



SECURING THE FUTURE THROUGH **INNOVATION**

2017
ANNUAL REPORT

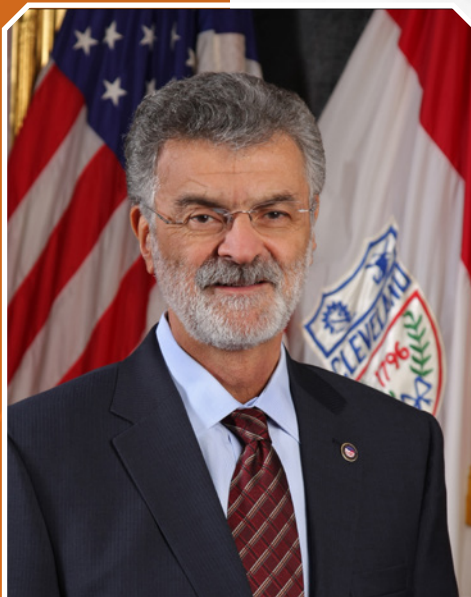


MISSION STATEMENT

CLEVELAND PUBLIC POWER
IS COMMITTED TO PROVIDING
RELIABLE AND AFFORDABLE
ENERGY AND ENERGY SERVICES TO
THE RESIDENTS AND BUSINESSES
OF THE CITY OF CLEVELAND.

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A MESSAGE FROM THE MAYOR

Citizens,

Cleveland Public Power (CPP) continues to improve its customer service ratings with the introduction of MyCPP. MyCPP is an innovative online platform that connects rate payers with CPP. Not only can customers view their electric usage, but they can also examine that usage and compare it to others allowing them to make changes that will positively impact their electric bills.

HERE ARE A FEW HIGHLIGHTS FROM THE PAST YEAR:

- CPP continues to focus on customer engagement through its annual Open House and Solar Sprint which introduces students to alternative energy as a form of transportation. These efforts have doubled the attendance at this annual event which is held as a part of Public Power Week.
- Improving the quality of the delivery of electricity is a key aspect of CPP's longevity and this year the utility completed a portion of an expansion project that improves the reliability and increases the capacity of its 11th Street Substation.
- Over the last few years, CPP has expanded on its success by adding service to two Cleveland Metropolitan School District buildings – Charles Eliot and St. Martin DePorres High School - as well as continuing to grow in the areas of residential housing and mixed-use buildings on both sides of Cleveland.

Cleveland Public Power is a vital organization within the City of Cleveland and continues to aid in the growth of the city.

Sincerely,

MAYOR FRANK G. JACKSON
CITY OF CLEVELAND

“
**CLEVELAND PUBLIC POWER
IS A VITAL ORGANIZATION
WITHIN THE CITY OF CLEVELAND
AND CONTINUES TO AID IN THE
GROWTH OF THE CITY.**

”



OUR LEADERS

CITY COUNCIL

Cleveland City Council is working with Cleveland Public Power (CPP) to ensure the utility continues to provide reliable service to its ratepayers.

CPP's ongoing expansion project is an indication of not only the desire but the understanding that the utility must work on improving its infrastructure. To that end, this year that expansion project included improvements to the 11th Street Substation.

The team at CPP understands that improving the quality of electricity and delivery of electricity is a key aspect of its longevity and the improvements to this substation will improve their reliability and increase capacity in the downtown Cleveland area.

Reliability is key, but customer satisfaction is just as important. The utility is improving its customer service ratings with the introduction of MyCPP. MyCPP is an innovative online platform that connects rate payers with CPP. Not only can customers view their electric usage, but they can also examine that usage and compare it to others allowing them to make changes that will positively impact their electric bills.

Engaging its customers is key to CPP's success in customer relations. For more than a decade the utility has held an Open House annually to educate and inform residents about the work they perform daily. This year the Solar Sprint was added to this event to introduce students to alternative energy as a form of transportation. These efforts have doubled the attendance at this event which is held as a part of Public Power Week.

City Council is committed to ensuring CPP continues its work in helping communities thrive as well as enriching and expanding the public-private relationships they have forged with local developers. Council will continue to work with the administration and CPP so that this vital utility is available for many years to come.

DIRECTOR/COMMISSIONER

Cleveland Public Power's (CPP) mission is to provide reliable and affordable energy and energy services to the residents and business in the city of Cleveland. To that end, we are consistently working to ensure the integrity of our infrastructure while providing superior customer service and customer engagement.

This year we continued to shore up our infrastructure through improvements to the 11th Street Substation allowing for consistent, reliable power to customers within our downtown Cleveland footprint and providing the capacity to expand our reach.

Customer service is a key component of our success and in an effort to inform and engage our customers on the effective use of their electric service we launched a pilot program that connects our rate payers with CPP in a new interactive manner. The MyCPP online platform allows customers to view their electric usage and examine where they are using the most electricity. They are also afforded the opportunity to compare their usage to others with similar households. This platform is intended to be informative and engaging so customers also have the opportunity to receive points for various activities resulting in the winning of prizes.

Our customer engagement efforts have also extended to the youth in our community through the annual Solar Sprint electric car race. The race is part of the yearly Public Power Week activities and offers insight into renewable energy and its potential uses. The addition of this activity has increased our engagement with existing customers as well as potential customers.

Customer growth is a key component of our strategic plan and this year we have continued to utilize our public-private relationships to add new customers that include the Cleveland Municipal School District and the renovation and rebirth of historic structures like the Lion Knitting Mills factory which was recently transformed into housing units.

We have made strides, and understand there is much hard work still to be done and we look forward to the challenge.



KEVIN J. KELLEY
Council President



TERRELL PRUITT
Councilman



ROBERT DAVIS
Director



IVAN L. HENDERSON
Commissioner

**SECURING THE FUTURE
THROUGH INNOVATION**

ONE UNIVERSITY CIRCLE

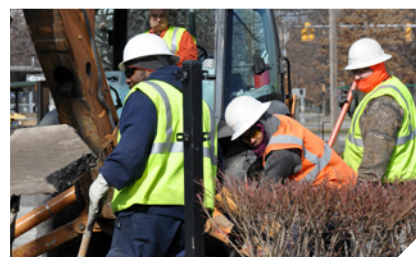
CPP POWERS LUXURY APARTMENTS IN UPTOWN

Cleveland Public Power entered into a business venture with One University Circle Apartments agreeing to provide the 533,000 square-foot twenty-story luxury apartment complex located in Cleveland's University Circle neighborhood with 4.5 megawatts of power.

This new construction project was developed by First Interstate Properties and Petros Development Corporation and constructed by Panzica Construction. We are excited to be a part of this project because not only will it boost Cleveland's economic climate by providing new jobs and housing to the newly renamed "Uptown" community, but it continues the growth and rebirth of this neighborhood.

The terra-cotta clad apartment tower boasts 276 units many amenities that aren't usually seen in neighborhoods, but are associated with downtown living. Some of these plush amenities include concierge service, heated parking garage, bicycle storage, dog park, fitness center and wellness studios, outdoor pool deck with private cabanas and fire pits, and a 2,100 square-foot "sky lounge" located on the twentieth floor complete with a 413 square-foot outdoor deck.

Dimit Architects worked with local designer Jason Wein of Cleveland Art to create custom light fixtures that will be beautifully illuminated by Cleveland Public Power.



SAINT MARTIN DE PORRES

GIVING POWER TO TOMORROW'S LEADERS AT ST. MARTIN DE PORRES HIGH SCHOOL

Cleveland's opulent history is a source of pride for locals, and recent renovations of long-gone neighborhood treasures is part of the fabric of the city.

One such treasure is the Kausek Brothers Department Store founded in 1910 and the source of extravagant gowns, cloaks and suits during its heyday. The Department Store located at 6202 St. Clair Avenue, has undergone several renovations and most recently the double copper dome structure was converted into a college preparatory school.

Saint Martin De Porres High School resourcefully blends history and technology in this Cleveland landmark, all while providing students of modest economic means the opportunity to receive a sound education, but also develop habits that will enable them

to become successful in college, their future careers and in life. The \$21 million renovation of this new high school retained the façade of the old Kausek Brothers Department Store complete with the two copper domes. The rear of the structure features the new, innovative, contemporary architectural design known as the Howley Student Center.

CPP provides 500 KWD of power to this state-of-the-art facility that currently houses 380 students. We are thrilled by the thought that we are providing power to our future local leaders who will one day become the decision makers in our community.



THE EDGE ON EUCLID

NEW HOUSING OPTIONS ON THE EDGE OF CLEVELAND'S THEATER DISTRICT

Cleveland's Euclid Avenue has come a long way from once boasting the richest neighborhood in the world known as "Millionaire's Row" to suffering through the Great Depression of the 1930's and dealing with many abandoned businesses, factories and mansions throughout the course of time. Cleveland Public Power has been there enduring the trials and tribulations along with many of these businesses and home owners.

CPP is a champion of Cleveland and we have made a major impact on the reconstruction of Euclid Avenue. Most recently CPP embarked on an agreement to provide the Edge Cleveland Apartments with two megawatts of power.

The 1750 Euclid Avenue eleven-story residence is strategically located directly across from Cleveland State University's main campus and spans across the full block of East 18th Street between Euclid Avenue and Prospect Avenue.

The Edge, dressed in glass, brick and fiber cement panels dons these massing elements and finishes to re-introduce the urban scale and architectural vocabulary of the neighboring Playhouse Square arts district.

This building includes 240 residential suites with a double height lobby, a fitness center, lounge, café, study areas and a 163 car secured private garage, enhancing the student life experience on Cleveland's most prominent street.



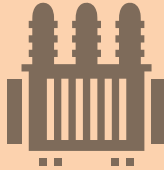
LION KNITTING MILLS

IN ITS HEYDAY, LION KNITTING MILLS ESTABLISHED A REPUTATION MANUFACTURING WOOL MILITARY GOODS, AND LATER SWEATERS FOR THE CONSUMER MARKET.

The 1919 factory located on West 25th Street in the Clark-Fulton neighborhood sat vacant after Lion Knitting Mills closed its doors in 1990, until the Detroit Shoreway Community Development Organization (DSCDO) purchased the 52,000-square-foot building and began converting it into affordable loft-style apartments in 2016.

Cleveland Public Power was proud to be selected as the electrical provider for this nearly century old structure, and provides a load of 300 KWD. Being the local municipal electrical provider is a responsibility we take seriously. The history of Cleveland is something we hold in high regard and are honored to have a hand in paying homage to not only the building's history, but also the city's history as well.





COMMITTED TO RELIABILITY, CPP INVESTS IN 11TH STREET SUBSTATION

Cleveland Public Power's mission is to provide reliable electric service to the residents and businesses in Cleveland. As part of an ongoing capacity expansion project, CPP embarked upon a program to improve the reliability of the 11th Street Substation located in downtown Cleveland in an effort to increase feeder reliability. This increase in reliability would also free up existing feeders and offer the ability to attract future customers.

This expansion plan included a Lake Road North substation expansion with 2-40MVA 138kV/11kV transformers and associated switchgear; A South

Marginal Substation with six single-phase 11kV/13.8 transformers, a refurbished coal tunnel under the highway for cabling, and associated duct/manhole system.

The expansion project took 16 months to plan and roughly four years to complete. The overall cost was approximately \$22,000,000.00, and the impact on our downtown customers was tremendous as it improved reliability to the 11th Street substation, reducing system outages in the area.





MYCPP OFFERS CUSTOMERS A NEW VIEW OF ELECTRIC USAGE

Cleveland Public Power (CPP) and Cleveland-based tech company Brillieny, recently joined forces to present a digital platform to CPP customers which will allow them to engage with the utility as well as learn more about their electric usage.

Brillieny's Brilliant Efficiency digital platform powers MyCPP, which provides interactive features that enable CPP customers to offer feedback on customer electricity matters as well as provide CPP with valuable data on the types of energy efficiency services and other programs that offer the most value to the consumer. CPP customers can access the software program through MyCPP.org from any mobile device, tablet, or computer as well as through a link on the CPP

website. Brillieny maintains the software and hosts the site for MyCPP.org.

This project supports CPP's vision of being innovative in providing services to its customers. Commissioner Ivan Henderson is pleased with what he has seen thus far, and looks forward to turning the Pilot into a permanent tool for CPP customers.

"We have been extremely pleased with the product and the responsiveness of the Brillieny team. MyCPP is personalized for the consumer and the information that we collect can assist with new programs and service offerings in the future" said Ivan Henderson, commissioner of Cleveland Public Power.





ANNUAL OPEN HOUSE EDUCATES, INFORMS CPP CUSTOMERS

Annually during the first full week of October, Cleveland Public Power transforms its downtown parking lot into an "Electric Expo," complete with demonstrations on how electricity comes from substations into your home or business and introducing new ideas through the Solar Sprint car race.

The utility joins more than 2,000 other utilities in celebrating the advantages of providing locally operated electricity to its residents. When you support the local utility you are supporting the community. The employees of public utilities are your neighbors and they are committed to doing their best each day to ensure the delivery of reliable electricity.

To show appreciation to the community the Open House offers free activities with an electric theme. Children have the opportunity to take a ride in a bucket truck and to show their creativity by designing and painting light switch plates.

The highlight of the day is the Solar Sprint Car Race. Students in grades 3-8 compete in timed heats to win prizes for the fastest solar-powered miniature car. CPP provides the students with car kits that include a Solar Panel (Specs: 3V, 3W, 4.5"x13", 4" Flat Wire Leads), a Solar Motor (6" Stripped Wire Leads), Motor Mounting Bracket w/ Screws, Motor Shaft Gears, Alligator Clips, Axle Shafts, 1" Wheels w/ Tires and Spur Gears. The students are given a basic overview of how to construct their cars and what the race will look like on race day during workshops in September.

The addition of the Solar Sprint has reinvigorated this event with more than 30 children participating each year. It has also spawned interest in the utility with residents who are not customers. As the photos indicate, the children enjoy the camaraderie, competition and utilizing their ingenuity.

Cleveland Public Power is proud to bring fun to STEM activities.



POWERFULLY CONNECTED

“
TO SHOW APPRECIATION TO THE
COMMUNITY THE OPEN HOUSE
OFFERS FREE ACTIVITIES WITH
AN ELECTRIC THEME
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2017 STATEMENT OF NET POSITION

(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
LAND	\$ 5,574
LAND IMPROVEMENTS	318
UTILITY PLANT	587,712
BUILDINGS, STRUCTURES AND IMPROVEMENTS	22,858
FURNITURE, FIXTURES, EQUIPMENT AND VEHICLES	91,759
	708,221
LESS: ACCUMULATED DEPRECIATION	(394,722)
	313,499
CONSTRUCTION IN PROGRESS	38,707
CAPITAL ASSETS, NET	352,206
RESTRICTED ASSETS	
CASH AND CASH EQUIVALENTS	17,937
ACCRUED INTEREST RECEIVABLE	15
TOTAL RESTRICTED ASSETS	17,952
CURRENT ASSETS	
CASH AND CASH EQUIVALENTS	38,665
RESTRICTED CASH AND CASH EQUIVALENTS	22
RECEIVABLES:	
ACCOUNTS RECEIVABLE- NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$7,901,000 IN 2017	17,114
RECOVERABLE COSTS OF PURCHASED POWER	8,252
UNBILLED REVENUE	2,742
DUE FROM OTHER CITY OF CLEVELAND DEPARTMENTS, DIVISIONS OR FUNDS	3,223
MATERIALS AND SUPPLIES - AT AVERAGE COST	9,466
PREPAID EXPENSES	253
TOTAL CURRENT ASSETS	79,737
DEFERRED OUTFLOWS OF RESOURCES	
UNAMORTIZED LOSS ON DEBT REFUNDING	12,600
PENSION	11,496
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 24,096

2017

STATEMENT OF NET POSITION

(IN THOUSANDS)

NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

NET POSITION	
NET INVESTMENT ON CAPITAL ASSETS	\$ 173,802
RESTRICTED FOR CAPITAL PROJECTS	487
RESTRICTED FOR DEBT SERVICE	2,875
UNRESTRICTED	22,737
TOTAL NET POSITION	199,901
LIABILITIES	
LONG-TERM OBLIGATIONS—EXCLUDING AMOUNTS DUE WITHIN ONE YEAR	
ACCRUED WAGES AND BENEFITS	146
ACCRETED INTEREST PAYABLE	18,445
REVENUE BONDS	197,874
NET PENSION LIABILITY	29,488
OTHER	2,109
TOTAL LONG-TERM OBLIGATIONS	248,062
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	11,886
OTHER ACCRUED EXPENSES	446
CUSTOMER DEPOSITS AND OTHER LIABILITIES	1,018
CURRENT PORTION OF ACCRUED WAGES AND BENEFITS	2,648
DUE TO OTHER CITY OF CLEVELAND DEPARTMENTS, DIVISIONS OR FUNDS	378
ACCRUED INTEREST PAYABLE	1,111
CURRENT PAYABLE FROM RESTRICTED ASSETS	22
CURRENT PORTION OF LONG-TERM DEBT, DUE WITHIN ONE YEAR	7,705
TOTAL CURRENT LIABILITIES	25,214
TOTAL LIABILITIES	273,276
DEFERRED INFLOWS OF RESOURCES	
PENSION	814
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 814

2017

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(IN THOUSANDS)

OPERATING REVENUES

CHARGES FOR SERVICES	\$ 194,904
TOTAL OPERATING REVENUES	194,904

OPERATING EXPENSES

PURCHASED POWER	123,374
OPERATIONS	27,354
MAINTENANCE	17,195
DEPRECIATION	19,555
TOTAL OPERATING EXPENSES	187,478
OPERATING INCOME (LOSS)	7,426

NON-OPERATING REVENUE (EXPENSE)

INVESTMENT INCOME	398
INTEREST EXPENSE	(9,510)
AMORTIZATION OF BOND PREMIUMS AND DISCOUNTS	821
GAIN (LOSS) ON DISPOSAL OF ASSETS	(73)
OTHER	3,075
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	(5,289)
INCREASE (DECREASE) IN NET POSITION	2,137

NET POSITION AT BEGINNING OF YEAR

197,764

NET POSITION AT END OF YEAR

\$ 199,901

2017

STATEMENT OF CASH FLOWS

(IN THOUSANDS)

CASH FLOWS FROM OPERATING ACTIVITIES	
CASH RECEIVED FROM CUSTOMERS	\$ 189,365
CASH PAYMENTS TO SUPPLIERS FOR GOODS OR SERVICES	(18,053)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(20,582)
CASH PAYMENTS FOR PURCHASED POWER	(126,942)
ELECTRIC EXCISE TAX PAYMENTS TO AGENCY FUND AND OTHER	(5,761)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	18,027
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
ELECTRIC EXCISE TAX RECEIPTS	2,980
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	2,980
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(15,236)
PRINCIPAL PAID ON LONG-TERM DEBT	(8,785)
INTEREST PAID ON LONG-TERM DEBT	(9,117)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(33,138)
CASH FLOWS FROM INVESTING ACTIVITIES	
INTEREST RECEIVED ON INVESTMENTS	494
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	494
NET CASH PROVIDED BY (USED FOR) CASH AND CASH EQUIVALENTS	(11,637)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	68,261
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 56,624

2017 STATEMENT OF CASH FLOWS

(IN THOUSANDS)

RECONCILIATION OF OPERATING INCOME (LOSS) ACTIVITIES TO NET CASH PROVIDED BY (USED FOR) OPERATING

OPERATING INCOME (LOSS)	\$	7,426
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ADJUSTMENTS:

DEPRECIATION		19,555
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(INCREASE) DECREASE IN ASSETS:

ACCOUNTS RECEIVABLE, NET		(6,158)
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RECOVERABLE COSTS OF PURCHASED POWER		(4,263)
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UNBILLED REVENUE		(126)
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DUE FROM OTHER CITY OF CLEVELAND DEPARTMENTS, DIVISIONS OR FUNDS		(714)
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MATERIALS AND SUPPLIES, NET		(617)
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PREPAID EXPENSES		(20)
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(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES – PENSIONS		(2,416)
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INCREASE (DECREASE) IN LIABILITIES:

ACCOUNTS PAYABLE		88
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OTHER ACCRUED EXPENSES		(139)
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CUSTOMER DEPOSITS AND OTHER LIABILITIES		(74)
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ACCRUED WAGES AND BENEFITS		(3)
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DUE TO OTHER CITY OF CLEVELAND DEPARTMENTS, DIVISIONS OR FUNDS		(331)
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OTHER LONG-TERM LIABILITIES		(323)
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NET PENSION LIABILITY		5,891
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INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES – PENSIONS		251
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TOTAL ADJUSTMENTS		10,601
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NET CASH PROVIDED BY (USED FOR)

OPERATING ACTIVITIES	\$	18,027
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SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

CONTRIBUTIONS AND ACCOUNTS PAYABLE RELATED TO CAPITAL ASSETS	\$	22
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Cleveland**PublicPower**
Count on it

1300 LAKESIDE AVENUE ■ CLEVELAND, OHIO 44114 ■ 216.664.3922 ■ CPP.ORG