

Minnesota Municipal Power Agency

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



The MMPA logo is located in the upper right quadrant of the image. It consists of the letters 'MMPA' in a bold, sans-serif font. A thin green horizontal line is positioned behind the letters, extending slightly beyond the 'M' on the left and the 'A' on the right.

MMPA

# THE POWER OF YOUR HOMETOWN

OAK GLEN  
WIND FARM

10-YEAR ANNIVERSARY





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

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

**MMPA celebrated many successes in 2021.** Most importantly, our rates were once again lower than our competitive benchmark. This helps our members deliver reliable, affordable power to the residents and businesses they serve each day.

We also successfully pivoted our energy education to a virtual program offering in response to the COVID-19 pandemic. In the last 10 years, we've had more than 20,000 students participate in our energy education programs.

Our conservation programs saved more than 4 million kWh for the seven member communities that participate in the Agency-run program. This collaboration demonstrates the benefits of joint action for public power communities.

Participation in our residential and business Clean Energy Choice programs continued to increase, as more customers seek a sustainable supply of power. Nearly 4% of all residential customers participate in this innovative program.

MMPA maintained its strong bond ratings of A+ from Fitch and A1 from Moody's. Our debt service coverage ratio, a key indicator of our financial strength, rose from 2.21 in 2020 to 2.37 in 2021.

We look forward to the addition of the Walleye Wind Energy Center, which is scheduled to be operational in late 2022. The completion of the Walleye project will nearly double the amount of MMPA's annual renewable energy production. In 2023, we expect renewable energy production to be approximately 43% of our annual energy requirements.

As we look ahead, we conclude that we need to continue to add renewable resources to our portfolio over the next decade. These additional renewable projects would help meet our members' growing load, reduce MMPA's fossil fuel price exposure, and further reduce our carbon emissions.

Adding new generation resources will require MMPA to issue additional bonds. Our bonds are secured by MMPA's Power Sales Agreements with each of our members. Issuing 30-year debt helps us keep our costs, and therefore our rates, lower. Because we anticipate adding resources through the end of this decade, we have asked our members to extend their Power Sales Agreements through 2060, giving us the ability to issue 30-year debt until 2030.

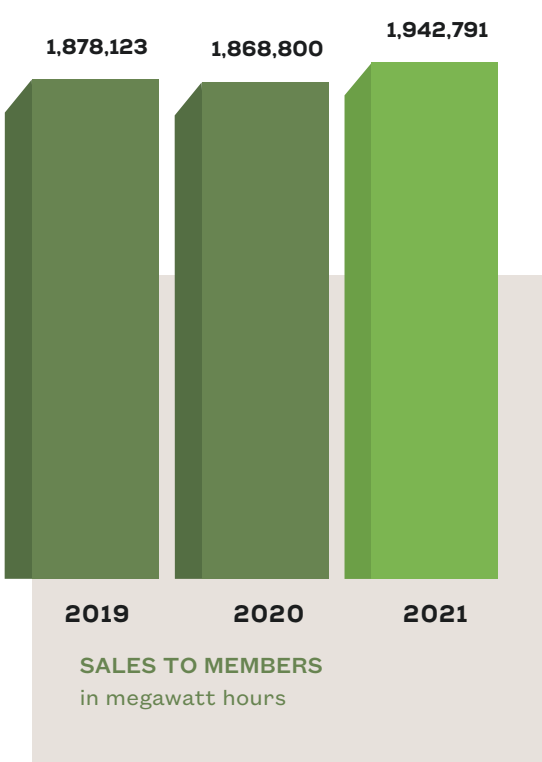
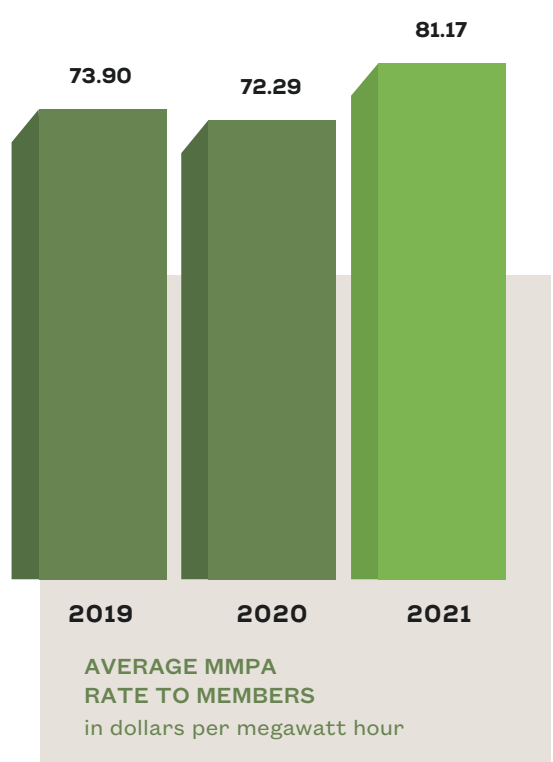
We recognize that this is a substantial commitment for our member communities. Electric utility generation additions are long-term, capital-intensive investments. By investing in new resources in the coming years, we expect MMPA to be well-positioned to continue delivering on its mission of providing reliable, competitively-priced power to our members, and to creating 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 MISSION IS TO PROVIDE RELIABLE,  
COMPETITIVELY-PRICED POWER TO OUR  
MEMBERS, AND TO CREATE VALUE FOR  
MMPA AND OUR MEMBERS



Our Members

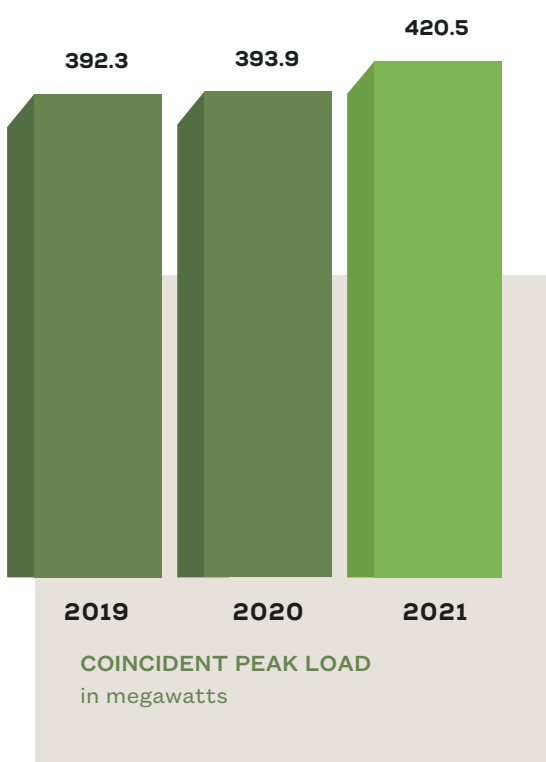
MMPA’s 12 members are communities united in public power. Although they vary in size and location, they are all committed to providing reliable, competitively-priced power to the residents and businesses in their community. Our members are “The Power of Your Hometown” to more than 163,000 people throughout Minnesota.

Sales to Members

Our energy sales volume to members in 2021 increased by 4.0% over 2020, while our coincident peak demand increased by 6.8%. These increases were the result of economic recovery from the coronavirus pandemic, hotter summer weather, and growth within our member communities.

Member Rates

Our 2021 average rate to members was \$81.17 per MWh, an increase of \$8.88 per MWh from our 2020 average rate. This higher rate was mainly the result of higher energy commodity prices, which increased substantially in the second half of the year. These higher costs affected all electricity providers across Minnesota and throughout the country. Our rates continue to be competitive with local and regional investor-owned utilities, generation and transmission cooperatives, and other joint action agencies.



OUR MEMBERS  
PROVIDE POWER TO  
163,000 MINNESOTANS





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, and utility managers. The Board meets monthly and is responsible for setting policy for the Agency.



- Anoka**  
Erik Skogquist  
Council Member

Greg Geiger\*  
Electric Director
- Buffalo**  
Jason Meusbarger  
Utilities & IT Director

Steve Downer\*  
City Council
- Elk River**  
Theresa Slominski  
General Manager

Mary Stewart\*  
Utilities Commissioner
- Olivia**  
Amber Dale  
Utility Accounts Manager

Dan Coughlin\*  
City Administrator
- Arlington**  
Amy Newsom  
City Administrator

Lisa Tesch\*  
Deputy Clerk
- Chaska**  
Matt Podhradsky  
City Administrator  
MMPA Chairman

Pete Wyffels\*  
Electric Director
- Le Sueur**  
Newell Krogmann  
Council Member

Rich Kucera\*  
Public Works Director
- Shakopee**  
Greg Drent  
General Manager  
MMPA Treasurer

Kayden Fox\*  
Utility Commissioner
- Brownton**  
Curt Carrigan  
Council Member
- East Grand Forks**  
Keith Mykleseth  
Utilities General Manager  
MMPA Vice Chairman

Todd Grabanski\*  
Distribution Superintendent
- North St. Paul**  
Brian Frandle  
Director of  
Electric Utilities  
MMPA Secretary

John Wick\*  
Electric Superintendent
- Winthrop**  
Peter Machaiek  
Alderman

Michael Looft\*  
City Administrator/  
EDA Director

\* Alternate



MMPA Management

MMPA is managed by Avant Energy, a Minneapolis-based energy consulting firm. Avant has managed the Agency since its formation in 1992. Avant provides a wide range of services to MMPA under long-term contracts including strategic planning, daily energy market operations, energy facility development, finance and accounting, and regulatory compliance. Avant employs professionals trained in management, engineering, finance, accounting, and law.

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





**OLIVIA  
WATER TOWER**  
OLIVIA

### 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

Arlington is a growing rural community located approximately 55 miles southwest of the Twin Cities. Arlington has been involved in the delivery of electricity since the early 1900s.

### BROWNTON

The City of Brownton is located 60 miles west of the Minneapolis/St. Paul metro area. Brownton’s municipal electric utility serves a population of 800.

### BUFFALO

The City of Buffalo is located between the Twin Cities and St. Cloud on the shores of two recreational lakes. Buffalo Solar Farm is located near the City of Buffalo.

### CHASKA

The City of Chaska sits in the Minnesota River valley, in the rapidly-growing southwest Twin Cities metro area. Chaska is home to the Minnesota River Station.

### EAST GRAND FORKS

The City of East Grand Forks is located in northwestern Minnesota on the North Dakota border. The area’s fertile agricultural soil is ideal for growing sugar beets, soybeans, wheat, and potatoes.

### 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.

### LE SUEUR

The City of Le Sueur is located approximately 30 miles south of the Twin Cities metro area on Highway 169. Le Sueur is home to Hometown BioEnergy.

### NORTH ST. PAUL

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 the world’s largest concrete snowman.

### OLIVIA

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. Olivia is home to the world’s highest concentration of seed research and processing companies.

### SHAKOPEE

The City of Shakopee is located along the banks of the Minnesota River. The City is known for its many entertainment attractions. Shakopee is home to Shakopee Energy Park.

### WINTHROP

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.





### Overview

MMPA has assembled a diverse power supply portfolio spanning a variety of fuel types and generation technologies. This collection of resources has enabled MMPA to maintain rates below our competitive benchmarks for many years.

Our newest resource, Walleye Wind Farm, is scheduled to come online in the fourth quarter of 2022. Once in service, MMPA's renewable portfolio is projected to generate energy representing more than 40% of MMPA's load requirements.

As we look to the future, we see a need for additional renewable resources in our power supply to further reduce our natural gas price commodity exposure and our carbon emissions, which have decreased 58% per MWh since 2005. This is why we're asking our members to extend their Power Sales Agreements with MMPA through 2060, so we can issue 30-year debt through 2030 to fund these investments in new generation resources.

As we transition to a more renewable power supply portfolio, we recognize that there is still a role for our natural gas resources as well. These plants are dispatchable and can supply power when needed, such as when the sun is not shining or the wind is not blowing.



### 300 MW Natural Gas



#### Faribault Energy Park

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.

### 46 MW Natural Gas



#### Shakopee Energy Park

Shakopee Energy Park is a 46 MW facility located in our member community of Shakopee. Completed in 2017, Shakopee Energy Park is the newest conventional resource in our portfolio. The five reciprocating engines are powered primarily by natural gas. When natural gas is not available, the facility utilizes an innovative liquified natural gas (LNG) backup system, which allows more flexibility in the plant's operation. Shakopee Energy Park is directly connected to Shakopee's electrical distribution system, helping to support the city's reliability. The facility is also a host for the Agency's in-person High School Energy Education Events.

### 49 MW Natural Gas



#### Minnesota River Station

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



SHAKOPEE  
ENERGY PARK  
ENGINE HALL



**44 MW  
Wind****Oak Glen Wind Farm**

Oak Glen Wind Farm is a 44 MW project located in Blooming Prairie, Minnesota. Consisting of 24 wind turbines, Oak Glen Wind Farm was MMPA's first utility-scale wind project. For more than 10 years, Oak Glen Wind Farm has been providing clean, renewable energy to the Agency. MMPA installed a gazebo in Blooming Prairie to thank the community for hosting our project.

**8 MW  
BioEnergy****Hometown BioEnergy**

Hometown BioEnergy is an 8 MW biomass facility located near Le Sueur, Minnesota, a MMPA member community. The facility uses the anaerobic digestion of agricultural and food processing wastes to produce biogas. The biogas serves as fuel for reciprocating engines, which produce renewable energy. Unlike most renewable generators, this facility has the ability to produce and store the biogas to be used when it is most valuable. The facility also creates a liquid byproduct from the digestion process which is sold to local farmers as fertilizer. Hometown BioEnergy has been operating since 2013.

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

Black Oak Getty Wind Farm is a 78 MW wind farm 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.

**7 MW  
Solar****Buffalo Solar**

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

**2.1 MW  
Wind****Hometown WindPower**

Hometown WindPower program placed a 160 kW wind turbine in each of our member communities, as well as Faribault Energy Park. The turbines were installed in 2010. These wind turbines are demonstration resources used to help educate the community about the operating characteristics of wind power.

**110 MW  
Wind****Future Resource – Walleye Wind**

Walleye Wind is an approximately 110 MW wind farm currently under development. The renewable energy facility is expected to be operational in the fourth quarter of 2022. We would purchase all of the output of Walleye Wind under a long-term contract.



FARIBAULT  
ENERGY PARK  
FARIBAULT





MMPA Energy Education Program

2021 would have been the 10th anniversary of MMPA’s Energy Education program bringing fourth grade students from member communities to Faribault Energy Park. However, in the fall of 2020, it became clear that in-person energy education activities would not be an option in 2021. It was an MMPA priority to maintain a program offering during the pandemic, so we partnered with the Science Museum of Minnesota and created a virtual elementary school Energy Education Event. The virtual event consisted of a digital workbook and three 30-minute online modules including an introduction to energy and electricity, exploration of sources of energy, and examination of personal electricity use and its impact. The modules and workbook were designed to be student-paced and suitable for in-person, hybrid, and distance learning settings.

In typical years, the elementary school program consists of a printed workbook, in-school assemblies, and Fairbault Energy Park 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 5 years, the Science Museum of Minnesota has contributed to our in-school assemblies and tour events. Since its inception, the MMPA Energy Education Program has reached over 20,000 students.

Looking ahead to Spring 2022, we’re adding a virtual high school event, consisting of a digital workbook and two 30-minute online modules produced in partnership with the Science Museum of Minnesota. The high school program encourages students to explore in-depth topics such as renewable and nonrenewable energy sources, electricity, climate change, and careers in energy. Like the elementary virtual event, the program is student-paced and suitable for a variety of learning environments.

We hope to be able return to in-person programs in the 2022-2023 school year. We may also continue to offer a virtual option to provide our communities with flexibility and choice.

NEW INTERACTIVE CONTENT



In the **Crank Smarter module**, students play a game that teaches them about energy conservation. In the game, students have a finite amount of energy to use during the day and they have to decide the best ways to use it. The game encourages students to think about how they use electricity and how not to waste it.



As part of the **Crank Up the Watts module**, students learn about the tradeoffs of renewable and nonrenewable energy sources in “The Energy Bowl” which pits the Minnesota Kilowatts against The Challengers. Shown here is the Minnesota Kilowatts team consisting of energy sources (Wind, Solar, Coal, Natural Gas, and Nuclear).



Shown here is **The Challengers team** representing the various demands that must be met (Transportation, Agriculture, Buildings, Industry, and the bruiser of the bunch, Climate Change).

## OUR CONSERVATION PROGRAMS AND ACTIVITIES SAVED MORE THAN 4,300,000 KWH OF POWER

### 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 to help them save energy and money. The CIP program encompasses a variety of rebate and other program offerings to residential and business customers.

In 2021, COVID-19 continued to impact projects as businesses continued to put planned improvements on hold. Despite these challenges, the MMPA CIP group achieved 1.6% spending (exceeding their goal) and 1.3% kWh savings, spending nearly \$622,000 on conservation programs and activities that saved more than 4,300,000 kWh. All seven group members also met their individual low-income spending goals.

Members continued to distribute free energy kits to commercial and residential customers in 2021. New in 2021, North St. Paul distributed energy kits to more than 1,800 elementary school students at schools throughout the city. In addition to traditional kit contents such as LED bulbs and night lights, the school kits included PPE (masks, hand sanitizer, disinfectant wipes), power strips, weatherstripping tape, shower heads, faucet aerators, and activity books.

Commercial and industrial (C&I) custom and lighting rebates continued to produce significant energy savings in 2021. While commercial lighting and custom rebates made up only 26% of MMPA's total annual CIP spending, they accounted for over 50% of our annual kWh savings.



WeSaveHome  
WeSaveBusiness



### Clean Energy Choice for Home and Business

MMPA's power supply portfolio includes renewable energy from wind, solar and bioenergy. Each year, our renewable energy resources generate more energy than required to meet our obligations under Minnesota's renewable energy standard, which is currently 20%.

We know that some of our members' customers want more renewable energy than what is required by the state. We developed the Clean Energy Choice program as an affordable and simple way for customers to support renewable energy.

Our residential program gives customers four choices. MMPA's standard energy product is currently 20% renewable. For an extra \$1, \$2, or \$3 per month, customers can have 50%, 75%, or 100% of their energy come from renewable resources. In 2021, the total number of customers participating in our Clean Energy Choice program increased by more than 6%.

We also offer our members a Clean Energy Choice for Business program for their commercial and industrial customers. This product allows commercial and industrial customers to have 100% of their energy come from renewable resources for a small per kWh adder. To support our members' customers in promoting their use of clean energy, we provide participating customers with a certificate and door decal. The amount of energy provided by the Clean Energy Choice for Business program more than quadrupled from 2020 to 2021.

If you would like more information about our Clean Energy Choice program, please visit [www.cleanenergychoice.com](http://www.cleanenergychoice.com) or contact your local MMPA member utility.



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

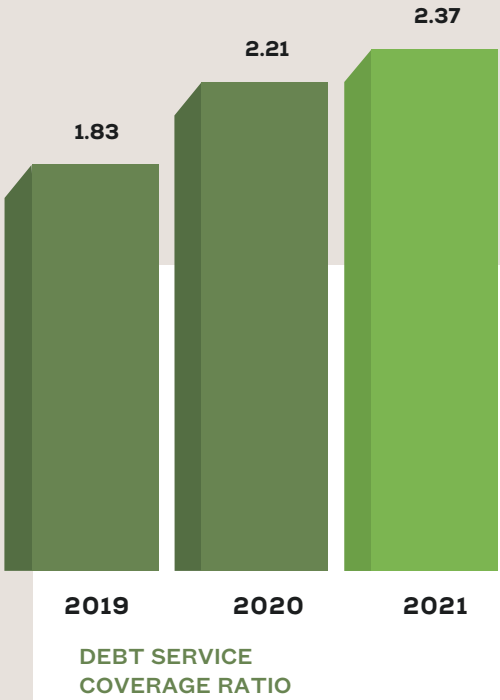
Financial Overview

MMPA’s financial performance was strong in 2021. Our average rate to members was \$81.17 per MWh, higher than 2020 because of substantial increases in natural gas prices in the second half of 2021. Our rates were once again competitive with our regional investor-owned, cooperative, and joint action agency peers.

Our debt service coverage improved to 2.37 times coverage. The increase in coverage reflects our strong financial position and performance.

MMPA has a rate stabilization fund that supports our objective of providing predictable and stable rates to members. In February 2021, winter storm Uri caused energy prices to increase dramatically throughout much of the country, including Minnesota. Our net energy cost for the month was more than double the budgeted amount. Rather than passing on a significant rate increase to members, the Board voted to use \$4.4 million of the Agency’s rate stabilization fund to cover this unexpected cost increase. At the end of 2021, MMPA had \$28.7 million in its rate stabilization fund.

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



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

	December 31 2021	December 31 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 69,053	\$ 50,478
Restricted cash and cash equivalents	4,162	3,985
Accrued interest receivable	79	79
Power sales and other receivables	14,065	10,284
Fuel inventory	1,035	1,125
Plant inventory - spares	3,594	3,603
Prepaid expenses	1,519	1,451
Total current assets	93,507	71,005
Noncurrent assets:		
Capital assets:		
Electric generation assets	433,042	431,343
Land	10,224	7,693
Less: accumulated depreciation	(172,573)	(156,686)
Property and equipment, net	270,693	282,350
Construction in progress	711	1,143
Total capital assets, net	271,404	283,493
Restricted cash, cash equivalents, and investments	10,847	11,212
Prepaid expenses	441	475
Future recoverable costs	47,410	55,184
Total noncurrent assets	330,102	350,364
Total assets	423,609	421,369
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources - other	1,081	1,166
Total assets and deferred outflows of resources	\$424,690	\$422,535
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 12,079	\$ 8,013
Accrued interest payable	1,808	1,897
Long-term debt due within one year	8,613	8,268
Capital lease liability due within one year	1,275	1,206
Derivative instruments - futures	5	—
Total current liabilities	23,780	19,384
Noncurrent liabilities:		
Long-term debt, net	167,487	177,246
Capital lease liability, net	13,981	15,255
Total noncurrent liabilities	181,468	192,501
Total liabilities	205,248	211,885
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources:		
Rate stabilization	28,671	33,071
Other	7,298	6,432
Total liabilities and deferred inflows of resources	241,217	251,388
<b>Net Position</b>		
Net position:		
Net investment in capital assets	92,206	94,289
Restricted for debt service	4,162	3,985
Unrestricted	87,105	72,873
Total net position	183,473	171,147
Total liabilities, deferred inflows of resources and net position	\$424,690	\$422,535

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

	Year ended December 31 2021	Year ended December 31 2020
Operating revenues:		
Power sales to members	\$162,540	\$135,488
Power sales to nonmembers	1,496	1,334
Total operating revenues	164,036	136,822
Operating expenses:		
Power acquisition expense	65,321	40,242
Transmission	24,902	20,927
Other operating expenses	30,774	27,375
Depreciation	15,887	14,505
Total operating expenses	136,884	103,049
Operating income	27,152	33,773
Nonoperating revenues (expenses):		
Interest expense	(7,351)	(10,369)
Investment income	477	1,532
Loss on extinguishment of debt	—	(545)
Net decrease in fair value of investments	(241)	(1,037)
Realized gains on sales of investments	—	1,490
Other	63	1,750
Total nonoperating revenues (expenses), net	(7,052)	(7,179)
Change in net position before future recoverable costs	20,100	26,594
Future recoverable costs	7,774	3,953
Change in net position	12,326	30,547
Net position, beginning of year	171,147	140,600
Net position, end of year	\$183,473	\$171,147

Visit [www.mmpa.org](http://www.mmpa.org) to view complete audited financial statements and learn more about MMPA.



THE POWER OF  
YOUR HOMETOWN





Minnesota Municipal Power Agency

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