LOVELAND UTILITIES COMMISSION
REGULAR MEETING
November 20, 2013 - 4:00 p.m.
Service Center Board Room
200 North Wilson Avenue

AGENDA

4:00 pm - **CALL TO ORDER**

4:05 pm - **APPROVAL OF MINUTES - 10/16/2013**

CITIZENS REPORTS

4:10 pm - **REGULAR AGENDA**

1. Platte River Power Authority (PRPA) Strategic Plan Presentation – Steve Adams & Jackie Sargent/John Bleem
2. Water & Power Messaging Assessment & Recommendations – Lindsey Bashline
3. Electrical Equipment Color/Painting Policy – Kim O'Field

5:10 pm - **STAFF REPORT**

4. 2013 Flood Update – Steve Adams
5. Water Supply Update – Larry Howard

5:50 pm - 6. **COMMISSION / COUNCIL REPORTS**

- *Net Zero Cities* in Fort Collins, CO – October 23–24, 2013
- *24th Annual South Platte Forum* in Longmont, CO – October 23–24, 2013
- *Northern Water Fall 2013 Water Users Meeting* in Longmont, CO - November 6, 2013
- *Business Innovation Fair* in Loveland, CO – *November 20, 2013*

7. **DIRECTOR'S REPORT** – Separate Document

INFORMATION ITEMS

8. CBT Market Price Consideration – Scott Dickmeyer
9. Financial Report Update – Jim Lees

ADJOURN

The City of Loveland is committed to providing an equal opportunity for citizens and does not discriminate on the basis of disability, race, age, color, national origin, religion, sexual orientation or gender. The City will make reasonable accommodations for citizens in accordance with the Americans with Disabilities Act. For more information, please contact the City's ADA Coordinator at bettie.greenberg@cityofloveland.org or 970-962-3319.

The password to the public access wireless network (colguest) is accesswifi.

Commission Members Present: CJ McKinney, David Schneider (Chair), John Rust Jr, Larry Roos, John Matis, Randy Williams, Gary Hausman, Gene Packer (Vice Chair)

Alternate Commission Members Present: Daniel Greenidge

Council Liaison: Daryl Klassen

City Staff Members: Bob Miller, Brieana Reed-Harmel, Darcy Hodge, Garth Silvernale, Greg Dewey, Gretchen Stanford, Jim Lees, Kim O'Field, Kathleen Porter, Larry Howard, Michelle Stalker, Roger Berg, Steve Adams, Scott Dickmeyer, Sharon Citino

CALL TO ORDER: Dave Schneider called the meeting to order at 4:06 pm.

APPROVAL OF MINUTES: Dave asked for a motion to approve the minutes of the September 18, 2013 meeting.

Motion: Gary Hausman made the motion to approve the minutes of the September 18, 2013 meeting.

Second: John Rust Jr. seconded the motion. The minutes were approved unanimously.

CITIZEN REPORTS: None

Dave Schneider pulled item #1 from the consent agenda.

CONSENT AGENDA

Item 2: 2014 Annual Substructure Contract – Kathleen Porter The Department of Water & Power reviewed the annual substructure contract. The substructure contract allows contractor augmentation of City crew efforts to install underground conduit systems, streetlight wires, streetlights and vaults. After consideration of the excellent work being done by our current contractor during 2013 and in prior years, the decision was made to recommend renewing this contract for a second term for calendar year 2014. The work was bid, and the original contract term began January 1, 2013 and will end December 31, 2013. This is the first renewal of the contract.

Recommendation: Adopt a motion awarding the 2014 Annual Substructure Contract to G.E. Construction in an amount not to exceed $1,000,000 and authorizing the City Manager to sign the contract on behalf of the City.

Item 3: 2014 Annual Directional Bore Contract – Kathleen Porter The Department of Water & Power reviewed the Annual Power Directional Bore Contract. We use a Directional Bore Contractor to bore underneath canals, railroad tracks, and streets that cannot be open cut and in other inaccessible areas where we are extending underground electrical power lines. After consideration of the excellent work being done by our current contractor during 2013, the decision was made to recommend renewing this contract for calendar year 2014. The work was bid, and the original contract term began January 1, 2013 and will end December 31, 2013. This is the first renewal of this contract.

Recommendation: Adopt a motion awarding the 2014 Annual Directional Bore Contract to Colorado Boring, Inc. in an amount not to exceed $2,000,000 and authorizing the City Manager to sign the contract on behalf of the City.

Motion: John Rust Jr. made the motion to accept consent agenda items 2 and 3 as written.
Second: Gary Hausman seconded the motion. The motion was approved unanimously.

REGULAR AGENDA

Item 1: 2013 3rd Quarter Goals and Milestones Report – Steve Adams This is a quarterly review of our progress on our 2013 utility goals and milestones report.

Recommendation: Discuss the presented information and approve the 3rd Quarter 2013 LUC status report.

Motion: Gary Hausman made the motion to approve the 3rd quarter 2013 goal updates as amended.
Second: CJ McKinney seconded the motion. The motion was approved unanimously.

Comments: Dave Schneider expressed that he would like to receive regular updates on goal #13 regarding the plans for development along the Highway 402 corridor. Steve Adams responded that this item was created initially as a request by our planning department to work in collaboration with some other interested parties including the town of Johnstown to develop a Highway 402 corridor plan. Unfortunately, due to the timing of some work in the communities involved and in Larimer County, this item has not progressed as quickly as what was originally hoped for. This item is part of a long-range plan with our Planning Department, and it is currently on hold until we receive updates and information from other parties. We had been working on a sanitary sewer study along the Highway 402 corridor. With the flood, we have not had time to work on this study. Once progress begins again, we will communicate this progress to the LUC board.

Dave Schneider inquired whether the completion dates of goal numbers 29 and 30 were correct as the are listed. Staff responded that December 2012 was the initial completion date provided for these goals; however, those dates should be updated to December 2013.

Gene Packer requested that the next quarterly goal update report include all 2013 quarterly updates. Staff responded that those will be included in the next report, which will be included in the January 2014 LUC packet. Due to the flood work, some of our current goals will be pushed out to future years in order to prioritize flood recovery as a major 2014 goal. The 2014 LUC goals will not be finalized until after next year's City Council retreat.

Dave Schneider inquired whether City Council digs down into the goals and progress of each board and commission when they set their city-wide goals. Daryl Klassen responded that City Council does not; the City Council looks at larger scale goals and objectives, although some large capital projects are included in the City-wide goals.

Item 4: Idylwilde Hydroelectric Project Status – Greg Dewey The purpose of this item is to provide LUC with information regarding the status of the Idylwilde Hydroelectric Project. Comments and suggestions from the LUC are requested at this meeting.

Recommendation: Review the attached materials and suggest any other information that might be helpful to staff in formulating a recommendation to City Council at a later date.

Comments: Staff and board discussed the benefits from being able to use the materials from the dam area as opposed to the high cost of trucking in materials from out of state, particularly since the flood scraped most of the lose materials from the canyon. Board inquired whether, staff is considering relicensing the Idylwilde dam. Staff responded that we will not formally inform FERC whether we are renewing or surrendering the license until next year. Representatives from both CIRSA and FEMA will need to visit the sites and assess the damages. We will be working to get some reimbursements from both FEMA and CIRSA for the damages.

Board inquired on the time frame to restore power to Drake and staff responded that we do not have a time frame yet due to the uncertainty of the how to do all the work. Engineers and crew are working on assessing how to install replacement poles in many areas which may require blasting through rock. We are looking to tie into two other utility systems to increase reliability and provide another way to feed canyon customers. Prior to restoring power customers in the flood plain areas of the canyon will need to pass a state electrical inspection.

Larry Howard shared that the concrete pier at the mouth of canyon is cracked and that grout may possibly be used to fix the crack rather than replacing the entire pier. Although the pipe across the mouth of the canyon has water, it is being kept at a lower rate.

Staff responded to inquiries about the Dillie tunnel that it will be rebuilt in the same configuration, but with additional armoring. Work on the tunnel will proceed from the bottom up to remove the debris and silt. Staff also responded to inquiries about Lake Loveland and said that there will need to be some debris removal work done. In order to address water quality issues and be able to remove debris, the ditch company may be required to drain Lake Loveland.

STAFF REPORTS

Item 5: Quarterly Financial Report Update This item summarizes the monthly and year-to-date financials for September 2013.

Staff Report only. No action required.

Comments: Staff gave clarification that the flood expenses are charged to all three funds (Water, Wastewater and Power) and some of the expenses are charged to operations and maintenance and other charges to capital depending on the work being performed. Inquiry was made regarding insurance reimbursements. Staff responded that insurance reimbursements will be shown as revenue into each of the utility funds. At this time, the exact reimbursement amount is unknown. There are still many areas under water that will require evaluation and work. Board inquired on what work will be done due to the damage on the water transmission lines. Staff responded that we are working to get at least one other operational transmission line to town. We will be working with FEMA to do a betterment in order to relocate the new line(s) farther away from the river than where the existing lines had been. Staff gave a broad overview of the status of the Water and Wastewater utilities including that all water customers are back on-line, the largest areas of concern for the Wastewater was a sewer line washed out so we had a continuous bi-pass in place in order to avoid a no flush order in an area of town. That bi-pass should be back to normal with a 15 inch line installed by next Friday. The Southside Lift Station had problems with a force main that was washed out under the river. There was bi-pass along Boise Avenue up to the Wastewater Treatment Plant. Most of these expenditures for emergency repairs will be in by the end of 2013. The total estimated 2014 flood related expenditures will be in the millions of dollars but the amount is still to be determined because the very large projects require us to make design decisions, working to see what can be covered through FEMA, and waiting for the river levels to decline in some areas in order to evaluate the extent of flood damage.

Randy Williams inquired about the permits needed to do work in lines under the river areas. Staff responded that we have nation-wide permit status granted to us. Because some of the work is not during the flood emergency, we will need to work carefully to get back in the river. There was a 404 permit process that has been facilitated along with a consultant on-board to handle those on a case by case basis. Gene Packer expressed appreciation on the new financial report presentation format which is easy to read and understand.

Item 6: Status of Colorado Governor's Energy Office Grant for Electric Charging Stations – Brieana Reed-Harmel This item summarizes the status of the grant from the Colorado Energy office for installation of
the Electric Vehicle Charging Stations.

Staff Report only. No action required.

Comments: Staff clarified some inquiries regarding the grant, electric vehicles and charging stations. There will be an hourly charge for plugging into the electric vehicle charging stations. The grant funds came through the state and the utility will not need to reimburse the state through fees collected.

People residing in this area have purchased 183 electric vehicles. EVSE stands for electric vehicle service equipment. There is currently no stipulation in code to penalize a vehicle for parking too long at a charging station. Electric vehicle owners are required to pay an annual $50 fee in order to help pay for the wear and tear on roads.

Item 7: 2013 Flood Update for the Water & Power Department – Steve Adams This is a review of the damage and work performed related to the September 2013 flood.

Staff Report only. No action required.

Comments: Discussion ensued on the extent of damage up the canyon and what restorative efforts the City plans to do in areas such as Viestenz-Smith Mountain Park. Commented on the effectiveness of the City to post timely updates about the flood on the City website. Discussion ensued on the options and deadlines for the hydro power generating facility. Discussed the process of working with FEMA on documentation and cost reimbursements. Discussed some of the dangers from floods such as introducing contaminants into the water supply and how Loveland was fortunate to be able to shut off the river fed water supply and to have such a full reservoir in which we can draw water to supply Loveland for 6 months. Discussed the repairs required at the Big Dam, the parties involved, reimbursement options, and the process currently underway to set what percentage of the repairs costs will be covered by the City.

COMMISSION/COUNCIL REPORTS

Item 8: Commission/Council Reports

- City Council meeting to discuss the "Removal of the Idylwilde Dam and sediment for use as construction material to rebuild U.W. Highway 34" - October 8, 2013

Randy Williams: Commented on how well the staff has done in flood recovery efforts and how the City has stepped up to fill a role for the whole area in this regard and he complemented the City on all the work in picking up the debris and trash say that "It's an amazing thing."

Gary Hausman – Inquired what is happening with all the displaced propane tanks.

Steve Adams – Responded that the state has been taking care of removing and disposing the propane tank removals.

John Rust Jr: none

John Matis: Attended a Big Thompson Watershed meeting in which they looked at all the sampling sites along the Big Thompson River, and a substantial number were compromised due to the flood and will need to be reestablished. This year, the Big Thompson Water Shed selected two people to receive a $1,500 environmental scholarship award. Both award recipients are very interested in sampling and learning about the Big Thompson River and will be doing pole sampling due to the dangers of going into the river at this time, including sharp objects and contaminants. The Big Thompson Watershed is working to reestablishing fish communities.

Gene Packer: none

Gary Hausman: Expressed appreciation for all the work that staff is directing in response to the flood. Made inquiries where the flood debris was taken.

Steve Adams: To the Larimer County Landfill.

C.J. McKinney: none

Dave Schneider: none

Council Report: Daryle Klassen

Study Session – September 24, 2013

- N/A

Regular Meeting – October 1, 2013

- Council approved Resolution #R-73-2013 to remove the water rights dedicated to Aspen Knolls 1st and 2nd Subdivisions and issuing a water bank credit to McWhinney Enterprises.

Study Session – October 8, 2013

- Mr. Cahill discussed possible action regarding flood related issues.

Regular Meeting – October 15, 2013

- A motion to adopt Resolution #R-89-2013 approving a contract for a grant of $1,080,000 from CDPHE to model, design and begin construction of biological nutrient removal processes at the Wastewater Treatment Facility was approved on consent.
- A motion directing the City Manager to negotiate and enter into an agreement with Home Supply, pursuant to which the city will provide financing to the Home Supply. This financing is to be applied towards the cost of repairing the Home Supply's diversion structure on the Big Thompson River.

Comments: CDOT and Kwit to remove Idylwilde dam on October 8, 2013. Loveland Water and Power is a recipient of a grant from CDPHE that will help cover about one seventh of the costs for plant upgrades required to meet the new nutrient standards. City Council approved $4.8 million appropriation for flood related work.

DIRECTOR'S REPORT

Item 9: Director's Report – Steve Adams

Comments: Staff is working on a contract with the Larimer County Workforce which they would like to take to the November 5, 2013 City Council, but need to know from the LUC their general consensus on this item. This would be the 4th year on the program doing energy assessments and direct installations for low income residents. Ten people signed up during this last week, and there are over fifty people on the waiting list for this program. Next year we are looking to extend the program to a 21-week duration and open it up to multi-family dwellings. Staff received a general consensus from the LUC board to go ahead and take this item to City Council on November 5, 2013 for approval.

Steve Adams expressed appreciation for all of staff's efforts in responding to the flood, achieving a great amount of work in a short amount of time, putting in long hours, doing things they had never done before and responding to customers day or night. Steve Adams also expressed appreciation for the support of the LUC and asked LUC board members to share with the community all that the Water and Power Department has done to serve our community.

Dave Schneider also expressed appreciation to staff and stated that Loveland's citizens are lucky for Water and Power's outstanding staff.

INFORMATION ITEMS

Item 10: Nutrient Grant Contract with the State of Colorado – Michael McCrary City Council is scheduled to consider a contract on October 15, 2013 that combined two grants awarded to the City of Loveland Water and Power Department by the Colorado Department of Public Health and Environment from an appropriation proposed by Colorado Governor John Hickenlooper and enacted by the Colorado General Assembly to ease the financial impact of the new Nutrient Removal Regulations on Rate Payers in affected jurisdictions. One grant is for $80,000 for modeling and selection of appropriate Nutrient Removal Technology for the Wastewater Treatment Facility. This part of the grant includes matching funds of $20,000 from the City. These matching funds are currently available in our operating budget and will not require a supplemental budget request. This project must be completed by March 31, 2014. The second grant is for $1,000,000 and does not include any matching funds requirement. These funds must be expended only for

design and construction of the selected Nutrient Removal Technology. All funds must be expended by May 31, 2016. Current planning shows the entire Nutrient Removal Project totaling approximately over six million dollars and lasting into 2017.

Staff Report only. No action required.

Item 11: **C-BT Market Price Consideration – Scott Dickmeyer** Projection for water supply in 2013.

Information report only. No action required.

ADJOURN The meeting was adjourned at 7:15 pm. The next LUC Meeting will be November 20, 2013 at 4:00 pm.

Respectfully submitted,

Michelle Stalker
Recording Secretary
Loveland Utilities Commission

City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 1
MEETING DATE: 11/20/2013
SUBMITTED BY: Steve Adams, Director MS for SA

TITLE: PRPA Strategic Plan Presentation

DESCRIPTION:
Staff from Platte River Power Authority (PRPA) will make a presentation on their draft Strategic Plan.

SUMMARY:
PRPA has recently completed developing a draft Strategic Plan and will present the draft Strategic Plan to the Loveland Utilities Commission. A copy of the draft Strategic Plan is included for LUC's information.

RECOMMENDATION:
Discuss the revised Strategic Plan and provide feedback to PRPA.

REVIEWED BY DIRECTOR: MS for SA

ATTACHMENT:
- PowerPoint slides of the Platte River Power Authority Strategic Plan Review Presentation
- PRPA Draft Strategic Plan

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PLATTE RIVER POWER AUTHORITY

Platte River Power Authority Strategic Plan Review

Loveland Utility Commission
November 2013

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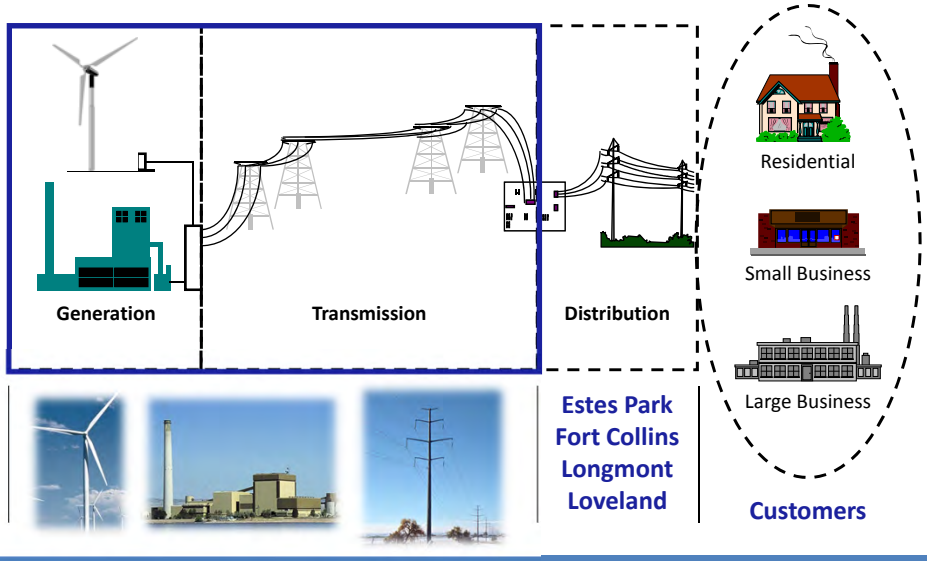
Local Electric System Partnership



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Planning Process Timeline

3

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Board Retreat Directives

- Improve collaboration among Municipalities & Platte River
- Diversify / balance resource portfolio
- Reduce carbon footprint
- Expand renewable energy supply
- Maintain competitive rates

  - Multiple possible options
  - More analysis needed
  - Need to find right balance

- Seek technology & innovation opportunities
- Identify opportunities for joint customer surveys

4

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Strategic Direction

Strong Historical Foundation

5

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Strategic Direction

Build on Strengths To A More Sustainable Future Business Model

6

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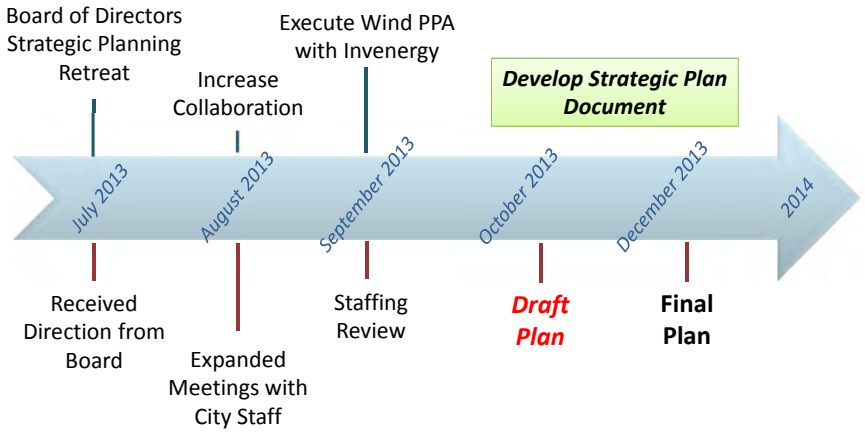
Planning Process Timeline (Cont'd)



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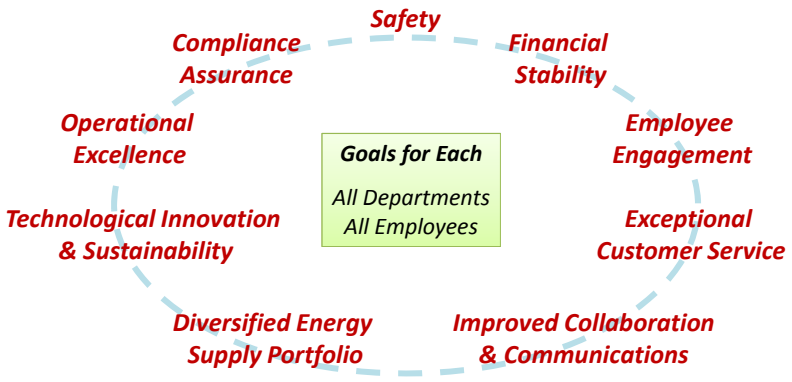
Initiatives, Objectives & Goals



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2014 Strategic Plan Development

9

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SWOT Analysis

Strengths	*Weakness*
• Strong financial position • Technical expertise • Well maintained power plants and infrastructure • Lowest wholesale rates in region • Excellent reputation / well respected in the industry • Culture of commitment and operational excellence	• Strategic planning and lack of adaptive strategy • Lack of diverse resources • Lack of bench strength and succession planning • Lack of energy market knowledge and experience • Relationships with cities at a policy level
Opportunities	***Threats***
• Community involvement • Strengthen partnerships • Asset optimization (water, transmission, generation, sales) • Improved communications • Leverage the four City's resources for improved efficiency • Partnering with the cities to create regional collaboration • Partnership opportunities with others to build generation • Increased communication and educational outreach • Leadership development	• Regulatory and legislative uncertainty • Looming knowledge loss • Lack of process documentation • Long term reliable water supply – need for firming project • Fuel price volatility including transportation costs • Outside pressures and not having an adaptive strategy • Loss of tax exempt financing • Continued consolidation of IOUs so there are fewer players in the market • Increased negative outlook for fracking and impact on natural gas supply • Litigation

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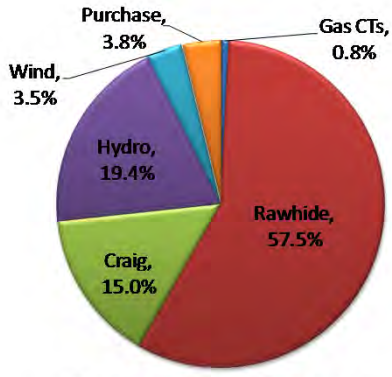
Energy Resource Portfolio – 2012



72.5% Coal Generation

Based on sales to Municipalities

All Sales: ***(2012)***		
	Coal	81%
	Hydro	16%
	Other	3%

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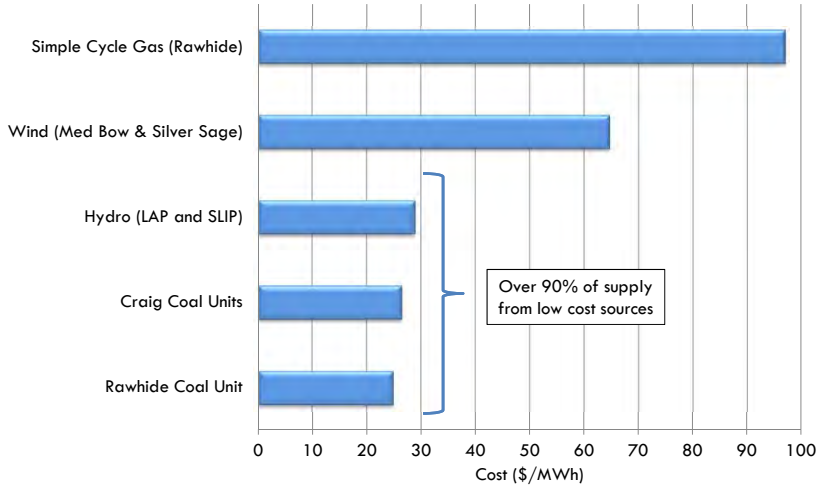
Existing Resources – Operating Costs



2012 average operating costs

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Wholesale Electric Rate Comparison

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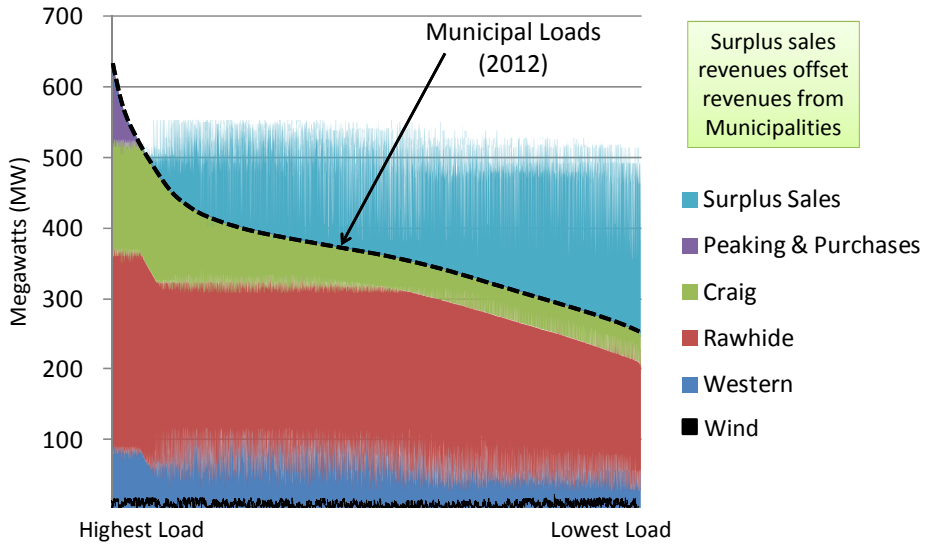
Resource Utilization



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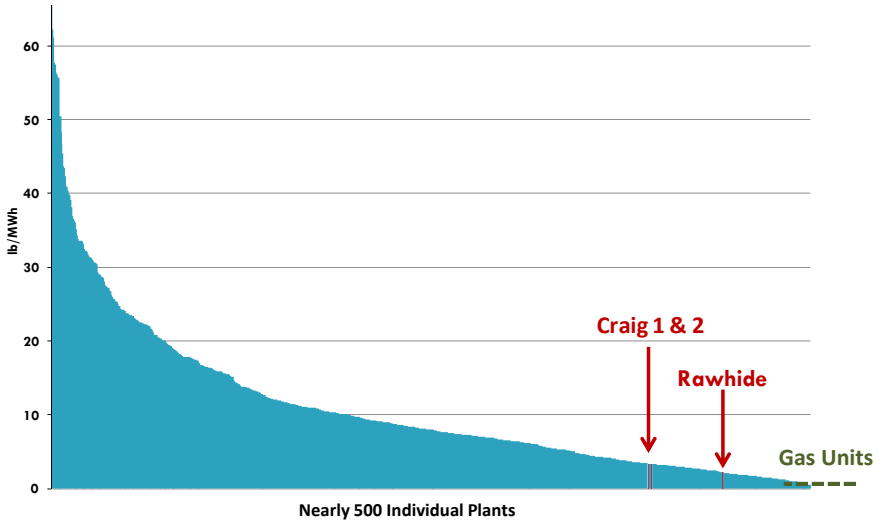
NOx & SO_2 emissions – U.S. Coal Units



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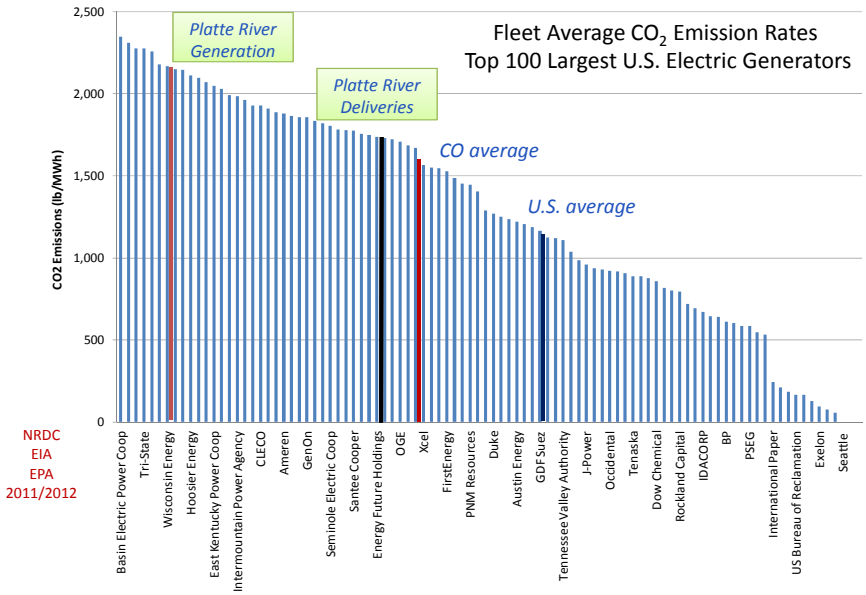

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Resource Portfolio Risks

- Legislative & regulatory risks:
  - CO_2 emissions (climate change)
  - SO_2, NO_X, Hg, VOC, air toxics (health)
  - Coal ash, cooling water, etc. (environment)
- Financial risks:
  - Greenhouse gas charges
  - Emission control costs
  - Waste / water management costs
  - Credit rating downgrade
- Constrained resource optimization:
  - High base & peaking / no intermediate resource
  - Limited ability to integrate renewables
  - Less flexible resource operations
- Uncertain public confidence:
  - Customer preferences vs. current resources

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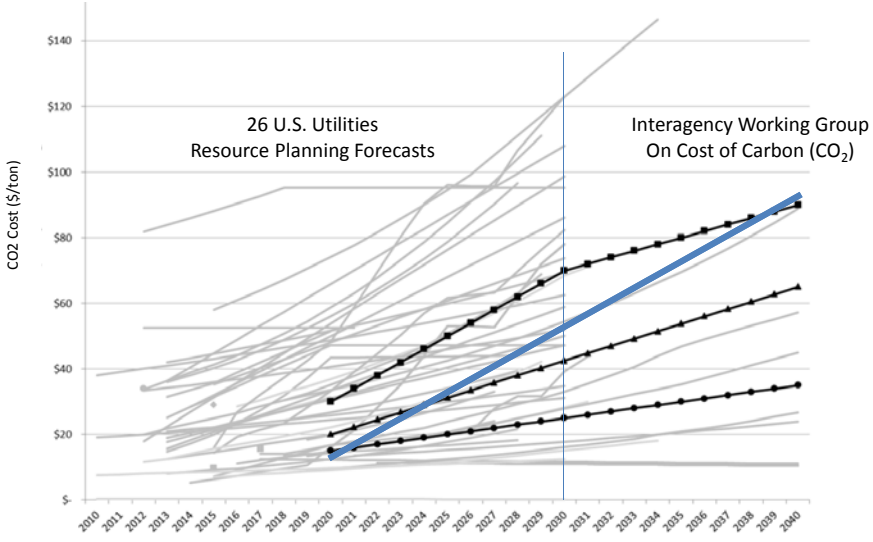
CO_2 Price Forecasting



Synapse Energy Economics

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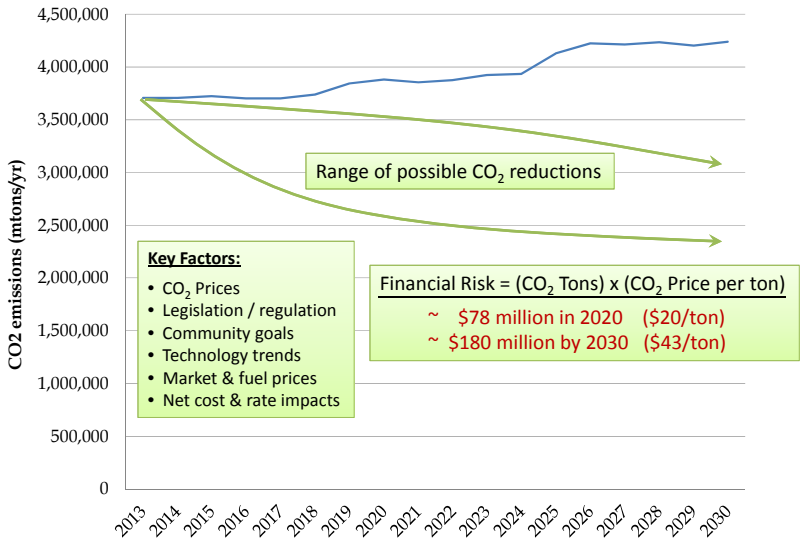
CO_2 Emission Forecast



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Options for Diversifying Portfolio

- **Expand Energy Efficiency Programs:**
  - Common programs (all four Municipalities)
  - Municipal programs (unique to each)
  - Study recently completed with Nexant Consulting
- **Expand Utility Scale Renewable Sources:**
  - 32 MW of new wind resource added (50 MW total by 2014)
  - Current system integration capability limited to ~ 60 MW
  - Need more resources to integrate wind
- **Distributed Resources:**
  - Renewable sources (primarily solar PV)
  - Natural gas fired generation (primarily cogeneration or CHP)
  - Municipal level generation (natural gas engines)
- **Reduce Coal & Increase Natural Gas Generation:**
  - Combined cycle gas
  - Coal to gas conversions
  - More analysis needed

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Factors Influencing Direction

Technology trends & timing

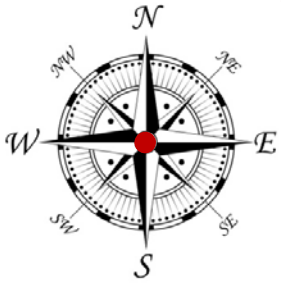
Renewable Energy Standards

Customer interests

New markets

Water

Waste



Lowest Rates

Least Environmental Impact

Economic Development

Regional partnerships

Fuel trends

Transportation

Resource Integration

Municipal planning & community goals

Aging infrastructure

Risk Management

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Preliminary Planning Schedule

ACTIVITIES	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Staffing, Tools & Support					
Staff selection / integration					
Load & test software / data sets					
Retain consultants					
Gas Generation Site Evaluation					
Site options identification					
Transmission system studies					
Water supply evaluation					
Gas delivery / pipeline / firming studies					
Real estate cost estimates					
Site environmental impact evaluation					
Air and land use permitting studies					
Right of way studies					
Conceptual plant design / configuration					
Resource Diversification Modeling					
Combined cycle gas central station					
Utility scale renewable energy					
Distributed generation					
Demand side management					
Resource integration					
Carbon reduction analysis					
Cost & rates evaluations					
Public / Stakeholder Process					
Extended / coordinated municipal surveys					
Detailed resource preference surveys					
Additional listening sessions					
Collaborative Program Expansion					
Joint planning team expansion					
Demand response pilots					
Joint solar garden program					
Other new programs					
2014 Integrated Resource Plan					Approval
2015 Strategic Plan					Approval

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Key Points / Next Steps

- Planning process is in the early stages
- Strong historical foundation exists
- Bolster existing strengths:
  - *Safety*
  - *Customer service*
  - *Operational excellence*
  - *Compliance assurance*
  - *Financial stability*
  - *Employee engagement*
- Embrace new initiatives:
  - *Evaluate new options to reduce CO_2 emissions*
  - *Improve collaboration and communications*
  - *Increase focus on technology and innovation*
- This is the first draft:
  - Final 2014 plan to be presented to Board of Directors in December
- Much more detail planned for 2015 Strategic Plan (with new IRP)

QUESTIONS / DISCUSSION

2014 STRATEGIC PLAN

THE ENERGY WE LIVE BY™

ESTES PARK | FORT COLLINS | LONGMONT | LOVELAND

Platte River
POWER AUTHORITY

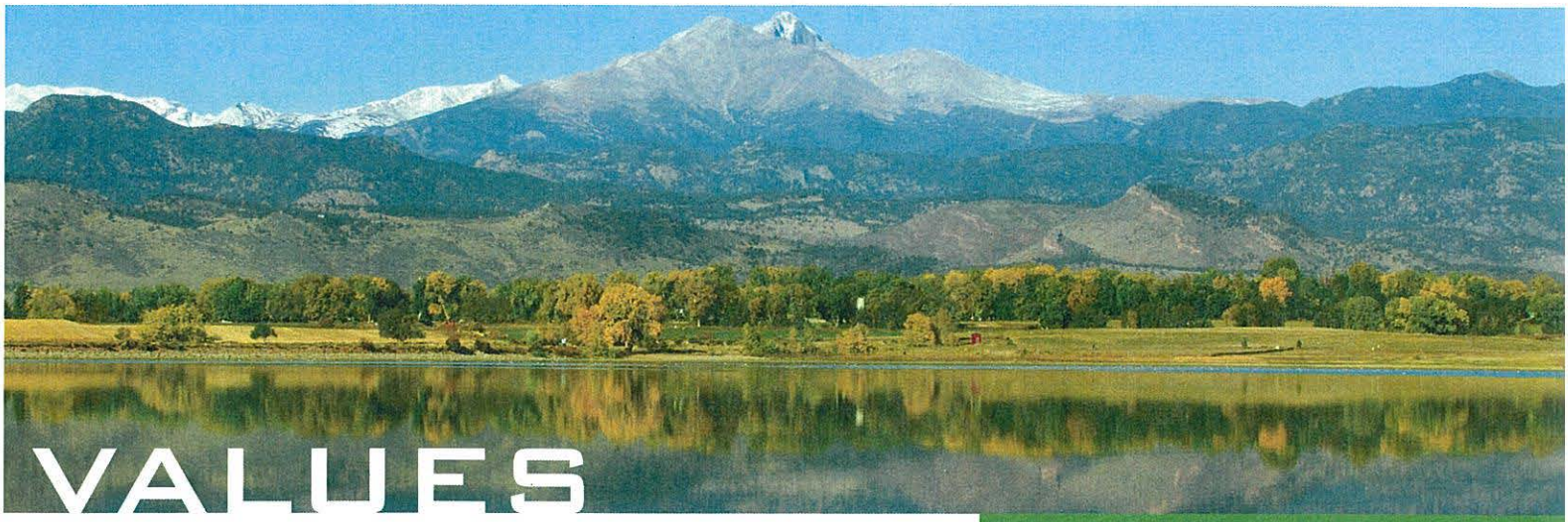
www.PRPA.org

Our Mission...

Provide safe, reliable, environmentally responsible, and competitively priced energy and services.

Our Vision...

As a respected leader and responsible energy partner, improve the quality of life for the citizens served by our owner communities.



VALUES

SAFETY

Working safely and protecting the public, our employees, and the assets we manage is non-negotiable.

INTEGRITY

Being ethical and holding ourselves accountable to conduct business in a fair, honest, open, compliant, and environmentally responsible manner is at the core of what we do.

CUSTOMER SERVICE

Providing quality service at a competitive price while being responsive to our owners' needs creates added value and improves customer satisfaction.

RESPECT

Encouraging constructive dialogue that promotes a culture of inclusiveness, recognizes our differences, and accepts varying viewpoints will lead us to optimal solutions for even the most difficult challenges.

OPERATIONAL EXCELLENCE

Engaging employees to strive for excellence and continuous improvement ensures that we provide reliable service while managing costs and creating a rewarding work environment.

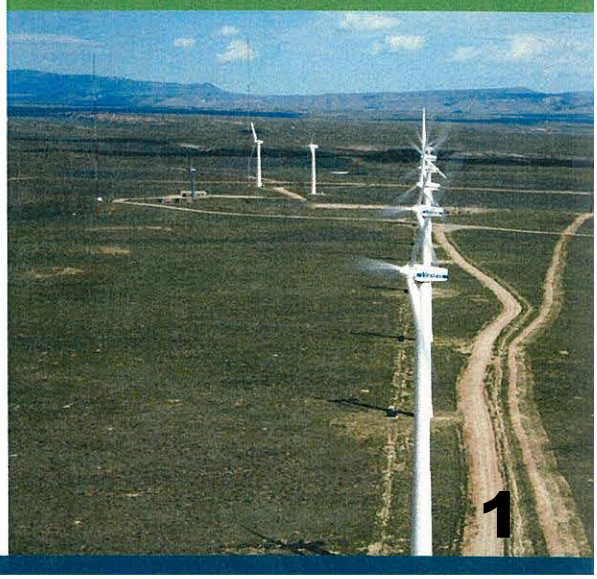
INNOVATION

Supporting the development of technologies to promote the efficient use of electricity, protect the environment, and create a diversified energy supply portfolio mitigates risk and creates opportunities.

SUSTAINABILITY

Maintaining financial integrity, minimizing our environmental impact, and supporting responsible economic development in our owner communities ensures the long-term viability of the organization and the communities we serve.

WHAT'S INSIDE...



Jackie Sargent - General Manager
PLATTE RIVER POWER AUTHORITY

from the...

GENERAL MANAGER

Platte River Power Authority is honored to provide safe, reliable, environmentally responsible and competitively priced energy and services to Estes Park, Fort Collins, Longmont and Loveland, Colorado. This mission has allowed us to improve the quality of life for the citizens of our four owner communities over the past forty years.

Our Board of Directors and staff have begun an in-depth planning process—one that will support strategic thinking and the development of adaptive strategies for the future. The result of our effort thus far is outlined in this summary document. Platte River's 2014 Strategic Plan is fluid, and will be updated annually as detailed analyses of future scenarios are completed, new technologies evolve, and market opportunities develop. The plan is not set in stone, but is rather a guide for developing an adaptive strategy to sustain Platte River Power Authority and the communities we serve for the next forty years and beyond.

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from the...

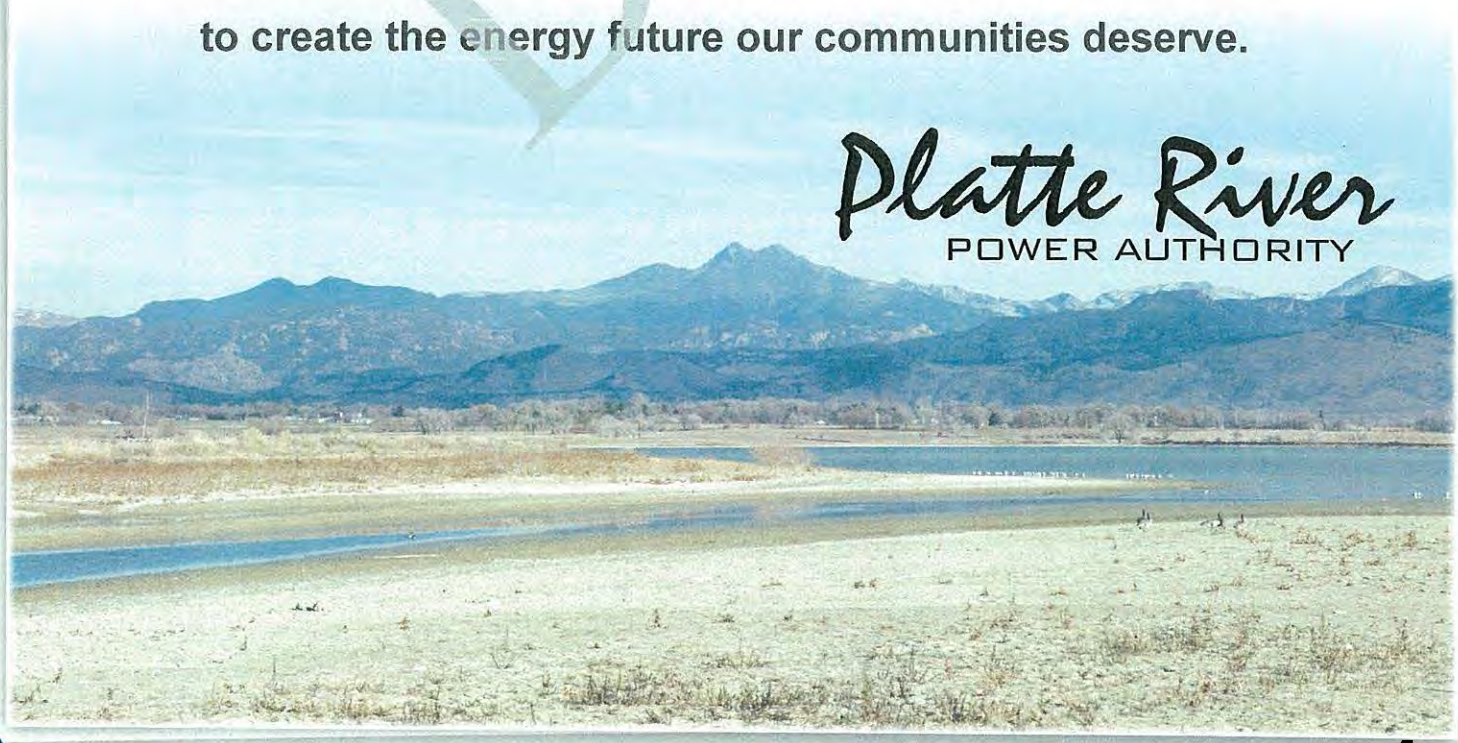
GENERAL MANAGER

CONTINUED

In managing any business, it is important to think strategically about risks and opportunities—no different from how one would manage an investment portfolio. Generation resources currently serving the four cities are comprised of coal, hydropower, wind and natural gas. Because we rely heavily on coal resources, we are faced with potentially significant financial, legislative and regulatory risks. The lack of intermediate resources in the existing resource mix also limits our flexibility in potential future electric markets. Citizens have expressed interest in more renewable generation and innovative technologies that will help reduce the carbon footprint of Platte River's energy resources. We are listening closely to discern customers' future resource preferences.

Understanding the implications of potential future changes to our resource mix will require detailed analysis—we have so far only scratched the surface. Platte River is committing staff and other resources to evaluate options to diversify our future energy supply portfolio and reduce our carbon footprint while remaining the lowest cost wholesale power provider based in Colorado. We will be considering a number of potential future scenarios and comparing these to a "business as usual" base case, trying to identify the associated risks and opportunities. We're also stepping up our capabilities to ensure expanded collaboration and communications with the communities. As we develop these new areas, we will continue to focus on our values of safety, integrity, customer service, respect and operational excellence. We will seek opportunities to integrate technological innovation and sustainability in all areas of Platte River's business.

We are committed to building on our strong foundation to create the energy future our communities deserve.



EXECUTIVE SUMMARY

(To be developed when document is final)

STRATEGIC INITIATIVES, OBJECTIVES AND 2014 GOALS

SAFETY

It is the basic safety policy of Platte River that no job is so important and no service so urgent that an employee must violate a safety rule or risk of injury/illness over taking the time to perform their work safely.

Goals

- Review and update the Emergency Response Plan.
- Reach out to local law enforcement, emergency management services, and fire departments to engage in table tops and support coordinated emergency response planning and communications.
- Continue to define and implement a safety focused culture and further document safety procedures.

EXCEPTIONAL CUSTOMER SERVICE

Continuously improve services to the Municipalities by maintaining a high level of knowledge regarding Municipality and retail customer needs and preferences, identifying and tracking key performance metrics, and integrating new information into future program/services planning decisions.

Goals

- Meet energy savings and peak demand reduction targets for established Common DSM programs and services.
- Expand DSM program offerings to include implementation of new innovative technologies.
- Support the Municipalities' key account programs by engaging more actively with Municipal staff and targeting program and services offerings more directly to these customers.
- Through program and service offerings, support economic development efforts in the Municipalities with a focus toward contributing to the success of local businesses.
- Develop proactive and comprehensive methods of obtaining feedback from Municipalities and customers, including implementing joint customer satisfaction surveys.
- Work jointly with the Municipalities, establish customer satisfaction goals for Platte River services and provide staff support to the Municipalities.
- Align strategic planning efforts to support key 2014 initiatives of the Municipalities.
- Engage in expanded outreach opportunities to Municipality and community groups.
- Work with Municipalities on legislative and regulatory issues that impact all of us.
- Identify and implement co-branding opportunities with the Municipalities.

OPERATIONAL EXCELLENCE

Platte River will manage a coordinated process whereby we optimally manage physical and personnel assets and their performance in a way that maximizes value, while taking into

account risk, costs, safety, efficiency and performance for the purpose of achieving our mission and strategic objectives.

Goals

- Provide system-wide transmission reliability to maximize safe and efficient energy delivery to our owner communities and surplus sales customers.
- Operate and maintain safe, reliable, affordable and environmentally responsible generating assets to provide owner communities a strategic advantage in wholesale power costs.
- Maximize fuel efficiency at all generating facilities in order to minimize fuel costs.
- Reduce generation and transmission operating and maintenance expenditures to manage delivered energy costs.
- Maximize asset utilization to improve opportunities to generate surplus sales revenue.
- Manage our water resources through a comprehensive Board approved water policy that facilitates asset utilization and optimization both now and into the future.
- Work with our local, state and federal government and regulatory agencies to ensure a favorable political climate for our continued operations.
- Develop a long-term facilities master plan.
- Develop an overall security policy.
- Develop and implement a formalized project management process.
- Review and update the process for contract administration and compliance.

IMPROVED COLLABORATION AND COMMUNICATIONS

Platte River will explore options for increased coordination and collaboration in the areas of joint planning, new programs and services, stakeholder communications and leverage of resources.

Goals

- Implement a system-wide demand response pilot program.
- Evaluate potential for system-wide solar energy programs such as solar gardens.
- Form a joint load forecasting team to investigate options for utilizing end-use load research, improved measurement/verification of DSM programs and other coordinated approaches to enhance system forecasting.
- Study options for expanding joint training among the Municipalities and Platte River.
- Evaluate new services and other opportunities identified in the 2013 Utility Director Survey.
- Expand the joint strategic planning team among the Municipalities and Platte River to identify issues of mutual interest, evaluate potential new areas for collaboration and integrate appropriate aspects of the Municipalities' plans into Platte River's Strategic Plan.
- Develop and implement a stakeholder involvement process to enhance communications and gain support for key initiatives and the next Integrated Resource Plan / Strategic Plan.
- Collaborate with Municipalities' teams on stakeholder communications, joint marketing programs, sponsorships and educational events.
- Through effective external communications, ensure that stakeholders are well-informed of the value Platte River's partnership brings.

DIVERSIFIED ENERGY SUPPLY PORTFOLIO

Platte River will evaluate options for diversifying its future mix of resources – integrating both supply and demand side technologies and capitalizing on regional competitive strengths (proximity to natural gas and coal, excellent wind and solar resources and local/regional energy technology research and development).

Goals

- Evaluate natural gas combined cycle generation and other options to support integration of additional renewable energy resources, to diversify the resource mix and to provide flexibility for future electric market scenarios.
- Evaluate alternatives for decreasing Platte River's greenhouse gas emissions, considering a reduction to 20% below 2005 levels by 2020 as a guideline. Reductions may be higher or lower – and the timeline shorter or longer – depending on implementation costs and other factors.
- Evaluate alternatives for meeting retail customer energy requirements using increasing levels of renewable resources, considering a guideline of meeting 20% of these requirements with renewable sources by 2020. More or less renewable energy may be considered, depending on implementation costs and other factors.
- Update Platte River's Renewable Energy Supply Policy.
- Analyze the potential benefits and costs of distributed generation at Municipal utility and retail customer levels and integrate cost effective alternatives into the next IRP.
- Track innovative technologies to enhance energy supply – and implement cost effective improvements utilizing new technology opportunities.
- Maintain Platte River's position as the lowest cost wholesale electric supplier located in Colorado.
- Seek Board approval of a new Integrated Resource Plan that integrates increased renewable energy, distributed generation, resource diversification and greenhouse gas reduction, while maintaining competitive rates.

COMPLIANCE ASSURANCE

To reinforce, support and sustain a strong and consistent culture of compliance at Platte River which builds compliance consciousness into our daily activities and operations and encourages each employee to conduct business with the highest standards of integrity and operational excellence.

Goals

- No regulatory compliance violations resulting in fines.
- No environmental compliance violations.
- Review and update policies to enhance operations, create efficiencies, and ensure that appropriate controls are in place.

FINANCIAL STABILITY

Platte River will maintain long-term financial stability by focusing on financial planning, financial reporting and risk management.

Goals

- Manage budgeted revenues and expenditures to meet Strategic Financial Plan targets.

- Review and update the Strategic Financial Plan to ensure targets are adequate based on new strategic initiatives that are developed.
- Review and analyze opportunities for the next bond financing.
- Evaluate new technology to improve efficiency and effectiveness of budgeting, analysis and reporting.
- Provide timely and accurate reporting of financial information as well as the implementation of new accounting standards.
- Review and revise Risk Plan assessments and mitigations with the Risk Oversight Committee.
- Review and revise internal processes to improve efficiency and controls.

EMPLOYEE ENGAGEMENT

By continuing to invest in its human resources, Platte River Power Authority will leverage diversity, grow internal talent, attract innovative skills and facilitate high standards of professional and ethical behavior.

Goals

- Design a Leadership Development Program that:
  - Identifies successor candidates for all levels of supervision,
  - Builds current and emerging leaders' skills to support Platte River's mission and strategy.

- Develop a Diversity and Inclusion Program that:
  - Equips leaders and employees to provide a welcoming and respectful work environment, model inclusive behavior as well as support an inclusive and diverse workplace,
  - Links all Platte River programs and initiatives.

- Implement an Ethics and Compliance Program that:
  - Empowers employees to not only report but also prevent, identify and stop noncompliant behavior,
  - Ensures that ethics is at the core of Platte River's culture and provides an avenue of transparency in everything we do.

TECHNOLOGICAL INNOVATION AND SUSTAINABILITY

Platte River will actively monitor research and advance the use of new, emerging technologies in all areas of business to enhance performance and support the needs of the Municipalities and their customers.

Goals

- Dedicate staff resources to actively research and advance the use of new, emerging technologies in areas such as electric vehicles, distributed generation, demand response, demand side management, energy storage and smart grid applications.
- Deploy cost effective system efficiency improvements available through application of new technologies and techniques.
- Continue to support the FORTZED initiative through active participation on committees and working groups.
- Sponsor the Net Zero Cities conference in 2014.

- Establish a technology working group with subject matter experts from Platte River, the Municipalities, Colorado State University and other stakeholders.
- Actively seek funding for new technology applications in areas that provide benefits to the Municipalities and Platte River.
- Coordinate joint seminars with expert speakers on new technology and sustainability.

STRATEGIC PLANNING PROCESS

Since its inception, Platte River has been active in planning for the future. Planning has taken many forms over the years, with the primary focus on new electric supply resources to serve the needs of the Municipalities. Five integrated resource plans have been developed since the mid-1990's, leading to addition of simple cycle natural gas generation and providing guidance for expanding energy efficiency and renewable energy resources. Historically, separate planning documents were also produced for operations, financial, legislative/regulatory, climate action, transmission, and risk management areas. For 2014, many of these separate plans will be incorporated into an overall Strategic Plan – prepared for approval by the Board of Directors. Through consolidation of these separate documents the Board will be provided a more comprehensive and useable summary of the issues confronting the organization as well as the efforts underway to address the identified risks and opportunities. The figure below provides a graphical representation of this effort.

The Strategic Plan is a business tool used to sustain and promote the long-term success of the organization. It provides context through a description of existing issues and sets out a framework for analyzing how a variety of factors will impact the organization and its ability to perform in current and potential new market scenarios. New scenarios may include greenhouse gas emission reductions, FERC initiatives (regional transmission organizations, energy imbalance markets, etc.), significant expansion of renewable energy resources, evolution and integration of new and innovative technologies, changing customer needs and other factors.

One significant aspect of the new planning initiative is a greater focus on coordinated planning with the Municipalities. Over the last several years, multiple teams have been formed to enhance planning and project management, including the Joint Technical Advisory Committee and joint teams in the areas of demand side management, renewable energy, key account customer services and rates. Going forward, Platte River's strategic planning process will include integration of Municipal plans and initiatives. Municipality efforts in areas such as load forecasting, energy policy, sustainability, climate change and strategic planning will be reviewed with a focus toward identifying key aspects of the Municipalities plans that should be integrated into Platte River's future Strategic Plans. This effort to collaborate more formally on planning will expand in 2014, with new Platte River staff resources dedicated to this effort.

The strategic planning process also provides an opportunity to gather information on the preferences of the Municipalities as customers. An initial survey of potential new services that may be of interest to the Municipalities was conducted with Utility Directors and their staff during 2013. This effort will be expanded and clarified during 2014. In addition, staff is collecting and aggregating information from past retail customer surveys conducted by the Municipalities. Platte River and the Municipalities began collaboration on customer surveys during 2013 by adding some questions related to resource preferences as part of the Municipal surveys. Additional survey efforts may be conducted during 2014 to enhance planning.

The coordinated planning activities of Platte River have always included other utilities in this region. Due to recent Federal Energy Regulatory Commission (FERC) initiatives this level of regional planning will be increased. To anticipate and prepare for new regional market structures that may result, Platte River will undertake a study of energy imbalance markets.

Finally, it is anticipated that a new Integrated Resource Plan (IRP) will be developed during 2014 and will be incorporated into the 2015 Strategic Plan. The most recent IRP approved by the Board (the 2012 IRP) will remain a separate planning document until it is updated and integrated into the 2015 Strategic Plan.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

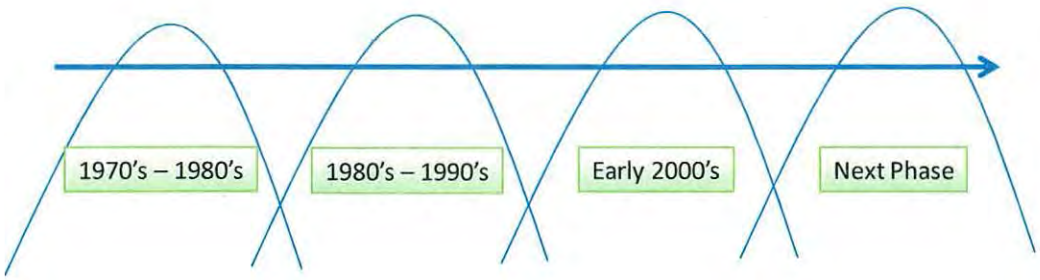
As part of the process of considering how to ensure the long term success of Platte River and its Municipalities, a SWOT analysis was initiated by the management team in late 2012. A summary of this initial analysis was reviewed by the Board of Directors during 2013 and updates were made to develop the list of items below. This type of analysis will continue as part of the ongoing strategic planning process and the list will likely change over time.

Strengths	Weakness
• Strong financial position • Technical expertise • Well maintained power plants and infrastructure • Lowest wholesale rates in Colorado • Excellent reputation/Well respected in the industry • Culture of commitment and operational excellence	• Strategic planning and lack of adaptive strategy • Lack of diverse resources • Lack of bench strength and succession planning • Lack of energy market knowledge and experience • Relationships with cities at a policy level
Opportunities	**Threats**
• Community involvement • Strengthen partnerships • Asset optimization (water, transmission, generation, sales) • Improved communications • Leverage the four Cities' resources for improved efficiency • Partnering with the cities to create regional collaboration • Partnership opportunities with others to build generation • Increased communication and educational outreach • Leadership development	• Regulatory and legislative uncertainty • Looming knowledge loss • Lack of process documentation • Long term reliable water supply – need for firming project • Fuel price volatility including transportation costs • Outside pressures and not having an adaptive strategy • Loss of tax exempt financing • Continued consolidation of large utilities so there are fewer players in the market • Increased negative outlook for fracking and impact on natural gas supply • Litigation

ADDITIONAL PLANNING CONSIDERATIONS

HISTORY

The focus of Platte River's planning efforts has changed over its history. As indicated in the graphic below, the initial focus of the organization was on building resources to meet the growing Municipal loads as federal hydropower sources were limited (1970's - 1980's). Once these baseload resources were built, the focus shifted toward operational considerations, along with ensuring sales of excess capacity and energy (1980's - 1990's). The last planning cycle (early 2000's) was dominated by the addition of new simple cycle gas generation to meet the fast growing summer peak demands of the Municipalities. Rates increases were also a significant consideration during this time, with the first rate increase since 1983 occurring in 2004 and cumulative rate increases of over 50% of the 2003 level implemented by 2013. Other considerations during this period included expansion of demand side management resources, increased maintenance costs for aging infrastructure, expansion of transmission capacity and focus on water resource management.



Building:
- Craig
- Rawhide
- Transmission

Operations:
- Craig
- Rawhide
- Transmission
- Municipal sales
- PSCo CAE sale
- Debt reduction

Summer Peak:
- Five new gas CTs
- Transmission
- End of PSCo sale
- Hydro (drought)
- Craig & Rawhide operations
- Rate increases

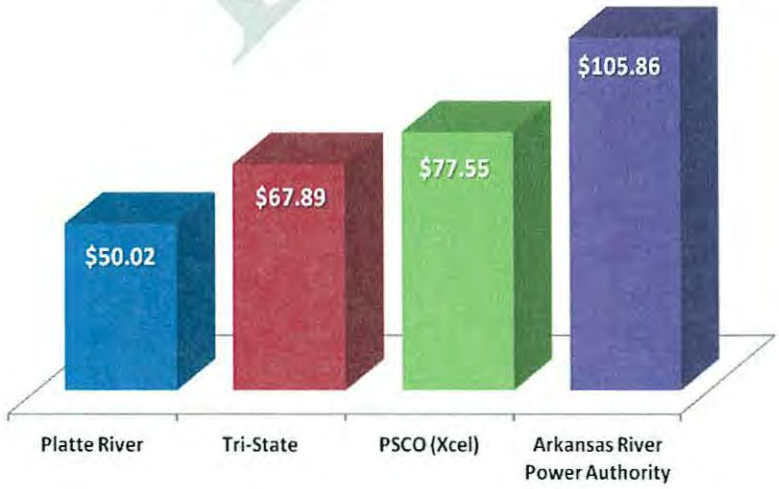
Flexibility:
- Renewables
- Demand response
- Distributed generation
- New technologies
- Diverse member needs
- Balancing multiple uncertainties & managing risks

Going forward, the organization faces some key risks, including the challenges of climate change, potential new environmental legislation and regulation, diverse needs of the Municipalities and transitions in wholesale markets. The next phase of planning will require Platte River to increase its flexibility in many areas to be prepared to address these risks.

RATES

Balancing costs with risk mitigation will be a key consideration going forward. Even though rates have increased significantly over the last several years, Platte River's rates remain the lowest among wholesale electricity suppliers located in Colorado (see figure below).

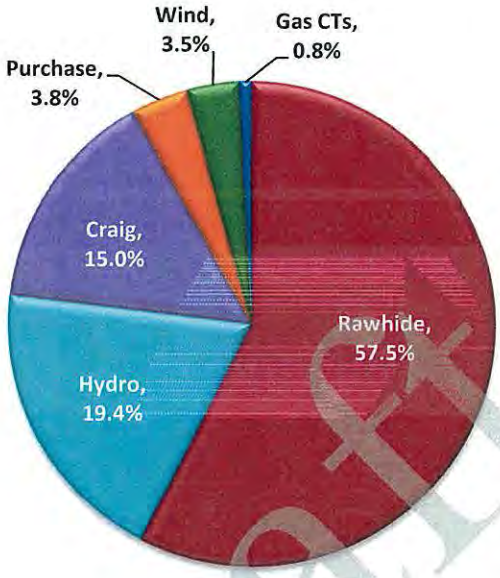
2012 Average Wholesale Rates ($/MWh)



RESOURCE MIX

The energy provided to Platte River's Municipalities is comprised of the resources shown in the following figure.

Municipality Electricity Supply Mix – 2012

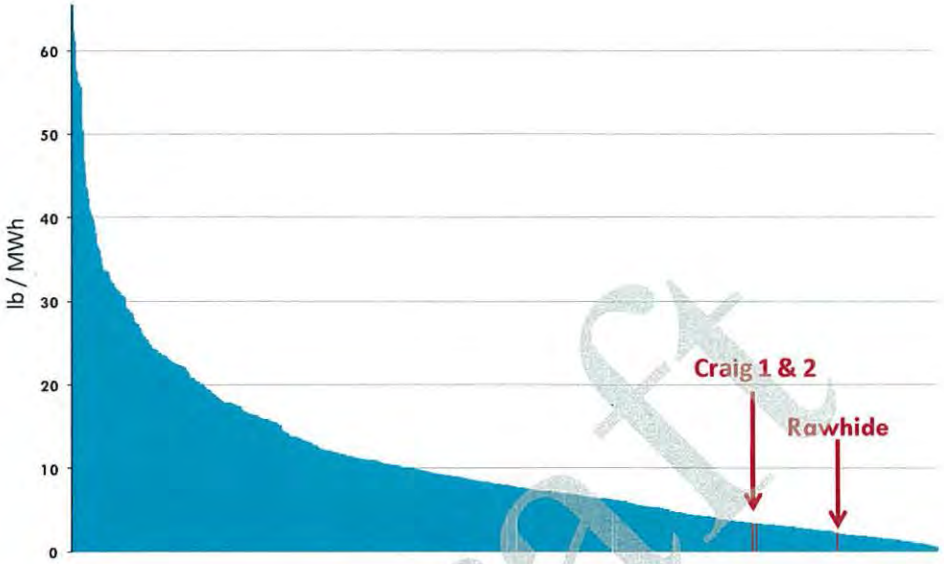


One of the most significant factors to consider for the current resource mix is the large amount of coal generation. Currently, 72.5% of all energy provided to the Municipalities comes from coal and this is expected to increase to about 75% by 2020 under a business as usual scenario. About 81% of all sales from all Platte River resources were generated by coal in 2012. This relatively high saturation of coal generation brings several potential risks, including:

- Legislative and regulatory risks:
  - CO_2 emissions (climate change)
  - SO_2, NO_X, Hg, VOC, air toxics (health)
  - Coal ash, cooling water, etc. (environment)
- Financial risks:
  - Greenhouse gas charges (carbon tax or other approaches)
  - Emission control installation and operation costs
  - Waste / water management costs
  - Credit rating downgrade
- Constrained resource optimization:
  - High base and peaking / no intermediate resource
  - Limited ability to integrate intermittent renewable energy sources
  - Less flexible overall resource operations
- Eroding public confidence:
  - Customer preferences vs. current resources

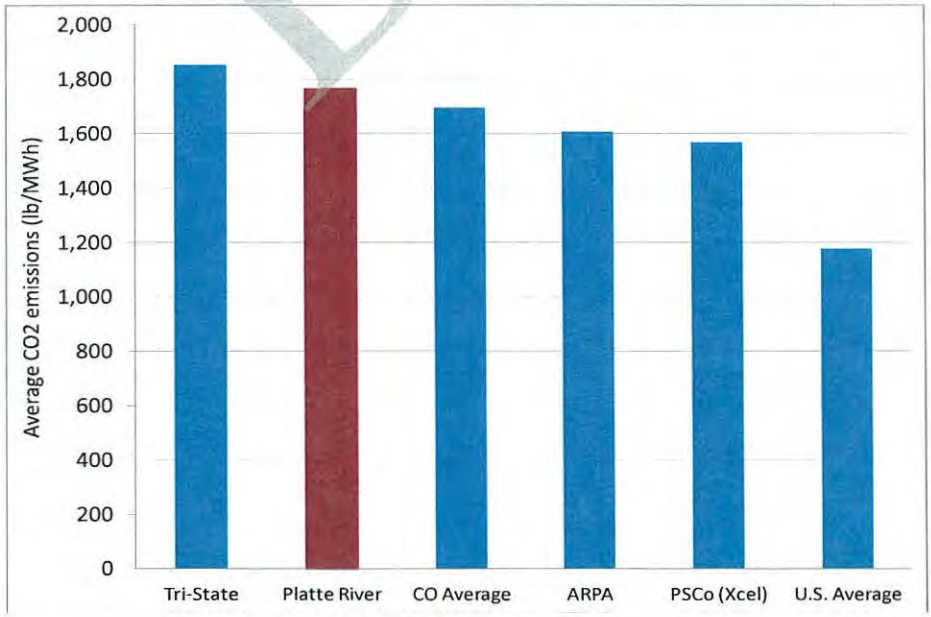
Relatively low emissions from its coal units combined with hydropower have allowed Platte River to provide electricity to its Municipalities with a strong environmental record. Through continued investment in new technologies over time, Platte River has reduced emissions levels for criteria pollutants (those associated with human health effects). A comparison of NO_X and SO_2 for U.S. coal plants (nearly 500 units) is provided in the following chart. As indicated, both Rawhide and Craig plants are among the lowest emitting plants in the U.S.

U.S. Coal Plant Emissions of NO_X and SO_2



Going forward, emissions of greenhouse gases, particularly CO_2, will be a major factor in resource planning. A comparison of CO_2 emissions for wholesale suppliers located in Colorado is provided in the following figure. This graph also includes average CO_2 emissions from electric utilities in the U.S. and Colorado.

CO_2 Emissions Comparison for Wholesale Suppliers in Colorado – 2011



As indicated in the chart, Platte River's average CO_2 emissions are about 4% above the Colorado average and about 50% above the U.S. national average. Platte River ranks second among wholesale electric suppliers located in Colorado.

Having a relatively high CO_2 emission rate could lead to significant rate increases in the event that a carbon tax or other action is implemented to reduce CO_2 emissions. As part of the 2009 Climate Action Plan analysis, Platte River and its consultant (KEMA, Inc.), estimated that costs to meet a 20% reduction in CO_2 emissions by 2020 could be about $31 million annually, resulting in a wholesale rate increase of about 16%. If "Cap and Trade" were implemented (the dominant legislative approach being considered at the time), cost increases could be much higher. Working with another consultant (Ventyx) during 2013, preliminary resource analysis showed potential wholesale rate impacts of 18% to over 50%, depending on the level of CO_2 charges assessed ($10 per ton to $50 per ton).

Many options exist for reducing Platte River's CO_2 emissions, including increased renewable energy sources (utility scale or distributed), increased energy efficiency (at customer, distribution and generation levels), integration of distributed generation resources, increased use of natural gas generation vs. coal and other new technologies. Additional options may exist through coordination / collaboration with the Municipalities in areas such as transportation, waste, natural gas usage and vegetation management. CO_2 mitigation options will be evaluated in detail as part of the process for developing the 2014 Integrated Resource Plan.

STRATEGIC PLANNING DIRECTION

As part of the strategic planning process, a special all-day meeting of the Board of Directors was held in July 2013 to review planning-related information and to allow management to gather direction from the Board regarding Platte River's future. During this meeting, seven statements of strategic direction were developed and approved by the Board.

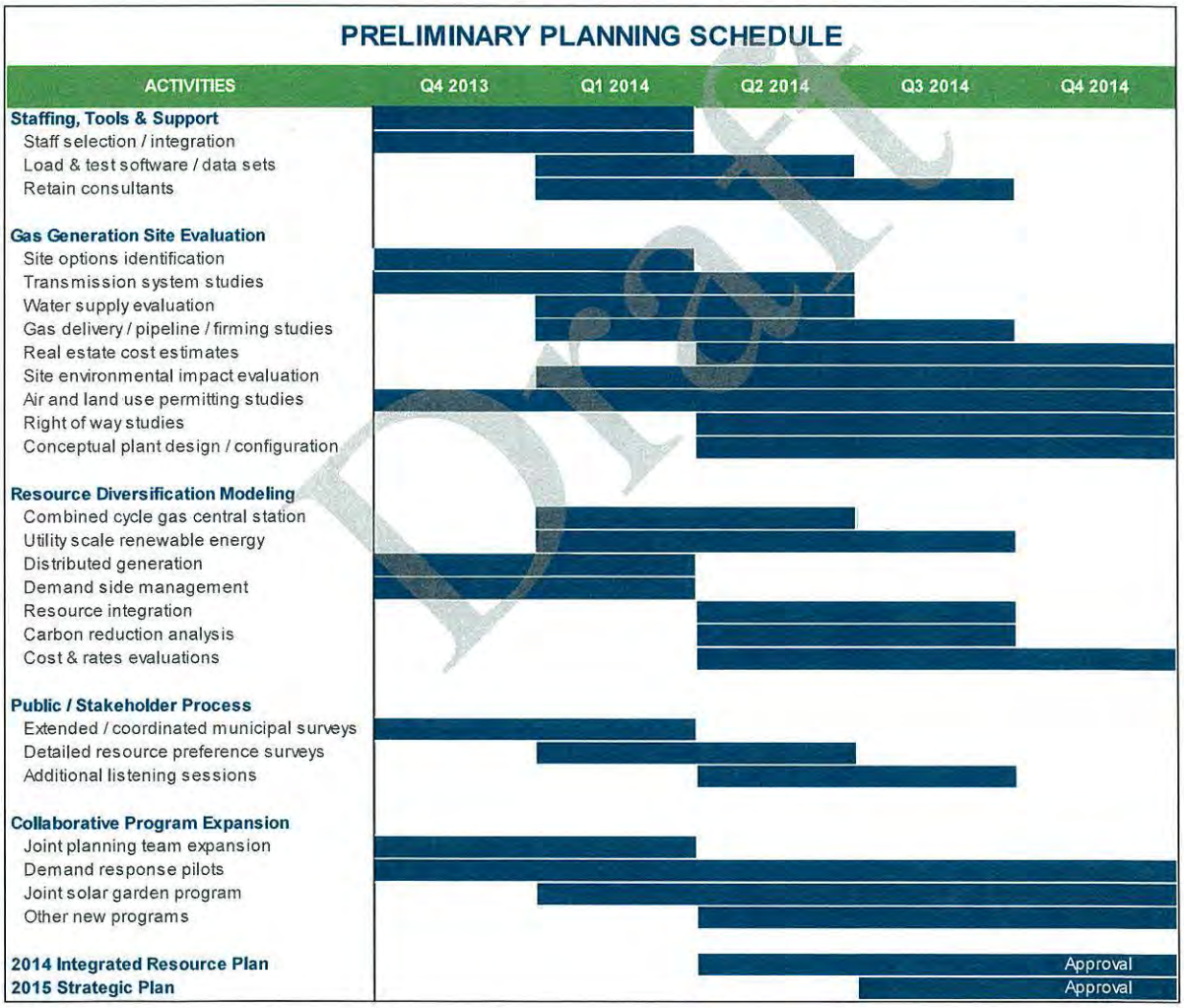
STRATEGIC DIRECTION STATEMENTS

1. Management should explore ways to improve collaboration and communication among the partner cities, facilitated by Platte River.
2. Platte River should investigate options to reduce/mitigate its carbon footprint using Colorado's approved Climate Action Plan as a guide.
3. Platte River management should be directed to look at diversifying and balancing the generation supply portfolio.
4. Platte River management should be directed to look at the expansion of renewable resources using the measures established for cooperatives in Colorado SB 13-252 as a guide.
5. In the context of above items (2, 3 and 4), Platte River management should present to the Board an energy-portfolio diversification plan [in the context of a comprehensive strategic plan] that keeps us competitive, meaning Platte River should remain the lowest cost wholesale power provider located in Colorado..
6. Platte River management should explore opportunities for administering a common survey with the four Cities.
7. Platte River should become strategically aware of technology, innovation trends and opportunities.

These statements of strategic direction were intended to provide general direction and broad guidelines for future planning. They have been incorporated into the Strategic Initiatives, Objectives and Goals listed earlier in this 2014 plan. Going forward, these Initiatives, Objectives and Goals will be updated and brought to the Board of Directors for approval on an annual basis.

SCHEDULE

A new strategic planning process has just begun and this 2014 Strategic Plan is limited in specific details regarding Platte River's future plans. The first full cycle of the annual strategic planning process will be completed next year, leading to a more detailed 2015 Strategic Plan. Efforts in several key areas are planned, as outlined in the table below. Once new staff, software, market data and other tools have been acquired, detailed analysis of potential future resource options can begin. This analysis will inform the development of the 2014 IRP and 2015 Strategic Plan.



RESOURCE PLANNING

Resource planning is the most significant element of the 2014 strategic plan. This is in large part due to the fact that Platte River was created and exists to meet the resource needs of the Municipalities—but also in direct response to strategic direction received from the Board: five of the seven strategic direction statements focused on future resources. Historically, Platte River's process for planning new resources has been conducted through the development, public review and Board approval of an Integrated Resource Plan (IRP). In coordination with its owner municipalities, Platte River has prepared four IRPs since the mid 1990s (one approximately every five years). The most recent IRP, approved by the Board of Directors in May 2011 and referred to as the 2012 IRP, focuses primarily on the five year period 2012 to 2016. This plan is available on Platte River's web site at the following link: www.prpa.org/irp.

No changes are recommended to the 2012 IRP at this time. It is anticipated that the next formal IRP will be developed during 2014 – and will be integrated into the 2015 Strategic Plan, the final form of which is anticipated to be approved by the Board in December 2014.

Though no changes are recommended to the 2012 IRP, several developments have occurred since this plan was approved in May 2011. The following sections provide background and updates on key items related to resource planning.

OVERVIEW – 2012 IRP ACTION ITEMS

Five action items were identified for implementation by Platte River and the owner Municipalities as a result of the 2012 IRP. These are summarized below, along with brief updates reflecting the current situation. More detail on changes since the 2012 IRP are provided after this overview.

1. **Continue operating demand side management (DSM) programs** – Platte River funding for Common Programs (those offered in all four municipalities) was projected as approximately $2 million annually (2012 to 2016), while funding from the Municipalities was anticipated to increase significantly relative to historical levels. Verifiable peak demand and energy savings were to be integrated into the overall system load forecast beginning in 2013.

   UPDATE – The budget for 2014 provides for an increase in Common Program funding of $200,000 – ten percent above the level approved for the 2012 IRP. The process of integrating DSM into the load forecast that began in 2013 will be expanded during 2014. Additional details on DSM are provided below.

2. **Continue implementation of the Renewable Energy Supply Policy** – Anticipating the need for new renewable energy resources in approximately 2015, the process for seeking new renewable supply options was expected to begin in 2012. About 45,000 MWh/yr of new supply was anticipated by 2015, roughly one-third more than historical deliveries from existing sources.

   UPDATE – Platte River has executed a Power Purchase Agreement for delivery of approximately 130,000 MWh/yr of new renewable energy supply by the fall of 2014. This purchase will more than double the amount of wind delivered to

Platte River's system – adding more than three times the amount of renewable energy contemplated in the 2012 IRP – and doing so ahead of the 2012 IRP schedule.

The Renewable Energy Supply Policy will be reviewed during 2014 to reflect changes in renewable supply due to the strategic planning process, to address accounting of renewable supply through Tariff 1 and Tariff 7, and to integrate other changes that have occurred since this Policy was last approved.

3. **Update system resource planning criteria** – In order to remove the risk of relying on real-time market purchases to meet load obligations when the Rawhide coal unit is out of service. Rather than planning on up to 65 MW in real-time market purchases (allowed in the 2007 IRP), only pre-arranged purchase options and other firm resources are to be considered for firm capacity needs.

   UPDATE – Based on the most recent load forecast, new capacity will be needed to meet the Municipalities' peak load in about 2023 (see Load Forecast section). Criteria for addition of new resources will be expanded in the next IRP – to address planning reserve, loss of load probability, integration of new renewable supply, increased flexibility of resource operations, participation in new markets and other factors.

4. **Monitor developments of new regional generation and transmission resources** – To ensure a position in new resource options that may be of benefit to Platte River and the municipalities over the long term.

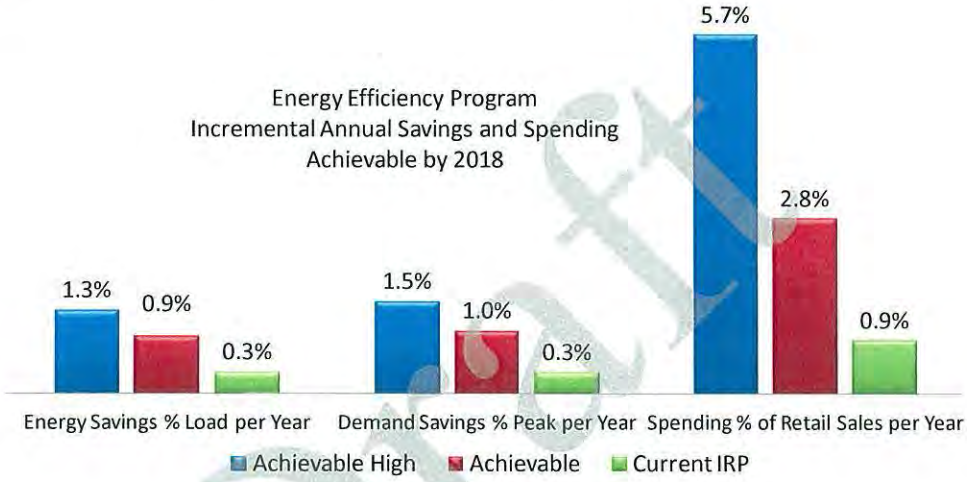
   UPDATE – A preliminary analysis of combined cycle gas generation was completed during 2013. During 2014, potential benefits and costs of adding intermediate resources will be modeled in more detail using computer simulations. New combined cycle gas generation and other resources with high levels of operating flexibility will be explored. Opportunities for joint development, sales of surplus capacity and other factors will be explored with regional power suppliers.

5. **Monitor other developments** – In municipal loads, technology development, wholesale electricity markets and regulation/legislation – in order to support contingency planning.

   UPDATE – New information sources for monitoring markets have been purchased and are being integrated into financial and resource planning efforts. To better track changes to municipal loads, a joint effort is planned for integrating end-use forecasting into the overall municipal load forecast. Information such as housing starts and planned business expansions should improve forecasting accuracy. Enhancements to DSM measurement and verification will also improve forecasting. A study is planned during 2014 to evaluate the risks and potential benefits of an energy imbalance market in the region.

DEMAND SIDE MANAGEMENT

In 2013, Platte River retained Nexant, Inc. (Nexant) to characterize and quantify the potential summer peak reduction and annual energy savings achievable in Platte River's service territory through implementation of energy efficiency, demand response, and distributed generation programs. The study considered potential impact over the next five years, and provided estimates of costs and benefits for the programs. The following chart provides a summary of the study results for energy efficiency programs. Note that a range of potential savings are possible, depending on investment in these programs. The study estimated that with an investment of up to 5.7% of retail revenues, energy savings of about 1.3% of total load could be realized (year after year). This result is fairly consistent with a study conducted by KEMA, Inc. in 2009. It is also consistent with a study of utility DSM programs conducted by the Large Public Power Council of the American Public Power Association.



LOAD FORECAST

The load forecast provided in the 2012 IRP has also been updated. The most recent Official Load Forecast for the Platte River System is included in the Appendix. This forecast indicates that new capacity resources will be needed in approximately 2023.

Key updates in forecasting since the 2012 IRP include the following items.

- Municipal load growth over the last several years has remained below levels experienced during the 1990's. The forecasting model has used data since 1991 to predict future loads. Beginning this year, data from the period 2002 forward will be used and the load data from 1991 to 2002 will be removed.
- Demand side management programs continue to expand, but evaluation, measurement and verification of impacts on future loads needs to be completed for many of the programs. Going forward, a team will be formed among the Municipalities and load forecasting staffs to discuss how best to integrate the effects of DSM.

RATE STRUCTURE EVALUATION

During 2010 and 2011, Platte River staff, a rates consultant (Utility Financial Solutions) and rates staff from the Municipalities met several times to discuss and evaluate options for changing the wholesale rate (Tariff 1) to more accurately reflect costs and mitigate risks.

After about 15 months of effort, a seasonal wholesale rate was approved by the Board of Directors and was initiated in January 2012. This new rate was recognized as a first step in a longer term process of developing more innovative rates. During 2014, additional opportunities are planned for collaboration on future electric rates. It will be important to have a more coordinated effort on rate making in the future; one that integrates wholesale and retail rate design and implementation.

CLIMATE ACTION PLAN

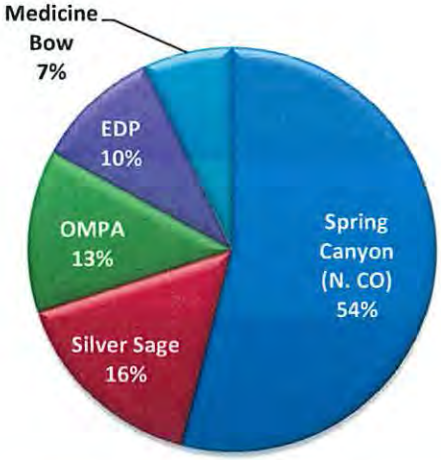
Platte River staff served on the working group that developed Colorado's Climate Action Plan and the Fort Collins Climate Action Task Force. Platte River developed its own unique Climate Action Plan (CAP), a summary of which was provided in the 2012 IRP. The full report is available on Platte River's web site at: www.prpa.org/cap. Since this CAP was approved, additional cursory studies were conducted to estimate costs of replacing coal generation with natural gas resources. Rate impacts associated with such replacements were significant. Natural gas prices have dropped considerably since the last studies were performed.

During the 2013 strategic planning retreat, the Platte River Board directed staff to investigate options to reduce/mitigate Platte River's carbon footprint using Colorado's Climate Action Plan as a guideline. The CAP and associated analysis conducted over the last several years will be expanded and updated – then included as part of the 2014 IRP (integrated into the 2015 Strategic Plan). No separate Climate Action Plan document is planned going forward.

WIND GENERATION

As indicated above, 32 MW of wind generation will be added to Platte River's supply mix in the Fall of 2014 from the Spring Canyon II Wind Project. The anticipated renewable energy resource mix for 2015 is shown in the pie chart below. The new wind resource represents a 117% increase in renewable supply relative to 2013 levels. This will increase wind sources to about 7% of Platte River's energy supply mix. Wind and hydropower combined will be about 27% of the total energy supply to the Municipalities in 2015 (assuming normal water conditions).

Platte River has also moved the Medicine Bow and Silver Sage Wind projects into Public Service Company's balancing authority (BA), removing them from Western Area Power Association's BA. In the future, Platte River may need to dedicate firm resources to follow the wind generation. This consideration will be studied as part of the overall resource planning effort.



TRANSMISSION SYSTEM UPDATE

Since the 2012 IRP was approved, a large number of long-term transmission projects have been completed, representing over $120 million in infrastructure investment. These projects have enhanced long-term reliability of wholesale electric service to Fort Collins, Longmont and Loveland. In December 2012, a new Transmission Plan was developed. This plan is updated annually to assure that an adequate transmission system is planned for the reliable delivery of electricity to the Municipalities and to other Platte River transmission customers. The planning studies and reliability assessments for the near-term and longer-term planning horizons demonstrate that the transmission system meets performance requirements of the Western Electricity Coordinating Council (WECC) and of the North American Electric Reliability Corporation (NERC). A summary of planned transmission projects is provided in the following table.

PLANNED TRANSMISSION PROJECTS

In-Service	Project Name	Description	Purpose
February 2014	Timberline 230/115kV Substation Expansion	Add 230/115kV transformer T4.	Improve system reliability in the Fort Collins area.
May 2014	Laporte 230kV breaker addition Project.	Add 230kV breaker.	Gain more flexibility in the operation of Substation.
May 2014	Crossroads 115kV Substation Expansion	Add 115/12.47kV transformer T2 and a Ring Breaker.	New delivery point to serve growing load.
December 2014	Harmony 230kV Substation Terminals Upgrade	Modify CT tap and transformer relaying.	Remove conditional line ratings on the Boyd and Timberline lines.
May 2015	Re-Configure Harvard Substation	Connect Harvard 115/12.47 kV transformers T1 and T2 to different bays at Longmont NW Substation.	Improve reliability to each transformer. Meet PRPA design criteria.
May 2015	Boyd 230/115kV Substation Expansion	Add 230/115kV transformer T2.	Improve system reliability in the Loveland area.
December 2015	Horseshoe 115kV Substation Expansion	Add 115/12.47kV transformer T3 and T4.	New delivery point to serve growing load.
May 2016	Fordham 115kV Substation Expansion	Add 115/12.47kV transformer T3.	New delivery point to serve growing load.
May 2016	Fort Collins Northeast 115/13.8kV Substation	Considering sites near Timnath or Cobb Lake 115kV Substations to locate additional 115/13.8kV transformer(s).	New delivery point to serve growing load.
December 2016	Rawhide Plant GSU Replacements	Cycle through Rawhide GSU replacements in coordination with major Rawhide plant outage.	Satisfy Maintenance Requirements.
May 2017	Timberline 230/115kV T3 Replacement	Replace 230/115kV transformer T3 with new transformer.	Improve system reliability in the Fort Collins area. Existing transformer installed 1976.

Note that this list does not include transmission infrastructure additions that may be needed to support new generation resources on the Platte River system such as combined cycle gas and renewable energy. Considering new permitting requirements, lead times for transmission equipment and coordination of transmission operations with regional utilities, new transmission additions for future generation resources could take five years or more to permit and construct. It is anticipated that detailed modeling, planning and permitting research for new transmission will begin in 2014. This effort will be completed in parallel with an integrated evaluation of combined cycle gas generation, renewable energy, distributed generation and other alternatives.

PUBLIC PARTICIPATION

Details of past communications with stakeholders in the four Municipalities are outlined in the 2012 IRP. During May of 2013, Platte River held an initial set of "listening sessions" in each of the Municipalities to begin the process of gathering stakeholder comments for future resource planning. About 60 people participated (total for all four communities). Comments from this group indicated an interest in pursuing generation resources that would reduce reliance on coal, support for solar and other distributed generation, and interest in more wind resources, small hydro, and energy efficiency. There was interest in use of more natural gas generation (vs. coal), but also concern regarding the potential risks of hydraulic fracturing. The majority of these participants indicated a willingness to pay more for electricity to have a more balanced portfolio, though some said cost was very important to them.

A detailed plan for public participation will be prepared for the 2014 IRP and presented to the Board of Directors in early 2014. This expanded public participation effort will include customer surveys, public meetings and other means of gathering public comments.

RISK AND FINANCIAL MANAGEMENT

RISK MANAGEMENT

For several years, Platte River has developed a stand-alone Risk Management Plan. Beginning in 2013, the Risk Management Plan is included in the Strategic Plan as Appendix B.

The Risk Oversight Committee consisting of the General Manager and senior management is charged with managing Platte River's risks and approving the Risk Management Plan. The Risk Management Plan is a summary of Platte River's proactive efforts to identify, evaluate, rank, and mitigate risks significant to Platte River which could negatively impact electric supply, finances, reputation, and safety requirements. Platte River's risk management process provides the framework to identify and assess specific risks by soliciting subject matter expert input and developing mitigation strategies.

FINANCIAL MANAGEMENT

Historically, Platte River has also developed a stand-alone Strategic Financial Plan (SFP). Beginning in 2013, the SFP is included as part of the overall Strategic Plan. The SFP, which includes detailed policies and targets, is available as an Appendix to Platte River's Strategic Plan.

Platte River's SFP is designed to provide long-term financial stability by generating adequate cash flows, maintaining access to low cost capital, providing stable and competitive wholesale rates and effectively managing financial risk. The Board of Directors reviews the SFP policies, goals, and financial projections at least annually.

Many of the SFP goals establish targets used in setting Municipal wholesale rates. The SFP is designed with the intent of maintaining Platte River's current AA senior lien debt credit rating by all three rating agencies: Fitch Ratings (AA), Moody's Rating Service (Aa2), and Standard & Poor's Rating Service (AA).

The SFP policies and goals are interrelated. By achieving the minimum target debt service coverage, the net income target, and the minimum days unrestricted cash on hand, Platte River should generate adequate cash flows to meet liquidity targets, exceed its debt to capitalization goal, and maintain access to low cost capital.

Maintaining the minimum unrestricted days cash on hand ensures a strong cash position, significantly enhancing future operating and financing flexibility. The Rate Stabilization Fund goals are met if an unforeseen event were to occur, such as an extended unplanned Rawhide outage.

The remaining financial goals focus on providing competitive wholesale rates to the Municipalities, prudently investing capital, and establishing appropriate and cost effective programs to manage Platte River's risk against catastrophic losses.

LEGISLATIVE AND REGULATORY

Platte River's legislative and regulatory efforts support the mission of providing safe, reliable, environmentally responsible, and competitively priced energy and services while mitigating the environmental impacts of power generation. Platte River strives to maintain positive relationships with members of Colorado's Congressional delegation, the Governor's office, state departments, and the Colorado General Assembly. Coalitions are a cost effective way to participate in legislative and regulatory proceedings. Platte River works with a variety of local, state, regional, and national coalition on issues of relevance.

Many of the key issues Platte River faces from a legislative and regulatory perspective relate to the environment. This section summarizes Platte River's Environmental Policy, outlines key environmental issues facing Platte River, and reviews other important energy policy issues.

ENVIRONMENTAL POLICY AND PRINCIPLES

Platte River uses state-of-the-art air quality control systems at its power generation stations to meet or exceed all applicable environmental laws and regulations. As new legislation and regulations are proposed, Platte River participates in public processes and supports additional control requirements when costs are commensurate with measurable environmental benefits. As technology develops and opportunities arise, Platte River is proactive in evaluating and implementing improvements in its power operations that balance environmental and other socio-economic concerns.

The following principles are used to guide Platte River's decision making and operations:

- Consider environmental factors in planning, design, construction, and operating decisions,
- Ensure compliance with applicable laws, rules, regulations, and permits,
- Conserve natural resources,
- Reduce environmental risks,
- Encourage pollution prevention,
- Communicate environmental values,
- Encourage public participation,
- Support cost-effective programs to conserve energy,
- Coordinate generation and transmission planning with neighboring utilities, and
- Consider environmentally progressive technologies to meet future generation needs.

Key environmental issues and associated activities are summarized below.

CARBON EMISSIONS MITIGATION

Platte River's management believes that carbon emissions mitigation will be one of the most significant issues facing the utility industry during the upcoming decades. The very resources that have allowed Platte River to be a regional leader in cost of service and reliability pose significant risks if carbon emissions are controlled or taxed. Management is beginning an aggressive effort to evaluate options to diversify the future energy supply portfolio and reduce its risk exposure, while also remaining the lowest cost wholesale provider in Colorado. Despite its heavy reliance on coal-fired generation, Platte River is

commencing this endeavor with some significant positives, including a large cost advantage over other regional utilities, a solid planning foundation derived from the Platte River Climate Action Plan developed in 2009 and the analyses performed to support the 2013 Board strategic planning retreat, a history of proven demand-side management programs and renewable resource production, and strong support and direction from the Board as a result of the retreat. In order to prepare the Board to make the best decisions concerning the optimal future resource portfolio extensive and sophisticated analysis is necessary. The 2014 budget is designed to devote the appropriate human and financial resources to the task.

REGIONAL HAZE RULE

The Regional Haze Rule (RHR) was promulgated in 1999 by the EPA. State implementation has been on-going since promulgation. EPA formally approved the Colorado RHR SIP in September 2012. The Rawhide compliance plan was submitted to the Air Pollution Control Division on September 16, 2013. Platte River had voluntarily installed low NO_X burners on Rawhide Unit 1 in 2005. New air dampers, air nozzle tips, and burner tips were installed during the 2012 maintenance outage and boiler tuning is being conducted. Cost for this equipment was approximately $1.5 million. With these modifications Rawhide is presently meeting RHR SIP NO_X emission limits. Meeting the emission limits associated with the rule requires significant investment in new NO_X reduction technologies at the Craig Station. Platte River's portion of these costs is estimated at about $43 million over the next five years.

OZONE STANDARDS

New and more stringent ozone standards are being considered by the EPA. Presently parts of Larimer County are in a non-attainment area for ozone, but the Rawhide Station is in an attainment area. It is uncertain whether this will change, and if so how the change will affect the Rawhide Station.

HAZARDOUS WASTE DESIGNATION FOR COAL COMBUSTION RESIDUALS (CCR)

The EPA is evaluating options for revising federal regulations for CCR, including potentially regulating CCR as hazardous waste. CCR includes fly ash, some SO_2 scrubber waste products, and bottom ash from Rawhide and Craig generation facilities. The economic consequences of a hazardous waste designation to utilities, beneficial use industries and electricity consumers would be severe. The final rule is on hold and it is presently unclear when it will be issued.

MERCURY

Although federal efforts to regulate mercury are tied up in the courts, Colorado adopted rules to implement mercury reductions in early 2007 for Colorado utilities. These regulations, also known as the Colorado Utilities Mercury Reduction Program, are still in effect as state-only requirements. Installation of mercury monitoring equipment at Rawhide in 2008 was certified for operation to meet the State regulatory deadline of January 1, 2009. Mercury removal equipment was installed and the system was placed in service in November 2010. A mercury emission limit of 0.0174 lb/gigawatt hour (GWh) is required under the State program at Rawhide by 2012 and an emission limit of 0.0087 lb/GWh is required by 2018. Platte River is in compliance with the 2012 requirements and will meet the 2018 emission reduction requirements. Due to the type of coal burned, boiler chemistry

and other factors, mercury emissions from Craig Station are low and no emission control equipment is currently required at that facility.

ELECTRIC UTILITY MERCURY AND AIR TOXICS STANDARD (MATS)

In response to the 2008 court ruling that vacated the federal mercury rule, EPA promulgated the electric utility MATS rule. The MATS rule establishes national emissions limits, monitoring and reporting requirements, and work practice standards for listed Hazardous Air Pollutants emitted from coal-fired and oil-fired electric utility steam generating units. Despite the pendency of legal challenges to the MATS rule, Platte River has taken all necessary compliance steps. Platte River does not anticipate significant cost increases associated with MATS, since investments already have been made to reduce air emissions.

OTHER FEDERAL AND STATE POLICY ISSUES

A number of other policy issues that could impact Platte River are also being considered by legislative and regulatory bodies at the federal and state level. Key items of concern to Platte River are outlined below.

TAX-FREE STATUS OF MUNICIPAL BONDS

Federal budget concerns have put the tax-free status of municipal bonds at risk. The unique tax-exempt status of public financings dates back to the inception of the income tax, and recognizes the public nature of the capital projects funded by municipal bonds. Platte River has issued $2.4 billion in debt during its history. The issuance of this debt has been critical for developing the infrastructure necessary to meet the needs of the growing populations in our owner Municipalities, and the reduced interest costs associated with tax-exempt financings are passed directly to electric utility customers in these communities. Platte River strongly opposes repealing or altering the current tax-exempt status of municipal bonds.

TRANSMISSION GRID PROTECTIONS FROM CYBER, PHYSICAL AND GEOMAGNETIC DISTURBANCES

Platte River takes a proactive approach to securing infrastructure from hazards such as cyber or physical attacks or geomagnetic storms—not only because it is best practice, but also because it makes good business sense. An array of measures involving prevention, protection, mitigation, response and recovery are employed to withstand and rapidly recover from cyber, physical, and geomagnetic threats. Platte River supports the North American Electric Reliability Corporation (NERC) approach to cyber and physical security.

DODD-FRANK REFORM

The Dodd-Frank legislation and subsequent rulemakings affect a number of Platte River business practices. Platte River has complied with new Dodd-Frank protocols for natural gas hedging. Platte River supports on-going legislative and statutory efforts to limit the application of Dodd-Frank requirements so that public power business transactions that bear no relationship to the types of transactions creating the need for financial reform are not affected.

TRANSMISSION ACCESS REFORM

The Federal Energy Regulatory Commission (FERC) requires jurisdictional utilities to operate their transmission systems as common carriers. Platte River is non-jurisdictional,

but voluntarily adopted an open access transmission tariff. The Platte River open access tariff is modeled after the FERC pro forma tariff with rates established using a rate setting formula consistent with those applied by the FERC.

The FERC also requires jurisdictional utilities to engage in regional transmission planning. Platte River is involved with regional planning initiatives and has been involved in WestConnect, a regional transmission planning organization. Platte River is concerned about movements toward a region-wide transmission operator and centralized power markets, but also recognizes that under the proper circumstances such reforms may be beneficial.

RENEWABLE ENERGY STANDARD

Platte River believes locally owned and controlled utilities are best suited to determine the proper mix of renewable resources for power generation and delivery. The Colorado RES currently only applies to municipal utilities with more than 40,000 customers. The 40,000 customer threshold means that the RES presently applies only to Fort Collins and Colorado Springs; it is estimated it will apply to Longmont within the next 10 years.

Platte River supports the continuation of federal financial incentives to encourage the development of renewable energy. Renewable energy incentives should continue, be expanded, and be made available on an equal basis to municipal power systems, rural electric cooperatives, and investor-owned utilities.

FUEL AND RESOURCE DIVERSITY

Platte River supports policies that promote improved technology for all electricity generation sources including coal, natural gas, hydro, nuclear, wind, solar, geothermal, and biomass as vital components of the country's energy portfolio. Plans to encourage diversity should include classifying hydroelectric generation as a renewable fuel source, providing clean coal technology funding, and increasing research and development funds to make renewable energy sources more plentiful and cost competitive.

PREVENTING MARKET ABUSES

EPAct 2005 grants FERC expanded jurisdiction to address market manipulation, including authority over public power systems. In 2006, Platte River adopted a policy prohibiting market manipulation and implemented training and audit programs in pursuit of this policy. Subsequently, Platte River has conducted biannual audits; none of the audits have revealed any market manipulation activities.

SYSTEM RELIABILITY

In 2007, FERC approved enforceable reliability standards. Platte River is registered to perform 10 functions, and the Municipalities are registered as distribution providers. Platte River has a well established Reliability Compliance Program and promotes a culture of compliance. Platte River continues to assist the Municipalities with reliability compliance.

FEDERAL HYDROPOWER

Federal hydropower comprises a significant portion of the electricity delivered to the Municipalities. Platte River supports continued federal ownership and management of hydropower resources through regional Power Marketing Administrations (PMAs). Platte

River supports the continued operation of the PMAs within the constraints set forth by Congress through authorizing legislation.

LOCAL DECISION MAKING AUTHORITY OVER MUNICIPALLY OWNED UTILITIES

Platte River firmly believes that operating decisions affecting municipal utilities are best made at the local level. Federal or state legislation should not mandate actions or decisions regarding the operations of locally owned utilities.

COOPERATIVE PLANNING AND PARTICIPATION

Platte River supports cooperative planning and participation in joint generation resources and transmission infrastructure. Platte River is a member of the Colorado Coordinated Planning Group and the Foothills Planning Group, and has established a transmission planning process as part of its open access transmission tariff. Platte River has participated in recent CPUC transmission planning investigatory and rulemaking dockets as its interests dictate.

MUNICIPAL ANNEXATION AND UTILITY SERVICE TERRITORY

Platte River believes that Colorado's Constitution and the existing state statutes regarding electric service provision in newly annexed areas are equitable to all parties. Any proposed changes will be closely scrutinized to ensure that equity is maintained for all parties.

MUNICIPAL PLANNING COORDINATION

One of the most significant issues addressed by the Board during the strategic planning retreat was the perception that "DNA" differentiates the four Municipalities. Outlooks on the future do vary among the Municipalities, but the Board was able to provide coherent strategic direction condensed into the seven statements recited above. The first of these statements encouraged greater collaboration and communication among the Municipalities facilitated by Platte River.

During 2013, meetings were held among the Municipal utility staffs and Platte River to consider the potential for integrating long-term municipal plans with Platte River's strategic planning. A brief summary of current planning activities within the Municipalities is provided below based on input provided by each of the Municipalities.

ESTES PARK

- The Town is cost sensitive, having higher costs relative to large municipalities. Rates are still lower than regional investor owned or rural electric utilities. Cost consciousness will impact future planning.
- Significant environmental advocacy exists within the Town and there is interest from utility staff in providing information regarding costs of renewable energy or other environmental initiatives.
- The current focus is toward capital investment. Other areas of focus include cost management, identifying risks/opportunities and prioritization.
- Some key initiatives currently underway or being considered include economic development, land use and water / energy planning – part of an overall planning process.
- No official strategic plan exists at this time for the municipal utility.
- Estes Park may engage in a formal strategic planning process during 2014.

FORT COLLINS

- The "City Plan" has been developed as a comprehensive overall City planning document. This includes a set of principles along with policies to consider key initiatives for the next 25 years of city planning. The past round of updating City Plan was the first time utilities were included directly. Items include codes for energy efficiency, transportation (electrification), demand response, Smart Grid development, safety and security, reliability and other items.
- The Energy Policy sets metrics for reliability, efficiency (1.5% of load growth year after year – goals met for the first time this year on a gross basis), demand reduction (5% by 2015 and 10% by 2020), renewable energy (meet RES) and encouragement to coordinate closely with Platte River on resource planning and other issues. The Energy Policy is being reviewed / updated this year.
- Utilities for the 21st Century – A plan specifically for the Utilities department that seeks ways to sustain the utility for the long term (50 years +). It includes things like work force planning, triple bottom line evaluation of alternatives (economic, social and environmental) and a stakeholder initiative (to better communicate with customers and other stakeholders). The next iteration of strategic planning for Utilities for the 21st Century kicked off this year and will be completed in March of 2014. This is a broader

planning effort incorporating all aspects of the Utilities operations. The revised plan is intended to inform the development of the 2015/2016 budget.

- 2009 IT Strategic Road Map – A 10 year plan for IT development. This initiative ties to the Utilities Smart Grid efforts and other work involving information technologies. The IT strategic plan was updated in 2013 to account for the work that has been accomplished and to look forward for the next ten years.
- Climate Action Plan – City Council approved plan that includes carbon reduction goals (20% below 2005 by 2020, 80% by 2050). This is also being reviewed / updated this year.
- Other plans include a Transportation Master Plan, Green Building Plan and Road to Zero Waste plan.

LONGMONT

- "Focus on Longmont" (developed in 2005) is a plan that sets direction at a City level. Five key categories / initiatives are included (Healthy Business Climate, Education, Enhance the Natural Environment, Revitalize Downtown and Community Identity)
- Longmont Power and Communications (LPC) has a tie to "healthy business climate" (low rates as an economic driver), "enhance the natural environment" (energy efficiency programs, etc.), and other areas (reliability). The focus on deliverables from LPC to this plan is currently providing reporting statistics – no clear goals are set for LPC from the "Focus on Longmont" effort.
- City Manager Initiatives – The new City Manager set up six city wide groups (one of which is strategic planning). All groups have LPC representatives.
- Outage Management System upgrade – LPC is in the middle of evaluating options and has some preferences. There may be some coordination opportunities with Loveland in this area.
- Broadband initiative – staff active in the area of telecommunications planning.
- A Sustainability Plan was presented to City Council in the fall of 2011 (Utilities and Natural Resources worked together on this RW Beck, now known as SAIC). City Council did not approve the plan.

LOVELAND

- The Utility Commission provides direction to management / staff and is engaged in planning efforts. City Council conducts an annual retreat for planning purposes.
- The City Manager has set initiatives in the areas of improved communication / coordination of city direction, conducting meetings with the management team (expanding to mid-management).
- Loveland has a general fund plan for setting financial priorities.
- A sustainability plan is being developed. The Public Works department is leading this effort with support from Water and Power.
- The City plans to develop an Energy Policy by 2015.
- City Council adopted the "Comprehensive Plan" (2005), which serves as a guide for aspects of Loveland's planning. It provides mission / vision statements and is mostly focused on land use planning. There are no direct utilities goals from this effort.
- Loveland has an Economic Development Strategic plan and Incentive Policy adopted in February 2012.

- Key planning items for Loveland include cost control, demand side management, demand response, renewable supply integration, new rate design / implementation for large customers, economic development, energy efficiency programs, workforce planning, leveraging new technologies, public outreach and addressing aging infrastructure.

Once additional staffing resources are available, Platte River will establish a formal strategic planning group to guide coordination / collaboration of planning going forward (among the Municipalities and Platte River staff). During 2014, key aspects of the Municipalities strategic plans will be integrated into Platte River's 2015 Strategic Plan.

APPENDIX A
2014 OFFICIAL LOAD FORECAST

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NERC REQUIREMENTS

This document serves as Platte River Power Authority's official load forecast. Upon completion, the Planning Coordinator, the responsible entity that coordinates and integrates transmission facility and service plans, resource plans, and protection systems, will be notified. Additionally, the Load Serving Entity, which secures energy and transmission service (and related interconnection operations services) to serve the electrical demand and energy requirement of the end-use customers, is also notified. The demand data contained herein does not include any nonmember entities.

FORECAST METHODOLOGY

Platte River uses an econometric model to develop long-term energy forecasts and five-year average monthly load factors to develop demand forecasts. Econometric modeling uses multiple forecasts of independent variables, along with historical values for these variables to project the future growth of a dependent variable. Platte River's econometric model uses independent variable projections including population, employment, and weather to project demand and energy growth in the Owner Municipalities.

Population and employment forecasts were provided by Woods & Poole (W&P), an independent, economic forecasting firm. W&P's employment and population forecasts for Larimer County continue to decline from historical growth rates. While Platte River's Municipalities' populations grew at an annual average rate of 1.7% between 2001 and 2012; more recently, from 2008 to 2012, the population growth has decreased to an average annual rate of 1.4%. W&P projects an average annual population growth of 2.3% between 2014 and 2023. Historical population data for the four Municipalities is provided by the Colorado State Demography Office, a division of the Department of Local Affairs.

The future independent weather variables used are assumed to be for typical weather conditions; therefore the average conditions, beginning 2001 through present, were applied. Weather variability in any given year may be higher or lower than the historical average. Weather data incorporated into the model is supplied by Day Weather, Inc., which provides daily meteorological data specific to the City of Fort Collins. This weather data is deemed representative of the majority of Platte River's system. Energy forecasts are based on monthly Cooling Degree Days (CDD) values for summer and Heating Degree Days (HDD) values for winter. CDD and HDD were selected as the independent weather variables based on past recommendations by Utility Financial Solutions, a consulting firm that assisted with the development of the econometric model and past Official Load Forecasts.

2014 FORECAST ADJUSTMENTS

During 2013, despite experiencing system growth, Platte River's energy growth did not achieve forecasted values and demand experienced large deviations from monthly forecasted loads. Monthly deviations may be attributed to multiple factors: weather variations from historical trends, demand side management programs in the Municipalities, and the continued economic recovery among other factors. After many years of strong growth, the recession caused loads in 2009 and 2010 to decrease significantly relative to 2008. As loads began to recover with the economy, Platte River experienced a new system peak in 2011. Once again, in 2012, the all-time system peak was exceeded, with similar peaks in June and July. Although economic variables are incorporated into the econometric model, these variables, combined with historical loads, caused the model to project 2014 loads higher than would be predicted using only recent

trends. This effect, combined with the continued economic recovery, resulted in a modification of the 2013 forecasting methodology. In order to reflect current economic conditions, load projections more consistent with recent system growth and econometric projections were combined to forecast 2014 demand and energy. For 2015 and beyond, the escalation rates generated by the econometric model were used to forecast system growth.

DEMAND SIDE MANAGEMENT

As demand side management (DSM) programs continue to evolve and grow, their impacts upon Platte River's Municipalities' loads have also grown. DSM includes Common Programs, which are funded and operated by Platte River, and offered to all the Municipalities. These Common Programs are focused on energy efficiency and do not include Direct Control Load Management as defined by NERC. In addition to Common Programs, each Municipality funds and operates DSM programs specific to their communities (referred to as Municipal Programs). Staffs from Platte River and the Municipalities have been working collaboratively to aggregate effects of DSM programs into system forecast planning – particularly those programs for which energy and demand savings have been tracked, evaluated, measured, and verified.

DIRECT CONTROL LOAD MANAGEMENT

Direct Control Load Management (DCLM) is DSM that is under direct control of a system operator. DCLM does not include interruptible load. Platte River currently has no DCLM forecasted for the ten-year planning horizon.

FORECAST DESCRIPTIONS

During the development of the Official Load Forecast, various scenarios are considered, producing multiple forecast results. Platte River uses four forecasts for planning and analysis purposes:

- Foundation Forecast
- Base Forecast
- Low Growth Forecast
- High Growth Forecast

All forecasts incorporate identical weather variables mentioned earlier in the *Forecast Methodology* section. Historical population and load data also remains the same in all cases.

FOUNDATION FORECAST

The Foundation Forecast is the first forecast generated and is used to create the Base forecast described below. Along with the standard independent variables mentioned above, this case incorporates the population growth rates provided by W&P, a 2.3% average growth rate from 2014 to 2023.

BASE FORECAST

The Base forecast receives the primary focus and serves as Platte River's official forecast in base modeling scenarios used in rate setting and financial planning. Forecasted DSM savings for Common Programs, measured and verified by Platte River, are subtracted from the Foundation Forecast to produce the Base Forecast.

LOW GROWTH FORECAST

Along with the standard independent variables mentioned above, this case incorporates lower population growth rates than projected by W&P. A 1.0% annual population growth rate is used from 2014 to 2023. The Low Growth scenario includes DSM savings estimates for both Common Programs and Municipal Programs. DSM savings are subtracted from the resulting forecast to produce the Low Growth Forecast.

HIGH GROWTH FORECAST

The High Growth Forecast case includes the same independent variables as the Base and Low Growth cases but incorporates higher population growth rates than the W&P projections. A 2.5% annual population growth rate, the historical population growth rate between 1991 and 2012, is used from 2014 to 2023. DSM savings from Common Programs are also subtracted to produce the final High Growth Forecast. The annual peak demand produced by the High Growth Forecast – assumed to occur in July – additionally serves as the Transmission Planning Forecast.

2014 FORECAST SUMMARIES

The following table summarizes the four primary scenarios: Base, Low Growth, High Growth, and Transmission Planning forecast.

	ANNUAL ENERGY			BILLABLE PEAKS			PEAK DEMAND		
Year	Base (GWh)	Low Growth	High Growth	Base (MW)	Low Growth	High Growth	Base (MW)	Low Growth	High Growth**
2009	3,056			5,763			576		
2010	3,112			5,850			615		
2011	3,182			6,054			639		
2012	3,185			6,041			653		
2013	3,230			6,149			649		
2014	3,241	3,234	3,269	6,138	6,084	6,491	659	655	678
2015	3,290	3,266	3,333	6,203	6,116	6,617	669	660	692
2016	3,343	3,296	3,399	6,299	6,150	6,747	679	664	707
2017	3,400	3,326	3,467	6,404	6,184	6,881	691	668	723
2018	3,461	3,357	3,537	6,517	6,218	7,018	704	673	739
2019	3,523	3,388	3,609	6,631	6,253	7,160	718	677	755
2020	3,585	3,419	3,683	6,745	6,289	7,306	732	682	772
2021	3,648	3,451	3,759	6,860	6,325	7,456	746	686	789
2022	3,710	3,483	3,837	6,977	6,362	7,610	761	691	807
2023	3,773	3,515	3,918	7,091	6,400	7,769	774	696	825

* For 2013, January - August actuals reported, September - December reflect 2013 Budget figures

** The High Growth Peak Demand Forecast serves as the Transmission Planning Forecast

LOAD AND RESOURCES SUMMARY

Based on Platte River's current (Base) Ten-Year Load Forecast, the following are updated peak month loads and resource tables. The first table shows loads and resources with all sources available and the second table provides information on loads and resources with Platte River's largest generation source (Rawhide coal unit) out of service. According to the latest Integrated Resource Plan's criteria, the need for additional capacity will occur in approximately 2023.

PEAK MONTH FORECAST - (MW)										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Loads										
Foundation Forecast	661	673	685	699	715	731	747	763	780	796
DSM[1]	(2)	(4)	(6)	(8)	(11)	(13)	(15)	(17)	(19)	(22)
Municipal Loads (Base)	659	669	679	691	704	718	732	746	761	774
Capacity Sale	65	-	-	-	-	-	-	-	-	-
Losses	14	15	15	15	15	16	16	16	17	17
Total Loads	738	684	694	706	719	734	748	762	778	791
Resources										
Rawhide	278	278	278	278	278	278	278	278	278	278
Craig	156	156	156	156	156	156	156	156	156	156
CRSP	60	60	60	60	60	60	60	60	60	60
LAP	30	30	30	30	30	30	30	30	30	30
Peaking	388	388	388	388	388	388	388	388	388	388
Total Resources	912	912	912	912	912	912	912	912	912	912
Surplus (Deficit)	174	228	218	206	193	178	164	150	134	121
Reserve Margin[2]	23.5%	33.4%	31.4%	29.2%	26.8%	24.3%	21.9%	19.6%	17.3%	15.3%

[1] DSM based on Common Programs measured and verified by Platte River.

[2] Reserve margin calculation excludes surplus sales and required reserves.

RAWHIDE OUT OF SERVICE - PEAK MONTH FORECAST (MW)										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Loads										
Foundation Forecast	661	673	685	699	715	731	747	763	780	796
DSM[1]	(2)	(4)	(6)	(8)	(11)	(13)	(15)	(17)	(19)	(22)
Municipal Loads (Base)	659	669	679	691	704	718	732	746	761	774
Capacity Sale	65	-	-	-	-	-	-	-	-	-
Losses	14	15	15	15	15	16	16	16	17	17
Total Loads	738	684	694	706	719	734	748	762	778	791
Resources										
Rawhide	-	-	-	-	-	-	-	-	-	-
Shaft Sharing	100	100	100	100	100	100	100	100	100	100
Craig	156	156	156	156	156	156	156	156	156	156
CRSP	60	60	60	60	60	60	60	60	60	60
LAP	30	30	30	30	30	30	30	30	30	30
Peaking	388	388	388	388	388	388	388	388	388	388
WRP	46	46	46	46	46	46	46	46	46	46
Total Resources	780	780	780	780	780	780	780	780	780	780
Surplus (Deficit)	42	96	86	74	61	46	32	18	2	(11)

[1] DSM based on Common Programs measured and verified by Platte River.

BASE FORECAST ANALYSIS

The following table summarizes the historical and forecasted loads; the values represent the Base Forecast.

	ANNUAL ENERGY			BILLABLE PEAKS			PEAK DEMAND		
Year	Energy (GWh)	Annual Change	Five-Yr Avg. Change	Billable Peaks (MW)	Annual Change	Five-Yr Avg. Change	Peak (MW)	Annual Change	Five-Yr Avg. Change
2009	3,056	-3.2%	1.2%	5,763	-2.5%	1.1%	576	-9.2%	0.0%
2010	3,112	1.8%	0.8%	5,850	1.5%	0.5%	615	6.8%	-0.1%
2011	3,182	2.3%	0.8%	6,054	3.5%	1.0%	639	4.0%	1.2%
2012	3,185	0.1%	0.2%	6,041	-0.2%	0.3%	653	2.1%	0.6%
2013	3,230	1.4%	0.5%	6,149	1.8%	0.8%	649	-0.6%	0.5%
2014	3,241	0.3%	1.2%	6,138	-0.2%	1.3%	659	1.6%	2.7%
2015	3,290	1.5%	1.1%	6,203	1.1%	1.2%	669	1.5%	1.7%
2016	3,343	1.6%	1.0%	6,299	1.5%	0.8%	679	1.5%	1.2%
2017	3,400	1.7%	1.3%	6,404	1.7%	1.2%	691	1.8%	1.1%
2018	3,461	1.8%	1.4%	6,517	1.8%	1.2%	704	1.9%	1.6%
2019	3,523	1.8%	1.7%	6,631	1.8%	1.6%	718	2.0%	1.7%
2020	3,585	1.8%	1.7%	6,745	1.7%	1.7%	732	1.9%	1.8%
2021	3,648	1.7%	1.8%	6,860	1.7%	1.7%	746	1.9%	1.9%
2022	3,710	1.7%	1.8%	6,977	1.7%	1.7%	761	2.0%	1.9%
2023	3,773	1.7%	1.7%	7,091	1.6%	1.7%	774	1.7%	1.9%

* For 2013, January - August actuals reported, September - December reflect 2013 Budget figures

RENEWABLE ENERGY FORECAST

Platte River works jointly with the Municipalities to develop a forecast of wholesale renewable energy supply. Historically, all renewable energy from sources other than federal hydropower have been provided to the Municipalities through Tariff 7, which charges a premium for wholesale renewable energy supply based on the level of such supply requested by the individual Municipalities. As part of Platte River's strategic planning process, the Board of Directors approved additional renewable energy in 2013, to be provided to all of the Municipalities through Tariff 1, the standard rate for wholesale supply. Forecasting Municipal wholesale renewable energy requirements is driven by several factors:

- Renewable energy supply guidelines from the strategic planning process;
- The Colorado Renewable Energy Standard;
- Individual Municipal policies regarding renewable energy;
- Voluntary purchases by the Municipalities and their retail customers;
- Distributed renewable energy resources; and
- Availability and performance of existing wholesale resources.

The following table provides a ten-year forecast of estimated output from renewable resources that currently exist or are under contract (Existing Resources) and shows deliveries requested to date by the Municipalities (Requested Deliveries).

	WHOLESALE RENEWABLE ENERGY FORECAST (GWh)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Existing Resources	139	226	214	214	214	199	199	199	199	199
Requested Deliveries	116	133	134	134	134	135	135	136	137	137

As indicated in the table, Existing Resources are anticipated to exceed Requested Deliveries throughout the ten year period shown. The expansion of existing resources shown in 2015 is due to addition of the 32 MW Spring Canyon II wind facility. All of the output from this site (currently estimated as 130,000 MWh annually) will be delivered to Platte River under a 25-year purchase agreement. Reductions over time are due to planned changes in renewable energy certificate purchases and due to the potential shut down of the Medicine Bow facility as it reaches its 20 year design life. Options may exist for expanding the life of the Medicine Bow plant. Any changes that are implemented will be included in future forecasts.

The renewable energy forecast does not include further renewable energy supplies that may come from the strategic planning process. The table also does not reflect accounting of deliveries for Tariff 7 vs. Tariff 1. Tariff 7 resources may diminish over time as the Medicine Bow Wind Project ages, possibly resulting in a future deficit of Tariff 7 resources relative to requests. Platte River and Municipality staff will work together during 2014 to bring the projected Tariff 7 supply and demand into alignment. The renewable energy forecast will be updated over time to reflect these factors and other changes that may occur. A more complete treatment of renewable energy forecasting is anticipated for the 2015 Strategic Plan.

Existing wholesale renewable energy resources (currently all wind sources) are not considered to provide firm capacity at time of system peak. These sources do not currently impact planning of new firm capacity additions, though they reduce the amount of energy delivered to the Municipalities from fossil fuel sources. Future wholesale renewable resources may provide both energy and system peak capacity and more detailed analysis of existing resources may influence future decisions regarding resource capacity value.

SEASONAL FORECAST AND HISTORICAL ANALYSIS

The following table summarizes the seasonal energy forecasts along with historic figures. Per TARIFF – SCHEDULE 1: FIRM RETAIL POWER SERVICE, the Summer Season begins June 1 and ends August 31 of every year. The Winter Season shall be the period January 1 through May 31, and September 1 through December 31.

	SUMMER ENERGY			WINTER ENERGY			TOTAL ENERGY		
Year	Energy (GWh)	Annual Change	Five-Yr Avg. Change	Energy (GWh)	Annual Change	Five-Yr Avg. Change	Energy (GWh)	Annual Change	Five-Yr Avg. Change
2009	805	-6.7%	1.3%	2,251	-1.9%	1.2%	3,056	-3.2%	1.2%
2010	860	6.8%	1.0%	2,252	0.1%	0.8%	3,112	1.8%	0.8%
2011	893	3.8%	0.8%	2,289	1.7%	0.9%	3,182	2.3%	0.8%
2012	919	2.9%	0.7%	2,267	-1.0%	0.0%	3,185	0.1%	0.2%
2013	885	-3.6%	0.5%	2,345	3.5%	0.4%	3,230	1.4%	0.5%
2014	912	3.1%	2.5%	2,329	-0.7%	0.7%	3,241	0.3%	1.2%
2015	926	1.5%	1.5%	2,364	1.5%	1.0%	3,290	1.5%	1.1%
2016	941	1.6%	1.1%	2,402	1.6%	1.0%	3,343	1.6%	1.0%
2017	957	1.7%	0.8%	2,443	1.7%	1.5%	3,400	1.7%	1.3%
2018	977	2.1%	2.0%	2,484	1.7%	1.2%	3,461	1.8%	1.4%
2019	997	2.1%	1.8%	2,526	1.7%	1.6%	3,523	1.8%	1.7%
2020	1,017	2.0%	1.9%	2,568	1.7%	1.7%	3,585	1.8%	1.7%
2021	1,038	2.0%	2.0%	2,610	1.6%	1.7%	3,648	1.7%	1.8%
2022	1,058	2.0%	2.0%	2,652	1.6%	1.7%	3,710	1.7%	1.8%
2023	1,079	2.0%	2.0%	2,693	1.6%	1.6%	3,773	1.7%	1.7%

*For 2013, January - August actuals reported, September - December reflect 2013 Budget figures

Seasonal demand forecasts along with historic loads are displayed in the below table.

	SUMMER PEAKS			WINTER PEAKS			BILLABLE PEAKS		
Year	Summer Peaks (MW)	Annual Change	Five-Yr Avg. Change	Winter Peaks (MW)	Annual Change	Five-Yr Avg. Change	Total Billable Peak (MW)	Annual Change	Five-Yr Avg. Change
2009	1,672	-7.0%	0.6%	4,092	-0.5%	1.3%	5,763	-2.5%	1.1%
2010	1,785	6.8%	0.9%	4,065	-0.6%	0.3%	5,850	1.5%	0.5%
2011	1,825	2.2%	0.5%	4,229	4.0%	1.2%	6,054	3.5%	1.0%
2012	1,916	5.0%	0.6%	4,125	-2.5%	0.2%	6,041	-0.2%	0.3%
2013	1,911	-0.2%	1.2%	4,238	2.7%	0.6%	6,149	1.8%	0.8%
2014	1,890	-1.1%	2.5%	4,248	0.2%	0.8%	6,138	-0.2%	1.3%
2015	1,917	1.4%	1.4%	4,286	0.9%	1.1%	6,203	1.1%	1.2%
2016	1,947	1.6%	1.3%	4,352	1.5%	0.6%	6,299	1.6%	0.8%
2017	1,979	1.7%	0.7%	4,424	1.6%	1.4%	6,403	1.7%	1.2%
2018	2,020	2.1%	1.1%	4,497	1.6%	1.2%	6,517	1.8%	1.2%
2019	2,061	2.0%	1.7%	4,570	1.6%	1.5%	6,631	1.8%	1.6%
2020	2,102	2.0%	1.9%	4,643	1.6%	1.6%	6,745	1.7%	1.7%
2021	2,144	2.0%	1.9%	4,716	1.6%	1.6%	6,860	1.7%	1.7%
2022	2,186	2.0%	2.0%	4,790	1.6%	1.6%	6,976	1.7%	1.7%
2023	2,228	1.9%	2.0%	4,863	1.5%	1.6%	7,091	1.7%	1.7%

*For 2013, January - August actuals reported, September - December reflect 2013 Budget figures

HISTORICAL AND FORECASTED LOAD DETAILS

MONTHLY HISTORICAL AND FORECASTED LOAD DETAIL

ENERGY (GWh) - BASE FORECAST													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Energy
2004	247	231	231	220	233	232	266	257	234	230	237	257	2,875
2005	254	224	240	224	237	250	298	273	245	237	238	268	2,986
2006	251	235	248	226	244	274	299	287	234	243	244	269	3,052
2007	278	242	245	235	242	264	315	307	251	246	245	278	3,147
2008	279	249	254	240	248	260	313	290	246	250	246	281	3,157
2009	269	234	247	237	241	246	283	277	248	249	244	282	3,056
2010	271	242	249	231	239	266	298	296	252	245	252	271	3,112
2011	275	250	251	236	243	261	315	317	252	250	253	281	3,182
2012	267	253	247	234	247	295	321	302	254	242	248	275	3,185
2013	276	245	256	243	248	278	303	304	262	260	260	296	3,230
2014	278	247	258	245	250	280	326	306	264	249	254	283	3,241
2015	282	251	262	249	254	284	331	311	268	253	258	287	3,290
2016	286	255	267	253	258	289	336	316	272	257	263	292	3,343
2017	291	259	271	257	262	294	342	321	277	261	267	297	3,400
2018	297	264	275	262	266	301	349	328	282	265	271	302	3,461
2019	302	269	279	266	270	307	356	334	286	270	275	308	3,523
2020	308	274	283	270	274	314	363	340	291	274	279	314	3,585
2021	314	279	287	275	278	322	370	347	296	278	283	319	3,648
2022	319	284	291	279	281	329	377	353	301	283	287	325	3,710
2023	325	289	295	284	285	336	384	359	306	287	291	331	3,773

* For 2013, September - December energy reflect 2013 Budget figures

DEMAND (MW) - BASE FORECAST														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Peak	Billable Peaks
2004	452	431	400	373	441	520	576	524	458	384	443	453	576	5,456
2005	459	428	402	386	476	537	618	550	503	407	447	497	618	5,712
2006	435	458	429	392	462	603	591	590	445	418	473	467	603	5,762
2007	478	478	442	396	425	611	635	614	529	410	446	482	635	5,946
2008	487	460	435	400	459	551	614	634	483	419	450	518	634	5,909
2009	490	434	410	404	474	536	576	559	499	432	436	512	576	5,763
2010	486	454	414	389	470	575	615	595	487	422	476	468	615	5,850
2011	487	513	450	388	405	573	639	612	586	455	440	505	639	6,054
2012	464	451	428	418	464	653	651	612	547	423	451	479	653	6,041
2013	481	448	438	429	460	639	649	624	538	447	471	527	649	6,149
2014	493	467	442	416	466	608	659	623	565	433	461	505	659	6,138
2015	500	474	448	421	472	617	669	631	553	438	468	512	669	6,203
2016	508	482	455	427	479	627	679	641	561	445	475	521	679	6,299
2017	517	490	462	434	487	637	691	652	570	452	483	529	691	6,404
2018	527	499	469	441	493	652	704	664	580	459	490	539	704	6,517
2019	536	508	476	448	500	666	718	677	590	466	497	549	718	6,631
2020	546	518	482	455	506	681	732	689	600	473	504	559	732	6,745
2021	556	527	489	462	513	696	746	702	610	480	511	569	746	6,860
2022	566	536	495	469	519	712	761	714	619	487	518	579	761	6,977
2023	576	545	502	475	526	727	774	727	629	495	525	589	774	7,091

* For 2013, September - December demand reflect 2013 Budget figures

ANNUAL HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				BILLABLE PEAKS (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		2,875				5,456			56.8%	1.0%	0.7%
2005		2,986				5,712			55.2%	3.9%	4.7%
2006		3,052				5,762			57.8%	2.2%	0.9%
2007		3,147				5,946			56.6%	3.1%	3.2%
2008		3,157				5,909			56.7%	0.3%	-0.6%
2009		3,056				5,763			60.6%	-3.2%	-2.5%
2010		3,112				5,850			57.8%	1.8%	1.5%
2011		3,182				6,054			56.8%	2.3%	3.5%
2012		3,185				6,041			55.7%	0.1%	-0.2%
2013		3,230				6,149			56.8%	1.4%	1.8%
2014	3,252	**3,241**	3,234	3,269	6,162	**6,138**	6,084	6,491	56.1%	0.3%	-0.2%
2015	3,312	**3,290**	3,266	3,333	6,251	**6,203**	6,116	6,617	56.2%	1.5%	1.1%
2016	3,376	**3,343**	3,296	3,399	6,371	**6,299**	6,150	6,747	56.1%	1.6%	1.6%
2017	3,444	**3,400**	3,326	3,467	6,500	**6,403**	6,184	6,881	56.2%	1.7%	1.7%
2018	3,516	**3,461**	3,357	3,537	6,638	**6,517**	6,218	7,018	56.1%	1.8%	1.8%
2019	3,589	**3,523**	3,388	3,609	6,776	**6,631**	6,253	7,160	56.0%	1.8%	1.8%
2020	3,662	**3,585**	3,419	3,683	6,915	**6,745**	6,289	7,306	55.8%	1.8%	1.7%
2021	3,736	**3,648**	3,451	3,759	7,054	**6,860**	6,325	7,456	55.8%	1.7%	1.7%
2022	3,809	**3,710**	3,483	3,837	7,194	**6,976**	6,362	7,610	55.7%	1.7%	1.7%
2023	3,883	**3,773**	3,515	3,918	7,333	**7,091**	6,400	7,769	55.7%	1.7%	1.7%

* For 2013, January - August actuals reported, September - December reflect 2013 Budget figures

JANUARY HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		247				452			73.5%	4.4%	5.9%
2005		254				459			74.6%	3.0%	1.5%
2006		251				435			77.7%	-1.2%	-5.2%
2007		278				478			78.2%	10.6%	9.9%
2008		279				487			77.0%	0.3%	1.8%
2009		269				490			73.6%	-3.6%	0.8%
2010		271				486			74.9%	0.9%	-0.8%
2011		275				487			75.8%	1.4%	0.2%
2012		267				464			77.2%	-2.9%	-4.7%
2013		276				481			77.1%	3.2%	3.5%
2014	279	**278**	275	280	495	**493**	491	511	75.7%	0.8%	2.6%
2015	284	**282**	280	286	504	**500**	493	522	75.7%	1.5%	1.5%
2016	289	**286**	282	292	513	**508**	496	532	75.8%	1.6%	1.6%
2017	295	**291**	285	298	524	**517**	499	543	75.8%	1.7%	1.7%
2018	302	**297**	288	304	535	**527**	502	555	75.8%	1.9%	1.9%
2019	308	**302**	291	310	547	**536**	505	566	75.8%	1.9%	1.9%
2020	315	**308**	293	317	559	**546**	508	578	75.8%	1.9%	1.8%
2021	321	**314**	296	324	570	**556**	511	591	75.8%	1.8%	1.8%
2022	328	**319**	299	331	582	**566**	515	603	75.8%	1.8%	1.8%
2023	334	**325**	302	338	593	**576**	518	616	75.8%	1.8%	1.7%

FEBRUARY HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		231				431			77.1%	5.6%	0.2%
2005		224				428			77.7%	-3.3%	-0.7%
2006		235				458			76.3%	4.9%	6.8%
2007		242				478			75.3%	3.2%	4.5%
2008		249				460			77.8%	3.0%	-3.7%
2009		234				434			80.0%	-6.3%	-5.7%
2010		242				454			79.4%	3.7%	4.4%
2011		250				513			72.5%	3.2%	13.0%
2012		253				451			80.5%	1.3%	-11.9%
2013		245				448			81.4%	-3.2%	-0.8%
2014	248	**247**	246	249	469	**467**	465	511	78.6%	0.8%	4.4%
2015	252	**251**	249	254	478	**474**	467	521	78.7%	1.5%	1.5%
2016	257	**255**	251	259	487	**482**	470	532	76.0%	1.6%	1.6%
2017	263	**259**	253	265	497	**490**	473	543	78.7%	1.7%	1.7%
2018	268	**264**	256	270	508	**499**	475	554	78.8%	1.9%	1.9%
2019	274	**269**	258	276	519	**508**	478	566	78.8%	1.9%	1.8%
2020	280	**274**	261	281	530	**518**	481	578	76.1%	1.8%	1.8%
2021	286	**279**	263	287	541	**527**	484	590	78.8%	1.8%	1.8%
2022	292	**284**	265	294	552	**536**	487	602	78.8%	1.8%	1.8%
2023	297	**289**	268	300	563	**545**	490	615	78.9%	1.7%	1.7%

MARCH HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		231				400			77.5%	2.2%	-3.7%
2005		240				402			80.2%	4.0%	0.5%
2006		248				429			77.7%	3.2%	6.7%
2007		245				442			74.4%	-1.3%	3.1%
2008		254				435			78.6%	4.0%	-1.6%
2009		247				410			81.0%	-3.0%	-5.8%
2010		249				414			81.0%	1.0%	1.1%
2011		251				450			74.8%	0.4%	8.8%
2012		247				428			77.5%	-1.6%	-5.0%
2013		256				438			78.6%	4.0%	2.4%
2014	259	**258**	258	261	444	**442**	439	468	78.6%	0.8%	0.9%
2015	264	**262**	260	265	452	**448**	441	475	78.7%	1.5%	1.4%
2016	269	**267**	262	269	461	**455**	442	483	78.8%	1.6%	1.5%
2017	275	**271**	264	273	470	**462**	444	490	78.8%	1.7%	1.6%
2018	280	**275**	266	278	478	**469**	445	498	78.9%	1.5%	1.4%
2019	285	**279**	268	282	487	**476**	447	506	78.9%	1.5%	1.4%
2020	290	**283**	270	287	495	**482**	448	514	79.0%	1.5%	1.4%
2021	295	**287**	272	292	504	**489**	450	523	79.0%	1.4%	1.4%
2022	300	**291**	274	297	513	**495**	452	532	79.0%	1.4%	1.4%
2023	305	**295**	276	302	521	**502**	453	541	79.1%	1.4%	1.3%

APRIL HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		220				373			82.1%	4.2%	1.5%
2005		224				386			80.5%	1.6%	3.7%
2006		226				392			79.9%	0.8%	1.5%
2007		235				396			82.4%	4.1%	1.0%
2008		240				400			83.6%	2.4%	0.9%
2009		237				404			81.4%	-1.5%	1.1%
2010		231				389			82.5%	-2.3%	-3.7%
2011		236				388			84.5%	2.2%	-0.2%
2012		234				418			77.8%	-0.9%	7.7%
2013		243				429			78.9%	3.9%	2.5%
2014	246	**245**	245	247	418	**416**	413	441	82.0%	0.8%	-3.0%
2015	251	**249**	247	252	425	**421**	415	449	82.2%	1.5%	1.3%
2016	256	**253**	249	256	433	**427**	416	456	82.3%	1.6%	1.5%
2017	261	**257**	251	261	442	**434**	418	464	82.4%	1.7%	1.6%
2018	266	**262**	253	266	451	**441**	419	473	82.4%	1.7%	1.6%
2019	272	**266**	256	271	460	**448**	421	481	82.5%	1.7%	1.6%
2020	277	**270**	258	276	469	**455**	422	490	82.6%	1.6%	1.5%
2021	282	**275**	260	281	478	**462**	424	499	82.7%	1.6%	1.5%
2022	287	**279**	262	287	487	**469**	426	508	82.8%	1.6%	1.5%
2023	293	**284**	264	292	496	**475**	428	517	82.9%	1.6%	1.5%

MAY HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		233				441			71.0%	3.6%	-5.6%
2005		237				476			66.8%	1.5%	8.0%
2006		244				462			70.9%	3.0%	-3.0%
2007		242				425			76.7%	-0.6%	-8.0%
2008		248				459			72.4%	2.1%	8.1%
2009		241				474			68.4%	-2.5%	3.2%
2010		239				470			68.3%	-1.0%	-0.9%
2011		243				405			80.4%	1.5%	-13.8%
2012		247				464			71.6%	1.9%	14.5%
2013		248				460			72.6%	0.4%	-0.9%
2014	251	**250**	250	252	468	**466**	463	496	72.2%	0.8%	1.3%
2015	256	**254**	252	256	476	**472**	464	503	72.4%	1.5%	1.3%
2016	261	**258**	254	260	485	**479**	465	511	72.4%	1.6%	1.5%
2017	266	**262**	255	264	495	**487**	467	518	72.5%	1.7%	1.6%
2018	271	**266**	257	268	504	**493**	468	526	72.6%	1.4%	1.4%
2019	276	**270**	259	273	513	**500**	469	534	72.6%	1.4%	1.3%
2020	280	**274**	261	277	522	**506**	471	543	72.7%	1.4%	1.3%
2021	285	**278**	263	282	530	**513**	472	551	72.8%	1.4%	1.3%
2022	290	**281**	265	286	539	**519**	474	560	72.8%	1.4%	1.3%
2023	295	**285**	267	291	548	**526**	475	569	72.9%	1.3%	1.3%

JUNE HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		232				520			61.9%	3.8%	11.9%
2005		250				537			64.5%	7.7%	3.3%
2006		274				603			63.1%	9.8%	12.2%
2007		264				611			59.9%	-3.7%	1.4%
2008		260				551			65.7%	-1.2%	-9.9%
2009		246				536			63.6%	-5.7%	-2.6%
2010		266				575			64.3%	8.5%	7.2%
2011		261				573			63.4%	-1.9%	-0.4%
2012		295				653			62.8%	12.9%	14.0%
2013		278				639			60.4%	-5.8%	-2.1%
2014	281	**280**	280	283	611	**608**	605	625	63.9%	0.8%	-4.8%
2015	286	**284**	283	290	622	**617**	611	642	64.0%	1.5%	1.4%
2016	292	**289**	287	299	633	**627**	618	660	64.0%	1.6%	1.6%
2017	297	**294**	291	307	646	**637**	624	678	64.0%	1.7%	1.7%
2018	305	**301**	295	316	663	**652**	630	697	64.1%	2.3%	2.3%
2019	313	**307**	299	324	680	**666**	637	717	64.1%	2.3%	2.2%
2020	321	**314**	303	334	697	**681**	643	737	64.1%	2.3%	2.2%
2021	329	**322**	307	343	714	**696**	650	757	64.1%	2.3%	2.2%
2022	337	**329**	311	353	732	**712**	657	778	64.1%	2.2%	2.2%
2023	345	**336**	316	362	749	**727**	664	800	64.2%	2.2%	2.2%

JULY HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth*	Load Factor	Energy Change	Peak Change
2004		266				576			62.0%	-8.5%	2.9%
2005		298				618			64.8%	12.0%	7.2%
2006		299				591			67.9%	0.3%	-4.3%
2007		315				635			66.8%	5.6%	7.4%
2008		313				614			68.5%	-0.9%	-3.3%
2009		283				576			66.0%	-9.5%	-6.1%
2010		298				615			65.1%	5.3%	6.8%
2011		315				639			66.1%	5.6%	4.0%
2012		321				651			66.3%	2.1%	1.8%
2013		303				649			62.8%	-5.6%	-0.3%
2014	327	**326**	325	328	661	**659**	655	678	66.4%	7.4%	1.6%
2015	332	**331**	328	336	673	**669**	660	692	66.4%	1.5%	1.5%
2016	339	**336**	331	343	685	**679**	664	707	66.5%	1.6%	1.5%
2017	345	**342**	335	351	699	**691**	668	723	66.4%	1.7%	1.8%
2018	353	**349**	338	358	715	**704**	673	739	66.6%	2.1%	1.9%
2019	361	**356**	341	367	731	**718**	677	755	66.6%	2.0%	2.0%
2020	369	**363**	345	375	747	**732**	682	772	66.6%	2.0%	1.9%
2021	377	**370**	348	383	763	**746**	686	789	66.6%	1.9%	1.9%
2022	385	**377**	351	392	780	**761**	691	807	66.6%	1.9%	2.0%
2023	393	**384**	355	401	796	**774**	696	825	66.7%	1.9%	1.7%

* The High Growth Peak Demand Forecast serves as the Transmission Planning Forecast

AUGUST HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		257				524			66.0%	-7.3%	-5.7%
2005		273				550			66.6%	6.1%	5.1%
2006		287				590			65.3%	5.1%	7.2%
2007		307				614			67.1%	6.9%	4.2%
2008		290				634			61.6%	-5.3%	3.2%
2009		277				559			66.5%	-4.7%	-11.7%
2010		296				595			66.8%	6.8%	6.3%
2011		317				612			69.5%	7.1%	3.0%
2012		302				612			66.4%	-4.5%	0.0%
2013		304				624			65.5%	0.5%	1.9%
2014	307	**306**	306	309	625	**623**	619	674	66.2%	0.8%	-0.2%
2015	313	**311**	309	315	636	**631**	623	688	66.2%	1.5%	1.4%
2016	319	**316**	312	322	648	**641**	626	703	66.3%	1.6%	1.6%
2017	325	**321**	315	329	660	**652**	630	717	66.3%	1.7%	1.7%
2018	332	**328**	317	336	675	**664**	634	732	66.3%	2.0%	1.9%
2019	340	**334**	320	343	690	**677**	638	748	66.3%	1.9%	1.9%
2020	347	**340**	323	350	705	**689**	642	764	66.4%	1.9%	1.8%
2021	354	**347**	327	358	719	**702**	646	780	66.4%	1.9%	1.8%
2022	361	**353**	330	366	734	**714**	650	797	66.4%	1.8%	1.8%
2023	369	**359**	333	374	749	**727**	654	815	66.4%	1.8%	1.8%

SEPTEMBER HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		234				458			71.0%	3.6%	-0.6%
2005		245				503			67.7%	4.7%	9.7%
2006		234				445			73.0%	-4.6%	-11.5%
2007		251				529			65.8%	7.1%	18.7%
2008		246				483			70.8%	-1.8%	-8.7%
2009		248				499			69.0%	0.8%	3.4%
2010		252				487			72.0%	1.7%	-2.5%
2011		252				586			59.8%	0.0%	20.4%
2012		254				547			64.4%	0.6%	-6.7%
2013		262				538			67.5%	3.1%	-1.5%
2014	265	**264**	263	266	567	**565**	542	618	64.8%	0.8%	5.0%
2015	269	**268**	266	271	557	**553**	544	629	67.3%	1.5%	-2.2%
2016	275	**272**	268	276	568	**561**	547	641	67.3%	1.6%	1.6%
2017	280	**277**	270	281	579	**570**	550	653	67.4%	1.7%	1.7%
2018	286	**282**	273	287	591	**580**	552	666	67.4%	1.8%	1.7%
2019	292	**286**	275	292	603	**590**	555	679	67.4%	1.7%	1.7%
2020	298	**291**	277	298	615	**600**	558	692	67.5%	1.7%	1.7%
2021	304	**296**	280	304	627	**610**	561	706	67.5%	1.7%	1.6%
2022	309	**301**	282	310	639	**619**	564	720	67.5%	1.7%	1.6%
2023	315	**306**	285	316	651	**629**	566	734	67.6%	1.6%	1.6%

* 2013 Energy & Demand are 2013 Budget figures.

OCTOBER HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		230				384			80.5%	0.0%	-5.4%
2005		237				407			78.2%	2.9%	5.9%
2006		243				418			78.1%	2.5%	2.6%
2007		246				410			80.5%	1.2%	-1.8%
2008		250				419			80.1%	1.8%	2.3%
2009		249				432			77.7%	-0.2%	2.9%
2010		245				422			78.0%	-1.8%	-2.3%
2011		250				455			74.0%	2.2%	7.8%
2012		242				423			77.0%	-3.2%	-7.0%
2013		260				447			78.0%	7.2%	5.7%
2014	250	**249**	249	251	435	**433**	430	456	77.3%	-4.1%	-3.2%
2015	255	**253**	251	256	442	**438**	432	464	77.5%	1.5%	1.3%
2016	260	**257**	253	261	451	**445**	434	473	77.6%	1.6%	1.5%
2017	265	**261**	256	266	460	**452**	437	482	77.6%	1.7%	1.6%
2018	270	**265**	258	271	469	**459**	439	491	77.7%	1.6%	1.5%
2019	275	**270**	261	276	478	**466**	441	500	77.8%	1.6%	1.5%
2020	280	**274**	264	282	487	**473**	444	510	77.8%	1.6%	1.5%
2021	286	**278**	266	288	496	**480**	446	520	77.9%	1.6%	1.5%
2022	291	**283**	269	294	506	**487**	449	530	78.0%	1.6%	1.5%
2023	296	**287**	271	300	515	**495**	451	541	78.0%	1.6%	1.5%

* 2013 Energy & Demand are 2013 Budget figures.

NOVEMBER HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		237				443			74.4%	2.8%	8.0%
2005		238				447			73.9%	0.3%	1.0%
2006		244				473			71.8%	2.8%	5.7%
2007		245				446			76.2%	0.2%	-5.6%
2008		246				450			76.0%	0.5%	0.7%
2009		244				436			77.8%	-0.8%	-3.1%
2010		252				476			73.5%	3.0%	9.2%
2011		253				440			79.7%	0.4%	-7.4%
2012		248				451			76.2%	-2.0%	2.4%
2013		260				471			76.6%	4.9%	4.4%
2014	255	**254**	254	257	463	**461**	459	485	76.7%	-2.0%	-2.1%
2015	260	**258**	256	261	471	**468**	460	493	76.7%	1.5%	1.4%
2016	265	**263**	258	265	481	**475**	462	500	76.8%	1.6%	1.6%
2017	271	**267**	260	269	490	**483**	464	508	76.8%	1.7%	1.7%
2018	276	**271**	262	274	499	**490**	465	517	76.9%	1.5%	1.5%
2019	281	**275**	264	278	508	**497**	467	525	76.9%	1.5%	1.5%
2020	286	**279**	266	283	517	**504**	469	534	76.9%	1.5%	1.4%
2021	291	**283**	268	288	526	**511**	471	543	77.0%	1.5%	1.4%
2022	295	**287**	270	293	535	**518**	472	552	77.0%	1.4%	1.4%
2023	300	**291**	272	298	544	**525**	474	562	77.0%	1.4%	1.4%

* 2013 Energy & Demand are 2013 Budget figures.

DECEMBER HISTORICAL AND FORECASTED LOAD DETAIL

	ENERGY (GWh)				PEAK DEMAND (MW)				BASE FORECAST		
Year	Foundation Forecast	Base	Low Growth	High Growth	Foundation Forecast	Base	Low Growth	High Growth	Load Factor	Energy Change	Peak Change
2004		257				453			76.1%	2.6%	0.4%
2005		268				497			72.3%	4.3%	9.8%
2006		269				467			77.2%	0.3%	-6.0%
2007		278				482			77.7%	3.7%	3.0%
2008		281				518			72.8%	0.8%	7.6%
2009		282				512			74.0%	0.5%	-1.1%
2010		271				468			77.7%	-4.1%	-8.6%
2011		281				505			74.7%	3.7%	7.8%
2012		275				479			77.3%	-1.9%	-5.1%
2013		296				527			75.4%	7.4%	10.1%
2014	284	**283**	282	285	507	**505**	502	527	75.3%	-4.3%	-4.2%
2015	289	**287**	285	291	516	**512**	505	538	75.3%	1.5%	1.5%
2016	295	**292**	288	297	526	**521**	508	548	75.3%	1.6%	1.6%
2017	300	**297**	290	303	536	**529**	511	560	75.3%	1.7%	1.7%
2018	307	**302**	293	309	548	**539**	514	571	75.3%	1.9%	1.9%
2019	314	**308**	296	316	560	**549**	517	583	75.4%	1.9%	1.9%
2020	320	**314**	298	322	572	**559**	521	595	75.4%	1.8%	1.8%
2021	327	**319**	301	329	583	**569**	524	608	75.4%	1.8%	1.8%
2022	333	**325**	304	336	595	**579**	527	621	75.4%	1.8%	1.8%
2023	340	**331**	307	344	607	**589**	530	634	75.4%	1.7%	1.7%

* 2013 Energy & Demand are 2013 Budget figures.

APPENDIX B
RISK MANAGEMENT PLAN

The Risk Management Plan is a summary of Platte River's proactive efforts to identify, evaluate, rank, and mitigate risks significant to Platte River which could negatively impact electric supply, finances, reputation, and safety requirements. The Risk Management Plan is included in Platte River's Strategic Plan summarizing Identified Risks and risk mitigation strategies. Platte River's risk management process provides the framework to identify and assess specific risks by soliciting staff input and following an assessment and documentation process.

Identified Risks are evaluated through a risk assessment process coordinated by the Chief Financial and Risk Officer, Financial Planning staff, and a Risk Oversight Committee (ROC) consisting of the General Manager and senior management. The ROC identifies subject matter experts throughout Platte River to provide expertise and information regarding each Identified Risk and to alert the ROC of additional risks. As risks are identified, Platte River data, industry data, staff and management experience, and evaluation tools are utilized as a component of a detailed review process to assess the Magnitude and Probability. Magnitude and Probability ranks are assigned by the ROC based on specific criteria (see Risk Definitions, Table 1 and Table 2); higher rated risks are prioritized for the development and implementation of mitigation strategies when possible.

Mitigation strategies include, but are not limited to insurance coverage, financial and physical contracts, operational business practices, and monitoring processes. The effectiveness of mitigation strategies are reassessed by the ROC as scheduled and prioritized for action if warranted. All Identified Risks are monitored and reassessed as scheduled by the ROC. Assessment documentation and supporting analysis is maintained by Financial Planning staff and reviewed by the ROC.

All Identified Risks are listed in Table 3, the Risk Inventory. Risks included in the Risk Inventory, assessments, and supporting documentation are approved by the Chief Financial & Risk Officer.

RISK DEFINITIONS

Platte River's identified risks are analyzed and assigned a Magnitude and Probability classification as defined in Table 1 and Table 2 respectively.

TABLE 1: Magnitude

Magnitude Rank	Electric Supply	Safety	Financial	Reputation and Interests
High	Loss of supply to an entire city	Loss of life or serious bodily injury	Significant impact >$10 million	Significant long-term damage
Medium	Loss of supply to part of a city	Bodily injury	Limited impact $5 - $10 million	Short-term damage
Low	Momentary loss to a city substation	No injury	Modest impact <$5 million	No appreciable damage

TABLE 2: Probability

Probability Rank	Probability Rank Definition
High	The Identified Risk is likely to occur within five (5) years.
Medium	The Identified Risk could occur within five (5) years and should be anticipated.
Low	The Identified Risk is unlikely to occur within five (5) years.

IDENTIFIED RISK Risks identified as significant to Platte River which could negatively impact electric supply, finances, reputation, and safety requirements.

MAGNITUDE The impact of an Identified Risk occurring. Ranking classifications are detailed in Table 2.

PROBABILITY The likelihood of an Identified Risk occurring within a specified time period. Ranking classifications are detailed in Table 3.

RISK OVERSIGHT COMMITTEE ROC; a committee consisting of the General Manager and senior management, charged with managing Platte River's risks and approving the Risk Management Plan.

RISK MANAGEMENT PLAN A document included as an integral part of Platte River's Strategic Plan summarizing Platte River's Identified Risks and risk mitigation strategies.

RISK INVENTORY A table within the Risk Management Plan that summarizes Identified Risks' Magnitude, Probability, and risk mitigation strategies.

RISKS & MITIGATION STRATEGIES

TABLE 3: Risk Inventory, Five-Year Planning Horizon

	Identified Risk	Magnitude	Probability	Mitigation
1	Defined Benefit (DB) Plan investment under-performance	High	High	Page
2	Sustained market price reductions (wholesale electricity)	High	Medium	
3	Coal price volatility	Medium	Medium	
4	Gas price volatility	Medium	Medium	
5	Interest rate changes	Medium	Medium	
6	Mandated renewable energy standard	Medium	Medium	
7	Corporate conduct	High	Low	
8	Credit risk	High	Low	
9	Cyber security—generation and system operations	High	Low	
10	Damage by outside contractor employees	High	Low	
11	Environmental violations	High	Low	
12	Generation interruption greater than one month	High	Low	
13	Increases to capital expenditures	High	Low	
14	Interruption of coal supply (fuel & rail, Trapper Mine)	High	Low	
15	Interruption of water supply for Rawhide generation	High	Low	
16	New mandated emission reductions	High	Low	
17	FERC/NERC regulatory compliance issues	Low	High	
18	Unexpected turnover of employees (knowledge loss)	Low	High	
19	Elimination of tax exempt status of newly issued power revenue bonds	Medium	Low	
20	Generation interruption greater than one week	Medium	Low	
21	Increased regulation of coal combustion residuals	Medium	Low	
22	Internal controls	Medium	Low	
23	Interruption of gas supply (fuel & pipe)	Medium	Low	
24	Physical security systems affecting reliability or human life	Medium	Low	
25	Business cyber security system intrusions	Low	Medium	
26	Electric facility siting constraints	Low	Medium	
27	Employee errors that result in loss of electric service	Low	Medium	
28	General liability	Low	Medium	
29	Increased federal oversight	Low	Medium	
30	Increased state oversight	Low	Medium	
31	Reduction or modification of federal hydroelectric resources	Low	Medium	
32	Significant deviation from load forecast	Low	Medium	
33	Directors and Officers liability	Low	Low	
34	Loss of communication systems (phone, fiber, etc.)	Low	Low	
35	Physical property loss	Low	Low	
36	Transmission interruption	Low	Low	

Identified risks are currently being evaluated through the risk assessment process and specific mitigation strategies are in the process of being redrafted by staff. Full descriptions of Platte River's mitigation strategies for all identified risks will be available in December for the final version of the Strategic Plan.

Implemented mitigation strategies discussed for each Identified Risk. Each mitigation strategy requires the ROC's attention and follow-up to evaluate alternative courses of action.

1.) **Defined Benefit (DB) Plan Investment Under-Performance**

Magnitude: High
Probability: High

Mitigation:
Full descriptions of Platte River's mitigation strategies for all identified risks will be available in December for the final version of the Strategic Plan.

APPENDIX C
STRATEGIC FINANCIAL PLAN

Platte River's Strategic Financial Plan (SFP) is designed to provide long-term financial stability by generating adequate cash flows, maintaining access to low cost capital, providing stable and competitive wholesale rates and effectively managing financial risk. The Board of Directors reviews the SFP policies, goals, and financial projections at least annually.

RATE REQUIREMENTS

Under Colorado law, Platte River's Board of Directors has the exclusive authority to establish electric rates. The Power Supply Agreements with the Municipalities require the Board to review rates at least once each calendar year.

The Power Supply Agreements with the Municipalities and the General Power Bond Resolution contain specific provisions governing Platte River's rate setting. The Power Supply Agreements require that rates be sufficient to cover all operating and maintenance expenses, purchase power costs, debt service expenses, and provide for the establishment of reasonable reserves and adequate earnings margins so that Platte River may obtain favorable debt financing. The General Power Bond Resolution requires that rates be sufficient to generate net revenues sufficient to cover debt service expense at a minimum 1.10 times.

POLICIES AND GOALS

- Generate Minimum Debt Service Coverage of 1.50 times.
- Generate Minimum Net Income Equal to $6 Million.
- Target Minimum 200 Unrestricted Days Cash on Hand.
- Maintain $20 Million in Rate Stabilization Fund.
- Target Debt to Capitalization Ratio Less than 50%.
- Maintain Access to Low Cost Capital and Favorable Credit Ratings.
- Provide Stable and Competitive Wholesale Rates.
- Maintain Bond Required Reserves.
- Prudently Manage and Invest Reserves.
- Variable Rate Debt Managed In Accordance With Interest Rate Risk Management Policy.
- Manage Financial Risk.

The above policies and goals are interrelated. By achieving the minimum target for debt service coverage of 1.50 times, the net income target of $6 million, and the minimum 200 days unrestricted cash on hand, Platte River should generate adequate cash flows to meet liquidity targets, exceed its debt to capitalization goal and maintain access to low cost capital. Each policy and goal is discussed in more detail below.

GENERATE MINIMUM DEBT SERVICE COVERAGE OF 1.50 TIMES.

While the legal requirements for debt service coverage is 1.10 times, coverage at this level does not generate adequate cash flows, increases future debt issuance, and

significantly impacts Platte River's credit rating, which increases the cost of future financings. Target debt service coverage of 1.50 times provides sufficient annual cash flows to partially fund future capital additions as well as maintain favorable credit ratings.

GENERATE MINIMUM NET INCOME OF $6 MILLION.

Power Supply Agreements with the Municipalities require Platte River to earn an adequate earnings margin to obtain revenue bond financing on favorable terms. A target minimum of $6 million net income is a sufficient earnings margin to ensure cash balances are maintained, liquidity requirements are met, and financial flexibility remains available.

TARGET MINIMUM 200 DAYS UNRESTRICTED CASH ON HAND.

A minimum 200 days unrestricted cash on hand target ensures adequate cash is generated and maintained, thus ensuring Platte River's financial flexibility, strength, and liquidity. Included in the days unrestricted cash on hand target is a Rate Stabilization Fund target of $20 million. The Rate Stabilization Fund's purpose is to lessen or eliminate the rate impact due to an unforeseen event that impacts Platte River's ability to meet the minimum legal debt service coverage requirement.

TARGET DEBT TO CAPITALIZATION LESS THAN 50%.

A debt to capitalization ratio less than 50% provides Platte River with a strong balance sheet and reduces the risk of becoming over leveraged in the debt market.

MAINTAIN ACCESS TO LOW COST CAPITAL AND FAVORABLE CREDIT RATINGS.

Interest rates between various credit ratings can fluctuate significantly depending on market conditions. Maintaining a strong credit rating provides access to low cost capital and favorable financing terms, resulting in lower overall debt service expense.

PROVIDE STABLE AND COMPETITIVE WHOLESALE RATES.

Rate projections are developed and reviewed by the Board at least annually. If possible, projected rates modifications required to meet SFP criteria will be spread over multiple years to provide more stable rates from year to year. Retail rate comparisons with other utilities in the region are used to measure the competitiveness of wholesale rates charged to the Municipalities.

MAINTAIN BOND REQUIRED RESERVES.

The General Power Bond Resolution requires a Reserve and Contingency Fund be maintained at a minimum of 2% of net plant. Bond service and bond reserve funds are maintained as required.

PRUDENTLY MANAGE AND INVEST RESERVES.

Platte River's investments will be managed in accordance with Platte River's Investment Policy. The primary objectives of the investment activities shall be safety, liquidity, and yield while achieving market returns comparable to benchmark performance.

VARIABLE RATE DEBT MANAGED IN ACCORDANCE WITH INTEREST RATE RISK MANAGEMENT POLICY.

The Board approved Interest Rate Risk Management policy has established guidelines to govern variable rate debt.

MANAGE FINANCIAL RISK.

Platte River's financial risks will be managed in accordance with, but not limited to, the following Board approved documents: Energy Risk Management Policy, General Power Bond Resolution, Interest Rate Risk Management Policy, and Power Supply Agreements. The Energy Risk Management Committee and the Risk Oversight Committee are charged with managing Platte River's business risks.

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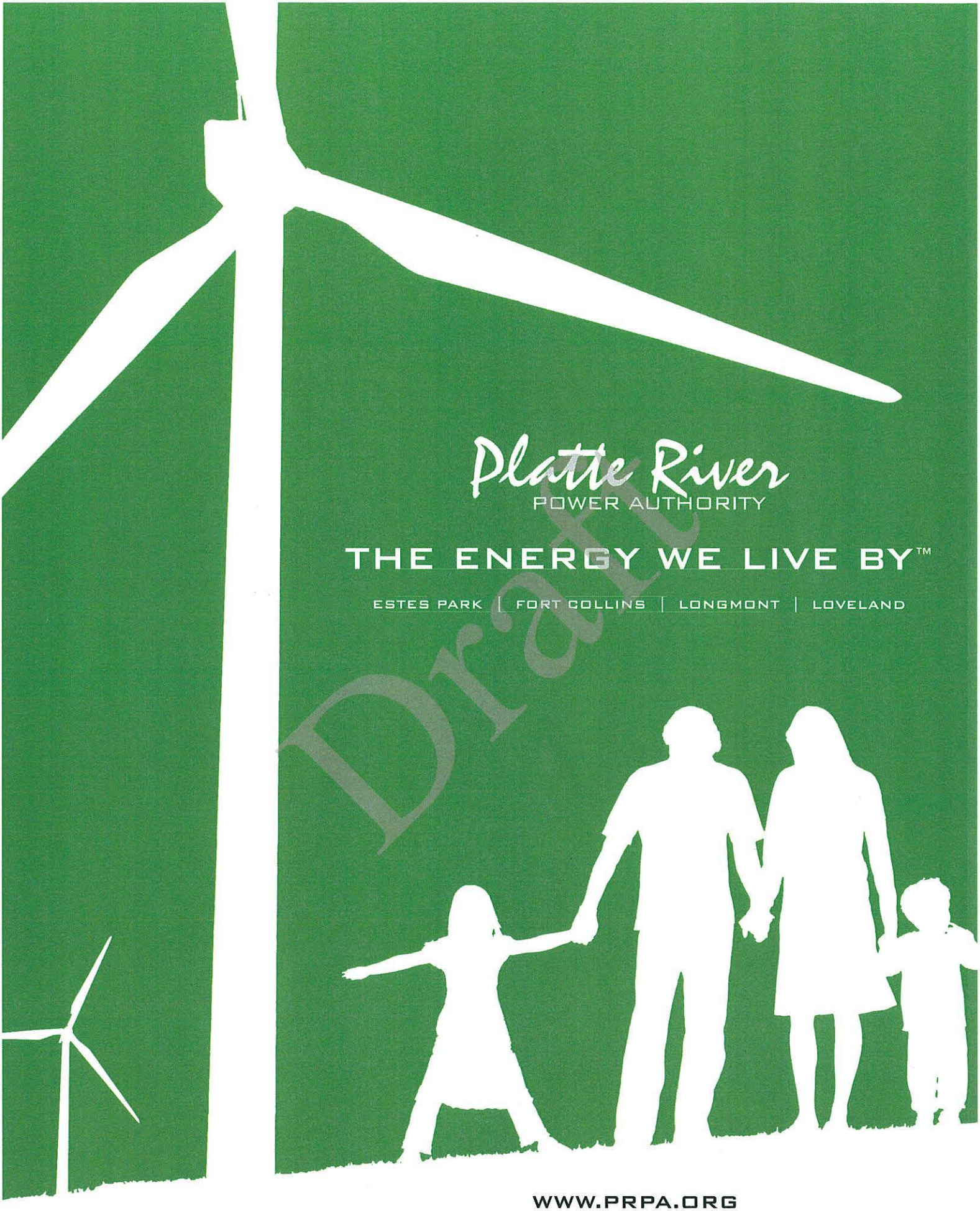
APPENDIX D
ACRONYM DEFINITIONS

BART	Best Available Retrofit Technology
BNSF	Burlington Northern Santa Fe Railway
CAMR	Clean Air Mercury Rule
CCR	Coal Combustion Residuals
CDPHE	Colorado Department of Public Health and Environment
CO_2	Carbon Dioxide
CPUC	Colorado Public Utilities Commission
CRSP	Colorado River Storage Project
DG	Distributed Generation
DSM	Demand Side Management
EMS	Environmental Management System
EPA	Environmental Protection Agency
EPAct 2005	The Energy Policy Act of 2005
ERMC	Energy Risk Management Committee
ERMP	Energy Risk Management Policy
FERC	Federal Energy Regulatory Commission
GHG	Greenhouse Gases
GWh	Gigawatt Hour
IRP	Integrated Resource Plan
kV	kilovolt
LAP	Loveland Area Projects
MATS	Mercury and Air Toxics Standard
MBWP	Medicine Bow Wind Project
MW	Megawatt
MWh	Megawatt Hour
NERC	North American Electric Reliability Corporation
NO_x	Nitrogen Oxides
O&M	Operations and Maintenance
PSD	Prevention of Significant Deterioration
PV	Photovoltaic
REPI	Renewable Energy Production Incentive
RES	Renewable Energy Standard
RHR	Regional Haze Rule
RMRG	Rocky Mountain Reserve Group
ROC	Risk Oversight Committee
SFP	Strategic Financial Plan
SIP	State Implementation Plan
SO_2	Sulfur Dioxide
TRI-STATE	Tri-State Generation and Transmission Association, Inc.
WESTERN	Western Area Power Administration
WECC	Western Electricity Coordinating Council



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City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
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(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 2
MEETING DATE: 11/20/2013
SUBMITTED BY: Lindsey Bashline, Customer Relations Specialist

TITLE: Loveland Water and Power: Messaging Assessment and Recommendations

DESCRIPTION:
Leah Johnson, principal of JD Consulting, will be presenting the results of the recent Messaging Assessment performed for Loveland Water and Power.

SUMMARY:
In an initial effort to maximum utilization of the resources provided by Loveland Water and Power, enhance the customer experience, and assist the utility in carrying out its mission, Loveland Water and Power contracted with JD Consulting to perform a messaging assessment in June 2013.

The goal of the assessment was to gather information to determine if customers are responding to the utility's current communication efforts and to subsequently provide suggestions for how better communication can be achieved. The attached Messaging Assessment and Recommendations identifies Loveland Water and Power's consistencies and inconsistencies, as well as presents data collected from focus groups and surveys from customers, and recommendations and next steps based on those findings.

The overall conclusion outlined in the assessment is that although customers are generally happy with the service and the rates, they know very little about the services we provide, the programs available, and efforts for efficiency and conservation. While aspects of Loveland Water and Power's mission are communicated intuitively, many of the good efforts of the utility go entirely unrecognized.

Suggested action items and next steps to achieve the goals above as well as provide other benefits are:

- Hire a consultant to help streamline content and appearance of electronic and printed marketing materials
- Increase community awareness, outreach, and engagement

RECOMMENDATION:
Provide feedback to staff regarding the above suggested action items and next steps.

REVIEWED BY DIRECTOR: MS for SH

ATTACHMENT:
Messaging Assessment and Recommendations by JD Consulting - October 29, 2013

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October 29, 2013

Loveland Water and Power:
Messaging Assessment and Recommendations

I. Overview

Currently the Department of Water and Power with the City of Loveland (hereafter referred to as Loveland Water and Power), has many different messages and images that are communicated to its customers. There appears to be no consistency in either the content or graphic images communicated from the utility. The goal of this assessment is to gather information to determine if customers are responding to the utility's current communication efforts and to subsequently provide suggestions for how better communication can be achieved.

There are some things that are not clear to customers about Loveland Water and Power, and two major examples include how it is funded, and the services and programs that are available from the utility. The unique funding structure for the utility, what services/programs Loveland Water and Power provides, and its association with the City, are also causes of confusion for customers. Regardless, customers do not make a distinction between water and power, but in fact group the two as one entity. Beyond intuitive information (rates and services), customers have very little knowledge about the depth of services and programs available to them through their utility, though despite this potential confusion, customers are generally very happy with what they do know.

With that said, there is plenty of existing content and information that Loveland Water and Power currently communicates. This information simply needs to be pared down, given a professional look and feel, and made consistent across all methods of delivery to help improve communication with the customer. This will allow Loveland Water and Power to more effectively connect its mission statement to customers and more clearly define the programs that Loveland Water and Power provides to its customers.

With the dozen-plus programs that Loveland Water and Power manages, and the existing trust customers have for the utility, there is a great foundation from which the company can continue to build its relationship with its customers.

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This document contains an overview of messaging currently associated with Loveland Water and Power and identifies its consistencies and inconsistencies, as well as presents data collected from focus groups and surveys from customers, and recommendations and next steps based on those findings. **The ultimate goal of communications from Loveland Water and Power should be to create content and images people will associate with their utility. This translates into maximum utilization of the resources provided by Loveland Water and Power, enhances the customer experience, and assists in carrying out the mission of the utility.**

II. Initial Assessment of Content and Messaging

***See Appendix A for the list of compiled messages*

When evaluating the vast amount of content associated with Loveland Water and Power, there are some clear discrepancies in information and messaging in the general materials, but this is most evident in the content for individual program areas. This assessment looks at the various marketing pamphlets and crossover website information to identify where there were consistencies and inconsistencies.

Key findings of the initial message assessment are as follows:

- There is an abundance of information, which seems to be overwhelming to the customer.
- There is not one clear statement or message that describes each program. Rather, many different messages attempting to describe each program exist in various materials, from marketing pamphlets to the website.
- Having the large array of messages and content makes it difficult for customers to navigate, and difficult to "sell" the programs, as it is arduous for customers to identify with any one message.
- As the information presented is not always consistent, it can cause some confusion for the customer.
- There is not one constant image that is seen in any of the materials created for Loveland Water and Power.

In this initial assessment, specific messages and images were tested in focus groups to understand what, if anything, customers connect with current communications

coming from Loveland Water and Power. The goal is to better understand the customer's perception of what is being communicated, so it can be streamlined to ensure they are getting the correct information, allowing them to build the best possible relationship with Loveland Water and Power.

III. Customer Input

To confirm how Loveland Water and Power customers perceive communication from their utility, a customer survey and two focus groups were held to collect feedback on the messages about the services and programs provided by Loveland Water and Power, and the utility's mission as a whole.

When asked general questions about their satisfaction with Loveland Water and Power and knowledge of their utility, customers generally expressed satisfaction. Through the focus groups, customers continued to indicate this satisfaction, but their lack of knowledge of programs and additional services provided by their utility became very obvious.

The key findings from the customer survey were as follows:

- 85% of respondents were very satisfied or satisfied with **communication of program options** from Loveland Water and Power
- 84% were very satisfied or satisfied with Loveland Water and Power **meeting growing environmental demands**.
- 81% were very satisfied or satisfied with the **rates** of Loveland Water and Power.
- 74% of respondents were very satisfied with the **reliability of service** from Loveland Water and Power
- Overall, 82% of respondents were very satisfied or satisfied with the **overall service** of Loveland Water and Power

With a clear indication that customers are satisfied with what they know about Loveland Water and Power, two focus groups were held to go more in-depth with customers about their response to messages and information communicated from the utility. These two focus groups, consisting of a total of 14 people (6 women and 8 men), were held on August 1, 2013. Responses to current visual images, as well as other messages were tested to understand what resonates with customers and what

can be improved. The full comments of the focus groups and survey are available in Appendix B.

Key assertions taken from the focus groups are as follows:

- Customers are generally happy with the service provided by Loveland Water and Power and they have trust in the utility. They feel that the utility's service and rates are reliable and competitive.
- The majority of customers would like to know more about conservation programs. The opportunity to save money and resources is appealing.
- The majority of customers do not know about any of the programs offered by Loveland Water and Power, but would be interested in knowing more and participating.
- The majority of customers feel that Loveland Water and Power is doing good things to plan for the future and to keep rates low. In fact, they feel the utility could put more emphasis on their good work and low rates in their communications.
- There is too much information about programs and services coming from Loveland Water and Power. Because of the oversaturation of content, customers often stop responding to the information at all. When looking at what to communicate to customers, less is more.
- Customers want to make sure problems with the utility and/or changes in utility policies are communicated accurately and timely, e.g. possible water quality problems or potential smart grid integration.
- Customers are confused about what conservation programs are available to them, and are unable to identify any of the graphic images associated with the programs run through Loveland Water and Power.
- Customers who read the monthly newsletter in the utility bill are more versed on programs, but still connect to very little of the messaging. However, not all customers see the monthly newsletter or have access to that information source. Customers would like additional ways to opt into this information, perhaps through a monthly email or other digital options.
- The majority of customers believe conservation efforts are important and would like to participate. However, they have little knowledge about the long-term outlook for water and power sources, and are interested in knowing more.

- The majority of customers believe that education aimed at children is one way to spread the message about conservation efforts. They did feel "Glow," the current icon for these programs, helped to communicate this message. However, customers could not identify "Glow" with anything specific from Loveland Water and Power.
- Customers believe it is difficult to communicate fully about the work and programs of Loveland Water and Power due to the numerous forms of communication available. However, making sure as many tools as possible are utilized (newsletter, email, social media, newspaper, etc.) is important.
- Customers generally found words and messages appealing that make the utility sound more community oriented and less bureaucratic, e.g. Community Utility over Municipal Utility
- None of the images that come from the current Loveland Water and Power marketing materials or pamphlets are identifiable to customers. Some are slightly familiar, but not automatically associated with the utility.
- The words *environmental* and *green* can sometimes be politically charged, thus words like *conservation* and *save* seem to be more resonant when messaging these efforts.
- Loveland Water and Power has created a great deal of trust with its customers through reliable service and rates, and because of this, customers generally trust the information that is shared with them, whether it be about new programs, conservations efforts, future planning etc.
- Customers do not distinguish a difference between water and power. In fact they incorporate additional programs, such as recycling, into the services they think their utility provides. Customers see Loveland Water and Power as one entity.

IV. Conclusions/Next Steps

When looking at all the information collected in this assessment, it is clear Loveland Water and Power has some barriers when communicating with their customers the vast amount of information that is available. People know their service is reliable and rates low because that specific information is directly evident to them. Although customers are generally happy with the service and the rates, they know very little about the actual services provided, the programs available, and efforts for conservation. Additionally, while aspects of Loveland Water and Power's missions

are communicated intuitively, many of the good efforts of the utility go entirely unrecognized. These unrecognized efforts provide an excellent opportunity for the utility to further build the relationship with the customers. Based on customer responses and reactions to information about both general and conservation programs, it can be concluded that if they were more familiar with these programs and how to get involved, a majority of customers would willingly sign up to participate.

While customers in general appear happy with the efforts of Loveland Water and Power, there are currently a good deal of resources going into programs about which customers have little knowledge. By expanding the way these programs and services are communicated, Loveland Water and Power has a tremendous opportunity to make the relationship even more positive. The conservation efforts additionally offer a great avenue for increased customer satisfaction. The success of these initiatives is just a matter of communicating the information in a concise way that appeals to a broad spectrum of customers.

Additionally, there are too many visual images associated with Loveland Water and Power, and it seems that every time a new program or campaign appears, a new visual message is created, often in addition to new content. This is causing message dilution to the customer, which ultimately means not much of the information is resonating with the targeted customers.

The piecemeal approach to communication for Loveland Water and Power has ultimately led to message dilution. To effectively correct the problem, stepping back and taking a strategic, overarching approach to the communication of this information will create a platform that leads to greater success when connecting with customers.

Suggested action items to achieve the outlined goals above:

Streamline content and appearance:

- Start with identifying main areas of focus for Loveland Water and Power, and then group all existing programs and information into those areas. Suggestions include: the general mission, water and energy conservation, general safety, and quality programs.

- Once the main focus areas have been identified, rewrite/condense the web content, and use that for all subsequent communications. Streamline the content to be concise, create key phrases and talking points for each area, and most importantly, create content that will be consistent across all other forms of communication.
- Be consistent when referring to Loveland Water and Power as such, and create one consistent way to present Loveland Water and Power in conjunction with the City of Loveland's logo.
  The following is a good example:

- Create templates that can be used with each identified focus area. These templates can have slight modifications for each targeted focus area, but should be consistent in the visual presentation that runs through all materials coming from Loveland Water and Power.

Increasing Community Outreach and Engagement

- Identify targeted groups of customers and tailor messages and images to relate to them. Suggested target groups, based on the likelihood of their being interested in current and future Loveland Water and Power programs, are as follows:
  - Families with children
  - All customers age 18-45
  - Customers who currently have opted in or participate in at least one program of Loveland Water and Power
  - Customers who opt into digital options to receive information from Loveland Water and Power
- Create targeted messaging focused on encouraging these groups of customers to engage in additional programs and services from Loveland Water and Power
- Create a digital outreach plan to engage that targeted group. Include email and social media in the plan

- Create a targeted community outreach plan that includes direct mail, digital options, targeted outreach and education to engage specific customers in Loveland Water and Power's programs.

Next Steps:

- Rework all content in The Loveland Water and Power area of the website, to ensure it is clear, concise, and incorporates the findings of these efforts based on what appeals to customers. This content can then be used in all other marketing materials.
- Work with a graphic designer to create templates that can be used for all communications from Loveland Water and Power that give it a consistent, professional look and feel.
- Create a community outreach plan incorporating the outlined objectives above to increase participation in programs and services provided by Loveland Water and Power.
    - Goals for increased participation in 2014:
        - 3% increase in participation in the Home Energy Assessments/Audits
        - 5% increase in participation all other residential programs
        - 1% increase in participation in commercial program
    - Goals for increased community outreach and awareness in 2014:
        - Increase Social Media reach by 500 likes on Facebook
        - 10 % increase in community outreach—including schools, community events, and direct customer outreach
        - Create email opt-in that allows customers to get information from Loveland Water and Power in a form other than paper mail.

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Appendix A

Outlined below is a collection of the different messages for each program (or content area), general messages from the program, along with notes that identify further information that may cause customer confusion, as well as thoughts for potential clarification.

General Messaging for Loveland Water and Power

Overview of LWP:

Loveland Water and Power is a municipally owned utility providing Loveland customer's power, water and wastewater utility needs.

Our Mission

Loveland Water and Power's mission is to add value serving the community's utility needs for today and tomorrow by:

- Providing quality customer service
- Providing reliable service
- Planning for the future
- Being environmentally sensitive
- Offering safe and secure utilities at competitive rates
- Being fiscally responsible

Our Vision

Loveland Water and Power's vision is to be recognized by the community for excellence and integrity in providing long-term customer satisfaction and reliable service

General Messages:

Loveland Water & Power, your community utility

Loveland Water and Power is a municipally owned utility providing Loveland customer's power, water and wastewater utility needs

Loveland Water and Power is your municipal utility

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Loveland Water and Power Program Messaging

Residential Education Assistance Program

Existing Messages:

Supporting local schools by providing funding for programs and projects focusing on the importance of using energy wisely and renewable energy.

Source: Pamphlet A

Source: City of Loveland Sustainability Plan
http://www.cityofloveland.org/modules/showdocument.aspx?documentid=12415

The Energy Education Assistance Program (EEAP) supports and encourages schools and classrooms to provide students and faculty an unbiased and comprehensive overview of energy efficiency and renewable energy in Loveland.

Source: http://www.cityofloveland.org/index.aspx?page=1862

Notes: When looking for this information, it was very difficult to locate, and in the general one line message about the program, there is no communication regarding the program being a grant for schools. Being consistent with the wording, i.e., grant vs. funding, will help with some clarification for the program.

Energy Efficient Lighting Program

Existing Messages:

Providing information about the different lighting options available. Customers can purchase discounted LEDs at participating stores in Loveland (Batteries Plus, Home Depot, Lighting Designs & More, Orchards ACE Hardware, Sam's Club, Wal-Mart).

Source: Pamphlet A

Energy efficient bulbs come in many shapes and sizes. Finding the right bulb for the right application doesn't have to be a guessing game. Here you can find information about a variety of bulbs to help you find the one that makes the most sense for you.

Source: Intro information on http://www.ci.loveland.co.us/index.aspx?page=462)

Additional program through Platte River Power Authority:

Electric Efficiency Program—LightenUP-- Cash Incentives for Energy-Efficient Lighting

Source: Pamphlet I

Notes:

Additional pamphlets that include information on light assistants that don't directly reference the energy efficient lighting program:

"Lighting with a Twist" (pamphlet C)

"Illuminating Facts: Federal Light bulb Legislation" (Pamphlet D)

There are clearly multiple programs that fall under the purview of the Energy Efficient Lighting Program. Ensuring that this messaging communicates all facets of the program for easy understanding and navigating will be key for customer retention.

GreenSwitch

Existing Messaging:

The wind energy program allows customers to purchase energy from a clean renewable source.

Source: Pamphlet A

GreenSwitch: A Clean renewable energy option for Loveland power customers

Source: Pamphlet F

Conflicting/Confusing Messages:

Renewable energy is harnessed from the natural power of the wind, sun and earth to create an energy source that is useful in our everyday lives. It could come from solar, wind turbines, geothermal, biomass generation or small hydroelectric systems.

Currently, Loveland receives its renewable energy for GreenSwitch from 100% wind.

Source: http://www.ci.loveland.co.us/index.aspx?page=212

Notes:

Lacking one clear messaging line about the program. Creation of a streamlined message that communicates the option of wind energy and the environmental benefits of the GreenSwitch program would appeal to the broadest audience.

Home Energy Audits

Existing Messages:

REAP the benefits of HEAP! Up to $500 in Rebates

Comprehensive home energy audit and project implementation assistance. Includes a whole-house audit, Concierge Service, Participating Contractors and available rebate money.

Source: Pamphlet A

The Home Energy Audit Program (HEAP) offered by Loveland Water and Power is here to help you take the next step towards increased home comfort, money savings and energy savings…

Source: Pamphlet G

Source: http://www.ci.loveland.co.us/index.aspx?page=1598

Partnering With Power

Existing Messages:

A free voluntary air conditioner load management program designed to reduce the peak electric demand during the hottest afternoons of the summer when air conditioning is the greatest and the cost of electricity is at the highest.

Source: Pamphlet A

Keep your rates low and the Environment Clean:

Partnering with Power is a free and voluntary program that helps manage Loveland's high demand for electricity. It's a way you can make a big difference in your community while feeling little to no difference in your home.

Source: Pamphlet H

Partnering with Power is a free and voluntary program that helps manage the high demand for electricity during summer months.

Source: http://www.ci.loveland.co.us/index.aspx?page=213

Refrigerator and Freezer Recycling Program

Existing Messages:

Older model refrigerators and freezers typically use twice the electricity as newer models. Now you can save energy, be environmentally responsible and receive a $35 rebate!

Source: http://www.ci.loveland.co.us/index.aspx?page=201

An Incentive offered to remove the secondary refrigerator in the home.

Source: Pamphlet A

$35 Rebate and Free Pick-up for Refrigerator & Freezer Recycling

Source: Pamphlet B

General Messages about the program:

- There are eligibility requirements
- The unit has to be working
- This is a cost savings for the customer
- There is a one-time rebate for the customer to participate in this program

Water Reader Kits

Existing Messaging:

The watt reader is a device that allows you to individually monitor the electric use and assist in identifying the high-energy users. Watt Reader Kits are available for free checkout at the Loveland Public Library.

Source: Pamphlet A

Test how efficient appliances and electronics in your home really are. The watt reader is a handy device that allows you to individually monitor the electric use and assist in identifying the high-energy users.

Source: http://www.ci.loveland.co.us/index.aspx?page=795

Garden-in-a-Box

Existing Messaging:

Helping to simplify wise gardening by providing professional "plant-by-number" designs, a selection of xeriscape plants, planting care instructions, all at a discounted price. Program in partnership with the Center for ReSource Conservation.

Source: Pamphlet A

Loveland Water and Power and the Center for Resource Conservation are offering an easy, fun and affordable way to create beautiful, water-conserving gardens through the purchase of a Garden-In-A-Box kit.

Source: http://www.ci.loveland.co.us/index.aspx?page=886

Note: There is also a Garden-in-a-Box catalog that contains information about this program that comes from ReSource. For consistency purposes, it would make the most sense to draw information from this pamphlet, as its messaging is something that is outside LWP control.

Slow the Flow Colorado

Existing Messaging:

Free Sprinkler inspection program designed to optimize sprinkler operations and be efficient with outdoor use program in partnership with the Center for ReSource Conservation.

Source: Pamphlet A

Slow the Flow Colorado is a free sprinkler inspection program available primarily to residents of participating Colorado water providers. HOA's properties are also eligible for this service. The sprinkler inspections - also known as irrigation audits - are conducted by trained water auditors.

Source: http://www.ci.loveland.co.us/index.aspx?page=943

Note: Slow the Flow Colorado is listed is some places as such and in others, most notability the navigation bar of the website as simply Sprinkler Inspection Program. This inconsistency certainly would cause some messaging confusion for a customer.

Xeriscape

Existing Messaging:

Education around the xeriscape principals—plan ahead, limit terf areas, improve soil, irrigate efficiently, choose low-water use plants, use mulch and maintain landscape. Loveland has two xeriscape demonstration gardens—the Service Center Xeriscape Garden…

Source: Pamphlet A

Xeriscape is an attractive and water efficient landscape. It is a combination of the word "landscape" and the Greek word "xeros," which means dry. Loveland has two xeriscape demonstration gardens, the Jeff Peterson Xeriscape Garden and the Service Center Xeriscape Garden. A Garden-In-A-Box demonstration garden will be installed in the summer of 2011 near the corner of 1st Street and Washington.

Source*: http://www.ci.loveland.co.us/index.aspx?page=931*

Note: The information about the Xeriscape program, like much of the content, launches into a lot of information about the program with little to no catchline or tagline to let the customer know what they are about to read or to encourage them to read at all.

Creating a tagline for this information would be helpful in creating consistent messaging for customers.

Watts in the Water?

When you use water, you often use energy too. Wasting water not only impacts your water bill; it can increase your energy bill.

Source: Pamphlet K

Note: There is information on the website about water saving tips, which the Watts in the Water pamphlet is part of, but there is a clear lack of consistency between the water saving tips from print to the website.

Efficiency Express

EfficiencyEXPRE$$ offers you an easy and flexible way to target energy-savings in your business and reap the benefits of lower energy costs.

Source: Pamphlet J

Budget Billing

The only place this seems to appear is in the COL: A guide to energy savings or in the Utility billing options, but not as a potential program otherwise.

Budget billing is a program established for customers who desire a fixed monthly payment for their utility bill.

Source: http://www.cityofloveland.org/index.aspx?page=529
Source: A Guide to Energy Savings

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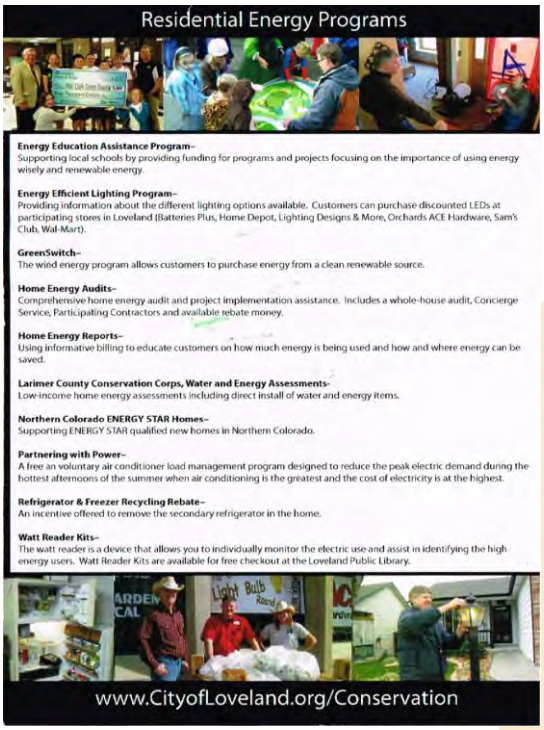
Pamphlet Referenced above:

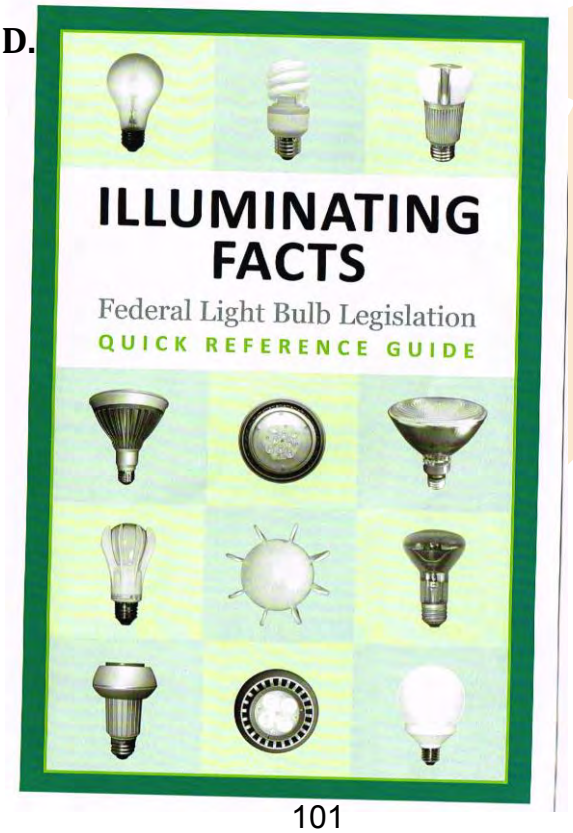
A.



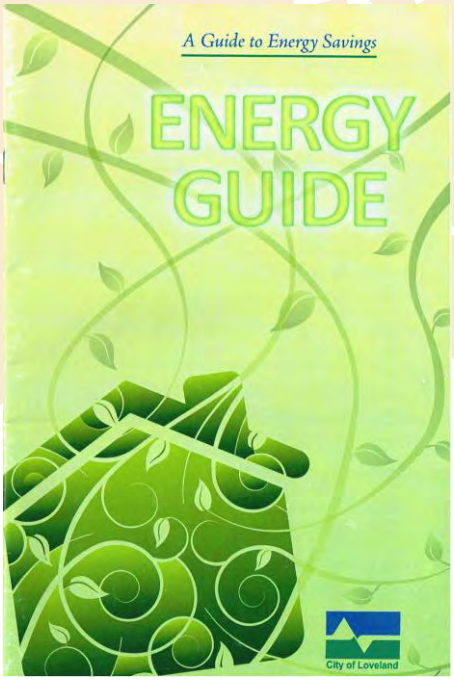
B.

C.

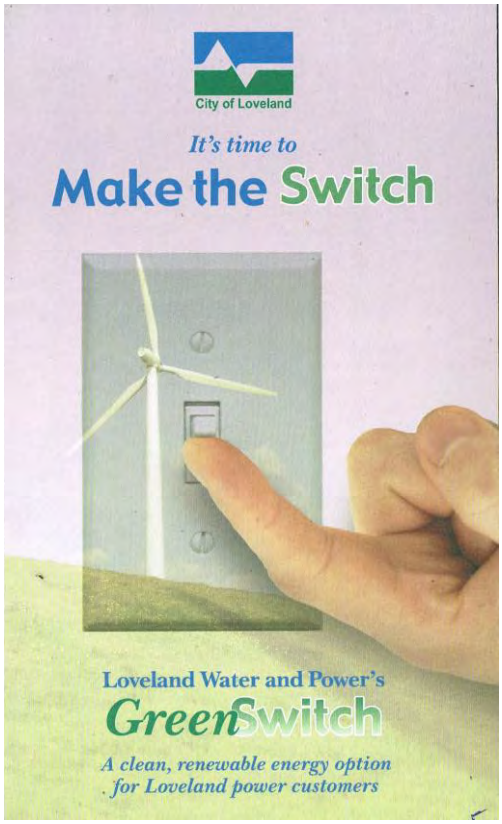
D.



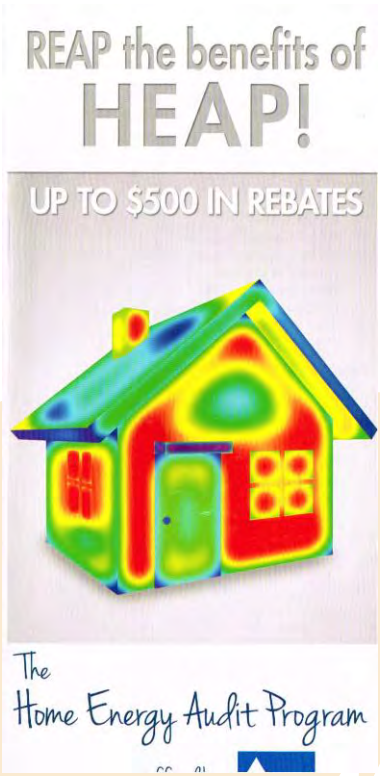
E.



F.


City of Loveland
It's time to
Make the Switch
Loveland Water and Power's
GreenSwitch
A clean, renewable energy option
for Loveland power customers

G.


REAP the benefits of
HEAP!
UP TO $500 IN REBATES
The
Home Energy Audit Program

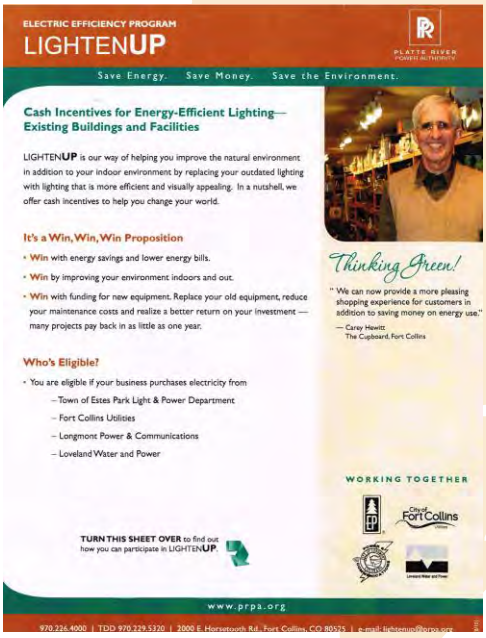
K.


WATTS
IN THE
WATER?
RESIDENTIAL
When you use water, you often use energy too.
Wasting water not only impacts your water bill;
it can increase your energy bill.
Learn ten things you can do in your home to
conserve water and energy and start saving!
SAVE WATER. SAVE ENERGY.
Loveland Water and Power
www.cityofloveland.org/conservation

H.


Partnering with Power
Keep your rates low
and the
environment clean!
Loveland Water and Power

I.


ELECTRIC EFFICIENCY PROGRAM
LIGHTENUP
PLATTE RIVER POWER AUTHORITY
Save Energy. Save Money. Save the Environment.
Cash Incentives for Energy-Efficient Lighting—
Existing Buildings and Facilities
LIGHTENUP is our way of helping you improve the natural environment in addition to your indoor environment by replacing your outdated lighting with lighting that is more efficient and visually appealing. In a nutshell, we offer cash incentives to help you change your world.
It's a Win, Win, Win Proposition
• Win with energy savings and lower energy bills.
• Win by improving your environment indoors and out.
• Win with funding for new equipment. Replace your old equipment, reduce your maintenance costs and realize a better return on your investment — many projects pay back in as little as one year.
Who's Eligible?
• You are eligible if your business purchases electricity from
– Town of Estes Park Light & Power Department
– Fort Collins Utilities
– Longmont Power & Communications
– Loveland Water and Power
TURN THIS SHEET OVER to find out how you can participate in LIGHTENUP.
Thinking Green!
" We can now provide a more pleasing shopping experience for customers in addition to saving money on energy use."
— Carey Hewitt
The Cupboard, Fort Collins
WORKING TOGETHER
City of Fort Collins
www.prpa.org
970.226.4000 | TDD 970.229.5320 | 2000 E. Horsetooth Rd., Fort Collins, CO 80525 | e-mail: lightenup@prpa.org

J.


EfficiencyEXPRES$
YOUR FAST TRACK TO ENERGY AND COST SAVINGS.
Save Energy. Save Money. Save the Environment.
EfficiencyEXPRES$ offers you an easy and flexible way to target energy-savings in your business and reap the benefits of lower energy costs. With one quick visit from an EfficiencyEXPRES$ representative, you could be well on your way to saving energy and money.
Here's How it Works:
STEP 1 — Plan to Save
• An EfficiencyEXPRES$ representative will conduct a free quick visit to your business to identify top energy-saving measures. A list of energy-saving and money-saving recommendations will be generated for your review.
STEP 2 — Start Saving
Turn the efficiency recommendations into actions by completing one or more of the following:
• Tune-up: Have your building's heating, cooling, or other systems tuned up for a fraction of the cost.
• Efficiency upgrade assistance: Get moving right away with an efficiency upgrade project involving lighting, refrigeration or other high-efficiency equipment. An EfficiencyEXPRES$ representative will help you get the project done right and apply for available rebates.
Who's Eligible?
Your business may be eligible to participate in EfficiencyEXPRES$ if:
• You purchase electricity from Loveland Water and Power.
• Your business is on a commercial electric rate.
• Your building or space is less than 50,000 square feet.
• You own your building, or you lease and have permission from your building's owner to participate.
TURN THIS SHEET OVER to find out how you can participate.
Your Opportunity!
Waiting for the right time to improve the energy efficiency of your business? Don't miss out on this opportunity.
EfficiencyEXPRES$ can save energy and money if:
• You want to lower your electric bills and don't know where to start
• You think your building is wasting energy and you just don't have the time or resources to deal with the problem
• You're ready to make energy-saving changes and need technical or financial support
• You want to "green" your business and achieve real results
WORKING TOGETHER
Loveland Water and Power
PLATTE RIVER POWER AUTHORITY
www.cityofloveland.org/EfficiencyExpress

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Appendix B: Customer Input Results

Customer Survey Results: Customers of Loveland Water and Power at various community outreach events took the following survey over the course of June, July and August 2013.

1. Communication of available program options to its customers?
Number of Respondents **84**
Respondents answers (in percentages):

75	17	7	1	0
Very Satisfied	*Satisfied*		*Dissatisfied*	*Very Dissatisfied*

2. Meeting Growing Environmental Demands?
Number of Respondents 80
Respondents answers (in percentages):

43	41	14	3	0
Very Satisfied	*Satisfied*		*Dissatisfied*	*Very Dissatisfied*

3. Fair and competitive rates compared to other municipal utilities?
Number of Respondents 82
Respondents answers (in percentages):

51	30	15	2	1
Very Satisfied	*Satisfied*		*Dissatisfied*	*Very Dissatisfied*

4. Reliability of the service?
Number of Respondents 84
Respondents answers (in percentages):

74	21	2	1	1
Very Satisfied	*Satisfied*		*Dissatisfied*	*Very Dissatisfied*

5. Customer service responding quickly and positively to your concerns
Number of Respondents 84
Respondents answers (in percentages):

58	18	20	1	2
Very Satisfied	*Satisfied*		*Dissatisfied*	*Very Dissatisfied*

6. Overall, as a customer of Loveland Water and Power, how would you rate your experience?
Number of Respondents **83**
Respondents answers (in percentages):

69	23	6	2	0
Very Satisfied	*Satisfied*		*Dissatisfied*	*Very Dissatisfied*

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Focus Group Results

To get a better understanding of what Loveland Water and Power customers believe about the content and visual messages that are communicated to them,, two focus groups consisting of a total of 14 people were held on August 1, 2013. These groups were made up of 6 women and 8 men.

Below are the raw answers collected from the participants of the focus groups:

What has been your experience with Loveland Water and Power?
Leak in property, would be nice to have a trigger when usage goes up over normal.
Good cold glass of water. Had a solar system in starting 1981-- would like to put something like on home in Loveland
Wasn't communicated about water problem for at least 2 months and had health problem that was affected by it. Wanted to know if there is a better way to communicate this more quickly.
Called about water shut-off is the only experience besides paying the bill every month. Found out there is older infrastructure in Loveland and while it seems like there is a plan, understands there is a demand for funding at this time
Happy-- people come out quickly. LWP helped with large bill when there was a leak-- would be nice for customers to know if there bill suddenly spikes in an unusual way.
Only experience is power going out a few small times-- power lines below ground are nice. With power out, can't use your computer, and didn't know where to call when power went out. Perhaps a magnet or something. Reverse calling to people about service outages.
What do you understand about municipal utility? How does it affect your rates
Because of the proximity to the mountains Loveland has lower rates
Having government run water and power makes it more accountable to the customer-- not about making a profit, about making responsible use of the revenue. Held accountable to taxpayers
Having the city run the utility makes it more transparent
Having it all in the city seems like an economical way to do it-- comparable other cities they have lived in that utilities have cost much more.
Municipal utility in Houston was much more expensive-- water and maybe power were as much as mortgage payment. It all came through taxes.
Assume rate changes come from the city council specifically
Assumption we are not worried about Fort Collins or Longmont-- run locally

Understanding of how Loveland Water and Power is funded-- both capital and program costs
Totally funded by user fees, and think that some other city money goes into it-- not totally sure, but think tax dollars do play a role
Grants are where there is a problem-- relying on the federal government is a problem
Business within a business. Run separately from the city. It is an Enterprise Fund that is run like the golf courses in Loveland and the customers are the ones that support it.
How important is it that LWP focus on programs that focus on conserving?
Scheduling day for lawn-- followed last year, but not this year
Most people are aware and try and conserve
City doesn't seem to waste
Conservation is a 5 or 6 on a scale of 10-- recycling doesn't seem to do any good for the cost that is invested in. Don't want any government entity telling what they have to do. UN Agenda 21 is a problem and there is a green motive behind
Conservation doesn't really hit me, I understand the importance, but we get it flowing from the mountains. Imposed mandatory restrictions are not ok, if I want to water something I am going to water it
Against smart meters-- intrusion into home is huge and not ok, all sorts of health problems are associated, and wants Loveland Water and Power to know that smart meters are not ok
Not aware of anything
Things must change. Look at more xeriscaping as a great program. Change HOA rules to allow more xeriscaping.
How does LWP do currently in educating customers about conservation efforts?
Opt-out or opt-in capability to info in different forms from LWP-- put some burden on the customer to choose what option they would like and have LWP be able to respond to that
Not everyone pays their own bill-- in turn has access to the newsletter
Create the newsletter as an electronic option
Would like the information to be available electronically-- she doesn't get the bill so she doesn't see the newsletter- cost savings for newsletter
Reads the newsletter cover to cover-- give LWP a 3 on a scale of 10 in communicating conservation programs
Do a good job if you read the letter. People do not read. Short enough that they will read it-- in the real world how do you get information to them? So many options in today's world.
Of the images on the screen which do you recognize and what is your initial response to the images

Education moment a great place to start for awareness of resources
Feel terrible if thousands of dollars have been spent on these marketing images, as I don't recognize any of them
For any of the images, just erase the word green
Like the one with the people, people attract people, make sure there is a lot of contrast, make sure fonts are clean and simple-- The Housing Audit Program is a good start
Many of the images are associated with green-- which can at times have a negative connotation
To detail to really communicate a message
Watts- is a confusing message
Disagree with the save the environment, don't buy the propaganda that the whole word is going to crumble
Watts in the water is very confusing, Glow is cute-- reaches all generations, great to appeal for education programs
Connecting Water/Energy conservation with money savings-- connect with people's self interest
Associated with LWP programs
Water guy is very confusing sends an unclear message
Slow the flow is clear, lighten up is clear-- clear messages to get to what you want with words
What is your response to the following statement explaining Loveland Water and Power?
Loveland Water and Power Your Community Utility
Direct Control, don't have to worry about profits, consistency and quality
Community is more inclusive
Loveland Water and Power is a municipally owned utility providing Loveland customer's power, water and wastewater utility needs
Too Long, wordy, says it all explain it all, Waste water is something people don't think about, storm drainage, very exclusive, opposed to inclusive
Loveland Water and Power your Municipal utility
Cold, government, unfriendly
Cold, have to go to city hall and argue with someone
Looking at parts of the Loveland Water and Power Mission Statement, how do you feel they are doing in communicating it to their customers

Providing Quality Customer Service
Up front about providing
Just by doing it
People say that we have a great utility commission, with a lot of experience
Tap water tastes really good here
Health of Customers should come first, quality is life and death and should be the foremost important thing
Provide Reliable services
An assumption
Plan for the future
Not communicated
In the newspaper and newsletters but you have to read it all
Don't know the time table for when we will run out of water
Conservation and infrastructure are part of planning for the future
Confused this spring for water rationing-- do we have water rationing or do we not
Environmentally Sensitive
Message has to be communicated to people that the supply of water is not infinite
Balanced Common sense approach, environmental can be a politically charged word, communicate it as a reasonable intelligent approach
Recyclebank is huge
Environment comes pretty well loaded- change in educational,
Electric bill appears to your neighbors-- helpful
Some people don't understand the need to change habits-- water lawn, air condition when on vacation
Educate them on that fact that the problem actually exists
Competitive Rates
Yes have had good stewardship and seems that they show
Only know through comparison of living in different places
Should brag about how low the rates are
Other places come into your home too

Potentially things come in the mail that are part of the home energy audit, that people are not aware of
A solar company wouldn't deal in Loveland
Fiscally responsible
We're looking ahead, did need to
Keep the rates reasonable and low
Conservation Programs-- Which ones are you familiar with, and which ones have you used?
Had heard of a few but really couldn't articulate
Nice to have some sort of "proof" for GreenSwitch on her bill
Partnering with Power
GreenSwitch
Willing to participate in programs that save family money
We conserve as individuals, but not interested in a program that turns off and on
Pick a few, and push them regularly, too many options might deter people from doing anything-- simple if its possible
Water Saving Money Saving
Xeriscaping is attractive
Communicate that they make your life easier
Appeal to self-interest when getting people interested in the programs
Wife takes care of the bills-- so if could opt in to newsletter in a different way would be great, email
It is a lot of options and programs
Pick one or two areas each month and concentrate information to customers
Have something very graphic for water use so people understand. Education to children so we start at a young age.
We don't realize how much we use, because it isn't put into context
Final Comments
Thank you for listening to us

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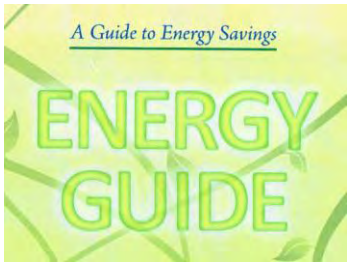
Slides Referenced During the Focus Groups:

A.

B.



C.

D.

A.

B.

C.

D.

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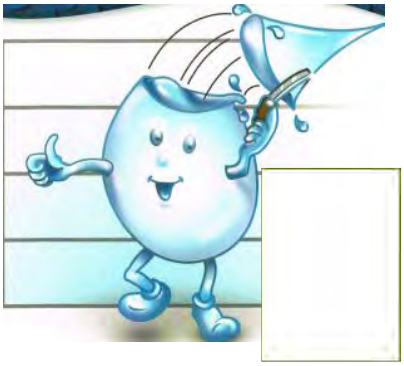
A. LIGHTEN UP

B. 

C. SLOW the FLOW COLORADO

When you hear…

- Loveland Water and Power, your community utility
- Loveland Water and Power is a municipally owned utility providing Loveland customer's power, water and wastewater utility needs
- Loveland Water and Power is your municipal utility

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Loveland Water and Power's mission is to add value serving the community's utility needs for today and tomorrow by:

- Providing quality customer service
- Providing reliable service
- Planning for the future
- Being environmentally sensitive
- Offering safe and secure utilities at competitive rates
- Being fiscally responsible

Have you heard of the following programs :

- Residential Education Assistance Program (1 person)
- Energy Efficient Lighting Program (2 people)
- GreenSwitch
- Home Energy Audits
- Partnering With Power
- Refrigerator and Freezer Recycling Program
- Water Reader Kits
- Garden-in-a-Box
- Slow the Flow Colorado
- Xeriscape
- Watts in the Water?
- Efficiency Express
- Budget Billing
- Home Energy Reports
- Building Tune-up
- Lighten-up

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Have you used any of the following programs:

- Residential Education Assistance Program
- Energy Efficient Lighting Program
- GreenSwitch
- Home Energy Audits
- Partnering With Power
- Refrigerator and Freezer Recycling Program
- Water Reader Kits
- Garden-in-a-Box
- Slow the Flow Colorado
- Xeriscape
- Watts in the Water?
- Efficiency Express
- Budget Billing
- Home Energy Reports
- Building Tune-up
- Lighten-up

City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 3
MEETING DATE: 11/20/2013
SUBMITTED BY: Kim O'Field, Technical Specialist

TITLE: Electrical Equipment Color/Painting Policy

DESCRIPTION:
The purpose of this item is to provide a draft copy of the proposed Electrical Equipment Color/Painting Policy to LUC for review.

SUMMARY:
In response to recent customer inquiries regarding pieces of electrical equipment owned by the City but residing on or near customer property, the Power Division has drafted an internal policy. For the development of this internal policy, City staff has reviewed the equipment painting programs for neighboring communities and evaluated our internal operational resources for equipment maintenance. The purpose of this policy is to maintain consistent customer response as inquiries arise.

RECOMMENDATION:
Discuss this internal policy and provide feedback to staff for their continuing development of this internal policy.

REVIEWED BY DIRECTOR: MS for SA

ATTACHMENTS:
Draft of Electrical Equipment Color/Painting Policy

Loveland Water and Power

Internal Policy (IP)

IP: Electrical Equipment Color/Painting Policy
Power Division
Effective: 11/7/13

I. PURPOSE:

The City of Loveland's electrical equipment is designed to withstand a broad range of environmental conditions and is designed to operate for a minimum of 40 years. A key component is the external housing of the equipment which includes the type and color of the paint along with decals, stickers and other markings. The color of the paint can greatly impact the heating of the internal components and can cause premature failure when not carefully controlled. The type of paint is also important in that it provides protection to UV and corrosive agents that degrade the integrity of the equipment over time.

II. POLICY:

All City of Loveland electrical equipment shall be maintained in the color listed in the Material Specification for that equipment. The only exception shall be if the piece of equipment has been selected by the City of Loveland Visual Arts Commission's Transformations Project. Designs for the equipment selected for Transformations Projects shall be inspected and approved by the Power Division to ensure that the proposed color scheme will not adversely affect the equipment and lead to premature failure or degradation of the equipment housing integrity. The Power Division will base this evaluation solely on the effect of heat absorption and equipment integrity without regard for the artistic design.

The City of Loveland owns and is responsible for maintenance of all electrical equipment on its system. If a piece of electrical equipment has damage due to graffiti, fading paint, nicks, or any other surface damage; a qualified City of Loveland employee or a qualified City of Loveland contractor shall repaint the equipment in the appropriate color listed in the Material Specification for that equipment. Painting, otherwise marking or obstructing any electrical equipment is prohibited, regardless of where the equipment is located.

III. AUTHORIZATION:

_____ **Date:** _____

Bob Miller, Power Operations Manager

City of Loveland

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200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 4
MEETING DATE: 11/20/2013
SUBMITTED BY: Steve Adams, Director MS for SA

TITLE: 2013 Flood Update for the Water & Power Department

DESCRIPTION:
Staff will provide an update on the status of flood recovery efforts.

SUMMARY:
Staff will report on the flood related work that has been performed and the flood related issues currently being worked through during the last month.

RECOMMENDATION:
Staff report only. No action required.

REVIEWED BY DIRECTOR: MS for SA

City of Loveland

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(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 5
MEETING DATE: 11/20/2013
SUBMITTED BY: Larry Howard, Senior Civil Engineer – Water Resources

TITLE: Water Supply Update

DESCRIPTION:
Summary of 2013 water year and early projections for 2014.

SUMMARY:
Staff is pleased to report that Loveland's 2013 Water Year ended strong. On November 1, 2013, Green Ridge Glade was 100% full. In addition to having enough supply to satisfy Loveland's 2013 unrestricted municipal demand, the city leased slightly under 2,000 acre-ft of C-BT water to the local agricultural community. These leases generated nearly $60,000 of revenue.

Northern Water staff recently stated that the C-BT reserves are currently at a 50% quota equivalent, in addition to the 50% quota set on November 1st, and are confident that the 2014 quota will not be supply limited again. Due to Northern Water's Board of Directors expanding the 2013 carryover program, Loveland was also able to carryover 4,100 acre-ft of C-BT water to 2014. Loveland's Windy Gap account currently holds 1,929 acre-ft and, due to the 2013 flood filling the Frasier River reservoirs above Windy Gap, will most likely pump again in 2014.

While it is too early to know what the winter snowpack will look like this year, our most conservative 2014 water supply projections show us able to supply an unrestricted municipal demand and again fill Green Ridge Glade Reservoir by the end of the water year.

RECOMMENDATION:
Staff report only. No action required.

REVIEWED BY DIRECTOR: MB for SA

ATTACHMENTS:

City of Loveland

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WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 6
MEETING DATE: 11/20/2013
SUBMITTED BY: Steve Adams, Director MS for SA

TITLE: Commission/Council Report

DESCRIPTION:
Discuss events that the Loveland Utility Commission Board members attended and any City Council items related to the Water and Power Department from the past month.

SUMMARY:

- Net Zero Cities in Fort Collins, Colorado – October 23 – 24, 2013
- 24th Annual South Platte Forum in Longmont, Colorado – October 23 – 24, 2013
- Northern Water Fall 2013 Water Users Meeting in Longmont, Colorado - November 6, 2013
- Business Innovation Fair in Loveland, CO – November 20, 2013

RECOMMENDATION:
Commission/Council report only.

REVIEWED BY DIRECTOR: MS for SA

City of Loveland

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AGENDA ITEM: 7
MEETING DATE: 11/20/2013
SUBMITTED BY: Steve Adams, Director MS for SA

TITLE: Director's Report

SUMMARY:

- **December Customer Relations Calendar –** Please see attachment A for the December 2013 Customer Relations schedule of events. – Gretchen Stanford

- **Water Conservation Plan Update** – On October 22, 2013 the Loveland Water and Power Water Conservation Plan was approved by the Colorado Water Conservation Board. Loveland Water and Power is now in compliance to the prevailing state statutory requirements according to Colorado's Water Conservation Act of 2004 (HB 1365). See attachment B. - Lindsey Bashline

- **Halloween Family Fun Festival** – Loveland Water and Power (LWP) participated in the Halloween Family Fun Festival on October 26, 2013. LWP had a booth with a game and gave out candy to community members who came to trick-or-treat. – Lindsey Bashline

- **Business Innovation Fair** – The Business Innovation Fair will be held on November 20, 2013 and is a regional event sponsored by Loveland Water and Power, City of Fort Collins and Platte River Power Authority. Environmental professionals and business leaders will share ideas and strategies about efficient, sustainable business practices and post flood plans. This event is a follow-up to the Net Zero Cities conference held in October. To learn how to register for this free event and see the agenda, please see attachments C and D. – Tracy Hewson

- **Drive Electric Northern Colorado (DENC) Nominated for 2013 Outstanding Non-Profit Award** - Each year, staff from the Sustainable Living Association and its Board of Directors select five non-profits from Northern Colorado as finalists to receive the Outstanding Non-profit Award. Less than a year after its launch, DENC was selected as a nominee out of the many non-profits doing amazing work in Northern Colorado. – Gretchen Stanford

- **City of Boulder Status of Electric Utility –** There were two ballot initiatives impacting the viability of Boulder's efforts to municipalize their power utility. See attachments E, F, and G for articles which provide background information and the results of the November 2013 election on these ballot initiatives. – Steve Adams

- **48" Diameter Water Transmission Line Contracts** – The City will be replacing the damaged 20" diameter and 36" diameter water transmission lines with a single 48" diameter water transmission line. Due to long lead times on steel piping materials, we will have two bidding stages for this project. The first bidding stage is for the steel pipe materials with a tentative bid opening date of December 12, 2013. The second bidding stage will be for the installation of the pipe and is currently scheduled to occur in late January or early February 2014. In order to allow sufficient time to obtain the steel piping materials, the LUC will need to approve the materials contract in December 2013 either during a regular LUC meeting or through voting by email/phone if the December 2013 LUC meeting is cancelled. In either case, LUC board members will receive adequate information to be able to make an informed decision on this contract award. Staff will provide the LUC with an agenda item coversheet which will outline the type of materials, contract amount and name of the contract award recipient along with the names of the other bidders. – Roger Berg

RECOMMENDATION:
Director's report only.

REVIEWED BY DIRECTOR: MG for SA

Customer Relations Event Calendar

December

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12 Annual Key Accounts Meeting	13	14
15	16	17	18	19	20	21
22	23	24	25 CHRISTMAS DAY Closed	26	27	28
29	30	31				

2013

Attachment A

Attachment B

STATE OF COLORADO

Colorado Water Conservation Board
Department of Natural Resources
1313 Sherman Street, Room 721
Denver, Colorado 80203
Phone: (303) 866-3441
Fax: (303) 866-4474
www.cwcb.state.co.us

October 28, 2013

Mr. Steven C. Adams
Director, Department of Water & Power
City of Loveland
200 N. Wilson Avenue
Loveland, CO 80537

Dear Mr. Adams:

On October 22, 2013, the Colorado Water Conservation Board (CWCB) received a locally adopted Water Conservation Plan from the City of Loveland for review and approval. The CWCB's Office of Water Conservation & Drought Planning (OWCDP), has determined the Plan to be in accordance with §37-60-126 and the CWCB's Guidelines for the Office to Review Water Conservation Plans Submitted by Covered Entities. The Plan is hereby ***approved*** and Loveland may proceed with its implementation.

The Plan will be kept on file at the CWCB and shall be accessible to the public through our website and the Water Resource Information Center. The Plan will also be made available to the Colorado Water Resources & Power Development Authority and the Finance section within the CWCB should you apply for a loan from either agency.

As Loveland begins implementing the conservation measures outlined in the Plan, please know that the CWCB staff will be available to provide technical and financial assistance.

Thank you again for all your efforts in developing a Water Conservation Plan. Should you have any questions or need additional assistance, please feel free to contact Kevin Reidy at 303-866-3441 ext 3252.

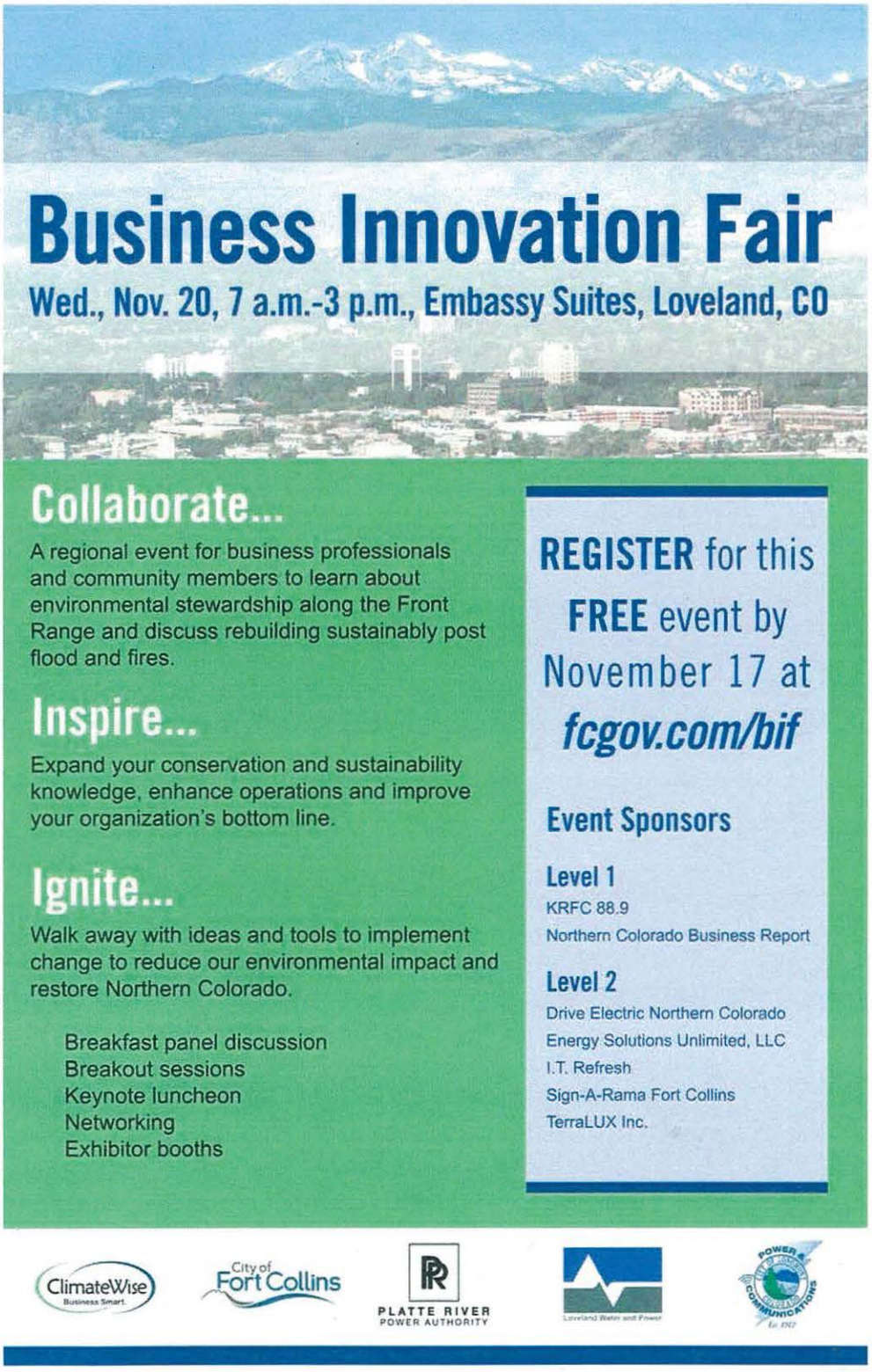
Sincerely,

Rebecca Mitchell

Rebecca Mitchell
Section Chief, CWCB Water Supply Planning

cc: Lindsey Bashline, Customer Relations Specialist, City of Loveland
Tracy Bouvette, Consultant
Mike Brod, Colorado Water Resources & Power Development Authority
Kirk Russell, Colorado Water Conservation Board

Attachment C



Attachment D

Business Innovation Fair

Wed., Nov. 20, 7 a.m.-3 p.m., Embassy Suites, Loveland, CO

Join environmental professionals and business leaders at the regional Business Innovation Fair on November 20 at the Embassy Suites in Loveland. Exceptional learning and networking opportunities will expand your conservation and sustainability knowledge, enhance operations and improve your organization's bottom line. An additional component this year will include rebuilding sustainably post flood and fires.

The event will help environmental practitioners, non-profit and community organization representatives, business professionals, and environmental advocates of all backgrounds respond to opportunities and challenges, and explore applications in operational sustainability.

Agenda

7-8 a.m.	Registration / Exhibitor Showcase / Buffet Breakfast / Networking			
8-8:10 a.m.	Opening Remarks – *Mayor Karen Weitkunat, City of Fort Collins*			
8:10-9:15 a.m.	**Net Zero Cities Vision, Rebuilding and Beyond:** Panel Discussion with City and County Managers *Cities of Estes Park (invited), Fort Collins, Longmont (invited), Loveland and Larimer County* - Moderator: Judy Dorsey, Principal, The Brendle Group			
9:15-9:20 a.m.	Event overview – *Kathy Collier, Program Manager, City of Fort Collins ClimateWise program*			
9:20-9:30 a.m.	Break			
	Sustainable Planning and Building	**Transportation's Future**	**Waste Reduction**	**Awareness and Leadership**
9:30-10:30 a.m.	High Impact, Low Cost Renovations and Retrofits Renee Sherman, Sherman Design April Brown, Institute for the Built Environment Sid Doering, Gallegos Sanitation, Inc. - Moderator: Josie Plaut, Institute for the Built Environment	Boost Your Business with Plug-in Electric Vehicles: Fleet Transition Ben Prochazka, Electrification Coalition Steve Kibler, City of Loveland Tracy Ochsner, City of Fort Collins Operation Services Dave Ryan, The Maids Jim Burness, Clear Energy	A Regional Perspective on Waste Reduction Marjie Griek, Colorado Association for Recycling Tyler Bandemer, City of Loveland Susie Gordon, City of Fort Collins - Moderator: Caroline Mitchell, City of Fort Collins - Sustainability Services	Earth, Air, Fire, Water Understanding Climate Change: Global and Local Perspectives Dr. Scott Denning, Colorado State University Dr. Nolan Doesken, Colorado State Climatologist
10:30-11 a.m.	Break: Hors d'oeuvres / Exhibitor Showcase / Networking			
11 a.m.-12 p.m.	Steps to a Healthier Business: Indoor Air Quality, mold, asbestos, etc. Rick Fatur, Colorado Department of Public Health and Environment Laura Shumpert, Colorado Department of Public Health and Environment Brian Woodruff, City of Fort Collins Sustainability Services	Rebuilding Resiliency: Transportation Infrastructure, Green Streets and Stormwater CDOT Infrastructure Recovery Force (invited) Aaron Iverson, City of Fort Collins Transportation Planning Basil Hamden, City of Fort Collins Stormwater Chris Matkins, City of Loveland Water Division Manager	The Nuts and Bolts of Zero Waste: Key Elements Happening on the Ground Caroline Mitchell, City of Fort Collins - Sustainability Services Various speakers	Jump-Start Culture Change in your Organization Dr. Jeni Cross, Colorado State University
12-12:30 p.m.	Buffet Lunch /Exhibitor Showcase /Networking			
12:30 -1:30 p.m. --- 1:30-2 p.m.	*Keynote Speaker: Peter Rusin, Residential Program Manager, Colorado Energy Office* **Building Resiliency Together: New improved roads, buildings and communities** The Colorado Energy Office is collaborating with DOLA , FEMA and local communities to develop a plan and long-range vision on rebuilding efforts. Learn about the efforts the state is taking to sustainably rebuild in our region and participate in the conversation. --- **Summary & Steps You can Take Now** *NREL (invited) & Platte River Power Authority* *Jackie Sargent, General Manager, Platte River Power Authority*			
2-3 p.m.	Networking / Exhibitor Showcase			

Hosted by: City of Fort Collins; Power & Communications City of Longmont Colorado Est. 1912; City of Loveland; ClimateWise Business Smart.; Platte River Power Authority

Attachment E

PublicPowerDaily
A daily news service of the American Public Power Association

Tuesday, November 5, 2013

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Boulder residents to vote today on opposing ballot initiatives on creation of a municipal utility

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Xcel Energy, the investor-owned utility that serves the city of Boulder, Colo., has contributed half a million dollars in the last two months to a group campaigning for Question 310, a Nov. 5 ballot initiative that would make it more difficult for the city to move forward with its plan to form a municipal electric utility. By today -- the day of the election -- Xcel is expected to have made another contribution of $195,000, bringing the total to $695,000, the local newspaper reported. Meanwhile, Boulder received a report from a consultant affirming that creation of a city-owned electric utility would be a viable way of meeting the community's energy goals.

The *Boulder Daily Camera* reported in late September that the Xcel Energy had made a contribution of $300,000 to the group, called Voter Approval of Debt Limits. The private utility made another contribution of $200,000, the newspaper reported on Nov. 1, noting that Oct. 31 was the last day that groups had to file campaign finance contributions before the election.

Boulder voters today will face two conflicting ballot initiatives.

Ballot Question 2E was placed on the ballot by the Boulder City Council. It would amend the city charter to put a limit of $214 million on the amount of debt Boulder could issue to acquire Xcel's distribution system (and to pay any stranded costs demanded by Xcel).

Ballot Question 310 was placed on the ballot as the result of a citizens' petition backed by Xcel Energy. It would require the city, before it could issue any debt to form a municipal utility, to receive approval from voters; and would stipulate that such an election could be held only in an odd-numbered year.

The city said the following three outcomes are possible as a result of today's election:
1. One measure passes and the other one fails;
2. Both measures pass; or
3. Both measures fail.

If the City Council-backed measure has the most votes, the petitioned initiative will not take effect, the city said. If the petitioned initiative has the most votes, both measures will be in effect, but where they conflict, the measure with the most votes will prevail.

If both measures fail, the City Council would have authority to issue bonds to create a local electric utility, if certain conditions can be met. However, the City Council has said it "would seek to understand the intentions of voters and determine how to proceed at that time."

In late July, the Boulder City Council voted to begin condemnation proceedings to acquire the local electricity distribution system from Xcel. In August, the council affirmed that decision, voting again to move forward with efforts to buy Xcel's poles, wires and other facilities.

Boulder has been studying options for a more locally controlled, greener energy future for the last two years. Residents of the Colorado community approved two ballot measures in November 2011 that authorized the city to continue to explore the possibility of buying Xcel Energy's distribution system and forming a city-owned utility.

In July, an independent evaluator said Boulder is likely to be able to offer rate parity with Xcel at the outset and also over a 20-year period. (See *Public Power Daily*, Aug. 26.) The city received a second report in mid-October from the evaluator, PowerServices Inc., affirming its earlier finding that the city's findings were "sound and thorough." The report is available in the energy section of the city's website. —JEANNINE ANDERSON

Attachment F

Boulder utility clears hurdle as voters reject Xcel-backed Question 310

By Erica Meltzer, Camera Staff Writer Boulder Daily Camera
Posted:

DailyCamera.com

Full results

Complete Boulder County and Broomfield election results

Backers of a potential Boulder municipal electric utility cleared a major hurdle Tuesday as voters rejected an Xcel Energy-supported debt-limit measure by a large margin in favor of a competing question placed on the ballot by the City Council.

After all the ballots were counted, the City Council-backed Question 2E passed with 66.5 percent of the vote. The results were nearly reversed for Question 310, with just 31.1 percent of voters casting votes for the measure.

Xcel Energy and Voter Approval of Debt Limits, the group that ran the Yes on 310 campaign, both characterized the vote as a partial victory for their side because the alternative debt-limit measure would not have been on the ballot at all without their efforts.

But municipalization supporters considered the vote a resounding success and said a measure that would have severely hamstrung the utility was defeated.

“We made it really clear that this issue is about our environmental and economic future,” Boulder Mayor Matt Appelbaum said. “This conversation has to continue, and if it can't continue in Boulder, where can it continue?”

The results represent a boost in support for the utility over the 2011 election, when Boulder voters very narrowly authorized the City Council to pursue municipalization if a utility could meet certain criteria.

Appelbaum said the city “did its homework” to demonstrate the feasibility of the utility, and the voters responded with their support.

'Time for a little healing'

John Spitzer, a member of Empower Our Future, the pro-municipalization group working against 310, was ecstatic at the results.

“We are pleased that the margin is so large, and it sends a strong message from the community that municipal electric should move forward,” he said. “More than anything, I think it will discourage Xcel from coming back with another so-called citizen initiative next year.”

At the same time, Spitzer said he hopes Xcel and Boulder can work together in a more cooperative fashion in the future.

“I think it's time for a little healing between Boulder and Xcel,” he said. “Whatever happens, Boulder and Xcel will be working together for the next 30 to 50 years.”

Meg Collins, a member of Voter Approval of Debt Limits, said the results were “a partial win for those of us who want to see voter approval of debt limits.”

“Had we not put Question 310 on the ballot, the city would never have contemplated including the voters in utility debt decisions,” she said.

Xcel Energy spokeswoman Michelle Aguayo said Boulder voters supported the principle of a debt limit for the utility by passing Question 2E.

“While it doesn't provide the same protections that 310 would have or the same voice for county customers, Boulder voters' approval of this measure shows that they are giving serious thought to how much debt they are willing to incur in this effort as they are giving city leaders a limit in spending,” she said. “While we supported (Question) 310, we don't see how the city can acquire Xcel Energy's electric utility for the $214 million cap set by 2E.”

Appelbaum said the question of acquisition costs will be determined in court, but he believes Boulder will not have a problem buying the system.

As for the question of whether voters would have otherwise supported 310, Appelbaum said the margin makes that interpretation “just not credible.”

“When you lose 2-to-1, that means we don't want to stop, we don't want to roll over and play dead,” he said. “That's clear.”

Competing measures

Question 310 was placed on the ballot through the citizen initiative process, with backing from Xcel Energy. The company provided most of the funding for Voter Approval of Debt Limits, the group running the campaign for the charter amendment.

Question 310 would have required a vote on the total debt limit of the city utility and, if the utility service area extends beyond city limits, would require that affected residents in unincorporated Boulder County be allowed to vote in the debt limit election.

Supporters of a municipal utility said 310 would effectively “kill” the nascent enterprise before it even got off the ground. They said the requirement for another vote would complicate the condemnation process because the city needs to be able to pay at least its opening offer to even file. Holding a vote in the county might require changes to state law. And the debt limit would make it difficult to issue bonds for emergency repairs after a natural disaster.

Backers of 310 said it would have created an important layer of accountability in a political environment where the City Council is strongly pro-municipalization.

The City Council placed Question 2E on the ballot to compete with Question 310. Backers of

the utility hoped it would address public concerns about the cost of the utility without putting too many restrictions on debt. It places a $214 million cap on acquisition costs, including stranded costs that would be paid in a lump sum but not including stranded costs that would be folded into rates. Stranded costs would reimburse Xcel for investments in generation capacity that would no longer be needed if Boulder forms its own utility.

Question 2E also provides for county utility customers to serve on the governance board of the utility.

The City Council voted 6-3 in August to move forward toward condemnation of Xcel Energy's distribution system after finding that the utility would meet those conditions and would provide greener energy at similar or lower rates than Xcel Energy.

However, Boulder is also in talks with Xcel to develop alternatives to municipalization that would still provide carbon reductions and that could be implemented statewide.

Heather Bailey, executive director of energy strategy and electric utility development, said the defeat of 310 and the passage of 2E gives the city the flexibility to continue exploring municipalization while recognizing concerns about total costs.

“The additional requirements set by 2E will address concerns about the unknown amounts of acquisition and stranded costs associated with forming a local utility and help define the path the community would like us to take towards creating the electric utility of the future right here in Boulder," she said.

Attachment G

PublicPowerWeekly
A weekly news service of the American Public Power Association

November 11, 2013: No. 45

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Boulder, Colo., municipalization effort gets big boost from voters

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Boulder, Colo., voters gave a significant boost to efforts to form a municipal electric utility, voting by almost two-to-one for a City Council-backed ballot measure and against a competing debt-limit measure pushed by Xcel Energy. The city has been exploring the feasibility of municipalization for the past two years, with the goal of ensuring local control and access to reliable power that is increasingly clean and competitively priced.

Ballot Question 2E, which was placed on the ballot by the Boulder City Council, amends the city charter to put a limit of $214 million on the amount of debt Boulder could issue to acquire Xcel's distribution system (and to pay any stranded costs to Xcel).

Ballot Question 310, backed by Xcel Energy, would have required the city, before it could issue any debt to form a municipal utility, to receive approval from voters. If the proposed utility service area extended beyond city limits, Question 310 would have required that affected residents in unincorporated Boulder County be allowed to vote in the debt limit election. The initiative also stipulated that such an election could be held only in an odd-numbered year. Xcel spent some $700,000 on a campaign to support its ballot question.

In late July, the Boulder City Council voted to begin condemnation proceedings to acquire the local electricity distribution system from Xcel. In August, the council affirmed that decision, voting again to move forward with efforts to buy Xcel's poles, wires and other facilities. Last month, an independent consultant, PowerServices, Inc., affirmed its earlier conclusion that Boulder is likely to be able to offer rate parity with Xcel at the outset and over a 20-year period. PowerServices said the city's findings were "sound and thorough."

More information is available in the energy section of the city's website. —ROBERT VARELA

APPA American Public Power Association

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City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 8
MEETING DATE: 11/20/2013
SUBMITTED BY: Scott Dickmeyer, Staff Engineer

TITLE: C-BT Market Price Consideration

DESCRIPTION:
The City's cash-in-lieu fee is based primarily on the market price of one Colorado-Big Thompson Project (C-BT) unit as recognized by resolution of the Loveland Utilities Commission (LUC). On June 19, 2013 the LUC clarified with staff the process in which the LUC members desire to keep abreast of the changes to the market price of Colorado-Big Thompson Project units. On August 14, 2013, the LUC adopted Resolution R-4-2013U, changing the City's recognized price for CBT water to $17,500 per unit and establishing a Cash-In-Lieu fee of $18,375. Staff was also directed to closely monitor the situation and keep the LUC members updated monthly.

SUMMARY:
The City's cash-in-lieu fee is based primarily on the market price of one Colorado-Big Thompson Project (C-BT) unit as recognized by resolution of the Loveland Utilities Commission (LUC). C-BT units have been selling at approximately $18,500 per unit. While this is higher than the currently recognized price, the number of sales is low and the units per sale are very low. Due to the low volume of transactions, staff feels that there is not enough justification to raise Loveland's recognized CBT unit price.

Staff recommends keeping Loveland's recognized market price at $17,500 per unit. The City's cash-in-lieu fee would then stay at $18,375 per acre-ft.

Staff will continue to monitor the market and provide updated information in the future.

RECOMMENDATION:
Make no change to the current recognized market price of $17,500.

REVIEWED BY DIRECTOR: MS for SA

City of Loveland

CITY OF LOVELAND
WATER & POWER DEPARTMENT
200 North Wilson • Loveland, Colorado 80537
(970) 962-3000 • FAX (970) 962-3400 • TDD (970) 962-2620

AGENDA ITEM: 9
MEETING DATE: 11/20/2013
SUBMITTED BY: Jim Lees, Utility Accounting Manager

TITLE: Financial Report Update

DESCRIPTION:
This item summarizes the monthly and year-to-date financials for October 2013.

SUMMARY:
The October 2013 financial reports are submitted for Commission review. The following table summarizes the sales and expense results for the month of October, and the October Year-To-Date results in comparison to the same periods from 2012. The summarized and detailed monthly financial statements that compare October Year-To-Date actuals to the 2013 budgeted figures are attached.

	Oct				Oct Year-To-Date			
	2013	2012	$ Ovr/(Und) vs. 2012	% Ovr/(Und) vs. 2012	2013	2012	$ Ovr/(Und) vs. 2012	% Ovr/(Und) vs. 2012
WATER								
Sales	$672,806	$852,575	($179,769)	-21.1%	$8,290,781	$8,502,996	($212,215)	-2.5%
Operating Expenses	$918,407	$665,284	$253,123	38.0%	$6,489,656	$5,725,601	$764,056	13.3%
Capital (Unrestricted)	$290,502	$11,835	$278,668	2354.7%	$2,391,677	$1,410,092	$981,586	69.6%
WASTEWATER								
Sales	$586,936	$616,666	($29,730)	-4.8%	$6,258,632	$5,852,312	$406,320	6.9%
Operating Expenses	$592,736	$544,988	$47,747	8.8%	$5,222,573	$4,701,240	$521,333	11.1%
Capital (Unrestricted)	$150,823	$144,939	$5,884	4.1%	$728,918	$1,519,843	($790,925)	-52.0%
POWER								
Sales	$3,904,785	$3,845,058	$59,727	1.6%	$43,914,550	$41,943,931	$1,970,619	4.7%
Operating Expenses	$3,803,229	$3,387,827	$415,402	12.3%	$41,316,935	$37,876,964	$3,439,971	9.1%
Capital (Unrestricted)	$496,354	$691,938	($195,584)	-28.3%	$6,337,771	$4,545,600	$1,792,171	39.4%

RECOMMENDATION:
Staff report only. No action required.

REVIEWED BY DIRECTOR: MS for SH

LIST OF ATTACHMENTS:
- City of Loveland Financial Statement-Raw Water
- City of Loveland Financial Statement-Water
- City of Loveland Financial Statement-Wastewater
- City of Loveland Financial Statement-Power

City of Loveland
Financial Statement-Raw Water
For Period Ending 10/31/2013

		TOTAL BUDGET FYE 12/31/2013	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
1	**REVENUES & SOURCES**					
2	Hi-Use Surcharge	41,800	38,571	34,830	3,741	10.7%
3	Raw Water Development Fees/Cap Rec Surcharge	248,870	317,787	207,400	110,387	53.2%
4	Cash-In-Lieu of Water Rights	45,000	1,144,152	37,500	1,106,652	2951.1%
5	Native Raw Water Storage Fees	5,000	50,107	4,170	45,937	1101.6%
6	Loan Payback from Wastewater	485,000	425,346	485,000	(59,654)	-12.3%
7	Raw Water 1% Transfer In	709,060	613,648	623,880	(10,232)	-1.6%
8	Interest on Investments	457,200	99,921	381,000	(281,079)	-73.8%
9	**TOTAL REVENUES & SOURCES**	**1,991,930**	**2,689,531**	**1,773,780**	**915,751**	**51.6%**
10	**OPERATING EXPENSES**					
11	Windy Gap Payments	834,030	833,961	832,830	1,131	0.1%
12	**TOTAL OPERATING EXPENSES**	**834,030**	**833,961**	**832,830**	**1,131**	**0.1%**
13	NET OPERATING REVENUE/(LOSS) (excl depr)	1,157,900	1,855,570	940,950	914,620	97.2%
14	RAW WATER CAPITAL EXPENDITURES	2,038,090	0	1,621,800	(1,621,800)	-100.0%
15	**ENDING CASH BALANCES**					
16	Total Available Funds		14,180,889			
17	Reserve - Windy Gap Cash		4,199,464			
18	Reserve - 1% Transfer From Rates		2,862,174			
19	Reserve - Native Raw Water Storage Interest		1,553,899			
20	**TOTAL RAW WATER CASH**		**22,796,425**			
21	MINIMUM BALANCE (15% OF OPER EXP)		125,105			
22	OVER/(UNDER) MINIMUM BALANCE		22,671,320			

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING: $ -

City of Loveland
Financial Statement-Water
For Period Ending 10/31/2013

			TOTAL BUDGET			YTD	OVER	
		*	FYE 12/31/2013	*	YTD ACTUAL	BUDGET	<UNDER>	VARIANCE
1	****UNRESTRICTED FUNDS****	*		*				
		*		*				
2	**REVENUES & SOURCES**	*		*				
		*		*				
3	Water Sales	*	9,516,510	*	8,290,781	8,365,140	(74,359)	-0.9%
4	Raw Water Transfer Out	*	(709,060)	*	(613,648)	(623,880)	10,232	-1.6%
5	Wholesale Sales	*	87,560	*	93,696	84,140	9,556	11.4%
6	Meter Sales	*	28,340	*	65,039	24,150	40,889	169.3%
7	Interest on Investments	*	55,990	*	11,480	46,670	(35,190)	-75.4%
8	Other Revenue	*	16,650,520	*	277,549	8,500,890	(8,223,341)	-96.7%
9	**TOTAL REVENUES & SOURCES**	*	**25,629,860**	*	**8,124,897**	**16,397,110**	**(8,272,213)**	**-50.4%**
		*		*				
10	**OPERATING EXPENSES**	*		*				
		*		*				
11	Source of Supply	*	2,156,600	*	1,056,993	1,605,050	(548,057)	-34.1%
12	Treatment	*	2,861,300	*	1,789,413	2,487,200	(697,787)	-28.1%
13	Distribution Operation & Maintenance	*	3,741,950	*	1,792,206	3,275,410	(1,483,204)	-45.3%
14	Administration	*	659,810	*	281,987	537,470	(255,483)	-47.5%
15	Customer Relations	*	192,950	*	133,998	159,590	(25,592)	-16.0%
16	Debt Service	*	1,000,000	*	0	833,200	(833,200)	-100.0%
17	PILT	*	640,270	*	537,399	533,500	3,899	0.7%
18	1% for Arts Transfer	*	44,830	*	16,540	37,400	(20,860)	-55.8%
19	Services Rendered-Other Departments	*	1,046,510	*	881,120	881,120	0	0.0%
20	**TOTAL OPERATING EXPENSES**	*	**12,344,220**	*	**6,489,656**	**10,349,940**	**(3,860,284)**	**-37.3%**
		*		*				
21	NET OPERATING REVENUE/(LOSS)(excl depr)	*	13,285,640	*	1,635,241	6,047,170	(849,450)	-73.0%
		*		*				
22	CAPITAL EXPENDITURES	*	6,741,630	*	2,391,677	5,422,990	(3,031,313)	-55.9%
		*		*				
23	**ENDING CASH BALANCE**	*		*	**2,874,642**			
		*		*				
24	MINIMUM BALANCE (15% OF OPER EXP)	*		*	1,851,633			
		*		*				
25	OVER/(UNDER) MINIMUM BALANCE	*		*	1,023,009			
		*		*				
26	****RESTRICTED FUNDS****	*		*				
		*		*				
27	**REVENUES & SOURCES**	*		*				
		*		*				
28	SIF Collections	*	1,251,500	*	1,423,787	979,230	444,557	45.4%
29	SIF Interest Income	*	137,110	*	40,227	116,430	(76,203)	-65.4%
30	**TOTAL SIF REVENUES & SOURCES**	*	**1,388,610**	*	**1,464,015**	**1,095,660**	**368,355**	**33.6%**
		*		*				
31	SIF Capital Expenditures	*	1,677,110	*	1,268,145	1,213,300	54,845	4.5%
		*		*				
32	**SIF ENDING CASH BALANCE**	*		*	**8,846,317**			
		*		*				
33	**TOTAL ENDING CASH BALANCE**	*		*	**11,720,959**			

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING: $ 2,461,267

City of Loveland
Financial Statement-Waste
For Period Ending 10/31/2013

		TOTAL BUDGET FYE 12/31/2013	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
1	****UNRESTRICTED FUNDS****					
2	**REVENUES & SOURCES**					
3	Sanitary Sewer Charges	8,000,500	6,258,632	6,722,920	(464,288)	-6.9%
4	High Strength Surcharge	245,370	283,311	210,900	72,411	34.3%
5	Interest on Investments	121,770	36,173	101,480	(65,307)	-64.4%
6	Other Revenue	226,330	8,199	184,510	(176,311)	-95.6%
7	**TOTAL REVENUES & SOURCES**	**8,593,970**	**6,586,316**	**7,219,810**	**(633,494)**	**-8.8%**
8	**OPERATING EXPENSES**					
9	Treatment	3,728,100	2,106,750	2,956,770	(850,020)	-28.7%
10	Collection System Maintenance	2,669,230	1,558,144	2,078,790	(520,646)	-25.0%
11	Administration	380,800	170,542	314,590	(144,048)	-45.8%
12	Customer Relations	13,370	22,412	10,710	11,702	109.3%
13	PILT	552,830	457,160	460,700	(3,540)	-0.8%
14	Interfund Loan Payback to Raw Water	485,000	425,346	485,000	(59,654)	-12.3%
15	1% for Arts Transfer	26,970	3,389	22,500	(19,111)	-84.9%
16	Services Rendered-Other Departments	576,570	478,830	478,830	0	0.0%
17	**TOTAL OPERATING EXPENSES**	**8,432,870**	**5,222,573**	**6,807,890**	**(1,585,317)**	**-23.3%**
18	NET OPERATING REVENUE/(LOSS)(excl depr)	161,100	1,363,743	411,920	951,823	231.1%
19	CAPITAL EXPENDITURES	4,025,900	728,918	2,648,240	(1,919,322)	-72.5%
20	**ENDING CASH BALANCE**		**8,029,004**			
21	MINIMUM BALANCE (15% OF OPER EXP)		1,264,931			
22	OVER/(UNDER) MINIMUM BALANCE		6,764,073			
23	****RESTRICTED FUNDS****					
24	**REVENUES & SOURCES**					
25	SIF Collections	810,000	920,494	582,470	338,024	58.0%
26	SIF Interest Income	73,690	25,526	61,400	(35,874)	-58.4%
27	**TOTAL SIF REVENUES & SOURCES**	**883,690**	**946,021**	**643,870**	**302,151**	**46.9%**
28	SIF Capital Expenditures	1,545,130	419,812	963,430	(543,618)	-56.4%
29	**SIF ENDING CASH BALANCE**		**5,811,298**			
30	**TOTAL ENDING CASH BALANCE**		13,840,302			

NOTE: YTD ACTUAL DOES NOT INCLUDE ENCUMBRANCES TOTALING $ 1,422,529

City of Loveland
Financial Statement-Power
For Period Ending 10/31/2013

		*	TOTAL BUDGET	*	YTD ACTUAL	YTD BUDGET	OVER <UNDER>	VARIANCE
	****UNRESTRICTED FUNDS****	*		*				
		*		*				
1	REVENUES & SOURCES:	*		*				
2	Electric revenues	*	$52,078,940	*	$43,914,550	$43,872,330	$42,220	0.1%
3	Wheeling charges	*	$210,000	*	$244,718	$175,000	$69,718	39.8%
4	Interest on investments	*	$281,360	*	$80,740	$234,467	($153,726)	-65.6%
5	Aid-to-construction deposits	*	$646,890	*	$784,973	$539,075	$245,898	45.6%
6	Customer deposit-services	*	$124,050	*	$142,950	$103,375	$39,575	38.3%
7	Doorhanger fees	*	$390,000	*	$345,544	$325,000	$20,544	6.3%
8	Connect Fees	*	$125,000	*	$147,648	$104,167	$43,481	41.7%
9	Services rendered to other depts.	*	$30,000	*	$2,307	$25,000	($22,693)	-90.8%
10	Other revenues	*	$223,120	*	$451,376	$185,933	$265,443	142.8%
11	Year-end cash adjustments	*	$0	*	$0	$0	$0	0.0%
12	**TOTAL REVENUES & SOURCES**	*	**$54,109,360**	*	**$46,114,806**	**$45,564,347**	**$550,459**	**1.2%**
		*		*				
13	OPERATING EXPENSES:	*		*				
14	Hydro oper. & maint.	*	$87,990	*	$8,635	$71,069	($62,434)	-87.8%
15	Purchased power	*	$38,917,480	*	$32,796,978	$32,712,839	$84,139	0.3%
16	Distribution oper. & maint.	*	$3,632,170	*	$2,729,596	$2,933,676	($204,080)	-7.0%
17	Customer Relations	*	$975,340	*	$505,420	$787,775	($282,355)	-35.8%
18	Administration	*	$903,070	*	$443,871	$729,403	($285,532)	-39.1%
19	Payment in-lieu-of taxes	*	$3,651,680	*	$3,038,336	$3,063,760	($25,423)	-0.8%
20	1% for Arts Transfer	*	$39,170	*	$19,329	$32,864	($13,534)	-41.2%
21	Services rendered-other depts.	*	$2,130,030	*	$1,774,770	$1,775,025	($255)	0.0%
22	**TOTAL OPERATING EXPENSES (excl depn)**	*	**$50,336,930**	*	**$41,316,935**	**$42,106,409**	**($789,474)**	**-1.9%**
		*		*				
23	NET OPERATING REVENUE/(LOSS) (excl depn)	*	$3,772,430	*	$4,797,870	$3,457,938	$1,339,933	38.7%
		*		*				
24	CAPITAL EXPENDITURES:	*		*				
25	General Plant/Other Generation & Distribution	*	$7,393,070	*	$5,395,023	$5,994,428	($599,405)	-10.0%
26	Aid-to-construction	*	$646,890	*	$725,639	$522,488	$203,151	38.9%
27	Service installations	*	$124,050	*	$217,109	$100,194	$116,915	116.7%
28	**TOTAL CAPITAL EXPENDITURES**	*	**$8,164,010**	*	**$6,337,771**	**$6,617,111**	**($279,340)**	**-4.2%**
		*		*				
29	**ENDING CASH BALANCE**	*		*	**$17,698,278**			
		*		*				
30	MINIMUM BAL. (15% of OPER EXP excl depn)	*		*	$7,550,540			
31	OVER/(UNDER) MINIMUM BALANCE	*		*	$10,147,739			
		*		*				
32	****RESTRICTED FUNDS****	*		*				
		*		*				
33	PIF Collections	*	$1,661,920	*	$1,831,155	$1,384,933	$446,222	32.2%
34	PIF Interest Income	*	$137,580	*	$41,567	$114,650	($73,083)	-63.7%
35	**TOTAL REVENUES**	*	**$1,799,500**	*	**$1,872,722**	**$1,499,583**	**$373,139**	**24.9%**
		*		*				
36	PIF Feeders	*	$75,000	*	$0	$60,577	($60,577)	-100.0%
37	PIF Substations	*	$1,912,900	*	$712,660	$1,594,083	($881,423)	-55.3%
38	**TOTAL EXPENDITURES**	*	**$1,987,900**	*	**$712,660**	**$1,654,660**	**($942,000)**	**-56.9%**
		*		*				
39	**ENDING PIF CASH BALANCE**	*		*	**$9,380,452**			
		*		*				
40	**TOTAL ENDING CASH BALANCE**	*		*	**$27,078,730**			

NOTE: YTD ACTUAL does NOT include encumbrances totalling $915,431