

# **Platte River Power Authority**

Independent Auditor's Report and Financial Statements

Dec. 31, 2022 and 2021



# Platte River Power Authority

## Financial statements

Years ended Dec. 31, 2022 and 2021

### Contents

Independent auditor's report .....	1
Management's discussion and analysis (unaudited) .....	5

#### Financial statements

Statements of net position .....	18
Statements of revenues, expenses and changes in net position.....	20
Statements of cash flows .....	21
Statements of fiduciary net position.....	23
Statements of changes in fiduciary net position.....	24
Notes to financial statements .....	25
Required supplementary information (unaudited) .....	69
Supplementary information (unaudited) .....	72
Budgetary comparison schedule.....	72

## Independent Auditor's Report

Board of Directors  
Platte River Power Authority  
Fort Collins, Colorado

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities and fiduciary activities of Platte River Power Authority (Platte River) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Platte River's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities and fiduciary activities of Platte River as of December 31, 2022 and 2021, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Platte River and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

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

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Platte River's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Platte River's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Platte River's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

Board of Directors  
Platte River Power Authority

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

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

**FORVIS,LLP**

Denver, Colorado  
April 12, 2023

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**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

This discussion and analysis provides an overview of the financial performance of Platte River Power Authority for the fiscal years ended Dec. 31, 2022, and Dec. 31, 2021. The information presented should be read in conjunction with the basic financial statements, accompanying notes to the financial statements and required supplementary information.

Platte River is a Colorado political subdivision and a wholesale electricity generation and transmission provider that delivers safe, reliable, environmentally responsible and financially sustainable energy and services to its four owner communities, Estes Park, Fort Collins, Longmont and Loveland, Colorado, for delivery to their utility customers.

Platte River is proactively working toward the goal of reaching a noncarbon energy future by 2030 through the Resource Diversification Policy, while maintaining Platte River's three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services. Advancements in technology and joining an energy market, amongst other requirements, must occur to achieve the 2030 goal and to successfully maintain Platte River's three pillars. Platte River continuously evaluates resource planning and opportunities to add noncarbon resources.

Platte River's power resources include generation from coal and natural gas units, wind purchases, allocations of federal hydropower from Western Area Power Administration (WAPA), solar (including storage) purchases, joint dispatch agreement purchases, spot market purchases and a forced outage exchange agreement.

- Coal-fired generation includes Rawhide Unit 1 (280 megawatts), located 25 miles north of Fort Collins, and 18% ownership in Craig units 1 and 2 (151 megawatts combined), located in northwest Colorado. Rawhide Unit 1 is scheduled to be retired by Dec. 31, 2029. Craig units 1 and 2 are scheduled to be retired by Dec. 31, 2025 and Sept. 30, 2028, respectively.
- Natural gas-fired combustion turbines located at Rawhide Energy Station include five simple cycle combustion turbines, composed of four GE 7EAs (65 megawatts each) and a GE 7FA (128 megawatts). The combustion turbines are used to meet peak load demand, provide reserves during outages of the coal-fired units and make sales for resale.
- Wind generation includes 303 megawatts provided under long-term power purchase agreements. The agreements are for deliveries from the following facilities.
  - Roundhouse Wind Energy Center (225 megawatts) in Wyoming; contract ends May 31, 2042.
  - Spring Canyon Wind Energy Center Phases II and III (60 megawatts) in Colorado; contracts end Oct. 31, 2039, and Dec. 10, 2039, respectively. To accommodate additional wind energy available from the Roundhouse Wind Energy Center power purchase agreement and reduce ancillary services expense, the energy and renewable attributes from these sites are being sold

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

under a 10-year sales contract that began in 2020. Therefore, the energy is not delivered to the owner communities for the term of the sales contract. At the end of the sales contract, the energy will return to Platte River.

- Silver Sage Windpower Project (12 megawatts) in Wyoming; contract ends Sept. 30, 2029. To accommodate additional wind energy available from the Roundhouse Wind Energy Center power purchase agreement and to reduce transmission and ancillary services expenses, the energy and renewable attributes from this site have been sold under a long-term sales contract. Therefore, the energy is not delivered to the owner communities.
- Medicine Bow Wind Project (6 megawatts) in Wyoming; contract ends Dec. 30, 2033.
- Hydropower is received under two long-term contracts with WAPA – one for the Colorado River Storage Project and one for the Loveland Area Projects. The hydropower contracts are subject to periodic price changes.
  - Colorado River Storage Project contract rate of delivery amounts are 106 megawatts in the summer and 136 megawatts in the winter, which are not being met due to drought conditions. Actual capacity available varies by month. During both the summer and winter season, estimated available capacity ranges from 34 megawatts to 51 megawatts. Available capacity and energy may further change with drought conditions, and as conditions worsen, there may be periods where energy is not delivered. The Colorado River Storage Project contract ends Sept. 30, 2057.
  - Loveland Area Projects' capacity varies from 23 megawatts to 30 megawatts in the summer and 26 megawatts to 32 megawatts in the winter. The Loveland Area Projects contract ends Sept. 30, 2054.
- Solar generation includes 52 megawatts with 2 megawatt-hours of battery storage provided under long-term power purchase agreements. The agreements are for deliveries from the following facilities.
  - Rawhide Flats Solar facility (30 megawatts) located at the Rawhide Energy Station; contract ends Dec. 14, 2041.
  - Rawhide Prairie Solar facility (22 megawatts) located at the Rawhide Energy Station; contract ends March 18, 2041. A battery storage system of 2 megawatt-hours is integrated with this project, which can be discharged once daily at a rate up to 1 megawatt per hour.
- The joint dispatch agreement is among Public Service Company of Colorado, Black Hills Colorado Electric and Platte River and operates similarly to an energy imbalance market. This agreement provides access to lower-cost resources and sales for resale

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

opportunities in real time, increasing operational efficiencies while enhancing reliability. The agreement will terminate as participants, including Platte River, transact in the Western Energy Imbalance Service Market operated by the Southwest Power Pool beginning April 2023.

- Spot market purchases provide energy to satisfy loads and access to lower cost resources.
- Platte River purchases capacity of 4.022 megawatts and 0.349 megawatts from Fort Collins and Loveland community solar facilities, respectively. For these two facilities, the owner communities retain the renewable attributes and the facilities are not part of Platte River's noncarbon resource portfolio.
- Platte River has a forced outage exchange agreement with Tri-State Generation and Transmission Association, Inc. (Tri-State). If either Rawhide Unit 1 or Tri-State's Craig Unit 3 is out of service, the other utility will provide up to 100 megawatts of generation on a short-term basis. The agreement is in effect until March 31, 2024.

Platte River operates as a utility enterprise and follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). Platte River has implemented all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements for Platte River and the defined benefit pension plan are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. For the defined benefit pension plan, payments are recognized when due and payable in accordance with the terms of the defined benefit pension plan.

### **Request for information**

This financial report is designed to provide a general overview of Platte River's finances, as well as the defined benefit pension plan's finances. Questions about any of the information provided in this report or requests for additional financial information should be addressed to David Smalley, chief financial officer and deputy general manager, Platte River Power Authority, 2000 East Horsetooth Road, Fort Collins, Colorado 80525.

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

**Financial summary**

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

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

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

**Condensed financial statements**

The following condensed statements of net position and condensed statements of revenues, expenses and changes in net position summarize Platte River's financial position and changes in financial position for 2022, 2021 and 2020.

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

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

\*2020 not restated for implementation of GASB 87

### Net position

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

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

In 2021, electric utility plant decreased \$14 million from 2020 primarily due to a \$32.6 million increase in accumulated depreciation and \$19.9 million decrease in construction work in progress. Partially offsetting these net decreases were a \$36 million increase in plant and equipment in service and a \$2.5 million increase in land and land rights.

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

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

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

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

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

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

In 2021, noncurrent assets increased \$96.6 million over 2020 primarily due to an increase in regulatory assets and other long-term assets resulting from participation in the Windy Gap Firing Project, which includes construction of the Chimney Hollow Reservoir and the pooled financing as described in notes 6 and 11.

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

In 2021, deferred outflows of resources increased \$0.5 million over 2020 primarily due to an increase in the Trapper Mine reclamation liability as well as an increase in Platte River's percentage share of the reclamation costs following the exit of a member at the end of 2020. Pension deferrals based on changes in plan experience and market returns also increased. These increases were partially offset by decreases in unamortized deferred loss on debt refundings.

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

In 2021, noncurrent liabilities increased \$74 million over 2020 primarily due to an increase in other long-term obligations resulting from the pooled financing to fund the Windy Gap Firing Project which includes construction of the Chimney Hollow Reservoir as described in note 6 and

**Platte River Power Authority**  
**Management's discussion and analysis (unaudited)**  
Dec. 31, 2022 and 2021

11. Asset retirement obligations also increased as described in note 9. Partially offsetting the increases were principal retirements and a decrease in unamortized premium as described in note 7 as well as a decrease in the net pension liability due to a gain in the market value of assets for the defined benefit pension plan compared to the assumed rate of return as described in note 8.

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

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

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

In 2021, deferred inflows of resources decreased \$6.2 million from 2020 primarily due to the reversal of the expense accrual for the 2021 scheduled maintenance outage of Rawhide Unit 1 (note 6) as well as a net decrease in the regulatory credit for the change in depreciation method as previous deferred items are amortized (note 6). These decreases were partially offset by an increase in the deferral of the net gain in market values and assumption changes recorded in 2021 for the defined benefit pension plan. 2021 was restated to record lease deferrals due to implementation of a new accounting pronouncement (note 3, 4 and 18).

**Condensed statements of revenues, expenses and changes in net position**

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

\*Not restated for implementation of GASB 87

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

**Changes in net position**

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

*Operating revenues* in 2022 increased \$6.4 million over 2021.

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

*Operating revenues* in 2021 increased \$24.6 million over 2020.

- Sales to the owner communities increased \$3.2 million from 2020 primarily due to a 1.5% average wholesale rate increase and increases in owner communities' energy deliveries of 1.6% and billed demand of 2.9%. The owner communities set a new peak of 707 megawatts on July 28 at 6 p.m.
- Sales for resale and other increased \$21.4 million over 2020 primarily due to increased market prices resulting from elevated natural gas prices and limited supply.

*Operating expenses* in 2022 increased \$32.3 million over 2021.

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

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

- Fuel increased \$18.9 million over 2021. Fuel for Rawhide Unit 1 and the Craig units increased \$9.5 million and \$5 million, respectively, due to increases in average prices and generation. The average price increased for Rawhide Unit 1 due to an increase in market prices for coal. The Craig units price increased because of an updated price for Trapper Mine coal. Generation was also higher because Rawhide Unit 1 did not have a scheduled maintenance outage as in 2021. Natural gas expense also increased by \$4.4 million due to higher commodity prices, partially offset by operating the combustion turbines at a lower capacity factor as less generation was needed to serve load.
- Operations and maintenance increased \$7 million over 2021. The increase was due primarily to the accrual for the next Rawhide Unit 1 scheduled maintenance outage, a full year of expenses for the Windy Gap Firming Project (Chimney Hollow Reservoir), an overall increase in operating expenses at the Craig Units and other general miscellaneous increases. Partially offsetting the increase was a reduction in wheeling expenses.
- Administrative and general increased \$4.4 million over 2021 primarily due to increased personnel expenses from new positions and increased insurance expenses.
- Distributed energy resources increased \$1.5 million over 2021 primarily due to increased energy efficiency program participation.
- Depreciation, amortization and accretion increased \$1.7 million over 2021 as additional capital additions were in service, there was new accretion expense from the board-approved Craig units 1 and 2 decommissioning accrual accounting policy (note 6), cost estimates for asset retirement obligations increased and there was a full year of amortization of the Windy Gap Firming Project storage rights regulatory asset. Partially offsetting the increase was a reduction in amortization expenses reflecting an increase in net gain recognized from the change in depreciation method regulatory credit (note 6).

**Operating expenses** in 2021 increased \$9.4 million over 2020.

- Purchased power increased \$6.6 million over 2020. The increase was due primarily to commercial operation of the Rawhide Prairie Solar facility, having a full year of generation from the Roundhouse Wind Energy Center, rate increases for purchased reserves and increased other purchases due to the scheduled Rawhide Unit 1 maintenance outage. Partially offsetting the increases were decreases in joint dispatch agreement purchases and hydropower energy purchases. An increase in the net forced outage assistance energy deliveries recorded as a net credit to purchased power also offset the overall increase.
- Fuel increased \$5.9 million over 2020. Natural gas expense and fuel for the Craig units were \$6.5 million and \$2 million more than 2020, respectively. The combustion turbine units and Craig units operated at higher capacity factors to make sales, meet increased load requirements and provide replacement power during the scheduled maintenance

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

outage of Rawhide Unit 1. Natural gas prices were also higher than budget due to regional outages and limited coal supplies. Coal expense for Rawhide Unit 1 decreased primarily due to the scheduled maintenance outage.

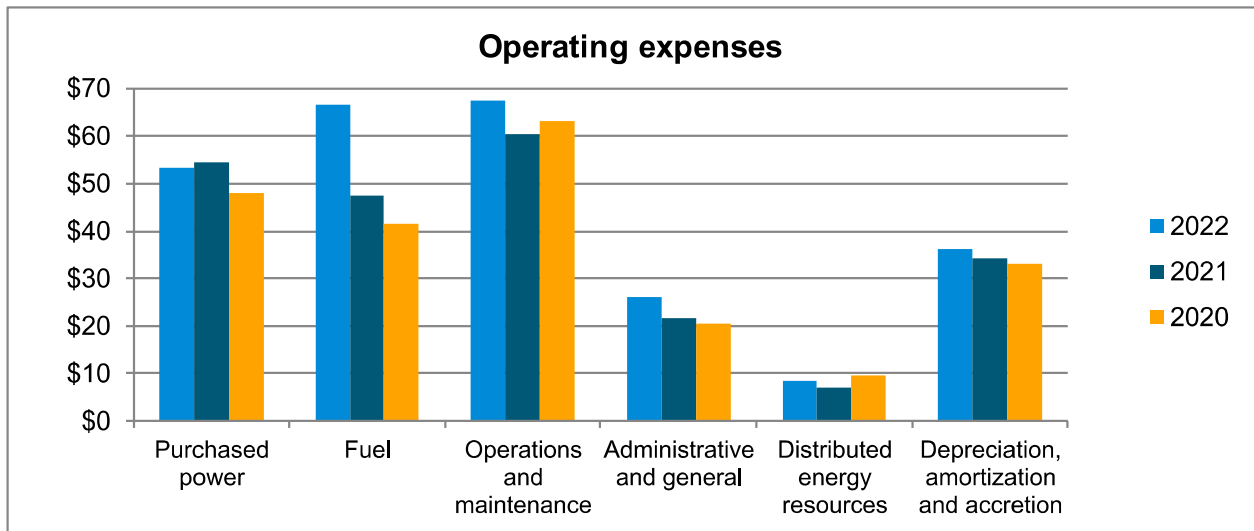
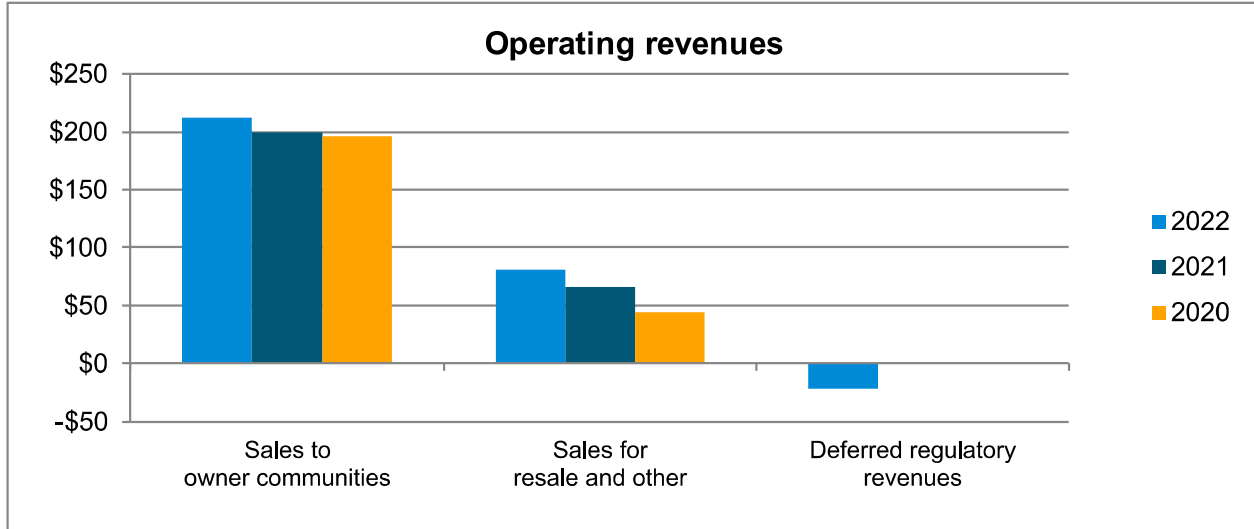
- Operations and maintenance decreased \$2.9 million from 2020. The decrease was due to the minor outage for Rawhide Unit 1 in the fall of 2020 and an overall decrease in operating expenses at the Craig units, partially offset by additional expenses related to the pooled financing for the Windy Gap Firming Project (Chimney Hollow Reservoir) and increased wheeling expenses for transmission losses settled financially, which were previously settled in energy.
- Administrative and general increased \$1 million over 2020 primarily due to increased personnel expenses from new positions and increased technology expenses.
- Distributed energy resources decreased \$2.6 million from 2020 primarily due to lagging program participation from effects of the COVID-19 pandemic and economic recovery challenges.
- Depreciation and amortization increased \$1.4 million over 2020 as accelerated depreciation for the early retirement of Rawhide Unit 1 and Craig Unit 2 assets occurred for a full year. Partially offsetting the increase were a decrease in amortization expense relating to asset retirement obligations and both acceleration of recognition and additional gains from sales of Windy Gap water units.

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

**Nonoperating expenses, net**, increased \$1.5 million in 2021 compared to 2020. The main contributors to the increase were a net decrease in the fair value of investments due to rising interest rates near year end and reduced interest income as higher yielding investments matured and were reinvested in lower-yielding investments. Partially offsetting the increase was reduced interest expense following the successful completion of the sale of Taxable Series KK power revenue bonds, which advance refunded a portion of Series II power revenue bonds at lower interest rates, at the end of 2020. Also offsetting the increase was the absence of the one-time \$1 million distribution to the governing bodies of the owner communities made in 2020 to assist with COVID-19 pandemic impacts.

**Platte River Power Authority**  
 Management's discussion and analysis (*unaudited*)  
 Dec. 31, 2022 and 2021

**Operating revenues and expenses**  
 (in millions)



**Debt ratings**

The ratings on Platte River's existing bonds remained unchanged.

Bond issue	Moody's	S&P	Fitch
Power revenue bonds			
Series JJ	N/A	AA	AA
Taxable Series KK	Aa2	N/A	AA

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

**Budgetary highlights**

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

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

- Sales to owner communities of \$212.3 million were \$4.3 million above budget due to above-budget energy deliveries and billing demand.
- Sales for resale and other totaled \$81.1 million and were above budget \$26.9 million primarily due to increased market prices and additional point-to-point transmission service reservations.
- Interest and other income of \$3.3 million was above budget \$2.3 million primarily due to higher interest income earned on investments.

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

- Purchased power of \$53.4 million was \$4.3 million below budget primarily due to net energy provided to Tri-State under the forced outage assistance agreement, below-budget joint dispatch agreement purchases, favorable purchased reserves due to a refund and rate decrease and below-budget hydropower purchases due to drought conditions. Partially offsetting the below-budget variances were above-budget wind and solar energy purchases, bilateral purchases due to unfavorable pricing and owner communities' solar programs due to higher market prices.
- Fuel of \$66.5 million was \$10.4 million above budget following the \$11.6 million board-approved contingency transfer. The above-budget variance relates to both natural gas and coal. Natural gas was above budget due to higher commodity prices as well as operating the combustion turbine units to make sales and meet load requirements. Coal for Craig units 1 and 2 was above budget due to an updated price from Trapper Mine and cancellation of a planned coal sale. The Craig units were dispatched more than planned to replace Rawhide Unit 1's generation during the scheduled screen outage, replace purchases due to higher market prices, make additional sales and meet load requirements. Partially offsetting the above-budget variances was coal for Rawhide Unit 1 as generation was below budget due to unplanned outages and curtailments, as well as a lower average price.
- Production, transmission, administrative and general of \$93 million were \$2.1 million below budget primarily due to projects that were completed below budget and expenses

**Platte River Power Authority**  
Management's discussion and analysis (*unaudited*)  
Dec. 31, 2022 and 2021

not required, primarily for market implementation, technology expenses and Rawhide non-routine projects. Partially offsetting the below-budget variances were Rawhide equipment repairs and personnel costs.

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

**Capital additions** of \$24.1 million were \$20.4 million below budget following a \$5.5 million board-approved contingency transfer. This variance was due to schedule changes, scope changes, contract or material delays including those caused by global supply chain issues, internal resource constraints and canceled projects. Production additions, transmission additions and general additions were below budget \$8.3 million, \$9.4 million and \$2.7 million, respectively. The variance was carried over to the 2023 Strategic Budget to complete these projects.

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

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

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

See notes to financial statements.

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

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

See notes to financial statements.

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

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

See notes to financial statements.

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

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

See notes to financial statements.

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

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

See notes to financial statements.

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

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

See notes to financial statements.

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

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

See notes to financial statements.

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

## 1. Organization

Platte River Power Authority was organized under Colorado law as a separate governmental entity by the four owner communities of Estes Park, Fort Collins, Longmont and Loveland. Platte River contracted to supply the wholesale electric power and energy requirements of each of these owners, with limited exceptions. An owner may self-supply power and energy equivalent to the capacity of its generating facilities in service on Sept. 5, 1974, and may add new resources up to a limit of 1,000 kW or 1% of the owner community's peak load, whichever is greater. An owner community may also purchase power from its net metered customers subject to net metering limitations. Platte River's power supply contracts currently extend through Dec. 31, 2060.

Each of the four owner communities has a residual interest in Platte River's assets and liabilities upon dissolution, which is proportional to the total revenue received from each owner community since Platte River was organized, less any contributions of assets previously distributed. Based upon electric revenues billed from inception through Dec. 31, 2022, these residual interests are approximately as follows.

	<b>Residual interest</b>
City of Fort Collins	48%
City of Longmont	26%
City of Loveland	22%
Town of Estes Park	4%
	<hr/> 100%

Under Colorado law and the owner community contracts, the board has the exclusive authority to establish the electric rates to be charged to the owner communities. Platte River must follow specified statutory procedures, including public notice and holding a hearing to receive public comments, before adopting an annual budget.

The defined benefit pension plan is a single-employer defined benefit pension plan, which Platte River includes in the financial statements as a fiduciary component unit reported as a pension trust fund in the fiduciary funds statements. Platte River's board is the designated governing body over the defined benefit pension plan and has authority to amend the defined benefit pension plan. The retirement committee established under the defined benefit pension plan oversees the plan's investments. Platte River does not issue separate stand-alone financial statements of the defined benefit pension plan.

## 2. Operations

### Rawhide Energy Station

The Rawhide Energy Station consists of Rawhide Unit 1, a 280 megawatt (net) coal-fired generating facility, a cooling pond, coal-handling facilities, related transmission facilities, five simple-cycle natural gas-fired combustion turbines and two solar facilities. Natural gas units A

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

through D have summer peaking capacity of 65 megawatts each and unit F has a summer peaking capacity of 128 megawatts. Solar facilities include Rawhide Solar Flats (30 megawatts) and Rawhide Prairie Solar (22 megawatts). Rawhide Prairie Solar has an integrated battery storage system of two megawatt-hours, which can be discharged once daily at a rate up to one megawatt per hour. Platte River owns and operates all Rawhide Energy Station facilities except for the solar and battery storage facilities. Rawhide Unit 1 is scheduled to retire by Dec. 31, 2029.

**Yampa project**

Platte River owns 18%, or 151 megawatts, of Craig units 1 and 2 of the Yampa Project as a tenant-in-common with four other electric utilities. The current Yampa Project Participation Agreement took effect April 15, 1992. Craig units 1 and 2 are scheduled to retire by Dec. 31, 2025 and Sept. 30, 2028, respectively. The Yampa Project consists of 837 megawatts of coal-fired generation and associated transmission plant facilities located near the town of Craig in northwestern Colorado. Platte River's share of the plant investment is included in plant in service, net, in the accompanying statements of net position. Platte River's share of operating expenses of the Yampa Project is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position. Separate financial statements for the Yampa Project are not available. In addition, Platte River and two of the other Yampa Project participants own Trapper Mining, Inc., which owns and operates the adjacent coal mine that supplies coal for Craig units 1 and 2.

**Windy Gap water**

Under an agreement with the Municipal Subdistrict of Northern Colorado Water Conservancy District, Platte River is entitled to an allocation of the available water from the Windy Gap Project, a water diversion facility completed May 1, 1985. The water is used in operations at the Rawhide Energy Station. Platte River's share of operating expenses of the Windy Gap Project is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position. Additionally, Platte River is a participant in the Windy Gap Firing Project (Chimney Hollow Reservoir) following cash contributions from participants and the issuance of pooled financing for the project in 2021 as described in note 6 and 11.

**3. Summary of significant accounting policies**

**Reporting entity**

For financial reporting purposes, Platte River meets the criteria of an "other stand-alone government." As a municipal utility and a separate governmental entity, Platte River is exempt from taxes on its income. Platte River is also exempt from taxes on its property located in Colorado.

The defined benefit pension plan is a single-employer defined benefit pension plan covering all employees of Platte River hired before Sept. 1, 2010 (note 8). Platte River contributes to the defined benefit pension plan based upon actuarial studies and has primary responsibility for managing the defined benefit pension plan. All retirement plan committee members are

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

appointed by the board. Platte River also provides all accounting, reporting and administrative services to the defined benefit pension plan. Platte River has fiduciary responsibility for the defined benefit pension plan. Platte River includes the defined benefit pension plan in the accompanying basic financial statements as a fiduciary component unit of Platte River reported as a pension trust fund in the fiduciary funds statements.

**Basis of accounting**

Platte River accounts for its financial operations as a “proprietary fund.” The accompanying financial statements for Platte River and the defined benefit pension plan have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America. Platte River’s accounts are maintained in accordance with the Uniform System of Accounts as prescribed by FERC.

As a board-regulated entity, Platte River is subject to the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Regulated Operations, paragraphs 476–500, which requires the effects of the rate-making process to be recorded in the financial statements. Accordingly, certain expenses and revenues normally reflected in the statements of revenues, expenses and changes in net position as incurred are recognized when they are included in Platte River’s wholesale rates. Platte River has recorded various regulatory assets and credits to reflect the rate-making process (note 6).

**Budgetary process**

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

**Use of estimates**

Platte River prepares its financial statements for itself and the defined benefit pension plan in conformity with accounting principles generally accepted in the United States of America as prescribed by GASB. These require management to make estimates and assumptions that affect (a) the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, (b) disclosure of contingent assets and liabilities at the date of the financial statements and (c) the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Electric utility plant and depreciation**

Electric utility plant is stated at the historical cost of construction and includes expenditures of \$5,000 or more for property, equipment or construction projects with an estimated useful life greater than two years. Construction costs include labor, materials, contracted services, and the allocation of indirect charges for engineering, supervision, transportation and administrative

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

expenses. The cost of additions to utility plant and replacement property units is capitalized. Repairs, maintenance and minor replacement costs are charged to expense when incurred.

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

Depreciation is recorded using the straight-line method over the estimated useful lives of the various classes of plant in service, which range from five to 50 years. Following asset closure announcements, assets are evaluated and estimated useful lives are accelerated, as applicable. For lease assets, amortization is recorded over the shorter of the lease term or the useful life of the underlying lease asset.

### **Cash and cash equivalents**

For purposes of the statements of cash flows, Platte River considers all cash on deposit with financial institutions and highly liquid investments with an original maturity of less than three months, excluding special funds and investments, as cash and cash equivalents. At Dec. 31, 2022 and 2021, cash equivalents consisted of local government investment pools, money market funds and collateralized bank deposit accounts.

### **Closure and postclosure care costs of disposal facility**

Platte River accrues a liability of estimated future closure and postclosure care costs for its Rawhide Energy Station ash disposal facility. The liability is determined by multiplying the estimated closure and postclosure care costs in current dollars by the percentage of the disposal facility's total estimated capacity, by cell, used through the end of the year. Platte River complies with financial assurance annual requirements of the Colorado Department of Public Health and Environment.

### **Asset retirement obligations**

An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Following GASB Statement No. 83, *Certain Asset Retirement Obligations*, Platte River records an asset retirement obligation liability when it has determined that a liability has been incurred based on (a) the occurrence of an external obligating event, such as laws, regulations, contracts or court judgments and (b) an internal obligating event that obligates it to

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

perform asset retirement activities. Platte River updates the asset retirement obligations by inflation or deflation annually and when significant changes occur (note 9).

**Long-term debt**

Platte River defers the difference between the reacquisition price and the net carrying amount of refunded debt (deferred amount on refundings) in an advance refunding. Platte River then amortizes the difference as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the defeased debt or the life of the new debt. The deferred amounts are reported as deferred outflows or inflows of resources.

**Operating revenues and expenses**

Operating revenues and expenses consist of revenues and costs directly related to the generation, purchase, sale and transmission of electricity. Operating revenues are recorded at the end of each month for all electricity delivered. Operating revenues include the amount of deferred regulatory revenues recorded as a regulatory credit (note 6) to be recognized in one or more future periods. Revenues and expenses related to financing, investing and other activities are considered nonoperating.

**Compensated absences**

Platte River allows employees to accumulate unused vacation and sick leave. Vacation leave may be accumulated to a specified limit, whereas accumulated sick leave is unlimited. Employees are entitled to full payment for any unused vacation leave upon retirement or termination of employment; they are paid at a reduced rate for any accumulated unused sick leave. Accrued liabilities for compensated absences are valued using the vesting method.

In the financial statements, Platte River estimates a portion of the total unused vacation and sick leave as due within one year with the remainder of the liability recorded as a noncurrent liability (note 10).

**Deferred outflows of resources**

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

**Deferred inflows of resources**

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

**Use of restricted and unrestricted resources**

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

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

**Adoption of recent accounting pronouncement**

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

**4. Electric utility plant**

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

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

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

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

	Dec. 31, 2020	Increases	Decreases	Dec. 31, 2021 restated
	<i>(in thousands)</i>			
<b>Nondepreciable assets</b>				
Land and land rights	\$ 16,924	\$ 2,522	\$ -	\$ 19,446
Construction work in progress	47,760	24,377	(44,306)	27,831
	64,684	26,899	(44,306)	47,277
<b>Depreciable assets</b>				
Production plant	951,878	12,426	(3,014)	961,290
Transmission plant	374,298	21,287	(1,535)	394,050
General plant	81,260	8,149	(1,485)	87,924
	1,407,436	41,862	(6,034)	1,443,264
Less accumulated depreciation	(868,778)	(37,183)	4,608	(901,353)
	538,658	4,679	(1,426)	541,911
<b>Amortizable lease assets</b>				
General plant	-	134	-	134
Total electric utility plant	\$ 603,342	\$ 31,712	\$ (45,732)	\$ 589,322

Platte River uses the specific identification method. Under the specific identification method, gains and losses are recognized immediately on the retirement of capital assets. Alternative accounting treatment under a board-approved change in depreciation method accounting policy using GASB 62 (note 6) recognizes the effects of the rate-making process allowing deferred gains and losses on retirements of capital assets to be recognized in a single year or deferred to future periods.

### Leasing activity

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

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

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

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

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

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

## 5. Cash and investments

Platte River invests funds consistent with Colorado law and Platte River's general power bond resolution, fiscal resolution and investment policy statement. Accordingly, Platte River may invest only in obligations of the United States government and its agencies and other investments permitted under Colorado law. Platte River records its investments at their estimated fair market values. The unrealized holding gains and losses on these investments are included in net decrease in fair value of investments in the statements of revenues, expenses and changes in net position.

The fair value of investments is presented on the statements of net position as special funds and investments, cash and cash equivalents and other temporary investments. Special funds and investments are either internally dedicated by board resolution (dedicated funds and investments) or restricted by Platte River's general power bond resolution (restricted funds and investments). The fair value of investments, excluding accrued interest of \$688,000 and \$302,000 as of Dec. 31, 2022 and 2021, respectively, is shown in the following tables.

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

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

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

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

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

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

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

<b>Cash and investment type</b>	<b>Fair value</b>	<b>Investment maturities (in years)</b>		
		<b>Less than 1</b>	<b>1-2</b>	<b>2-3</b>
	<i>(in thousands)</i>			
U.S. Treasuries	\$ 152,616	\$ 48,849	\$ 45,868	\$ 57,899
U.S. agencies				
FFCB	16,503	13,528	2,975	-
FHLB	3,024	3,024	-	-
Total securities	<u>172,143</u>	<u>65,401</u>	<u>48,843</u>	<u>57,899</u>
Certificates of deposit	3,521	-	3,521	-
Cash and money market funds	7,706	7,706	-	-
Local government investment pools	51,888	51,888	-	-
Total cash and investments	<u>\$ 235,258</u>	<u>\$ 124,995</u>	<u>\$ 52,364</u>	<u>\$ 57,899</u>

Statement of net position presentation of cash, cash equivalents and investments as of Dec. 31, 2021, is as follows.

	<b>Fair value</b>	<b>Accrued interest</b>	<b>Total</b>
	<i>(in thousands)</i>		
Restricted funds and investments	\$ 19,358	\$ 17	\$ 19,375
Dedicated funds and investments	131,430	186	131,616
Cash and cash equivalents	40,407	-	40,407
Other temporary investments	44,063	99	44,162
Total cash and investments	<u>\$ 235,258</u>	<u>\$ 302</u>	<u>\$ 235,560</u>

Fair value is the amount received if an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements maximize the use of observable inputs and minimize the use of unobservable inputs. Platte River and the defined benefit pension plan categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are prices determined using observable inputs other than Level 1 prices such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets; Level 3 inputs are significant unobservable inputs. Platte River, excluding the defined benefit pension plan, had the following recurring fair value measurements as of Dec. 31, 2022.

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

- U.S. Treasury securities of \$166,816,000 are valued using quoted market prices (Level 1 inputs)
- U.S. agency securities of \$27,464,000 are valued using Level 2 inputs

Platte River, excluding the defined benefit pension plan, had the following recurring fair value measurements as of Dec. 31, 2021.

- U.S. Treasury securities of \$152,616,000 are valued using quoted market prices (Level 1 inputs)
- U.S. agency securities of \$19,527,000 are valued using Level 2 inputs

Platte River, excluding the defined benefit pension plan, uses two local government investment pools for investment. The two pools are the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Statewide Investment Program (CSIP). COLOTRUST is a local government investment pool with a stable net asset value. CSIP is a local government investment pool in which the underlying investments are measured at the investments' net asset value. The State of Colorado Securities Commissioner administers and enforces all Colorado statutes governing these pools. They operate similarly to a money market fund and each share equals \$1, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency and competitive yields through investment in a diversified portfolio of short-term marketable securities. They may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as a custodian for the portfolios under a custodian agreement. The custodian acts as a safekeeping agent for the investment portfolios and provides services as the depository for direct investments and withdrawals. The custodian's internal records segregate investments owned by the investment pools. The investment pools do not have any limitations or restrictions on participant withdrawals.

As of Dec. 31, 2022 and 2021, all investments of the defined benefit pension plan had a maturity of less than one year or undefined.

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

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

<b>Dec. 31, 2022</b>	<b>Fair value</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<i>(in thousands)</i>				
<b>Investments by fair value level</b>				
Cash equivalents	\$ 2,031	\$ -	\$ 2,031	\$ -
Fixed income	28,482	28,482	-	-
Domestic equity	37,863	37,863	-	-
International equity	22,946	22,946	-	-
Infrastructure	2,541	2,541	-	-
Natural resources	7,395	7,395	-	-
Real estate funds	2,440	2,440	-	-
Private credit <sup>(1)</sup>	1,252	-	-	1,252
Private equity <sup>(1)</sup>	114	-	-	114
Reinsurance	13	13	-	-
Total investments by fair value level	<b>\$ 105,077</b>	<b>\$ 101,680</b>	<b>\$ 2,031</b>	<b>\$ 1,366</b>

<sup>(1)</sup> Fair value as of Sept. 30, 2022.

<b>Dec. 31, 2021</b>	<b>Fair value</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<i>(in thousands)</i>				
<b>Investments by fair value level</b>				
Cash equivalents	\$ 1,953	\$ -	\$ 1,953	\$ -
Fixed income	23,007	23,007	-	-
Domestic equity	48,089	48,089	-	-
International equity	33,388	33,388	-	-
Infrastructure	2,889	2,889	-	-
Natural resources	8,518	8,518	-	-
Real estate funds	3,560	3,560	-	-
Reinsurance	110	110	-	-
Total investments by fair value level	<b>\$ 121,514</b>	<b>\$ 119,561</b>	<b>\$ 1,953</b>	<b>\$ -</b>

For the defined benefit pension plan, where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters. These include, but are not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows, all of which are classified in Level 2 of the valuation hierarchy. In certain cases

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

where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**Asset allocation**

All assets of the defined benefit pension plan are invested to comply with the defined benefit pension plan document (plan document), the defined benefit pension plan investment policy statement and any federal, state or Internal Revenue Service (IRS) laws or regulations. The defined benefit pension plan's investments are governed by the Colorado Uniform Prudent Investor Act. The investment policy statement provides an asset allocation strategy to create a broadly diversified portfolio. The strategy is designed to reflect and be consistent with the objectives expressed in the investment policy statement, subject to the risk tolerance of the retirement committee.

Defined benefit pension plan assets are held by Principal Trust Company under a trust agreement and invested in money market funds, bonds, stock portfolios, infrastructure, natural resources, reinsurance funds, private equity, private credit or real estate as directed by the retirement committee. Northern Trust Investments (Northern Trust), the retirement committee's investment manager, assists the retirement committee in overseeing the investment program. Investment management firms have full discretionary investment authority to invest in a specific asset class, subject to the policies and guidelines of the investment policy statement.

The investment mix and percentage allocations were as follows at Dec. 31.

<b>Asset class</b>	<b>2022</b>	<b>2021</b>
Domestic equities	37%	40%
International equities	18%	20%
Emerging market equities	4%	8%
Fixed income	12%	8%
High yield	14%	12%
Infrastructure	2%	2%
Natural resources	7%	7%
Real estate	2%	3%
Cash & cash equivalents	3%	0%
Private credit	1%	0%
Private equity	0%	0%
Reinsurance	0%	0%

**Rate of return**

For the years ended Dec. 31, 2022 and 2021, the money-weighted rate of return on defined benefit pension plan investments, net of investment expense, was (10.3%) and 14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# Platte River Power Authority

## Notes to financial statements

Dec. 31, 2022 and 2021

### Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

To limit exposure to fair value losses from rising interest rates, Platte River's investment policy and Colorado law limit the investment portfolio, excluding the defined benefit pension plan, to maturities of five years or less. Platte River uses a laddered approach to investing funds based on projected cash flows. The assumed maturity date for callable securities is based on market conditions as of Dec. 31, 2022. If the price of the security is at or above its call price, the security is assumed to be redeemed on its next call date.

The defined benefit pension plan's fixed income assets are invested in a core fixed-income exchange-traded fund (ETF), a high-yield fixed-income ETF, an inflation-focused ETF and an ultra-short-term fixed-income ETF. The funds are managed by Northern Trust. As interest rates rise, the value of a fixed-income bond fund is likely to decrease. Securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Given the long-term nature of the defined benefit pension plan, the investment policy statement does not place maturity restrictions on its bond funds.

### Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Platte River's investment policy allows investments in local government investment pools and money market funds. As of Dec. 31, 2022, Platte River, excluding the defined benefit pension plan, maintained investments in funds managed by the local government investment pools COLOTRUST and CSIP. COLOTRUST and CSIP Liquid Portfolios are both rated AAAm by S&P Global Ratings (S&P). CSIP Liquid Portfolio is also rated AAmmf by Fitch Ratings. Platte River's investments in the Federal Farm Credit Bank (FFCB) and the Federal Home Loan Bank (FHLB) were rated Aaa by Moody's Investors Service and AA+ by S&P.

The defined benefit pension plan's core fixed income fund portfolio objective, under normal conditions, is to primarily invest up to 80% of its net assets in U.S. dollar-denominated investment-grade fixed-income securities either directly or indirectly through ETFs. The defined benefit pension plan's high yield allocation invests at least 80% of its assets in below investment-grade corporate bonds (not in default) as rated by at least one nationally recognized statistical rating organization. As of Dec. 31, 2022, the defined benefit pension plan's average credit quality for its core fixed-income and high-yield allocations were AA and B, respectively. The ultra-short fixed-income ETF has an average credit quality of A, while the inflation-focused ETF is 100% securities backed by the U.S. Treasury.

### Private credit and private equity risk

The private credit and private equity investments in the defined benefit pension plan are subject to various risk factors resulting from the investment activities of the fund managers and the unique structures of the investments, including market, liquidity and capital risk. Private credit

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

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

**Concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer.

Platte River's investment policy, excluding the defined benefit pension plan, requires assets held in Platte River's funds be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of Dec. 31, 2022, more than 5% of Platte River's investments were concentrated in FHLB. These investments were 6% of Platte River's total investments (including investments held in local government investment pools and certificates of deposit).

**Custodial credit risk**

Custodial credit risk is the risk that, if the counterparty fails, the defined benefit pension plan will not be able to recover the value of its investments or collateral securities held by that counterparty. The defined benefit pension plan's assets are held in trust and the custodial relationship is defined in the plan document. At Dec. 31, 2022 and 2021, the defined benefit pension plan did not identify any investments subject to custodial credit risk.

**Foreign currency risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The defined benefit pension plan has exposure to foreign currency risk through its international equity, emerging markets, global natural resources, global infrastructure and global real estate allocations. These are all ETFs. For the defined benefit pension plan's international and emerging markets equity allocations, the portfolios invest primarily in foreign denominated securities and typically do not hedge currency risk. The remaining allocations invest primarily in domestic and foreign-denominated securities while also not typically hedging currency risk. As of Dec. 31, 2022, foreign non-dollar allocations for the global natural resources allocation were 63.9%, foreign non-dollar allocations for the global infrastructure allocation were 59.6% and foreign non-dollar allocations for the global real estate allocation were 34.4%. Foreign non-dollar allocations for Stoneridge Reinsurance were less than 1% as of Oct. 31, 2022. The defined benefit pension plan's investments in international and emerging markets equity strategies, as of Dec. 31, 2022 and 2021, were \$22.9 million and \$33.4 million, respectively.

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

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

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

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

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

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

Currency	Total	International stocks	Fixed income	Reinsurance <sup>(1)</sup>
		<i>(in thousands)</i>		
Austrailian dollar	\$ 1,364	\$ 1,329	\$ 35	\$ -
Brazilian real	300	300	-	-
Canadian dollar	4,032	3,395	637	-
Caymanian dollar	5	-	5	-
Chilean peso	1	1	-	-
Chinese yuan renminbi	2,427	2,395	32	-
Colombian peso	12	-	12	-
Danish krone	1,542	1,529	13	-
Egyptian pound	76	76	-	-
European euro	10,998	9,919	1,054	25
Hong Kong dollar	1,751	1,751	-	-
Hungarian forint	41	41	-	-
Indian rupee	1,251	1,251	-	-
Indonesian rupiah	32	32	-	-
Israeli new shekel	710	710	-	-
Japanese yen	5,842	5,810	32	-
Kuwaiti dinar	342	342	-	-
Malaysian ringgit	589	589	-	-
Mexican peso	81	81	-	-
Moroccan dirham	167	167	-	-
New Zealand dollar	325	325	-	-
Norwegian krone	5	5	-	-
Peruvian sol	50	50	-	-
Philippine peso	205	205	-	-
Qatari riyal	425	425	-	-
Russian ruble	444	444	-	-
Saudi riyal	756	756	-	-
Singapore dollar	1,298	1,298	-	-
South African rand	569	569	-	-
South Korean won	1,019	1,019	-	-
Sweedish krona	296	287	9	-
Swiss franc	3,357	3,336	21	-
Taiwan dollar	1,507	1,507	-	-
Thai baht	387	387	-	-
Turkish new lira	73	73	-	-
Ukrainian hryvnia	10	-	10	-
UAE dirham	426	426	-	-
West African CFA franc	23	-	23	-
	<u>\$ 42,738</u>	<u>\$ 40,830</u>	<u>\$ 1,883</u>	<u>\$ 25</u>

<sup>(1)</sup> Foreign currency exposure through the reinsurance fund as of Oct. 31, 2021.

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

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

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

### **Additional pension funding expense recognition**

Platte River funds its defined benefit pension plan (note 8) based on cost estimates developed on an actuarial basis. In addition to the base contribution, Platte River has an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits. A board-approved policy allows Platte River to record the additional pension funding charge as a regulatory asset and recognize the expense over a 10-year period.

### **Pension contribution expense recognition**

This board-approved policy requires pension contributions for the defined benefit pension plan to be recorded as pension expense because the pension contribution amount is known at the time of budget preparation and rate setting. Any difference between pension contribution and pension expense, as calculated by the actuary under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is classified as either a regulatory asset or a deferred inflow of resources and amortized over a 10-year period beginning the following year. The amortization amount is included in pension expense along with the pension contribution for each year calculated.

### **Debt issuance expense recognition**

Under GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, debt issuance costs must be expensed in the period incurred rather than amortized over the life of the related debt. To provide recovery for debt issuance costs through rates, this board-approved policy provides for the expense recognition of debt issuance costs to be amortized over the life of the associated debt and included in regulatory assets.

### **Maintenance outage expense accrual**

Under this board-approved policy, Platte River accrues estimated incremental expenses of future scheduled major maintenance outages each year. After a Rawhide Unit 1 maintenance outage is completed, the estimated maintenance and replacement power costs for the next major maintenance outage are accrued as a deferred inflow of resources.

### **Windy Gap Firming Project**

This board-approved policy allows Platte River's costs for the Windy Gap Firming Project (Chimney Hollow Reservoir), as described in note 11, to be recorded as a regulatory asset and other long-term obligations. These costs are recognized ratably over the term of the pooled financing with the unamortized component included in regulatory assets and the outstanding balance of the pooled financing included in other long-term obligations. The value of the debt

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

service payments under the pooled financing is expensed monthly as an operations and maintenance expense and not accounted for as debt service.

**Change in depreciation method**

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

**Craig units 1 and 2 decommissioning accrual**

The owners of the Craig Generating Station, acting through Tri-State as operating agent, have announced that Craig Unit 1 is scheduled to retire by Dec. 31, 2025, and Craig Unit 2 is scheduled to retire by Sept. 30, 2028. Decommissioning and closure costs have not been fully determined and no binding obligation exists. Under general accounting rules, without a binding obligation the expense related to decommissioning and closure would not be recognized and therefore funds would not be recovered through rates. This board-approved accounting policy records accretion of estimated decommissioning costs for Craig units 1 and 2 using the budgetary estimate provided by Tri-State. Once a binding obligation exists, Platte River will account for decommissioning costs under GASB 83.

**Deferred revenue and expense**

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

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

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

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

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

Regulatory assets and deferred inflows of resources related to regulatory credits as of Dec. 31, 2021, are shown in the tables below.

	<b>Dec. 31, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Dec. 31, 2021</b>
	<i>(in thousands)</i>			
<b>Regulatory assets</b>				
Additional pension funding expense recognition	\$ 4,907	\$ 1,074	\$ (781)	5,200
Pension contribution expense recognition	9,967	-	(1,279)	8,688
Debt issuance expense recognition	743	-	(97)	646
Windy Gap Firming Project	19,768	92,475	(289)	111,954
Total regulatory assets	\$ 35,385	\$ 93,549	\$ (2,446)	\$ 126,488
<b>Deferred inflows of resources</b>				
Regulatory credits				
Maintenance outage expense accrual	\$ 9,743	\$ 3,843	\$ (13,262)	\$ 324
Pension contribution expense recognition	4,416	1,902	(127)	6,191
Change in depreciation method	55,805	-	(5,605)	50,200
Total regulatory credits	\$ 69,964	\$ 5,745	\$ (18,994)	\$ 56,715

## 7. Long-term debt

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

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

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

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

The final payment for Series II was made in June. The outstanding balance of Series JJ is callable June 1, 2026. Taxable Series KK is subject to prior redemption, in whole or in part as selected by Platte River, on any date.

Interest expense for the years ended Dec. 31, 2022 and 2021, is as follows.

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
Interest	\$ 5,803	\$ 6,359
Amortization of bond related costs	<b>(1,640)</b>	<b>(1,831)</b>
Total interest expense	<b>\$ 4,163</b>	<b>\$ 4,528</b>

Calendar year totals for monthly bond service funding requirements per bond resolution for all bonds outstanding are shown in the following table. These may differ from actual semi-annual debt service requirements.

<b>Year ending Dec. 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	<i>(in thousands)</i>		
Deposits in 2022 for 2023 payment	\$ 7,126	\$ 464	\$ 7,590
2023	12,550	5,233	17,783
2024	13,146	4,642	17,788
2025	13,730	4,023	17,753
2026	14,312	3,449	17,761
2027	14,898	2,826	17,724
2028-2032	37,928	7,497	45,425
2033-2037	24,395	2,008	26,403
	<b>\$ 138,085</b>	<b>\$ 30,142</b>	<b>\$ 168,227</b>

**Bond service coverage**

Power revenue bonds are secured by a pledge of the revenues of Platte River after deducting operating expenses, as defined in the general power bond resolution. The power revenue bonds issued by Platte River may be subject to early call provisions. Principal and interest payments are met from net revenues earned from wholesale electric rates charged to the owner communities and others, and from interest earnings.

Under the general power bond resolution, Platte River is required to charge wholesale electric energy rates to the owner communities that are reasonably expected to yield net revenues for the forthcoming 12-month period that are equal to at least 1.10 times total power bond service requirements. Under the general power bond resolution, Platte River has established a rate stabilization reserve account. Deposits to this account are a reduction to current net revenues for purposes of computing bond service coverage. Future withdrawals will increase net revenues for purposes of computing bond service coverage and could assist Platte River, at that

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

time, in meeting its wholesale rate covenant. The balances in the rate stabilization reserve account at Dec. 31, 2022 and 2021, were \$19,546,000 and \$20,176,000, respectively, excluding accrued interest. The rate stabilization reserve account is included in dedicated funds and investments in the statements of net position.

The following table is a calculation of the power revenue bond coverage ratio for the years ended Dec. 31, 2022 and 2021.

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

<sup>(1)</sup> Excludes unrealized holding gains and losses on investments.

### Arbitrage rebate

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after Aug. 31, 1986, is subject to arbitrage rebate requirements. Interest income on bond proceeds that exceeds the cost of borrowing is payable to the federal government on every fifth anniversary of each bond issue. Platte River had no arbitrage liability outstanding as of Dec. 31, 2022 and 2021.

### Deferred outflows of resources related to debt

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

### Deferred inflows of resources related to debt

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

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

## **8. Defined benefit pension plan**

### **Description**

The following brief description of the defined benefit pension plan is provided for general information purposes only. Participants and all others should refer to the defined benefit pension plan document for more complete information. Platte River does not issue separate stand-alone financial statements for the defined benefit pension plan.

Effective June 1, 1973, Platte River adopted the defined benefit pension plan. Generally, the defined benefit pension plan is a defined-benefit, single-employer plan covering all regular employees of Platte River hired before Sept. 1, 2010. The defined benefit pension plan is closed to new employees hired on or after that date.

The general manager of Platte River is the defined benefit pension plan administrator. The retirement committee, composed of six members (two staff members and four members of the board), meets quarterly and oversees the defined benefit pension plan's investments. Platte River's board is the designated governing body over the defined benefit pension plan and has the authority to amend the defined benefit pension plan as necessary. In 2020, the board appointed a defined benefit plan subcommittee. The subcommittee has the power by unanimous resolution to amend the defined benefit pension plan. Platte River pays all administrative expenses of the defined benefit pension plan.

The defined benefit pension plan has received favorable determination letters from the IRS for the original defined benefit pension plan and subsequent amendments effective through Jan. 1, 2014. Thereafter, the IRS ended review of amendments and stopped providing determination letters.

### **Benefits provided**

Retirement benefits are based on years of service rendered and the final average compensation earned by the participant as defined by the plan document. The defined benefit pension plan provides for 100% vesting after five years of service to all eligible employees.

The defined benefit pension plan provides for normal retirement at age 65. A participant may retire before age 65 after having completed 10 years of credited service and having attained at least age 55, with reduced benefits in accordance with the plan document. For a participant who began employment before Jan. 1, 2008, a special early retirement benefit is available if the participant has completed 13 years of credited service and has attained the ages of 55 through 58 or has completed 20 years of credited service and has attained the age of 55. A participant who began employment on or after Jan. 1, 2008, qualifies for special early retirement if the participant has completed 20 years of credited service and terminates employment after attaining age 55. Benefits will not be reduced if the participant elects to receive benefits on or after the seventh anniversary of the date the participant is first eligible for the special early retirement benefit. The defined benefit pension plan also provides for a deferred vested

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

retirement income starting at the normal retirement date to participants who choose to leave Platte River before normal retirement age.

Participants may elect to receive their benefits by selecting one of the six forms of payment: (1) the duration of the participant's life; (2) the duration of the participant's life with a minimum of 10 years certain and any remainder paid to a beneficiary; (3) 50% joint and survivor annuity option; (4) 66-2/3% joint and survivor option with a minimum of 10 years certain and any remainder paid to a beneficiary; (5) 66-2/3% joint and survivor option without 10 years certain; or (6) an actuarially equivalent lump sum payment, when this option is available. Active employees who become totally and permanently disabled may qualify for a vested retirement income at age 65 or an early retirement income at ages 55 through 64 if they have met the requirements for these benefits when they initially became disabled. Upon the death of an active or disabled retiree, a benefit in the form of a monthly income or lump sum payment is paid to the participant's beneficiary in accordance with the plan document.

Benefits paid by the defined benefit pension plan are adjusted annually by the change in the consumer price index, subject to a maximum increase of 6% for employees who retired before Dec. 6, 1991. Employees who retired on or after Dec. 6, 1991, receive two-thirds of the change in the consumer price index, up to a maximum of 4%.

**Membership**

At Dec. 31, participants in the defined benefit pension plan are as follows.

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

**Contributions**

All contributions to the defined benefit pension plan are authorized by the board and made by Platte River. Employees cannot contribute to the defined benefit pension plan. The defined benefit pension plan's funding policy is intended to fund current service costs as they accrue, plus an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated plan benefits.

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

Platte River's contributions to the defined benefit pension plan, equaling the actuarially determined requirements for the years ended Dec. 31, 2022 and 2021, are as follows.

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
Base contribution	<b>\$ 3,192</b>	\$ 3,495
Additional funding	<b>1,141</b>	1,074
Total contributions	<b>\$ 4,333</b>	\$ 4,569

**Expenses**

Investment manager fees are deducted from investment earnings by the investment management firms.

Additionally, Platte River pays the administrative expenses of the defined benefit pension plan, including actuarial fees, investment consulting fees, trustee fees, auditing expenses and legal fees.

**Net pension liability**

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

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

**Actuarial assumptions**

Total pension liability for the years ended Dec. 31, 2022 and 2021, was determined using the following actuarial assumptions, applied to all periods included in the measurement. Beginning with the Dec. 31, 2021 determination, an age-based scale was used to determine salary increase assumptions.

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

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

Mortality rates for the years ended Dec. 31, 2022 and 2021, were based on the Pri-2012 employee, healthy retiree and contingent survivor mortality tables for males and females, projected generationally with the MP-2020 projection scales for males and females.

The actuarial assumption for the long-term expected rate of return on defined benefit pension plan investments is established in the investment policy statement approved by the retirement committee. Platte River establishes a rate using best-estimate ranges of expected future rates of return net of investment expense for each major asset class. The estimates for each major asset class that are included in the defined benefit pension plan's target asset allocation as of Dec. 31, 2022 and 2021, are summarized in the following table.

<b>Asset class</b>	<b>Target allocation</b>		<b>Long-term expected rate of return</b>	
	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>	<b>2022</b>	<b>2021</b>
Domestic equities	33%	36%	7.1%	6.8%
International equities	16%	18%	7.0%	6.7%
Emerging market equities	7%	8%	7.2%	7.1%
Core fixed income	15%	17%	3.1%	2.9%
Inflation protection	2%	2%	3.3%	2.6%
High yield	7%	8%	5.4%	4.8%
Infrastructure	2%	3%	7.1%	7.1%
Natural resources	5%	5%	6.9%	6.5%
Real estate	2%	2%	9.4%	9.2%
Private credit	4%	n/a	9.2%	n/a
Private equity	6%	n/a	10.0%	n/a
Cash	1%	1%	n/a	n/a
Reinsurance	0%	0%	n/a	n/a

**Discount rate**

The discount rate used to measure total pension liability was 7.5% for the years ended Dec. 31, 2022 and 2021. Projections of cash flows assumed: (a) employer contributions are made throughout the year and, on average, at midyear and (b) all decrement events are assumed to occur in the middle of the year. Based on these assumptions, the defined benefit pension plan's fiduciary net position was projected to meet all projected future benefit payments of current defined benefit pension plan participants. The long-term expected rate of return on defined

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

benefit pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

**Changes in net pension liability**

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

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

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

Changes in net pension liability for the year ended Dec. 31, 2021, were as follows.

	<b>Total pension liability</b>	<b>Plan fiduciary net position</b>	<b>Net pension liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
	<i>(in thousands)</i>		
<b>Balances at Dec. 31, 2020</b>	\$ 128,460	\$ 112,856	\$ 15,604
Changes for the year			
Service cost	1,216	-	1,216
Interest	9,306	-	9,306
Changes of benefit terms	(160)	-	(160)
Differences between expected and actual experience	3,017	-	3,017
Employer contributions	-	4,569	(4,569)
Net investment income	-	15,291	(15,291)
Benefit payments	(11,199)	(11,199)	-
Changes of assumptions	(1,353)	-	(1,353)
Net changes	827	8,661	(7,834)
<b>Balances at Dec. 31, 2021</b>	\$ 129,287	\$ 121,517	\$ 7,770

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

Net pension liability at Dec. 31, 2022, calculated using the current discount rate, as well as using a discount rate 1% lower or 1% higher than the current rate, is as follows.

	<b>Discount rate</b>	<b>Net pension liability 2022</b>
	<i>(in thousands)</i>	
1% decrease	6.5%	\$ 44,184
Current discount rate	7.5%	30,520
1% increase	8.5%	18,833

**Termination**

Platte River reserves the right to discontinue its contributions at any time and to terminate the defined benefit pension plan, although it has not expressed any intention to do so. Discontinuing contributions does not constitute a formal termination of the defined benefit pension plan. If Platte River formally terminates the defined benefit pension plan, the net position of the defined benefit pension plan will be distributed in the following order of priority.

- a. The minimum required amount to retired or terminated participants whose retirement income payments began at least three years before the termination date.

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

- b. Each other active, retired or terminated participant who, at least three years before the termination date, had become eligible for benefits.

Remaining assets are allocated between participants and beneficiaries using the excess above the amount required to provide the actuarial equivalent single sum value.

Platte River is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and is therefore not subject to the pension benefit guaranty provisions of ERISA. Benefits under the defined benefit pension plan are not insured by the Pension Benefit Guaranty Corporation.

**Pension expense**

The board-approved policies under GASB 62, paragraphs 476–500, allow Platte River to recognize pension expense when recovered through rates rather than recording the amount calculated under GASB 68 (note 6).

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

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

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

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

At Dec. 31, 2022 and 2021, Platte River reported deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan from the following sources.

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

<b>Dec. 31, 2021</b>	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
	<i>(in thousands)</i>	
Differences between expected and actual experience	\$ 2,116	\$ -
Changes of assumptions	-	820
Net difference between projected and actual earnings on investments	-	5,204
Total	<b>\$ 2,116</b>	<b>\$ 6,024</b>

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

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

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

**9. Asset retirement obligations**

Platte River has evaluated its contracts and current regulations associated with tangible capital assets and identified those subject to asset retirement obligation recognition under GASB Statement No. 83, *Certain Asset Retirement Obligations* and for which costs can be estimated.

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

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

Asset retirement obligation activity for the year ended Dec. 31, 2021, was as follows.

	<b>Dec. 31, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Dec. 31, 2021</b>	<b>Due within one year</b>
	<i>(in thousands)</i>				
Deferred outflows of resources	\$ 21,058	\$ 2,986	\$ (1,597)	\$ 22,447	\$ -
Liabilities	27,593	2,986	(1,324)	29,255	1,706

**Rawhide Energy Station decommissioning**

As part of the 1979 rezoning resolution and Rawhide Energy Station construction agreement with the Board of County Commissioners of Larimer County, the county government included reclamation or restoration requirements if Platte River abandons the Rawhide site as a location for the generation of electricity. Platte River agreed to remove all above-ground structures, excluding the cooling pond dam and power plant foundations, in accordance with reasonable specifications and procedures to be agreed upon by both parties at the time of abandonment.

In 2019, Platte River hired an independent engineering firm to estimate the asset retirement obligation under the agreement's reclamation or restoration clause. The firm's report estimates the cost to decommission and demolish all infrastructure to grade, except the substation and transmission line, with no concrete foundation removal. The estimate assumes a contractor will perform the necessary work. The cost estimate has not been reduced for the potential market value of reusable or scrap materials and does not consider associated recycling costs.

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

Platte River has recognized its asset retirement liability using the “probable cost” price estimates developed by the engineering firm. Cost estimates were provided with a +/- 30 percent high-low range from the probable cost estimate for decommissioning, demolition and environmental cost categories. The liability and associated deferred outflows of resources will be adjusted for inflation/deflation annually and reviewed for other significant changes.

The amortization period for recognition of the deferred outflow of resources is based on the estimated remaining useful life of the Rawhide Energy Station of Dec. 31, 2055.

The liability and associated deferred outflows of resources as of Dec. 31, 2022 and 2021, are shown in the table below.

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
Deferred outflows of resources	\$ <b>14,416</b>	\$ 14,172
Noncurrent liability	<b>16,403</b>	15,741

**Rawhide Energy Station impoundments**

Platte River is obligated under state laws and regulations to remove wastes from impoundments at the Rawhide Energy Station and confirm that any environmental impact has been addressed before closure. The impoundments used for the generation of electric power and energy and associated purposes include nine phosphorous removal ponds, one retention pond and a fire training pond. Platte River hired an independent consultant to estimate the closure costs of the impoundments. Following state regulations, the estimate will be updated every five years. As a result, Platte River recognized an asset retirement obligation for the estimated clean closure costs of these impoundments and the amount is adjusted annually for inflation/deflation. These costs are amortized over the estimated remaining useful life of each impoundment or the estimated remaining useful life of the facility, whichever is shorter. Impoundments are therefore amortized through Rawhide Unit 1’s planned retirement date, which is Dec. 31, 2029. Platte River meets the financial assurances required by the state.

The liability and associated deferred outflows of resources as of Dec. 31, 2022 and 2021, are shown in the table below.

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
Deferred outflows of resources	\$ <b>4,581</b>	\$ 4,655
Noncurrent liability	<b>6,708</b>	6,166

**Craig Generating Station impoundments**

As part of the Yampa Project Amended and Restated Participation Agreement among PacifiCorp, Public Service Company of Colorado, Platte River Power Authority, Salt River Project Agricultural Improvement and Power District and Tri-State Generation and Transmission Association, Inc. (Participation Agreement), the participants must operate, maintain, replace,

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

remove and provide all Yampa Project capital improvements in compliance with laws, executive orders and regulations applicable to the participants. The Participation Agreement continues until the last of Craig Generating Station Unit 1 or 2 is retired from service, and all salvage and required site restoration is completed and the participants have paid their respective shares of those costs. The participants have undivided ownership interests in Craig units 1 and 2 and the common facilities.

Tri-State is the operating agent under the Participation Agreement. Tri-State has given Platte River its best estimate of the current asset retirement obligation liability based on Financial Accounting Standards Board guidance, which is being accreted to a future cashflow estimate and does not currently represent the full liability. The asset retirement obligation consists of restoration costs of five dewatering ponds, a high-quality water holding pond and an evaporation pond used for the generation of electric power and energy and associated uses. Beginning in 2022, the asset retirement obligation increased due to including an estimate for post closure monitoring of the ponds and cost estimate updates. Platte River's interest in Craig units 1 and 2 represents a minority of the asset retirement obligation. Under GASB Statement No. 83 guidance, Platte River's reported liability depends on the measurement produced by Tri-State. Platte River receives an annual update for its share of the asset retirement obligation from Tri-State and adjusts the liability and future amortization schedule accordingly. Each pond, representing an associated tangible capital asset of the asset retirement obligation liability, is amortized through Craig Unit 2's planned retirement date of Sept. 30, 2028.

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

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

**Trapper Mining Inc. reclamation and mine closure**

Trapper Mining Inc. is engaged in the business of mining, selling and delivering coal from the Trapper Mine located near Craig, Colorado, to its members under an agreement with the Craig Generating Station, located adjacent to the Trapper Mine. Trapper Mining Inc. follows Financial Accounting Standard Board guidance and has recorded an asset retirement obligation related to the final reclamation and mine closure based on detailed engineering calculations of the amount and timing of future cash spending for a third party to perform the required work. Under the Final Reclamation Agreement with its members, Trapper Mining Inc. (as contractor) and Salt River Project Agricultural Improvement and Power District, Tri-State, PacifiCorp, Platte River, and Public Service Company of Colorado (as payors) assume responsibility for the asset retirement obligation. The acres of mine to be reclaimed and associated costs are reviewed annually, and

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

the costs are allocated to members based on cumulative tons of coal delivered. The coal contract expires Dec. 31, 2025, and the remaining amount of unamortized deferred outflows of resources is amortized over the remaining term of the contract. In 2021, Trapper Mining Inc. began invoicing for reclamation costs incurred, which Platte River pays and charges against the liability.

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

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

### **Easement agreements**

Platte River is a party to numerous easement agreements related to transmission lines and pipelines. These assets are determined to complete a single system, have a perpetual life and are not expected to be retired. Platte River intends to replace sections of its transmission lines, if necessary, and not retire the entire system. Therefore, an asset retirement obligation related to these easements cannot be reasonably estimated.

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

## 10. Noncurrent liabilities

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

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

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

	<b>Dec. 31, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Dec. 31, 2021 restated</b>	<b>Due within one year</b>
	<i>(in thousands)</i>				
Long-term debt, net	\$ 178,353	\$ -	\$ (14,056)	\$ 164,297	\$ 11,660
Other liabilities and credits					
Compensated absences	5,987	1,031	(821)	6,197	592
Fiber lease advances	521	-	(66)	455	61
Yampa employee obligation	418	-	(38)	380	-
Disposal facility closure costs	205	7	-	212	-
Lease liabilities	-	134	-	134	14
Total other liabilities and credits	<u>7,131</u>	<u>1,172</u>	<u>(925)</u>	<b><u>7,378</u></b>	<u>667</u>
Total noncurrent liabilities	<u><b>\$ 185,484</b></u>	<u><b>\$ 1,172</b></u>	<u><b>\$ (14,981)</b></u>	<u><b>\$ 171,675</b></u>	<u><b>\$ 12,327</b></u>

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

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

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

## 11. Other long-term obligations

Under an agreement between the Windy Gap Firming Project Water Activity Enterprise, Municipal Subdistrict of Northern Colorado Water Conservancy District (Municipal Subdistrict) and Platte River, Platte River has contractual rights to 16,000 acre-feet of storage in the total 90,000 acre-feet storage system known as the Windy Gap Firming Project, of which the largest component is the Chimney Hollow Reservoir. Contractors expect construction to progress through 2025, at which point the new reservoir will be ready to fill. The time needed to fill the reservoir will depend on water supply conditions. Total project costs are not final until the construction period ends. Once the project is complete, Platte River will have a perpetual right for capacity in the project.

In 2021, the project was partially financed through a pooled financing with other participants. Due to alternate accounting treatment as discussed in note 6 and specifics of the agreement, Platte River recorded a regulatory asset and other long-term obligations. The regulatory asset is the value of the total cost of the project whereas the other long-term obligations represent Platte River's portion of the pooled financing. Platte River did not receive cash with the financing as the project is managed by the Municipal Subdistrict; however, Platte River also cash funded a portion of the project. The debt service payments under the pooled financing are included in operations and maintenance expense and not accounted for as debt service. These payments are considered fixed obligation charges and the outstanding balance of the pooled financing is considered other long-term obligations.

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

Other long-term obligations outstanding consist of the following.

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

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

	<u>2022</u>	<u>2021</u>
	<i>(in thousands)</i>	
Interest	\$ 2,888	\$ 1,051
Principal	-	-
Total operations and maintenance		
expenses relating to the pooled financing	<u>\$ 2,888</u>	<u>\$ 1,051</u>

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

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

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

<sup>(1)</sup> Estimated unused bond service reserves applied in 2041 and 2051.

Other obligations relating to the project include Platte River's portion of a settlement liability estimated to be payable in 2024 and 2025.

At Dec. 31, 2022 and 2021, other long-term assets include bond service reserve funds of \$4,847,000, which are expected to be applied to future principal payments as shown in estimated net principal above but are not included in total other long-term obligations.

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

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

## 12. Net investment in capital assets

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

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

## 13. Defined contribution plan

Effective Sept. 1, 2010, the board established the Platte River Power Authority defined contribution plan (in accordance with Internal Revenue Code Section 401(a)) for all regular employees hired on or after that date. As of Dec. 31, 2022, there were 195 active plan participants. The plan's assets are held in an external trust account and the investments are participant directed.

Based on years of service, Platte River contributed between 5% and 10% of earnings for plan participants. Platte River also contributed to the 401(a) an amount equal to 50% of the participant's contributions to a separate 457(b) plan, taking into account only participant contributions up to 6% of the participant's earnings. For the years ended Dec. 31, 2022 and 2021, Platte River contributions to the 401(a) plan, which were recognized as expenses, were \$1,707,000 and \$1,441,000, respectively. The employer contributions to the 401(a) plan vest 100% after three years. The plan's records are kept on the accrual basis.

## 14. Insurance programs

Platte River has purchased insurance policies to cover the risk of loss related to various general liability, property loss exposures and cyber events. Insurance settlements have not exceeded insurance coverage in the past three years. Platte River also provides a self-insured medical and dental plan to its employees. Platte River carries medical stop-loss insurance to cover

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

losses above \$175,000 per person per incident. A liability was recorded for estimated medical and dental claims that were incurred but not reported. Platte River uses a third-party administrator to account for health insurance claims and estimates medical claims liability based on prior claims payment experience. Medical claims liability is included as a component of accounts payable in the statements of net position.

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

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

## 15. Related-party transactions

Platte River pays certain expenses of the defined benefit pension plan and performs certain administrative functions at no cost to the defined benefit pension plan.

## 16. Commitments

Platte River has two long-term purchase power contracts with WAPA. The contract with the Colorado River Storage Project continues through Sept. 30, 2057. The Loveland Area Projects contract continues through Sept. 30, 2054. The contract rates and the amount of energy available are subject to change. During 2022, Platte River paid \$14,916,000 for power delivered under these contracts.

Platte River and two of the other four participants in the Yampa Project own Trapper Mine, the primary source of coal for the Yampa Project. The contract provides for delivery of specified amounts of coal to each Yampa owner through 2025. This contract is subject to price adjustments. During 2022, Platte River's coal purchases totaled \$16,948,000 under this contract.

The Rawhide Energy Station's coal purchase and transportation agreements are under multiple-year contracts. Base prices for these contracts are subject to future price adjustments. During 2022, Platte River paid \$32,042,000 for coal delivered under these agreements.

Platte River has committed to purchase Renewable Energy Certificates (RECs) annually through 2024, with future payments of \$1,075,000. During 2022, Platte River paid \$550,000 under these REC agreements.

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

Platte River has agreements to purchase renewable wind energy output of 12 megawatts from Silver Sage Windpower Project through 2029, 60 megawatts from Spring Canyon Wind Energy Center Phases II and III through 2039, approximately 6 megawatts from Medicine Bow Wind Project through 2033 and 225 megawatts from Roundhouse Wind Energy Center through 2042. During 2022, Platte River paid \$27,061,000 under these renewable wind energy agreements. Platte River has a long-term agreement with a third party to sell all the output purchased from the Silver Sage Windpower Project through 2029. During 2022, Platte River received \$696,000 under this agreement. In addition, to accommodate additional wind energy available from the Roundhouse Wind Energy Center power purchase agreement and reduce ancillary services expense, the energy and renewable attributes from the Spring Canyon Wind Energy Center Phases II and III sites were sold under a 10-year sales contract beginning in 2020. At the end of the sales contract, the energy will return to Platte River. During 2022, Platte River received \$4,405,000 under this agreement.

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

Platte River has entered into a long-term agreement with a third party to sell 25 megawatts of generation from Craig units 1 and 2 through June 30, 2024. During 2022, Platte River received \$4,785,000 under this agreement.

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

## **17. Risks, uncertainties and contingencies**

In the ordinary course of business, Platte River may be affected by various legal matters and is subject to legislative, administrative and regulatory requirements that govern operations and environmental compliance. Although Platte River cannot predict the outcomes of these matters, management is aware of no pending legal matters or environmental regulations for which the outcome is likely to have a material adverse effect upon Platte River's operations, financial position or changes in financial position in the near term.

Currently Platte River generates and delivers the majority of its energy from carbon resources. In December 2018, the board passed the Resource Diversification Policy. The policy includes the goal of reaching a 100% noncarbon energy mix by 2030 while maintaining Platte River's "three pillars" of providing reliable, environmentally responsible and financially sustainable electricity and services. The policy acknowledges that several conditions must be met to achieve this goal, including participation in a full energy market, more mature and lower-cost

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

battery storage performance, transmission and distribution infrastructure investments, improved grid management systems and more. Platte River is proactively working to diversify its resource mix to achieve the policy's goal.

Additionally, potential changes in environmental regulations could affect the cost of generation for coal and gas facilities or could require significant capital expenditures and therefore materially affect the rates Platte River charges its customers. In 2019, the Colorado General Assembly adopted a "Climate Action Plan" (H.B. 19-1261) that established statewide goals for a 26% reduction in greenhouse gas emissions from 2005 levels by 2025, a 50% reduction by 2030 and a 90% reduction by 2050. In addition, S.B. 19-236 established even more stringent greenhouse gas emission reduction targets for electric utilities, including an 80% reduction from 2005 levels by 2030 and a 100% reduction by 2050. During 2020, the state released a draft roadmap outlining potential policies to meet outlined targets. In 2022, Platte River submitted a voluntary clean energy plan under H.B. 19-1261 and S.B. 19-236 showing Platte River's path to reduce its carbon emissions 80% by 2030 (compared to 2005 levels). In 2023, S.B. 23-198 was introduced which, if adopted, would create an additional target for electric utilities of 46% reduction from 2005 levels by 2027.

Investments of the defined benefit pension plan are subject to various risks, such as interest rate, credit, foreign currency, reinsurance funds, illiquidity, quality of fund managers and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of investments could occur in the near term and that these changes could materially affect the amounts reported in the statements of fiduciary net position.

Platte River makes defined benefit pension plan contributions and reports net pension liability based on assumptions about interest rates, inflation rates and employee demographics, all of which could change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

The defined benefit pension plan is exposed to potential losses from torts. Platte River carries fiduciary liability insurance coverage for these types of claims. There have been no significant decreases in insurance coverage.

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

Economic uncertainties continue to exist that may negatively affect Platte River's financial position, results of operations and cash flows. The duration and future financial impact of supply chain constraints, labor and materials shortages, price volatility in fuel and electric markets, inflation, national and international political tensions and other risks and uncertainties cannot be reasonably estimated.

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

**18. Change in accounting principle**

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

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

# Platte River Power Authority

## Defined benefit pension plan

### Required supplementary information (unaudited)

Schedule of changes in net pension liability and related ratios

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	<i>(in thousands)</i>									
<b>Total pension liability</b>	\$ 1,055	\$ 1,216	\$ 1,364	\$ 1,575	\$ 1,535	\$ 1,616	\$ 1,728	\$ 1,839	\$ 1,885	\$ 1,949
Service cost	9,459	9,306	9,179	9,022	8,740	8,421	8,176	7,665	7,343	7,005
Interest	-	(160)	-	-	-	-	-	2,397	-	(135)
Changes of benefit terms										
Differences between expected and actual experience	4,254	3,017	970	704	2,088	1,175	(620)	931	(180)	86
Changes of assumptions	-	(1,353)	-	-	-	-	-	3,661	(574)	(726)
Benefit payments	(8,450)	(11,199)	(8,144)	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)	(3,886)
Net change in total pension liability	6,318	827	3,369	1,442	4,947	4,851	3,866	11,861	4,187	4,293
Total pension liability—beginning	129,287	128,460	125,091	123,649	118,702	113,851	109,985	98,124	93,937	89,644
Total pension liability—ending (a)	\$ 135,605	\$ 129,287	\$ 128,460	\$ 125,091	\$ 123,649	\$ 118,702	\$ 113,851	\$ 109,985	\$ 98,124	\$ 93,937
<b>Plan fiduciary net position</b>										
Contributions – employer	\$ 4,333	\$ 4,569	\$ 7,593	\$ 3,649	\$ 4,578	\$ 6,220	\$ 2,912	\$ 3,302	\$ 3,905	\$ 4,544
Net investment income	(12,315)	15,291	6,995	13,044	(3,179)	11,289	7,476	(624)	4,658	12,011
Benefit payments	(8,450)	(11,199)	(8,144)	(9,859)	(7,416)	(6,361)	(5,418)	(4,632)	(4,287)	(3,886)
Net change in Plan fiduciary net position	(16,432)	8,661	6,444	6,834	(6,017)	11,148	4,970	(1,954)	4,276	12,669
Plan fiduciary net position—beginning	121,517	112,856	106,412	99,578	105,595	94,447	89,477	91,431	87,155	74,486
Plan fiduciary net position—ending (b)	\$ 105,085	\$ 121,517	\$ 112,856	\$ 106,412	\$ 99,578	\$ 105,595	\$ 94,447	\$ 89,477	\$ 91,431	\$ 87,155
<b>Net pension liability—ending (a) – (b)</b>	\$ 30,520	\$ 7,770	\$ 15,604	\$ 18,679	\$ 24,071	\$ 13,107	\$ 19,404	\$ 20,508	\$ 6,693	\$ 6,782
Plan fiduciary net position as a percentage of the total pension liability	77.49%	93.99%	87.85%	85.07%	80.53%	88.96%	82.96%	81.35%	93.18%	92.78%
Estimated covered payroll	\$ 12,154	\$ 12,502	\$ 13,490	\$ 14,909	\$ 15,290	\$ 16,215	\$ 16,874	\$ 17,305	\$ 17,951	\$ 18,614
Net pension liability as a percentage of estimated covered payroll	251.10%	62.15%	115.67%	125.29%	157.43%	80.83%	114.99%	118.51%	37.28%	36.43%

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

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

**Notes to schedule**

*Valuation Date:*

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the calendar year in which contributions are reported.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Frozen initial liability, entry age normal
Amortization method	5-year, level dollar, open period
Asset valuation method	4-year smoothed market
Salary increases	2.8%, 10 year average
Increases in retiree benefits – in payment	If benefits commenced prior to 1/1/92, 2.25% for 2015-2022 and 3% for 2013-2014. If benefits commenced after 12/31/1991, 1.5% for 2015–2022 and 2% for 2013-2014.
Investment rate of return	7.5% for 2016 - 2022; 8% for 2013 – 2015

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

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

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

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

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

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

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

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