

2012 ANNUAL BUDGET BOOK



**PLATTE RIVER
POWER AUTHORITY**

Estes Park • Fort Collins • Longmont • Loveland

BOARD OF DIRECTORS



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POWER AUTHORITY



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SECTION ONE: INTRODUCTION

Budget Message



Brian H. Moeck
General Manager

Board of Directors:

The 2012 Annual Budget focuses on the goals that support Platte River Power Authority's (Platte River) Mission Statement and Strategic Business Objectives (see page 5). The activities planned for 2012 emphasize improving Platte River's system reliability, providing customer service, promoting energy efficiency, and maintaining financial integrity. 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 2012 Annual Budget continues to support Platte River's Strategic Financial Plan and was prepared in conjunction with the 2012 Operating Plan and the 10-Year Capital Plan.

A major focus of the 2012 Budget will be on enhancing reliability, both of the generation facilities and the transmission delivery system. At Rawhide, a scheduled four-week maintenance outage will provide preventative maintenance for the boiler, spray dryer absorber, coal handling, and other systems. Major items on the outage work schedule include replacement of the coal buckets, oversized air dampers and nozzles on the boiler's burner corners to achieve better nitrogen oxide (NOx) control, replacement of the bottom ash crusher housings, inspection of the last row of rotating blades on the low pressure turbine, installation of new turbine over-speed protection system, inspection of the plant's high energy steam piping and valves, replacement of the central gas dispersers on the dry scrubber, and a chemical cleaning of the boiler tubes. Total cost of the outage is projected to be \$11.2 million, \$7.5 million in maintenance costs and \$3.7 million in capital expenditures. In addition, \$3.0 million in replacement power costs will be required while the unit is out of service. A portion of the costs for the outage maintenance and replacement power costs has been previously charged to operating expenses during 2008 through 2011. This accrual of future major outage maintenance



costs was previously approved by the Board of Directors to help stabilize wholesale rates to the Municipalities.

Also during 2012, the final portion of the 230kV transmission expansion will be completed. The Dixon Creek to Horseshoe Transmission Line and the Horseshoe Substation are expected to be placed in service by June 2012. The transmission system expansion projects began construction in 2008. In 2009, \$120.0 million was financed for the construction costs through the issuance of the Series HH tax exempt bonds. The new transmission expansion provides a separate delivery path to Platte River's largest customers, Fort Collins, Loveland, and Longmont. The added transmission facilities assure reliability to existing customers as well as adequate capacity for future load growth.



Platte River's recently approved Integrated Resource Plan calls for an investment of approximately \$2.0 million annually to achieve 11,000 MWh of new energy savings each year from 2012 through 2016. This is a slight increase in Platte River's 2011 energy efficiency program budget and savings projections, and is a significant increase over the efficiency goals provided in previous Integrated Resource Plans. Platte River currently has three established programs for commercial and industrial customers: LIGHTEN UP supports upgrades to energy-efficient lighting; the Electric Efficiency Program supports upgrades to other efficient equipment; and the Building Tune-Up program helps fund retro-commissioning studies intended to find energy-efficient operational and controls improvements. An additional program, the Efficiency Express Program, is being piloted in partnership with the Municipal utilities of Estes Park, Fort Collins, and Loveland based on a Governor's Energy Office Main Streets Energy Initiative grant aimed at helping customers rapidly implement efficiency projects via a brief energy audit and project implementation assistance. Residential programs include *Lighting with a Twist* to reduce the cost of compact fluorescent lighting in participating stores; a Northern Colorado ENERGY STAR Homes program that provides marketing and training support for homebuilders; and Select HVAC (Heating, Ventilating and Air Conditioning), a program to support contractors that follow quality-installation procedures, which improves comfort and energy efficiency. In total, Platte River's 2012 Budget for these programs is approximately \$2.0 million. The Municipalities may add funding to support these programs, depending on the customer participation levels and the Municipalities' own efficiency goals and budgets.

Platte River is continuing to face financial challenges due to the slow recovery of the economy, depressed surplus sales prices, low interest rates, and increasing costs. As a result, a 6.1% increase in the average wholesale rates is included for 2012. This increase was recommended to the Board of Directors in May and approved in October. Municipal sales are projected to increase \$11.8 million but are offset by reduced surplus sales revenues, lower interest income, and additional expenses in 2012 compared to 2011 as described below:

- Surplus sales revenues are decreasing \$11.6 million due to lower surplus sales prices, lower energy sales, and the decline of \$2.6 million in capacity sales to Tri-State Generation and Transmission Association, Inc. (Tri-State) under the long-term contract that ends May 31, 2012.
- Interest income generated from cash reserves is decreasing by \$0.8 million due to historic low interest rates and lower cash balances.
- Fuel expense is increasing \$1.6 million, which includes 4.6% and 6.1% increases in coal and transportation prices at Rawhide and Craig, respectively, and \$0.2 million for oil consumed during the Rawhide outage for chemical cleaning and start-up.
- Production expenses are increasing \$0.1 million. The majority of the increase in Rawhide expenses is offset by a decrease in Craig expenses. The largest production expense in 2012 is the Rawhide Unit 1 maintenance outage. Craig production expenses are down as a result of a major maintenance outage completed for Craig Unit 1 in 2011. Additional expenses at Rawhide for 2012 include \$0.3 million for a gas pipeline inspection gauge required to clean and detect leaks in the gas line and \$0.2 million for non-routine ash pond cleaning.
- Transmission expenses are increasing \$0.8 million. This increase includes additional wheeling expenses for wheeling charges during forced transmission maintenance outages. In addition, costs are increasing for personal services, tower maintenance, and vegetation management.
- Administrative and general expenses are increasing \$0.2 million primarily due to the increase in demand side management programs.
- Net interest expense will increase \$1.0 million as a result of a reduction in capitalized interest as transmission projects are placed into service. Also, depreciation expense will increase when the projects are completed.

Following are positive impacts on the 2012 Budget, which offset the lower revenues and higher expenses outlined above.

- Purchased power reserve charges are \$1.1 million lower than projected for 2011 due to negotiating a new agreement with Xcel Energy. Further, the replacement power costs for the Rawhide outage are less than previously anticipated due to locking in favorable contract pricing as well as a reduction in projected market prices throughout the year. Replacement power for the 2012 outage is approximately \$2.5 million lower than previously projected.
- Mercury removal costs are \$0.3 million less than budgeted for 2011. Mercury costs were originally estimated to be \$2.0 million per year but were reduced to \$0.7 million in the 2011 Budget. New estimates based on actual operations of the removal system are approximately \$0.4 million per year and will continue at this level for the next few years moving up to \$0.7 million by 2018.
- Natural gas expenses are less than 2011 by \$0.7 million as a result of a 5.6% lower estimated price as well as less usage due to the change in the reserve agreement with Xcel Energy.

Total revenues in 2012 are projected to be \$187.1 million, \$0.3 million less than the 2011 Budget. Municipal sales are expected to increase \$11.8 million over the 2011 Budget but are offset by an \$11.2 million reduction in surplus sales and other electric revenues and \$0.8 million lower interest and other income.

The expenditure budget for 2012 totals \$190.8 million and reflects an overall decrease of \$9.3 million from the 2011 Budget. The largest decrease is \$9.8 million in capital additions as a result of completing a portion of the transmission expansion projects. Operating expenses are expected to decrease \$1.5 million with a decrease in purchased power costs partially offset by increases in the other expense categories. Debt expense will increase approximately \$2.0 million as the result of a reduction in capitalized interest as transmission projects are placed into service. The 2012 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 29, 2011, a public hearing and review of the proposed budget was held on October 27, 2011, with a second public hearing and proposed adoption of the budget scheduled for December 8, 2011. Once adopted by the Board of Directors in December, a copy of the 2012 Budget will be filed with the State of Colorado.

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.

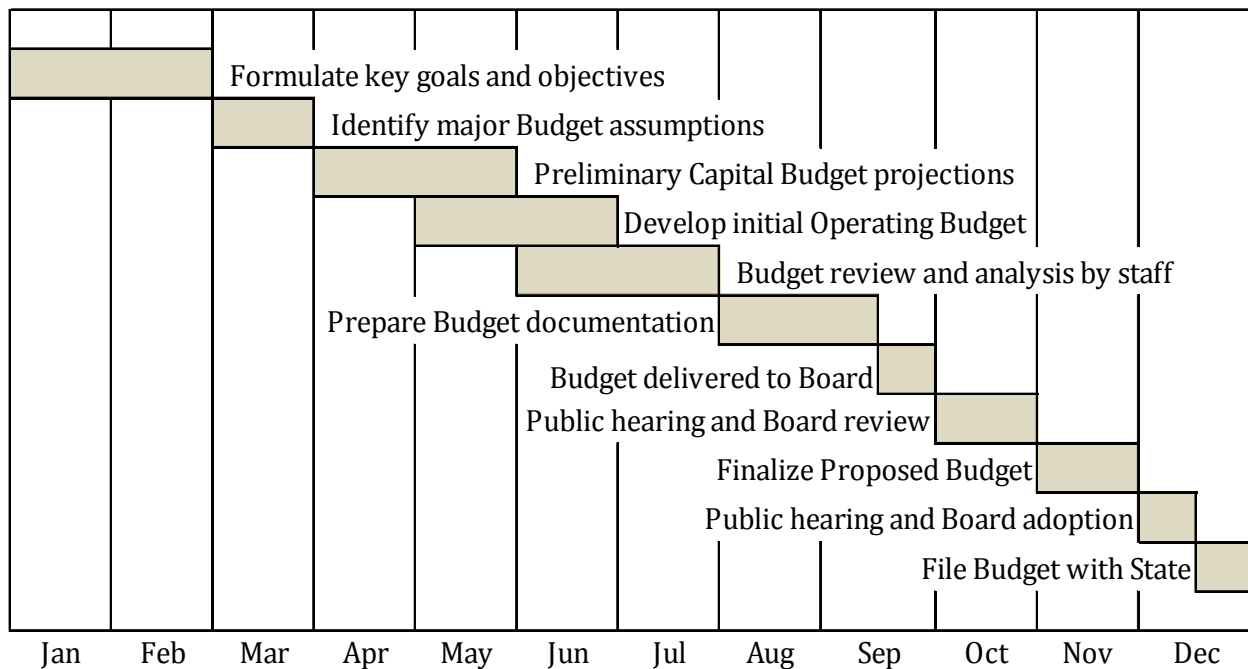
Budget Process

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 2012 Annual Budget has been prepared using the accrual method of accounting and recognized governmental budgeting practices. The 2012 capital expenditures will be funded from current operations and reserve balances previously established for this purpose. 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 2012 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 2012 any unexpended balance of funds designated for 2011 capital additions. Any 2011 unexpended amounts would principally be due to construction delays or payment timing differences and will be determined after the December 31, 2011 year-end closing. The amounts required in 2012 to complete 2011 capital projects will then be transferred to the appropriate budget categories in January 2012.

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 2012 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 2012 Annual Budget includes total revenues of \$187.1 million, \$0.3 million less than the 2011 Annual Budget. An increase in projected Municipal revenue is partially offset by decreases in surplus sales and other electric revenues and interest and other income. Municipal sales include a 6.1% increase in Municipal wholesale rates and a projected 1.9% growth in energy deliveries. The Municipal rate increase is required due to decreased surplus sales, increased operating and maintenance expenses, increased financing and depreciation costs, and reduced interest income.

Expenditures in 2012 are projected to be \$190.8 million, down \$9.3 million from the 2011 Budget. Operating expenses are projected to be \$135.2 million, a decrease of \$1.5 million primarily due to a decrease in purchased power costs resulting from a lower replacement power accrual. The decrease is partially offset by increases in fuel, production, transmission, and administrative and general expenses. The 2012 debt expense is projected to be \$32.8 million, a \$2.0 million increase over 2011 as the result of lower capitalized interest during construction. Capital additions are projected to be \$22.7 million in 2012, down from the \$32.5 million budgeted for 2011. Additions include \$14.6 million for production additions, \$6.7 million for the continuation of the 230kV transmission system expansion and other transmission upgrades, and \$1.4 million for general additions. The 2012 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	2011 Budget	2012 Budget
Net Income (\$000)	\$6,276	\$6,048
Debt Service Coverage	1.65X	1.58X
Debt-to-Capitalization Ratio	36/64	34/66
Rate Stabilization Fund Balance (\$000)	\$20,000	\$20,000
Capital and Debt Management Reserves (\$000)	\$26,263	\$15,136

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

Comparative Financial Highlights

	<i>(In Thousands)</i>			2012 Budget
	2010 Actual	2011 Budget	2011 Revised ⁽¹⁾	
Operating Results (\$000)				
Operating revenues	\$ 176,222	\$ 185,744	\$ 181,035	\$ 186,301
Operating expenses ⁽²⁾	162,644	169,678	165,398	168,735
Nonoperating costs, net ⁽³⁾	7,367	9,739	9,551	11,520
Net income before fair value adjustment	6,211	6,327	6,086	6,046
Fair value (loss)/gain ⁽⁴⁾	(788)	(51)	(269)	2
Net income after fair value adjustment	\$ 5,423	\$ 6,276	\$ 5,817	\$ 6,048
Power Sales				
Peak demand-Municipalities (MW)	615	632	639	646
Energy-Municipalities (GWh)	3,112	3,171	3,157	3,232
Energy-others (GWh)	1,024	859	895	788
Production Operations				
Rawhide Unit 1				
Net output (GWh)	2,205	2,204	2,264	2,087
Capacity factor (%)	89.9	90.0	92.3	85.0
Fuel cost (\$/MWh)	10.7	11.3	11.2	11.9
O&M cost (\$/MWh) ⁽⁵⁾	9.7	10.7	9.4	13.9
Total Rawhide (\$/MWh)	20.4	22.0	20.6	25.8
Craig Units 1 and 2				
Net output (GWh)	1,184	1,160	1,063	1,217
Capacity factor (%)	87.8	86.0	78.8	90.0
Fuel cost (\$/MWh)	16.0	17.5	17.4	18.7
O&M cost (\$/MWh)	9.4	9.8	11.5	8.5
Total Craig (\$/MWh)	25.4	27.3	28.9	27.2
Other Generation				
Peaking Units A, B, C, D, F (GWh)	65	37	32	22
Wind (GWh)	57	63	61	55
Selected Other Data				
Accumulated net assets (\$000)	446,821	452,589	452,638	458,686
Long-term debt, net (\$000)	275,535	256,554	256,554	236,533
Dedicated reserves and available funds (\$000)	72,325	73,624	62,263	62,135
Capital additions (\$000)	69,819	32,472	28,674	22,709
Debt-to-capitalization ratio	38/62	36/64	36/64	34/66
Total debt coverage ratio	1.58x	1.65x	1.63x	1.58x

(1) 2011 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 (non-appropriated) 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>			
	2010	2011	2011	2012
	<u>Actual</u>	<u>Budget</u>	<u>Revised⁽¹⁾</u>	<u>Budget</u>
Operating Revenues				
Sales to Municipalities	\$ 138,264	\$ 149,293	\$ 148,532	\$ 161,059
Sales for resale and other	<u>37,958</u>	<u>36,451</u>	<u>32,503</u>	25,242
	176,222	185,744	181,035	186,301
Operating Expenses				
Purchased power	27,509	26,880	26,664	22,659
Fuel	46,297	47,175	45,500	48,826
Operations and maintenance ⁽²⁾	46,915	51,025	49,720	51,843
Administrative and general ⁽²⁾	11,319	11,679	11,183	11,896
Depreciation ⁽²⁾	<u>30,604</u>	<u>32,919</u>	<u>32,331</u>	33,511
	162,644	169,678	165,398	168,735
Operating income	13,578	16,066	15,637	17,566
Nonoperating Revenues (Expenses)				
Interest expense	(14,225)	(13,207)	(13,207)	(12,189)
Amortization of bond financing costs ⁽²⁾	(690)	(608)	(608)	(514)
Interest and other income	2,488	1,718	1,528	820
Allowance for funds used during construction	<u>5,060</u>	<u>2,358</u>	<u>2,736</u>	363
	(7,367)	(9,739)	(9,551)	(11,520)
Net income before fair value adjustments	6,211	6,327	6,086	6,046
Fair value (loss)/gain ⁽³⁾	<u>(788)</u>	<u>(51)</u>	<u>(269)</u>	2
Net income after fair value adjustments	<u>\$ 5,423</u>	<u>\$ 6,276</u>	<u>\$ 5,817</u>	\$ 6,048

(1) 2011 Revised represents six months actual and six months budget.

(2) Includes non-appropriated expenses of vacation accrual, depreciation expense, and amortization of bond financing costs.

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

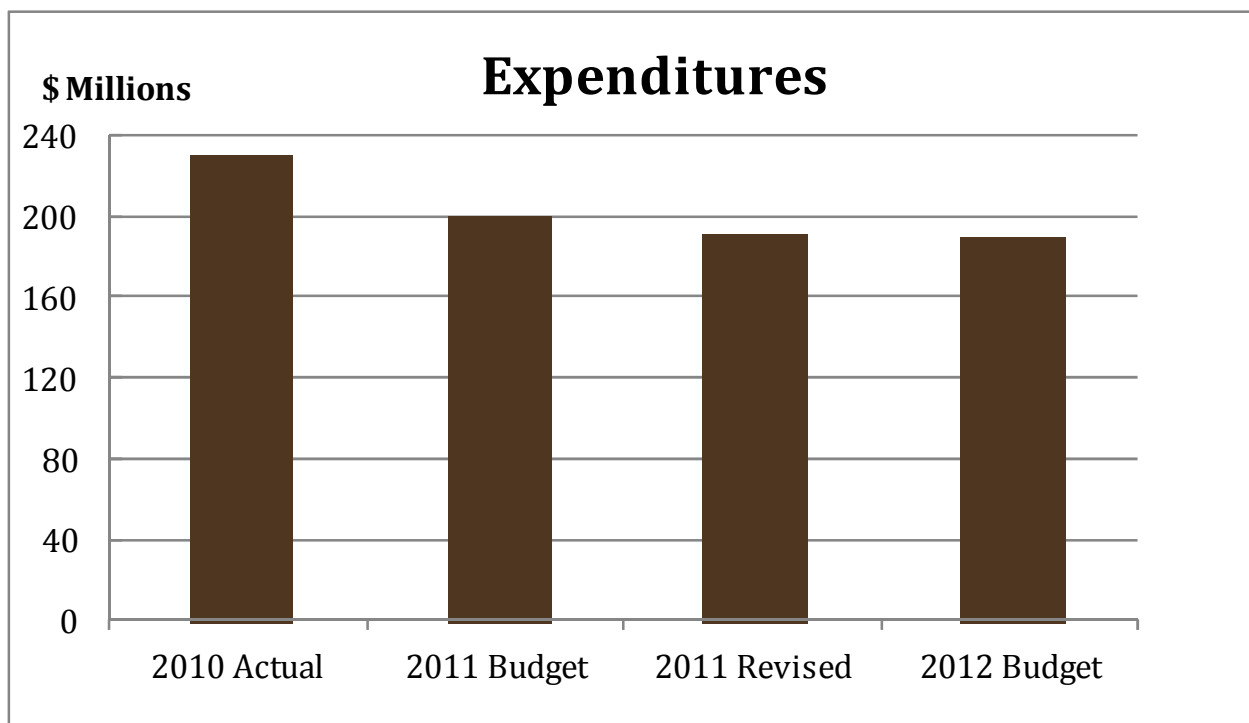
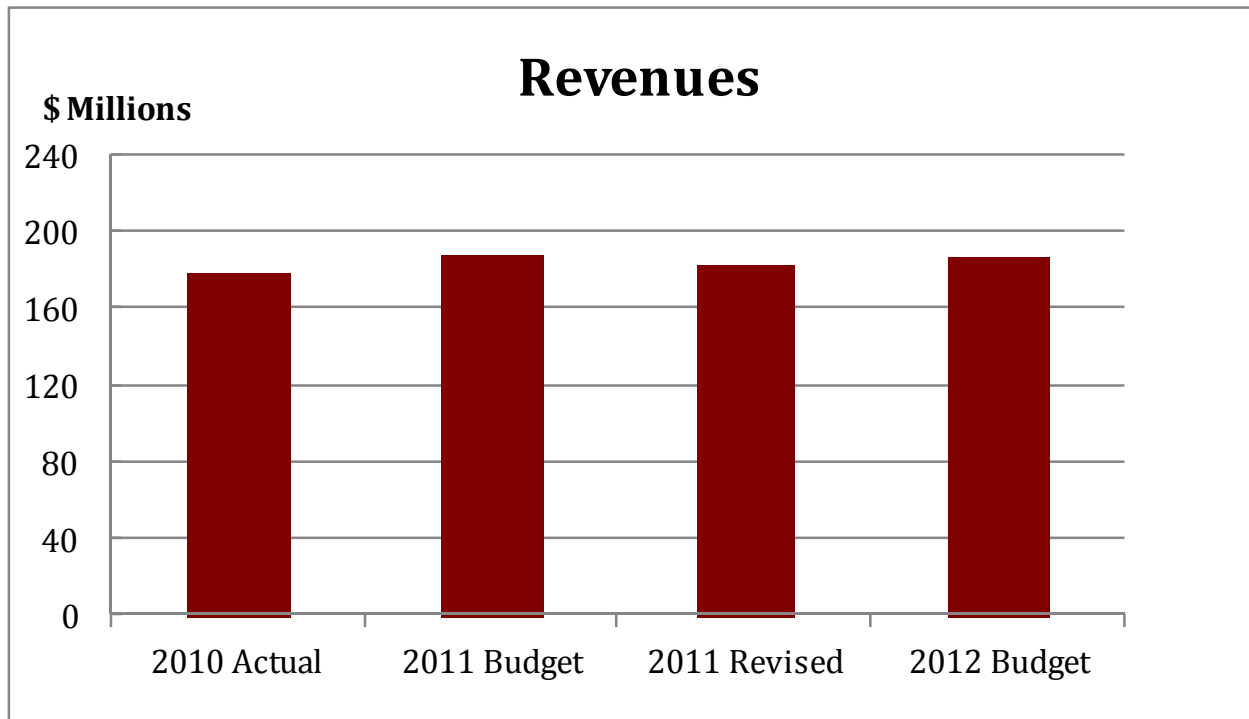
SECTION THREE: BUDGET SUMMARY

Revenue and Expenditure Budget

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Source of Funds				
Operating Revenues				
Municipal sales	\$ 138,264,634	\$ 149,293,274	\$ 148,532,683	\$ 161,058,840
Surplus sales - contract	5,117,500	4,072,200	4,072,200	1,437,500
Surplus sales - short-term	29,228,457	28,721,171	24,736,691	19,762,954
Wheeling	3,611,985	3,658,008	3,693,952	4,041,969
Total operating revenues	<u>176,222,576</u>	<u>185,744,653</u>	<u>181,035,526</u>	<u>186,301,263</u>
Other Revenues				
Interest income	1,790,310	1,351,944	1,160,727	504,945
Other income	429,903	314,554	332,286	316,887
Total other revenues	<u>2,220,213</u>	<u>1,666,498</u>	<u>1,493,013</u>	<u>821,832</u>
Total revenue budget	178,442,789	187,411,151	182,528,539	187,123,095
Funds from prior reserves	<u>52,706,315</u>	<u>32,669,879</u>	<u>29,604,460</u>	<u>23,651,488</u>
Total Sources	<u>\$ 231,149,104</u>	<u>\$ 220,081,030</u>	<u>\$ 212,132,999</u>	<u>\$ 210,774,583</u>
Use of Funds				
Operating Expenses				
Purchased power	\$ 27,509,142	\$ 26,879,784	\$ 26,663,795	\$ 22,659,168
Fuel expense	46,296,779	47,175,223	45,500,033	48,826,229
Production expenses	42,140,385	45,332,683	44,005,931	45,395,847
Transmission expenses	4,713,939	5,692,416	5,529,687	6,446,653
Administrative and general	11,247,548	11,678,875	11,288,653	11,895,981
Total operating expenses	<u>131,907,793</u>	<u>136,758,981</u>	<u>132,988,099</u>	<u>135,223,878</u>
Debt Expense				
Interest expense	14,225,415	13,207,101	13,207,100	12,189,229
Principal	20,256,670	20,000,114	20,000,116	21,015,395
Allowance for funds used during construction	(5,060,032)	(2,357,603)	(2,736,340)	(363,006)
Total debt expense	<u>29,422,053</u>	<u>30,849,612</u>	<u>30,470,876</u>	<u>32,841,618</u>
Capital Additions				
Production	8,955,418	10,609,117	8,655,740	14,586,825
Transmission	58,885,557	20,814,998	19,151,731	6,724,621
General	1,978,283	1,048,322	866,553	1,397,641
Total capital additions	<u>69,819,258</u>	<u>32,472,437</u>	<u>28,674,024</u>	<u>22,709,087</u>
Total expenditure budget	231,149,104	200,081,030	192,132,999	190,774,583
Contingency Appropriation	<u>-</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Total Uses	<u>\$ 231,149,104</u>	<u>\$ 220,081,030</u>	<u>\$ 212,132,999</u>	<u>\$ 210,774,583</u>

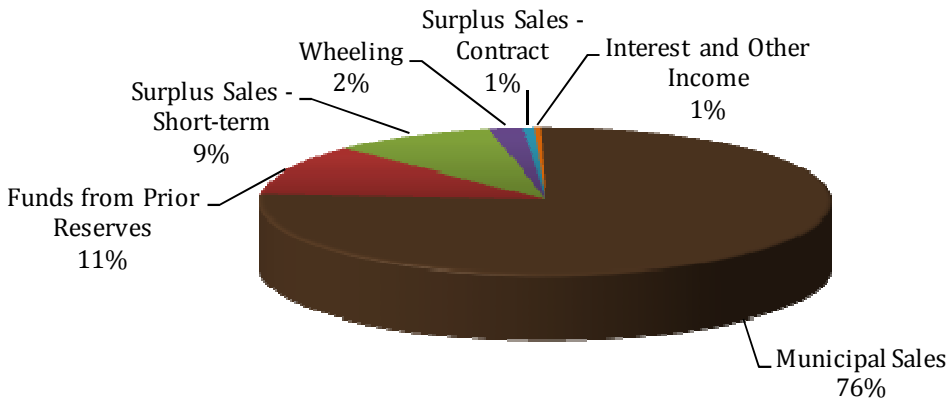
Revenues and Expenditures

The following charts show a comparison of revenues and expenditures for 2010 Actual, 2011 Budget, 2011 Revised, and 2012 Budget.



Source and Use of Funds

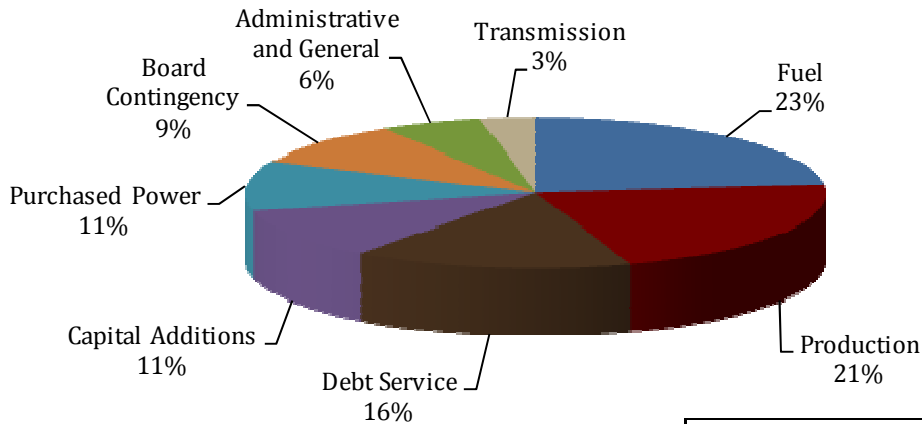
Source of Funds



2012 Sources

Municipal Sales	\$ 161,058,840
Surplus Sales - Contract	1,437,500
Surplus Sales - Short-term	19,762,954
Wheeling	4,041,969
Interest and Other Income	821,832
Funds from Prior Reserves	23,651,488
Total Sources	\$ 210,774,583

Use of Funds



2012 Uses

Purchased Power	\$ 22,659,168
Fuel	48,826,229
Production	45,395,847
Transmission	6,446,653
Administrative and General	11,895,981
Debt Service	32,841,618
Capital Additions	22,709,087
Board Contingency	20,000,000
Total Uses	\$ 210,774,583

Revenue and Expenditure Detail

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
REVENUES				
Revenues				
Municipal sales	\$ 138,264,634	\$ 149,293,274	\$ 148,532,683	\$ 161,058,840
Surplus sales - contract	5,117,500	4,072,200	4,072,200	1,437,500
Surplus sales - short-term	29,228,457	28,721,171	24,736,691	19,762,954
Wheeling	3,611,985	3,658,008	3,693,952	4,041,969
Interest income	1,790,310	1,351,944	1,160,727	504,945
Other income	429,903	314,554	332,286	316,887
Total Revenues	<u>178,442,789</u>	<u>187,411,151</u>	<u>182,528,539</u>	<u>187,123,095</u>
Funds from prior reserves	<u>52,706,315</u>	<u>32,669,879</u>	<u>29,604,460</u>	<u>23,651,488</u>
Total Revenues and Prior Funds	<u><u>\$231,149,104</u></u>	<u><u>\$220,081,030</u></u>	<u><u>\$212,132,999</u></u>	<u><u>\$210,774,583</u></u>
EXPENDITURES				
Personal Services				
Salaries				
Regular wages	\$ 17,495,240	\$ 18,716,687	\$ 18,435,935	\$ 19,186,511
Overtime wages	<u>1,313,222</u>	<u>1,290,719</u>	<u>1,114,598</u>	<u>1,658,928</u>
Total Salaries	18,808,462	20,007,406	19,550,533	20,845,439
Benefits				
Pension contribution - defined contribution	3,090	72,000	45,226	133,000
Pension contribution - defined benefit	4,891,445	3,940,403	3,940,403	3,961,936
Social security	1,365,077	1,493,156	1,442,017	1,560,197
Long-term disability	105,021	108,000	110,103	115,878
Medical and dental	1,681,514	2,000,000	2,119,781	2,265,493
Recruiting	29,340	60,000	63,520	50,000
Life insurance	75,389	96,000	91,836	92,262
Accidental death	15,429	18,000	16,832	16,281
Workers compensation	91,389	110,250	99,567	110,250
Unemployment compensation	3,155	10,000	7,579	10,000
Salary and pension services	<u>369,168</u>	<u>316,700</u>	<u>342,746</u>	<u>253,800</u>
Total Benefits	8,630,017	8,224,509	8,279,610	8,569,097
Total Personal Services	27,438,479	28,231,915	27,830,143	29,414,536
Less charged to capital and other	<u>(2,411,143)</u>	<u>(1,757,449)</u>	<u>(1,639,650)</u>	<u>(2,114,274)</u>
Total Operating Personal Services	25,027,336	26,474,466	26,190,493	27,300,262
Materials and Expenses				
Office expenses	60,006	108,300	74,723	119,500
Safety expenses	166,281	235,300	167,426	254,950
Furniture and equipment - minor	27,575	31,800	25,030	31,800
Local business expense	88,729	125,606	102,048	146,550
Postage and deliveries	25,204	33,410	28,861	46,085
Rawhide O&M materials	3,561,290	4,499,599	3,901,224	5,648,491
Other O&M materials	625,352	779,964	651,944	776,926
Rawhide coal	23,003,756	24,387,817	24,971,124	24,149,261
Yampa coal	18,482,950	19,805,204	17,990,581	22,210,411
Oil	249,026	177,072	84,888	357,000

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Materials and Expenses (continued)				
Natural gas (Rawhide A, B, C, D and F)	\$ 3,742,674	\$ 1,933,404	\$ 1,591,376	\$ 1,236,693
Natural gas (Craig startup)	77,527	57,072	45,109	57,000
Gasoline and diesel	192,483	209,700	211,178	250,900
Tools, shop and garage equipment	64,481	103,000	86,145	108,604
Purchased power	25,814,013	25,187,710	24,971,721	26,278,411
Yampa operating expenses	11,519,885	11,905,814	12,757,781	10,839,820
Computer equipment - minor	200,590	277,550	196,686	253,600
Wheeling expense	1,031,351	1,018,988	1,063,543	1,142,216
Outage accrual	3,202,581	3,196,811	3,196,811	(6,763,439)
Total Materials and Expenses	92,135,754	94,074,121	92,118,199	87,144,779
Contractual Services				
Professional services	270,066	351,500	285,030	326,500
Rawhide contracted services	3,132,686	3,241,501	2,520,715	7,258,968
Other contracted services	3,337,131	4,281,242	3,746,571	4,600,501
Corporate insurance	1,007,423	1,103,500	1,053,062	1,126,600
Travel and training	438,493	600,000	610,965	619,000
Telephone services	156,983	172,323	149,616	208,910
Utilities	403,890	438,620	434,156	451,752
Dues, memberships and fees	393,638	438,583	366,298	390,300
Trustees fees	28,915	28,920	31,648	28,920
Windy Gap lease and rent	3,701,899	3,886,175	3,831,963	3,855,572
Other leases and rents	59,869	49,000	48,165	49,468
Economic development	60,000	60,000	60,000	60,000
Fiscal impact payment	59,646	59,650	59,650	59,646
Demand side management incentives	1,665,854	1,457,500	1,449,963	1,701,500
Total Contractual Services	14,716,493	16,168,514	14,647,802	20,737,637
Financing Expenses				
Long-term interest expense	14,225,415	13,207,101	13,207,100	12,189,229
Principal retirements	20,256,670	20,000,114	20,000,116	21,015,395
Other financing expenses	28,210	41,880	31,605	41,200
Allowance for funds used during construction	(5,060,032)	(2,357,603)	(2,736,340)	(363,006)
Total Financing Expenses	29,450,263	30,891,492	30,502,481	32,882,818
Capital Additions				
Personal services	2,224,025	1,732,103	1,516,496	2,082,361
Materials and expenses	33,937,807	9,530,891	11,157,547	13,067,132
Contractual services	33,089,161	19,001,840	14,187,396	7,530,801
Capital reimbursements	(4,491,767)	(150,000)	(923,755)	(334,213)
Allowance for funds used during construction	5,060,032	2,357,603	2,736,340	363,006
Total Capital Additions	69,819,258	32,472,437	28,674,024	22,709,087
Total Expenditures	231,149,104	200,081,030	192,132,999	190,774,583
Contingency Appropriation	-	20,000,000	20,000,000	20,000,000
Total Expenditures and Contingency	<u>\$ 231,149,104</u>	<u>\$ 220,081,030</u>	<u>\$ 212,132,999</u>	<u>\$ 210,774,583</u>

SECTION FOUR: ELECTRIC SYSTEM RESOURCES

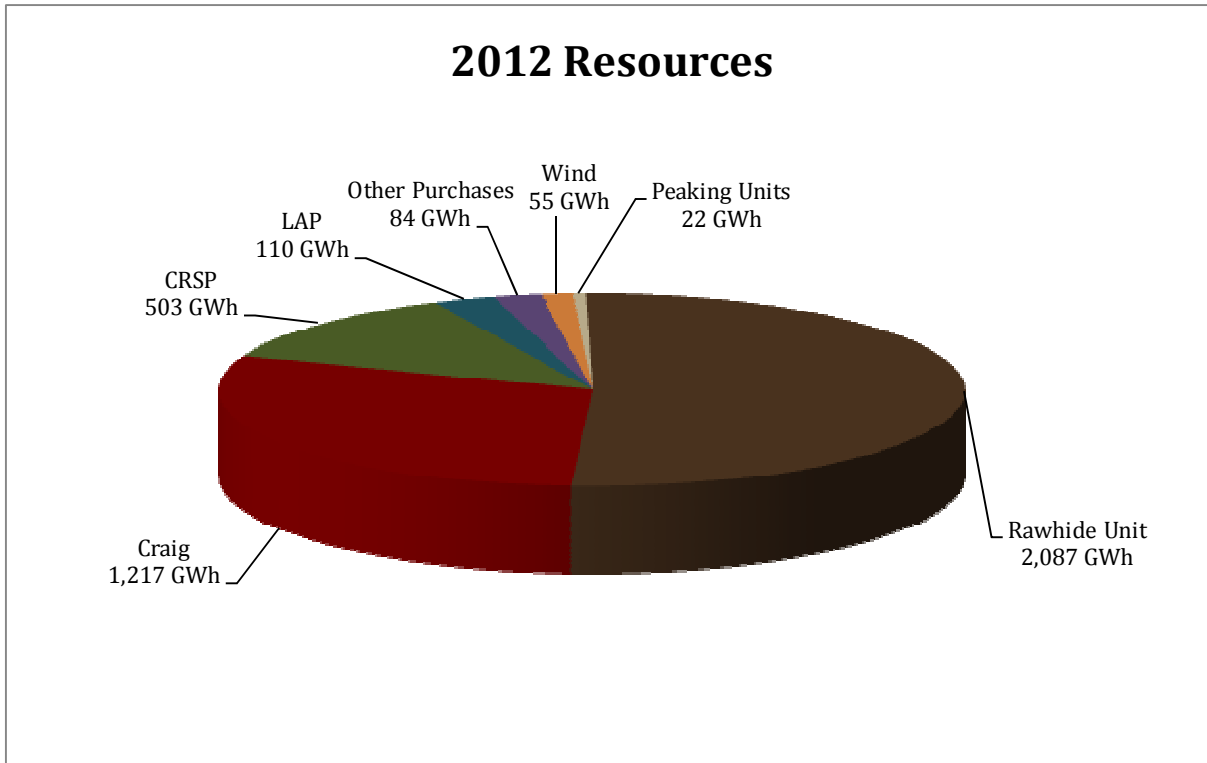
Power Resources

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 (WAPA). 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 GE 7FA (128 MW). 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 surplus sales. Platte River’s Medicine Bow Wind Project, located in Wyoming, provides wind generation with 5.8 MW of capacity. In addition, 12 MW of wind power is provided under a long-term purchase agreement from the Silver Sage Wind Project in Wyoming. Platte River’s hydropower is received under two long-term contracts with WAPA. The first contract, which provides the largest allocation of power, is from Colorado River Storage Project (CRSP) 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.

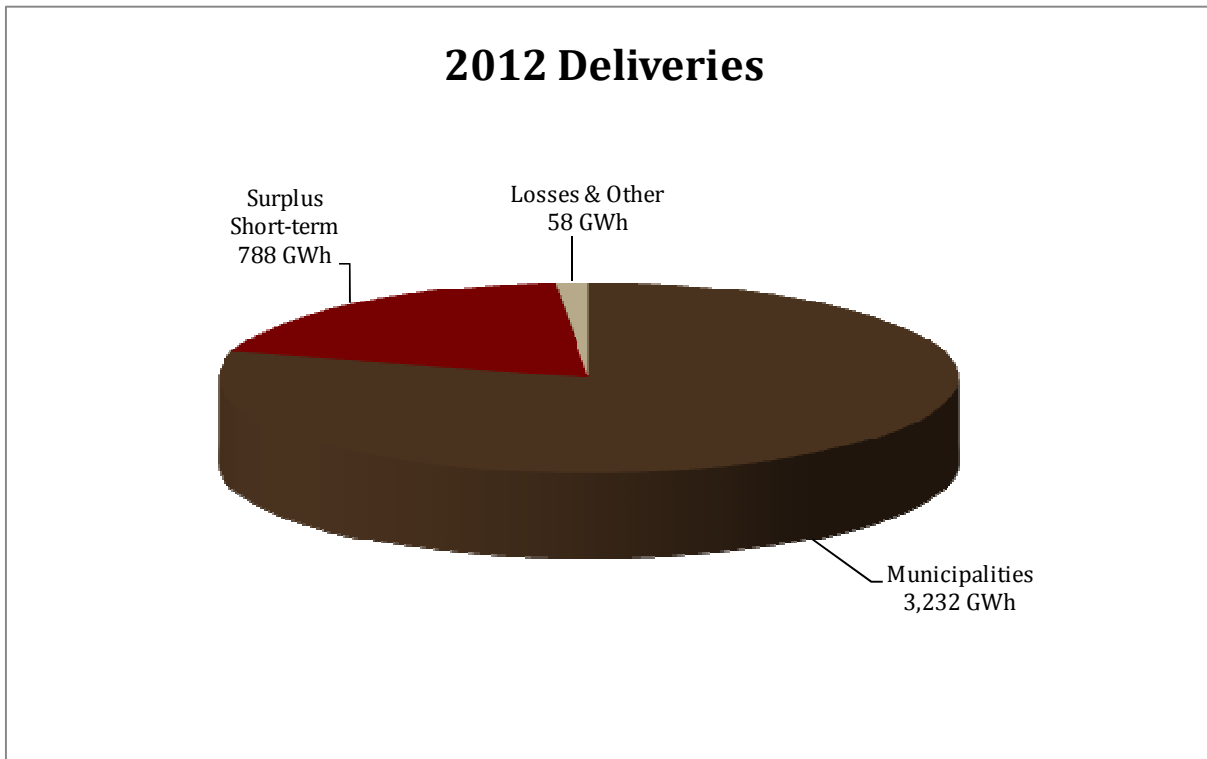
Power Resources	Capacity Rating	Capacity Factors			
		2010 Actual	2011 Budget	2011 Revised	2012 Budget
Rawhide Unit 1⁽¹⁾	280 MW	89.9%	90.0%	92.3%	85.0%
Craig Units 1 and 2	154 MW	87.8%	86.0%	78.8%	90.0%
Rawhide Units A, B, C, D	260 MW	1.3%	0.6%	0.5%	0.3%
Rawhide Unit F	128 MW	3.2%	2.1%	1.8%	1.4%
Wind Generation⁽²⁾	20.3 MW/17.8 MW	33.7%	35.4%	34.2%	35.5%
WAPA-CRSP⁽³⁾	106 MW -Summer 136 MW- Winter	47.4%	47.4%	53.6%	47.4%
WAPA-LAP	30 MW – Summer 32 MW- Winter	40.5%	40.5%	50.8%	40.5%

- (1) Rawhide Unit 1 capacity is 278 MW for the summer months (June – August) in 2012.
- (2) Wind generation in 2010 and 2011 includes nine owned turbines for 5.8 MW, a purchase agreement for a 2.5 MW turbine at Medicine Bow and an additional 12 MW of purchased wind power from Silver Sage. The turbine for the 2.5 MW purchase agreement will be decommissioned and will not operate in 2012.
- (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 51 MW to 60 MW. In the winter season, available capacity ranges from 72 MW to 85 MW.

Resources and Deliveries



Total Resources = 4,078 GWh



Total Deliveries = 4,078 GWh

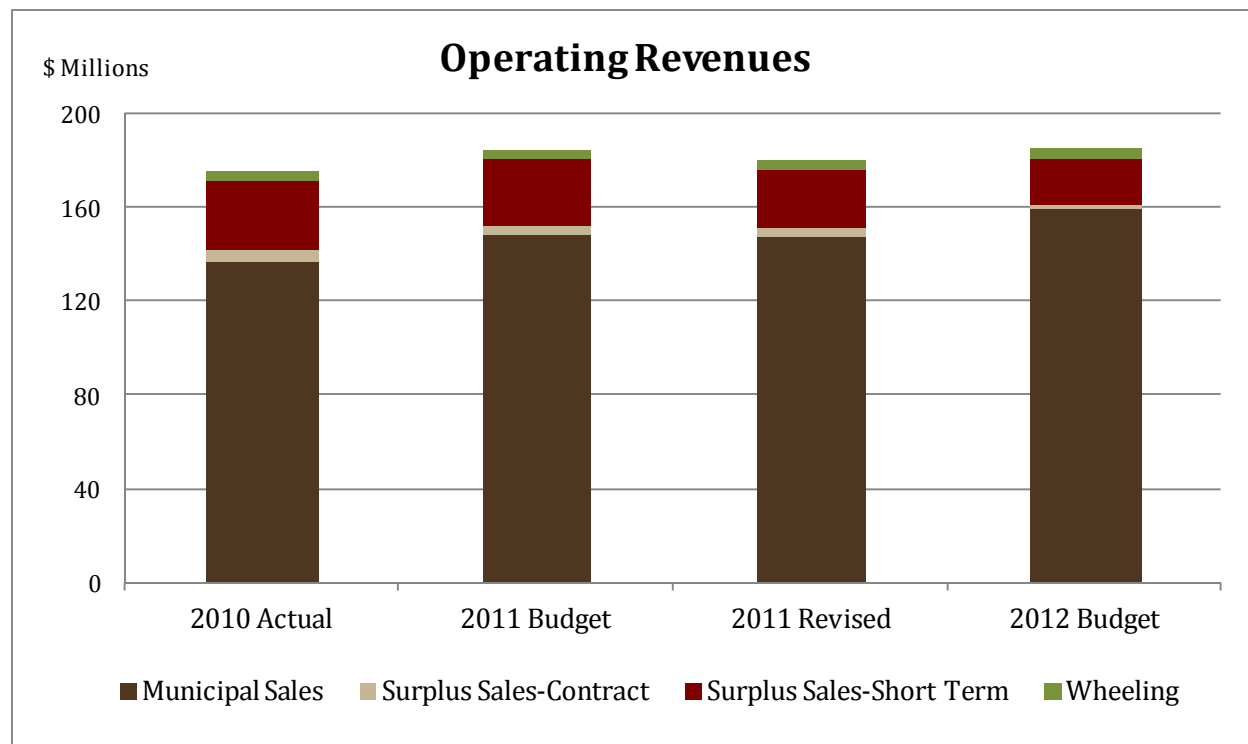
SECTION FIVE: OPERATING REVENUES

Operating Revenues

Operating revenues of \$186.3 million are anticipated during 2012, a \$0.6 million increase over the 2011 Budget. Municipal revenues are projected to be \$161.1 million, contract surplus sales \$1.4 million, short-term surplus sales \$19.8 million, and transmission wheeling revenues \$4.0 million. The 2012 Municipal revenues are based on Platte River’s hourly load forecast and include a wholesale rate increase of 6.1%. Contract surplus sales revenues are under a four-year contract with Tri-State for capacity and energy deliveries from the peaking units. The contract ends May 31, 2012. 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)	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Municipal Sales	\$138,264	\$149,293	\$148,532	\$161,059
Surplus Sales – Contract	5,118	4,072	4,072	1,437
Surplus Sales – Short-term	29,228	28,721	24,737	19,763
Wheeling	3,612	3,658	3,694	4,042
Total Operating Revenues	\$176,222	\$185,744	\$181,035	\$186,301

The following chart compares operating revenues for 2010 Actual, 2011 Budget, 2011 Revised, and 2012 Budget.

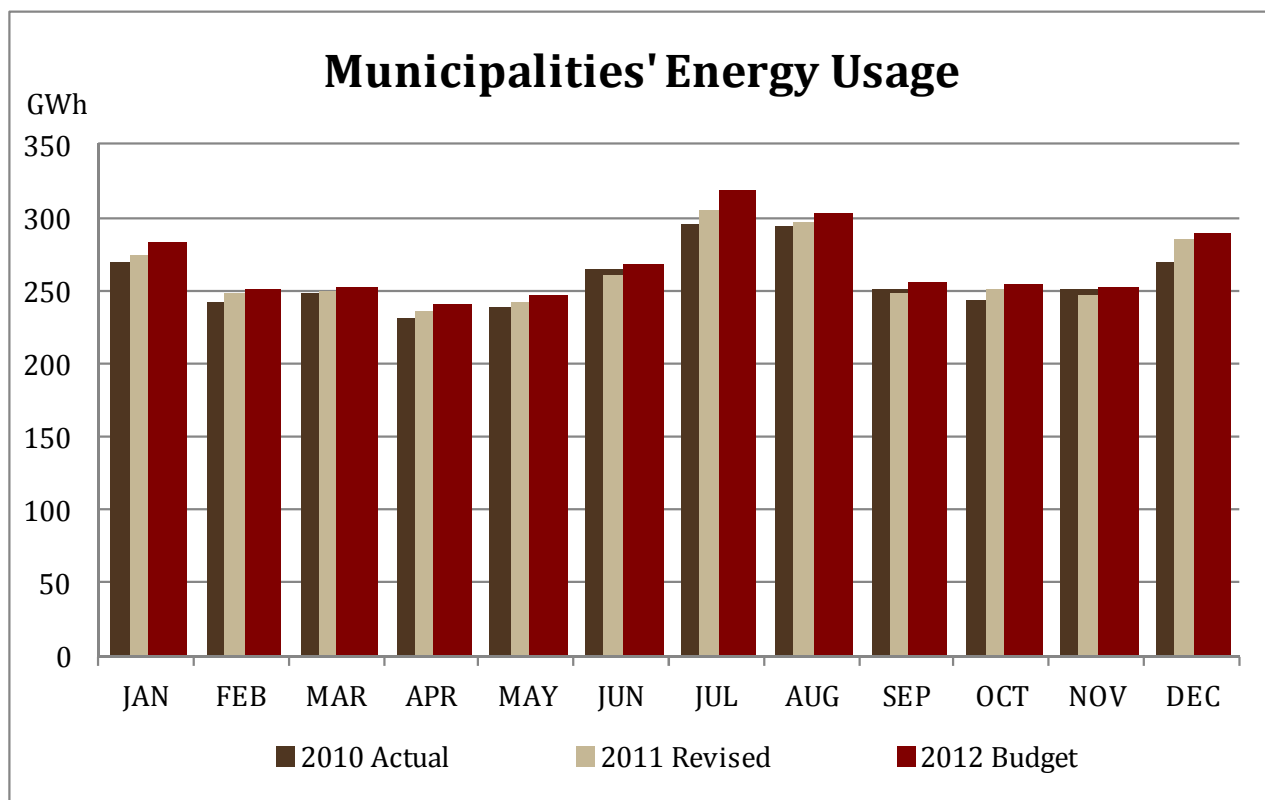


Municipal Loads

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 2012 load forecast projects an increase of 1.9% for energy and 1.6% for billing demand over the 2011 Budget. Platte River has experienced lower energy growth rates over the past few years due to energy efficiency programs and the slow recovery of the overall economy.

Municipal Loads	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Summer Peak Demand (MW)	615	632	639	646
Winter Peak Demand (MW)	486	515	515	516
Energy (GWh)	3,112	3,171	3,157	3,232

Comparisons of total monthly energy usage by the Municipalities for 2010 Actual, 2011 Revised, and 2012 Budget.

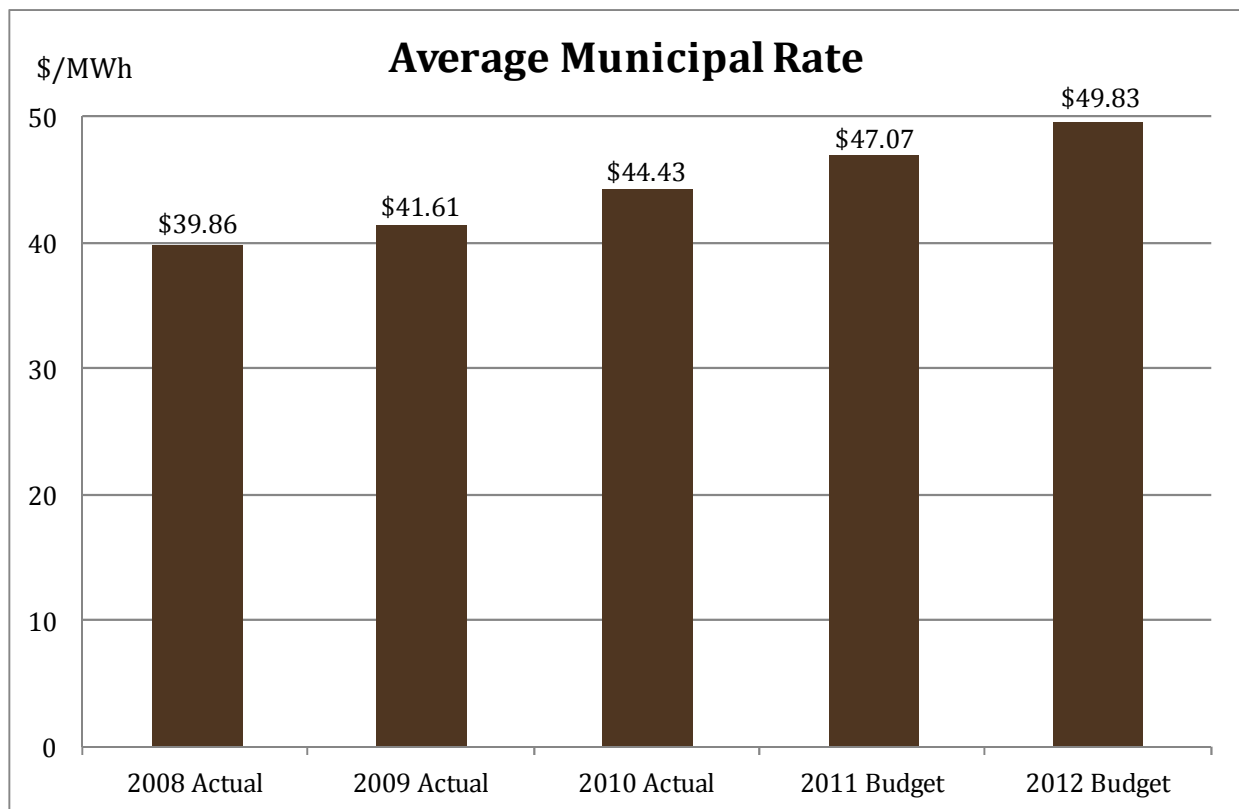


Wholesale Municipal Rates

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 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 January 1, 2012. The rate increase is primarily the result of lower surplus sales, increased operating and maintenance expenses, increased financing and depreciation costs, and reduced interest income. It is estimated that the average rate to the Municipalities after the increases will be \$49.83 per MWh. The rates for 2012 incorporate the new seasonal rate structure and increases in the large customer rates. The new rate structure will more closely align rates with costs. The renewable rate is not expected to change for 2012. 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 average wholesale rate.



Sales to Municipalities

Total Municipal revenues in 2012 are projected to be \$161.1 million, an increase of \$11.8 million over the 2011 Budget. Demand revenues are projected to be \$47.8 million, down \$22.4 million from 2011 and energy revenues are \$111.1 million, up \$34.5 million from 2011. Municipal revenues also included \$2.2 million in renewable energy premiums, down \$0.3 million from the 2011 Budget.

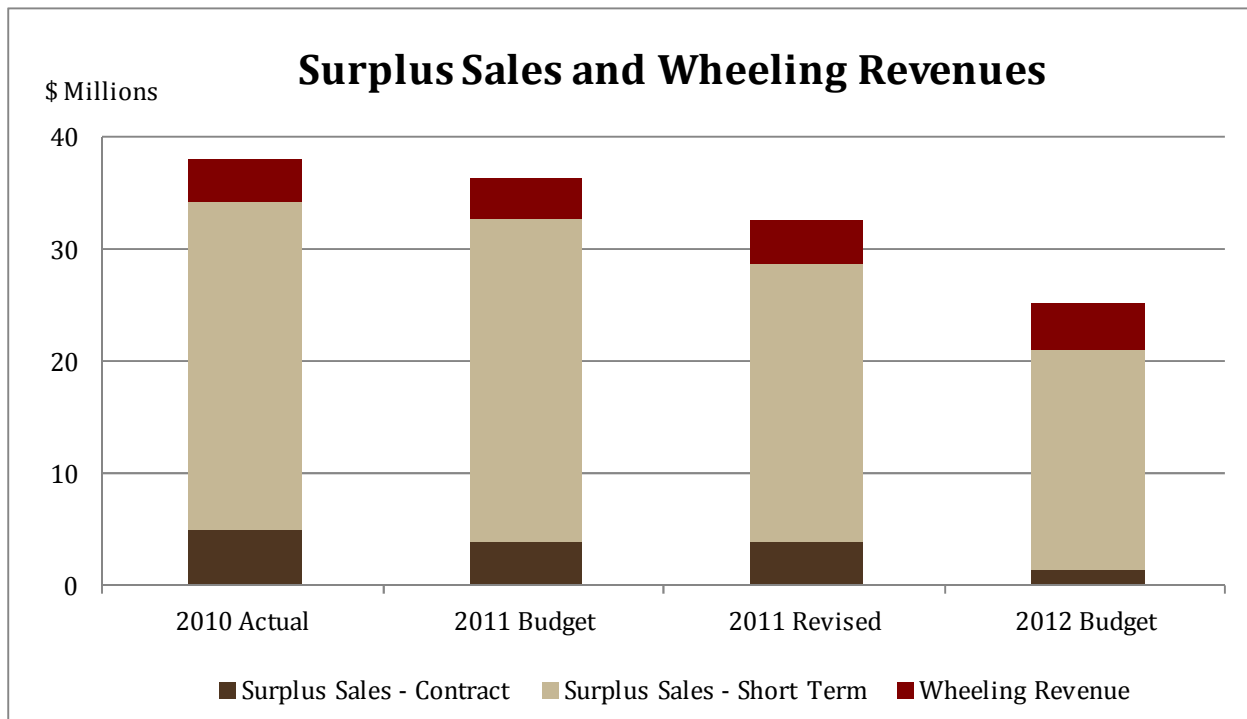
	2010 <u>Actual</u>	2011 <u>Budget</u>	2011 <u>Revised</u>	2012 <u>Budget</u>
Fort Collins				
Demand	\$ 32,422,485	\$ 33,011,192	\$ 32,864,275	\$ 22,289,121
Energy	27,842,196	32,452,269	32,254,169	48,618,601
Large customer	3,635,070	3,940,976	3,935,328	4,334,646
Renewable energy premium	1,824,006	1,823,998	1,652,782	1,443,998
Total	<u>65,723,757</u>	<u>71,228,435</u>	<u>70,706,554</u>	<u>76,686,366</u>
Longmont				
Demand	18,900,679	19,066,985	18,930,839	13,054,368
Energy	15,472,776	18,069,336	17,916,147	27,032,421
Large customer	1,553,272	1,691,374	1,687,214	1,866,692
Renewable energy premium	570,003	490,199	485,304	532,000
Total	<u>36,496,730</u>	<u>39,317,894</u>	<u>39,019,504</u>	<u>42,485,481</u>
Loveland				
Demand	15,504,898	15,410,823	15,414,562	10,697,003
Energy	12,583,862	14,464,635	14,486,259	21,987,209
Interruptible	2,492,093	2,872,300	2,865,247	2,659,535
Renewable energy premium	123,500	125,400	113,629	127,301
Total	<u>30,704,353</u>	<u>32,873,158</u>	<u>32,879,697</u>	<u>35,471,048</u>
Estes Park				
Demand	2,670,033	2,699,860	2,750,931	1,797,477
Energy	2,623,003	3,127,168	3,133,627	4,571,708
Renewable energy premium	46,758	46,759	42,370	46,760
Total	<u>5,339,794</u>	<u>5,873,787</u>	<u>5,926,928</u>	<u>6,415,945</u>
Total Municipalities				
Demand	69,498,095	70,188,860	69,960,607	47,837,969
Energy				
Energy	58,521,837	68,113,408	67,790,202	102,209,939
Large customer	5,188,342	5,632,350	5,622,542	6,201,338
Interruptible	2,492,093	2,872,300	2,865,247	2,659,535
Total Energy	<u>66,202,272</u>	<u>76,618,058</u>	<u>76,277,991</u>	<u>111,070,812</u>
Renewable energy premium	<u>2,564,267</u>	<u>2,486,356</u>	<u>2,294,085</u>	<u>2,150,059</u>
Total Sales to Municipalities	<u><u>\$ 138,264,634</u></u>	<u><u>\$ 149,293,274</u></u>	<u><u>\$ 148,532,683</u></u>	<u><u>\$ 161,058,840</u></u>

Surplus Sales and Other Electric Revenues

Total surplus sales and other electric revenues for 2012 are projected to be \$25.2 million, a decrease of \$11.2 million from the 2011 Budget. Contract surplus sales are projected to be \$1.4 million, short-term surplus sales \$19.8 million, and wheeling revenues \$4.0 million.

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Surplus Sales - Contract				
Contract sales	\$ 5,117,500	\$ 4,072,200	\$ 4,072,200	\$ 1,437,500
Surplus Sales - Short Term				
Energy sales	29,228,457	28,721,171	24,736,691	19,762,954
Total surplus sales	34,345,957	32,793,371	28,808,891	21,200,454
Wheeling Revenue				
Transmission service	3,611,985	3,658,008	3,693,952	4,041,969
Total Surplus and Wheeling	<u>\$ 37,957,942</u>	<u>\$ 36,451,379</u>	<u>\$ 32,502,843</u>	<u>\$ 25,242,423</u>

The following chart compares surplus sales and wheeling revenues for 2010 Actual, 2011 Budget, 2011 Revised, and 2012 Budget.



Surplus Sales

Contract sales to Tri-State are projected to be \$1.4 million, which is a \$2.6 million decrease from the 2011 Budget, as the contract will expire May 31, 2012. Under the contract, Tri-State will purchase 50 MW of reserved capacity per month through May from the peaking units. No energy deliveries under the contract are anticipated. Short-term surplus sales are projected to be \$19.8 million, a decrease of \$9.0 million from the 2011 Budget. This decrease is primarily due to aligning projected sales prices with current market prices and less energy available for sale due to the scheduled maintenance outage. The 2012 estimated average surplus sales selling price is \$25.1/MWh versus \$33.6/MWh included in the 2011 Budget. The short-term surplus energy sales represent approximately 788 GWh, down 7.8% from the 855 GWh estimated in the 2011 Budget.

Surplus Sales (GWh)	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Tri-State Contract Energy	0	4	4	0
Other Short Term Energy	1,024	855	891	788
Total Surplus Sales	1,024	859	895	788

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 with PacifiCorp for 35 MW of capacity in the Craig-Bonanza Transmission Line and with Tri-State for 34 MW of capacity in the Craig-Ault Transmission Line. Also, Xcel Energy and Tri-State are 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 2012 Budget includes \$4.0 million in wheeling revenues. The increase of \$0.4 million over the 2011 Budget represents a rate increase and new delivery points.

Wheeling Revenues (\$000)	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Craig-Bonanza	\$1,059	\$1,056	\$1,058	\$1,059
Craig-Ault	1,540	1,612	1,596	1,641
Network and Other	1,013	990	1,040	1,342
Total Wheeling Revenues	\$3,612	\$3,658	\$3,694	\$4,042

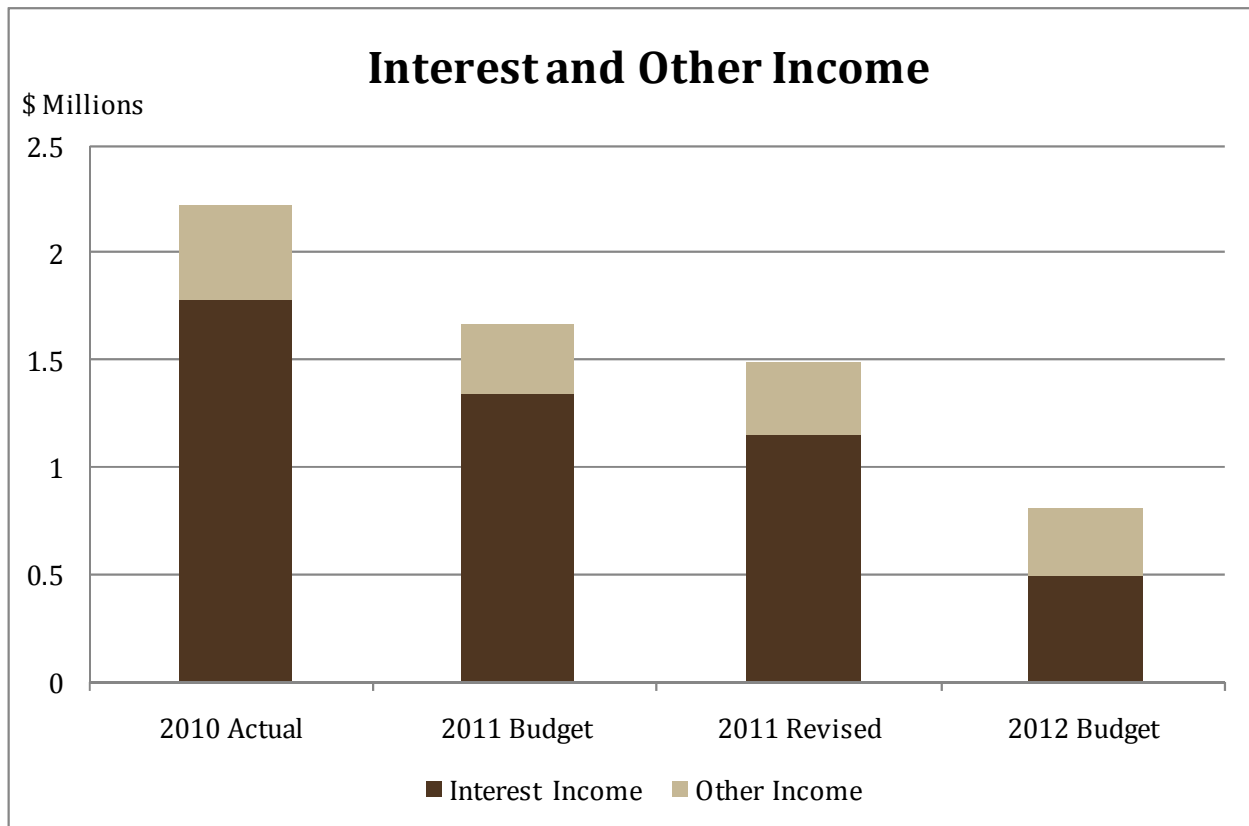
SECTION SIX: OTHER REVENUES

Interest and Other Income

Interest and other income of \$0.8 million are anticipated for 2012. This amount represents a \$0.8 million decrease from the 2011 Budget resulting from a decrease in interest income due to lower cash balances as well as assumed lower reinvestment rates. Other income includes fiber and tower leases and other miscellaneous revenues and is projected to be \$0.3 million, no change from the 2011 Budget.

Interest and Other Income (\$000)	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Interest Income	\$1,790	\$1,352	\$1,161	\$505
Other Income	430	315	332	317
Total Interest and Other Income	\$2,220	\$1,667	\$1,493	\$822

The following chart compares interest and other income for 2010 Actual, 2011 Budget, 2011 Revised, and 2012 Budget.



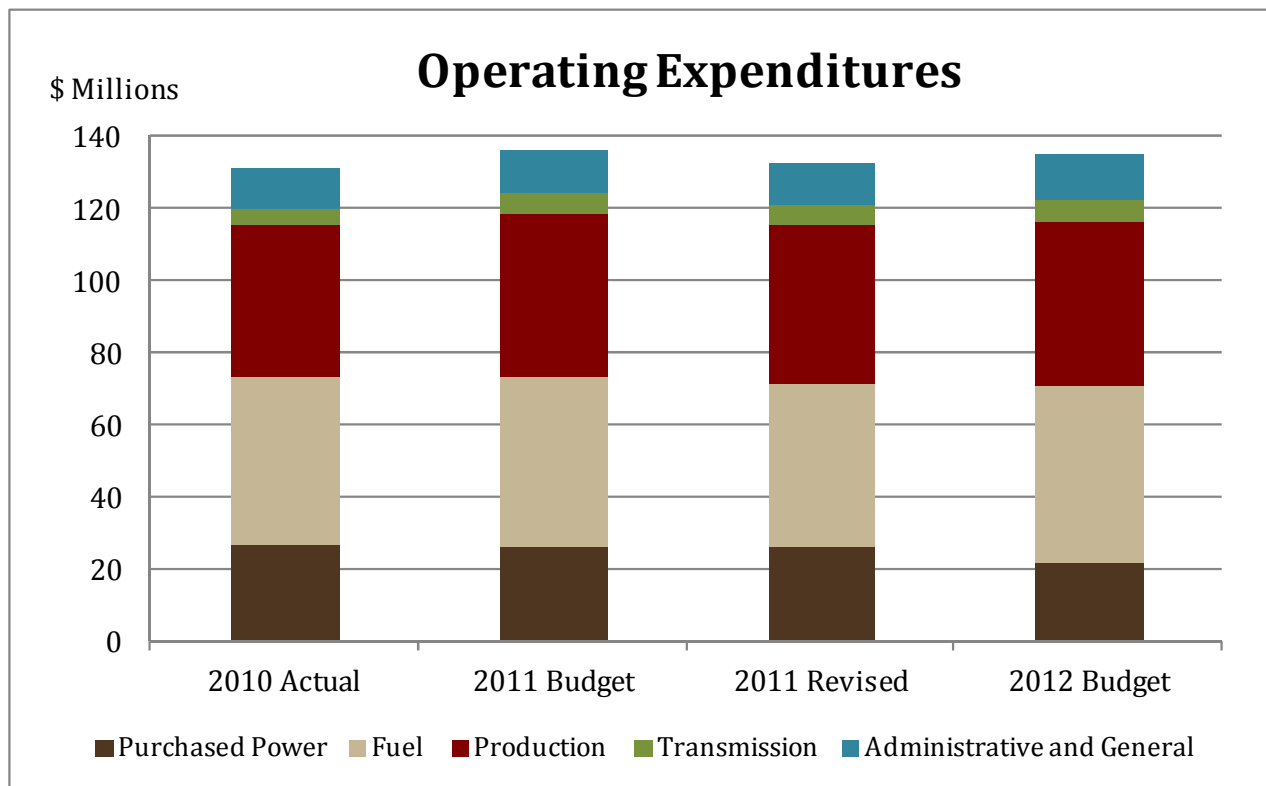
SECTION SEVEN: OPERATING EXPENDITURES

Operating Expenditures

Operating expenditures include costs incurred to perform the normal operations of generating and delivering electric energy including purchased power, fuel, production, transmission, and administrative and general expenses. Total operating expenses in 2012 are estimated to be \$135.2 million, a decrease of \$1.5 million from the 2011 Budget. The change is due to a decrease in purchased power costs partially offset by increases in fuel, production, transmission and administrative and general expenses.

Operating Expenses (\$000)	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Purchased Power	\$27,509	\$26,880	\$26,664	\$22,659
Fuel Expense	46,297	47,175	45,500	48,826
Production Expenses	42,140	45,333	44,006	45,396
Transmission Expenses	4,714	5,692	5,530	6,447
Administrative and General	11,248	11,679	11,288	11,896
Total Operating Expenses	\$131,908	\$136,759	\$132,988	\$135,224

The following chart compares operating expenses by category for 2010 Actual, 2011 Budget, 2011 Revised, and 2012 Budget.

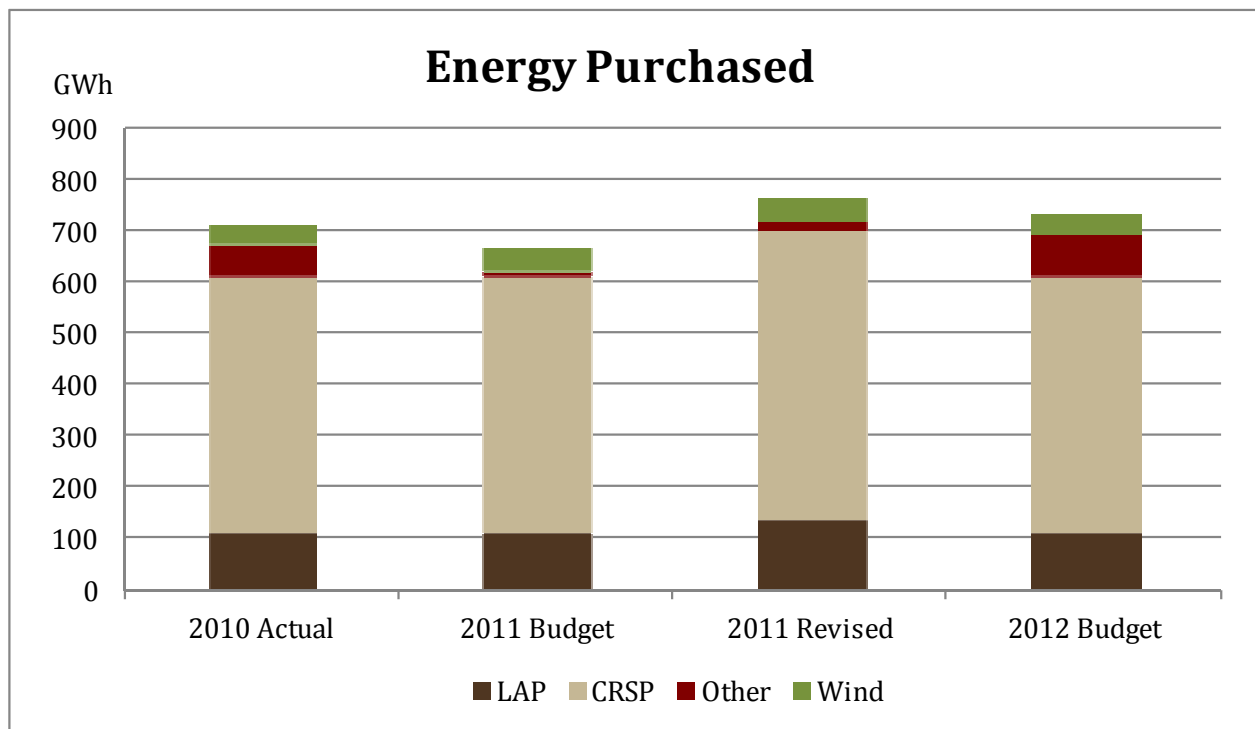
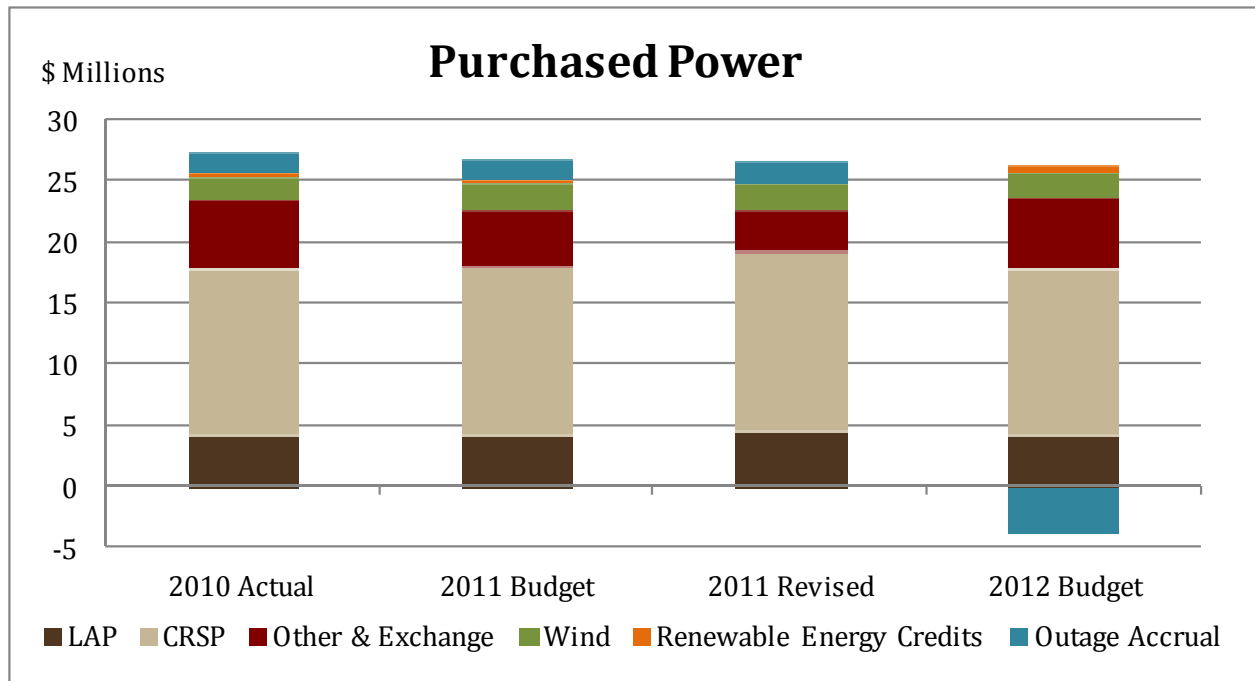


Purchased Power

Purchased power includes purchases made under long-term contracts, spot market purchases to help meet peak loads, replacement power purchases during outages, purchase of reserves, 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 \$22.7 million in 2012, a decrease of \$4.2 million from the 2011 Budget. The largest decrease is the result of the replacement power outage accrual for the Rawhide outage as a contract has been put into place for 2012 at a favorable price from what was originally estimated. During 2012, Platte River will purchase approximately \$17.9 million in hydropower from WAPA to meet a portion of the Municipalities' load requirements. The 6.0% rate increase for WAPA-CRSP included in the 2011 Budget has been delayed until 2013 or later. Other purchases of \$3.3 million are required to meet peak loads and replacement power for the scheduled outage. Purchased reserves total \$2.6 million and reflect a \$1.1 million decrease from 2011. This decrease is the result of a new reserve agreement with Xcel Energy. Wind purchases in 2012 are projected to be \$2.0 million, other power charges \$0.1 million, and renewable energy credits \$0.4 million. The replacement power outage accrual includes the reversal of previous amounts accrued for the 2012 outage, (\$4.9) million, and the accrual of \$1.3 million for the 2015 outage.

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
WAPA Purchased Power				
Loveland Area Projects (LAP)				
Demand (KW-Mo)	373,704	373,704	373,704	373,704
Demand \$	\$ 2,029,213	\$ 2,029,212	\$ 2,029,212	\$ 2,029,212
Energy (KWh)	109,859,455	109,859,455	137,817,455	109,859,455
Energy \$	\$ 2,275,189	\$ 2,275,189	\$ 2,625,783	\$ 2,275,189
Total LAP	\$ 4,304,402	\$ 4,304,401	\$ 4,654,995	\$ 4,304,401
Colorado River Storage Project (CRSP)				
Demand (KW-Mo)	1,450,002	1,450,002	1,450,002	1,450,002
Demand \$	\$ 7,511,010	\$ 7,637,571	\$ 7,637,571	\$ 7,511,010
Energy (KWh)	502,466,838	502,466,838	568,062,132	502,466,838
Energy \$	\$ 6,125,071	\$ 6,231,615	\$ 7,031,221	\$ 6,125,071
Total CRSP	\$ 13,636,081	\$ 13,869,186	\$ 14,668,792	\$ 13,636,081
Total WAPA	\$ 17,940,483	\$ 18,173,587	\$ 19,323,787	\$ 17,940,482
Other Purchases				
Energy (KWh)	60,981,000	11,326,099	15,121,035	84,442,929
Energy \$	\$ 2,720,671	\$ 622,935	\$ 770,328	\$ 3,252,805
Reserves \$	\$ 2,679,270	\$ 3,676,800	\$ 3,146,909	\$ 2,581,920
Total other purchases	\$ 5,399,941	\$ 4,299,735	\$ 3,917,237	\$ 5,834,725
Wind				
Energy (KWh)	41,703,287	46,319,099	44,225,948	38,782,100
Energy \$	\$ 1,899,904	\$ 2,208,258	\$ 2,148,548	\$ 1,974,442
Forced Outage Exchange	\$ 110,863	\$ -	\$ (722,855)	\$ -
Other Power Charges	\$ 137,298	\$ 140,400	\$ 144,107	\$ 94,000
Renewable Energy Credits	\$ 325,524	\$ 365,730	\$ 160,897	\$ 434,762
Replacement Power Outage Accrual	\$ 1,695,129	\$ 1,692,074	\$ 1,692,074	\$ (3,619,243)
Total Purchased Power	\$ 27,509,142	\$ 26,879,784	\$ 26,663,795	\$ 22,659,168

The following charts show the historical and projected purchased power costs and the energy purchased by source for 2010 through 2012.

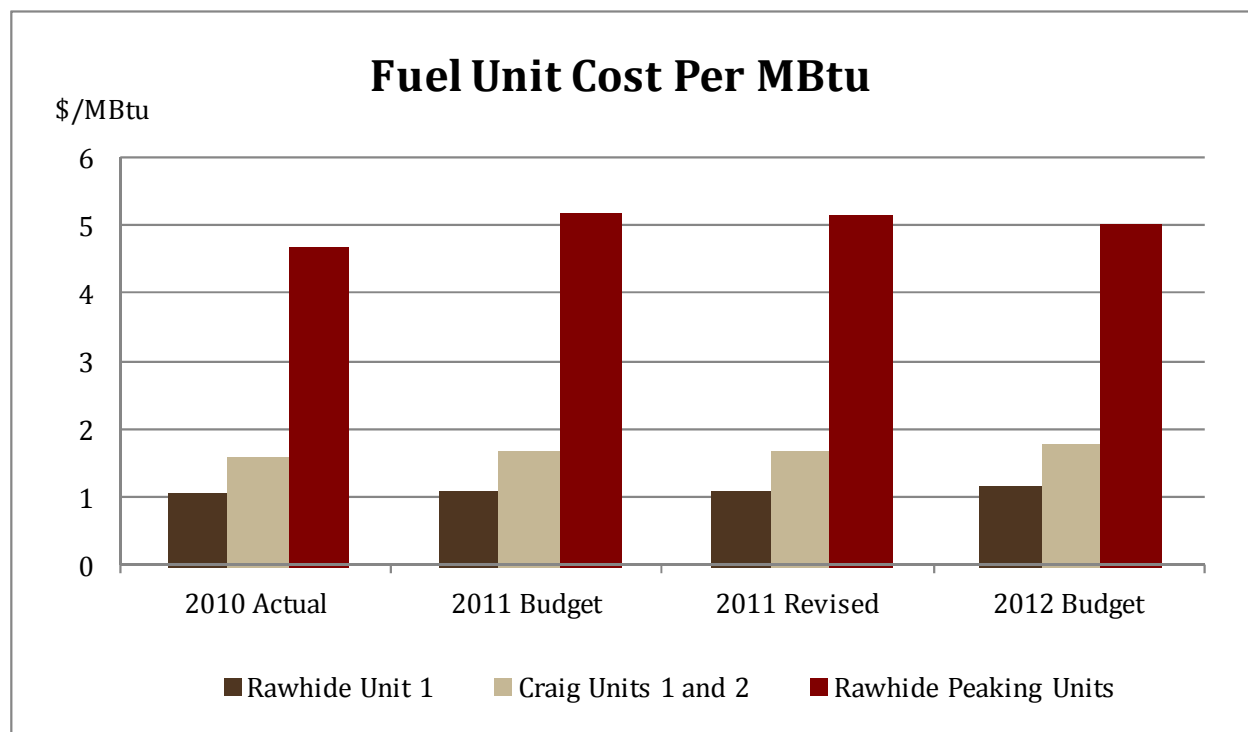
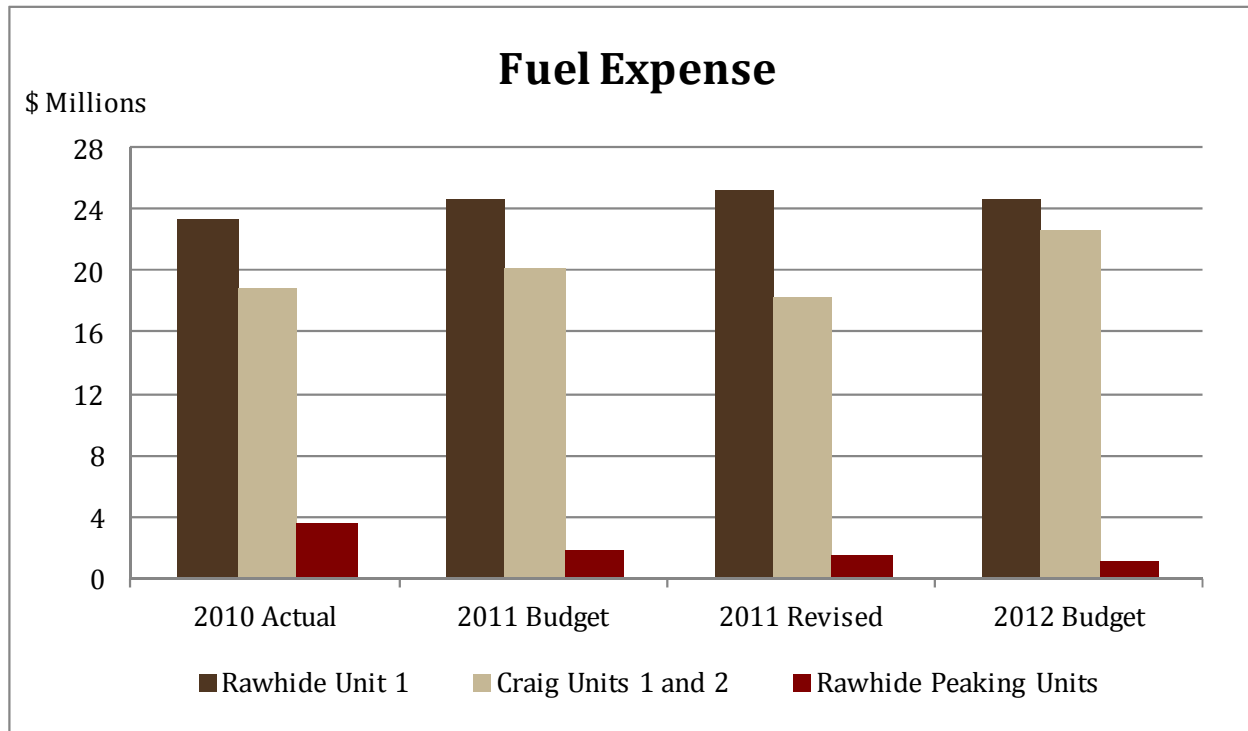


Fuel Expense

Total fuel expense of \$48.8 million is forecasted for 2012, an increase of \$1.6 million over the 2011 Budget. Rawhide fuel costs are projected to decrease \$0.1 million due to lower generation in 2012 as a result of the scheduled maintenance outage. The unit price of coal delivered is projected to increase 4.6%. The Craig fuel costs are projected to increase \$2.4 million due to higher generation (non-outage year) and a 6.1% increase in the unit cost of coal delivered. The 2012 Budget for natural gas for the peaking units totals \$1.2 million, a decrease of \$0.7 million from the 2011 Budget. This decrease is the result of a 5.6% decrease in the estimated delivered unit price for natural gas and a 41.5% decrease in generation. The reduction in generation is due to lower reserve requirements under the new agreement with Xcel Energy.

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Rawhide				
Coal burned MBtu	22,151,283	22,367,137	22,866,639	21,182,420
\$/MBtu	\$ 1.03	\$ 1.08	\$ 1.08	\$ 1.13
Coal expense	\$ 22,891,169	\$ 24,082,817	\$ 24,670,394	\$ 23,854,261
Car lease and other	112,586	305,000	300,731	295,000
Oil	230,230	120,000	60,754	300,000
Fuel handling	302,237	339,286	319,893	306,465
Testing and analysis	36,708	42,020	49,298	41,000
Total Rawhide Fuel Expense	\$ 23,572,930	\$ 24,889,123	\$ 25,401,070	\$ 24,796,726
Craig Units 1 and 2				
Coal burned MBtu	12,005,241	11,914,985	10,939,691	12,628,372
\$/MBtu	\$ 1.53	\$ 1.65	\$ 1.63	\$ 1.75
Coal expense	\$ 18,418,918	\$ 19,643,992	\$ 17,863,042	\$ 22,040,713
Trapper post-mining reclamation	64,032	161,212	127,538	169,698
Oil	18,796	57,072	24,134	57,000
Natural gas	77,527	57,072	45,109	57,000
Fuel handling	401,902	433,348	447,764	468,399
Total Craig Units 1 and 2 Fuel Expense	\$ 18,981,175	\$ 20,352,696	\$ 18,507,587	\$ 22,792,810
Rawhide Units A, B, C, D and F				
Gas burned MBtu	797,520	372,525	308,131	246,386
\$/MBtu	\$ 4.69	\$ 5.19	\$ 5.16	\$ 4.90
Natural gas expense	\$ 3,742,674	\$ 1,933,404	\$ 1,591,376	\$ 1,207,293
Other gas expense	-	-	-	29,400
Total Natural Gas Expense	\$ 3,742,674	\$ 1,933,404	\$ 1,591,376	\$ 1,236,693
Total Fuel Expense	\$ 46,296,779	\$ 47,175,223	\$ 45,500,033	\$ 48,826,229

The following charts compare the fuel costs and the unit price by generation resources for the years 2010 through 2012.



Production Expenses

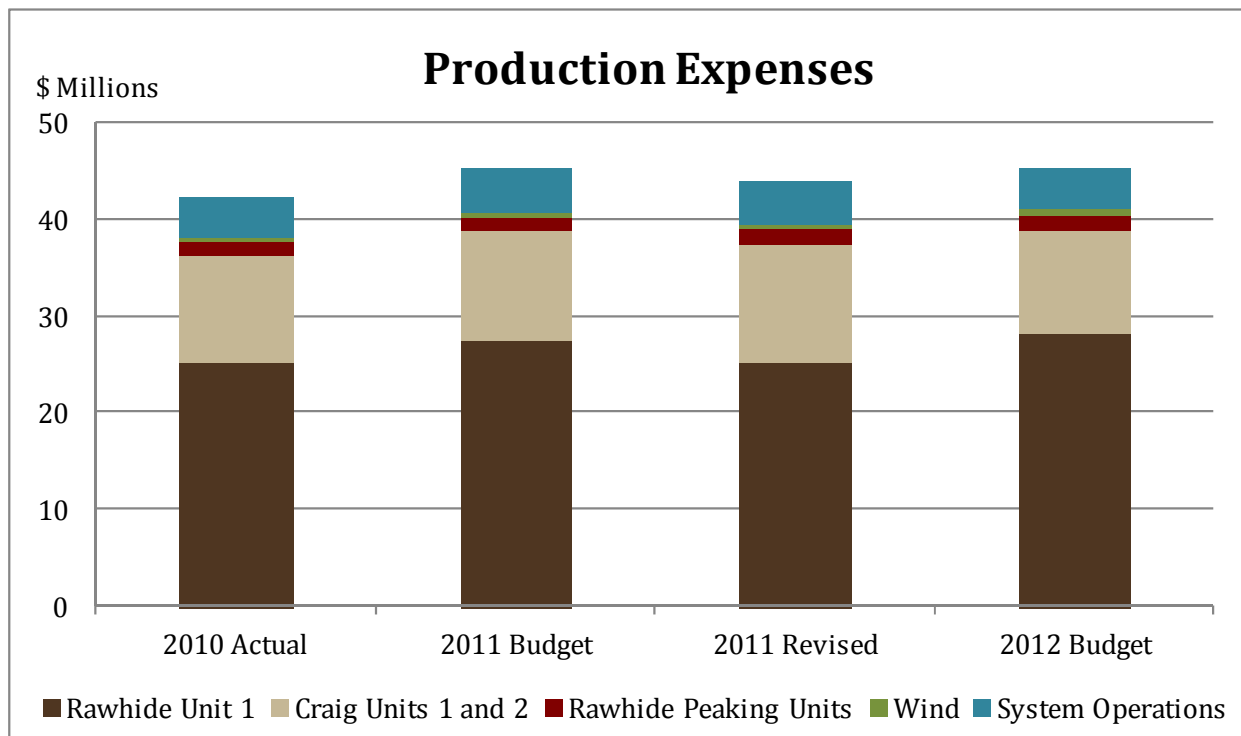
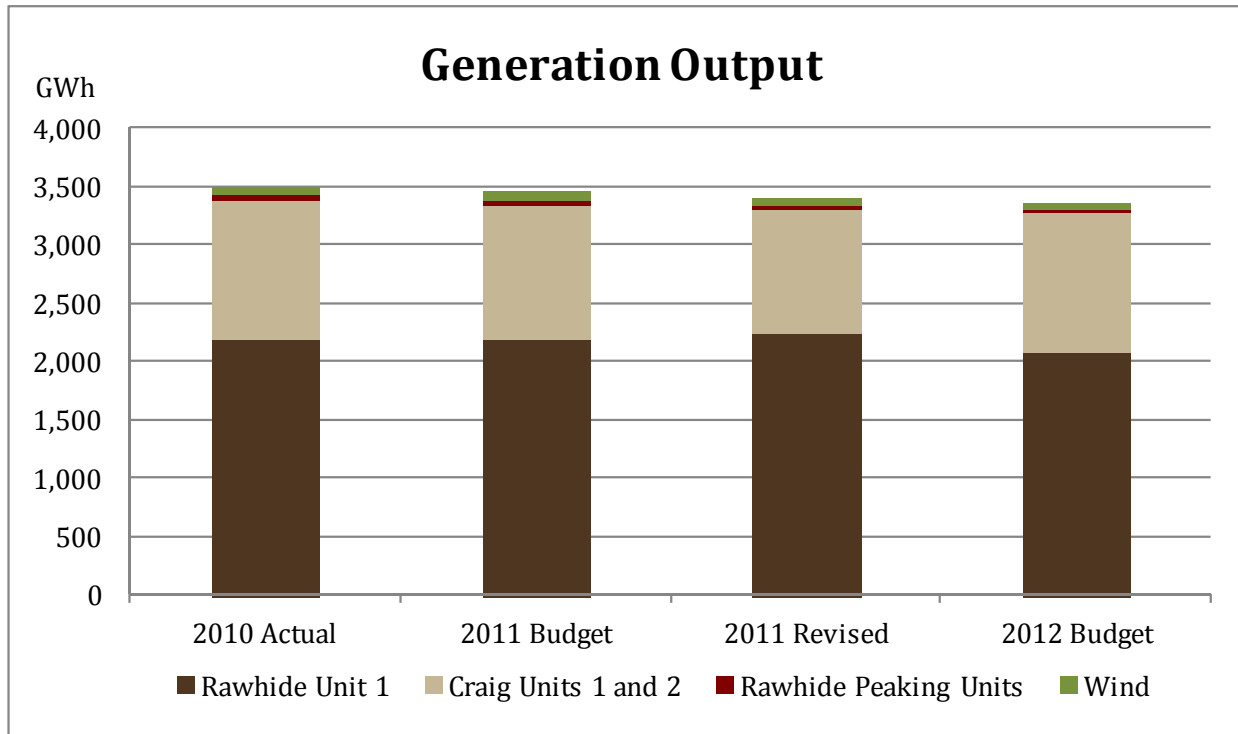
Production expenses include operating and maintenance expenses (excluding fuel) incurred at the Rawhide and Craig generating stations, the Medicine Bow wind site, and system operations. Total 2012 budgeted production expenses of \$45.4 million; reflect an increase of \$0.1 million over 2011. Rawhide Unit 1 expenses are projected to be \$28.4 million, an increase of \$1.0 million over the 2011 Budget, primarily due to the outage costs. The 2012 expenditures for Craig Units 1 and 2 total \$10.3 million, a \$1.1 million decrease from the 2011 Budget. A major outage for Craig Unit 1 was included in the 2011 Budget. Production expenses for the peaking units in 2012 are projected to be \$1.8 million, an increase of \$0.4 million over the 2011 Budget. This increase is due to contracted services for pipeline inspection and other maintenance work. The 2012 Budget also includes \$0.5 million in wind generation expenses, about the same as 2011 and \$4.4 million for system operations expenses, which are down \$0.2 million from 2011.

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Rawhide Unit 1				
Personal Services				
Regular wages	\$ 7,469,150	\$ 8,105,037	\$ 7,796,877	\$ 7,845,019
Overtime wages	755,170	760,623	599,024	1,332,424
Benefits allocation	3,700,204	3,661,807	3,540,310	3,788,305
Total - Personal Services	11,924,524	12,527,467	11,936,211	12,965,748
Operations and Expenses				
Office expenses	16,054	23,400	22,534	25,800
Safety expenses	111,678	155,000	84,148	137,200
Furniture and equipment - minor	11,341	19,000	17,028	19,000
Local business expense	8,427	23,996	16,919	37,390
Postage and deliveries	8,055	15,610	13,503	28,685
O&M materials and supplies	3,760,269	4,725,326	4,121,701	5,867,296
Gasoline and diesel	122,550	151,200	139,837	180,400
Tools and shop equipment	44,740	67,400	55,747	80,100
Computer equipment - minor	40,955	40,284	16,651	45,634
Outage accrual	1,507,452	1,504,737	1,504,737	(3,144,196)
Total - Operations and Expenses	5,631,521	6,725,953	5,992,805	3,277,309
Contractual Services				
Contracted services	3,101,871	3,214,481	2,474,417	7,227,968
Corporate insurance	406,994	450,200	426,938	455,200
Travel and training expenses	109,477	211,316	177,975	209,095
Telephone services	44,689	59,300	49,400	61,400
Utilities	267,579	303,020	308,672	291,800
Dues, memberships and fees	44,327	33,800	33,221	36,950
Total - Contractual Services	3,974,937	4,272,117	3,470,623	8,282,413

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Rawhide Unit 1 (continued)				
Windy Gap				
Non-allocable expenses	\$ 2,437,484	\$ 2,437,500	\$ 2,437,500	\$ 2,439,504
Rawhide operating portion	1,264,415	1,448,675	1,394,463	1,416,068
Total - Windy Gap	3,701,899	3,886,175	3,831,963	3,855,572
Total Rawhide Unit 1 Production	25,232,881	27,411,712	25,231,602	28,381,042
Craig Units 1 and 2				
Yampa operating expenses	11,036,266	11,371,600	12,215,894	10,275,058
Fiscal impact payment	59,646	59,650	59,650	59,646
Total Craig Units 1 and 2 Production	11,095,912	11,431,250	12,275,544	10,334,704
Total Thermal Production	36,328,793	38,842,962	37,507,146	38,715,746
Rawhide Units A, B, C, D and F				
Regular wages	402,999	263,840	406,136	352,317
Overtime wages	42,008	64,145	58,989	48,390
Benefits allocation	200,375	134,958	188,516	165,276
O&M materials and supplies	197,969	279,196	242,882	346,029
Computer equipment - minor	1,358	11,298	8,933	6,573
Contracted services	249,860	305,366	259,812	560,921
Corporate insurance	247,421	279,600	262,456	286,000
Travel and training expenses	25,341	26,699	16,424	24,316
Telephone services	495	600	548	600
Utilities	1,319	2,000	1,614	2,000
Dues, memberships and fees	650	500	1,020	500
Total Rawhide Units A-F Production	1,369,795	1,368,202	1,447,330	1,792,922
Wind Site				
Regular wages	12,816	10,500	11,506	10,452
Overtime wages	1,001	1,000	502	1,035
Benefits allocation	6,341	4,647	4,888	4,659
Local business expense	-	300	150	300
O&M materials and supplies	55,234	53,753	37,948	67,397
Contracted services	333,497	381,256	383,928	381,967
Insurance	27,705	28,800	28,127	29,000
Telephone services	900	972	925	972
Utilities	10,026	12,000	9,008	12,000
Total Wind Site Production	447,520	493,228	476,982	507,782
System Operations Expenses				
Regular wages	2,295,458	2,705,737	2,607,774	2,556,808
Overtime wages	143,975	88,110	190,959	88,310
Benefits allocation	1,099,060	1,144,058	1,172,403	1,086,566
Local business expense	4,039	6,210	4,104	4,970
O&M materials and supplies	14,335	7,640	7,654	7,500
Yampa operating expenses	21,565	18,480	19,656	19,012
Computer equipment - minor	1,436	70,042	46,103	60,642

	2010 <u>Actual</u>	2011 <u>Budget</u>	2011 <u>Revised</u>	2012 Budget
System Operations Expenses (cont'd)				
Contracted services	\$ 164,895	\$ 218,587	\$ 204,922	\$ 201,244
Travel and training expenses	58,582	95,575	113,714	103,528
Telephone expenses	-	-	998	15,502
Dues, memberships and fees	<u>190,932</u>	<u>273,852</u>	<u>206,186</u>	235,315
Total System Operations Expenses	<u>3,994,277</u>	<u>4,628,291</u>	<u>4,574,473</u>	4,379,397
Total Production Expenses	<u>\$ 42,140,385</u>	<u>\$ 45,332,683</u>	<u>\$ 44,005,931</u>	<u>\$ 45,395,847</u>

The following charts show generation output and comparative expenses by resource for the years 2010 through 2012.

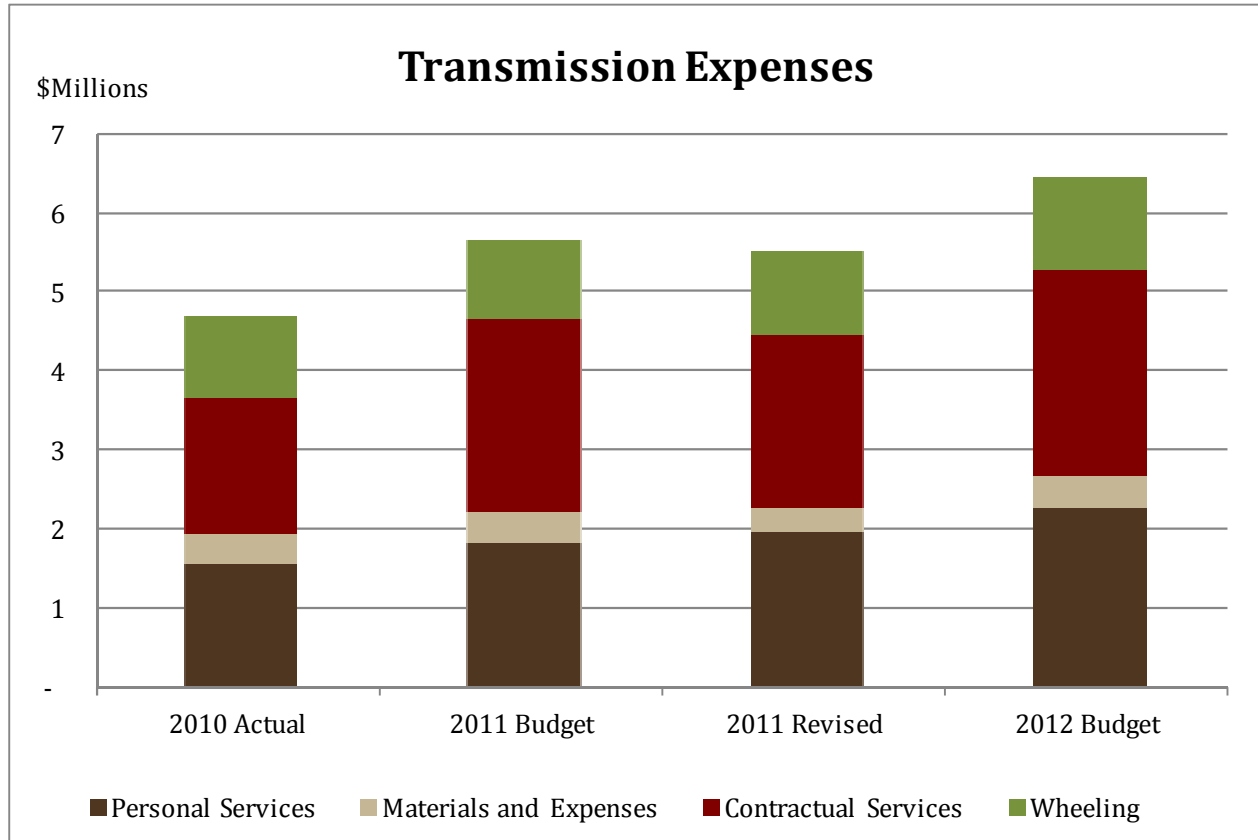


Transmission Expenses

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. The 2012 budgeted transmission expenses of \$6.4 million reflect an increase of \$0.8 million over the 2011 Budget. The increase is primarily the result of increases in personal service expenses, contracted services, and wheeling expenses. Contracted services include increases in tower maintenance and vegetation management. Wheeling expenses are up due to additional amounts required during forced transmission outages. Platte River's share of joint ownership projects include costs for the Ault-Fort St. Vrain, Craig-Bonanza, Hayden-Blue River, 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 and are included in contracted services.

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Personal Services				
Regular wages	\$ 1,039,435	\$ 1,224,922	\$ 1,349,604	\$ 1,539,129
Overtime wages	63,808	93,600	74,760	100,853
Benefits allocation	494,462	540,132	563,088	673,701
Total - Personal Services	1,597,705	1,858,654	1,987,452	2,313,683
Materials and Expenses				
Office supplies	937	3,600	2,283	5,000
Safety expenses	8,809	12,100	7,139	17,000
Local business expense	1,655	3,500	2,935	4,700
O&M materials and supplies	289,075	304,925	239,417	286,028
Gasoline and diesel	45,555	40,500	48,189	46,500
Tools and shop equipment	16,316	25,000	21,658	20,004
Total - Materials and Expenses	362,347	389,625	321,621	379,232
Contractual Services				
Contracted services	1,541,987	2,202,100	1,942,091	2,360,768
Travel and training expenses	21,825	40,163	40,244	45,708
Telephone services	39,447	38,000	36,618	31,375
Utilities	9,125	10,000	11,988	43,352
Dues, memberships, fees	3,349	3,500	3,500	3,500
Leases and rents	46,651	49,000	48,164	49,468
Yampa transmission expenses	60,152	82,386	74,466	77,351
Total - Contractual Services	1,722,536	2,425,149	2,157,071	2,611,522
Total Transmission	3,682,588	4,673,428	4,466,144	5,304,437
Transmission by Others				
Wheeling expense	1,031,351	1,018,988	1,063,543	1,142,216
Total Transmission Expenses	\$ 4,713,939	\$ 5,692,416	\$ 5,529,687	\$ 6,446,653

The following chart displays the transmission expenses by expense type for the years 2010 through 2012.



Administrative and General Expenses

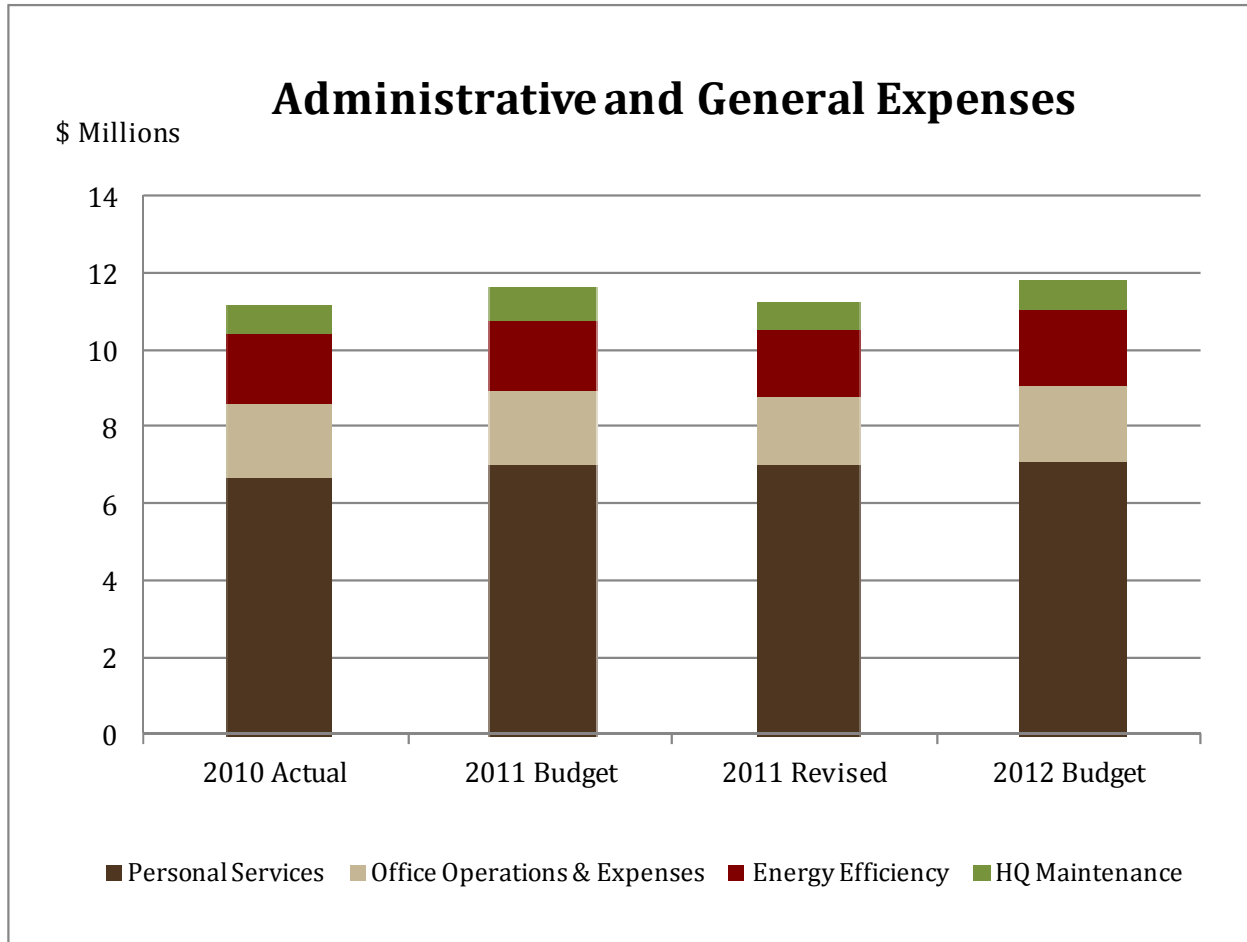
Administrative and general expenses include all expenditures incurred at the headquarters facilities that are not directly allocated to capital or assignable to fuel, production, or transmission expenses. Administrative and general expenses are budgeted by operating and maintenance functions on a departmental basis. The 2012 Budget projects administrative and general expenses to be \$11.9 million, an increase of \$0.2 million over the 2011 Budget. The largest increase is for energy efficiency projects which total \$2.0 million for 2012 and are consistent with amounts outlined in the Integrated Resource Plan.

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Operations				
Personal services				
Regular wages	\$ 4,621,840	\$ 5,012,938	\$ 4,957,570	\$ 5,035,756
Overtime wages	45,334	25,656	23,402	29,116
Benefits allocation	2,093,431	2,043,743	2,079,002	2,060,697
Total - Personal Services	6,760,605	7,082,337	7,059,974	7,125,569
Office Operations and Expenses				
Office expenses	38,256	70,300	42,371	77,700
Furniture and equipment - minor	16,234	12,800	8,002	12,800
Local business expenses	58,723	66,800	55,137	56,350
Postage and deliveries	17,149	17,800	15,358	17,400
Gasoline and diesel	24,378	18,000	23,153	24,000
Computer equipment - minor	155,637	141,400	113,511	132,300
Total - Office Operations and Expenses	310,377	327,100	257,532	320,550
Safety and Training				
Safety expenses	14,127	28,200	26,171	16,350
Local business	-	-	-	900
Contracted services	-	-	-	5,800
Wellness and incentive program	31,668	40,000	49,968	131,800
Travel and training expenses	189,773	170,784	218,873	191,367
Total - Safety and Training	235,568	238,984	295,012	346,217
Contractual Services				
Professional services	264,173	336,500	282,030	316,500
Contracted services	46,584	59,760	44,119	67,245
Travel and training expenses	14,761	44,063	34,645	33,586
Telephone services	59,119	52,451	39,068	60,660
Utilities	115,841	111,600	102,875	102,600
Dues, memberships and fees	18,406	22,481	15,089	21,335
Other financing expenses	28,210	41,880	31,605	41,200
Total - Contractual Services	547,094	668,735	549,431	643,126
Corporate Insurance				
Insurance expense	325,303	344,900	335,541	356,400

	2010 <u>Actual</u>	2011 <u>Budget</u>	2011 <u>Revised</u>	2012 Budget
Board and Corporate Expenses				
Local business expense	\$ 4,849	\$ 5,000	\$ 4,975	\$ 5,000
Travel and training expenses	14,679	11,400	9,090	11,400
Dues, memberships and fees	118,693	101,700	101,182	89,700
Trustees fees	28,915	28,920	31,648	28,920
Economic development	60,000	60,000	60,000	60,000
Total - Board and Corporate Expenses	<u>227,136</u>	<u>207,020</u>	<u>206,895</u>	195,020
Corporate Reporting and Other Expenses				
Office expenses	4,759	11,000	7,534	11,000
Local business expenses	11,034	19,500	17,446	21,300
Contracted services	25,280	43,800	39,006	38,250
Total - Reporting and Other Expenses	<u>41,073</u>	<u>74,300</u>	<u>63,986</u>	70,550
Environmental Expenses				
Contracted services	162,154	50,639	43,521	38,000
Dues, memberships and fees	30,500	2,750	2,500	3,000
Total - Environmental Expenses	<u>192,654</u>	<u>53,389</u>	<u>46,021</u>	41,000
Customer Service Expenses				
Local business expenses	2	300	382	300
Contracted services	20	1,000	2,288	-
Total - Customer Service Expenses	<u>22</u>	<u>1,300</u>	<u>2,670</u>	300
Energy Efficiency Expenses				
Contracted services	204,060	399,500	320,692	308,819
Demand side management incentives	1,665,854	1,457,500	1,449,963	1,701,500
Total - Energy Efficiency Expenses	<u>1,869,914</u>	<u>1,857,000</u>	<u>1,770,655</u>	2,010,319
Total Administrative and General Operations	10,509,746	10,855,065	10,587,717	11,109,051
Maintenance				
Building and Grounds				
Materials and supplies	77,064	127,500	117,145	93,200
Tools and shop equipment	2,433	4,000	3,115	4,100
Contracted services	245,618	182,900	136,478	173,100
Travel and training expenses	4,055	-	-	-
Total - Buildings and Grounds Maintenance	<u>329,170</u>	<u>314,400</u>	<u>256,738</u>	270,400

	2010 <u>Actual</u>	2011 <u>Budget</u>	2011 <u>Revised</u>	2012 Budget
Maintenance (continued)				
Computer Maintenance				
Materials and supplies	\$ 22	\$ 3,000	\$ 1,500	\$ -
Contracted services	330,256	370,098	334,283	376,035
Total - Computer Maintenance	<u>330,278</u>	<u>373,098</u>	<u>335,783</u>	376,035
Office Equipment Maintenance				
Materials and supplies	828	1,000	702	-
Contracted services	1,996	2,028	2,182	2,150
Telephone services	12,333	21,000	22,060	38,401
Total - Office Equipment Maintenance	<u>15,157</u>	<u>24,028</u>	<u>24,944</u>	40,551
Vehicle Maintenance				
Materials and supplies	23,343	20,400	23,490	27,000
Tools and shop equipment	840	3,600	3,757	3,600
Contracted services	3,023	10,100	7,593	10,300
Total - Vehicle Maintenance	<u>27,206</u>	<u>34,100</u>	<u>34,840</u>	40,900
Security Maintenance				
Materials and supplies	6,087	6,550	6,020	6,191
Tools and shop equipment	151	3,000	1,869	800
Computer equipment - minor	1,140	14,526	11,487	8,451
Contracted services	28,613	54,108	29,255	43,602
Total - Security Maintenance	<u>35,991</u>	<u>78,184</u>	<u>48,631</u>	59,044
Total Administrative and General Maintenance	<u>737,802</u>	<u>823,810</u>	<u>700,936</u>	786,930
Total Administrative and General Expenses	<u><u>\$ 11,247,548</u></u>	<u><u>\$ 11,678,875</u></u>	<u><u>\$ 11,288,653</u></u>	<u><u>\$11,895,981</u></u>

The following chart displays the comparative administrative and general expenses for 2010 through 2012.



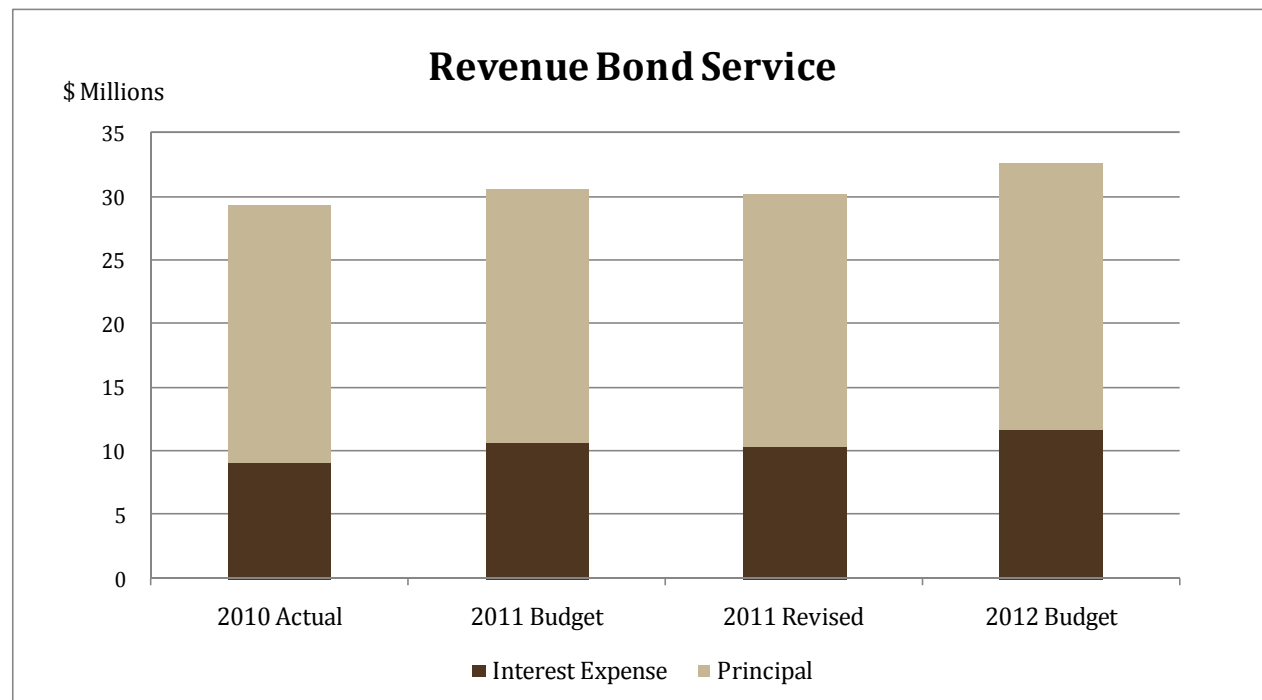
SECTION EIGHT: DEBT EXPENSE

Debt Expense

The 2012 Budget includes debt expense of \$32.8 million, an increase of \$2.0 million over the 2011 Budget. The increase is due to lower interest capitalized during construction as a result of the completion of a majority of the transmission expansion projects. Once the projects are placed in service, interest is recognized as an expense rather than included in capital additions. In 2012, principal repayments will increase \$1.0 million and interest expense will decrease \$1.0 million compared to 2011 per the debt schedules. Other debt includes payments for the acquisition of two wind turbines at Medicine Bow. The note payable for the turbines matures in 2015.

Debt Expenses (\$000)	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Principal	\$20,257	\$19,928	\$19,928	\$20,940
Interest Expense	14,204	13,189	13,189	12,175
Allowance for Funds Used During Construction	(5,060)	(2,358)	(2,736)	(363)
Total Revenue Bond Service	\$29,401	\$30,759	\$30,381	\$32,752
Other Debt	21	90	90	90
Total Debt Expenses	\$29,422	\$30,849	\$30,471	\$32,842

The following chart shows a comparison of revenue bond service for the years 2010 through 2012.



Long-Term Debt Outstanding

Long-term debt outstanding at December 31, 2012, is projected to be \$236.5 million consisting of fixed rate debt issued under Platte River's General Power Bond Resolution. The weighted average cost of debt during 2012 is forecast to be approximately 5.2%.

Bond Issue	<i>(In Thousands)</i>			
	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Power Revenue Bonds:				
Series EE	\$ 64,080	\$ 53,375	\$ 53,375	\$ 42,130
Series GG	95,065	86,505	86,505	77,520
Series HH	114,225	114,125	114,125	114,025
Total Power Revenue Bonds	273,370	254,005	254,005	233,675
Unamortized debt expense	2,165	2,549	2,549	2,858
Total Net Long-Term Debt	\$ 275,535	\$ 256,554	\$ 256,554	\$ 236,533

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 of Power Revenue Bonds

Bond Issue	Moody's	S&P	Fitch
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 debt management, development of future generation resources, and rate stabilization. Platte River forecasts that on December 31, 2012 it will have approximately \$15.1 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 used by the rating agencies 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:

	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Net Revenues				
Operating revenues	\$ 176,222,576	\$ 185,744,653	\$ 181,035,526	\$ 186,301,263
Operations and maintenance expenses, excluding depreciation	(132,039,995)	(136,758,981)	(133,067,240)	(135,223,878)
Net Operating Revenues	44,182,581	48,985,672	47,968,286	51,077,385
Plus interest income on bond accounts and other income	2,220,213	1,666,498	1,493,013	821,832
Total Net Revenues	46,402,794	50,652,170	49,461,299	51,899,217
Bond Service				
Power revenue bonds	34,460,431	33,116,883	33,116,884	33,114,386
Allowance for funds used during construction	(5,060,032)	(2,357,603)	(2,736,340)	(363,006)
Net Revenue Bond Service	<u>\$ 29,400,399</u>	<u>\$ 30,759,280</u>	<u>\$ 30,380,544</u>	\$ 32,751,380
Coverage				
Power Revenue Bond Coverage Ratio	1.58x	1.65x	1.63x	1.58x

SECTION NINE: CAPITAL ADDITIONS

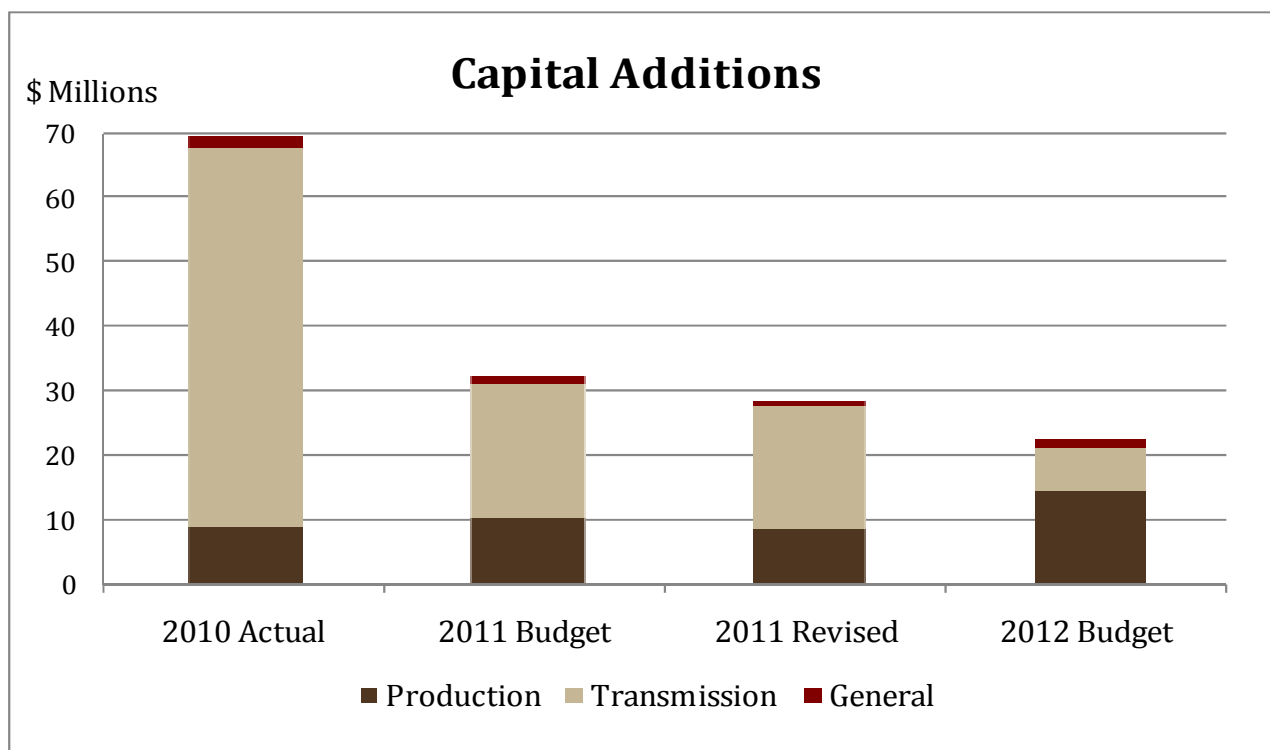
Capital Additions

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 2012 capital additions total \$22.7 million; \$14.6 million for production, \$6.7 million for transmission, and \$1.4 million for general plant. In total, this represents a \$9.8 million decrease from the 2011 Budget. The decrease is the result of the completion of a portion of the 230kV transmission upgrade offset by an increase in production due to outage projects.

Capital additions for the 2012 Budget and a comparison with years 2010 and 2011 are as follows:

Capital Additions (\$000)	2010 Actual	2011 Budget	2011 Revised	2012 Budget
Production	\$8,955	\$10,609	\$8,656	\$14,587
Transmission	58,886	20,815	19,152	6,724
General	1,978	1,048	866	1,398
Total Capital	\$69,819	\$32,472	\$28,674	\$22,709



2012 Capital Additions Summary

Production Projects

Rawhide Projects

Rotary Car Dumper Building Dust Suppression System Upgrade	\$	2,559,000
Windbox Damper and Air Tip Upgrade		1,260,291
High Voltage Motor Control Center Circuit Breaker Upgrade		880,000
Conveyor 1 to Conveyor 2 Transfer Chute		535,000
Cat Loader Replacement		450,000
Underground Fire and Service Water Piping Replacement		400,000
Selective Catalytic Reduction (SCR) Engineering Study		362,720
Bently 3500 Machinery Protection System Upgrade		217,100
Governor Valve Servo Controller		170,038
Controls Network Upgrade		148,000
Burner Management System Upgrade		145,700
Motor Operated Valve Replacement - 24" Water Supply Pipeline		115,154
Condensate Pump Duplex Suction Strainers		108,837
Rip-Rap Ditch from Combustion Turbine (CT) Site West to Warehouse 1		101,414
Cat Loader Purchase - 938 Front-End (mid-size)		100,000
Cold Reheat Safety Valve Replacement		100,000
Roof Replacement at Rawhide		100,000
CT Network Switch Upgrade		99,950
Reverse Air Fan Variable Frequency Drives		99,524
Fire Alarm Panel Replacement		93,360
Allen-Bradley Controls Upgrade		84,792
Mercury Continuous Emissions Monitoring Systems (CEMS) Probe Replacement		61,932
Silicon Unilateral Switch (SUS) Closing Circuit Modifications		54,000
Uninterruptable Power Supply (UPS) - CT Site		52,600
Invensys Galaxy Historian Upgrade		51,198
Dry Ash Unloader Upgrade		51,000
Overhead Door Replacements		50,414
Reheat Spray Control Valve Replacement		50,000
Sand and Equipment Storage Building		47,181
Gas Chromatograph Replacement		45,349
Cathodic Protection - 24" Water Supply Pipeline		44,850
OSI-PI WebParts and Data Logger Installation		40,000
Unit 1 Turbine Generator Lubrication Oil Filtration System		36,400
Protective Relay Upgrade - 4160 Volt System		30,934
Ash Silo Dust Improvements		26,914
Iron Worker - Mechanical Maintenance Tool		22,000
Remote Racking for 12.47kV Substation Breakers		17,532
Flatbed Trailer Replacement		17,000
Online Analyzer Replacement		16,544
UPS Battery Tester		10,000
Multifunction Device for Instrumentation and Electrical (I&E)and Water Lab		7,200
Total Rawhide Projects	\$	8,863,928

<u>Other Production Projects</u>	
Yampa Work Orders	\$ 4,315,273
Windy Gap Firming Project	1,357,624
Renewable Source Study	50,000
Total Other Production Projects	\$ 5,722,897
Total Production Projects	\$ 14,586,825

Transmission Projects

<u>Transmission Line Projects</u>	
Dixon Creek-Horseshoe Transmission Project	\$ 1,398,577
Airflow Spoilers	213,264
Fort St Vrain-Fordham Fiber Current Transformer Relaying	21,200
Harmony-Portner-Boyd Fiber Current Transformer Relaying	18,306
Boyd to Disaster Recovery Center (DRC) Fiber Project	18,148
Dixon Creek-Horseshoe Fiber Current Transformer Relaying	12,720
Total Transmission Line Projects	\$ 1,682,215

Substation Projects

Horseshoe Substation 230kV Addition	\$ 1,750,520
Timberline Substation Security Wall	681,300
Dixon Creek Substation Security Wall	629,184
Timberline Substation 115/230kV Transformer (T2)	562,875
Meadow Substation Ring Breaker	386,924
Annual Breaker Replacements	238,924
LaPorte 230kV Breaker Addition	232,286
Substation Security Projects	211,220
LaPorte Remote Terminal Unit (RTU) Replacement and Relays	99,246
Boyd Barn Warehouse Upgrade	93,958
WAPA Joint Facility Projects	81,239
Crossroads Transformer Addition (T2)	35,330
Total Substation Projects	\$ 5,003,006

Other Transmission Projects

Omicron Current Transformer Test Set	\$ 32,000
Micro-Ohm Test Set	7,400
Total Other Transmission Projects	\$ 39,400

Total Transmission Projects	\$ 6,724,621
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General Projects

Vehicle Fleet Replacements	\$	249,098
Communications Battery and Charger Replacements		145,758
Secure Critical Substation Communications		128,264
Electric Operations (EO) Building Dual Redundant UPS Upgrade		104,175
Operations Two-way Radio Replacement		80,296
Microwave Building HVAC Controls and 7.5 Ton Unit Replacement		71,878
Fiber Splicing Truck Addition		65,705
EO Building Acoustical Ceiling Grid and Tile Replacement		60,000
SONET Redundancy Communications and DRC		58,042
Tape Backup System Replacement		58,022
Avantis 5.1 Upgrade		57,729
PBX 9-1-1 Project		54,944
Telephone Switch Redundancy and ISDN Implementation		50,296
Rawhide and Headquarters Security Additions		37,940
HP TRIM Enterprise Content Management (ECM) Licenses		36,250
Compellent Storage Area Network Expansion		26,526
Headquarters Building Addition Study		20,000
Océ Color Plotter/Scanner		18,000
Walker Mower Replacement		16,000
Headquarters Warehouse Shelving		15,000
Multifunction Device Replacement for EO Building		12,500
Aspen Line Database Enterprise Upgrade		10,000
Headquarters Fleet Parts Washer		8,518
Communications Ethernet Test Equipment		6,900
AutoCAD Piping and Instrumentation Diagrams (P&ID) Software		5,800
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Total General Projects	\$	1,397,641
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Total 2012 Capital Projects	\$	22,709,087
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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 are the Windy Gap Firing Project and a renewable resource project.

The 2012 production capital additions total \$14.6 million and consists of \$8.9 million for Rawhide projects, \$1.3 for the Windy Gap Firing Project, \$4.3 million for Platte River's share of the Yampa Project capital additions, and \$0.1 million for a renewable source study. 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

Rotary Car Dumper Building Dust Suppression System Upgrade \$ 2,559,000

Replace the existing dust collection system in the rotary car dumper including blowers, motors, collection bins and ductwork. The new system will make more efficient use of the design air volume increasing dust collector effectiveness and meeting current National Fire Protection Association (NFPA) codes.

Windbox Damper and Air Tip Upgrade 1,260,291

Engineering design change to resize the windbox damper openings and associated air tips for auxiliary air and close-coupled over fire air. This project will reduce NOx, help meet new environmental regulations, and keep the boiler in a controllable range while meeting these regulations.

PROJECT TIME FRAME: 2011-2012

TOTAL COST ESTIMATE: \$1,510,000

High Voltage Motor Control Center Circuit Breaker Upgrade 880,000

Replace all 33 existing 4160 volt circuit breakers with new 4160 volt vacuum breakers and motor starters for safety and reliability. The new vacuum breakers will significantly reduce arc flash risks, reduce the wear on the motor starters, and prolong the useful life along with reducing failures and maintenance costs.

PROJECT TIME FRAME: 2010-2012

TOTAL COST ESTIMATE: \$980,000

Conveyor 1 to Conveyor 2 Transfer Chute 535,000

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

Cat Loader Replacement 450,000

Purchase a new loader to replace the 2007 Caterpillar 988H loader to comply with the five-year buyback program and maximize equipment availability and value. This loader is vital to emergency reclaim and coal stockout operations.

Rawhide Projects

Underground Fire and Service Water Piping Replacement \$400,000

This multi-year project will replace the existing ductile iron fire and service water piping with corrosion resistant high-density polyethylene piping. Significant corrosion damage on the existing fire and service water piping is causing multiple failures in various locations and expensive underground repairs.

PROJECT TIME FRAME: 2005-2013

TOTAL COST ESTIMATE: \$1,854,000

Selective Catalytic Reduction (SCR) Engineering Study 362,720

Black & Veatch will conduct a detailed SCR study including NFPA 85 analysis, constructability analysis, auxiliary power analysis, and operational impacts.

Bently 3500 Machinery Protection System Upgrade 217,100

Upgrade the current Bently 3500 from TDXnet to 3500/22 Transient Data Interface including additional racks, monitors and firmware/software. The new equipment will provide greater vibration monitoring and diagnostics of the major equipment on Rawhide Unit 1.

Governor Valve Servo Controller 170,038

The second part of this two-part project is to upgrade the turbine protective tip system. This upgrade replaces all of the original analog and mechanical over-speed protective tips on the turbine. It will allow on-line testing of each tip, triple the number of installed speed probe spares and eliminate the requirement to over speed the turbine.

PROJECT TIME FRAME: 2010-2012

TOTAL COST ESTIMATE: \$401,000

Controls Network Upgrade 148,000

Upgrade existing servers to high availability virtual servers and replace the physical layer network devices to meet new North American Electric Reliability Corporation (NERC)/Critical Infrastructure Protection (CIP) regulations. These upgrades will allow for increased availability, reliability, speed, flexibility, security and scalability.

PROJECT TIME FRAME: 2011-2012

TOTAL COST ESTIMATE: \$256,000

Burner Management System Upgrade 145,700

Upgrade the current burner management system processors, ControlNet bridges, install new Ethernet cards and update software to the current version. The current processors are obsolete and can no longer be purchased.

Motor Operated Valve Replacement-24" Water Supply Pipeline 115,154

Upgrade the 16" motor operated valve on the 24" water pipeline including an upgrade to the communication, control and electrical feed for the valve. Quick isolation of the Rawhide 24" pipeline is needed to prevent rapid discharge of the line in the event of a line rupture or failure.

Condensate Pump Duplex Suction Strainers 108,837

Install duplex strainers on the suction side of each condensate pump in order to reduce outage duration by increasing start-up speed. The strainers will eliminate the need to swap pumps to pull and clean the suction strainers.

Rawhide Projects

Rip-Rap Ditch from Combustion Turbine (CT) Site West to Warehouse 1	\$101,414
Add rip-rap to the east/west ditch along the road going west from the CT site entrance and across the south side of the Fire Training area and Warehouse 1. 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.	
Cat Loader Purchase – 938 Front-End (mid-size)	100,000
Purchase a mid-size loader to augment the heavy equipment fleet that will allow the operators to get into small and confined spaces to complete projects more easily than with the large loaders currently used.	
Cold Reheat Safety Valve Replacement	100,000
The replacement of the existing four inch cold reheat safety valve with a new six inch valve is necessary to meet the American Society of Mechanical Engineers Boiler and Pressure Vessel code and insurance requirements. PROJECT TIME FRAME: 2011-2012 TOTAL COST ESTIMATE: \$120,000	
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: \$795,000	
CT Network Switch Upgrade	99,950
Replace network switches on the CT CIP network. The existing switches are obsolete and new switches will enhance the automation of CIP compliance.	
Reverse Air Fan Variable Frequency Drives	99,524
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.	
Fire Alarm Panel Replacement	93,360
Consolidate and replace all fire alarm panels at Rawhide with panels which are more resilient and compatible with the environment at the plant. The current panels are no longer manufactured and parts are not available. PROJECT TIME FRAME: 2009-2012 TOTAL COST ESTIMATE: \$253,000	
Allen-Bradley Controls Upgrade	84,792
This project will replace obsolete controls and integrate new technology. The Allen-Bradley controls provide burner management and new security features for the fuel to the boiler and the gas controls for the combustion turbines. PROJECT TIME FRAME: 2009-2012 TOTAL COST ESTIMATE: \$359,000	

Rawhide Projects

Mercury Continuous Emissions Monitoring Systems (CEMS) Probe Replacement	\$61,932
Replace existing outdated Mercury CEMS Tekran probe with a new M&C probe. The current probe is obsolete and more simplified and reliable versions that require less maintenance are now available.	
Silicon Unilateral Switch (SUS) Closing Circuit Modifications	54,000
Replace the close fuses in SUS with DC breakers. The new DC breakers will be located outside the cubicles in a breaker box for safety reasons.	
Uninterruptible Power Supply (UPS) - CT Site	52,600
Upgrade the UPS in the CT yard that provides backup power. This upgrade will help prevent lockout of Packaged Electronic Electrical Control Center (PEECC) when power is lost on the CT grid. The doors to the PEECC Buildings are electronic and if power is lost an employee cannot enter.	
Invensys Galaxy Historian Upgrade	51,198
Purchase the necessary licenses to use the Galaxy server as the primary historian for the Foxboro Control System and all peripheral data collection systems. The licenses for this system are needed in order to manage all of the available data points.	
Dry Ash Unloader Upgrade	51,000
Upgrade the dry ash unloader to provide more reliable and environmentally responsible dry unloading of the ash silo. The upgrade will properly vent the displaced air from the trucks as ash is deposited into the tank.	
Overhead Door Replacements	50,414
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: 2009-2021 TOTAL COST ESTIMATE: \$560,000	
Reheat Spray Control Valve Replacement	50,000
Replace one reheat desuperheat spray control valve with a smaller bore valve. The smaller valve will allow operation in normal percent open range while providing the dynamic ability for full flow if necessary by opening the unchanged, larger bore valve.	
Sand and Equipment Storage Building	47,181
Erect a storage building to house sand and equipment for Site Facilities snow and ice removal at Rawhide.	
Gas Chromatograph Replacement	45,349
Replace the existing gas chromatograph and connect to the Allen-Bradley balance of plant for real time monitoring of gas quality with an added feature for Process Information (PI) data logging. This replacement will allow for accurate real time heat rate reporting for all five combustion turbines and improved troubleshooting capabilities.	
Cathodic Protection System - 24" Water Supply Pipeline	44,850
Upgrade the cathodic protection system on the 24" Rawhide water pipeline. The upgraded system will adequately protect the piping system to accepted industry standards.	

Rawhide Projects

OSI-PI WebParts and Data Logger Installation	\$40,000
Install PI WebParts and Data Logger on the corporate and controls PI servers. This will allow for easier administration of the PI system and manual entry of data not automatically interfaced to the PI archive.	
Unit 1 Turbine Generator Lubrication Oil Filtration System	36,400
Install a new side stream lube oil filter skid on Unit 1 turbine generator that will be capable of three micron absolute particulate filtration and varnish removal.	
Protective Relay Upgrade - 4160 Volt System	30,934
Replace existing electromechanical relays with SEL microprocessor based relays on the 4160 volt main plant bus units 101-1, 101-2, and 102-1. The new relays provide greater accuracy and reliability in addition to the capability of fault reporting real time power data. PROJECT TIME FRAME: 2011-2012 TOTAL COST ESTIMATE: \$38,000	
Ash Silo Dust Improvements	26,914
Install wind screens, walls or other wind deflection mechanisms to reduce the fugitive dust while performing ash loading duties.	
Iron Worker - Mechanical Maintenance Tool	22,000
Purchase an iron worker tool to cut and form heavy gauge steel and pipe that will reduce the hazards associated with cutting metal with hand grinders. This tool will also greatly reduce fabrication times.	
Remote Racking for 12.47kV Substation Breakers	17,532
Modify the racking hardware to allow for remote racking. This modification will allow the operators to remain 35 feet from the breaker while racking it in or out, which is well outside the arc flash/arc blast boundary.	
Flatbed Trailer Replacement	17,000
Purchase a larger gooseneck flatbed trailer to replace the existing bumper pull flatbed trailer. The new trailer will allow transportation of Site Facilities equipment to remote sites.	
Online Analyzer Replacement	16,544
Install replacement analyzers in the Water Quality Lab to replace aging analyzers with more advanced technology and more reliable analyzers.	
UPS Battery Tester	10,000
Purchase a battery testing device to monitor the condition of the batteries in the UPS systems.	
Multifunction Device for Instrumentation and Electrical (I&E) and Water Lab	7,200
Replace the current copier/printer/scanner/fax machine in the I&E shop with a new, more reliable, multifunction device.	
TOTAL RAWHIDE PROJECTS	\$8,863,928

Other Production Projects

Yampa Work Orders \$ 4,315,273

The Yampa Engineering and Operating Committee approved capital projects for plant improvements and additions at the Craig Station. The 2012 projects include progress payments for the Craig Unit 2 HP/IP turbine rotor upgrade scheduled for 2013 and other projects for upgrades and replacements. The amount shown represents Platte River's ownership share responsibility.

Windy Gap Firming Project 1,357,624

Platte River is participating in the Windy Gap Firming Project storage system. The Windy Gap system currently has very limited storage capability. The Windy Gap Firming Project will provide storage and help ensure a continuous water supply. The 2012 payments will be for the design stage of the project.

PROJECT TIME FRAME: 2001-2017

TOTAL COST ESTIMATE: \$38,274,000

Renewable Source Study 50,000

Evaluation of potential new renewable energy projects (hydropower, wind, solar) is necessary for ownership or long-term purchase agreements to meet future renewable energy standards.

PROJECT TIME FRAME: 2012-2018

TOTAL COST ESTIMATE: \$200,000

TOTAL OTHER PRODUCTION PROJECTS \$5,722,897

Total Production Projects \$ 14,586,825

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 2012 transmission capital additions total \$6.7 million for expansion and upgrades to Platte River's transmission system. This amount represents a \$14.1 million decrease from the 2011 Budget. The majority of the expenses will be for the completion of the 230kV expansions projects, primarily the Dixon Creek-Horseshoe transmission line and the Horseshoe substation in Loveland.

Transmission Line Projects

Dixon Creek-Horseshoe Transmission Project	\$ 1,398,577
<p>This 230kV project is needed to support the load growth expected in Loveland and to improve the reliability of the Loveland transmission system. The 2012 work includes the rebuild of the WAPA transmission line from Dixon Creek Substation to the Horsetooth Tap.</p> <p>PROJECT TIME FRAME: 2005-2012 TOTAL COST ESTIMATE: \$23,105,000</p>	
Airflow Spoilers	213,264
<p>Install airflow spoilers on the four transmission circuits near Rawhide to prevent icing and galloping on the transmission lines. These airflow spoilers will increase reliability and prevent outages and damage to the transmission lines.</p> <p>PROJECT TIME FRAME: 2012-2015 TOTAL COST ESTIMATE: \$919,000</p>	
Fort St Vrain-Fordham Fiber Current Transformer Relaying	21,200
<p>Design and installation of fiber current transformer relaying along the Fort St Vrain-Fordham transmission line for underground cable fault location relaying.</p>	
Harmony-Portner-Boyd Fiber Current Transformer Relaying	18,306
<p>Design and installation of fiber current transformer relaying along the Harmony-Portner-Boyd transmission line for underground cable fault location relaying.</p>	
Boyd to Disaster Recovery Center (DRC) Fiber Project	18,148
<p>Dedicate fiber from the DRC to the Boyd Substation. This project will remove critical fiber connections from the fiber that terminates in the co-locate area in the DRC.</p>	
Dixon Creek-Horseshoe Fiber Current Transformer Relaying	12,720
<p>Design and installation of fiber current transformer relaying along the Dixon Creek-Horseshoe transmission line for underground cable fault location relaying.</p>	
TOTAL TRANSMISSION LINE PROJECTS	\$1,682,215

Substation Projects

Horseshoe Substation 230kV Addition \$ 1,750,520

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: \$12,329,000

Timberline Substation Security Wall 681,300

Install a twelve foot high security wall around the Timberline Substation in Fort Collins. The 230kv substations are the backbone of the electric delivery system. The security wall will aid in the prevention of random acts of vandalism that could affect electric delivery to the cities.

Dixon Creek Substation Security Wall 629,184

Install a twelve foot high security wall around the Dixon Creek Substation. The 230kV substations are the backbone of the electric delivery system. The security wall will aid in the prevention of random acts of vandalism that could affect electric delivery to the cities.

Timberline Substation 115/230kV Transformer (T2) 562,875

Add a 115/230kV autotransformer and associated equipment to the Timberline Substation in order to increase power transfer capacity and reliability at the substation.

PROJECT TIME FRAME: 2012-2013

TOTAL COST ESTIMATE: \$2,963,000

Meadow Substation Ring Breaker 386,924

Addition of a 115kV circuit breaker and switches to convert the substation to a ring bus to increase reliability of the substation.

Annual Breaker Replacements 238,924

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 system reliability and reduce the risk of oil spills. The obsolete breakers will be completely changed out by replacing the old 230kV oil circuit breakers in the substations with the new SF6 breakers. The 2012 Budget provides for four breaker replacements as needed.

LaPorte 230kV Breaker Addition 232,286

Add a 230kV breaker for improved system reliability and system operations to prevent faults.

PROJECT TIME FRAME: 2012-2013

TOTAL COST ESTIMATE: \$247,000

Substation Security Projects 211,220

This project is to update the security systems in all 230kV substations including beam breaks, cameras, lighting and thermal detection.

Substation Projects

LaPorte Remote Terminal Unit (RTU) Replacement and Relays \$99,246

This project is to replace the RTU and the relays at the LaPorte Substation.

PROJECT TIME FRAME: 2009-2013

TOTAL COST ESTIMATE: \$197,700

Boyd Barn Warehouse Upgrade 93,958

Installation of heating, insulation and a lean-to on the Boyd barn in order to make the space usable as a warehouse and allow for covered outdoor storage for larger equipment.

WAPA Joint Facility Projects 81,239

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 a 345kV Elf Breaker Rebuild.

Crossroads Transformer Addition (T2) 35,330

The addition of breakers and substation equipment to support the city of Loveland's installation of a second transformer at the Crossroads Substation.

PROJECT TIME FRAME: 2012-2013

TOTAL COST ESTIMATE: \$635,000

TOTAL SUBSTATION PROJECTS \$ 5,003,006

Other Transmission Projects

Omicron Current Transformer Test Set \$ 32,000

Purchase a three phase Omicron current transformer test set for testing of transformers.

Micro-Ohm Test Set 7,400

Purchase an additional Micro-Ohm test set for maintenance of the Platte River bulk electric system. Down time and travel between work sites will be minimized.

TOTAL OTHER TRANSMISSION PROJECTS \$39,400

Total Transmission Projects \$ 6,724,621

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 2012 general plant capital additions total \$1.4 million and include \$0.4 million for communication equipment upgrades, \$0.2 million for computer equipment and software upgrades, \$0.3 million for replacements and additions of vehicles, \$0.2 million for security projects, and \$0.3 million for general building and equipment upgrades.

General Projects

Vehicle Fleet Replacements	\$249,098
A total of eight vehicles will be replaced in 2012, which include six vehicles at headquarters and two at Rawhide. Replacements are necessary due to high mileage or maintenance issues.	
Communications Battery and Charger Replacements	145,758
Replacement of outdated batteries and chargers at major communication locations that are critical to Platte River's operations.	
Secure Critical Substation Communications	128,264
Install networking and server infrastructure to secure communications between Platte River control centers and critical substations. This project will ensure our continued compliance with NERC/CIP standards.	
Electric Operations (EO) Building Dual Redundant UPS Upgrade	104,175
Install a 50 KVA UPS in the EO building and rewire all of the UPS circuits. This upgrade would provide all circuits' dual redundancy and would give Platte River more reliability in the event of a power failure.	
Operations Two-way Radio Replacement	80,296
Replace the operations handheld radios, dispatch console and control station on the UGH Milner mountain channel with a new 800 megahertz radio system. This replacement will ensure that Platte River is in compliance with the new FCC mandate to convert to narrowband radios.	
Microwave Building HVAC Controls and 7.5 Ton Unit Replacement	71,878
Add HVAC controls to eight units, which will enable staff to monitor energy usage. Also, a 7.5 ton pad mount unit that serves the co-locate room will be replaced as the existing pad has reached the end of its useful life.	
Fiber Splicing Truck Addition	65,705
Purchase a Sprinter van with a work area in the back for fiber splicing.	
EO Building Acoustical Ceiling Grid and Tile Replacement	60,000
Replace the ceiling grid and tiles in the EO building for safety reasons. The existing tiles are obsolete and falling apart and the grids are over loaded.	
PROJECT TIME FRAME: 2011-2012	
TOTAL COST ESTIMATE: \$79,000	

General Projects

SONET Redundancy Communications and DRC	\$58,042
Add OC-48 shelves to the communications room and the DRC communication hubs. These shelves will allow maintenance and software upgrades without dropping all Ethernet communications between the main hubs.	
Tape Backup System Replacement	58,022
Replace the current tape backup system to safely and reliably protect Platte River's digital assets. The current back up is at the end of its useful life.	
Avantis 5.1 Upgrade	57,729
Upgrade the Avantis enterprise management system to the current version. This new version is compatible with Windows 7 operating system and is necessary for continued support by Invensys.	
PBX 9-1-1 Project	54,944
Install a Redsky 9-1-1 routing system to route E-9-1-1 calls. This new system will route all emergency 9-1-1 calls to the correct public safety answering point and display the correct address of the origination of the call.	
Telephone Switch Redundancy and ISDN Implementation	50,296
Add a redundant switch and data circuits to remove single points of failure from the Rawhide telephone switch. This project will provide for more telephone system reliability and add caller identification.	
Rawhide and Headquarters Security Additions	37,940
Add card access doors to designated areas at Rawhide and Headquarters and add thermal detection at Rawhide. These new security measures would aid in theft prevention and unauthorized access detection.	
HP TRIM Enterprise Content Management (ECM) Licenses	36,250
Purchase an additional block of 25 licenses for the HP Trim ECM system. These licenses will accommodate additional users that will need access to the system.	
Compellent Storage Area Network Expansion	26,526
Add another controller to the backup storage area network at the Boyd Lake Substation DRC. The redundant controller will enhance the survivability/recoverability of critical data in the event of a catastrophe.	
Headquarters Building Addition Study	20,000
Start the planning process for a new office/garage building for future growth. The current facilities are utilized at capacity and additional space may be required within two to four years. PROJECT TIME FRAME: 2012-2015 TOTAL COST ESTIMATE: \$3,065,000	
Océ Color Plotter/Scanner	18,000
Replace the Xerox plotter and Océ color scanner with a new Océ color plotter/scanner.	
Walker Mower Replacement	16,000
Replace the existing Walker mower with a newer unit.	

General Projects

Headquarters Warehouse Shelving	\$15,000
Purchase additional shelving and pallets for the headquarters warehouse and substation warehouse at Boyd. The new shelving will provide additional storage area for inventory items.	
Multifunction Device Replacement for EO Building	12,500
Replace the Xerox WCP55 copier/printer/scanner/fax with a new multifunction device with expanded functionality. The existing unit is nine years old and requires frequent repairs.	
Aspen Line Database Enterprise Upgrade	10,000
Upgrade the existing Aspen One Line engineering software to allow multiple employees to collaborate in the same program. This will provide better coordination of the transmission line data from multiple Aspen databases.	
Headquarters Fleet Parts Washer	8,518
Purchase a new aquatic parts washer in order to eliminate solvent tanks onsite. The washer will provide an environmentally responsible way to clean fleet maintenance parts and save time and effort in the cleaning process.	
Communications Ethernet Test Equipment	6,900
Purchase Ethernet testing equipment to work in conjunction with the JDS Uniphase 8000 to test Ethernet circuits.	
AutoCAD Piping and Instrumentation Diagrams (P&ID) Software	5,800
Install AutoCAD P&ID software for drafting plant documentation.	

Total General Projects	\$ 1,397,641
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TOTAL 2012 CAPITAL ADDITIONS	\$ 22,709,087
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SECTION TEN: GLOSSARY

Accrual	An expense is recognized before cash is paid out.
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-Capitalization Ratio	Long-term debt divided by net assets plus long-term debt.
Depreciation	That portion of the cost of a fixed asset charged to operations to allow for lost usefulness.
FCC	Federal Communications Commission.
FERC	Federal Energy Regulatory Commission.
Fiscal Resolution	A resolution that governs the financial transactions of Platte River.
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.
NOx	Nitrogen Oxide.
O & M	Operation and maintenance expense.
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).
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.
Yampa Project	Craig Station Units 1 and 2 and related transmission facilities.