

25

**25 YEARS
OF SUCCESS**

Anoka
Arlington
Brownton
Buffalo
Chaska
East Grand Forks

Elk River
Le Sueur
North St. Paul
Olivia
Shakopee
Winthrop

**MINNESOTA MUNICIPAL
POWER AGENCY**

The Power of Your Hometown

2020 Annual Report



TWELVE MINNESOTA MUNICIPAL UTILITIES

Anoka
Arlington
Brownton
Buffalo
Chaska
East Grand Forks
Elk River
Le Sueur
North St. Paul
Olivia
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Celebrating 25 Years of Success

In 2020, MMPA celebrated 25 years of providing reliable, competitively-priced power to its members. Over the past quarter century, we've grown from eight members to twelve and gone from two power supply contracts with local utilities to a diverse portfolio of owned and contracted power supply resources. Throughout this time, we've been proud to be The Power of Your Hometown.

The COVID-19 pandemic led to 2020 being a very different year than expected. We quickly and successfully transitioned from an in-person work environment to remote work where possible.

Both energy usage and price levels were lower than expected. We were not able to hold our annual meeting with city officials or conduct most of our energy education events during the year.

2020 was also a very successful year for MMPA. Our rates were below budget and lower than our 2019 rates. We successfully completed a refurbishment and life extension project for our Hometown Wind generators, which are educational small-scale wind turbines in each community designed to demonstrate the operating characteristics of wind power. We also redeemed \$65 million of MMPA's bonds, which will reduce the Agency's interest expense by \$30 million over the next 15 years. Lower fixed costs will help us continue to deliver the competitively-priced rates that we've provided to members for the past quarter century.

As we look to the next 25 years and beyond, we are confident that MMPA's diverse generation portfolio, which contains a mix of conventional and renewable resources spanning a variety of fuels and technologies, positions us well to continue meeting our mission of providing reliable, competitively-priced power to members, and to create value for MMPA and our members.



Sincerely,

Matt Podhradsky
Chairman, MMPA Board of Directors
City Administrator, City of Chaska



Derick O. Dahlen
Executive Manager, MMPA
President and CEO, Avant Energy, Inc.

OUR MEMBERS PROVIDE POWER TO **161,000** MINNESOTANS

Our Mission

The Minnesota Municipal Power Agency's mission is to provide reliable, competitively-priced power to our members, and to create value for the Agency and our members. For a quarter of a century now, MMPA has delivered on its mission.

Our Members

MMPA's twelve member communities are united in joint action to provide power to each member's locally owned municipal utility. Our member communities are a combination of rural and suburban cities and larger and smaller communities. This diversity brings a variety of perspectives to our discussions and planning processes.

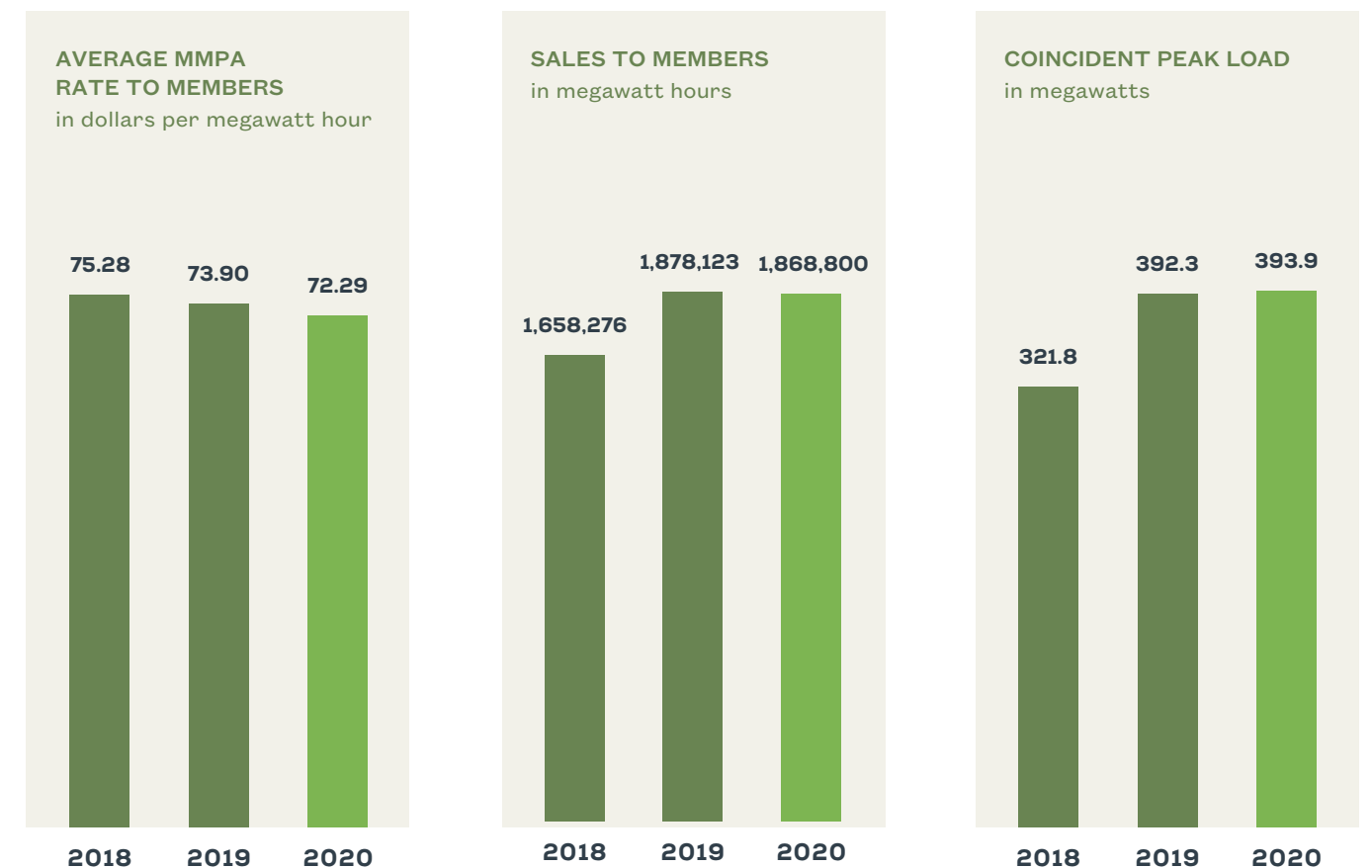


Member Rates

Our 2020 average rate to members was \$72.29 per MWh, a decrease of more than 2% from our 2019 average rate. Our rates continue to be competitive with local and regional investor-owned utilities, generation and transmission cooperatives, and other joint action agencies.

Sales to Members

Our energy sales to members in 2020 decreased by half a percent compared to 2019. This decrease is likely attributable to the coronavirus pandemic and is less of a decrease than the 4% nationwide reduction in energy consumption from 2019 to 2020. Our coincident peak demand increased slightly from 2019 to 2020.



CELEBRATING 25 YEARS OF SUCCESS

Agency Growth

Our eight founding members had annual energy requirements of approximately 700,000 MWh in 1995, MMPA's first year of operation. A quarter century later, with substantial growth within our member communities and the addition of four new members, our 2020 energy sales were more than 1,800,000 MWh.

Low Rates

Our rates have been lower than those of our competitive benchmark for 23 out of the 25 years that we've been supplying power to members. These low rates enable our twelve member utilities to provide affordable power to more than 76,000 households and businesses across Minnesota.

Less Carbon Intensive Power Supply

Our power supply is becoming less carbon intensive as we add renewable resources to our portfolio. In just the past decade, our renewable energy as a percent of our total power supply has increased from 2% to over 20%. The planned addition of the Walleye Wind project in 2022 is expected to nearly double the amount of renewable energy generated annually.

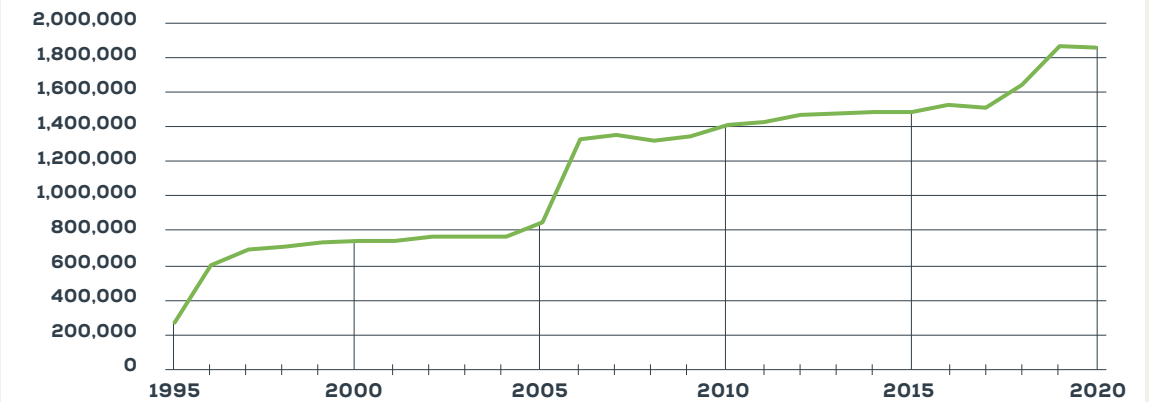
A Diverse Power Supply Portfolio

At our start, MMPA had two contracts for output from coal-fired plants owned by other utilities. Today, we have a diverse power supply portfolio of renewable and conventional resources that is a mix of Agency-owned and contracted resources. Our power supply mix today consists of two wind farms, a solar facility, a bioenergy plant, three natural gas facilities, and a contract for capacity from hydroelectric resources.

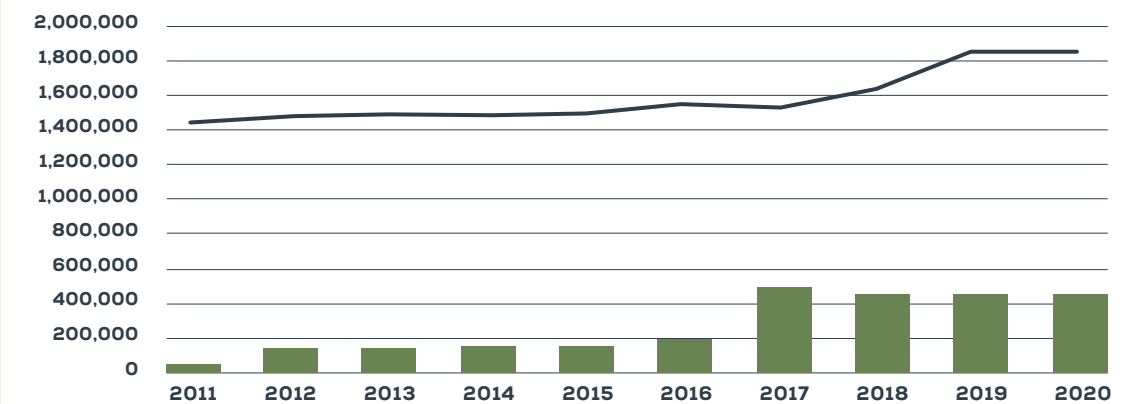
Strong Financial Position

MMPA's strong financial position is the result of many years of successful financial performance. Our net income has increased substantially during the last five years. MMPA's bond rating has been upgraded twice in the past decade. We have been using cash to retire debt for the last five years.

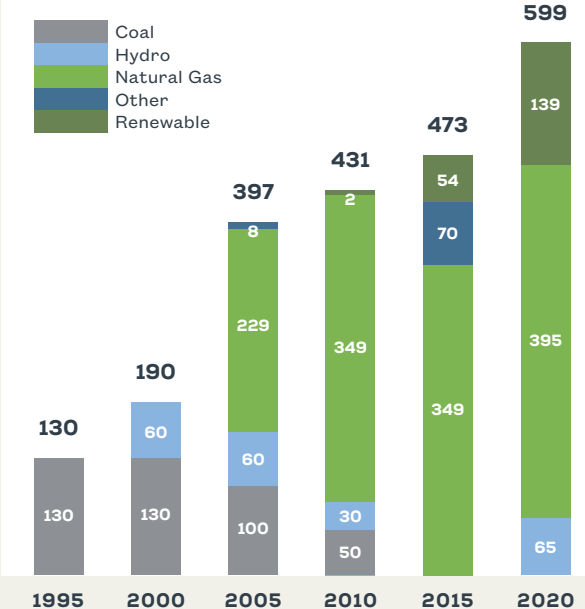
ANNUAL SALES TO MEMBERS
in megawatt hours



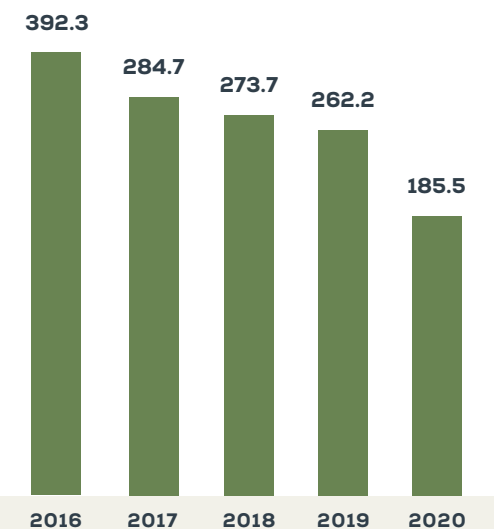
RENEWABLE ENERGY AND SALES TO MEMBERS
in megawatt hours

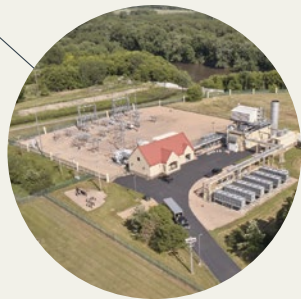
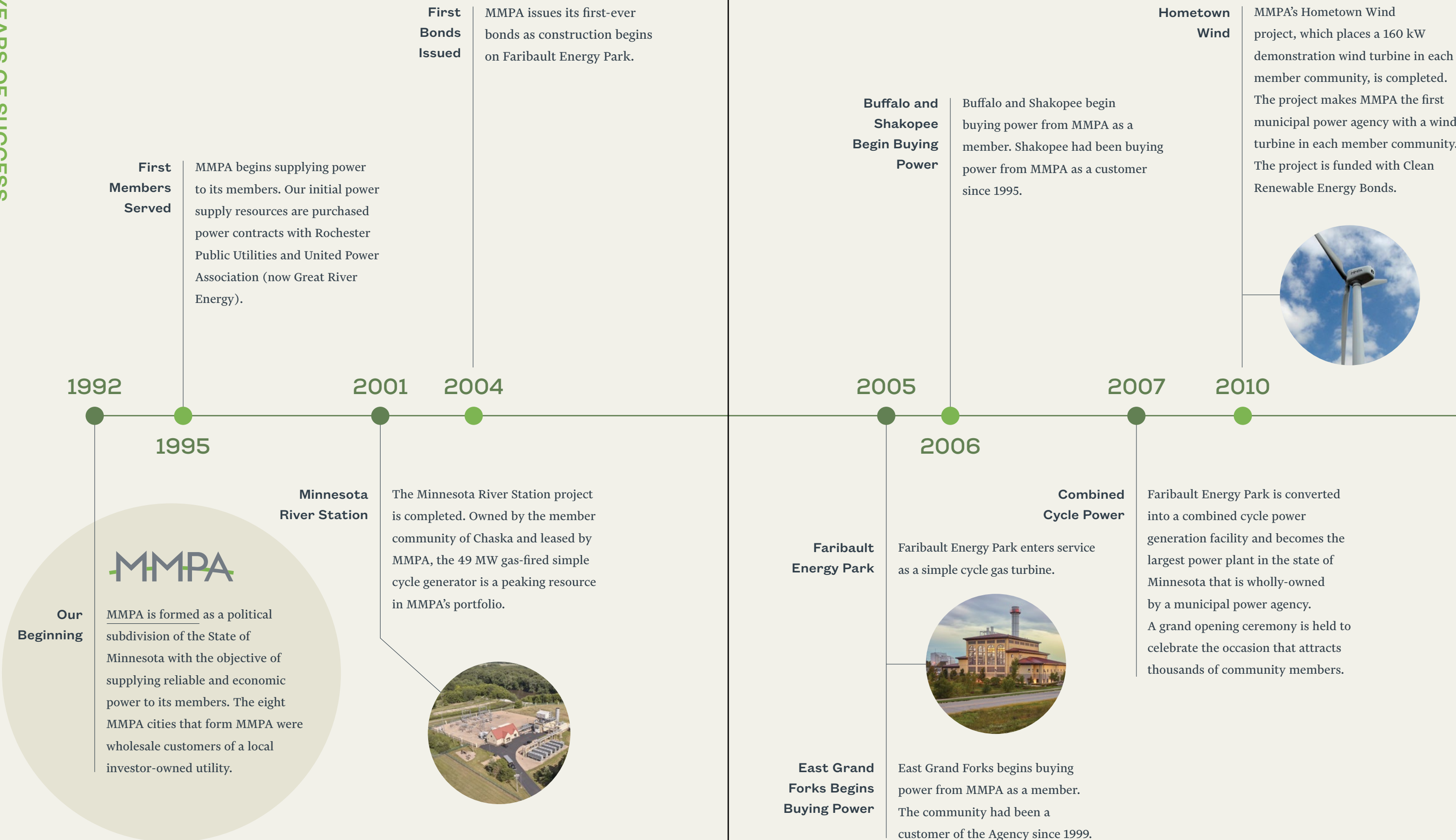


MMPA RESOURCE PORTFOLIO
in megawatts



LONG-TERM DEBT
year-ending debt in millions of dollars
Note: Debt is total per bonds outstanding.







Energy Education

The first 4th grade students participate in MMPA's energy education program at Faribault Energy Park. Since its inception, more than 18,000 students have participated in the elementary energy education program, which has since been expanded to include an in-school assembly offering.

2011

2012

2013

2014

First Transmission Project

MMPA acquires its first agency-owned transmission project – a 6 mile, 115 kilovolt line in the member community of Anoka.

Hometown BioEnergy

The Hometown BioEnergy project is completed. The 8 MW renewable facility located in the member community of Le Sueur provides dispatchable renewable energy through the biodigestion of agricultural waste products.



Oak Glen Wind Farm

The Oak Glen Wind Farm project is completed. The 44 MW wind farm in Blooming Prairie, Minnesota is MMPA's first utility-scale renewable generation asset.



Shakopee Energy Park

Shakopee Energy Park is completed. The 46 MW generator consists of five reciprocating engine generators and is connected to Shakopee's distribution system.



Buffalo Solar

MMPA begins purchasing power from the Buffalo Solar project – a 7 MW solar farm connected to the MMPA member community of Buffalo's distribution system.

2016

2017



Black Oak Getty Wind Farm

MMPA begins purchasing power from the Black Oak Getty Wind Farm – a 78 MW facility located near Sauk Centre.

2018

2019

2020

Celebrates 25 Years

MMPA celebrates a quarter century of providing reliable, competitively-priced power to its members.

Elk River Begins Buying Power

Elk River, MMPA's newest member, begins buying power from MMPA on October 1, 2018.

Energy Education Expands

MMPA's energy education program expands to include a high school program offering.





MMPA Officers



Matt Podhradsky
City Administrator
MMPA Chairman



Keith Mykleseth
General Manager
MMPA Vice Chairman



Joseph Steffel
Utilities Director
MMPA Treasurer



Brian Frandle
Director of Electric Utilities
MMPA Secretary

MMPA Board of Directors

MMPA is governed by a Board of Directors. One of our core principles is that each member community is represented on the Board of Directors. Our Board meets monthly to discuss strategic direction and power supply planning. We have robust discussions about the issues facing MMPA as we plan for the next quarter century of serving our members and beyond.

Anoka

Erik Skogquist
Council Member

Ed Evans*
Utility Advisory
Board Member

Arlington

Amy Newsom
City Administrator

Lisa Tesch*
Deputy Clerk

Brownton

Curt Carrigan
Council Member

Buffalo

Joseph Steffel
Utilities Director

Laureen Bodin*
City Administrator

Chaska

Matt Podhradsky
City Administrator

Andrew Romine*
Interim Electric Director

East Grand Forks

Keith Mykleseth
Utilities General Manager

Jeff Olson*
Distribution Superintendent

Elk River

Theresa Slominski
General Manager

Mary Stewart*
Utilities Commissioner

Le Sueur

Newell Krogmann
Council Member

Jasper Kruggel*
City Administrator

North St. Paul

Brian Frandle
Director of
Electric Utilities

Olivia

Amber Dale
Utility Accounts Manager

Dan Coughlin*
City Administrator

Shakopee

Greg Drent
Interim Utilities Manager

Deb Amundson*
Commission President

Winthrop

Peter Machaiek
Alderman

Jenny Palmer*
City Administrator

* Alternate



MMPA Management

MMPA is managed by Avant Energy, a Minneapolis-based management consulting firm. Avant conducted the consulting studies that led to MMPA's formation in the late 1980s and early 1990s. Today, Avant provides a full range of management services to MMPA, including strategic planning, power supply planning, energy market operations, energy facility development, finance and accounting, and regulatory services. The strong relationship and mutual trust between the Board and management is one of the reasons MMPA has been successful for the past 25 years.

Avant Management



Derick O. Dahlen
President and CEO



Oncu H. Er
Chief Operating Officer



David W. Niles
Vice President



Harold G. Little
Vice President



Noah J. Hansen
Vice President

ANOKA

Founding Member

The City of Anoka is located at the confluence of the Rum and Mississippi Rivers. The name “Anoka” derives from a Dakota term “on both sides of the river” and an Ojibwa term for “working waters.” Established in 1909, Anoka Municipal Utility (AMU) now serves 10,900 residential, 1,330 commercial and 12 industrial customers in Anoka and portions of Ramsey, Coon Rapids, Dayton, and Champlin. Anoka’s historic downtown boasts an array of unique shops, bars and restaurants, a theatre, dessert and coffee shops, services, and more, all surrounded by beautiful city parks, trails, and neighborhoods.



ARLINGTON

Founding Member

Arlington is a growing rural community located approximately 55 miles southwest of the Twin Cities. Arlington has seen increased residential and commercial growth in the past few years. Major businesses in the area include Ridgeview Sibley Medical Center, Sibley East Public School, Scott Equipment, and Northland Drying. Arlington has been involved in the delivery of electricity since the early 1900s when the city generated electricity in its old city hall.



BROWNTON

Founding Member

Brownton is located 60 miles west of the Twin Cities metro area and is the smallest MMPA member. Over recent years, the City has worked to upgrade and improve its electrical distribution systems to provide better, more reliable service for the city and its customers. In 2007, the City completed one of the first upgrades by constructing a new substation. The substation receives electricity from the transmission system and distributes it to Brownton community consumers.

BUFFALO

Joined 2005

The City of Buffalo is located between the Twin Cities and St. Cloud on the shores of two recreational lakes, Buffalo and Pulaski. The lakes attracted early settlers as a source of food and recreation and still contribute greatly to the city’s quality of life. During the past 150 years, Buffalo has experienced enormous growth and development, which has contributed to its vibrant business community. Long known as a tourist destination, the City of Buffalo offers visitors numerous beaches, trails, parks and golf courses. MMPA welcomed the City of Buffalo as a member in 2005.



CHASKA

Founding Member

The City of Chaska sits in the Minnesota River valley, in the rapidly-growing southwest Twin Cities metro area. Chaska was for many years a prolific producer of bricks made from local clay. More recently, major industry in Chaska has shifted to technology and biomedical companies. Whereas the major employers in the 1960s included Crystal Sugar, Klein Brickyard and Gedney Pickle, top employers today include technology firms Entegris and FSI, along with biomedical firms Lake Region, Lifecore Biomedical and Beckman Coulter. Chaska is home to the Minnesota River Station.

EAST GRAND FORKS

Joined 2004

The city of East Grand Forks is located in northwestern Minnesota on the North Dakota border. The City lies in the Red River valley, home to some of the most fertile agricultural soil in the world. The area is home to farms growing soybeans, sugar beets, wheat and potatoes. American Crystal Sugar, the largest beet sugar producer in the United States, is a large industrial user of electricity. Because of the timing of sugar production, East Grand Forks is a winter peaking utility, unlike most other MMPA members. MMPA welcomed East Grand Forks as a member on November 1, 2004.



ELK RIVER

Joined 2013

Elk River Municipal Utilities (ERMU) is located in the City of Elk River. Since 1997, the City of Elk River has been known as “Energy City,” a community for the promotion and demonstration of efficient and renewable energy products, services, and technologies. ERMU owns local generation: emergency generation from a diesel power plant and renewable generation from a landfill-gas-to-electric power plant. In addition to being the home to two Fortune 50 data centers, the community has a growing industrial and commercial customer base. Joining in 2013, ERMU is now the 12th member of MMPA.



LE SUEUR

Founding Member

The City of Le Sueur is located approximately 30 miles south of the Twin Cities metro area on Highway 169. The City was originally known for the Green Giant company, whose symbol, the Jolly Green Giant, still welcomes visitors and residents to the city on a large billboard. Today Le Sueur is home to several unique industries including Agropur, a top 20 global dairy producer, Le Sueur Inc., a casting and molding manufacturer, and Cambria, a manufacturer of quartz countertops. The Le Sueur Electric Utility Department has been providing the city with electric power since the early 1900s, when a 100 horsepower steam engine was installed.



NORTH ST. PAUL

Founding Member

The City of North St. Paul is located on the shores of Silver Lake, 13 miles northeast of St. Paul. The city is home to what many consider to be the world’s largest concrete snowman. The more than 40-foot snowman is located along highway 36 and is the city’s official symbol. North St. Paul Electric Utilities began in 1898 when a fledging electric system was purchased from private investors. The electric system was fed by a single generator located on the south shore of Silver Lake. During the early 1900s the entire electric system flickered at 9:00 P.M. to warn children of the curfew time.

OLIVIA

Founding Member

Olivia is a rural community located 90 miles west of the Twin Cities in one of the most productive agricultural areas in the United States. In 2004, Olivia was designated the Corn Capital of the World by the Minnesota Senate, and Olivia’s Memorial Park includes the largest ear of corn in the United States. Olivia is home to the world’s highest concentration of seed research and processing companies. The Village of Olivia began drafting plans for its first electric plant in 1899 and Olivia has remained a forward-looking utility since that time. Olivia also receives power under a long-term contract with the Western Area Power Administration.



SHAKOPEE

Joined 2004

The City of Shakopee is located along the banks of the Minnesota River, just 25 minutes southwest of Minneapolis, and boasts a charming, historic downtown with a variety of businesses. Known for its entertainment attractions, including Valleyfair, Canterbury Park, Mystic Lake, Murphy’s Landing and the Minnesota Renaissance Festival, Shakopee hosts more than four million tourists each year. Shakopee Public Utilities (SPU) was established in 1950 to serve this thriving community providing both water and electric services. SPU joined MMPA in 2004 and is its largest member with more than 18,000 electric customers.

WINTHROP

Founding Member

The City of Winthrop is located 80 miles west of Minneapolis. Winthrop is known for its flourishing agriculture industry, specializing in the production of corn and soybeans. It is home to Heartland Corn Products, a farmer-owned cooperative that has become one of the state’s leaders in renewable ethanol production. Winthrop is also home to United Farmer’s Cooperative and Winfield Solutions.



HOMETOWN
WIND TURBINE

ELK RIVER



MMPA IS COMMITTED TO PROVIDING CLEAN, RELIABLE ENERGY

Overview

MMPA has a diverse mix of renewable and conventional resources to supply power to its members. What began a quarter of a century ago as a pair of contracts with other utilities has grown into a portfolio of energy resources spanning a variety of fuels and technologies.

Our power supply resources, which include a mix of wind, solar, bioenergy, and natural gas, position MMPA well for the future. Our fixed-price renewable resources protect the Agency from fluctuations in energy commodity prices, helping us to offer stable and predictable rates to our members.

The Agency's renewable resources already produce more energy than is required to meet the State of Minnesota's Renewable Energy Standard. We also have a contract to purchase all of the output of the approximately 110 MW Walleve Wind farm, which is projected to be completed in 2022. When this project is in service, MMPA is expected to have renewable generation totaling more than 40% of our annual energy consumption requirements.

In addition to our utility-scale renewable resources, MMPA also installed a 160 kW wind turbine in each MMPA member community in 2010. These turbines are educational resources meant to demonstrate the operating characteristics of wind power. This year, we completed a refurbishment and life extension program to keep these demonstration resources in our community for years to come.



FARIBAULT ENERGY PARK
FARIBAULT, MN
300 MW, Natural Gas



MINNESOTA RIVER STATION
CHASKA, MN
49 MW, Natural Gas



SHAKOPEE ENERGY PARK
SHAKOPEE, MN
46 MW, Natural Gas

Faribault Energy Park

Faribault Energy Park is the largest power generation facility in our resource portfolio. The 300 MW combined cycle facility, located in Faribault, Minnesota, provides clean, efficient power for the Agency. The facility primarily uses natural gas to produce economic electricity but can also run on fuel oil in the event of gas interruption. Faribault Energy Park is a community asset in addition to a power plant. The plant hosts our in-person Elementary Energy Education events. The plant's wetland park contains walking trails and a fishing pond open to the public as well as demonstrations of both wind and solar energy.

Minnesota River Station

The Minnesota River Station is a 49 MW simple cycle gas turbine located in Chaska, Minnesota, one of our member communities. Built in 2001, the facility is a peaking plant – built to generate electricity on the days when demand is highest. MMPA leases the facility from Chaska under an agreement that runs until at least 2031.

Shakopee Energy Park

Shakopee Energy Park entered commercial operation in 2017 and is the newest conventional resource in our portfolio. The 46 MW facility consists of five reciprocating engines powered by natural gas. When natural gas is not available, Shakopee Energy Park utilizes an innovative liquified natural gas (LNG) backup system. This unique approach allows the Agency more flexibility in its operations strategy. The plant is in Shakopee, Minnesota, another MMPA member community, and is directly connected to Shakopee's distribution system, helping to support the city's reliability. Shakopee Energy Park is also a host for the Agency's High School Energy Education events.



HOMETOWN WINDPOWER
MMPA COMMUNITIES
1.9 MW, Wind



OAK GLEN WIND FARM
STEELE COUNTY, MN
44 MW, Wind



HOMETOWN BIOENERGY
LE SUEUR, MN
8 MW, BioEnergy



BLACK OAK GETTY WIND FARM
STEARNS COUNTY, MN
78 MW, Wind



BUFFALO SOLAR
BUFFALO TOWNSHIP, MN
7 MW, Solar

Hometown WindPower

Our Hometown WindPower program placed a 160 kW wind turbine in each of our member communities. The Hometown Wind turbines are demonstration resources that help educate people about the operating characteristics of wind power. In 2020, we completed a refurbishment and life extension project for these turbines, which have been operational since 2010.

Oak Glen Wind Farm

Oak Glen Wind Farm is a 44 MW project located in Blooming Prairie, Minnesota. The facility has 24 wind turbines that provide clean, renewable energy to the Agency. Oak Glen Wind Farm was MMPA's first utility-scale wind project, completed in 2011.

Hometown BioEnergy

Hometown BioEnergy is an 8 MW biomass facility. The plant uses the anaerobic digestion of agricultural and food processing wastes to produce renewable energy. Unlike most renewable generators, which depend on an intermittent energy source such as wind or solar, Hometown BioEnergy stores the biogas produced from the anaerobic digestion process to be used when most valuable. The liquid byproduct from the digestion process is sold to local farmers as fertilizer. The facility is located in our member community of Le Sueur, Minnesota.

Black Oak Getty Wind Farm

Black Oak Getty Wind Farm is a 78 MW wind facility located near Sauk Centre, Minnesota. We purchase all of the output from the wind farm under a long-term contract. Black Oak Getty Wind Farm began producing power in 2016.

Buffalo Solar

Our newest renewable resource, the 7 MW Buffalo Solar Farm began producing power in 2017. Buffalo Solar is located near Buffalo, Minnesota, an MMPA member community. We purchase all of the facility's output under a long-term contract.

Walleye Wind

MMPA has a long-term contract with a developer for all of the output of the Walleye Wind project, an approximately 110 MW wind farm currently under development in Southwestern Minnesota. The project, which is projected to be complete in 2022, would nearly double the amount of renewable energy generated or purchased by MMPA each year.



Economic Development

MMPA supports economic development in our member communities. When our members grow, we grow.

We understand that new businesses looking to site energy-intensive facilities in a community are focused on cost, reliability, sustainable energy, and speed to market, among other factors. We have developed resources and tools to facilitate economic development within our member communities, including new rate alternatives. We are in close communication with electric utility and economic development staff in our communities to identify and support opportunities as they arise.

We are committing MMPA resources to support economic development within our member communities, including the development of shovel-ready sites and the installation of transmission or distribution infrastructure as necessary.

MMPA'S ENERGY EDUCATION PROGRAM HAS REACHED MORE THAN 19,000 STUDENTS SINCE ITS INCEPTION IN 2012

MMPA Energy Education Program

The 2020 MMPA Energy Education Program was significantly affected by COVID-19. While we were able to hold five in-school assemblies in early 2020, the program was halted in mid-March as schools shifted to distance learning. As a result, remaining in-school assemblies, the Elementary School FEP Tour Event, and High School program were cancelled.

In typical years, the Elementary School program consists of a printed workbook, in-school assemblies, and FEP Tour Event. The High School program is typically hosted at FEP or Shakopee Energy Park and provides a more in-depth exploration of energy topics. Both programs are aligned with Minnesota's science standards. For more than five years, the Science Museum of Minnesota has contributed to in-school assemblies and tour events. Since its inception in 2012, MMPA's Energy Education programs have reached more than 19,000 elementary and high school students.

For the spring of 2021, we are pivoting to an online Elementary School program consisting of a digital workbook and Virtual Event. The Virtual Event includes three 30-minute modules produced in partnership with the Science Museum of Minnesota. The modules include an introduction to energy and electricity production, an exploration of sources of energy, and an exploration of personal electricity use and its impact. The Virtual Event is designed to be student-paced, making it suitable for in-person, hybrid, and distance learning settings.

We hope to return to in-person programs in the 2021/2022 school year but may also continue to offer a virtual option.



ENERGY EDUCATION
PLANT TOUR



ENERGY EDUCATION
SCHOOL ASSEMBLY



WeSaveHome WeSaveBusiness

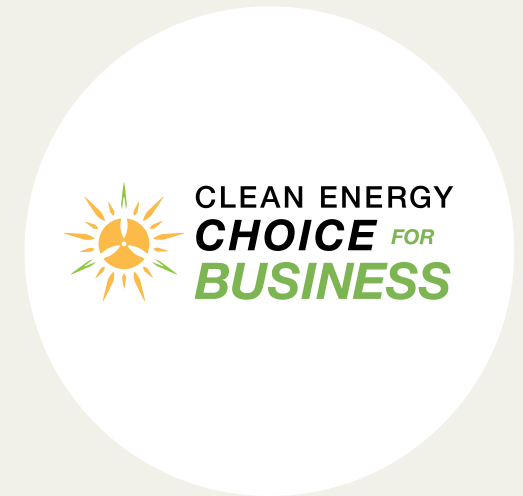
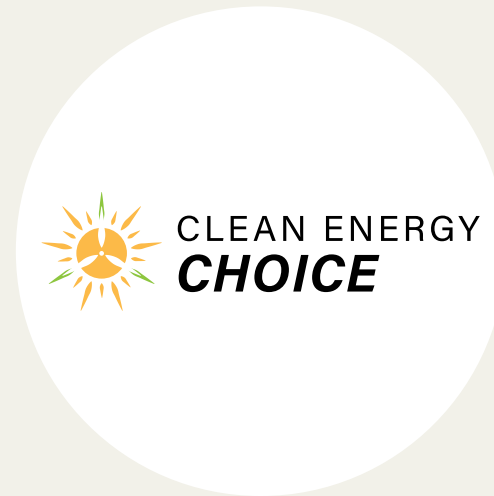
MMPA Energy Conservation Program

MMPA manages Conservation Improvement Program (CIP) activities for seven of our twelve member communities, working directly with members and their customers to develop targeted programs for energy efficiency. CIP encompasses a variety of rebate and other program offerings to residential and business customers.

Members distributed free energy kits to commercial and residential customers in 2020. Kits were distributed directly to customers and via local food shelves. These promotions let customers at all income levels experience LED lighting while also encouraging them to purchase efficient LED products. In addition to traditional kit contents such as LED bulbs, night lights, and power strips, in 2020 personal protective equipment such as KN95 face masks, disposable face masks, and hand sanitizer were included.

Commercial and industrial custom and lighting rebates continued to produce significant energy savings in 2020. Commercial lighting and custom rebates made up 50% of MMPA's total annual CIP spending and 81% of its annual kWh savings. One member paid a custom rebate to a customer who replaced old air compressors with new VFD and air-controlled compressors that saved over 500,000 kWh.

In 2020, COVID-19 impacted multiple projects as in-person visits and project inspections were halted and businesses put planned improvements on hold. Despite these challenges, the MMPA CIP group spent 1.4% of revenues on CIP and achieved 1.3% kWh savings, spending nearly \$565,000 on conservation programs and activities that saved nearly 4,400,000 kWh.



Clean Energy Choice for Home and Business

We know that some of our members' customers want even more renewable energy than the current Minnesota Renewable Energy Standard of 20%. That's why we created the Clean Energy Choice program as a simple and affordable way for customers to support renewable energy.

Our residential program provides four alternatives to customers. MMPA's energy supply is currently 20% renewable. For an additional \$1, \$2, or \$3 per month, customers can have 50%, 75%, or 100% of their energy come from renewable resources, respectively. Despite the many challenges people faced in 2020, participation in our residential Clean Energy Choice program increased by more than 10%.

We also offer a Clean Energy Choice for Business program that allows commercial and industrial customers to have 100% of their energy come from renewable resources for a small per kWh adder. We provide participating customers with a certificate and door decal so they can market that their products and services are powered by clean energy. The amount of energy provided by the Clean Energy Choice for Business program more than doubled in 2020 compared to the prior year.

MMPA's power supply includes a mix of both conventional and renewable generation resources. Our renewable resources include wind, solar, and bioenergy. We have a contract with a developer for all of the output of a new wind farm that is projected to come online in 2022 which is expected to nearly double the amount of renewable energy in MMPA's portfolio.

If you would like more information about our Clean Energy Choice program, please visit www.cleanenergychoice.com.

MMPA'S FINANCIAL STRENGTH SUPPORTS OUR AGENCY'S ABILITY TO PROVIDE STABLE AND COMPETITIVE RATES

Financial Overview

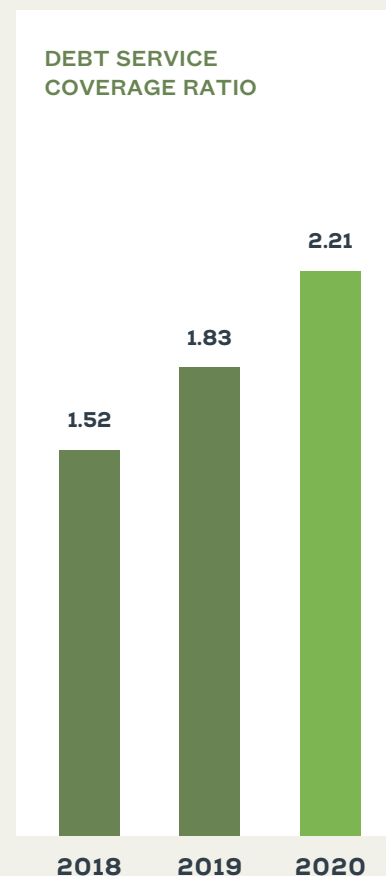
MMPA's financial position improved in 2020 by the early redemption of approximately \$65 million in debt. This action reduced MMPA's total debt outstanding by 29% and will reduce the Agency's interest expense by \$30 million over the next 15 years, which helps support our competitive rates.

MMPA once again had strong financial performance in 2020. Our debt service coverage improved to 2.21 times coverage, reflecting MMPA's strong financial position and performance. This improvement is especially impressive as MMPA's rates were lower in 2020 compared to 2019.

Our average rate to members was \$72.29 per MWh, more than 2% lower than our 2019 rate. Our rates were once again competitive with our regional investor-owned, cooperative, and joint action agency peers. The agency had net income of more than \$30 million for the year.

MMPA also has a \$33 million rate stabilization fund. This fund supports our objective of providing stable and predictable rates to members and would help the Agency to withstand a period of unexpectedly high prices.

We have a forward-looking energy adjustment clause (EAC) that helps us provide a price signal to our members regarding energy costs. Our EAC also enables MMPA to match the timing of revenues and expenses to support strong cash flow and liquidity.



Minnesota Municipal Power Agency

Statements of Net Position

(in thousands)

	December 31 2020	December 31 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 50,478	\$ 42,120
Restricted cash and cash equivalents	3,985	6,070
Investments	—	40,357
Accrued interest receivable	79	334
Power sales and other receivables	10,284	10,930
Fuel inventory	1,125	1,237
Plant inventory - spares	3,603	3,167
Prepaid expenses	1,451	1,342
Total current assets	71,005	105,557
Noncurrent assets:		
Capital assets:		
Electric generation assets	431,343	428,166
Land	7,693	7,092
Less: accumulated depreciation	(156,686)	(142,181)
Property and equipment, net	282,349	293,077
Construction in progress	1,144	948
Total capital assets, net	283,493	294,025
Restricted cash, cash equivalents, and investments	11,212	18,728
Prepaid expenses	475	511
Future recoverable costs	55,184	51,581
Total noncurrent assets	350,364	364,845
Total assets	421,369	470,402
Deferred Outflows of Resources		
Deferred outflows of resources - other	1,166	1,416
Total assets and deferred outflows of resources	\$422,535	\$471,818
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,013	\$ 9,333
Accrued interest payable	1,897	2,854
Long-term debt due within one year	8,268	10,763
Capital lease liability due within one year	1,206	1,091
Derivative instruments - futures	—	160
Total current liabilities	19,384	24,201
Noncurrent liabilities:		
Long-term debt, net	177,246	251,400
Capital lease liability	15,255	15,900
Total noncurrent liabilities	192,501	267,300
Total liabilities	211,885	291,501
Deferred Inflows		
Deferred inflows of resources:		
Rate stabilization	33,071	33,071
Other	6,432	6,647
Total liabilities and deferred inflows of resources	251,389	331,219
Net Position		
Net position:		
Net investment in capital assets	94,289	35,515
Restricted for debt service	3,984	6,070
Unrestricted	72,873	99,014
Total net position	171,146	140,599
Total liabilities and deferred inflows of resource and net position	\$422,535	\$471,818

Minnesota Municipal Power Agency

Statements of Revenues, Expenses, and Changes in Net Position

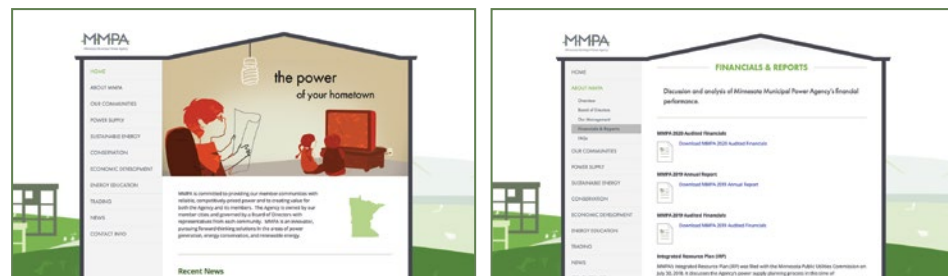
(in thousands)

	Year ended December 31 2020	Year ended December 31 2019
Operating revenues:		
Power sales to members	\$135,488	\$139,626
Power sales to nonmembers	1,334	1,347
Total operating revenues	136,822	140,973
Operating expenses:		
Power acquisition expense	40,242	47,529
Transmission	20,927	23,144
Other operating expenses	27,375	27,888
Depreciation	14,505	14,466
Total operating expenses	103,049	113,027
Operating income	33,773	27,946
Nonoperating revenues (expenses):		
Interest expense	(10,369)	(11,695)
Investment income	1,532	2,603
Loss on extinguishment of debt	(545)	—
Loss on bond investment redemption	—	(57)
Net (decrease) increase in fair value of investments	(1,037)	947
Realized gains on sales of investments	1,490	—
Other	1,750	66
Total nonoperating revenues (expenses), net	(7,179)	(8,136)
Change in net position before future recoverable costs	26,594	19,810
Future recoverable costs	3,953	2,468
Change in net position	30,547	22,278
Net position, beginning of year	140,599	118,321
Net position, end of year	\$171,146	\$140,599



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Minnesota Municipal Power Agency

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