



2019

ANNUAL REPORT



“CMPAS provided members with higher value in 2019 than in prior years, and we’re committed to continuing to do that.”

– CHRIS KOPEL, CEO

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LETTER FROM
BOARD PRESIDENT & CEO

Our organizations, the Central Minnesota Municipal Power Agency (CMMPA) and its utility service agent, Central Municipal Power Agency/Services (CMPAS), made significant advancements in 2019:

- CMPAS continued to positively redefine itself by adopting a new Mission (“Members First”), a new Vision (“Member-Focused, Member-Driven”), and new Core Values (“Member and Customer Focus”), giving the staff, board, and members greater clarity, better alignment, and a renewed sense of purpose.
- We developed new capabilities by adding new staff.
- The new staff began expanding the reach of distribution system engineering and transmission planning services to our members.
- We added three new members: the Minnesota cities of Lake Crystal, Madelia, and Truman.
- Our financial strength allowed us to return \$3.5 million to our members.
- Our board strengthened governance by revising agency board policies and creating a policy manual.
- We’ve earned the enviable position of being among the least-cost wholesale power suppliers in the region.

Last year we implemented important changes that were first envisioned in mid-2018 through our strategic planning process. As a member service organization, we can never say our job is finished because our members’ needs continue to evolve. But we can look back at 2019 and say that it was the year when the rubber met the road, when we began to fulfill our promises to deliver more and better services to our members at reduced cost.

In 2019 we marked the ongoing progress arising out of in-depth conversations with our members. Time and again, the Agency delivered, demonstrating its enhanced member focus. And members have told us they notice the difference and greatly appreciate it.

A laser-sharp focus on our members and their needs will give us a competitive advantage as electric markets continue to evolve. We don’t know what the market may look like



Top: Tim Stoner | Bottom: Christopher Kopel

tomorrow, but we know we are walking toward it with more clarity, more unity, and a greater sense of purpose than was previously the case.

Sincerely,

Christopher Kopel
Chief Executive Officer, Central Minnesota Municipal Power Agency (CMMPA)

Tim Stoner
President, CMMPA Board of Directors and
General Manager, Blue Earth Light & Water



ABOUT OUR AGENCY

Central Minnesota Municipal Power Agency (CMMPA) serves as a municipal, project-based, partial or full-requirements joint power agency. CMMPA formed a utility services agent, Central Municipal Power Agency/Services (CMPAS), to provide energy management and consulting services to public power members and affiliates.

CMPAS provides a wide range of services including strategic management, long-term power supply planning and procurement, project development and administration, accounting, and finance. The Agency also offers Midcontinent Independent System Operator (MISO) and Southwest Power Pool (SPP) market-related services, including daily energy scheduling and related services. CMPAS’ specialized expertise in long-term power supply planning and energy markets is important for CMMPA’s longterm success.

MUNICIPAL COMPASS TO POWER



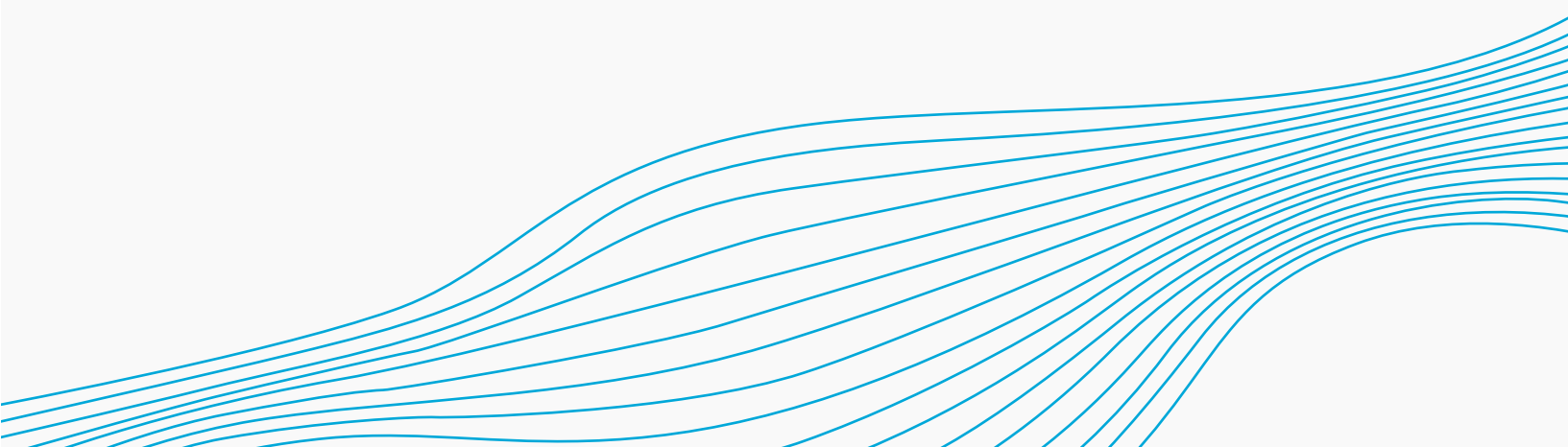
Mission
Members First



Vision
Member Focused,
Member Driven



Commitment
Member and
Customer Focus



MEET OUR BOARD

CMPAS currently manages the portfolios of 12 member municipals and provides power supply related services to member affiliates in Minnesota and Iowa. With headquarters in Blue Earth, Minnesota, the Agency is governed by a 12-member board.

Richard A. Heinemann
CMPAS General Counsel



Bob Elston
Sleepy Eye, MN



Crystal Johnson
Granite Falls, MN



David Meyer
Glencoe, MN



Joel Grejtak
Fairfax, MN



Nate Zimmerman
Janesville, MN



Paul Twite
Delano, MN



Randy Eggert
Kenyon, MN



Scott Johnson
Springfield, MN



Steve Nasby
Windom, MN



Nancy Zaworski
Kasson, MN



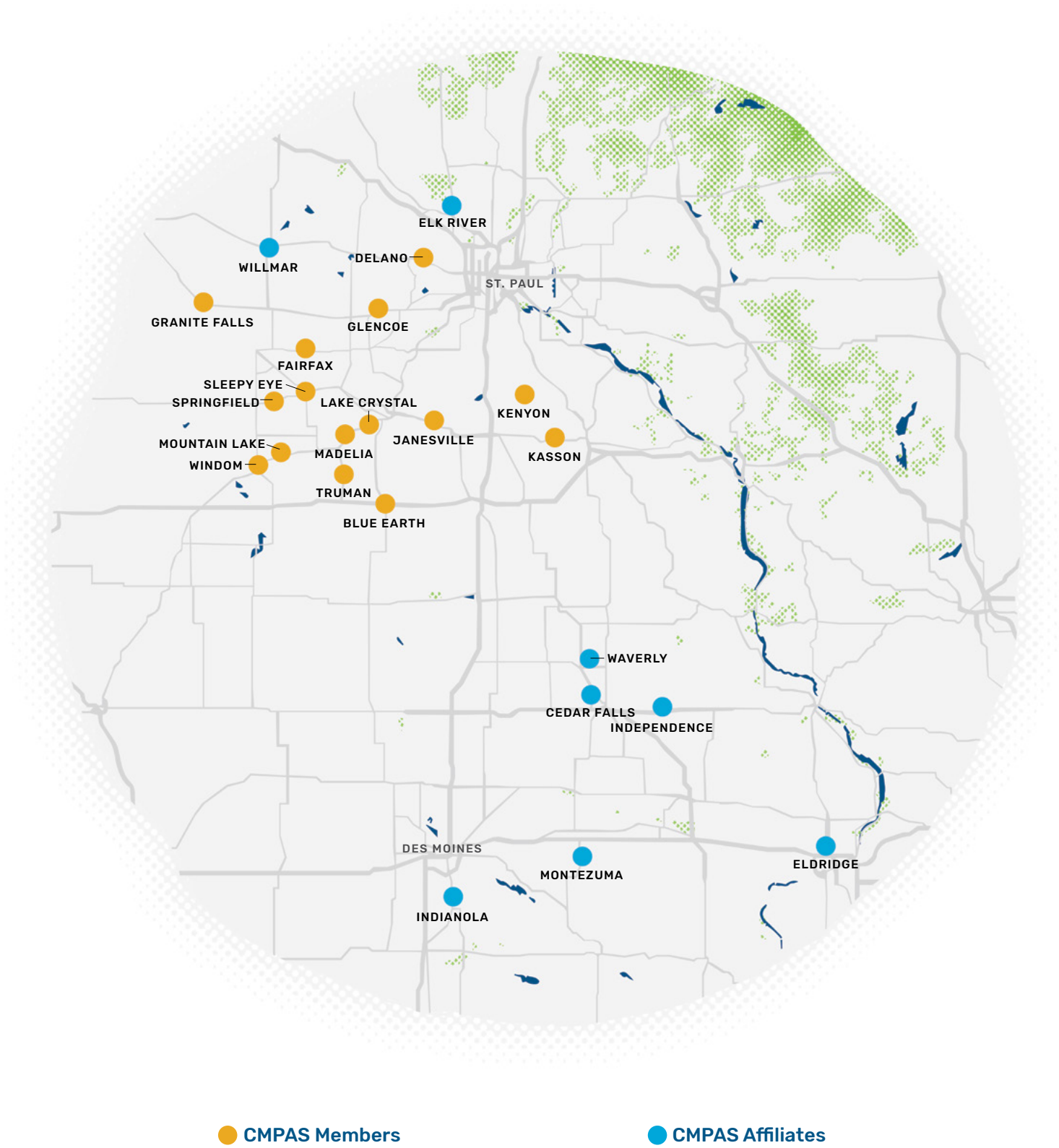
Tim Stoner
Blue Earth, MN



Michael Schulte
Mountain Lake, MN



OUR MEMBERS





2019 HIGHLIGHTS

At CMPAS’ annual members’ meeting, October 2019, Chief Executive Officer Chris Kopel reflected on all the changes CMPAS and CMMPA have been through in recent years.

Using an easily understood metaphor – cars – Chris said the CMPAS he joined as Chief Operating Officer (COO) in 2013 was like his first car, a 1980 Plymouth Grand Fury whose previous owner had been the Minnesota State Patrol. “It wasn’t pretty, but was still a serviceable way to get from Point A to Point B,” he recalled.

Fast forward to 2019, and Chris said CMPAS was akin to a 2019 Jeep Compass, the vehicles CMPAS staff drive today when they visit members across the state.

“Both have internal combustion engines, but 2019 vehicles are generally safer, more reliable, and more efficient while also providing much more comfort and convenience.”

What does the future hold? Chris is thinking of a Tesla, which has lower maintenance costs and higher performance than many vehicles powered by internal combustion engines. Tesla represents a driver’s higher commitment to environmental protection and next-level engineering.

But Chris acknowledged that his metaphor, while durable,

did break down a little when it came to costs. “Teslas are expensive, but CMPAS is not,” he reassured members.

“CMPAS provided members with higher value in 2019 than in prior years, and we’re committed to continuing to do that.”

Other highlights from 2019 include:

- CMPAS’ enhanced financial strength made it possible to return \$3.5 million to members, including refunding membership fees for 2019.
- We welcomed three new Minnesota members: Lake Crystal, Madelia, and Truman.
- Our organization welcomed recent additions to our staff, including Systems Engineer Alex Martin and Transmission Planner Sayan Roy.
- CMPAS launched two refreshed websites: CMPAS.org and CMPCS.org.
- Our Blue Earth headquarters was thoroughly refurbished and upgraded.
- The agency completed outsourcing the information technology function and upgrading its systems.

- We updated and revised our agency bylaws and created a board policy manual.
- At our annual members’ meeting, we heard Peter Kelly-Detwiler, a *Forbes* magazine contributor, explain how disruptive industry innovations could affect CMPAS members.

The changes Peter outlined reinforced our own view; As the electric grid moves from a one-way delivery system of electricity to a two-way market where customers are generators as well as consumers of energy, the transmission and distribution (T&D) system will remain the essential backbone of the industry.

That’s why two of our new employees will be helping CMPAS members improve their local systems and transmission portfolios. A more complex electric system requires new capabilities like T&D planning, supervisory control and data acquisition (SCADA), systems engineering, and Federal Energy Regulatory Commission (FERC) and tariff accounting.

“The way CMPAS’ leadership and staff have placed member needs at the center of everything they do makes us feel fantastic,” commented Joel Grejtak, Superintendent of Streets and Utilities for the city of Fairfax.

Longtime CMPAS board member Bob Elston, now Administrator for the city of Sleepy Eye, added this: “I am seeing the benefits of better alignment around the needs of members. Today, there is a positive difference in the way board members interact with each other and the way the board and staff interact. We are all pointing in the same direction.”

It was a busy and satisfying year, and we don’t plan to slow down in 2020. The final section of this annual report contains a few ideas about changes to come in 2020, and we look forward to meeting with our members at the next annual meeting.

SCHEDULING POWER

Scheduling is the kind of everyday functionality you rely on when you need transportation: making airport reservations, finding train and bus routes, or using Uber and Lyft apps. There are many logistics to consider and numerous tools necessary to keep planes, trains, buses, and cars running on schedule.

That’s a comparable way to consider the power-markets scheduling done by Andy Ristau, Ben Nelson, and Chad Hanson, who work at our headquarters in Blue Earth. As long as the lights go on in Kenyon, Kasson, Janesville, Sleepy Eye, and beyond, “ABC,” as the trio is known around the office, have done their job.

“First thing we do when we come in each morning is check the weather forecast and ensure that all our SCADA connections are working properly,” said Andy, an Energy Analyst. “Then we work on scheduling our contracted resources, like our 5 x 16 energy contracts, wind contracts, the Western Area Power Administration (WAPA) contract, the Nebraska City Unit 2 generator in Nebraska, and others.”

Contracted resources account for about 75 percent of the power that gets delivered to CMPAS members. Using these contracted resources and the Midcontinent Independent System Operator (MISO) market, we schedule a forecasted energy amount to each member every day. The value of that power or energy portfolio in 2019 was about \$13.4 million.



As supervisor of operations and analytics, Chad Hanson participates in CMPAS board meetings and is on hand for questions regarding the energy market.

Andy, Ben, and Chad also check the transmission service requests before they begin scheduling to ensure there is adequate capacity to transmit the requested power.

Most of the remaining 25 percent of power delivered to members, valued at about \$2.3 million annually, comes from the MISO power market.

CMMPA transacts in two wholesale market/regional transmission organizations (RTOs) – MISO and the Southwest Power Pool. These organized power markets allow Andy, Ben, and Chad to do their work in a marketplace facilitated by organizations that operate the bulk power system and corresponding energy markets designed to deliver reliable and economically efficient outcomes.

On a recent afternoon, our power schedulers watched MISO’s real-time power delivery screen as prices ballooned from about \$40 per megawatt-hour (MWh) to over \$200 per MWh. After a few minutes, prices fell back to the \$40 level.

“Looks like a unit tripped off, driving the price of power up for a little while, but the market pretty quickly restored itself,” remarked Chad, Supervisor of Operations and Analytics.

Looking back at 2019, Chad said the MISO market was **“pretty calm,”** despite periods of extreme weather and the retirement of dozens of coal-fired generating units. **“Every once in a while, there will be a short-term blip, but MISO has its market covered pretty well. The power supply is greater than the demand, which helps keep prices low. And MISO has adequate reserves in case a unit or two goes down unexpectedly.”**

What Andy, Ben, and Chad do is one of the clearest examples of the economies of scale that CMMPA provides to its members. The team of three schedule power for 12 member cities. If the cities had to do that themselves, they’d each have to hire one full-time employee or engage an outside contractor. In either case, with 12 people scheduling power for 12 cities, operating efficiencies would be lost, and costs would go up.

In 2019, our power schedulers worked closely with Mountain Lake to develop a generation interconnection agreement (GIA) with MISO that would allow that member to sell excess capacity into the MISO market. Although it’s not clear when Mountain Lake’s GIA will be finalized, other members, including Glencoe and Delano, have GIAs.



Each year, our power schedulers work closely with Kyle Haemig, our Economist and Resource Planner, to develop a resource plan for each member. The power schedulers provide Kyle with power pricing and load information from the market, and Kyle uses that to suggest a cost-effective option for meeting each member’s long-term power supply needs.

You could say the power schedulers provide the ingredients that Kyle uses to bake each member a cake.

CONTRACTED RESOURCES
ACCOUNT FOR ABOUT **75%**
of the power THAT GETS
DELIVERED TO CMPAS MEMBERS

WIND-SHAPE PRODUCT MANAGES RISKS WHILE MEETING ENVIRONMENTAL REQUIREMENTS

In 2019, eight members decided to participate in a 15-year, 11.8-megawatt (MW) wind-shape product developed by Kyle Haemig. Starting in 2021, these eight members collectively will take just over 48,000 MWh of wind power per year, valued at about \$1.5 million annually.

“The purpose of this contract was long-term rate stability. We were able to negotiate a customized product with NextEra Energy after a bid process. The members would obtain stable pricing, support for renewable energy compliance, and only take power when needed,” Kyle said.

“In fact,” he continued, “the flexibility of a project-based agency like ours has helped us dramatically lower our energy portfolio costs so that we are positioned among the least-cost wholesale power suppliers in the region.”

This contract also helps those eight members meet the state’s mandate that 25 percent of electricity sales must come from renewable resources by 2025.

Kyle solicited offers from multiple providers for the wind shape product. As the electricity business has changed, this type of product has become more common.

After a decade-long tenure as a CMPAS employee, Kyle discussed other ways the electric system has changed recently. “In the 1980s and 1990s, it was not unusual to see cities increasing their electric load by 5 percent a year, chiefly because of the spread of central air-conditioning,” he

recalled. “There was a ‘build for growth’ mentality: If you built that new power plant, it would be used soon enough.”

Back then, coal and nuclear were the “go-to” resources. Natural gas gained some market share in the 1990s and into the 2000s. But gas prices spiked several times in the early years of this century before beginning a long decline, as the shale revolution unfolded (see chart B2 on page 10).

Kyle noted that in the early years of the shale revolution, there were questions as to whether it was real. Now, he said, the question has become “how long will it stay like this?”

Electric load growth has flattened in recent years, to around 1 percent per year, while renewable resources have flourished. “Today, our market is very different from what it was 10 or 20 years ago,” Kyle said. “It’s growing more slowly, and there has been a rotation of generation resources, as coal and nuclear are getting replaced by gas and renewables.”

That strategic change points to the value of Kyle’s work with members. Each year, he helps all members develop or update their multi-year plan for cost-effectively meeting the electric needs of their customers.

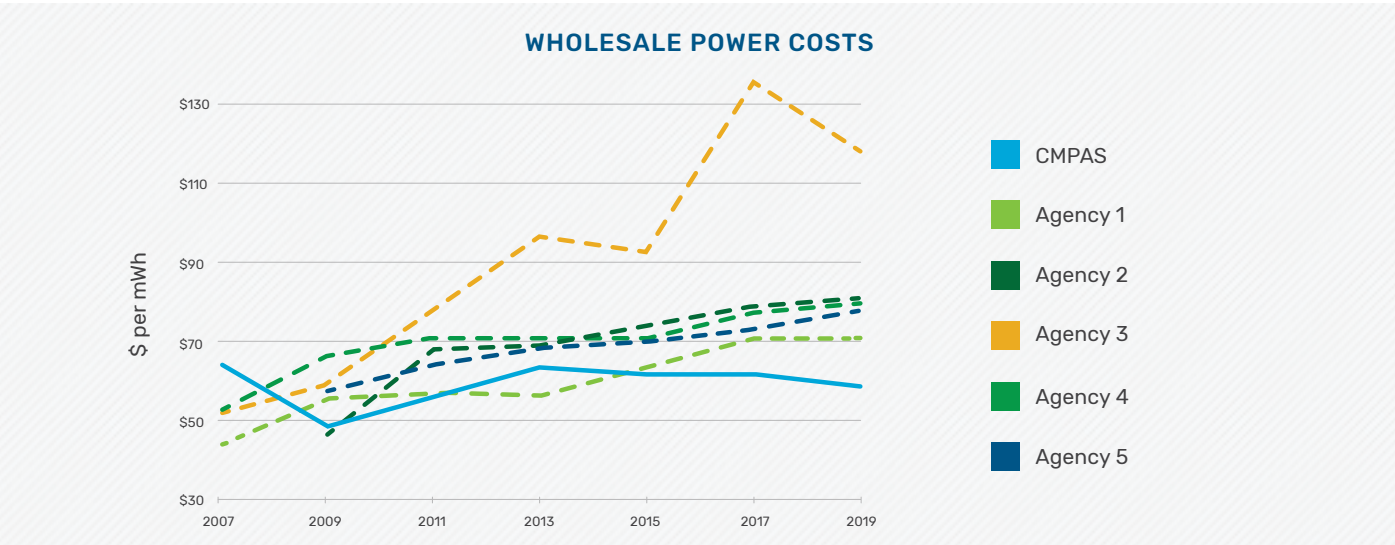


Chart A: As a result of comprehensive planning, the agency reduced its members’ wholesale costs at a time when other power agencies increased.

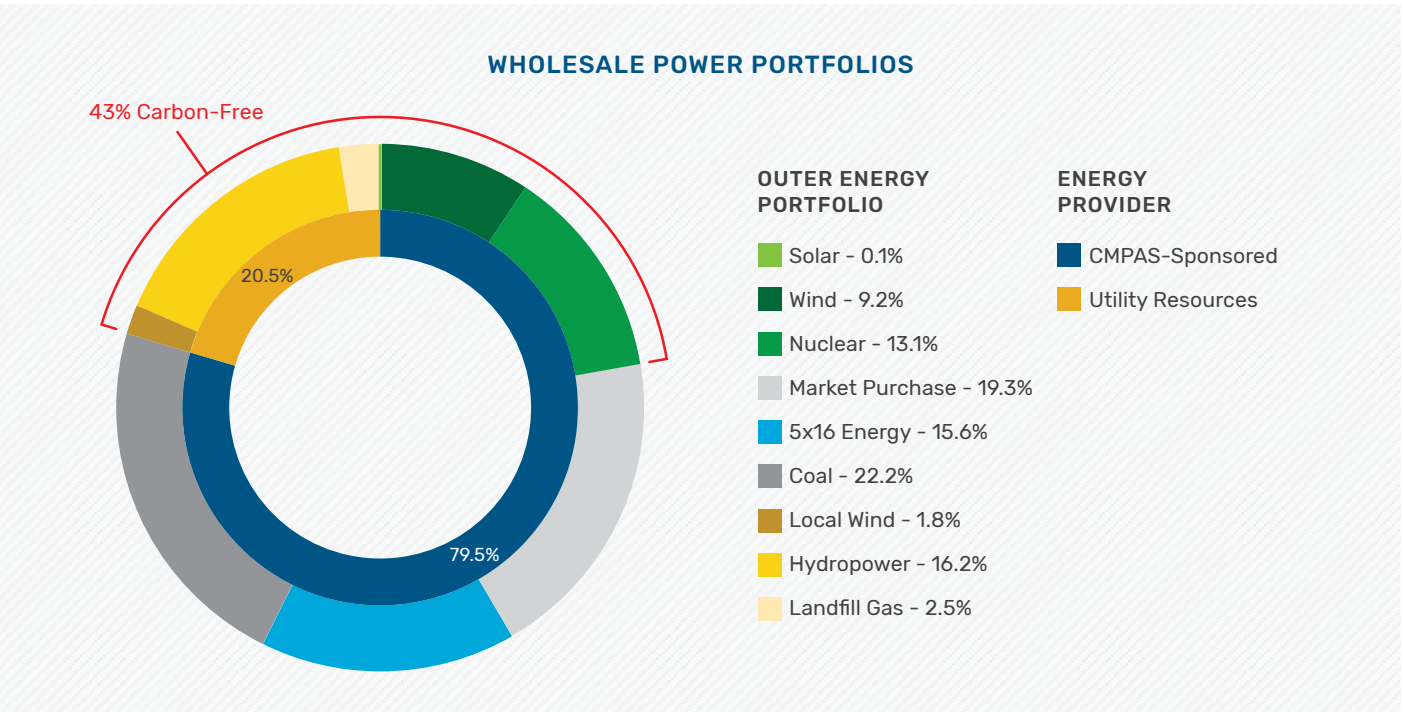


Chart B: Public Power utilities can depend on local energy resources and subscribe to CMPAS-sponsored projects to balance their portfolio. CMPAS delivers value through a well-planned, strategic portfolio.

“We look at power supply, electric demand, and where their rates have been going and could go,” he commented. “Then, we look at their portfolio of resources and develop ‘pro’ and ‘con’ cases for specific resources. We ask members about their appetite for risk, and we provide options that address their needs.”

“Our role as an independent, fiduciary adviser to our members means we are empowered to act in their best interests,” Kyle continued. “We’re not trying to sell them something. Not only can we customize how much utilities take, we can also customize how they achieve their objectives by giving them multiple power supply options.”

In this case, CMPAS gave options – not only the wind-shape product, but also a wind power purchase agreement (PPA). The PPA approved by our members would be structured similarly to previous wind PPAs that our members possess. When meeting with members about the wind-shape product, Kyle recommended that the city of Fairfax not take any of that contract. After Kyle met with Kasson, that city accepted his recommendation that it should become a large offtaker of the wind-shape product. In another meeting, this time with Kenyon Municipal Utilities (KMU), Kyle recommended that the city split its need for one megawatt of new capacity equally between the wind-shape product and the wind PPA.

“We relied heavily on CMPAS in providing information for our resource decisions,” said Mark Vahlsing, Administrator for the city of Kenyon. “We don’t have a big seasonal load like some other cities, and we have some wind contracts expiring.

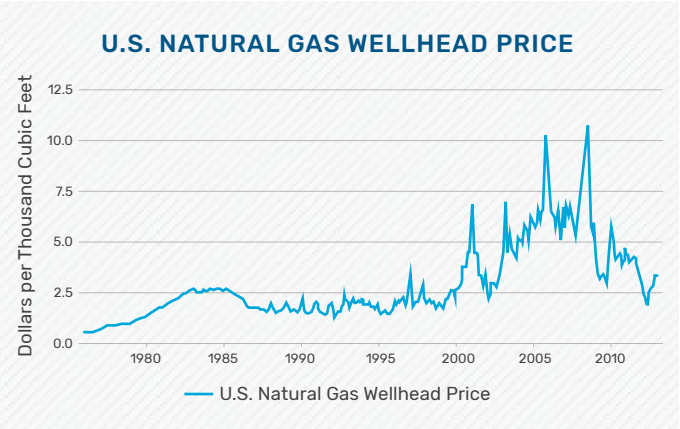


Chart B2 Source: U.S. Energy Information Administration

We wanted an arrangement where we would only take power when we needed it. What Kyle proposed was exactly what we needed.”

City of Fairfax Administrator Nicholas Johnson concurred. “We agreed with Kyle’s recommendation that we not participate in the wind-shape product. We really appreciate CMPAS’ independent analysis and member-centered flexibility on power purchases,” he said. “That helps us hold the line on electric rates.”

Kyle also advised members Janesville and Windom to split their load between the 15-year wind-shape product and the 20-year wind PPA. They also followed his recommendations to serve the unique needs of their local customers.

COMMUNITY SPOTLIGHT: KASSON STRATEGICALLY POSITIONS ITS PORTFOLIO

Kasson went through a transitional 2019 when openings for a city administrator and an electric superintendent occurred at the same time. According to Nancy Zaworski, Finance Director and interim Administrator for the city of Kasson, CMPAS helped fill the gap, providing stability and continuity on electric matters.

In fact, Kasson moved forward without missing a step toward its goals for meeting the needs of its present-day and future public power customers. Involved and informed community leaders helped continuous improvement advance at the public power utility.

POWER SUPPLY AND TRANSMISSION

In 2019, Kasson directed CMPAS to investigate what benefits strategic investments in generation and transmission ownership could bring to their customer-owned utility.

“Kasson is the only CMPAS member without significant local generation,” Nancy commented. “Over the years, we have learned from our counterparts who own generation that it’s a valuable tool in stabilizing costs. Our customers have also asked about the benefits of becoming more self-reliant with respect to generation.”

As Nancy pointed out, within the CMPAS group, cities that own generation that can be called on demand are more insulated from price volatility in the wholesale market. Also, should there be a disturbance on the MISO grid, having local generation readily available gives city officials added confidence about their ability to keep the lights on.

An integrated assessment of generation, transmission, and distribution “will be valuable as the city considers strategies for preserving the public power value for our customers,” Nancy continued.

KASSON DISTRIBUTION SYSTEM ADVANCEMENTS

The experience of Jarrod Nelson, Kasson’s Electric Department Supervisor, aligns with Nancy’s. “It gives me peace of mind knowing there are people at CMPAS with skill sets that complement mine,” Jarrod acknowledged.

In 2019, Vignesh Subramanian, CMPAS Systems Engineer, helped upgrade a communications component in Kasson’s SCADA system, making it easier and faster to access data on the health of Kasson’s electric system. Vignesh also installed the Beehive electric modeling system, which will help the city map outages.

Before Kasson digitized its electric-system mapping, its linemen would flip through large paper books of the electric system, trying to figure out which circuits might have tripped off. Accessing the entire system on a laptop or mobile tablet speeds restoration time.

“When you have the entire system electronically visible, it helps us provide better service to our customers,” Jarrod said. “These upgrades can reduce the chance of outages and speed power restoration times. And, by making these digital upgrades, we are making it safer for field employees to work on the system. Safety is always utmost on our minds for new and existing line personnel.”

“We believe in modernizing equipment as we go, rather than running it to failure,” he continued.
“Just because the existing equipment works today doesn’t mean it will work tomorrow.”

“Vignesh is a genius with software and computers,” Jarrod noted. “He’s a great communicator — he’s willing to take the time to explain something and give you his full attention, even though I know he must have a million things on his ‘to do’ list.”



“When you have the entire system electronically visible, it helps us provide better service to our customers”

– JARROD NELSON, ELECTRIC DEPARTMENT SUPERVISOR

COMMUNITY SPOTLIGHT: KENYON UPGRADES ITS RELAYS

Alex Martin and Vignesh Subramanian helped Kenyon Municipal Utilities (KMU) in its drive to digitize their electric system. In 2019, KMU replaced five substation relays at a cost of about \$50,000.

“Relays function as circuit breakers to protect electrical equipment,” Alex explained. “The new relays we installed give Kenyon, and us, greater ability to monitor the performance of the network.”

“The existing relays were about 25 years old,” said Electric Superintendent Randy Eggert. “They were mechanical and



RANDY EGGERT REMINISCES

Randy Eggert, KMU electric superintendent, has seen many changes since he joined the electricity business as an electric lineman. At the time, the city was a full-requirements customer of Northern States Power (NSP), and even though it had happened more than a decade before he started, residents were still buzzing over a couple of December bills giving them free electricity.

In the late 1960s, state utility regulators had determined NSP was over-charging and ordered the utility to return the over-collected funds to customers. Rather than go through a full-blown rate case, state regulators agreed with NSP that it would be easier to simply not charge customers for electricity for the month of December.

Some customers mistakenly thought NSP was giving them a Christmas present, Randy recalled with a laugh. As a new employee, he later heard a few customers wonder where their “Christmas present” from NSP had gone.

approaching the end of their useful lives. It was getting harder and harder to find replacement parts. We don’t believe in running equipment until it fails. It’s better to replace aging equipment proactively to prevent failure.”

CMPAS engineered and supervised the installation of the new relays, set the relays, and connected them to Kenyon’s SCADA system. The SCADA connection allows KMU and CMPAS to analyze information from feeders, transformers, and overhead and underground distribution lines to monitor the network better. These engineering services are part of the member services provided by CMPAS.

“Sometimes, we need expert assistance that supplements our utility’s available resources,” Randy said. “That’s when we really appreciate being able to call on Vignesh and Alex, and other CMPAS staff. That’s a really important benefit to being a member of CMPAS.”

When KMU’s NSP contracts started to expire in the early 1990s, the utility joined CMPAS. Randy joined the CMPAS Board of Directors in 2000 when he was promoted to electric superintendent. He’s CMPAS’ longest-serving board member.

“Having CMPAS present its members with customized resource portfolio recommendations and then scheduling our power deliveries are huge benefits for a small city like Kenyon,” Randy said. “Kenyon’s electric department consists of four employees. If we didn’t have CMPAS handling those critical tasks, we’d have to hire someone to do it.”

“We also really like having options, which we didn’t have when we were a full-requirements customer of NSP. I like to go to my board with options, and they appreciate that too. CMPAS has never said, ‘You have to do this.’”

Randy is excited about the changes he saw take shape at CMPAS in 2019. “We’re having much better discussions at the board level about strategic issues driving change,” he commented. “Those expanded discussions have led to closer personal ties among board members, and that’s a good thing.”

“When you have a great staff, as CMPAS does, that frees the board to do what it is supposed to do – understand the drivers of change in the industry and make sure the agency and its members are well-positioned and well-protected.”

Randy said the agency’s new mission, vision, and values have led to improved member service. “CMPAS is always in the market looking for new ways to help its members,” he said.



“CMPAS has never said, ‘You have to do this.’”

– RANDY EGGERT, ELECTRIC SUPERINTENDENT

TRANSMISSION PLANNING

Sayan Roy, CMPAS' Transmission Planner, joined the agency in early 2019. He spent most of his first year getting five members certified as transmission owners as defined by Midcontinent Independent System Operator (MISO).

As part of this certification process, Sayan worked with members to complete MISO's "seven-factor test."

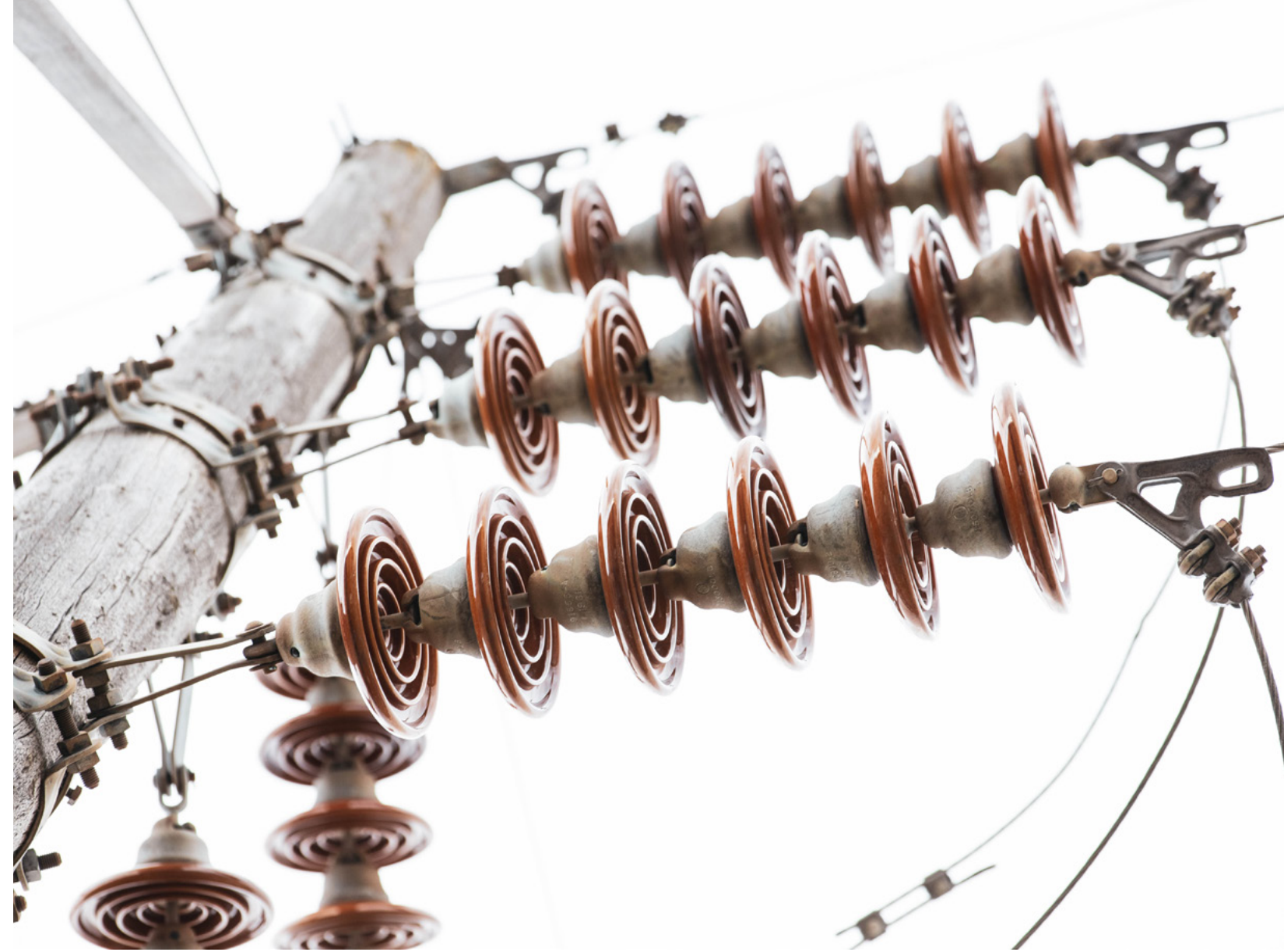
"MISO has to go through a series of complex calculations and simulations before it allows transmission owners to build or retire an asset," Sayan said. "The entire system is so interconnected that one change in central Minnesota could affect reliability in another state."

"The members I worked with told me they're very happy that CMPAS is providing transmission planning as a service," Sayan said. **"It helps them run their systems more efficiently."**

"I really enjoy helping members, particularly our smaller ones, position themselves in the changing industry," he continued.



Scott Johnson, CMPAS board member and Springfield Public Utilities superintendent, is working with CMPAS toward certification as a transmission owner for his utility.



"I really enjoy helping members, PARTICULARLY OUR SMALLER ONES, POSITION THEMSELVES IN THE CHANGING INDUSTRY."

– SAYAN ROY, CMPAS TRANSMISSION PLANNER

COMMUNITY SPOTLIGHT:
RP3 DIAMOND AWARD BRINGS UNEXPECTED BENEFITS TO
BLUE EARTH

In 2019, Blue Earth Light & Water (BELW) earned a spot as one of only 48 public power systems across the country to win the Reliable Public Power Provider (RP3™) designation from the American Public Power Association. Of the 2,000 public power utilities in the nation, BELW joins only 107 that have earned the top “Diamond” level.

“Originally, we applied for the RP3 designation as a way to assess our electric utility, and we discovered that the process provided benefits such as increased customer awareness and, eventually, increased load,” said BELW General Manager (GM) Tim Stoner. “This is a significant by-product of our customer-focused commitment and the confidence customers place in us.”

“For example, in the months after BELW received the RP3 designation, four of our largest customers added new systems and/or production lines to current facilities. This increase in production/load has resulted in added jobs,” Tim commented.

The RP3 program recognizes utilities that demonstrate high proficiency in four key areas: reliability, safety, workforce development, and system improvement. Tim strongly believes that the commitment of everyone on the utility’s staff as well as the public utilities board led to BELW achieving diamond status.



It was a glorious day at the June 2019 Electric Vehicle Ride and Drive event with the RP3 designation on full display.

“Overall, the RP3 designation is a measure of the degree to which our organization is employing sound business practices and demonstrating an organizational commitment to the safe and reliable delivery of electricity,” commented Tim, who is also President of CMPAS’ board.

“Our success with the RP3 Diamond award was due in part to the support provided by CMPAS,” the BELW GM continued. “CMPAS staff helped us benchmark our system and assess its current performance as well as providing valuable suggestions for system efficiencies that could improve our customers’ bottom lines.

“Our previous control system was becoming outdated. CMPAS helped us overhaul our SCADA system, transitioning it to an integrated and updatable platform. The difference is like night and day.”

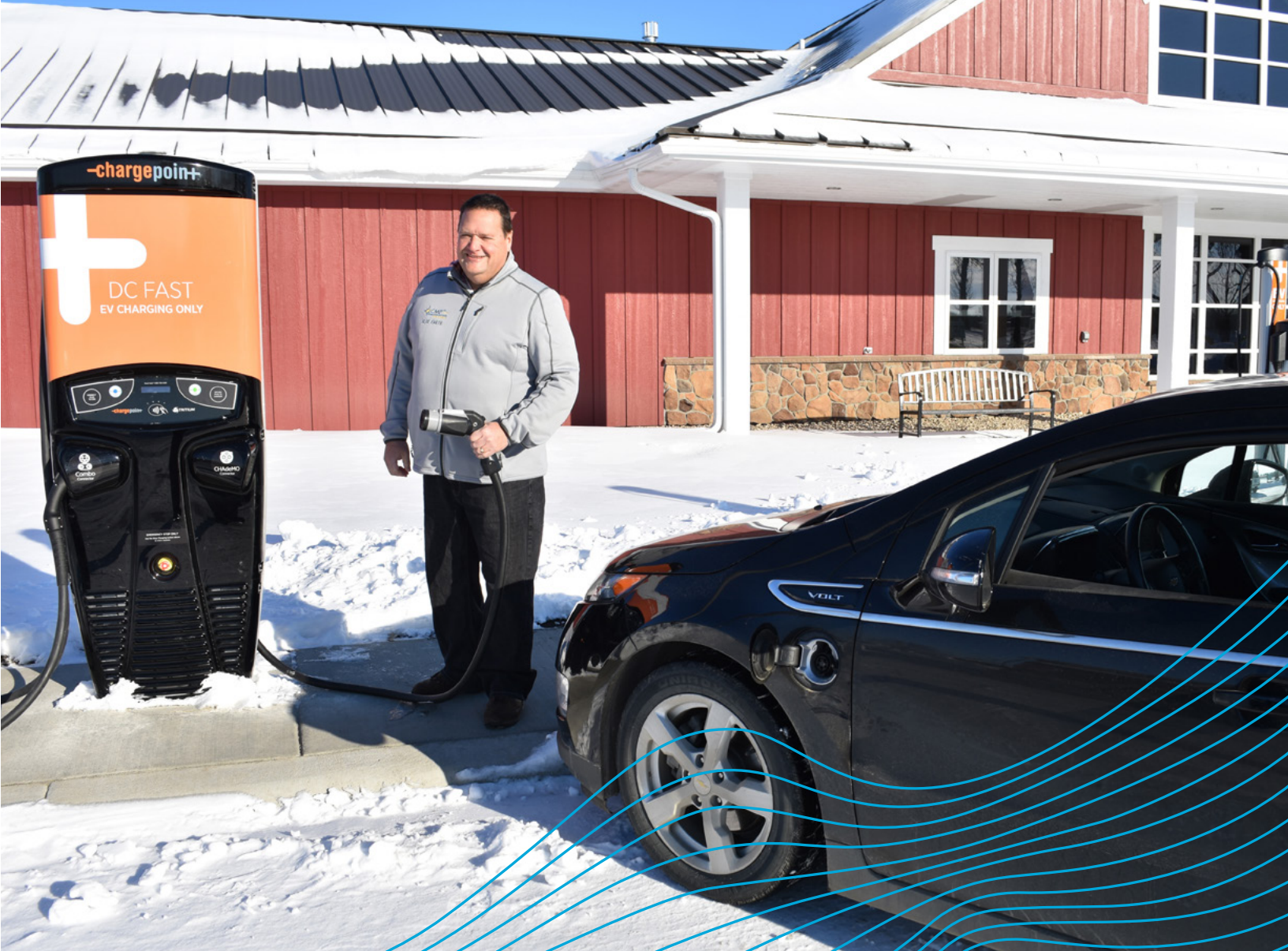
In the years leading up to BELW’s RP3 application, CMPAS staff worked with the utility’s team to:

- Install a new and improved SCADA system,
- Conduct a cost-of-electric-service study,
- Measure and improve large-customer power quality,
- Complete a load forecast that identified the need for new investments in distribution system capacity and other capital projects, and
- Perform a cost-benefit analysis supporting the installation of new capacitor banks that lowered electric system line losses from five to two percent.

“As a result of CMPAS’ good work, I can sleep better these days. It’s reassuring to know that CMPAS System Engineers Vignesh Subramanian and Alex Martin can monitor our system’s performance and step in remotely to troubleshoot if needed,” Tim said.

Additional benefits from the RP3 process include economic development, increased reliability, and low-cost energy for our customers. BELW is now able to focus more on sustainable community projects such as the utility’s green energy mix. Other initiatives included plans for two electric vehicle charging stations that were installed in 2019 at the city’s welcome center, next to the 55-foot-high statue of the Jolly Green Giant along Interstate Highway 90.

The system improvements that led to the RP3 application and award required a lot of time and effort. But, with a twinkle in his eye, Tim said, “The juice was absolutely worth the squeeze.”



“Our success with
the RP3 Diamond
award was due in
part to the support
provided by CMPAS”

– TIM STONER, BELW GENERAL MANAGER

BETTER LIGHTING LEADS TO BETTER LIVING

Although Duane Feser, Director of Environmental Services for the Sleepy Eye Care Center, has a lengthy job description, it does not include “apply for energy efficiency rebates.” Fortunately, he found a partner in 2019 whose job description does include that task.

Duane began working with Margit Barot, Energy Engineer at Energy Insight, in 2019 to improve the energy efficiency of the care center. The 118-bed facility operated by the Volunteers of America includes assisted living and nursing care/memory care wings.

Throughout 2019, the care center replaced the lighting in residents’ apartments and common areas. It also replaced its central air-conditioner. With the lighting and the heating, ventilation, and air-conditioning (HVAC) upgrades made in 2018 and 2019, the care center has seen savings of approximately 5 percent on its annual energy bills.

Because the lighting upgrades are being done in phases and energy efficiency is viewed as a continuous effort with the long-term future in mind, Sleepy Eye Care Center can expect to see a 15 to 20 percent reduction in their annual electric consumption in the next 3 to 5 years.

The financial benefits of energy efficiency, while meaningful, pale in comparison to the non-energy benefits of brighter lighting and more comfortable rooms, Duane said.

“Our residents are between 75 and 90 years old,” he noted. “As they get older, their eyesight can weaken. Better illuminated rooms and hallways reduce the chance that they will miss a handrail or stub a toe, leading to a fall.

“We want our residents to be as active as long as possible,” Duane continued. **“Better-illuminated hallways allow them to get to their activities more easily. Brighter lighting also helps energize the residents and staff. During the winter, light deprivation can take a toll on everyone. Brighter, warmer lighting makes people feel better about living and working at the care center.”**

Because the city of Sleepy Eye is a member of CMPAS, the care center was eligible to work with Energy Insight to capture energy efficiency opportunities. The campus, which takes up two square blocks in downtown Sleepy Eye, isn’t nearly finished with energy upgrades.

The center is considering installing variable-speed drives on its air-handlers, which would improve air flow while cutting costs. And the LED change-outs are expected to continue.

“It’s been great working with Margit,” Duane said. “He’s a big reason why we started making these efficiency improvements. Margit is the best — he’s extremely helpful, responsive, and easy to work with.”



Margit, along with energy analysts and other engineers at Energy Insight, started with an energy assessment in early 2019. After reviewing the results with Duane, Margit calculated the costs and paybacks of each proposed upgrade, scheduled the work with contractors, filled out the rebate paperwork, and managed the project. Then, when rebates were received, those funds were used to pay for future efficiency projects.

Energy Insight’s services come at no cost to the care center or to the contractors who are implementing the energy efficiency project. CMPAS has contracted with Energy Insight for six years to obtain specialized energy efficiency services that include energy savings calculations for State of MN conservation improvement program compliance. Margit has been at Energy Insight for the same amount of time.

“Duane is one of our most active customers,” said Margit. “The care center is a good example of collaboration, which is how we prefer to work with customers served by CMPAS members.”

First built in the early 1970s, then expanded in the 1980s, the care center’s high occupancy levels lead to higher run hours for lighting/HVAC equipment, which leads to a shorter payback period for the upgrades.



The City of Sleepy Eye and its involved citizenry works hard to provide better living through a multitude of services, including energy-efficient street lights and customer rebates for energy efficiency at their home or work.

“As a nonprofit, there’s never enough money to go around,” Duane said. “Sometimes, it comes down to being able to make a business case to the people on the business side. We’re glad to be working with Margit and Energy Insight, and we’re particularly grateful to Bob Elston, who was Sleepy Eye’s Public Works Director last year, for letting us know we were leaving money on the table.”

THE CARE CENTER IS A GOOD
EXAMPLE OF **Collaboration**
WHICH IS HOW WE PREFER TO WORK
WITH CUSTOMERS SERVED
BY CMPAS MEMBERS

– MARGIT BAROT, ENERGY ENGINEER AT ENERGY INSIGHT



ECONOMIC DEVELOPMENT: FAIRFAX AND KENYON MOVE FORWARD

When the Fairfax share of the CMPAS member refunds were distributed in 2019, Nicholas Johnson, Fairfax's City Administrator, put those funds right to work improving his community. The money was used to finish paying for a street sweeper, tear down a dilapidated building, and replace the roof on the city's police/fire/ambulance complex. During the year, Fairfax also completed installing energy-efficient LEDs in all its streetlights.

"The stars really aligned," Nick commented.
"Sometimes economic development means you take care of the little things so that the big things can take care of themselves. To be successful at economic development, you need to keep your city looking bright and fresh."

Fairfax's current economic development efforts are focused on working to reopen a grocery store that closed in late 2018. Although it's too early to proclaim victory, Nick is hoping the revamped property will reopen in early 2020.

Fairfax will also benefit from a new fertilizer plant that opened in 2019. Located just outside Fairfax's city limits, the

\$12 million plant will employ Fairfax residents and purchase goods and services from city-based merchants.

"In our economic development work, we prefer an informal collaborative approach, where parties can sit down, discuss opportunities, determine needs, and figure out how to streamline processes," Nick said. "Whether it's landing a new business or working to retain existing businesses, we want to hear how we can work together."

One hundred miles east of Fairfax, the city of Kenyon is putting the finishing touches on its 30-acre business park, slated for availability in 2020. "We plan to be wired and open for business in 2020," said City Administrator Mark Vahlsing.

"We've been trying to create a light-industrial business park for years," he continued. "What turned the tide was getting a grant from the Minnesota Department of Economic Development in 2019 that covered about 50 percent of the cost of laying down infrastructure like roads, electric lines and substations, and sewers.

The park is located on the northeast side of town. Mark said the ideal types of businesses Kenyon is trying to attract



are assembly facilities, warehouses, distribution centers, corporate offices, and telecommunications firms.

"We're looking to attract businesses that don't create a lot of pollution or waste, and that don't require a high level of treated water," he explained.

"Economic development is the ultimate long game," Mark commented. "When it works, it's the overnight sensation that was five years in the making."



Built in 2007, Mountain Lake Municipal Utilities' wind turbine breaks the city skyline.

LOOKING TO 2020

CMPMA and CMPAS begin 2020 on a much sounder footing than in prior years. On all fronts — member service, staff capabilities, strategic purpose, finance, and technology — we begin the third decade of the 21st century more focused and more energized than in any prior year.

We are delighted to welcome our three new members from Minnesota: Lake Crystal, Madelia, and Truman. They joined us principally for the non-power supply services we offer, and we look forward to providing them with services that will improve their service to their customers.

Recent hires — Transmission Planner Sayan Roy, Systems Engineer Alex Martin, and Accountant Lorene Damsits — as well as our entire team have embraced our mission and are dedicated to helping our members.

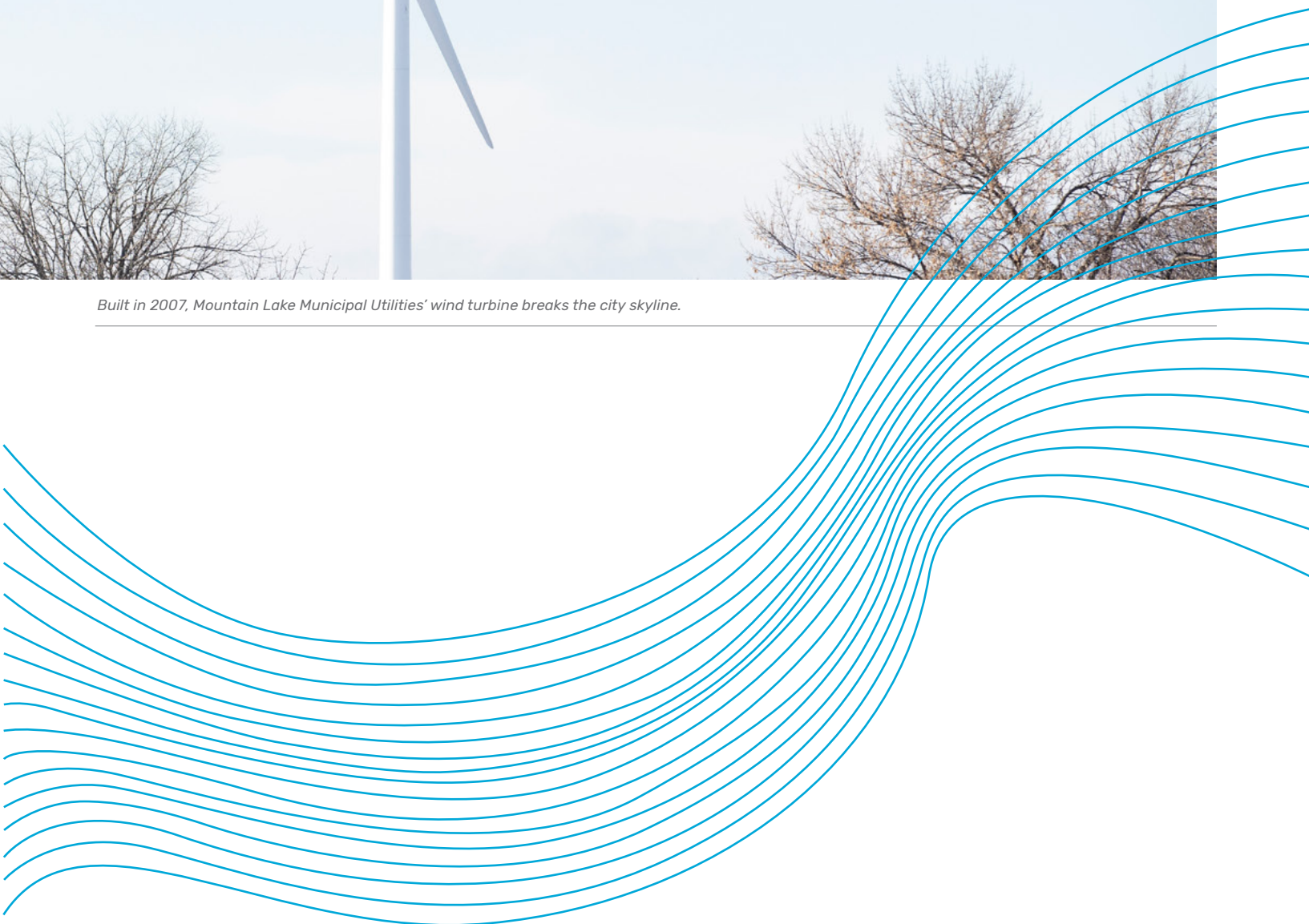
Our board is more engaged than at any time in recent memory. Board meetings have been characterized by greater levels of participation and deeper discussions of how industry trends could affect individual members and the overall electric marketplace.

As market changes accelerate, the importance of connectedness will become ever more apparent. We expect staff and members to participate in an increased number of industry events this year, to learn from their peers what has worked, what has not, and why.

As we look back on 2019 and look forward to 2020, we are again reminded of the power of community. Locally-owned utilities work because their leaders are close to those who own the utility. Decisions are made locally in response to local needs. Solutions are customized around local needs.

And, as a project-based joint-action agency, CMPMA and CMPAS have been and will remain successful because they exist to meet, and even exceed, member needs while offering unparalleled flexibility.

In today's "have it your way" economy, we think that approach just makes sense.



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