessment studies should promote consistency in customer rights and obligations over time
- New large loads should “pay their own way”; minimize risk transfer through requirements for infrastructure investment, formal agreements, financial security, and process checkpoints

Rate development

Objectives:

- reflect best industry practices (such as cost causation or beneficiary pays)
- minimize risks of subsidies, cost-shifting, or stranded costs that would harm Platte River or its owner communities
- promote consistency and full cost recovery over time as more large load customers connect to the system

Financial risk management

Objectives:

- keep current on relevant trends, tools, and practices that minimize risk of stranded costs or payment defaults from large load customers
- proactively develop, adapt, and update billing, payment, and financial assurance measures to avoid or remedy potential stranded costs or payment defaults
- consult as needed with subject-matter experts and outside counsel to avoid any unintended conflicts with bond or tax requirements

Questions and feedback



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September operational results

Owner community load	Budget	Actual	Variance	% variance	
Owner community demand	608MW	542 MW	(66 MW)	(10.8%)	■
Owner community energy	263 GWh	252 GWh	(10 GWh)	(4.2%)	■
Net variable cost* to serve owner community energy	\$3.8M	\$3.0M	(\$0.8M)	(19.0%)	●
	\$14.49/MWh	\$11.73/MWh	(\$2.76/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 volume	\$1.7M
Lower solar volume and pricing	\$0.7M
Lower gas generation volume	\$0.4M

Upward pressure	
Generation and market variances pushing costs higher	
Higher coal generation volume and pricing	\$1.4M
Higher market purchases pricing	\$0.9M

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

YTD operational results

Owner community load	Budget	Actual	Variance	% variance	
Owner community demand	4,938 MW	4,869 MW	(69 MW)	(1.4%)	◆
Owner community energy	2,482 GWh	2,421 GWh	(61 GWh)	(2.4%)	■
Net variable cost* to serve owner community energy	\$44.5M	\$35.0M	(\$9.5M)	(19.4%)	●
	\$17.95/MWh	\$14.46/MWh	(\$3.49/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 volume and pricing	\$9.6M
Lower solar volume and pricing	\$4.4M
Lower market purchases volume	\$2.9M

Upward pressure	
Generation and market variances pushing costs higher	
Higher coal generation volume	\$8.4M
Higher market purchases pricing	\$3.7M

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



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Financial summary

Category	September variance from budget (\$ in millions)		YTD variance from budget (\$ in millions)	
Change in net position ⁽¹⁾	\$1.3	●	\$17.4	●
Fixed obligation charge coverage	0.17x	●	0.61x	●
Revenues	\$0.4	◆	\$8.8	●
Operating expenses	\$0.9	●	\$7.3	●
Capital additions	\$3.2	●	\$37.3	●
Debt service expenditures	\$(0.4)	■	\$(0.1)	◆

⁽¹⁾ Variance includes \$0.9 million net unrealized gain year to date on investments

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



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