

**PLATTE RIVER
POWER AUTHORITY**

Estes Park • Fort Collins • Longmont • Loveland

2011 ANNUAL BUDGET

Board of Directors



PLATTE RIVER
POWER AUTHORITY



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**Jacqueline Halburnt, Town Administrator of Estes Park, replaced Reuben Bergsten in November 2010.*

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PLATTE RIVER
POWER AUTHORITY

Section One: Introduction

Budget Message



Board of Directors:

The 2011 Budget is a reflection of Platte River Power Authority's (Platte River) policies, goals, and priorities. The budget communicates Platte River's commitment to provide a reliable supply of electricity in an environmentally responsive and cost effective manner. It also serves to communicate to its member owners and staff an action plan for the upcoming fiscal year. The 2011 Annual Budget continues to support Platte River's Strategic Financial Plan and was prepared in conjunction with the 2011 Operating Plan and the 10-Year Capital Plan.

The primary focus of the 2011 Budget will be on enhancing reliability and continued environmental stewardship and regulatory compliance. Reliability includes preventative maintenance at the power plants and providing adequate resources and delivery capable of meeting the Municipal load requirements. Environmental focus includes environmental compliance with all laws and regulations, improvements to existing environmental control systems, and the promotion of end use efficiency.

To assure reliability of the generating units, a six week maintenance outage is planned for Craig Unit 1 in March 2011 to upgrade the high pressure/intermediate pressure (HP/IP) turbine rotor, replace boiler components and the generator excitation system, and perform other maintenance. These upgrades will increase overall efficiency of the unit by decreasing the heat rate and increasing the generation output. Platte River's share of the Craig outage will cost approximately \$5.1 million.

The 2011 Budget includes \$20.8 million to maintain and enhance the transmission delivery system's reliability and to add capacity to support existing and future load growth. The largest transmission project is the addition of a new 230kV transmission circuit from Xcel Energy's Fort St. Vrain Substation to Platte River's Fordham Substation in Longmont. Another key transmission project is the 230kV transmission line from Dixon Creek Substation to Horseshoe Substation. In addition, upgrades will be made to the Horseshoe and the Fordham Substations to support the new



Activated Carbon Silo

transmission lines. The construction of the transmission upgrade projects span a three-year period at a cost of approximately \$130.0 million with completion scheduled for 2012.

Platte River's concern for the environment is reflected in its mission statement and business values. To enhance environmental sensitivity and protection, mercury monitoring equipment was installed in 2008 and an activated carbon injection mercury removal system was completed in 2010 at Rawhide Unit 1. The total cost of the two-year project was approximately \$1.1 million and operating expenses for the system will reach \$2.0 million per year (\$0.7 million is included in the 2011 Budget).

In recent years, Platte River has significantly expanded its energy efficiency and demand side management programs with the help from the Municipalities' utility staff. Platte River currently has three programs for commercial and industrial customers: **LIGHTEN UP** for upgrades to energy-efficient lighting, the Electric Efficiency program for upgrades to other efficient equipment, and the Building Tune-Up program, which helps fund retro-commissioning studies intended to find energy-efficient operational and controls improvements that customers can make. A fourth program, the Commercial Energy Implementation Program, is being developed in partnership with the Municipalities based on a Governor's Energy Office Main Streets Efficiency Initiative grant aimed at helping customers take advantage of the other programs via a brief energy audit and project implementation assistance. Residential programs include *Lighting with a Twist* to reduce the cost of compact fluorescent lighting, a Northern Colorado ENERGY STAR Homes program that provides marketing and training support for homebuilders, and Select Heating, Ventilating and Air Conditioning (HVAC), a program to support contractors willing to follow energy-efficient, quality-installation procedures. In total, Platte River's 2011 Budget for these programs is \$1.9 million; no change from the 2010 Budget. Additional funding is provided by a Governor's Energy Office grant and the Municipalities' demand side management budgets.

Platte River is continuing to face financial challenges and has included a 6.1% increase in the wholesale rate for 2011. Municipal sales are expected to increase \$8.9 million but are offset by reduced surplus sales revenues, lower interest income, and additional expenses in 2011 compared to 2010 as described below:

- Surplus sales revenues are decreasing \$4.8 million due to lower surplus sales prices and the decline of \$1.4 million in capacity and energy sales to Tri-State Generation and Transmission Association, Inc. (Tri-State) under the long-term contract.
- Interest income generated from cash reserves is decreasing by \$1.5 million due to historic low interest rates.

- Purchased power includes \$0.2 million for an anticipated 6.0% rate increase from Western Area Power Administration (WAPA) – Colorado River Storage Project (CRSP) beginning October 2011.
- Fuel expense includes approximately 2.0% increases in coal and transportation prices and \$0.3 million for required dust suppression on the railcars.
- Production expenses are increasing \$1.3 million mainly due to the Craig Unit 1 planned maintenance outage. In addition, \$0.2 million is needed for non-routine railcar repairs and \$0.1 million for an increase in the cost of wind turbine maintenance agreements.
- Interest expense will increase as a result of a reduction in capitalized interest as transmission projects are placed into service. Approximately \$1.4 million more interest expense will be recognized in 2011 over 2010. Also, depreciation expense will increase when the projects are completed.

Following are positive impacts on the 2011 Budget, which offset the lower revenues and additional costs outlined above:

- Pension expense is decreasing by \$1.0 million due to strong investment performance during 2009. To reduce future funding volatility, Platte River closed the defined benefit plan to new employees in 2010 and replaced it with a defined contribution plan.
- Medical and dental costs are expected to be \$0.2 million lower than 2010 due to modifications to the health plans.
- Several expenditures are being held below 2010 budget amounts, such as travel and training, safety expense, local business, and other general operating expenditures.

The 2011 Budget projects total revenues to be \$187.4 million, a \$2.6 million increase from the 2010 Budget. An \$8.9 million increase in Municipal revenues is based upon a projected 0.5% load growth above 2010 Budget and a 6.1% increase in the wholesale rates, but is offset by a \$4.8 million decrease in surplus sales revenues and a \$1.5 million decrease in interest and other income.

Expenditures in 2011 are projected to be \$198.7 million, down \$33.5 million from the 2010 Budget. Operating expenses are projected to increase \$0.9 million to \$136.8 million primarily due to increases in fuel and production expenses. Purchased power, transmission, and administrative and general expenses are projected to decrease. The 2011 debt expense is projected to be \$30.8 million, a \$1.1 million increase over 2010 as a result of a reduction in capitalized interest related to the Series HH bonds. Capital additions are projected to be \$31.1 million in 2011, down from the \$66.6 million budgeted for 2010. The 2011 Budget also provides for a Board Contingency appropriation of \$20.0 million to be used to meet expenditures that could not be foreseen at the time the Budget was prepared.

A budget work session was held with the Board of Directors on September 30, 2010, a public hearing and review of the proposed budget was held on October 28, 2010, with a second public hearing and proposed adoption of the budget scheduled for December 9, 2010. Once adopted by the Board in December, a copy of the 2011 Budget will be filed with the State of Colorado.



PLATTE RIVER
POWER AUTHORITY

Strategic Direction

*Platte River's **VISION** is to:*

Improve the quality of life and economic stability for its customers through energy products and services.

*Platte River's **MISSION** is to:*

Deliver essential energy services that provide superior value to its customers through:

- Competitively-priced products and services,
- Reliable generation and transmission,
- Sensitivity to environmental concerns,
- Meeting customers' changing needs,
- Improving operational efficiency,
- Increasing community awareness through open dialogue, and
- Developing a highly qualified and dedicated staff.

*Platte River's **STRATEGIC BUSINESS OBJECTIVES** are to:*

Deliver value to customers by:

- Understanding needs and preferences of customers,
- Improving customer satisfaction through quality services, and
- Developing new products and services consistent with our mission.

Provide a competitively priced energy supply and delivery system by:

- Optimizing resource mix,
- Efficiently managing costs while maintaining reliability,
- Coordinating supply and transmission with neighboring entities,
- Continuing commitment to environmental stewardship responsibilities, and
- Continuing focus on industry-related governmental, regulatory, and legislative activities.

Ensure financial integrity by:

- Maintaining access to low-cost capital,
- Prudently investing capital and managing financial and physical asset risks, and
- Providing timely business analysis and financial information.

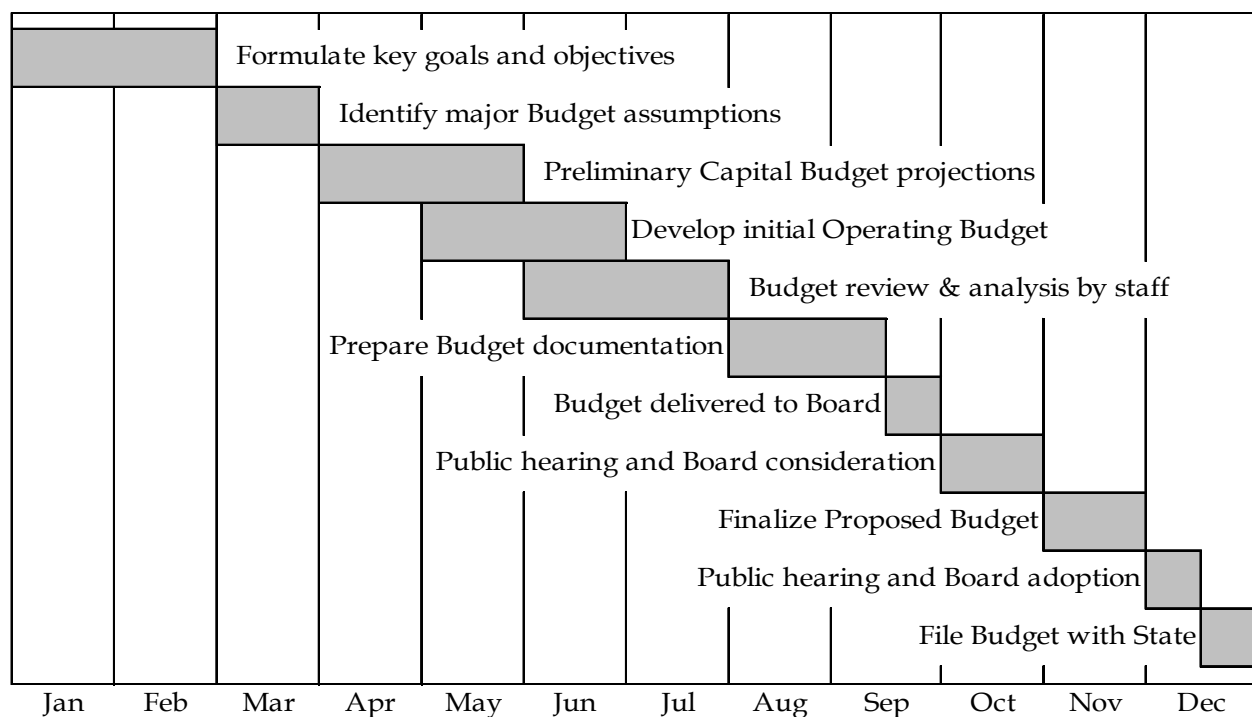
Budget Process

Platte River is a political subdivision of the State of Colorado and is subject to the State Local Government Budget Law, C.R.S §29-1-101, *et seq.* Platte River accounts for its financial operations as a proprietary fund and the 2011 Annual Budget has been prepared using the accrual method of accounting and recognized governmental budgeting practices. The 2011 capital expenditures will be funded from current operations, reserve balances previously established for this purpose and the remaining funds available from the Series HH Bonds issued in 2009. Since Platte River operates as a proprietary fund, it is not subject to Colorado’s Taxpayer’s Bill of Rights provisions. The statutory deadline for submission of Platte River’s Annual Budget to its Board of Directors is October 15 of each year. By that date, a notice is published in newspapers of general circulation stating that the Annual Budget is available for inspection by the public and the date and time that a public hearing will be held to consider adoption of the Budget on or before December 31.

The 2011 Budget supports Platte River’s Vision and Mission statements, as well as its Strategic Business Objectives. It is based on projected revenue sources and detailed estimates of ongoing and projected expenses and has been reviewed and revised by management staff.

State law allows Platte River to carry over into 2011 any unexpended balance of funds designated for 2010 capital additions. Any 2010 unexpended amounts would principally be due to construction delays or payment timing differences and will be determined after the December 31, 2010 year-end closing. The amounts required in 2011 to complete 2010 capital projects will then be transferred to the appropriate budget categories in January 2011.

2011 Budget Schedule



Section Two: Financial Review

Financial Summary

Platte River’s Fiscal Resolution, General Power Bond Resolution, Strategic Financial Plan (SFP), and generally accepted accounting principles provide the framework for Platte River’s financial activities. The 2011 Budget was developed to meet the financial policies and goals established in the SFP, to support Platte River’s reliability and environmental stewardship goals and to continue to provide competitive prices to the Municipalities.

The 2011 Annual Budget projects total revenues to be \$187.4 million, a \$2.6 million increase over the 2010 Annual Budget. An increase in projected Municipal revenue is partially offset by decreases in surplus sales revenues and interest and other income. Municipal sales include a 6.1% increase in Municipal wholesale rates and a projected 0.5% growth in energy loads.

Expenditures in 2011 are projected to be \$198.7 million, down \$33.5 million from the 2010 Budget. Operating expenses are projected to be \$136.8 million, an increase of \$0.9 million primarily due to increases in fuel and production expenses. The 2011 debt expense is projected to be \$30.8 million, a \$1.1 million increase over 2010 as the result of lower capitalized interest during construction. Capital additions are projected to be \$31.1 million in 2011, down from the \$66.6 million budgeted for 2010. Approximately \$20.8 million is for the continuation of the 230kV transmission system expansion and other transmission upgrades. The expansion projects will be completed in 2012 and will increase system reliability and provide for future load growth. The transmission capital additions will be primarily funded from construction funds established from the issuance of the Series HH Bonds in 2009. The 2011 Budget also provides for a Board Contingency Appropriation of \$20.0 million that could be used to meet any unexpected expenditures caused by generation outages, spikes in market power, fuel costs, or any other unplanned event.

The following table shows the comparison of the key financial indicators.

Key Financial Indicator	2010 Budget	2011 Budget
Net Income (\$000)	\$6,508	\$6,276
Debt Service Coverage	1.65X	1.65X
Debt to Equity Ratio	38/62	36/64
Rate Stabilization Fund Balance (\$000)	\$20,000	\$20,000
Capital and Debt Management Reserves (\$000)	\$33,015	\$26,263

The tables on the following pages show comparative financial highlights and statements of net income.



Comparative Financial Highlights

	<i>(In Thousands)</i>			2011 Budget
	2009 Actual	2010 Budget	2010 Revised ⁽¹⁾	
Operating Results (\$000)				
Operating revenues	\$ 170,940	\$ 181,634	\$ 178,323	\$ 185,744
Operating expenses ⁽²⁾	151,930	168,200	166,206	169,678
Nonoperating costs, net ⁽³⁾	<u>6,733</u>	<u>6,561</u>	<u>6,891</u>	9,739
Net income before fair value adjustment	12,277	6,873	5,226	6,327
Fair value loss ⁽⁴⁾	<u>(1,384)</u>	<u>(365)</u>	<u>(466)</u>	(51)
Net income after fair value adjustment	<u>\$ 10,893</u>	<u>\$ 6,508</u>	<u>\$ 4,760</u>	\$ 6,276
Power Sales				
Peak demand-Municipalities (MW)	576	637	615	632
Energy-Municipalities (GWh)	3,056	3,157	3,125	3,171
Energy-others (GWh)	1,150	985	1,003	859
Production Operations				
Rawhide Unit 1				
Net output (GWh)	2,353	2,208	2,152	2,204
Capacity factor (%)	95.9	90.0	89.7	90.0
Fuel cost (\$/MWh)	10.5	10.9	10.9	11.3
O&M cost (\$/MWh) ⁽⁵⁾	<u>8.2</u>	<u>10.7</u>	<u>10.6</u>	10.7
Total Rawhide (\$/MWh)	18.7	21.6	21.5	22.0
Craig Units 1 and 2				
Net output (GWh)	1,233	1,214	1,195	1,160
Capacity factor (%)	91.4	90.0	88.6	86.0
Fuel cost (\$/MWh)	16.5	17.2	16.7	17.5
O&M cost (\$/MWh)	<u>6.8</u>	<u>8.7</u>	<u>9.0</u>	9.8
Total Craig (\$/MWh)	23.3	25.9	25.7	27.3
Other Generation				
Peaking Units A,B,C, D, F (GWh)	30	73	103	37
Wind (GWh)	34	64	60	63
Selected Other Data				
Accumulated net assets (\$000)	441,553	451,260	446,313	452,589
Long-term debt, net (\$000)	296,595	275,535	275,535	256,554
Dedicated reserves and available funds (\$000)	138,154	80,165	80,751	73,624
Capital additions (\$000)	63,208	66,606	59,125	31,124
Debt to equity ratio	40/60	38/62	38/62	36/64
Total debt coverage ratio	1.79x	1.65x	1.58x	1.65x

(1) 2010 Revised represents six months actual and six months budget.

(2) Actual and revised include non-appropriated expenses of vacation accrual and depreciation expense.

(3) Nonoperating costs, net are interest expense and amortization of bond financing costs less interest and other income.

(4) Reflects unrealized investment holding gains and losses, per GASB 31, not included in the budget.

(5) Rawhide O&M cost excludes non-allocable Windy Gap expenses.



Comparative Statements of Net Income

	<i>(In Thousands)</i>			
	2009	2010	2010	2011
	Actual	Budget	Revised ⁽¹⁾	Budget
Operating Revenues				
Sales to Municipalities	\$ 127,142	\$ 140,397	\$ 138,748	\$ 149,293
Sales for resale and other	43,798	41,237	39,575	36,451
	<u>170,940</u>	<u>181,634</u>	<u>178,323</u>	<u>185,744</u>
Operating Expenses				
Purchased power	21,850	27,562	27,893	26,880
Fuel	46,342	46,493	46,743	47,175
Operations and maintenance ⁽²⁾	40,763	49,869	48,421	51,025
Administrative and general ⁽²⁾	11,363	11,954	11,483	11,679
Depreciation ⁽²⁾	31,612	32,322	31,666	32,919
	<u>151,930</u>	<u>168,200</u>	<u>166,206</u>	<u>169,678</u>
Operating income	19,010	13,434	12,117	16,066
Nonoperating Revenues (Expenses)				
Interest expense	(14,638)	(14,225)	(14,225)	(13,207)
Amortization of bond financing costs ⁽²⁾	(849)	(689)	(689)	(608)
Interest and other income	5,399	3,577	3,060	1,718
Allowance for funds used during construction	3,355	4,776	4,963	2,358
	<u>(6,733)</u>	<u>(6,561)</u>	<u>(6,891)</u>	<u>(9,739)</u>
Net income before fair value adjustments	12,277	6,873	5,226	6,327
Fair value loss ⁽³⁾	(1,384)	(365)	(466)	(51)
Net income after fair value adjustments	<u>\$ 10,893</u>	<u>\$ 6,508</u>	<u>\$ 4,760</u>	<u>\$ 6,276</u>

(1) 2010 Revised represents six months actual and six months budget.

(2) Includes non-appropriated expenses of vacation accrual and depreciation expense.

(3) Reflects unrealized investment holding gains and losses, per GASB 31, not included in the budget.



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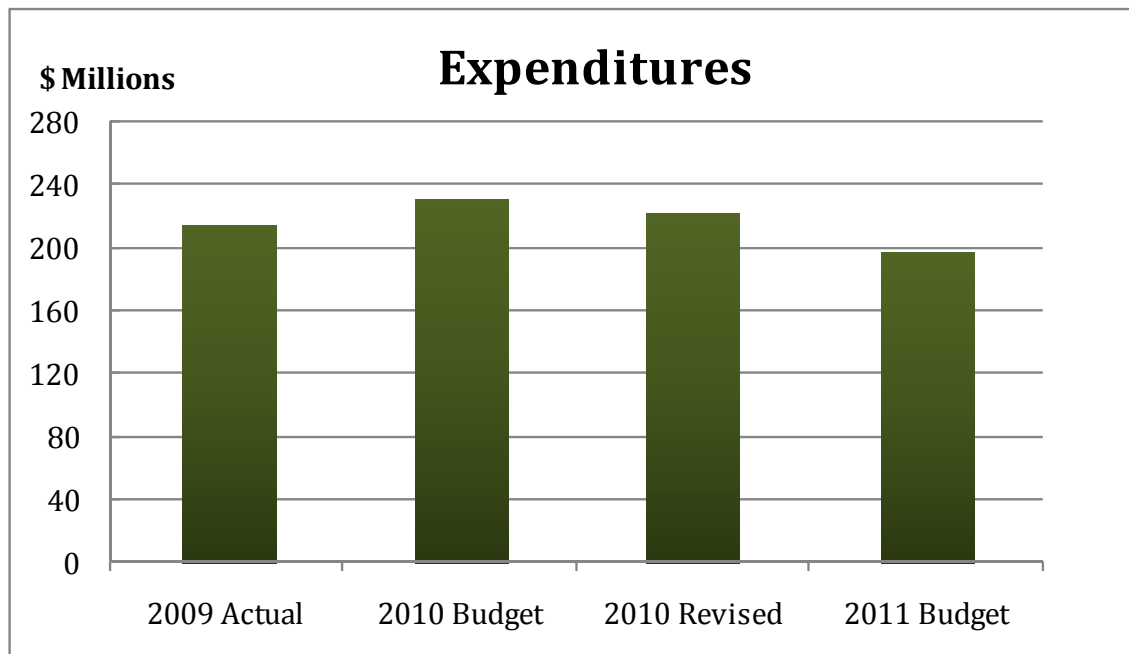
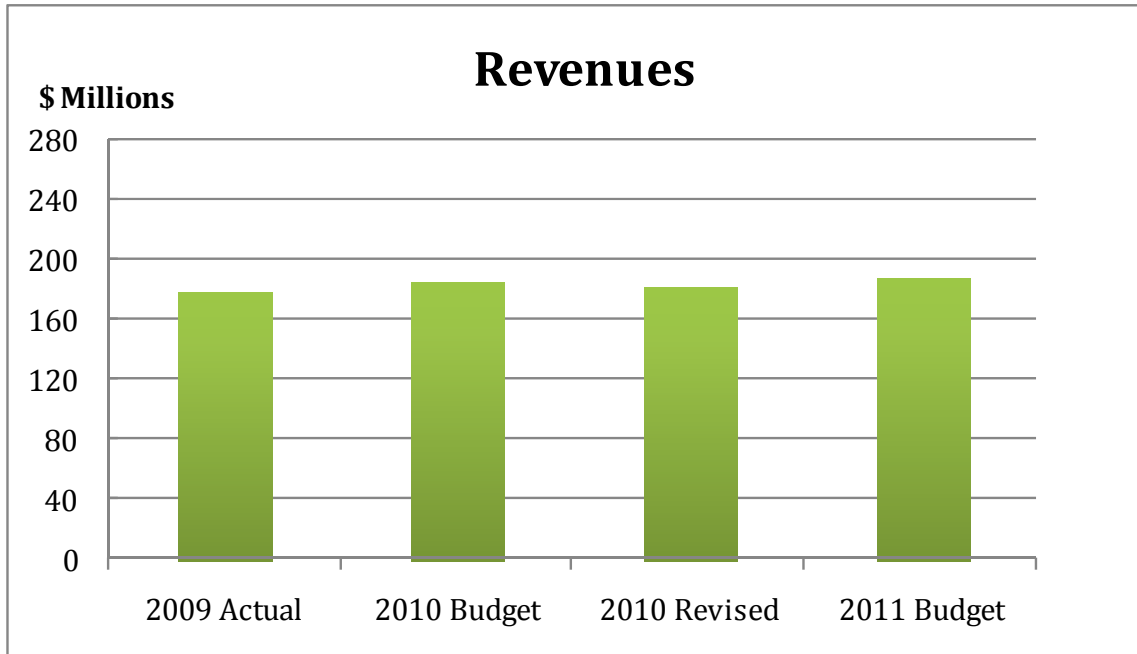
Section Three: Budget Summary

Revenue and Expenditure Budget

Source of Funds	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Operating Revenues				
Municipal sales	\$ 127,142,292	\$ 140,397,133	\$ 138,747,928	\$ 149,293,274
Surplus sales - contract	6,228,756	5,502,500	5,502,500	4,072,200
Surplus sales - short-term	34,055,219	32,036,064	30,436,244	28,721,171
Wheeling	3,514,224	3,698,461	3,636,558	3,658,008
Total operating revenues	<u>170,940,491</u>	<u>181,634,158</u>	<u>178,323,230</u>	<u>185,744,653</u>
Other Revenues				
Interest income	6,040,263	2,826,225	2,342,667	1,351,944
Other income	1,366,204	386,550	395,870	314,554
Total other revenues	<u>7,406,467</u>	<u>3,212,775</u>	<u>2,738,537</u>	<u>1,666,498</u>
Total revenue budget	178,346,958	184,846,933	181,061,767	187,411,151
Funds from prior reserves and debt financing	<u>37,620,510</u>	<u>67,342,804</u>	<u>61,992,908</u>	<u>31,321,382</u>
Total Sources	<u>\$ 215,967,468</u>	<u>\$ 252,189,737</u>	<u>\$ 243,054,675</u>	<u>\$ 218,732,533</u>
Use of Funds				
Operating Expenses				
Purchased power	\$ 21,850,218	\$ 27,561,949	\$ 27,893,248	\$ 26,879,784
Fuel expense	46,341,879	46,492,603	46,742,716	47,175,223
Production expenses	36,428,650	44,012,441	43,054,853	45,332,683
Transmission expenses	4,372,142	5,857,261	5,207,895	5,692,416
Administrative and general	11,296,569	11,953,721	11,443,325	11,678,875
Total operating expenses	<u>120,289,458</u>	<u>135,877,975</u>	<u>134,342,037</u>	<u>136,758,981</u>
Debt Expense				
Interest expense	14,637,666	14,225,411	14,225,413	13,207,101
Principal	21,187,157	20,256,669	20,325,434	20,000,114
Allowance for funds used during construction	(3,355,058)	(4,776,081)	(4,962,888)	(2,357,603)
Total debt expense	<u>32,469,765</u>	<u>29,705,999</u>	<u>29,587,959</u>	<u>30,849,612</u>
Capital Additions				
Production	6,038,339	13,607,545	8,024,402	9,260,620
Transmission	53,782,505	51,290,782	49,414,467	20,814,998
General	3,387,401	1,707,436	1,685,810	1,048,322
Total capital additions	<u>63,208,245</u>	<u>66,605,763</u>	<u>59,124,679</u>	<u>31,123,940</u>
Total expenditure budget	215,967,468	232,189,737	223,054,675	198,732,533
Contingency Appropriation	<u>-</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Total Uses	<u>\$ 215,967,468</u>	<u>\$ 252,189,737</u>	<u>\$ 243,054,675</u>	<u>\$ 218,732,533</u>

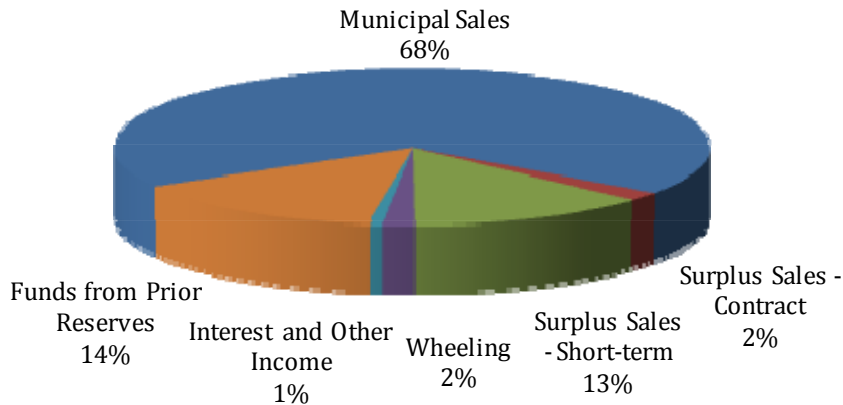
Revenues and Expenditures

The following charts show a comparison of revenues and expenditures for 2009 Actual, 2010 Budget, 2010 Revised, and 2011 Budget.



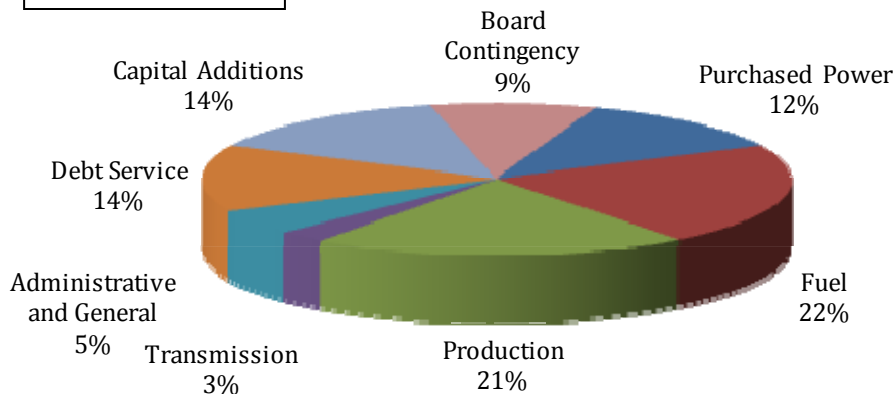
Source and Use of Funds

Source of Funds



2011 Sources	
Municipal Sales	\$ 149,293,274
Surplus Sales - Contract	4,072,200
Surplus Sales - Short-term	28,721,171
Wheeling	3,658,008
Interest and Other Income	1,666,498
Funds from Prior Reserves and Debt Financing	31,321,382
Total Sources	\$ 218,732,533

Use of Funds



2011 Uses	
Purchased Power	\$ 26,879,784
Fuel	47,175,223
Production	45,332,683
Transmission	5,692,416
Administrative and General	11,678,875
Debt Service	30,849,612
Capital Additions	31,123,940
Board Contingency	20,000,000
Total Uses	\$ 218,732,533

Historical and Projected Revenue and Expenditure Detail

	2009 <u>Actual</u>	2010 <u>Budget</u>	2010 <u>Revised</u>	2011 <u>Budget</u>
REVENUES				
Revenues				
Municipal sales	\$ 127,142,292	\$ 140,397,133	\$ 138,747,928	\$ 149,293,274
Surplus sales - contract	6,228,756	5,502,500	5,502,500	4,072,200
Surplus sales - short-term	34,055,219	32,036,064	30,436,244	28,721,171
Wheeling	3,514,224	3,698,461	3,636,558	3,658,008
Interest income	6,040,263	2,826,225	2,342,667	1,351,944
Other income	<u>1,366,204</u>	<u>386,550</u>	<u>395,870</u>	<u>314,554</u>
Total Revenues	178,346,958	184,846,933	181,061,767	187,411,151
Funds from prior reserves and debt financing	<u>37,620,511</u>	<u>67,342,804</u>	<u>61,992,908</u>	<u>31,321,382</u>
Total Revenues and Prior Funds	<u>\$215,967,469</u>	<u>\$252,189,737</u>	<u>\$243,054,675</u>	<u>\$218,732,533</u>
EXPENDITURES				
Personal Services				
Salaries				
Regular wages	\$ 17,851,752	\$ 17,953,584	\$ 17,509,649	\$ 18,716,687
Overtime wages	<u>924,067</u>	<u>1,194,700</u>	<u>1,398,147</u>	<u>1,290,719</u>
Total Salaries	18,775,819	19,148,284	18,907,796	20,007,406
Benefits				
Pension contribution - defined contribution	-	-	-	72,000
Pension contribution - defined benefit	2,865,739	4,891,444	4,891,444	3,940,403
Social security	1,384,004	1,416,604	1,399,950	1,493,156
Long-term disability	95,920	108,000	102,170	108,000
Medical and dental	1,712,649	2,200,000	2,042,674	2,000,000
Recruiting	36,722	60,000	49,063	60,000
Life insurance	86,973	96,000	91,651	96,000
Accidental death	15,421	18,000	16,703	18,000
Workers compensation	69,459	120,000	99,838	110,250
Unemployment compensation	332	10,000	7,941	10,000
Salary and pension services	<u>353,319</u>	<u>250,100</u>	<u>305,439</u>	<u>316,700</u>
Total Benefits	6,620,538	9,170,148	9,006,873	8,224,509
Total Personal Services	25,396,357	28,318,432	27,914,669	28,231,915
Less charged to capital and other	<u>(1,842,599)</u>	<u>(1,923,491)</u>	<u>(1,756,150)</u>	<u>(1,757,449)</u>
Total Operating Personal Services	23,553,758	26,394,941	26,158,519	26,474,466
Materials and Expenses				
Office expenses	99,070	102,540	83,227	108,300
Safety expenses	196,858	256,750	202,096	235,300
Furniture and equipment - minor	20,655	35,200	33,539	31,800
Local business expense	101,734	140,200	109,288	125,606
Postage and deliveries	29,541	39,610	32,741	33,410
Rawhide O&M materials	3,016,685	4,255,096	3,880,701	4,499,599
Other O&M materials	480,354	811,294	695,262	779,964
Rawhide coal	24,300,397	23,573,422	22,907,344	24,387,817
Yampa coal	19,800,515	20,345,603	19,390,326	19,805,204
Oil	60,507	177,072	297,845	177,072



	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Materials and Expenses (continued)				
Natural gas (Rawhide A, B, C, D and F)	\$ 1,314,980	\$ 1,481,035	\$ 3,272,477	\$ 1,933,404
Natural gas (Craig startup)	35,414	57,072	58,524	57,072
Gasoline and diesel	149,675	268,400	222,495	209,700
Tools, shop and garage equipment	88,935	108,400	92,389	103,000
Purchased power	20,546,442	26,258,175	26,198,123	25,187,710
Yampa operating expenses	8,923,463	11,060,451	11,297,995	11,905,814
Computer equipment - minor	174,925	203,950	179,739	277,550
Wheeling expense	657,779	1,200,720	1,044,216	1,018,988
Outage accrual	2,810,023	2,810,023	3,202,581	3,196,811
Total Materials and Expenses	82,807,952	93,185,013	93,200,908	94,074,121
Contractual Services				
Professional services	248,657	345,160	264,180	351,500
Rawhide contracted services	2,631,615	3,371,504	3,099,878	3,241,501
Other contracted services	3,006,700	4,252,194	3,433,876	4,281,242
Corporate insurance	962,370	1,138,700	1,071,798	1,103,500
Travel and training	527,512	658,950	445,783	600,000
Telephone services	122,546	197,211	174,241	172,323
Utilities	392,750	441,156	406,534	438,620
Dues, memberships and fees	379,107	375,681	431,457	438,583
Trustees fees	68,162	36,920	35,919	28,920
Windy Gap lease and rent	3,624,363	3,766,475	3,804,034	3,886,175
Other leases and rents	50,489	58,060	60,119	49,000
Economic development	60,000	60,000	60,000	60,000
Fiscal impact payment	59,646	59,650	59,650	59,650
Demand side management incentives	1,777,978	1,504,480	1,601,407	1,457,500
Total Contractual Services	13,911,895	16,266,141	14,948,876	16,168,514
Financing Expenses				
Long-term interest expense	14,637,666	14,225,411	14,225,413	13,207,101
Principal retirements	21,187,157	20,256,669	20,325,434	20,000,114
Other financing expenses	15,853	31,880	33,734	41,880
Allowance for funds used during construction	(3,355,058)	(4,776,081)	(4,962,888)	(2,357,603)
Total Financing Expenses	32,485,618	29,737,879	29,621,693	30,891,492
Capital Additions				
Personal services	1,619,139	1,892,111	1,929,291	1,732,103
Materials and expenses	38,636,847	29,871,824	28,447,438	8,692,399
Contractual services	20,508,845	30,365,747	24,264,810	18,491,835
Capital reimbursements	(911,644)	(300,000)	(479,748)	(150,000)
Allowance for funds used during construction	3,355,058	4,776,081	4,962,888	2,357,603
Total Capital Additions	63,208,245	66,605,763	59,124,679	31,123,940
Total Expenditures	215,967,468	232,189,737	223,054,675	198,732,533
Contingency Appropriation	-	20,000,000	20,000,000	20,000,000
Total Expenditures and Contingency	<u>\$ 215,967,468</u>	<u>\$ 252,189,737</u>	<u>\$ 243,054,675</u>	<u>\$ 218,732,533</u>



PLATTE RIVER
POWER AUTHORITY

Section Four: Electric System Resources

Power Resources

Platte River’s power resources include a mix of generation from coal, natural gas, wind, and allocations of federal hydropower from Western Area Power Administration. Platte River’s coal-fired generation includes Rawhide Unit 1 (280 MW), located 25 miles north of Fort Collins, and 18% ownership in Craig Units 1 and 2 (154 MW combined), located in northwest Colorado. Platte River’s gas-fired peaking units located at the Rawhide generating site include five simple cycle combustion turbines, four GE 7EAs (65 MW each) and a 128 MW GE 7FA. The peaking units are utilized to meet peak load demands, to provide backup reserves during outages of the coal fired units, and to make short-term sales. Platte River’s Medicine Bow Wind Project, located in Wyoming, provides wind generation with 5.8 MW of owned capacity and a 2.5 MW purchase from the on-site Clipper Wind Project. In addition, 12 MW of wind power is provided from the Silver Sage Wind Project near Cheyenne, Wyoming. Platte River’s hydropower is received under two long-term contracts with WAPA. The first contract, which provides the largest allocation, is from Colorado River Storage Project and the second contract is from Loveland Area Projects (LAP). In addition, Platte River has a forced outage exchange agreement with Tri-State whereby in the event either Rawhide Unit 1 or Tri-State’s Craig Unit 3 is out of service the other utility will provide up to 100 MW of generation on a short-term basis. The following table summarizes the power resources available and the capacity factors utilized to meet historical and projected Municipal load requirements as well as firm and non-firm surplus sales.

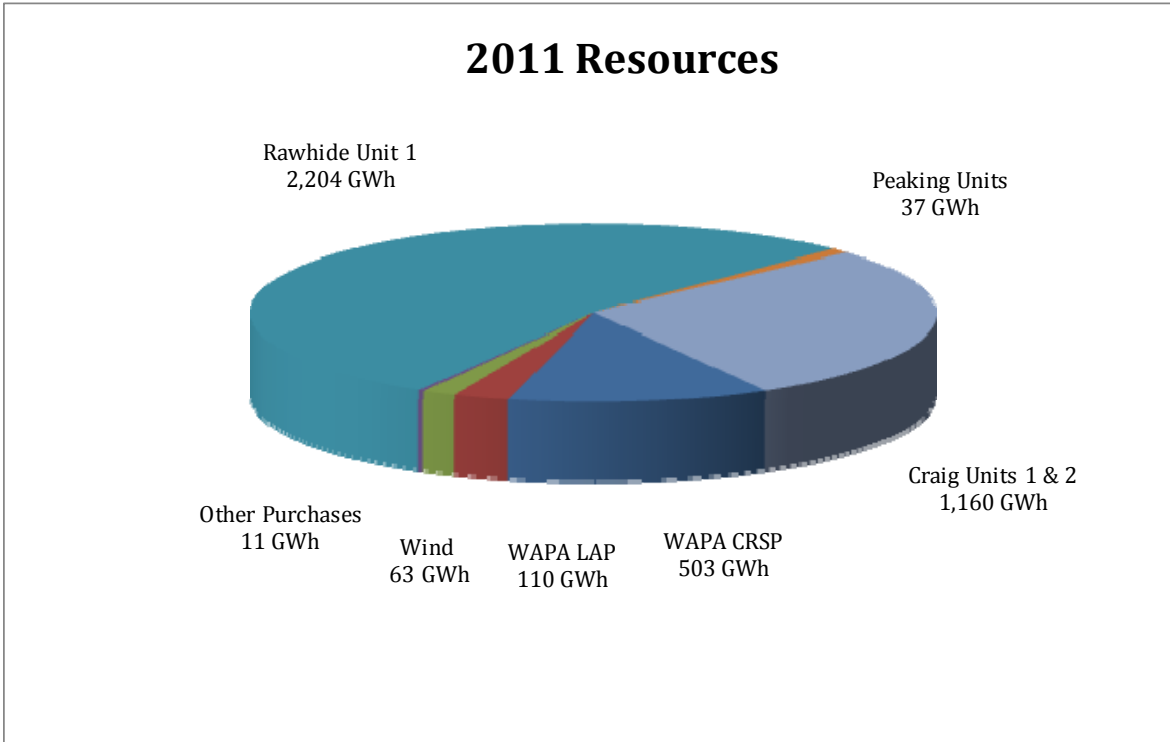
Power Resources	Capacity Rating	2009 Actual	Capacity Factors		
			2010 Budget	2010 Revised	2011 Budget
Rawhide Unit 1 ⁽¹⁾	280 MW	95.9%	90.0%	87.7%	90.0%
Craig Units 1 and 2	154 MW	91.4%	90.0%	88.6%	86.0%
Rawhide Units A, B, C, D	260 MW	0.4%	2.5%	2.9%	0.6%
Rawhide Unit F	128 MW	1.9%	1.5%	3.3%	2.1%
Wind Generation ⁽²⁾	8.3 MW/20.3 MW	47.2%	36.1%	33.6%	35.4%
WAPA-CRSP ⁽³⁾	106 MW - Summer 136 MW- Winter	47.6%	47.4%	47.4%	47.4%
WAPA-LAP	30 MW – Summer 32 MW- Winter	40.6%	40.5%	40.5%	40.5%

(1) Rawhide Unit 1 capacity is 278 MW for the summer months (June-August) in 2011.

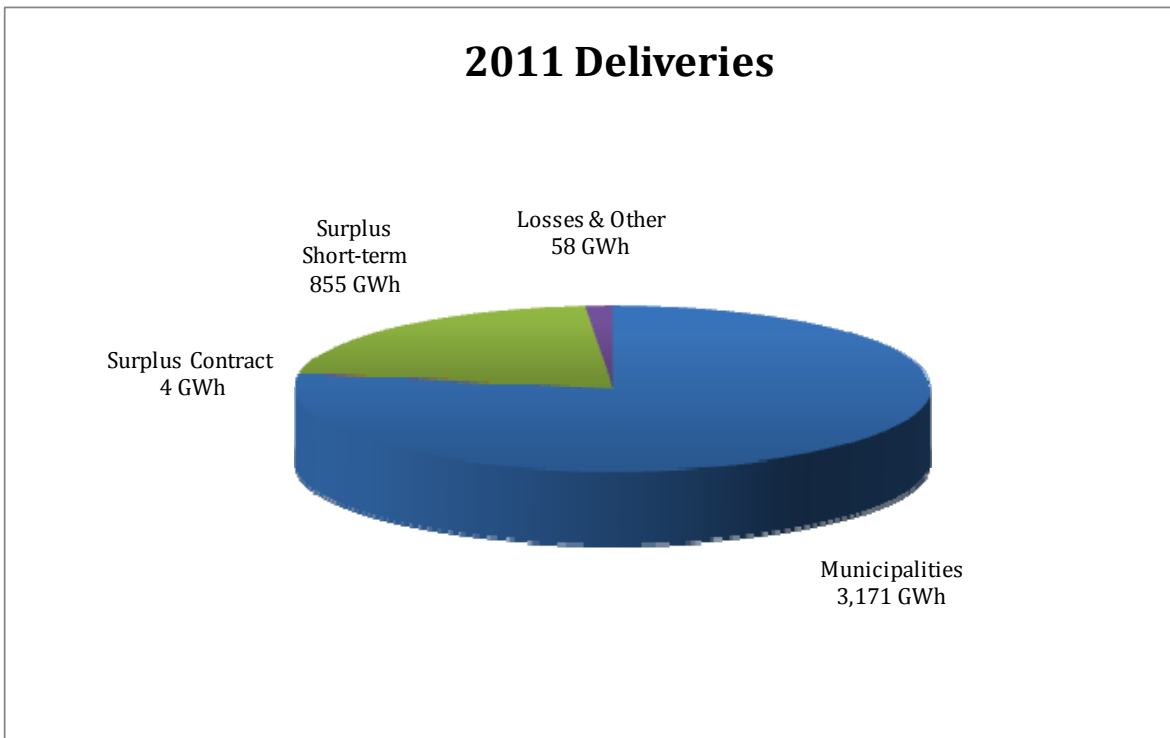
(2) Wind generation in 2009 includes five owned turbines for 5.8 MW and a purchase agreement for a 2.5 MW turbine at Medicine Bow. 2010 and 2011 includes an additional 12 MW of purchased wind power from Silver Sage.

(3) CRSP capacity amounts shown represent the Contract Rate of Delivery. Actual capacity available varies by month. During the summer season, available capacity ranges from 54 MW to 62 MW. In the winter season, available capacity ranges from 72 MW to 85 MW.

Projected Resources and Deliveries



Total Resources = 4,088 GWh



Total Deliveries = 4,088 GWh

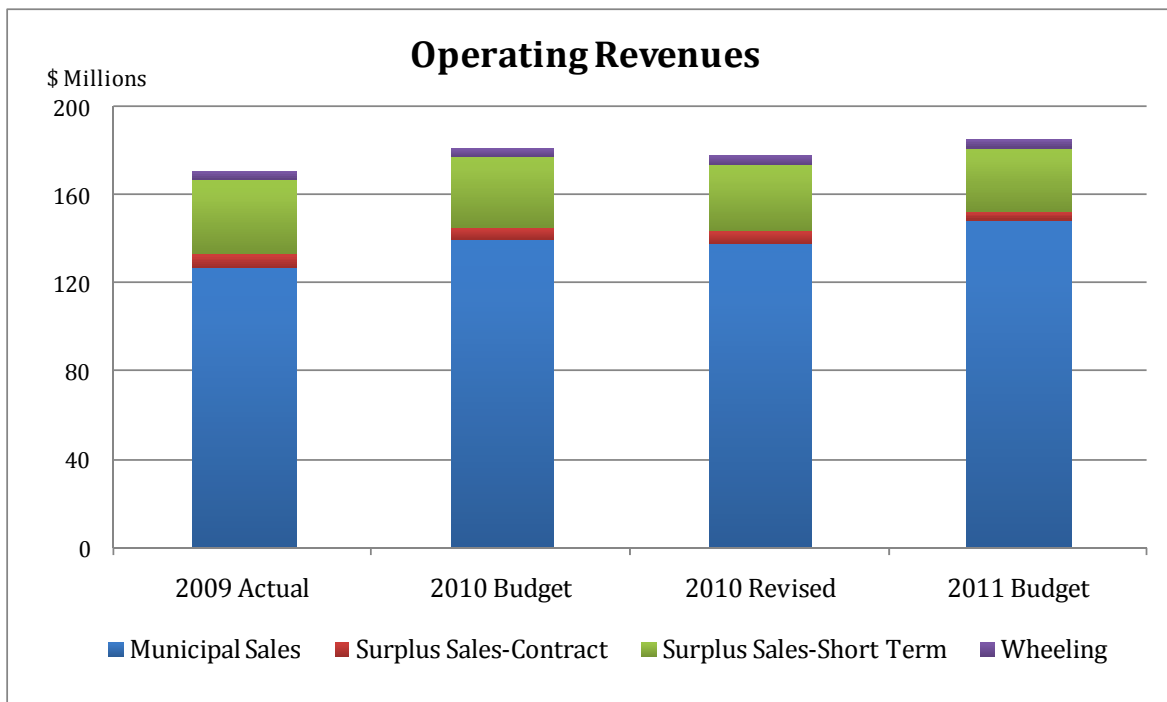
Section Five: Operating Revenues

Operating Revenues

Operating revenues of \$185.7 million are anticipated during 2011, a \$4.1 million increase over the 2010 Budget. Municipal revenues are projected to be \$149.3 million, contract surplus sales \$4.1 million, short-term surplus sales \$28.7 million, and transmission wheeling revenues \$3.6 million. A wholesale rate increase of 6.1% is also included in Municipal revenues. Contract surplus sales revenues were developed from the terms and conditions included in a four-year contract with Tri-State for capacity and energy deliveries from the peaking units. Short-term surplus sales are for a term of one year or less and include seasonal, monthly, and hourly spot market sales. The spot market prices are based on current projections. Wheeling revenues represent payments from other utilities for the use of Platte River's transmission system.

Operating Revenues (\$000)	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Municipal Sales	\$127,142	\$140,397	\$138,748	\$149,293
Surplus Sales – Contract	6,229	5,503	5,503	4,072
Surplus Sales – Short-term	34,055	32,036	30,436	28,721
Wheeling	3,514	3,698	3,636	3,658
Total Operating Revenues	\$170,940	\$181,634	\$178,323	\$185,744

The following chart compares operating revenues for 2009 Actual, 2010 Budget, 2010 Revised, and 2011 Budget.

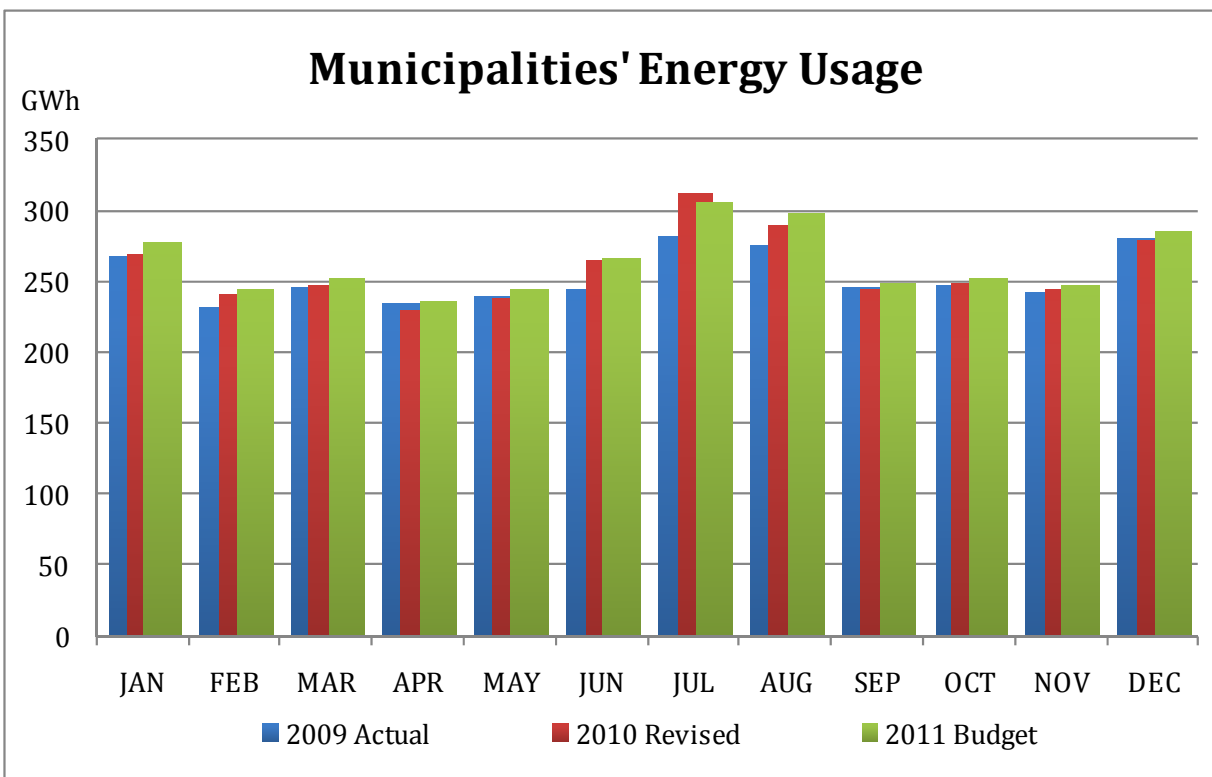


Municipal Loads

Platte River's long-range load forecast is developed using an econometric model that incorporates independent variables including population, employment, weather, and the economy. The 2011 load forecast projects an increase of 0.5% for energy and 0.2% for billing demand from the 2010 Budget. Platte River is experiencing lower energy growth rates due to energy efficiency programs and a slowdown in the overall economy.

Municipal Loads	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Summer Peak Demand (MW)	576	637	615	632
Winter Peak Demand (MW)	512	501	501	515
Energy (GWh)	3,056	3,157	3,125	3,171

Comparisons of total monthly energy usage by the Municipalities for 2009 Actual, 2010 Revised, and 2011 Budget.

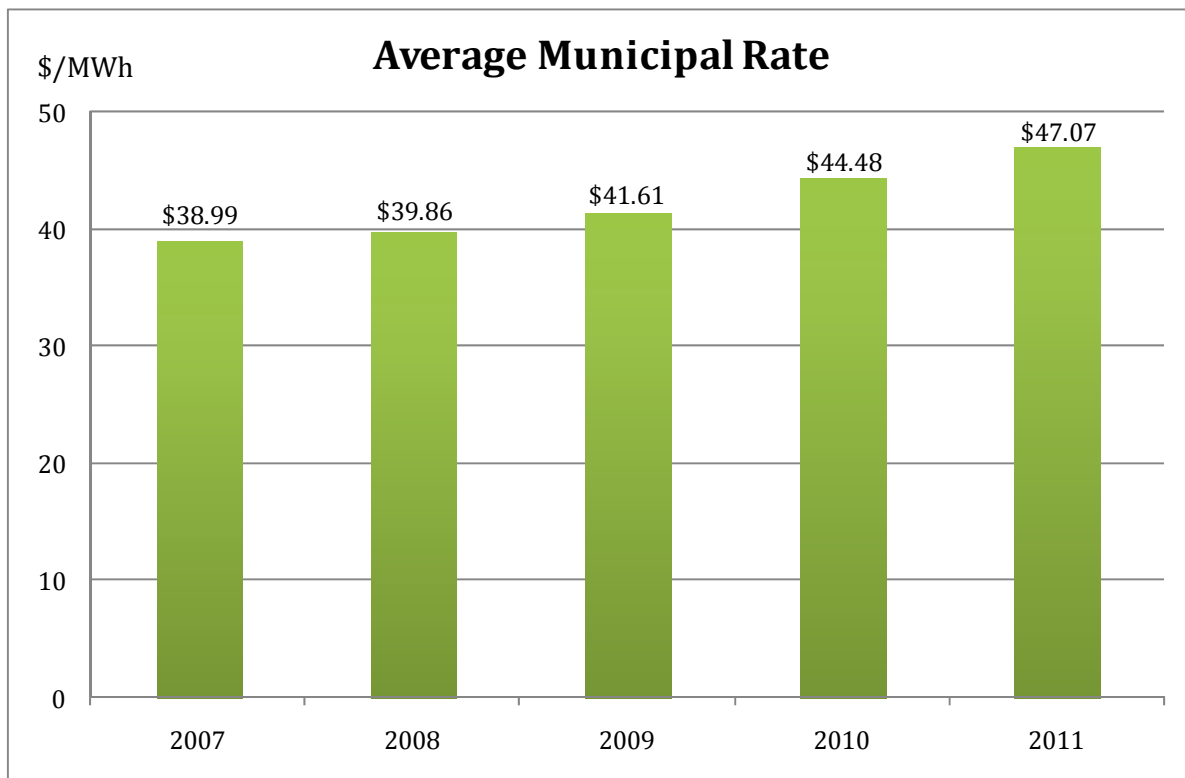


Wholesale Municipal Rates

Platte River's General Power Bond Resolution and Power Supply Contracts with the Municipalities require that wholesale rates be established to provide revenues sufficient to meet operation and maintenance costs, capital additions, and debt obligations. Additionally, wholesale rates are required to provide an earnings margin adequate to meet bond covenants and provide for the establishment and maintenance of necessary reserves. Platte River's wholesale rates are currently set to smooth annual increases to avoid a large rate increase in any one year.

Platte River's SFP contains financial goals requiring a minimum net income of \$6.0 million and debt service coverage of at least 1.50 times. To meet the SFP targets, a 6.1% increase in wholesale rates to the Municipalities is effective for January 1, 2011. It is estimated that the average rate to the Municipalities after the increases will be \$47.07 per MWh. The rate increase is primarily the result of increases in various operating expenses, financing for the transmission capital additions, and reduced surplus sales and other revenues. It is anticipated that Platte River's rates will continue to be amongst the lowest in the region.

The following chart highlights Platte River's historical and projected wholesale rate.





Sales to Municipalities

Total Municipal revenues are projected to be \$149.3 million during 2011. Demand revenues are projected to be \$70.2 million, down \$0.1 million from the 2010 Budget and energy revenues of \$76.6 million are projected to be up \$9.0 million. Municipal revenues in 2011 also include renewable energy premiums of \$2.5 million, the same as the 2010 Budget.

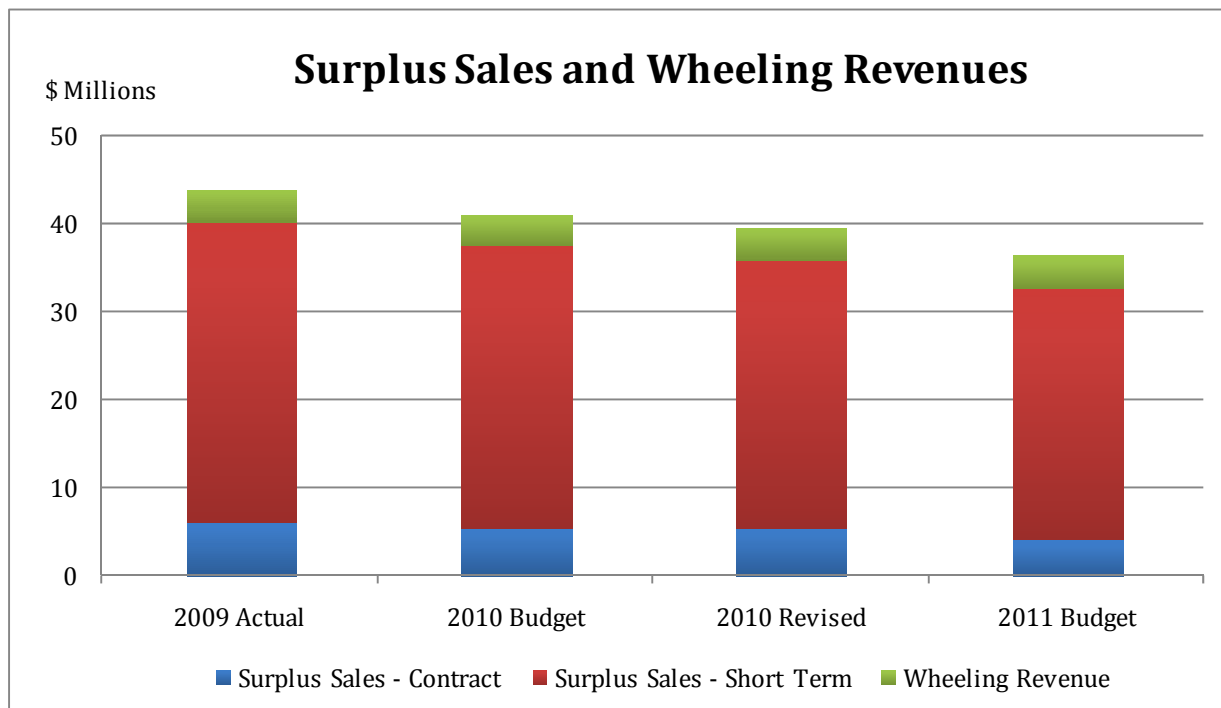
	2009 <u>Actual</u>	2010 <u>Budget</u>	2010 <u>Revised</u>	2011 <u>Budget</u>
Fort Collins				
Demand	\$ 31,965,718	\$ 32,914,229	\$ 32,592,590	\$ 33,011,192
Energy	23,953,943	27,888,569	27,796,449	32,452,269
Large customer	3,522,492	4,287,076	4,005,265	3,940,976
Renewable energy premium	<u>1,140,005</u>	<u>1,824,000</u>	<u>1,727,769</u>	<u>1,823,998</u>
Total	60,582,158	66,913,874	66,122,073	71,228,435
Longmont				
Demand	18,442,121	19,366,243	19,045,162	19,066,985
Energy	13,330,802	15,882,322	15,624,272	18,069,336
Large customer	1,573,906	1,956,802	1,792,930	1,691,374
Renewable energy premium	<u>389,995</u>	<u>482,600</u>	<u>489,974</u>	<u>490,199</u>
Total	33,736,824	37,687,967	36,952,338	39,317,894
Loveland				
Demand	14,906,936	15,315,181	15,327,923	15,410,823
Energy	10,673,039	12,398,446	12,436,994	14,464,635
Interruptible	2,198,079	2,469,711	2,407,847	2,872,300
Renewable energy premium	<u>84,940</u>	<u>123,500</u>	<u>116,983</u>	<u>125,400</u>
Total	27,862,994	30,306,838	30,289,747	32,873,158
Estes Park				
Demand	2,619,489	2,743,344	2,681,133	2,699,860
Energy	2,311,296	2,698,351	2,658,347	3,127,168
Renewable energy premium	<u>29,531</u>	<u>46,759</u>	<u>44,290</u>	<u>46,759</u>
Total	4,960,316	5,488,454	5,383,770	5,873,787
Total Municipalities				
Demand	67,934,264	70,338,997	69,646,808	70,188,860
Energy				
Energy	50,269,080	58,867,688	58,516,062	68,113,408
Large customer	5,096,398	6,243,878	5,798,195	5,632,350
Interruptible	<u>2,198,079</u>	<u>2,469,711</u>	<u>2,407,847</u>	<u>2,872,300</u>
Total Energy	57,563,557	67,581,277	66,722,104	76,618,058
Renewable energy premium	<u>1,644,471</u>	<u>2,476,859</u>	<u>2,379,016</u>	<u>2,486,356</u>
Total Sales to Municipalities	<u><u>\$ 127,142,292</u></u>	<u><u>\$ 140,397,133</u></u>	<u><u>\$ 138,747,928</u></u>	<u><u>\$ 149,293,274</u></u>

Surplus Sales and Other Electric Revenues

Total surplus sales and other electric revenues for 2011 are projected to be \$36.4 million, a decrease of \$4.8 million from the 2010 Budget. Contract surplus sales are projected to be \$4.1 million, short-term surplus sales \$28.7 million, and wheeling revenues \$3.6 million.

	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Surplus Sales - Contract				
Contract sales	\$ 6,228,756	\$ 5,502,500	\$ 5,502,500	\$ 4,072,200
Surplus Sales - Short Term				
Energy sales	34,055,219	32,036,064	30,436,244	28,721,171
Total surplus sales	40,283,975	37,538,564	35,938,744	32,793,371
Wheeling Revenue				
Transmission service	3,514,224	3,698,461	3,636,558	3,658,008
Total Surplus and Wheeling	\$ 43,798,199	\$ 41,237,025	\$ 39,575,302	\$ 36,451,379

The following chart compares surplus sales and wheeling revenues for 2009 Actual, 2010 Budget, 2010 Revised, and 2011 Budget.



Surplus Sales

Contract sales to Tri-State in 2011 are projected to be \$4.1 million, which is a \$1.4 million decrease from the 2010 Budget due to a step down in capacity per the contract as well as a reduction in energy deliveries. The capacity charge is an average of 58 MW per month with energy deliveries of 4 GWh. The Tri-State sale will be made from excess capacity and energy from the peaking units. Short-term surplus sales are expected to be \$28.7 million, a decrease of \$3.3 million from the 2010 Budget due to a projected decrease in the estimated market price and less energy available for sale. The short-term surplus energy sales represent approximately 855 GWh.

Surplus Sales (GWh)	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Tri-State Contract Energy	8	47	47	4
Other Short Term Energy	1,142	938	956	855
Total Surplus Sales	1,150	985	1,003	859

Wheeling Revenues

Platte River charges other utilities for use of its transmission system per Tariff Schedule 4 – Wholesale Transmission Service. Long-term contracts are in place through 2012 with PacifiCorp for 35 MW of capacity in the Craig-Bonanza Transmission Line and with Tri-State for 36 MW of capacity in the Craig-Ault Transmission Line. Also, Xcel Energy is charged for network transmission service for delivery to various substations over Platte River’s transmission system. The rates for usage of the transmission system are adjusted annually based on the prior year’s actual costs. The 2011 Budget includes \$3.6 million in wheeling revenues.

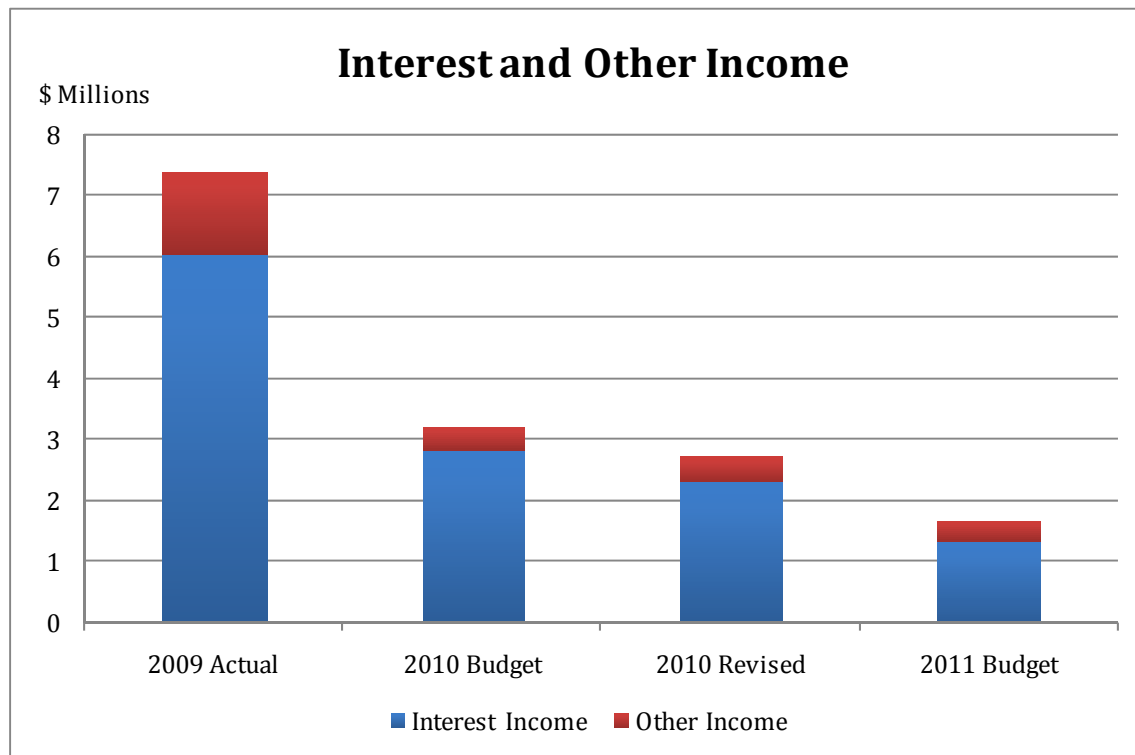
Section Six: Other Revenues

Interest and Other Income

Interest and other income of \$1.7 million is anticipated for 2011. This amount represents a \$1.5 million decrease from the 2010 Budget. Interest income for 2011 is projected to be \$1.4 million, a decrease of approximately \$1.4 million from the 2010 Budget primarily due to lower cash balances as well as an assumed lower reinvestment rate. Other income in 2011 is projected to be \$0.3 million, down \$0.1 million from 2010. This decrease is due to fewer fiber leases projected for 2011.

Interest and Other Income (\$000)	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Interest Income	\$6,040	\$2,826	\$2,343	\$1,352
Other Income	1,366	386	396	315
Total Interest and Other Income	\$7,406	\$3,212	\$2,739	\$1,667

The following chart compares interest and other income for 2009 Actual, 2010 Budget, 2010 Revised, and 2011 Budget.





PLATTE RIVER
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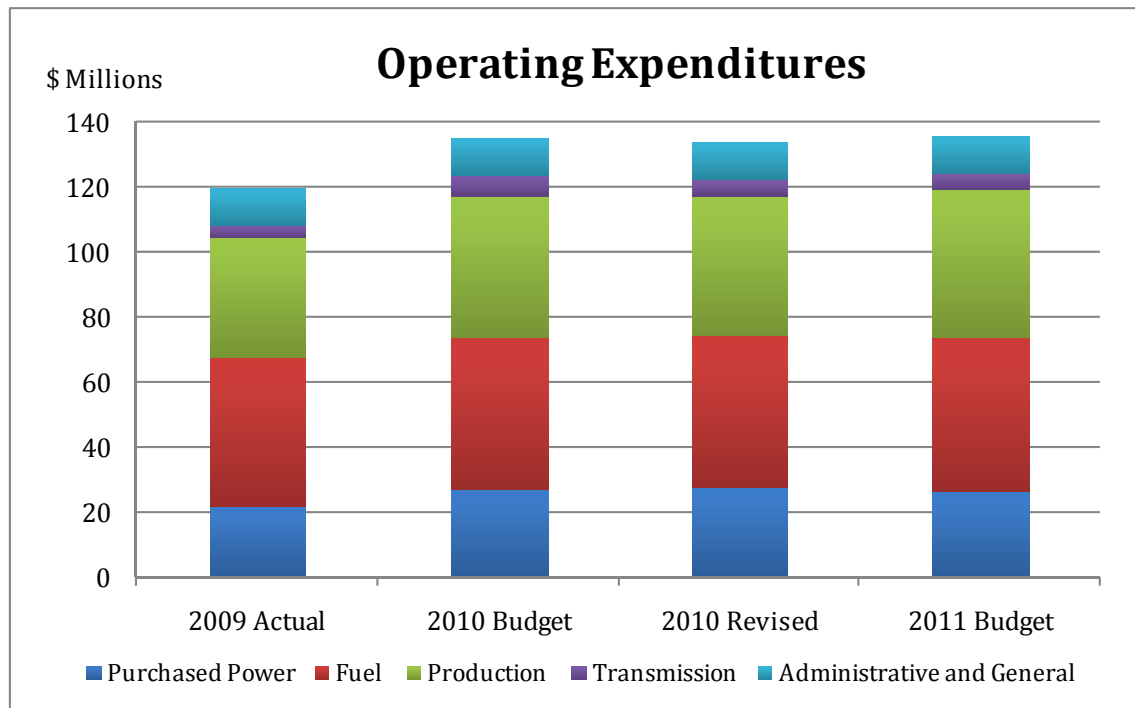
Section Seven: Operating Expenditures

Operating Expenditures

Total operating expenses in 2011 are estimated to be \$136.8 million, an increase of \$0.9 million over the 2010 Budget. The increase is due to higher fuel and production expenses. Operating expenses are budgeted by purchased power, fuel, production, transmission, and administrative and general expense categories. Labor, benefits, materials and supplies, and contractual services are reflected within each of the categories except purchased power.

Operating Expenses (\$000)	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Purchased Power	\$21,850	\$27,562	\$27,893	\$26,880
Fuel Expense	46,342	46,493	46,743	47,175
Production Expenses	36,429	44,012	43,055	45,333
Transmission Expenses	4,372	5,857	5,208	5,692
Administrative and General	11,296	11,954	11,443	11,679
Total Operating Expenses	\$120,289	\$135,878	\$134,342	\$136,759

The following chart compares operating expenses by category for 2009 Actual, 2010 Budget, 2010 Revised, and 2011 Budget.

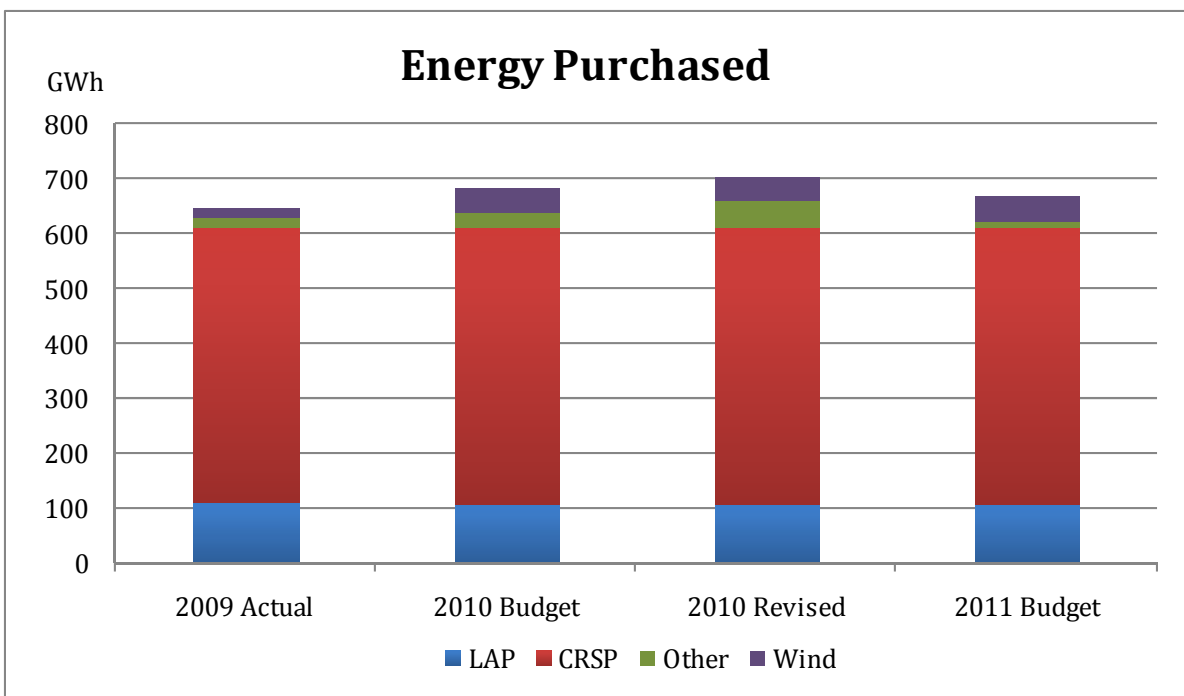
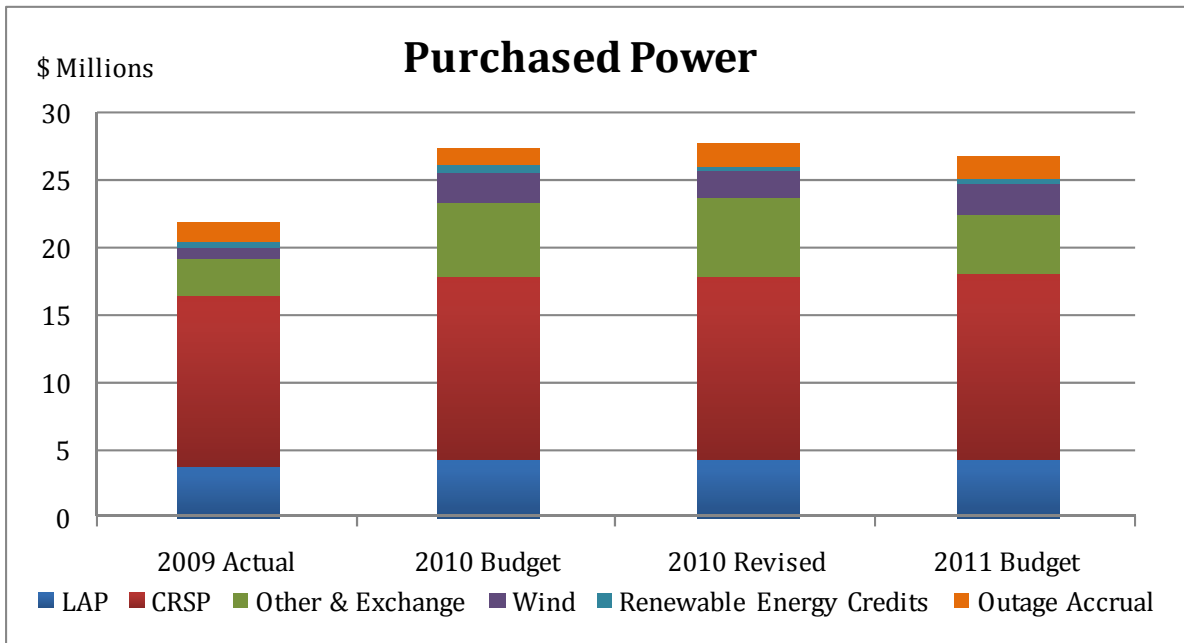


Purchased Power

Purchased power includes purchases under long term contracts, other purchases for meeting peak loads, replacement power during outages, and reserves, net exchanges under the forced outage agreement, wind power, renewable energy credits, and an accrual for estimated future replacement power costs during major maintenance outages. Total purchased power is projected to be \$26.9 million, a decrease of \$0.7 million from the 2010 Budget. During 2011, Platte River will purchase hydropower from WAPA-LAP and WAPA-CRSP to meet a portion of the Municipalities' load requirements. A 6.0% rate increase for WAPA-CRSP is anticipated on October 1, 2011. Total WAPA purchases are estimated to be \$18.2 million, an increase of \$0.2 million over 2010. Other spot market purchases of \$0.8 million are required to meet peak loads and replacement power for outages. Purchased reserves total \$3.7 million and reflect a \$0.2 million decrease from 2010 per requirements set by the Rocky Mountain Reserve Group. Wind purchases in 2011 are projected to be \$2.2 million and renewable energy credits \$0.4 million. Replacement power accrual for the next major outage scheduled for Rawhide in 2012 is included in the budget for \$1.7 million, which is \$0.4 million more than 2010 as a result of extending the duration of the outage by one week.

	2009 Actual	2010 Budget	2010 Revised	2011 Budget
WAPA Purchased Power				
Loveland Area Projects (LAP)				
Demand (KW-Mo)	375,090	373,704	373,704	373,704
Demand \$	\$ 1,810,191	\$ 2,029,212	\$ 2,029,212	\$ 2,029,212
Energy (KWh)	110,267,456	109,859,455	109,859,455	109,859,455
Energy \$	\$ 2,028,418	\$ 2,275,189	\$ 2,275,189	\$ 2,275,189
Total LAP	\$ 3,838,609	\$ 4,304,401	\$ 4,304,401	\$ 4,304,401
Colorado River Storage Project (CRSP)				
Demand (KW-Mo)	1,450,002	1,450,002	1,450,002	1,450,002
Demand \$	\$ 7,010,472	\$ 7,511,010	\$ 7,511,010	\$ 7,637,571
Energy (KWh)	504,461,874	502,466,838	502,466,838	502,466,838
Energy \$	\$ 5,743,958	\$ 6,125,071	\$ 6,125,071	\$ 6,231,615
Total CRSP	\$ 12,754,430	\$ 13,636,081	\$ 13,636,081	\$ 13,869,186
Total WAPA	\$ 16,593,039	\$ 17,940,482	\$ 17,940,482	\$ 18,173,587
Other Purchases				
Energy (KWh)	17,741,000	27,573,176	49,949,498	11,326,099
Energy \$	\$ 899,891	\$ 1,737,110	\$ 2,412,174	\$ 763,335
Reserves \$	\$ 2,440,514	\$ 3,860,640	\$ 3,131,902	\$ 3,676,800
Total other purchases	\$ 3,340,405	\$ 5,597,750	\$ 5,544,076	\$ 4,440,135
Forced Outage Exchange	\$ (625,605)	\$ -	\$ 347,489	\$ -
Wind				
Energy (KWh)	17,734,513	46,272,000	43,636,850	46,319,099
Energy \$	\$ 767,954	\$ 2,156,793	\$ 2,028,959	\$ 2,208,258
Renewable Energy Credits	\$ 470,649	\$ 563,150	\$ 337,117	\$ 365,730
Replacement power outage accrual	\$ 1,303,776	\$ 1,303,774	\$ 1,695,125	\$ 1,692,074
Total Purchased Power	\$ 21,850,218	\$ 27,561,949	\$ 27,893,248	\$ 26,879,784

The following charts show the historical and projected purchased power costs and the energy purchased by source for 2009 through 2011.

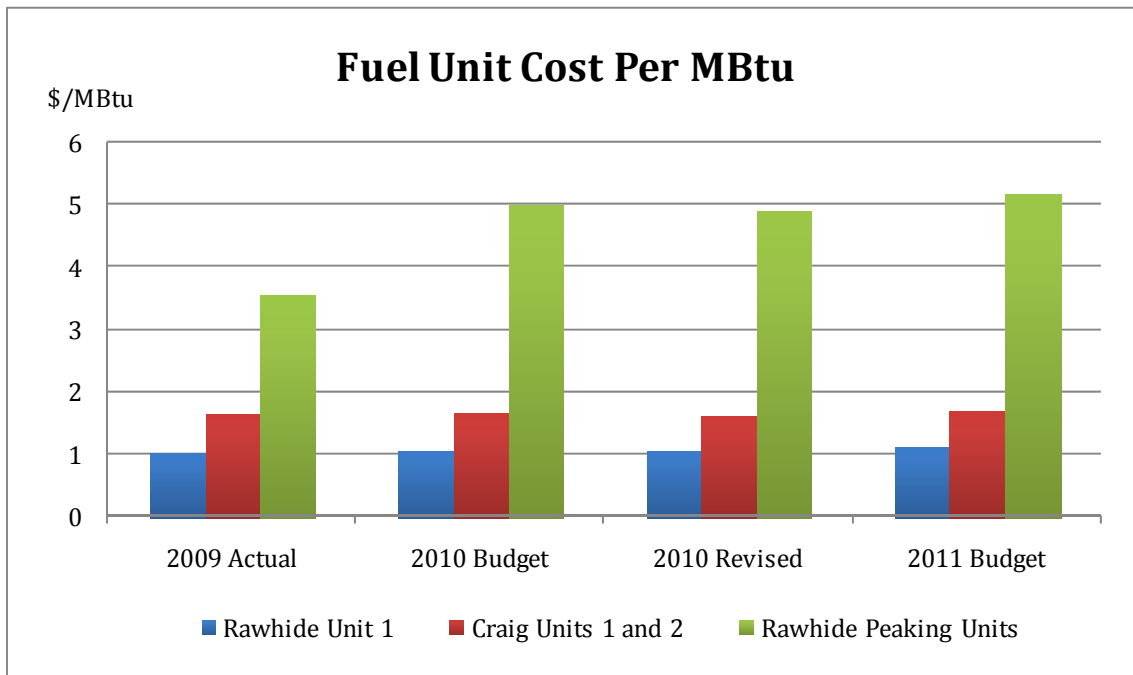
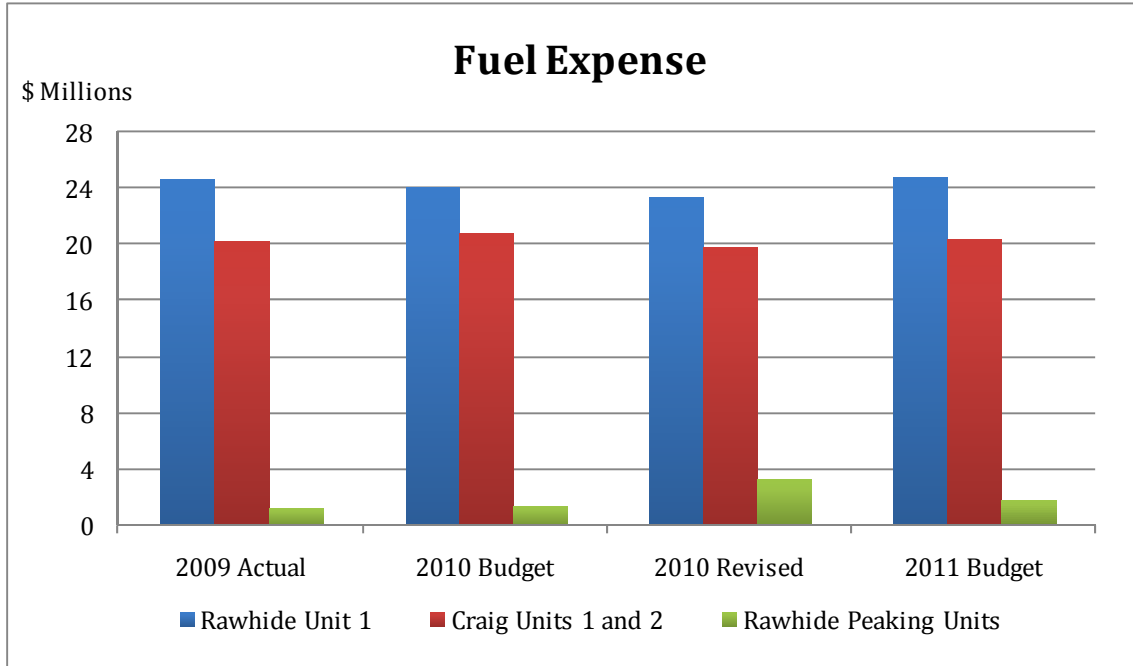


Fuel Expense

Total fuel expense of \$47.2 million is forecasted for 2011, an increase of \$0.7 million over the 2010 Budget. Rawhide fuel costs are projected to be up \$0.8 million based on multi-year contract pricing for coal and transportation expenses, and additional costs of \$0.3 million for railcar dust suppressant. The Craig fuel costs are projected to decrease \$0.6 million primarily due to lower generation as a result of the scheduled six-week maintenance outage for Craig Unit 1. The Trapper Mine and Colowyo Mine coal contracts, which supply the Craig units, are projected to increase an average of 1.8% based on estimated escalation indices. The 2011 Budget for natural gas for the peaking units totals \$1.9 million, which is \$0.5 million over the 2010 Budget. This change is the result of a 3.8% increase in the estimated unit price for natural gas and a 27.4% increase in the projected generation to meet peak loads.

	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Rawhide				
Coal burned MBtu	23,675,758	22,407,478	21,901,751	22,367,137
\$/MBtu	\$ 1.03	\$ 1.05	\$ 1.04	\$ 1.08
Coal expense	\$ 24,285,672	\$ 23,570,422	\$ 22,882,288	\$ 24,082,817
Car lease and other	14,725	3,000	25,056	305,000
Oil	34,777	120,000	264,641	120,000
Fuel handling	335,477	386,042	341,206	339,286
Testing and analysis	33,118	41,000	19,826	42,020
Total Rawhide Fuel Expense	\$ 24,703,769	\$ 24,120,464	\$ 23,533,017	\$ 24,889,123
Craig Units 1 and 2				
Coal burned MBtu	12,363,552	12,469,179	12,276,482	11,914,985
\$/MBtu	\$ 1.59	\$ 1.62	\$ 1.57	\$ 1.65
Coal expense	\$ 19,671,599	\$ 20,192,491	\$ 19,281,752	\$ 19,643,992
Trapper post-mining reclamation	128,916	153,112	108,574	161,212
Oil	25,730	57,072	33,204	57,072
Natural gas	35,414	57,072	58,524	57,072
Fuel handling	461,471	431,357	455,168	433,348
Total Craig Units 1 and 2 Fuel Expense	\$ 20,323,130	\$ 20,891,104	\$ 19,937,222	\$ 20,352,696
Rawhide Units A,B,C,D and F				
Gas burned MBtu	369,313	296,207	663,676	372,525
\$/MBtu	\$ 3.56	\$ 5.00	\$ 4.93	\$ 5.19
Natural Gas Expense	\$ 1,314,980	\$ 1,481,035	\$ 3,272,477	\$ 1,933,404
Total Fuel Expense	\$ 46,341,879	\$ 46,492,603	\$ 46,742,716	\$ 47,175,223

The following charts compare the fuel costs and the unit price by generation resources for the years 2009 through 2011.



Production Expenses

Production expenses include operating and maintenance expenses (excluding fuel) incurred at the Rawhide and Craig generating stations, the Medicine Bow wind site, and system operations. Total 2011 budgeted production expenses of \$45.3 million represent a \$1.3 million increase over the 2010 Budget. Rawhide Unit 1 expenses are projected to be \$27.4 million, the same as the 2010 Budget. The Rawhide budget includes \$0.2 million in additional costs for operating the mercury removal system (the mercury system was completed in 2010 and will operate for a full year in 2011), and \$0.3 million for required maintenance for the railcars. These increases are offset by lower maintenance costs as a result of the minor maintenance outage in 2010. The 2011 expenditures for Craig Units 1 and 2 total \$11.4 million, a \$0.8 million increase over the 2010 Budget. The increase is a result of the major maintenance outage planned for Craig Unit 1 in the spring of 2011. Production expenses for the peaking units in 2011 are projected to be \$1.4 million, the same as in 2010. The 2011 Budget also includes \$0.5 million in wind generation expenses which reflects a \$0.1 million increase in warranty maintenance costs. System operations expenses of \$4.6 million reflects a \$0.3 million increase in salaries for temporary training positions in anticipation of retirements and a \$0.1 million increase in Western Electric Coordinating Council dues.

	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Rawhide Unit 1				
Personal Services				
Regular wages	\$ 7,719,483	\$ 7,672,065	\$ 7,691,305	\$ 8,105,037
Overtime wages	565,544	864,548	945,382	760,623
Benefits allocation	<u>2,840,079</u>	<u>4,135,715</u>	<u>4,096,396</u>	<u>3,661,807</u>
Total - Personal Services	11,125,106	12,672,328	12,733,083	12,527,467
Operations and Expenses				
Office expenses	19,605	23,400	21,244	23,400
Safety expenses	105,049	181,250	131,163	155,000
Furniture and equipment - minor	13,137	17,500	18,702	19,000
Local business expense	12,621	25,400	16,831	23,996
Postage and deliveries	9,944	21,610	15,422	15,610
O&M materials and supplies	3,230,527	4,481,737	4,098,268	4,725,326
Gasoline and diesel	92,097	202,400	156,474	151,200
Tools and shop equipment	59,812	72,800	63,646	67,400
Computer equipment - minor	2,458	37,684	37,328	40,284
Outage accrual	<u>1,506,247</u>	<u>1,506,249</u>	<u>1,507,456</u>	<u>1,504,737</u>
Total - Operations and Expenses	5,051,497	6,570,030	6,066,534	6,725,953
Contractual Services				
Contracted services	2,618,927	3,335,504	3,083,052	3,214,481
Corporate insurance	385,527	463,300	434,629	450,200
Travel and training expenses	155,854	240,370	106,628	211,316
Telephone services	42,224	59,200	52,985	59,300
Utilities	258,653	294,356	269,987	303,020
Dues, memberships and fees	<u>32,616</u>	<u>40,860</u>	<u>41,016</u>	<u>33,800</u>
Total - Contractual Services	3,493,801	4,433,590	3,988,297	4,272,117

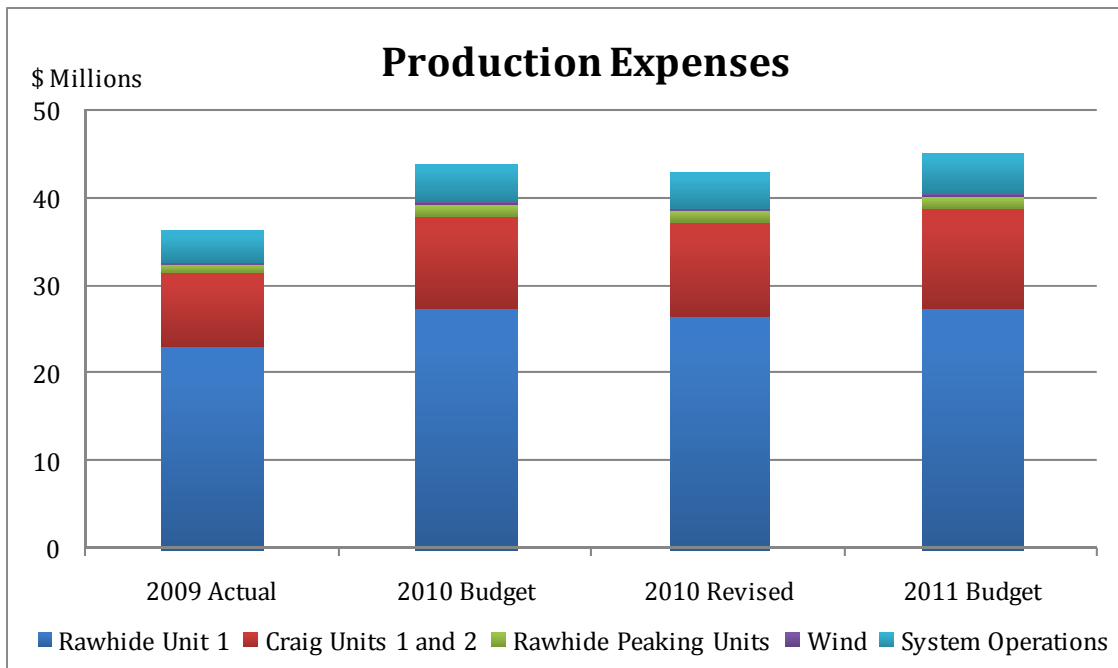
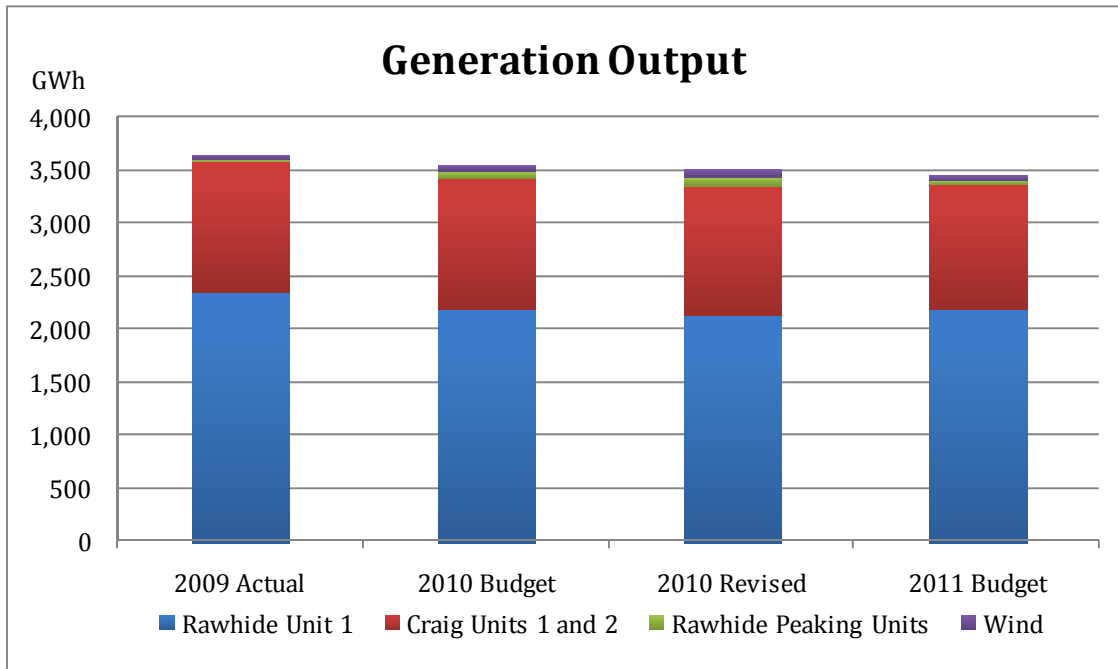


	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Windy Gap				
Non-allocable expenses	\$ 2,437,500	\$ 2,437,500	\$ 2,437,497	\$ 2,437,500
Rawhide operating portion	<u>1,186,863</u>	<u>1,328,975</u>	<u>1,366,537</u>	<u>1,448,675</u>
Total - Windy Gap	<u>3,624,363</u>	<u>3,766,475</u>	<u>3,804,034</u>	<u>3,886,175</u>
Total Rawhide Unit 1 Production	23,294,767	27,442,423	26,591,948	27,411,712
Craig Units 1 and 2				
Yampa operating expenses	8,367,347	10,539,650	10,761,106	11,371,600
Fiscal impact payment	<u>59,646</u>	<u>59,650</u>	<u>59,650</u>	<u>59,650</u>
Total Craig Units 1 and 2 Production	<u>8,426,993</u>	<u>10,599,300</u>	<u>10,820,756</u>	<u>11,431,250</u>
Total Thermal Production	31,721,760	38,041,723	37,412,704	38,842,962
Rawhide Units A, B, C, D and F				
Regular wages	258,935	240,405	266,155	263,840
Overtime wages	17,270	75,613	61,995	64,145
Benefits allocation	90,928	153,252	147,410	134,958
O&M materials and supplies	125,661	311,974	220,528	279,196
Computer equipment - minor	43	11,298	5,646	11,298
Contracted services	145,701	298,378	197,134	305,366
Corporate insurance	237,798	289,200	268,187	279,600
Travel and training expenses	5,765	15,930	11,532	26,699
Telephone services	494	600	547	600
Utilities	1,590	-	504	2,000
Dues, memberships and fees	-	-	650	500
Total Rawhide Units A-F Production	<u>884,185</u>	<u>1,396,650</u>	<u>1,180,288</u>	<u>1,368,202</u>
Wind Site				
Regular wages	13,709	10,152	9,770	10,500
Overtime wages	764	1,000	1,243	1,000
Benefits allocation	4,896	5,322	5,107	4,647
Local business expense	875	300	150	300
O&M materials and supplies	34,937	51,270	48,122	53,753
Contracted services	162,133	243,728	252,042	381,256
Insurance	26,039	30,000	28,823	28,800
Telephone services	882	960	924	972
Utilities	<u>10,119</u>	<u>12,000</u>	<u>11,031</u>	<u>12,000</u>
Total Wind Site Production	254,354	354,732	357,212	493,228
System Operations Expenses				
Regular wages	2,317,436	2,371,070	2,313,204	2,705,737
Overtime wages	63,813	70,633	85,634	88,110
Benefits allocation	814,179	1,178,295	1,144,913	1,144,058
Local business expense	3,682	6,000	4,198	6,210
O&M materials and supplies	3,917	7,500	14,202	7,640
Yampa operating expenses	22,316	28,584	25,754	18,480
Computer equipment - minor	-	18,292	9,148	70,042



	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Budget</u>	<u>2010</u> <u>Revised</u>	<u>2011</u> <u>Budget</u>
System Operations Expenses (cont'd)				
Contracted services	\$ 93,140	\$ 245,812	\$ 159,553	\$ 218,587
Travel and training expenses	71,716	100,950	81,113	95,575
Dues, memberships and fees	<u>178,152</u>	<u>192,200</u>	<u>266,930</u>	<u>273,852</u>
Total System Operations Expenses	<u>3,568,351</u>	<u>4,219,336</u>	<u>4,104,649</u>	<u>4,628,291</u>
Total Production Expenses	<u>\$ 36,428,650</u>	<u>\$ 44,012,441</u>	<u>\$ 43,054,853</u>	<u>\$ 45,332,683</u>

The following charts show generation output and comparative expenses by resource for the years 2009 through 2011.

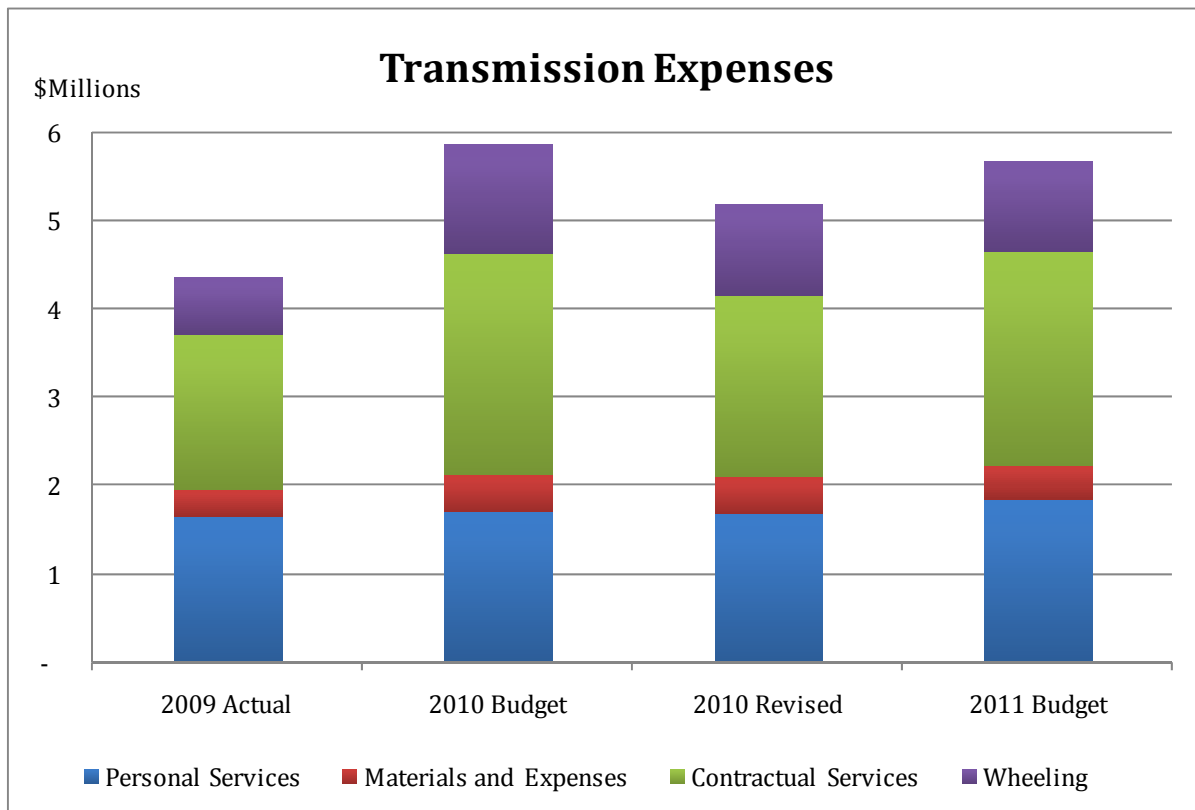


Transmission Expenses

Transmission expenses include all operations and maintenance expenditures incurred on Platte River's regional transmission system, Platte River's share of operating and maintaining jointly owned transmission facilities, and wheeling expenses paid to WAPA for the use of their transmission system. The 2011 budgeted transmission expenses of \$5.7 million reflect a decrease of \$0.2 million from the 2010 Budget. The decrease is primarily the result of lower wheeling expenses for wind transmission and contracted services for joint facilities. The joint facilities included in contracted services represent Platte River's share of joint ownership projects, including the Ault-Fort St. Vrain, Craig-Bonanza, Hayden-Blue River, and Craig-Ault transmission lines, and the Yampa Project transmission costs. The joint ownership project budgets were developed by the operating agents and approved by the participants through the engineering and operating committees.

	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Personal Services				
Regular wages	\$ 1,175,690	\$ 1,086,881	\$ 1,078,283	\$ 1,224,922
Overtime wages	57,494	85,814	84,884	93,600
Benefits allocation	423,683	566,269	548,850	540,132
Total - Personal Services	<u>1,656,867</u>	<u>1,738,964</u>	<u>1,712,017</u>	<u>1,858,654</u>
Materials and Expenses				
Office supplies	-	-	1,044	3,600
Safety expenses	8,530	14,800	15,719	12,100
Local business expense	4,060	3,500	2,776	3,500
O&M materials and supplies	237,850	312,500	306,639	304,925
Gasoline and diesel	34,803	42,000	44,276	40,500
Tools and shop equipment	26,081	25,000	23,392	25,000
Total - Materials and Expenses	<u>311,324</u>	<u>397,800</u>	<u>393,846</u>	<u>389,625</u>
Contractual Services				
Contracted services	1,555,754	2,319,167	1,872,422	2,205,600
Travel and training expenses	29,985	42,650	34,758	40,163
Telephone services	33,111	38,000	36,545	38,000
Utilities	7,055	10,000	9,334	10,000
Leases and rents	47,939	49,100	48,789	49,000
Yampa transmission expenses	72,328	60,860	55,968	82,386
Total - Contractual Services	<u>1,746,172</u>	<u>2,519,777</u>	<u>2,057,816</u>	<u>2,425,149</u>
Total Transmission	3,714,363	4,656,541	4,163,679	4,673,428
Transmission by Others				
Wheeling expense	<u>657,779</u>	<u>1,200,720</u>	<u>1,044,216</u>	<u>1,018,988</u>
Total Transmission Expenses	<u>\$ 4,372,142</u>	<u>\$ 5,857,261</u>	<u>\$ 5,207,895</u>	<u>\$ 5,692,416</u>

The following chart displays the transmission expenses by expense type for the years 2009 through 2011.



Administrative and General Expenses

Administrative and general expenses include all expenditures incurred at the headquarters facilities that are not directly allocated to capital or assignable to fuel, production, or transmission expenses. Administrative and general expenses are budgeted by operating and maintenance functions on a departmental basis. The 2011 Budget projects administrative and general expenses to be \$11.7 million, a decrease of \$0.3 million from the 2010 Budget. Personal services are decreasing as a result of lower pension and benefit costs. Lower personal services, contractual services, and Board expenses are partially offset by new security maintenance costs. The 2011 Budget also includes \$1.9 million for energy efficiency projects, the same as the 2010 Budget.

	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Operations				
Personal services				
Regular wages	\$ 4,886,245	\$ 4,871,990	\$ 4,771,830	\$ 5,012,938
Overtime wages	31,139	22,607	33,657	25,656
Benefits allocation	1,694,086	2,343,627	2,284,260	2,043,743
Total - Personal services	6,611,470	7,238,224	7,089,747	7,082,337
Office Operations and Expenses				
Office expenses	75,206	68,140	52,434	70,300
Furniture and equipment - minor	7,518	17,700	14,837	12,800
Local business expenses	56,303	81,400	66,975	66,800
Postage and deliveries	19,244	18,000	17,318	17,800
Gasoline and diesel	22,775	24,000	21,744	18,000
Computer equipment - minor	172,424	136,676	120,293	141,400
Total - Office Operations and Expenses	353,470	345,916	293,601	327,100
Safety and Training				
Safety expenses	42,279	20,700	17,005	28,200
Wellness program	41,000	40,000	38,209	40,000
Travel and training expenses	224,917	193,500	170,019	170,784
Total - Safety and Training	308,196	254,200	225,233	238,984
Contractual Services				
Professional services	228,227	312,160	248,180	336,500
Contracted services	58,866	109,966	47,091	59,760
Travel and training expenses	33,720	48,150	29,087	44,063
Telephone services	38,526	73,451	58,536	52,451
Utilities	115,333	124,800	115,678	111,600
Dues, memberships and fees	18,790	21,475	13,725	22,481
Leases and rents	-	500	248	-
Other financing expenses	15,853	31,880	33,734	41,880
Total - Contractual Services	509,315	722,382	546,279	668,735
Corporate Insurance				
Insurance expense	313,006	356,200	340,159	344,900

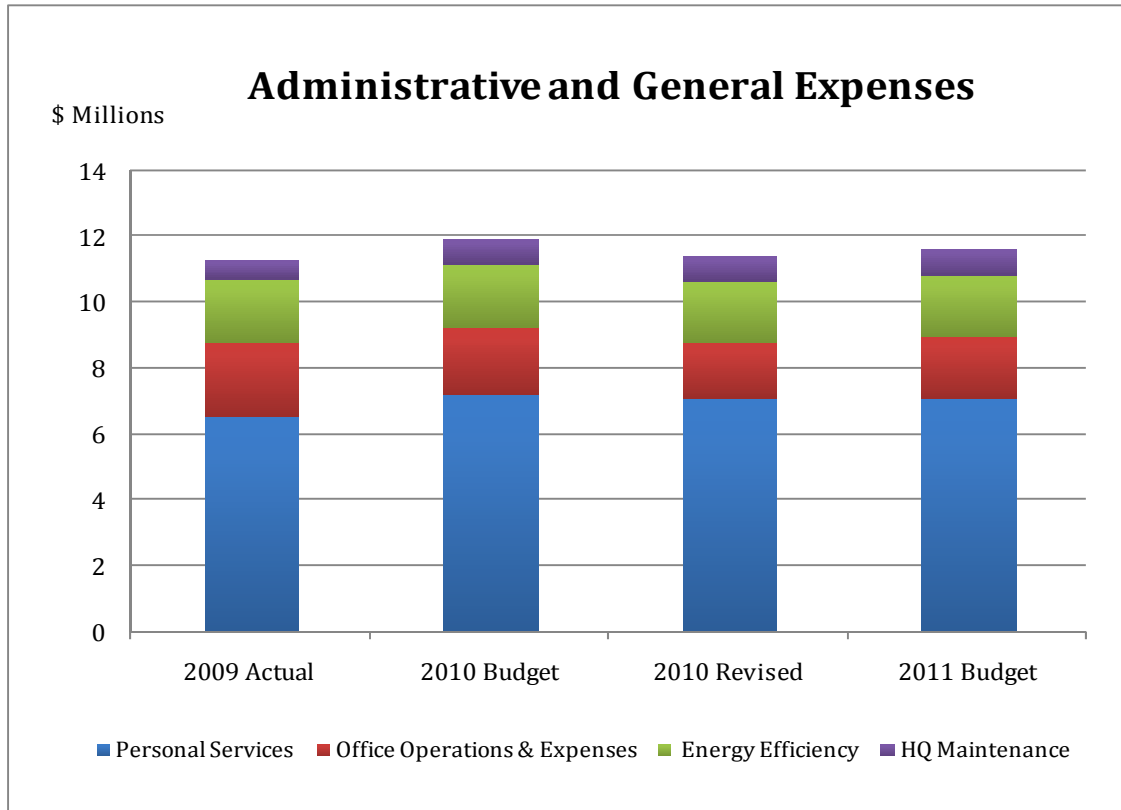


	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Board and Corporate Expenses				
Local business expense	\$ 4,921	\$ 5,000	\$ 5,554	\$ 5,000
Travel and training expenses	5,371	17,400	8,591	11,400
Dues, memberships and fees	120,137	125,856	117,718	101,700
Trustees fees	68,162	36,920	35,919	28,920
Economic development	60,000	60,000	60,000	60,000
Total - Board and Corporate Expenses	258,591	245,176	227,782	207,020
Corporate Reporting and Other Expenses				
Office expenses	4,259	11,000	8,504	11,000
Postage and deliveries	353	-	-	-
Local business expenses	8,120	18,300	12,653	19,500
Contracted services	29,729	48,350	32,216	43,800
Total - Reporting and Other Expenses	42,461	77,650	53,373	74,300
Environmental Expenses				
Local business expenses	8,692	-	-	-
Professional services	-	28,000	13,000	-
Contracted services	401,992	44,000	18,000	50,639
Dues, memberships and fees	31,750	3,750	2,500	2,750
Total - Environmental Expenses	442,434	75,750	33,500	53,389
Customer Service Expenses				
Local business expenses	36	300	152	300
Contracted services	700	2,000	(2,750)	1,000
Total - Customer Service Expenses	736	2,300	(2,598)	1,300
Energy Efficiency Expenses				
Contracted services	136,234	352,520	249,430	399,500
Demand side management incentives	1,777,978	1,504,480	1,601,407	1,457,500
Total - Energy Efficiency Expenses	1,914,212	1,857,000	1,850,837	1,857,000
Total Administrative and General Operations	10,753,891	11,174,798	10,657,913	10,855,065
Maintenance				
Building and Grounds				
Materials and supplies	88,215	130,650	104,923	127,500
Tools and shop equipment	1,118	7,000	2,893	4,000
Contracted services	157,203	176,300	195,256	182,900
Travel and training expenses	155	-	4,055	-
Total - Buildings and Grounds Maintenance	246,691	313,950	307,127	314,400



	<u>2009 Actual</u>	<u>2010 Budget</u>	<u>2010 Revised</u>	<u>2011 Budget</u>
Maintenance (continued)				
Computer Maintenance				
Materials and supplies	\$ -	\$ 3,000	\$ 1,522	\$ 3,000
Contracted services	257,292	401,345	388,570	370,098
Total - Computer Maintenance	<u>257,292</u>	<u>404,345</u>	<u>390,092</u>	<u>373,098</u>
Office Equipment Maintenance				
Materials and supplies	445	1,000	608	1,000
Contracted services	2,283	2,028	2,012	2,028
Telephone services	7,309	25,000	24,705	21,000
Total - Office Equipment Maintenance	<u>10,037</u>	<u>28,028</u>	<u>27,325</u>	<u>24,028</u>
Vehicle Maintenance				
Materials and supplies	20,785	20,400	24,127	20,400
Tools and shop equipment	1,924	3,600	958	3,600
Contracted services	5,949	8,600	4,060	10,100
Total - Vehicle Maintenance	<u>28,658</u>	<u>32,600</u>	<u>29,145</u>	<u>34,100</u>
Security Maintenance				
Materials and supplies	-	-	4,126	6,550
Tools and shop equipment	-	-	1,500	3,000
Computer equipment - minor	-	-	7,260	14,526
Contracted services	-	-	18,837	54,108
Total - Security Maintenance	<u>-</u>	<u>-</u>	<u>31,723</u>	<u>78,184</u>
Total Administrative and General Maintenance	542,678	778,923	785,412	823,810
Total Administrative and General Expenses	<u>\$ 11,296,569</u>	<u>\$ 11,953,721</u>	<u>\$ 11,443,325</u>	<u>\$ 11,678,875</u>

The following chart displays the comparative administrative and general expenses for 2009 through 2011.





PLATTE RIVER
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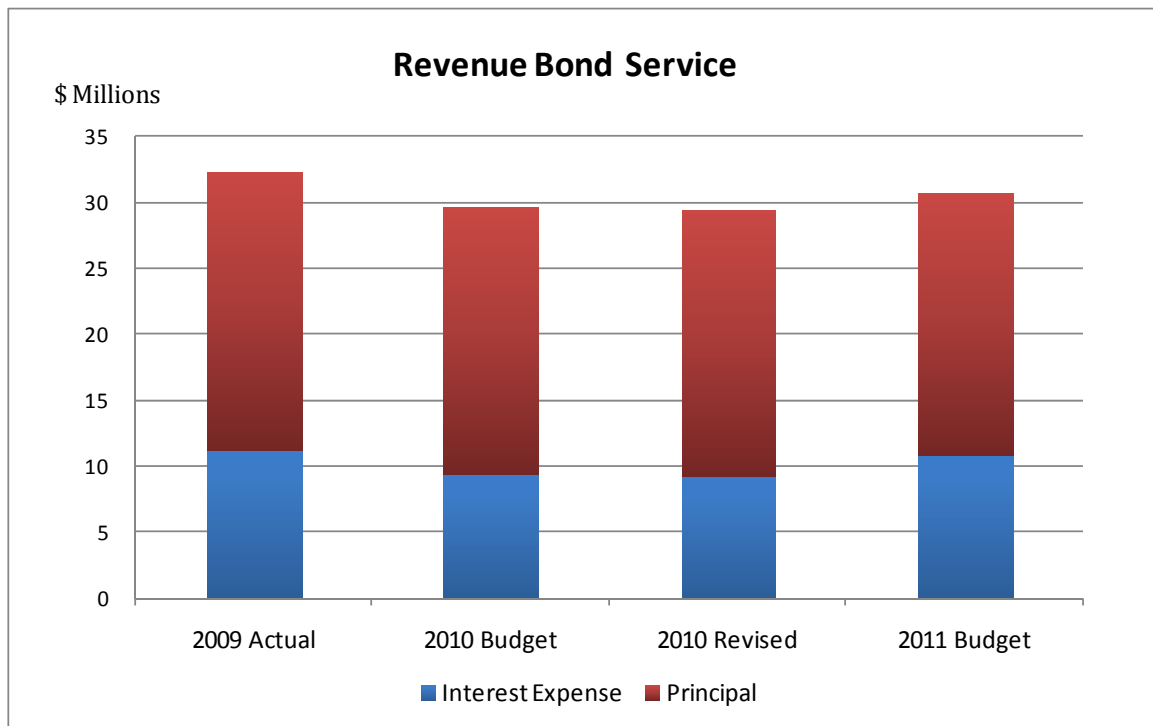
Section Eight: Debt Expense

Debt Expense

The 2011 Budget includes debt expense of \$30.8 million, an increase of \$1.1 million over the 2010 Budget. The increase is due to a smaller portion of the interest on the Series HH Bonds being capitalized for projects that will be under construction during 2011. Once the projects are placed in service, debt expense will increase as interest expense is recognized. Other debt includes payments for the acquisition of wind turbines at Medicine Bow. The note payable for the turbines matures in 2015. Interest expense in 2011 is estimated to decrease \$1.0 million and principal repayments will decrease approximately \$0.3 million from 2010.

Debt Expenses (\$000)	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Principal	\$21,122	\$20,257	\$20,257	\$19,928
Interest Expense	14,613	14,204	14,204	13,189
Allowance for Funds Used During Construction	(3,355)	(4,776)	(4,963)	(2,358)
Total Revenue Bond Service	\$32,380	\$29,685	\$29,498	\$30,759
Other Debt	90	21	90	90
Total Debt Expenses	\$32,470	\$29,706	\$29,588	\$30,849

The following chart shows a comparison of revenue bond service for the years 2009 through 2011.



Long-Term Debt Outstanding

Platte River's long-term debt outstanding at December 31, 2011, is projected to be \$256.6 million consisting of fixed rate debt issued under Platte River's General Power Bond Resolution. Platte River's weighted average cost of debt during 2011 is forecast to be approximately 5.2%.

Bond Issue	<i>(In Thousands)</i>			
	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Power Revenue Bonds:				
Series EE	\$ 77,335	\$ 64,080	\$ 64,080	\$ 53,375
Series GG	103,215	95,065	95,065	86,505
Series HH	114,325	114,225	114,225	114,125
Total Power Revenue Bonds	294,875	273,370	273,370	254,005
Unamortized debt expense	1,720	2,165	2,165	2,549
Total Net Long-Term Debt	\$ 296,595	\$ 275,535	\$ 275,535	\$ 256,554

Platte River is committed to maintaining strong credit ratings through sound financial and management planning. The key to meeting this commitment is in following the targets set by the SFP. The key targets of the SFP are minimum annual net income of \$6.0 million and minimum total debt service coverage of 1.50 times. Other SFP goals include a focus on providing competitive wholesale rates, maintaining fiscal integrity, maintaining adequate liquidity, and increasing financial flexibility.

Platte River's credit ratings play a significant role in determining its cost of debt. The senior lien debt credit is rated AA by all three credit rating agencies: Standard & Poor's, Moody's, and Fitch. The key factors in determining these ratings are: the diversity and economic strengths of the Municipalities, Platte River's financial position, management expertise, and overall competitive position. Platte River's competitive position is determined, in part, by looking at various financial indicators, such as operating and fixed costs per MWh sold, net income, debt service coverage, and various balance sheet ratios including debt to equity and working capital.

Credit Ratings			
Bond Issue	Moody's	S&P	Fitch
Power Revenue Bonds:			
Series EE	Aa2	AA	AA
Series GG	Aa2	AA	AA
Series HH	Aa2	AA	AA

To assist in meeting its long-term goal of providing reliable and low cost power to the Municipalities, Platte River has established reserves for rate stabilization, debt management and

development of future generation resources. Platte River forecasts that on December 31, 2011 it will have approximately \$0.8 million in the Series HH construction fund, \$25.5 million in reserve for debt management, capital additions and future generation resources, and \$20.0 million for rate stabilization.

Debt Service Coverage

Debt service coverage is a key indicator of financial strength and is one of several criteria the rating agencies use when reviewing Platte River's credit quality. Debt service coverage provides a measure of Platte River's ability to generate cash to pay bondholders and for other corporate purposes. Funds on deposit in the rate stabilization account can be used to shift, for purposes of bond covenant debt service coverage, current period revenues to future years when those revenues could be withdrawn to assist in meeting debt coverage. The SFP goal of funding the account to a balance of \$20.0 million was met in 2007. The following table summarizes Platte River's historical and projected debt service coverage:

	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Net Revenues				
Operating revenues	\$ 170,940,491	\$ 181,634,158	\$ 178,323,230	\$ 185,744,653
Operations and maintenance expenses, excluding depreciation	<u>(120,319,162)</u>	<u>(135,877,975)</u>	<u>(134,539,538)</u>	<u>(136,758,981)</u>
Net Operating Revenues	50,621,329	45,756,183	43,783,692	48,985,672
Plus interest income on bond accounts and other income	7,406,467	3,212,775	2,738,536	1,666,498
Net Revenues Before Rate Stabilization	<u>58,027,796</u>	<u>48,968,958</u>	<u>46,522,228</u>	<u>50,652,170</u>
Rate Stabilization				
Deposits	184	-	-	-
Total Net Revenues	58,027,612	48,968,958	46,522,228	50,652,170
Bond Service				
Power revenue bonds	35,641,530	34,460,426	34,460,429	33,116,883
Allowance for funds used during construction	(3,355,058)	(4,776,081)	(4,962,888)	(2,357,603)
Subordinated bonds ⁽¹⁾	92,793	-	-	-
Net Revenue Bond Service	<u>\$ 32,379,265</u>	<u>\$ 29,684,345</u>	<u>\$ 29,497,541</u>	<u>\$ 30,759,280</u>
Coverage				
Power Revenue Bond Coverage Ratio	1.80x	1.65x	1.58x	1.65x
Total Debt Coverage Ratio	1.79x	1.65x	1.58x	1.65x

(1) The Series S-1 subordinate lien bonds were retired in April 2009.



PLATTE RIVER
POWER AUTHORITY

Section Nine: Capital Additions

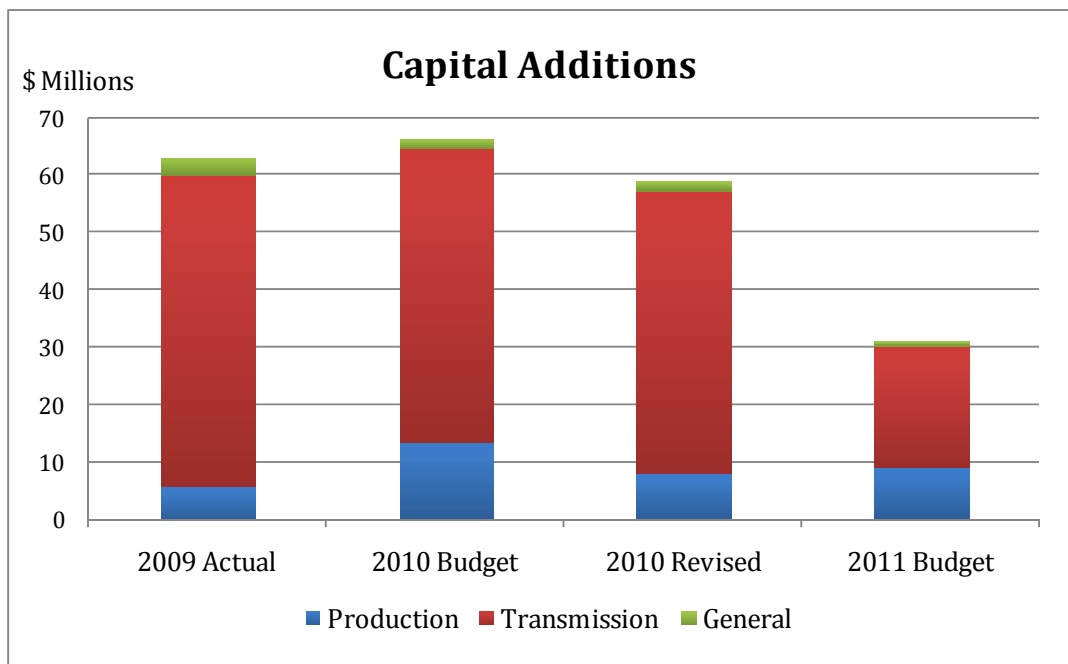
Capital Additions

Capital additions are budgeted by production, transmission, and general plant functions. Capital additions include expenditures of \$5,000 or more for property, equipment, or construction projects with an estimated useful life greater than one year. Expenditures less than \$5,000 are reflected within the operating expense budget. In general, capital additions consists of projects that are aimed at increasing generation capacity to meet load growth, improving system reliability, replacing and upgrading aging infrastructure, implementing technology improvements, firming water resources, and developing new renewable energy resources. These projects are necessary to maintain a reliable low cost energy system.

The 2011 capital additions total \$31.1 million; \$9.3 million for production, \$20.8 million for transmission, and \$1.0 million for general plant. In total, this represents a \$35.5 million decrease from the 2010 Budget. The decrease is due to the completion of a portion of the 230kV transmission upgrade in 2010.

Capital additions for the 2011 Budget and a comparison with years 2009 and 2010 are as follows:

Capital Additions (\$000)	2009 Actual	2010 Budget	2010 Revised	2011 Budget
Production	\$6,038	\$13,608	\$8,219	\$9,261
Transmission	53,783	51,291	48,920	20,815
General	3,387	1,707	1,342	1,048
Total Capital	\$63,208	\$66,606	\$58,481	\$31,124



2011 Capital Additions Summary

Production Projects

Rawhide Projects

Cat Loader Replacement	\$	695,000
Vac Truck Replacement		320,000
Turbine Crane Controls Upgrade		250,000
Tripper Room Dust Mitigation System		225,000
Conveyor 1 to Conveyor 2 Transfer Chute		215,000
Fire System Piping Replacement		200,000
Spray Dry Absorber Improvements		153,504
Rawhide Combustion Turbine (CT) Flame Scanner Improvements		144,030
Solar Bee Units for Hamilton Reservoir		139,069
Water Truck Replacement		122,000
Rip Rap – East/West Ditch along North Road		101,426
Fire Protection Improvement Plan		101,417
Roof Replacement at Rawhide		100,000
Reverse Air (RA) Fan Variable Frequency Drives		99,674
Forklift Replacement – Large (Maintenance)		70,000
Baghouse Hopper Sonic Horns		60,000
Atomizer 3500 Machinery Protection System		60,000
Rawhide NetDAHS Server		52,828
CT NetDAHS Server		52,828
Overhead Door Replacement		50,998
Sand and Equipment Storage Building		44,991
Tractor Loader Replacement		42,000
HVAC System Controls Upgrade – Control Building		40,713
Inlet Programmable Logic Controller Node		32,828
Bison Working Facilities Improvements		28,551
Cold Reheat Safety Valve Replacement		20,000
Arc Flash Mitigation		16,550
Station 1 Overhead Door		15,998
Portable Extraction Equipment		13,713
Protective Relay Data to OSI-PI		13,700
Station 1 HVAC Modification		11,569
Snowplow V Blade		6,000
Portable Generator for Engine 12		5,713
Total Rawhide Projects	\$	3,505,100

Other Production Projects

Yampa Work Orders (Platte River's Share)	\$	4,255,520
Windy Gap Firming Study		1,500,000
Total Other Production Projects	\$	5,755,520
Total Production Projects	\$	9,260,620



Transmission Projects

Transmission Line Projects

Fort St. Vrain-Fordham 230/115kV Transmission Project	\$	6,317,453
Dixon Creek-Horseshoe Transmission Project		5,071,922
Airflow Spoilers		200,000
Total Transmission Line Projects	\$	11,589,375

Substation Projects

Horseshoe Substation 230kV Addition	\$	5,343,177
Fordham Substation 230kV Addition		1,185,819
Substation Security Walls		1,100,000
Timberline Substation Expansion (City of Fort Collins)		450,684
Annual Breaker Replacements		400,000
Loveland East Transformer Addition		216,452
Substation Security System		200,000
LaPorte RTU Replacement		78,097
WAPA Joint Capital Projects		36,394
Total Substation Projects	\$	9,010,623

Other Transmission Projects

Terry-Fordham Easement Work	\$	200,000
Doble F6080 Field Calibration Unit		15,000
Total Other Transmission Projects	\$	215,000
Total Transmission Projects	\$	20,814,998

General Projects

Boom Truck Replacement	\$	250,000
Secure Critical Substations		214,000
PSO HVAC Controls Upgrade		113,146
Fleet Replacements		100,000
CIP Physical Security Additions		75,000
SharePoint Implementation		61,394
HQ/Rawhide Security Upgrades		59,916
Bobcat Replacement		52,000
Server Virtualization Phase 2		42,263
E-mail Archiving Solution		29,553
High Density Shelving System – HQ Central Files		25,000
Copier Replacement – HQ Second Floor		19,750
Scanner Purchase		6,300
Total General Projects	\$	1,048,322

Total 2011 Capital Projects

\$ 31,123,940

Production Additions

Production capital additions include expenditures for power plant upgrades, equipment purchases and replacements, and other miscellaneous projects at both the Rawhide and the Craig generating stations. Also included in production additions is the Windy Gap Firming Project.

The 2011 production capital additions total \$9.3 million and consists of \$2.1 million for Rawhide Unit 1 projects, \$1.2 million for heavy equipment purchases, \$0.2 million for peaking unit projects, and \$5.8 million for other projects. Other projects include Platte River's share of the Yampa Project capital additions for \$4.3 million and the Windy Gap Firming Project for \$1.5 million. The Yampa Capital Budget was prepared by the Yampa Operating Agent (Tri-State) and has been approved by the Yampa Engineering and Operating Committee of which Platte River is a member.

Rawhide Projects

Cat Loader Replacement	\$ 695,000
Purchase a new loader to replace the 1998 Caterpillar 988F loader. The existing loader is reaching the end of its useful life and maintenance costs continue to increase.	
Vac Truck Replacement	320,000
Purchase a new Guzzler vac truck to replace unit 801. The existing truck is almost 14 years old, maintenance costs are increasing and it has reached the end of its useful life.	
Turbine Crane Controls Upgrade	250,000
Upgrade the turbine crane controls to increase the reliability and safety of the crane.	
Tripper Room Dust Mitigation System	225,000
Design, purchase, and install a dust mitigation system to replace the existing system in the tripper room. The existing system is 26 years old and no longer meets OSHA Combustible Dust Standards.	
Conveyor 1 to Conveyor 2 Transfer Chute	215,000
Design, purchase and install a new transfer chute between Conveyors 1 and 2 in the Rotary Car Dumper Building. The new design will allow passive control of the coal dust generated in transfer points by controlling the reduced airflow.	
PROJECT TIME FRAME: 2011-2012 TOTAL COST ESTIMATE: \$750,000	
Fire System Piping Replacement	200,000
This multi-year project will replace the existing ductile iron fire line with corrosion resistant high-density polyethylene piping. Significant corrosion damage on the existing fire line is causing multiple failures in various locations and expensive underground repairs.	
PROJECT TIME FRAME: 2005-2012 TOTAL COST ESTIMATE: \$1,288,000	



Rawhide Projects

Spray Dry Absorber Improvements \$153,504

Modifications to the spray dry absorber including disc-flow pumps, piping components, and bin venting improvements will allow for continued reliable operations.

Rawhide Combustion Turbine (CT) Flame Scanner Improvements 144,030

Upgrade the secondary flame scanners on all 7EA combustion turbine units to prevent turbine trips during startups. The secondary scanners will be converted to a fiber optic type scanner.

Solar Bee Units for Hamilton Reservoir 139,069

The installation of additional Solar Bee circulation units will improve water quality in Hamilton Reservoir.

Water Truck Replacement 122,000

Purchase a new water truck to replace unit 807. The existing 2004 Sterling water truck is used on a daily basis as well as for emergency work and is reaching the end of its useful life.

Rip Rap - East/West Ditch Along North Road 101,426

Add rip rap to the east/west ditch along the north road from Warehouse 1 to the chain link fence at the CT yard. The addition of this rip rap will stop the erosion of the road sides and ditch banks, improve water flow, and prevent culverts from constantly being plugged.

Fire Protection Improvement Plan 101,417

The final year of this three-year project will bring all of the remaining fire detection and suppression systems up to date to meet the current fire code and insurance recommendations. The remaining GEM pilot valves need to be replaced. Also, carbon monoxide monitoring will be added in strategic areas along critical paths for early fire detection. F500 injection systems will be added to the fire suppression system that protects areas where coal and coal dust is present.

PROJECT TIME FRAME: 2009-2011

TOTAL COST ESTIMATE: \$402,000

Roof Replacement at Rawhide 100,000

This project is scheduled over several years to replace roofs on various buildings at Rawhide. Wear and tear on the older roofs has the potential for water leakage into critical control structures and rooms containing electrical equipment.

PROJECT TIME FRAME: 2005-2013

TOTAL COST ESTIMATE: \$827,000

Reverse Air (RA) Fan Variable Frequency Drives 99,674

Install variable frequency drives on the reverse air fans. The drives will be able to idle the fans at 30% speed and ramp up to 100% speed when needed, increasing the life of the fan bearings and resulting in a significant amount of energy savings.



Rawhide Projects

Forklift Replacement - Large (Maintenance)	\$ 70,000
Purchase a new forklift to replace unit 117. The existing Komatsu forklift has reached the end of its useful life and is too large to complete many of the jobs that are performed.	
Baghouse Hopper Sonic Horns	60,000
Purchase and install Unit 1 baghouse fly ash hopper sonic horns to provide a safe and effective method to clear the fly ash from the hoppers before access for inspection and maintenance.	
PROJECT TIME FRAME: 2010-2011 TOTAL COST ESTIMATE: \$81,000	
Atomizer 3500 Machinery Protection System	60,000
Upgrade the atomizer vibration monitoring system to a General Electric/Bently 3500 monitoring system. The current Bently 3300 system architecture will not be supported through 2011.	
Rawhide NetDAHS Server	52,828
Replace the obsolete Unit 1 General Electric Net Data Analysis and Handling System (NetDAHS) server with upgraded current model.	
CT NetDAHS Server	52,828
Replace the obsolete combustion turbine NetDAHS server with upgraded current model.	
Overhead Door Replacement	50,998
Replacement of two overhead doors at Rawhide that have exceeded normal life expectancy. Most of the 53 overhead doors at Rawhide are 25 years old, parts are no longer available and the doors are costly to maintain.	
PROJECT TIME FRAME: 2009-2020 TOTAL COST ESTIMATE: \$560,000	
Sand and Equipment Storage Building	44,991
Install a new Cover-All building and associated support walls for sand and equipment storage for site facilities snow and ice removal at Rawhide.	
Tractor Loader Replacement	42,000
Purchase a new tractor loader to replace unit 186. The existing John Deere 4400 tractor loader will be replaced with a larger tractor loader for large projects and will be able to operate in a safer and more stable manner.	
HVAC System Controls Upgrade - Control Building	40,713
Install an updated control system for the two HVAC units on the fifth floor of the boiler/control building including all valves and piping changes necessary to accommodate the new system. The new system will address the low air flow to the offices on the third floor and increase efficiency.	
Inlet Programmable Logic Controller Node	32,828
The addition of another programmable logic controller node to the Unit 1 server will allow for more accurate data reporting.	



Rawhide Projects

Bison Working Facilities Improvements	\$ 28,551
<p>New pens and runway chutes are needed for expansion of the bison facilities. This project will take place over several years. The redesign will be specifically for bison and will provide additional safety for the bison as well as the employees handling the animals.</p> <p>PROJECT TIME FRAME: 2007-2013 TOTAL COST ESTIMATE: \$103,000</p>	
Cold Reheat Safety Valve Replacement	20,000
<p>The replacement of the existing four inch cold reheat safety valve with a new six inch valve is necessary to meet the ASME Boiler and Pressure Vessel code and insurance requirements.</p> <p>PROJECT TIME FRAME: 2011-2012 TOTAL COST ESTIMATE: \$100,000</p>	
Arc Flash Mitigation	16,550
<p>Install maintenance switches on the 4160 circuit breakers to enable temporary settings on the 4160 volt devices to be used during racking of the main and tie breakers. These switches will provide personnel safety and fault energy will be reduced to acceptable levels during switching operation.</p>	
Station 1 Overhead Door	15,998
<p>Purchase and install an overhead door on the south side of Warehouse 3 (Station 1). This will allow Engine 12 to enter and exit Station 1 without moving Rescue 1.</p>	
Portable Extraction Equipment	13,713
<p>Purchase portable extraction equipment for use with Rescue 1 to allow for response anywhere at Rawhide in the event that someone has become trapped.</p>	
Protective Relay Data to OSI-PI	13,700
<p>Network the 4160 volt and generator protective panel (GPP) relays in order to collect energy data to be stored on the Plant Information (PI) server. This will allow for long-term analysis and tracking of energy parameters for the 4160 volt bus and provide universal time sync to the GPP.</p>	
Station 1 HVAC Modification	11,569
<p>Install duct work from the HVAC system in Warehouse 3 to Station 1 in order to pressurize the station. This will prevent coal dust from blowing in and maximize the life of the fire fighting apparatuses housed in Station 1.</p>	
Snowplow V Blade	6,000
<p>Purchase a power V blade for the 2010 Ford pickup in the Site Facilities department. This blade has the ability to adjust in multiple V configurations which will allow for cleaner and faster plowing.</p>	
Portable Generator For Engine 12	5,713
<p>Purchase a portable generator for Engine 12 with sufficient capacity to power all of the accessories on the engine.</p>	
TOTAL RAWHIDE PROJECTS	\$3,505,100



Other Production Projects

Yampa Work Orders (Platte River's Share) \$ 4,255,520

The Yampa Engineering and Operating Committee approved capital projects for plant improvements and additions at the Craig Station. In 2011, the turbine upgrade project will be completed during the major outage for Craig Unit 1. The upgrade will replace the HP/IP turbine blades and will result in improved efficiency and higher output from the Unit. Other projects will include various upgrades and replacements for Units 1 and 2. The amount shown represents Platte River's ownership share responsibility.

Windy Gap Firing Study 1,500,000

Platte River is currently participating in the Windy Gap Firing Project storage system. The Windy Gap system currently has very limited storage capability. The Windy Gap Firing Project will provide storage and help ensure a continuous water supply. The 2011 payments will be for the design stage of the project.

PROJECT TIME FRAME: 2001-2016

TOTAL COST ESTIMATE: \$38,127,000

TOTAL OTHER PRODUCTION PROJECTS \$5,755,520

Total Production Projects \$9,260,620

Transmission Additions

Transmission additions include capital expenditures for transmission lines, substations, and supporting equipment. Projects are based on transmission studies and consultation with the Municipalities' staffs. These projects will provide enhanced system reliability and add capacity to serve new and existing loads.

The 2011 transmission capital additions total \$20.8 million for expansion and upgrades to Platte River's transmission system. This amount represents a \$30.5 million decrease from the 2010 Budget. The largest portion of the expense will be to complete the 230kV expansions of the Fort St. Vrain-Fordham transmission line, the Dixon Creek-Horseshoe transmission line, Horseshoe Substation, and Fordham Substation.

Transmission Line Projects

Fort St. Vrain—Fordham 230/115kV Transmission Project	\$ 6,317,453
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The installation of a new 230kV transmission line from Xcel's Fort St. Vrain switchyard to Fordham Substation will be both overhead and underground and will include upgrading the capacity of the existing lines. This project is necessary to improve the reliability of the transmission system and to provide additional capacity for future load growth in the Longmont area.

PROJECT TIME FRAME: 2004-2011
TOTAL COST ESTIMATE: \$70,675,000

Dixon Creek—Horseshoe Transmission Project	5,071,922
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This 230kV project is needed to support the load growth expected in Loveland and to improve the reliability of the Loveland transmission system. The 2011 expenses include the rebuild of the WAPA transmission line from Dixon Creek Substation to the Horsetooth Tap in addition to the rebuild of the Tri-State transmission line from the Horsetooth Tap to Trilby.

PROJECT TIME FRAME: 2005-2012
TOTAL COST ESTIMATE: \$19,255,000

Airflow Spoilers	200,000
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Install airflow spoilers on the four transmission circuits near Rawhide to prevent icing and galloping on the transmission lines. This will increase reliability and prevent outages and damage to the transmission lines.

PROJECT TIME FRAME: 2011-2014
TOTAL COST ESTIMATE: \$800,000

TOTAL TRANSMISSION LINE PROJECTS	\$11,589,375
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Substation Projects

Horseshoe Substation 230kV Addition \$ 5,343,177

This project will support the addition of a new transmission line into the Horseshoe Substation and will connect it to the Loveland 115kV transmission loop to enhance reliability and provide adequate capacity for future load growth. The project consists of two 230kV/115kV transformers, associated circuit breakers, bus and control equipment, and the addition of a 115kV capacitor bank to support adequate voltage in Loveland during summer peak periods.

PROJECT TIME FRAME: 2006-2012
TOTAL COST ESTIMATE: \$11,352,000

Fordham Substation 230kV Addition 1,185,819

This project will add 230kV breakers; two new 230kV/115kV transformers, and a new 115kV capacitor bank in preparation for the 230kV circuit from Fort St. Vrain to Fordham Substation. This will establish Fordham Substation as a major delivery point for the City of Longmont. The project will include Platte River's share of a new 115kV/12.47kV transformer installation for the City of Longmont and the addition of a reactor to adjust voltage changes created by the long underground transmission line that will feed this substation.

PROJECT TIME FRAME: 2006-2011
TOTAL COST ESTIMATE: \$12,050,000

Substation Security Walls 1,100,000

Install twelve foot high security walls around the 230kV substations. These substations are the backbone of the electric delivery system for the three large cities that own Platte River. The security walls aid in the prevention of random acts of vandalism that could affect electric delivery to the cities. Installation at the timberline and Dixon Creek Substations are planned for 2011.

PROJECT TIME FRAME: 2009-2011
TOTAL COST ESTIMATE: \$2,033,000

Timberline Substation Expansion (City of Fort Collins) 450,684

The City of Fort Collins has requested support for the addition of two 50 MVA transformers at the Timberline Substation. The City plans to use this substation capacity to serve new loads at I-25 and Prospect.

PROJECT TIME FRAME: 2008-2011
TOTAL COST ESTIMATE: \$3,466,000

Annual Breaker Replacements 400,000

The current oil-filled breakers are about 30 years old and replacement parts to repair the breakers are increasingly difficult to find. Replacement of the breakers will help maintain adequate system reliability and reduce the risk of oil spills. Platte River will completely change out the obsolete breakers by replacing the old 230kV oil circuit breakers in the substations with the new SF6 breakers.

PROJECT TIME FRAME: 2007-2014
TOTAL COST ESTIMATE: \$3,059,000

Substation Projects

Loveland East Transformer Addition \$216,452

The addition of breakers and substation equipment will support the city of Loveland's installation of a third transformer at Loveland-East Substation.

PROJECT TIME FRAME: 2008-2011

TOTAL COST ESTIMATE: \$3,686,000

Substation Security System 200,000

This project is to update the existing security system at the substations. The project consists of installing additional cameras, replacing older cameras, installation of new perimeter detection systems, enhanced lighting, and updating the existing security camera management software.

PROJECT TIME FRAME: 2009-2011

TOTAL COST ESTIMATE: \$934,000

LaPorte RTU Replacement 78,097

This project is to replace the remote terminal unit (RTU) at the LaPorte Substation that is twenty years old.

PROJECT TIME FRAME: 2009-2011

TOTAL COST ESTIMATE: \$157,000

WAPA Joint Capital Projects 36,394

This project is for Platte River's share of the joint facilities work to be performed by WAPA at the Ault Substation. Work to be performed includes an oil pump replacement, a 345kV and 230kV bus differential relay replacement and a breaker failure relay replacement.

TOTAL SUBSTATION PROJECTS **\$9,010,623**

Other Transmission Projects

Terry—Fordham Easement Work \$ 200,000

A bike path will be built on top of the underground transmission line in lieu of payment for an easement for the Terry-Fordham Transmission Project.

Doble F6080 Field Calibration Unit 15,000

Purchase Doble calibration equipment and software used to test protective relays and meters.

TOTAL OTHER TRANSMISSION PROJECTS **\$215,000**

Total Transmission Projects **\$20,814,998**

General Plant Additions

General plant additions include expenditures for computer hardware and software, communication equipment, vehicle replacements, building and grounds modifications, and other general plant equipment purchases at Headquarters' Facilities.

The 2011 general plant capital additions total \$1.0 million and include expenditures for replacements of vehicles and heavy equipment, upgrade to the HVAC system controls, additions to security, upgrades to the computer systems, and other miscellaneous purchases and projects.

General Projects

Boom Truck Replacement	\$250,000
Purchase a new boom truck tractor and boom assembly to replace Unit 44. The existing unit has extremely high mileage and necessary maintenance is becoming more frequent. This truck is vital for substation work.	
Secure Critical Substations	214,000
Install networking and server infrastructure to secure communications between Platte River controls centers and critical substations. This project will ensure our continued compliance with the North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) standards.	
PSO HVAC Controls Upgrade	113,146
Installation of an Alerton Building Automation System will allow for the ability to control and program the HVAC systems in the Power Supply Operations (PSO) building.	
Fleet Replacements	100,000
Two vehicles will be replaced; one at headquarters and one at Rawhide due to age, high mileage and increasing maintenance costs. In addition three new electric carts will be purchased for use at Rawhide.	
CIP Physical Security Additions	75,000
This project is to secure potential CIP substations due to additional NERC standards. This project will include cameras, key cards, access panels and cabling.	
SharePoint Implementation	61,394
This project is to test and deploy Microsoft SharePoint as Platte River's platform for electronic collaboration and communication. SharePoint will provide a strong collaboration environment, an improved intranet portal, an integrated site to collect and display business application data, and a natural conduit to capture records into our electronic content management system.	
HQ/Rawhide Security Upgrades	59,916
This project will integrate the three card access systems that we are presently using into one access system for all Platte River facilities.	
Bobcat Replacement	52,000
Purchase a new bobcat to replace Unit 141 in order to maintain reliable substation equipment.	



General Projects

Server Virtualization Phase 2	\$ 42,263
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This project will add more virtualization software licenses and two additional redundant virtual servers. It will increase overall capacity while maintaining adequate performance and overhead for growth.

E-mail Archiving Solution	29,553
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This project will include the evaluation, selection and implementation of an e-mail archiving application that will integrate with our Microsoft Exchange 2010 platform. This will allow Platte River to eliminate the e-mail archives stored on local computers and replace them with a controlled, searchable archive that is centrally located on a server.

High Density Shelving System - HQ Central Files	25,000
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Replacement of the current central files shelving system with a new, high-density, moveable shelving system will allow for increased records storage space and decreased physical area required for records storage.

Copier Replacement - HQ Second Floor	19,750
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Replace the existing Xerox black and white copier in the second floor work area with a new color copier. The copier will increase print quality, color capability, and overall reliability for staff on the second floor. The load currently placed on the Canon color copier on the first floor will also be reduced.

Scanner Purchase	6,300
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Purchase a scanner for digitizing Platte River records that are currently in paper form and importing them into the electronic content management system.

Total General Projects	\$1,048,322
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TOTAL 2011 CAPITAL ADDITIONS	\$31,123,940
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PLATTE RIVER
POWER AUTHORITY

Section Ten: Glossary

Amortization	Gradual reduction of book value for a non-depreciable asset.
Capacity Factor	The ratio of the average load on a generator for the period of time considered to the capacity rating of the generator.
CIP	Critical Infrastructure Protection – regulated by NERC.
Contingency	An appropriation of funds to cover unforeseen expenditures, which may occur during the Budget year.
Contract Surplus Sales	Firm sales of energy intended to have assured availability as set forth by a contract with duration greater than a year.
CRSP	Colorado River Storage Project – division of Western Area Power Administration.
Capital and Debt Management Fund	A dedicated fund authorized by Platte River’s Strategic Financial Plan to be used in managing debt and to provide reserves for future capital additions.
Debt Service	Bond interest and principal.
Debt Service Coverage	Net revenue divided by debt service.
Debt-to-Equity Ratio	Long-term debt divided by net assets.
DSM	Demand side management.
Depreciation	That portion of the cost of a fixed asset charged to operations to allow for lost usefulness.
FERC	Federal Energy Regulatory Commission.
Fiscal Resolution	A resolution that governs the financial transactions of Platte River.
GE 7EA and GE 7FA	General Electric gas combustion turbines.
General Power Bond Resolution	A resolution for providing the issuance of power revenue bonds.
GW	One thousand megawatts; one million kilowatts.
GWh	One gigawatt of power delivered steadily for one hour.
HP/IP	High pressure/intermediate pressure – referring to staging of turbine rotor blades.

HVAC	Heating, ventilation and air conditioning.
kW	One thousand watts.
kW-MO	The maximum kW reached during a calendar month used for billing demand.
KWh	One kilowatt of power delivered steadily for one hour.
kV	One thousand volts.
LAP	Loveland Area Projects – division of the Western Area Power Administration.
MBtu	One million Btu. A Btu is a British thermal unit and is the standard unit for measuring quantity of heat energy, and represents the amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit.
Municipalities	Estes Park, Fort Collins, Longmont and Loveland. The four Municipalities who own Platte River.
MW	Megawatt; one thousand kilowatts.
MWh	One megawatt of power delivered steadily for one hour.
NERC	North American Electric Reliability Corporation.
Net Income	Revenues less operating costs, depreciation, amortization and interest expense.
Net Revenue	Total revenues less operation and maintenance expenses during a period.
O & M	Operation and maintenance expense.
OSHA	Occupational Safety and Health Administration.
Projected	Estimate of revenues and expenditures based on past trends, current economic conditions, and future financial forecasts.
Rate Stabilization Fund	An account provided for by Platte River's General Power Bond Resolution and funded in accordance with Platte River's Strategic Financial Plan.
Restricted Assets	Cash and investment accounts restricted to use by bond covenants or laws and regulations.
Revised Budget	Current revised estimate of revenues and expenditures, to reflect six months actual revenues and expenditures (January through

June) and six months Budget revenues and expenditures (July through December).

RTU	Remote terminal unit – interfaces substation information to the supervisory control and data acquisition system.
SFP	Strategic Financial Plan.
Short-term Surplus Sales	Sales of electric energy having limited or no assured availability; includes economy sales to Xcel Energy and sales to other utilities for a period of less than a year.
WAPA	Western Area Power Administration.
Wheeling	The process of transmitting electricity over one or more separately owned electric transmission and distribution systems.
Yampa Project	Craig Station Units 1 and 2 and related transmission facilities.