

PEOPLE

POWER

PROCESS

PROGRESS

“Our organization  
is well-positioned,  
stable, and stronger  
than ever.”

## PEOPLE

## Letter from CMPAS CEO, Jay Anderson



Dear CMPAS stakeholders,

It's been less than a year since I started as CEO of Central Minnesota Municipal Power Agency (CMMPA) and its utility service agent, Central Municipal Power Agency and Services (CMPAS). In that short year—filled with volatility in global markets and energy prices and residual effects of the COVID-19 virus—I was welcomed warmly by our board members and the communities they serve. The transition was seamless as we went to work for the communities we serve.

I want to thank the board for helping in this transition; you've all been incredibly supportive, and I've enjoyed getting to know each one of you. We have worked together to formulate a new mission, vision, values, and strategic goals for our organization, and I look forward to what we will achieve together.

The needs of municipal power customers are constantly changing, as are the technologies that supply that power. Our team has worked closely with the board members to upgrade the security and reliability of their electrical power systems, bring stability and versatility to their power portfolios, and innovate new processes that support long-term power supply planning and procurement strategies. Most importantly, we have connected with the utility workers and the people in the communities they serve.

**People. Power. Process. Progress.** These are the themes of this annual report, and they will serve as the focus of every initiative we take this year.

- We will continue to form close connections with the **people** we serve
- We will continue to provide stable and price-competitive wholesale **power**
- We will continue to refine our **processes** to maintain the business and better serve our members
- We will continue to invest in new technology, solutions, and opportunities that bring about **progress**

Our organization is well-positioned, stable, and stronger than ever, and we intend to bring that stability to our members in 2022, no matter the uncertainties that lie ahead.

It has been a pleasure working with you this past year and I look forward to serving you in the years to come.

Sincerely,

JAY ANDERSON  
Chief Executive Officer | CMPAS

CMPAS Member Cities

PEOPLE

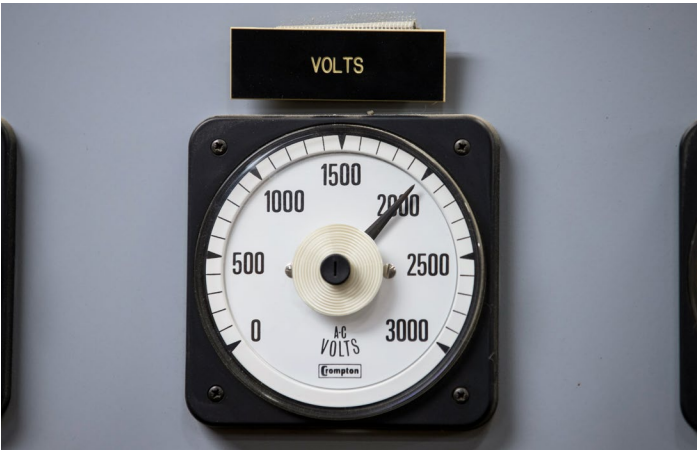


OUR 12 MEMBERS

CMPAS Board Members

PEOPLE

- Crystal Johnson**  
*President* | Granite Falls
- Nate Zimmerman**  
*Vice President* | Janesville
- Steve Nasby**  
*Treasurer* | Windom
- David Meyer**  
*Secretary* | Glencoe
- Randy Eggert**  
Kenyon
- Joel Grejtak**  
Fairfax
- Mike Hardin**  
Sleepy Eye
- Timothy Ibisch**  
Kasson
- Scott Johnson**  
Springfield
- Michael Mueller**  
Mountain Lake
- Tim Stoner**  
Blue Earth
- Paul Twite**  
Delano







## Futurist Chet W. Sisk Joins CMPAS 2021 Annual Meeting

**“Never underestimate the American ability to rally. There are some historical accounts of our ability to be able to see a situation and rethink it and recreate it. That is our greatest strength, and that filter is the moment that exists right now and allows us to say let’s do something with this moment.”** – CHET W. SISK

On Wednesday, October 20<sup>th</sup>, CMPAS hosted its 2021 Annual Meeting at the Chankaska Creek Ranch and Winery in Kasota, MN. It was a beautiful evening for an event that has truly evolved over the years. We are constantly looking to elevate our performance and presentation as an organization, and the stunning venue complete with scenic views provided the perfect backdrop for our conversations about the past, present, and future of CMPAS and the public power industry.

The evening began with a social hour and wine tasting. We discovered our “palate personality” by tasting the wide variety of wines and spirits made directly on site, all while connecting with old and new friends from all our member communities. Attendance was high, and we thank all who were able to join us.

### The Opening Presentation by CMPAS CEO, Jay Anderson

Jay Anderson kicked off the night with a presentation that outlined the 2021 overview of CMPAS and provided an update on the industry and its economic outlook. The highlights of his speech included:

- Power portfolio changes

- The approval of new small-scale nuclear reactors (60 megawatts) which, when a series of 12 replace a single large reactor, can reduce the risk of major outages
- Climate change and the current state of clean energy
- The near doubling of gas prices

He noted in his presentation that CMPAS is committed to wholesale power at reasonable prices. We are below other agencies in terms of cost. Prices have been flat and we are working on new strategic plans and resource planning to serve our members in the future. Whether that means more wind, solar, or gas, we are bringing consistency, reliability, and certainty in an era of uncertainty.

### The Keynote Speech by Futurist Chet W. Sisk

Jay ended by talking about the future. More specifically, what are we going to use to make power in the future? This was the perfect introduction to the keynote speaker of night, Futurist Chet W. Sisk. Chet was an incredibly engaging speaker who had the crowd laughing, participating, and thinking differently.

PEOPLE

PEOPLE

### Studying the Present and Predicting the Future with Chet W. Sisk

#### The Challenges of the Moment

- The climate crisis
- Political and social crises
- The pandemic
- Income inequality
- Deaths of despair

#### The Opportunities of the Moment

- Pushing the rest button
- End things that haven’t worked in the past
- Introduce new ideas
- Test new models
- Rethink our work, life balance

#### Trends and Developments that Affect Our Communities

- The “Great Resignation” forcing us to rethink employment
- The potential to spread high speed internet in rural areas
- Small towns are seen as climate havens (especially in Minnesota)

- Small communities can withstand supply chain disruption better
- Rural communities will experience an economic renaissance over the next decade
- Rural communities can fill the national leadership vacuum
- Rural communities will lead in the renewables evolution

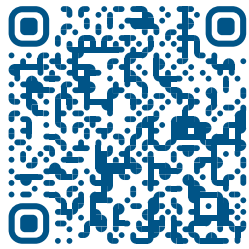
#### Skills to Manage This Time of Transition

- Be adaptive
- Be transformative
- Be visionary
- Be accountable
- Be inclusive
- Be healthy

We’re looking forward to where CMPAS, its members, and the public power industry are going, and we will continue to guide and serve communities as their needs evolve.

*See Jay Anderson and Chet W. Sisk’s full presentations at the Annual Meeting! Scan the QR code below.*

**“This is an opportunity for rural communities to really shine. There will be a renaissance of rural communities. It’s just bound to happen because people are figuring out a couple of things, and they’re recognizing there is something to be said about quality of life. Because of that, you can step into this moment and set the stage for the rest of us.”** – CHET W. SISK



FULL PRESENTATION





PEOPLE

## CMPAS Welcomes a New Systems Engineer: David Montgomery

CMPAS was thrilled to welcome David Montgomery to the team in 2021. David is a highly skilled systems engineer who brings a broad set of skills and experience to CMPAS and its members, including:

- A Bachelor of Science in Electrical Engineering with an emphasis in Communication and Control Systems
- 10 years of experience designing industrial control systems and programming programmable logic controllers (PLCs), human-machine interfaces (HMI), distributed control systems (DCS), and supervisory control and data acquisition (SCADA) systems
- 15 years of experience designing power, control, and communication systems for water distribution utilities

David stepped into his role ready to help CMPAS members implement changes and upgrades to their distribution and control systems, along with his many other responsibilities as a Systems Engineer with CMPAS, including:

- Researching, designing, developing and testing the installation of electrical equipment and control systems
- Assisting in the design and implementation of a Geographic Information System (GIS-Software) and Power Systems Modeling
- Supporting the evaluation, design, testing and management of CMPAS's SCADA system

- Preparing and reviewing Vendor Technical Specifications and Electrical/Equipment Drawings
- Implementing communication protocols between various utility/networks and databases (e.g. PLC, DCS and SCADA/remote terminal unit (RTU))
- Site commissioning, control panel design and programming, system integration design, and process simulations/programming for the SCADA installations of member cities

### What made you want to work with CMPAS?

I enjoy the variety of projects and challenges that come from working in public utilities. I see CMPAS being the center point of a mutually beneficial partnership for its members to improve services for their customers and navigate the changes in the energy industry.

### What projects do you expect to be working on over the course of the next year?

- SKM Modeling of distribution systems for arc flash analysis and protection coordination
- Transformer replacement for the city of Fairfax
- Real-Time Automation Controller (RTAC) programming for SCADA system upgrades



## PUC Chair, Bob Weiss Honored with a Distinguished Service Award

At their 2021 Annual Conference, the Minnesota Municipal Utilities Association (MMUA) awarded Sleepy Eye Public Utilities Chairman, Bob Weiss the MN Municipal Utility Association Distinguished Service Award. Bob joins a distinguished group of Minnesota leaders who have maintained essential public infrastructure to meet quality of life and economic development expectations for city customers.

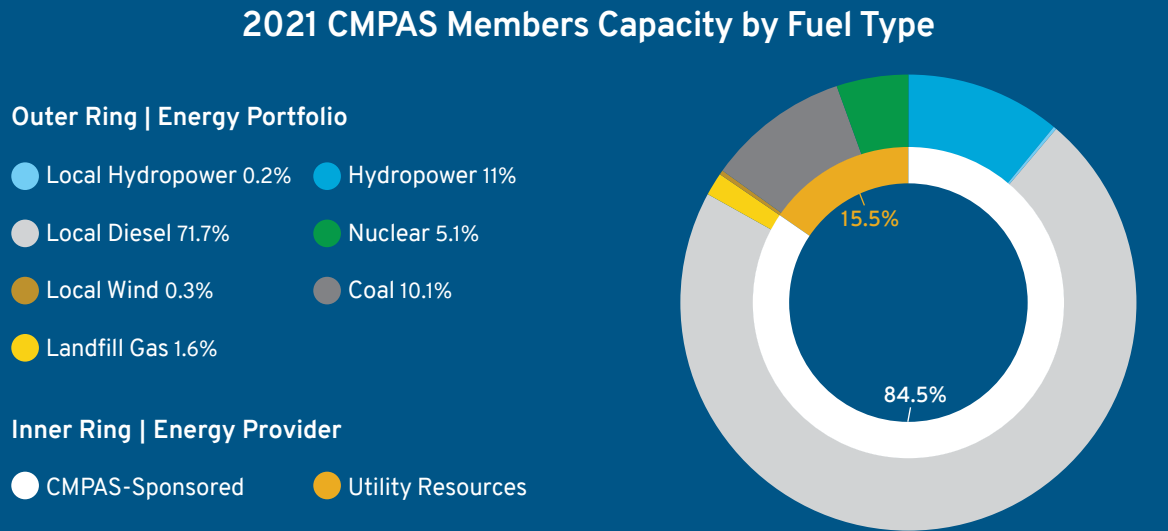
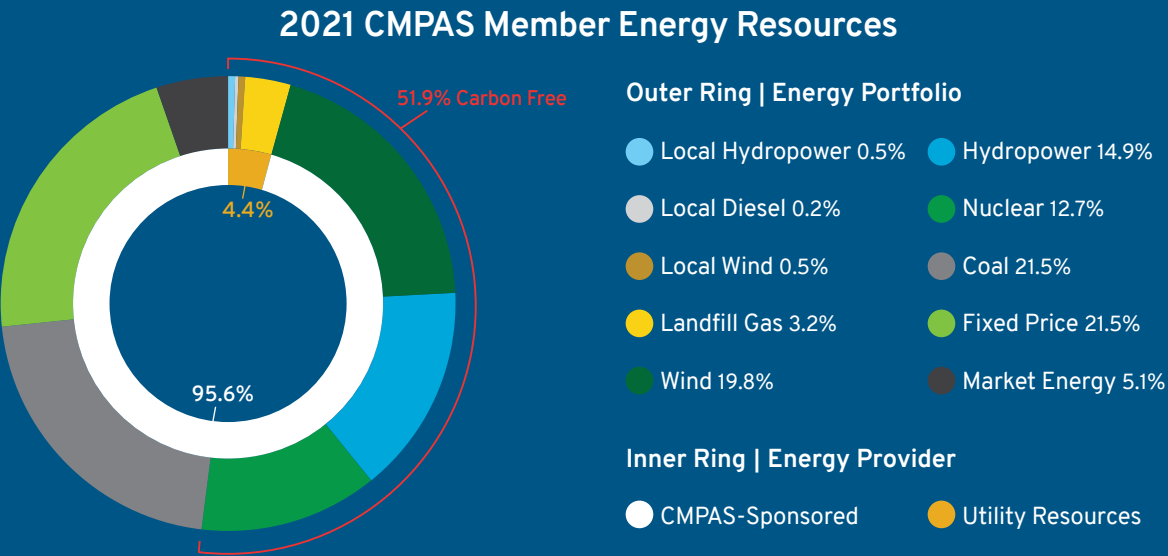
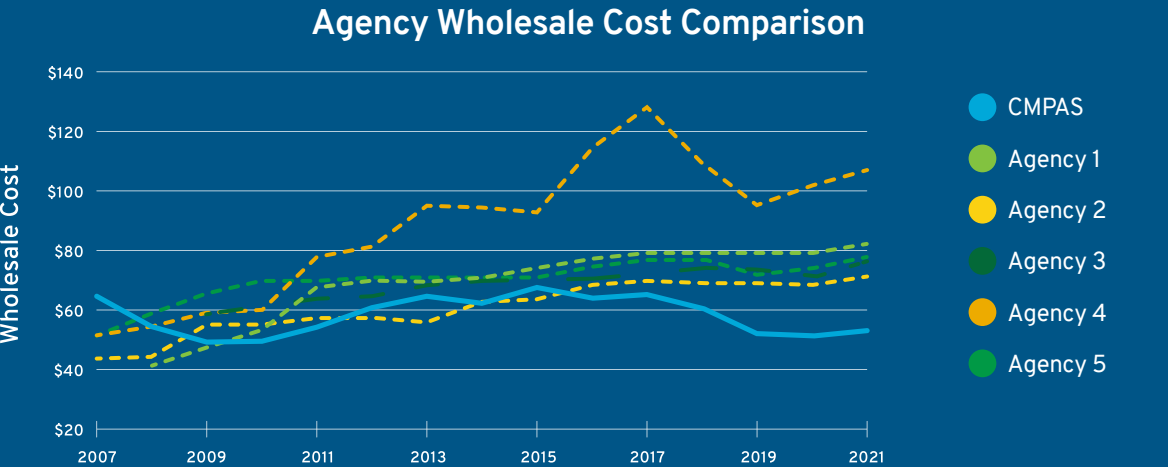
Bob has played an essential role in the provision of electricity and services in Sleepy Eye since 1993, working on major projects and providing leadership during transitions in staff and changing technologies. He has also been involved in the MMUA and CMPAS organizations, helping local utilities secure safe, reliable, and price-competitive electric power and utility services.

Bob is also a veteran of the U.S. Army Signal Corp., a youth hockey coach, board member of a credit union, and a member of his local church. He and his wife, Rita are the proud parents of three children and enjoy spending time with their six grandchildren.





2021 by the Numbers







## 2021 Strategic Plan: Mission | Vision | Values

Board members from 12 member communities joined the CMPAS team for a series of strategic planning sessions to completely revamp our mission, vision, values, and strategic goals. The process took place over the course of three months in 2021 and early 2022 and enabled us to reinforce our organization's defining principles and establish a trajectory for the future. We enlisted the help of an external management consulting firm to facilitate the process and bring new ideas to the table. These experts were integral to helping us reflect on our agency, categorize our thoughts, and create a strategic plan for the coming years.

Each strategic planning cycle lasts three years, with the last plan formulated in 2018. A lot has changed in the public power industry since then—2018 was pre COVID-19—so a reevaluation of our organization and its mission, goals, and values was the perfect way to kick off the next cycle and begin pursuing our newly revamped strategic goals. There are new challenges, costs, regulations, and shifting needs for power

**A lot has changed in the public power industry since then—2018 was pre COVID-19—so a reevaluation of our organization and its mission, goals, and values was the perfect way to kick off the next cycle and begin pursuing our newly revamped strategic goals.**

that require different strategies. We are gathering resources, creating new strategies, and providing the leadership our members need to continue serving their communities.

A special thanks goes to the CMPAS board members for joining us, staying actively engaged through the meetings, sharing their input, and helping us formulate a winning strategy for the next three years. It's an evolutionary process that requires the perspectives and experiences of everyone.

### 2021 Strategic Goals

1. Maintain the Business
2. Optimize Member Portfolios
3. Manage Organizational Effectiveness
4. Maintain Trusted Partnership with Members and Customers
5. Pursue New Opportunities

## PROCESS

## We Remain Your Municipal Compass to Power



### MISSION

CMPAS is a trusted partner that provides proven and innovative strategies, support and quality energy services to its public power members and customers, helping them achieve their desired outcomes for their communities.



### VISION

We will continue to be a trusted partner, collaborating with our members and customers to provide an optimal portfolio of services and solutions while pursuing new opportunities in a rapidly evolving industry.



### VALUES

#### TRUST

We conduct ourselves and our business in a genuine, transparent, and ethical manner that demonstrates honesty and integrity.

#### COLLABORATION

We work together with our members and customers to achieve their desired outcomes for their communities.

#### ACCOUNTABILITY

We accept responsibility and will deliver on our commitments.

#### EXCELLENCE

We strive for constant improvement balanced with practicality.

#### STEWARDSHIP

We value the trust that our members and customers have given us and will protect their physical and financial assets.

#### WORKPLACE

We value our employees and provide a safe, healthy, challenging, and rewarding work environment centered around teamwork.



# CMPAS Joins the City of Glencoe to Power Bitcoin Mining Operations

CMPAS teamed up with Glencoe Light and Power to break new ground in Midwestern public power, partnering with an established Bitcoin mining and hosting company, Bit49 to establish a new crypto mining operation in the city of Glencoe, Minnesota.

Glencoe Light and Power helped Bit49 secure a site within the city to build their facility, leasing them property adjacent to one of Glencoe Light and Power’s substations. They also provided Bit49 with a dedicated feeder to power their mining operations.

CMPAS worked with Glencoe Light and Power to determine power supply costs to the facility. Glencoe established a rate class for high load factor (greater than 90%) customers and developing a power sales agreement that outlined the rates necessary to service the facility.

Crypto mining is an energy intensive operation that requires continuous and considerable power loads. Although the project is in its infancy, Glencoe Light and Power expects rapid expansion in the near future, which holds the likelihood of doubling and potentially tripling Glencoe’s kWh consumption. The 350-kilowatt (kw) load is expected to increase to 3.5 megawatts (MW), with the potential for 20 MW by mid-year. This would be a significant increase in Glencoe Light and Power’s revenues, but the potential rewards are not risk-free. Crypto mining operations are price-sensitive and can rapidly scale back just as fast as they expand.

It’s a risk with a payoff that could pave the way for other Midwestern public power utilities to invest in servicing the emerging crypto mining marketplace.

## Decrypting Crypto: A Bit About Bitcoin

Crypto currencies like Bitcoin (฿) are digital currencies whose worth are determined by those who invest in them. Unlike global currencies, which can be continuously printed and devalued, there are only a finite amount of Bitcoin—21 million. The currency is stored and secured on a network of computers that spans the globe, and anyone can setup an operation to mine them (although it is costly to do so). As of 2022, roughly 19 million of the 21 million global supply of Bitcoins have been mined, which is done using powerful computers to predict the next block in what is known as the “blockchain.”

The Bitcoin blockchain is a ledger that records Bitcoin transactions (which are grouped into blocks). Whenever Bitcoins are exchanged, the exchanges are recorded and processed by “Bitcoin miners” as the newest blocks in the blockchain. Bitcoin miners use specialized computers (which use significant amounts of energy) running Bitcoin software to process these transactions, and they receive Bitcoins as rewards for doing so. The constant checking and rechecking of new blocks in the blockchain by Bitcoin miners and all other parties involved prevent fraudulent transactions from occurring, keeping transactions of the currency secure.



PROCESS

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# Infrastructure Updates Provided Added Cybersecurity for Small Utilities

CMPAS made cybersecurity a priority in 2021, increasing the security of our networks linked to member cities. We partnered with Integris to install the new devices at member cities throughout the year. Integris now manages/maintains the connections between member cities and CMPAS, allowing them to better prepare for potential cyberattacks and prevent bad actors from entering city systems.

## U.S. Electricity Grids are at Risk, Especially in Smaller Communities

In March, the United States Government Accountability Office (GAO) released a report to Congress warning that the U.S. grid’s distribution systems are increasingly at risk from cyberattacks.<sup>1</sup> Distribution systems are growing more vulnerable, they warn, because they are increasingly allowing remote access and being connected to business networks. The risk? Threat actors from inside or outside the U.S. could potentially access these systems and disrupt operations.

Distribution utilities are generally not subject to mandatory federal cybersecurity standards, so it’s up to local utilities to bolster the security of their systems in order to prevent unwanted intrusion from threat actors. While these attacks are rare, concerns over their potential have increased over the years.

On Christmas Eve in 2015, a cyberattack was launched on the power grid in Ukraine, severing power for about half the homes in the Ivano-Frankivsk region of the country. This was the first known successful cyberattack against an electrical grid.

Experts have speculated that, should an attack like this occur in the U.S., it would likely be confined to a localized area served by a smaller electric utility.<sup>2</sup> Why? Because these smaller grids are less likely to have the robust cybersecurity measures of larger metropolitan electricity grids.

## Often Unnoticed, Security Updates are Essential

Although member cities generally won’t notice the impact these upgrades have on their systems, these enhancements remain an important part of keeping our systems secure. A small city’s entire electrical infrastructure is dependent on the network. Although there’s no reason to believe threats are imminent, failing to keep up with security upgrades to infrastructure leaves every system vulnerable.

**Sources**

1. Government Accountability Office (2021). Electricity Grid Cybersecurity: DOE Needs to Ensure Its Plans Fully Address Risks to Distribution Systems. (GAO Publication No. 21-81)
2. Magill, J (2021, Jul 24). Experts Say Cyberattacks Likely To Result In Blackouts In U.S. *Forbes*. <https://www.forbes.com/sites/jimmagill/2021/07/24/experts-say-cyberattacks-likely-to-result-in-blackouts-in-us/?sh=453e0c99372d>



# CMPAS Finds a Better, Brighter Office to Energize its Team

In July, the CMPAS team said goodbye to the office they called home for past 5 years, establishing a new headquarters a few miles away in the same town of Eden Prairie, Minnesota. The distance between the old and new locations may be small, but the difference between the two offices couldn't be larger.

Nestled between the Bent Creek Golf Club and the Minnesota River Bluffs LRT Regional Trail, which occupies a former rail corridor originally built by the Minneapolis and St. Louis Railway, the new CMPAS office is a breath of fresh air for our team. The old office served us well for years, but the time had come to find a better, brighter space that would invigorate our team. Gone are the dimly lit halls and offices with few sources of natural light. The new office has bold, floor to ceiling windows that brighten every room while providing a beautiful view of the surrounding trees and local wildlife.

The windows in our old office provided a modest view of the parking lot.

We quickly settled into the new office space, making the place our own and establishing a base of operations that will allow us to better serve our members in the years to come. The new office has large open spaces that allow the team to collaborate and entertain visitors. From the spacious boardroom to the kitchen and the outdoor seating area, there is plenty of space for our team to spread out, roll up their sleeves, and get to work.

Studies show that working in natural light makes you happier, healthier, more productive, and full of energy. As a public power agency, this was just what our team needed to feel energized every single day they come to work.

PROGRESS



Old View



New View



Old Office



New Office

PROGRESS



## What's Next? A Look Ahead at 2022

As CMPAS looks to the year ahead, we do so with a renewed sense of our mission: to be a trusted provider of innovative strategies and quality energy services to our members and their communities. There are many uncertainties that still lie ahead—the politics and policies at the federal and state level, the impacts of the pandemic, and the potential for rapid volatility in energy prices—but we remain steadfast in our commitment to our members. We will be there to help predict emerging trends, prepare for future challenges, and provide price-competitive power opportunities to our members.

2021 was a transformative year. We welcomed a new CEO, Jay Anderson, continued to work with members to upgrade and secure their electric systems, and revamped our mission, vision, values, and strategic goals for the coming years.

Our organization is more motivated and our board members more engaged than ever, and there are a great many things to look forward to in 2022:

**New talent:** we have hired a new transmission policy manager, Warren Hess.

**New opportunities:** congress has passed a \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA), which promises the most significant electric and grid infrastructure investment (\$65 billion) in American history, which includes investments for

innovative “smart” grid technology, energy efficiency, weatherization, and green energy initiatives.

**New connections:** we will be launching the CMPAS power hour—a series of monthly webinars covering a large range of topics that include American Public Power Association (APPA) memberships, cybersecurity, employee engagement and retention, etc.

**New partnerships:** we will be forming a partnership with a new lobbyist firm, Winthrop & Weinstine, and other organizations to help us evolve, learn, and bring new opportunities to our member communities.

There's a lot to look forward to—the power initiatives, the new processes, and the progress we are making—but they are all second to the people we work with. The CMPAS team, our valued board members, all the workers at our member cities, and the end users of public power everywhere. It's the people that make public power work, and it's the people who will make 2022 another great year for our members.

A special thanks to our member communities, associate members, and affiliates.





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