



Minnesota Municipal Power Agency

Anoka | Arlington | Brownton | Buffalo | Chaska | East Grand Forks
Elk River | Le Sueur | North St. Paul | Olivia | Shakopee | Winthrop



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

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

2022 was a year of accomplishments for MMPA.

These successes include:

- Rates lower than our competitive benchmark
- Fitch bond rating upgraded
- Member Power Sales Agreements extended to 2060
- Walleye Wind Farm added to our power supply portfolio

Our rates were once again lower than our competitive benchmark in 2022, despite upward pressure on electric rates from higher natural gas commodity prices and higher inflation. Lower rates allow our members to provide affordable power to residents and businesses within their communities.

Fitch upgraded MMPA's bond rating from A+ to AA- in 2022. Fitch cited our strong financial performance, competitive rates, and strong member credit quality as reasons for the upgrade.

Eleven of our 12 member cities extended their Power Sales Agreements with MMPA through 2060. These members represent more than 99% of MMPA's load. Our members have a shared vision of their energy future and recognize the value provided by the Agency.

Walleye Wind Farm, a 109 MW wind project located in southwest Minnesota, was added to our resource portfolio in December. With the addition of Walleye, we expect to generate more than 40% of our 2023 energy needs from renewable, carbon-free energy sources.

Our approach for 100% renewable power

MMPA has an approach for a 100% renewable power supply that includes building new renewables, adding storage for new capacity, and powering our existing dispatchable resources with renewable fuels.

We are well-positioned to continue supplying reliable, competitively priced power to our members with the resource portfolio MMPA has assembled. We have an approach for a 100% renewable future to power MMPA for decades to come.

Sincerely,

A handwritten signature in black ink that reads "Matt Podhradsky".

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

A handwritten signature in black ink that reads "Derick O. Dahlen".

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



**FARIBAULT
ENERGY PARK**
FARIBAULT, MN

MMPA
**THE POWER
OF YOUR
HOMETOWN**

OUR MISSION IS TO PROVIDE RELIABLE, COMPETITIVELY-PRICED POWER TO OUR MEMBERS, AND TO CREATE VALUE FOR MMPA AND OUR MEMBERS

Our Members

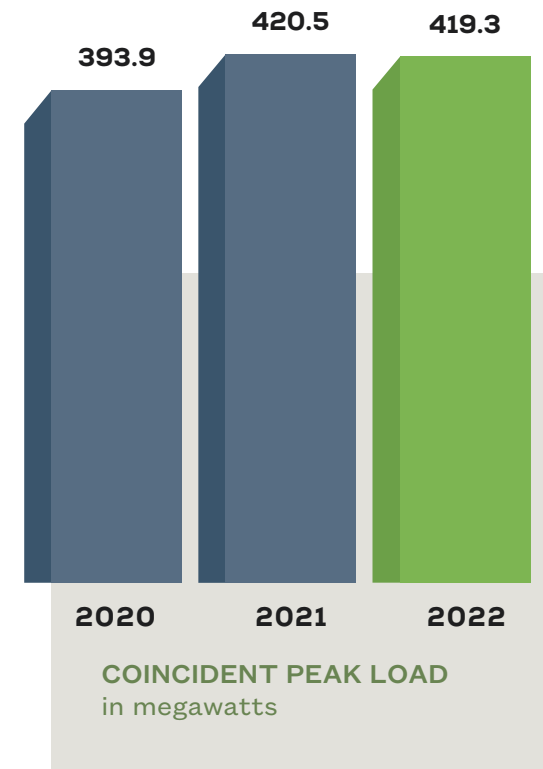
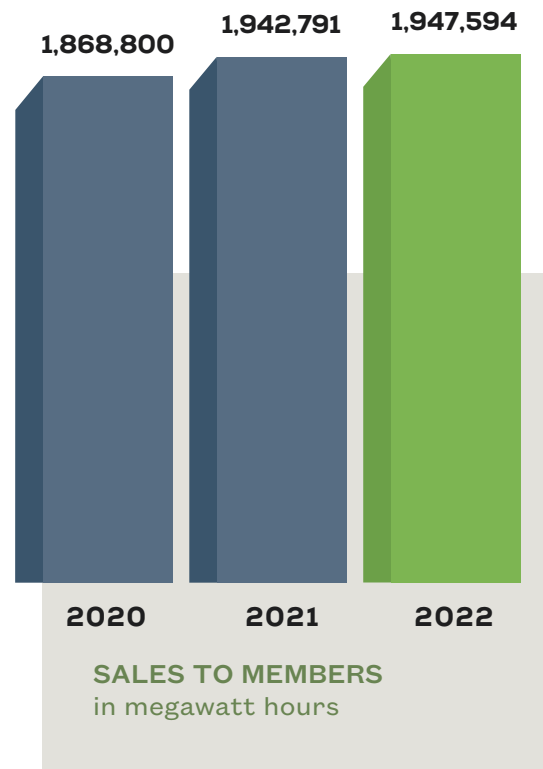
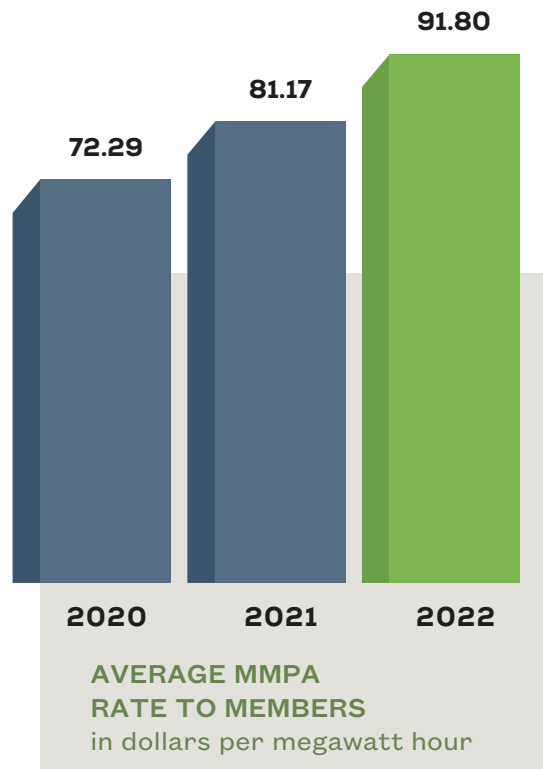
MMPA’s members are a collection of 12 Minnesota cities with a combined population of over 165,000. Each community is unique in its size and load profile, but all share in a mission to provide reliable and competitively-priced power to the residents and businesses in their communities.

Sales to Members

Our energy sales volume to members increased by 0.2% in 2022, while our coincident peak demand decreased by 0.3%. The growth in energy sales volume resulted from hot summer weather and growth within our member communities.

Member Rates

Our 2022 average rate to members was \$91.80, an increase from \$81.17 per MWh from 2021. The increase in rates was directly correlated with a substantial increase in natural gas prices throughout the country as well as high inflation. These rate pressures were felt by utility customers across Minnesota and the nation. Our rates remained lower than our competitive benchmark.





MMPA Board of Directors

Each MMPA member community has a seat on MMPA’s Board of Directors. Our Board is composed of elected officials, city administrators, utility managers, and community leaders. The Board meets monthly and is responsible for setting policy for the Agency.



- | | | | |
|--|--|---|---|
| <p>Anoka
Erik Skogquist
Council Member</p> <p>Del Vancura*
Electric Utility Director</p> <p>Arlington
Jessica Steinke
City Administrator</p> <p>Lisa Tesch*
Deputy Clerk</p> <p>Brownton
Curt Carrigan
Council Member</p> | <p>Buffalo
Jason Meusburger
Utilities & IT Director</p> <p>Steve Downer*
City Council</p> <p>Chaska
Matt Podhradsky
City Administrator
MMPA Chairman</p> <p>Pete Wyffels*
Electric Director</p> <p>East Grand Forks
Keith Mykleseth
Utilities General Manager
MMPA Vice Chairman</p> <p>Todd Grabanski*
Distribution Superintendent</p> | <p>Elk River
Mark Hanson
General Manager</p> <p>Mary Stewart*
Utilities Commissioner</p> <p>Le Sueur
Newell Krogmann</p> <p>Rich Kucera*
Public Works Director</p> <p>North St. Paul
Brian Frandle
City Manager
MMPA Secretary</p> <p>John Wick*
Electric Director</p> | <p>Olivia
Jo Monson
Utility Accounts Manager</p> <p>Shakopee
Greg Drent
General Manager
MMPA Treasurer</p> <p>Justin Krieg*
Utility Commissioner</p> <p>Winthrop
Peter Machaiek
Alderman</p> <p>Michael Looft*
City Administrator/
EDA Director</p> <p>* Alternate</p> |
|--|--|---|---|



MMPA Management

Avant Energy has managed MMPA since the Agency was formed in 1992. Avant Energy is a Minneapolis based energy consulting firm that provides a wide variety of services to MMPA through long-term contracts. These services include strategic planning, daily energy market operations, energy facility development, finance, and accounting.

Avant Management



Derick O. Dahlen
President and CEO



Oncu H. Er
Chief Operating Officer



David W. Niles
Senior Vice President



Noah J. Hansen
Vice President



Trevor J. Smith
Controller



Kim W. Lillyblad
Director



MMPA
OUR MEMBERS
PROVIDE POWER
TO 165,000
MINNESOTANS



ANOKA

Established in 1909, Anoka Municipal Utility now serves 10,900 residential, 1,330 commercial and 12 industrial customers. Anoka's historic downtown offers a unique array of businesses.



ARLINGTON

The City of Arlington received its name on May 11, 1858, the same date Minnesota became a state. Arlington is in Sibley County, 55 miles southeast of the Twin Cities.



BROWNTON

The City of Brownton was established in 1877 in McLeod County, 60 miles west of the Twin Cities. Brownton's municipal electric utility serves a population of approximately 800 people.



BUFFALO

The City of Buffalo was established in 1856 in Wright County, 42 miles northwest of the Twin Cities. Buffalo is the home of MMPA's Buffalo Solar Farm.



CHASKA

The City of Chaska was established in 1851 in Carver County. The community is home of the Minnesota River Station and Hazeltine National Golf Club, host of the 2016 Ryder Cup.



EAST GRAND FORKS

The City of East Grand Forks was established in northwest Minnesota in 1887 in Polk County. The city is known for the Red River State Recreation Area.



ELK RIVER

The City of Elk River was established in 1881 in Sherburne County, 34 miles northwest of the Twin Cities. Founded as a privately held power and light company in 1915, Elk River Municipal Utilities became a publicly owned municipal utility in 1945.



LE SUEUR

Established in 1852, the City of Le Sueur is located about 60 miles from the Twin Cities and 25 miles from Mankato in an area known as the Valley of the Jolly Green Giant. The city is home to MMPA's Hometown BioEnergy facility.



NORTH SAINT PAUL

The City of North Saint Paul was established in 1887 in Ramsey County, 13 miles northeast of Saint Paul. North Saint Paul is home to what many consider the world's largest concrete snowman.



OLIVIA

The City of Olivia was established in 1879 in Renville County, 90 miles west of the Twin Cities. The city is known as the Corn Capital of the World.



SHAKOPEE

The City of Shakopee was established in 1857 in Scott County, southwest of the Twin Cities. The river city is known for its entertainment offerings and commercial industry. Shakopee is the home of MMPA's Shakopee Energy Park.



WINTHROP

The City of Winthrop was established in 1910 in Sibley County, 80 miles west of Minneapolis. Winthrop is known for its agricultural industry specializing in the production of corn and soybeans.

ON A PATH TO 100% RENEWABLE

MMPA has charted a path to a 100% renewable energy future. This path has three key components.

Build New Renewables—Solar and Wind

MMPA plans to add new solar and wind resources to generate carbon-free, renewable energy. These resources will be a mix of smaller generation located near our member communities and larger projects located on the transmission system.

Add Batteries for New Capacity

We expect to add batteries to meet our future capacity needs. Energy storage helps bridge the gaps between when our customers demand power and when renewable energy sources such as solar and wind produce power.

Power Existing Resources with Renewable Fuels

Our dispatchable generation provides reliability at times when solar and wind resources are not available. We plan to power these resources in the future with renewable fuels such as renewable natural gas (RNG). This allows MMPA to continue using its dispatchable generation with less carbon impact than fossil fuel natural gas. We are currently upgrading our Hometown BioEnergy facility to produce RNG as a first step in this transition.



WALLEYE WIND FARM

ROCK COUNTY, MN

MMPA added the 109 MW Walleye Wind Farm to our resource portfolio in 2022. This low-cost, carbon-free energy reduces our exposure to fossil fuel price volatility. With the addition of Walleye, more than 40% of our annual energy needs will be supplied by renewable, carbon-free resources.

Faribault Energy Park

300 MW
Natural Gas

Faribault Energy Park is the largest power generation facility in our portfolio. Completed in 2007 and located in Faribault, Minnesota, the combined cycle facility provides clean, efficient power for the Agency. The facility, which runs primarily on natural gas, can also run on fuel oil in the event of a gas interruption. Faribault Energy Park is a community asset. 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. Faribault Energy Park also hosts most of our in-person Elementary Energy Education events.

Shakopee Energy Park

46 MW
Natural Gas

Shakopee Energy Park is a 46 MW generation facility located in our member community of Shakopee. The facility's five reciprocating engines are run on natural gas but can also be run using onsite liquefied natural gas (LNG) when natural gas is unavailable. The facility was built in 2017 and is directly connected to Shakopee's distribution system, providing reliability to the city. Shakopee Energy Park hosts our high school Energy Education program.

Minnesota River Station

49 MW
Natural Gas

Minnesota River Station is a 49 MW simple cycle gas turbine located in our member community of Chaska. The natural gas-fired peaking facility was built in 2001 and is primarily used on days when demand is highest. MMPA leases the facility from Chaska under an agreement that runs until at least 2031.

Oak Glen Wind Farm

44 MW
Wind

Oak Glen Wind Farm is a 44 MW project located in Steele County, near Blooming Prairie. The wind farm consists of 24 turbines. Oak Glen Wind Farm was MMPA's first utility-scale wind project and has been providing clean, renewable energy to the Agency since 2011.



**SHAKOPEE
ENERGY PARK**
SHAKOPEE, MN

Hometown BioEnergy**8 MW
BioEnergy**

Hometown BioEnergy is an 8 MW bioenergy facility located in our member community, Le Sueur. The facility has created biogas from the anaerobic digestion of agricultural and food processing wastes since 2013. The biogas is used as fuel for reciprocating engines, generating renewable electricity. A project began in 2022 to convert the facility into a renewable natural gas facility. The renewable natural gas will be injected into the natural gas pipeline. The project is expected to be completed in 2023.

Black Oak Getty Wind Farm**78 MW
Wind**

Black Oak Getty is a 78 MW project located in Stearns County near Sauk Centre. The wind farm consists of 39 turbines. MMPA has purchased the power generated by the wind farm through a long-term contract since the facility began operating in 2016.

Buffalo Solar**7 MW
Solar**

Buffalo Solar is a 7 MW solar facility located near our member community of Buffalo. The solar farm consists of over 25,000 solar panels. Since its construction in 2017, MMPA has purchased the power generated at the solar farm through a long-term power purchase agreement.

Hometown WindPower**2.1 MW
Wind**

Hometown WindPower is a collection of 160 kW wind turbines located in each MMPA member community and at Faribault Energy Park. The resources are demonstration projects to educate community members on the operating characteristics of wind power.

Walleye Wind Farm**109 MW
Wind**

Walleye Wind Farm is a 109 MW project located in Rock County, Minnesota. The wind farm consists of 40 turbines. Construction of the wind farm was completed in late 2022. MMPA purchases all of the wind farm's output under a long-term contract.



**BUFFALO
SOLAR**
BUFFALO, MN

MMPA Energy Education Program

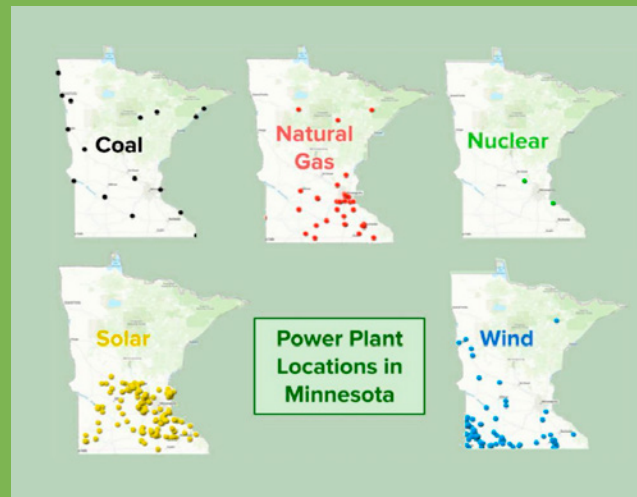
At the start of the 2021-2022 school year, many schools were still following hybrid or distance learning protocols and the decision was made to continue to offer a virtual Energy Education experience. This decision was rooted in keeping the program active and supporting teachers and students in MMPA communities.

The Elementary School Energy Education Event consisted of a digital workbook and three student-paced 30-minute online modules. Topics included an introduction to energy and electricity, exploration of sources of energy, and examination of personal electricity use and its impact.

NEW INTERACTIVE CONTENT



In Module 1, students learn about different light bulbs (incandescent, CFL, LED) and how much electricity they use.

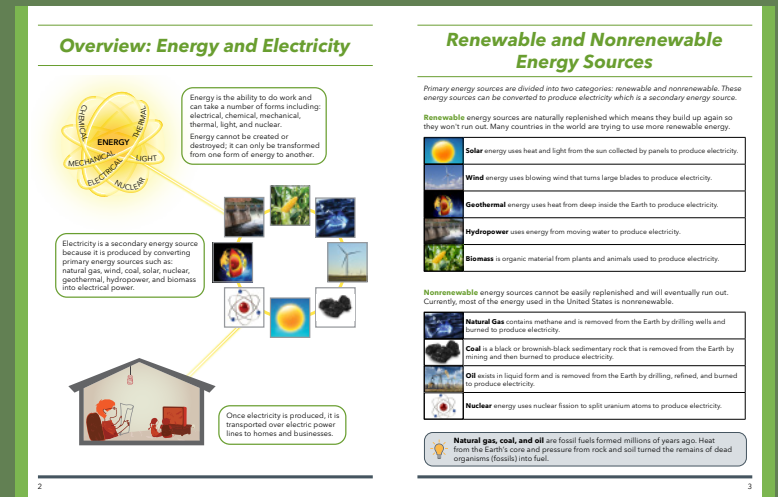
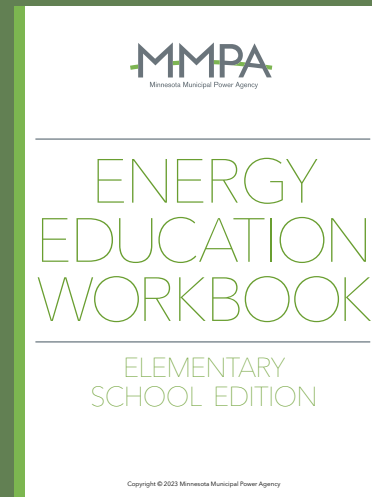


In Module 2, students learn about the different types of power plants in Minnesota.

New in Spring 2022, a virtual High School Energy Education Event was launched. MMPA partnered with the Science Museum of Minnesota to create educational content suitable for grades 9 through 12. The high school event consisted of a digital workbook and two 30-minute online modules that encouraged students to explore in-depth topics such as renewable and nonrenewable energy sources, tradeoffs in electricity generation, climate change, and careers in energy. Like the elementary virtual event, the program was student-paced, making it suitable for a variety of learning environments.

The MMPA Energy Education program is a unique educational experience incorporating curriculum aligned with Minnesota Science Standards. Since its inception, the program has reached 20,000 students. We plan to return to in-person programs in the 2022-23 school year and expect to continue to offer a virtual option for schools as well.

TRADITIONAL WORKBOOK



In the workbook, students learn about Energy & Electricity, Minnesota Energy Profile, the Power of Your Hometown, and Energy Conservation.



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. The CIP program encompasses a variety of rebate and other program offerings to residential and business customers.

In 2022, the MMPA CIP group spent nearly \$600,000, with more than \$133,000 benefiting low-income customers, and saved over 4,200,000 kWh. The MMPA CIP group achieved 1.3% kWh savings and 0.8% low-income spending.

Our direct low-income program is an effective way to meet both kWh savings and low-income spending goals. We work directly with local, income-qualified multifamily properties to identify opportunities for lighting upgrades. The facilities we work with have old, inefficient, and inadequate lighting. These projects not only result in energy savings with efficient dollars spent per kWh saved, but they also improve lighting quality, making spaces safer for residents. Providing energy kits to residents of income-qualified properties and food shelves is another way of reaching these customers and meeting our goals. Kits include energy saving LED light bulbs, faucet aerators, and showerheads.

Commercial and industrial (C&I) rebates continued to produce significant energy savings in 2022. While C&I rebates made up 48% of the MMPA CIP group's total annual CIP spending, they accounted for over 71% of its annual kWh savings. Lighting rebates accounted for approximately two thirds of C&I rebates paid and kWh savings achieved in 2022.

**OUR CONSERVATION PROGRAMS AND
ACTIVITIES SAVED MORE THAN
4,200,000 KWH OF POWER IN 2022**



Clean Energy Choice for Home

MMPA's Clean Energy Choice program gives our members' residential customers choices regarding their electricity supply. Customers receive 20% of their power from renewable resources through MMPA's base power supply. For an incremental monthly fee of \$1, \$2, or \$3, customers can receive 50%, 75%, or 100% of their energy from renewable resources. This year, the number of residential customers participating in the Clean Energy Choice program increased by 17%.

For more information about the Clean Energy Choice for Home program, please visit www.cleanenergychoice.com or contact your local MMPA member utility.

Clean Energy Choice for Business

Managing the environmental impact of electricity consumption is of increasing importance to business customers in our member communities. MMPA's Clean Energy Choice for Business program allows commercial and industrial customers to receive 100% of their power from renewable sources for a small per kWh adder. We help participants in the Clean Energy Choice for Business program promote their use of clean energy by providing them with certificates of participation and door decals. In 2022, the number of business customers participating in the Clean Energy Choice for Business program increased by 23%.

If you would like more information about our Clean Energy Choice for Business program, please contact your local MMPA member utility.

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

Financial Overview

MMPA's 2022 financial performance was strong. Our bond rating from Fitch was upgraded from A+ to AA in 2022. Fitch cited MMPA's strong financial performance, competitive rates, and strong member credit quality as reasons for the upgrade.

Debt service coverage for 2022 was 2.07 times coverage, reflecting MMPA's strong financial position and performance.

MMPA has a forward-looking energy adjustment clause (EAC) to ensure that we match the timing of revenues and expenses. Our EAC approach supports the Agency's strong cash flow and liquidity position. It also enables us to provide timely information regarding energy costs to our members.

MMPA also maintains a rate stabilization fund to support our objective of providing predictable and stable rates to members. The 2022 year-end balance of our rate stabilization fund was \$28.7 million.

Our average rate to members for the year was \$91.80, an increase from 2021. This higher rate was the result of significantly higher natural gas prices, which are a major determinant of wholesale electricity prices. These higher gas prices were in part the result of global geopolitical conflict. Despite somewhat higher rates in 2022, our rates were still below our competitive benchmark.

Minnesota Municipal Power Agency
**Statements of Revenues, Expenses,
and Changes in Net Position**
(in thousands)

	Year ended December 31 2022	Year ended December 31 2021 (Restated)
Operating revenues:		
Power sales to members	\$179,379	\$162,540
Power sales to nonmembers	1,864	1,496
Total operating revenues	181,243	164,036
Operating expenses:		
Power acquisition expense	87,143	65,321
Transmission	27,170	24,902
Other operating expenses	30,672	30,774
Depreciation	16,604	16,456
Total operating expenses	161,589	137,454
Operating income	19,654	26,582
Nonoperating revenues (expenses):		
Interest expense	(6,922)	(7,351)
Investment income	967	236
Other	—	63
Total nonoperating revenues (expenses), net	(5,955)	(7,052)
Change in net position before future recoverable costs	13,699	19,531
Future recoverable costs	(6,680)	(7,205)
Change in net position	7,019	12,326
Net position, beginning of year	183,473	171,147
Net position, end of year	\$190,492	\$183,473

Minnesota Municipal Power Agency
Statements of Net Position
(in thousands)

Assets	December 31 2022	December 31 2021 (Restated)
Current assets:		
Cash and cash equivalents	\$ 84,540	\$ 69,053
Restricted cash and cash equivalents	3,718	4,162
Accrued interest receivable	80	79
Power sales and other receivables	13,541	14,065
Fuel inventory	1,311	1,035
Plant inventory - spares	4,011	3,594
Prepaid expenses	1,692	1,519
Total current assets	108,893	93,507
Noncurrent assets:		
Capital assets:		
Electric generation assets	421,997	410,861
Land	10,894	10,224
Less: accumulated depreciation	(170,682)	(154,078)
Property and equipment, net	262,209	270,007
Construction in progress	9,630	711
Total capital assets, net	271,839	276,718
Restricted cash, cash equivalents, and investments	10,501	10,847
Prepaid expenses	406	441
Future recoverable costs	35,416	42,096
Total noncurrent assets	318,162	330,102
Total assets	427,055	423,609
Deferred Outflows of Resources		
Deferred outflows of resources - other	2,536	1,081
Total assets and deferred outflows of resources	\$429,591	\$424,690

Minnesota Municipal Power Agency
Statements of Net Position
(in thousands)

Liabilities	December 31 2022	December 31 2021 (Restated)
Current liabilities:		
Accounts payable and accrued liabilities	\$ 11,630	\$ 12,079
Accrued interest payable	1,714	1,808
Long-term debt due within one year	8,988	8,613
Capital lease liability due within one year	1,349	1,275
Derivative instruments - futures	1,550	5
Total current liabilities	25,231	23,780
Noncurrent liabilities:		
Long-term debt, net	157,353	167,487
Capital lease liability, net	12,632	13,981
Total noncurrent liabilities	169,985	181,468
Total liabilities	195,216	205,248
Deferred Inflows of Resources		
Deferred inflows of resources:		
Rate stabilization	28,671	28,671
Other	15,212	7,298
Total liabilities and deferred inflows of resources	239,099	241,217
Net Position		
Net position:		
Net investment in capital assets	102,906	97,520
Restricted for debt service	3,718	4,162
Unrestricted	83,868	81,791
Total net position	190,492	183,473
Total liabilities, deferred inflows of resources and net position	\$ 429,591	\$424,690

Visit www.mmpa.org to view complete audited
financial statements and learn more about MMPA.



Minnesota Municipal Power Agency

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