

2020 ANNUAL REPORT

LIFT-ALL



ClevelandPublicPower
Count on it

**THRIVING
DURING A
PANDEMIC**



ClevelandPublicPower
Count on it

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.

TABLE OF CONTENTS

2	CPP Thriving During the Pandemic
3	Mayor's Message
4	City Council, Director, Commissioner
5,6	The Lumen
7,8	Frederick Douglas Rec Center
9,10	Astrup Complex
11-14,16	Financial Statements
15	Community Arts Center Mural



CPP continued to thrive in the face of a Global Pandemic

2020 will be a memorable year for the world, and Cleveland Public Power like utilities around the globe found a way to shift and thrive in the midst of it all.

The priority at CPP was to maintain services to its 70,000 plus customers, and they were successful in doing that by maintaining its operational staff with limited interruption due to the Coronavirus. To achieve this goal, where possible

the utility shifted from two crew members in a truck to one. When this was impossible crew members were required to wear face masks to keep each other safe.

To maintain the health and safety of administrative staff the offices at CPP were closed to the public, and many staff members were switched to remote work with only a limited number working in the office.

During this time CPP successfully managed the following:

1. Customer Service, Meter Service, Administrative, and Sales staff completed virtual and limited in-person training on the CC&B billing system to replace our Banner system. The switchover was completed in November.
2. Successfully managed new residential projects which culminated in energizing more than 980 residential units. Some of the projects included The Lumen at Playhouse Square, Project 29, the Quarter II, and Euclid Grand.
3. Successfully managed commercial projects which included the Frederick Douglas Recreation Center, a 45,000 square foot recreation complex, and the Astrup Community Arts Center adding 80,000 square feet of space to support non-profits such as the Boys and Girls Club of Cleveland and the Latino/Hispanic Theater in Ohio.
4. Supported residential customers by generating 273 work orders for reconnection of service and 267 work orders for new service.
5. Generated contracts to bring an additional estimated 67,472 kWd onto the Cleveland Public Power system.
6. Maintained a high level of customer and project support while transitioning from the office to a work-at-home environment.



“
Our greatest
challenge during the
pandemic has been
ensuring the safety
of Cleveland
employees and
residents.
”



CITY OF CLEVELAND
Mayor Frank G. Jackson

Despite the challenges of 2020, Cleveland Public Power (CPP) stayed true to its mission to provide electric service to residents and businesses in the City of Cleveland. CPP not only maintained service, but energized projects including 980 residential units, and forged relationships for new projects in our neighborhoods.

Understanding CPP's purchasing power challenges, the team charged with acquiring electricity to service our customers found innovative ways to reduce costs on three block purchases during a global pandemic.

Our greatest challenge during the pandemic has been ensuring the safety of Cleveland employees and residents. Again, CPP met the challenge of providing a safe work environment while maintaining service for customers. Our buildings were closed to the public to reduce the potential for widespread coronavirus infections.

To achieve this goal, Cleveland Public Power employees worked to educate their customer base on the myriad of ways they could connect with the utility without in-person access to its facilities. In addition, the business office staff took on the challenge of installing a new billing system and learning this system in a virtual environment.

With laptop computers provided for CPP's customer service staff and others, we were able to minimize the human contact normally found in a call center, allowing them to not only provide the service customers needed, but also to learn a new system. This methodology was used in all of CPP's offices. The result was the implementation of a new system with minimal impact on customers.

For CPP crews, the challenge was a little more difficult, as crews travel in vehicles with a minimum of two employees and at times four individuals in one vehicle. To ensure their safety, all field employees were required to wear masks as mandated by the Proclamation of Civil Emergency. These measures resulted in minimal staffing issues due to illness during the lockdown period of the pandemic.

CPP employees work hard, often under adverse conditions such as those we've seen during the COVID-19 pandemic. I thank them for their efforts in executing my vision to make Cleveland a great city.

Sincerely,

Frank G. Jackson
Mayor, City of Cleveland




Cleveland Public Power's mission to provide electric service to the residents and businesses in the City of Cleveland remained strong during the pandemic and quarantine. To ensure services did not suffer, the management team and crews worked together to provide for the safety of crews while maintaining service to its ratepayers.

Our field crews, where possible, rode solo. When that was impossible, all were required to wear masks to protect against the coronavirus. With these precautions in place, Cleveland Public Power successfully restored service to more than 200 residents while adding more than 250 new residential accounts.

Our construction crews continued to work adding new commercial accounts and preparing the infrastructure for new projects. We successfully energized The Lumen Playhouse Square, a mixed-use complex and one of the largest residential spaces constructed in downtown Cleveland since the 1970s.

Cleveland City Council is pleased to continue to work with Cleveland Public Power to provide electric service to our residents. In 2020, despite a global pandemic this vital City service continued to work on behalf of its customers.

While quarantined, the Customer Service, Sales, and business office staff successfully learned a new billing system to make the billing process more user-friendly for staff and customers. This was all completed while some staff worked from home and others worked in the offices in isolated areas.

The pandemic and quarantine did not impact operations, the CPP staff adjusted and continued to provide service and prepare for the future with projects coming in many Cleveland Wards.

We were especially pleased to see that the utility has continued to work toward lowering some of its purchase power agreements, which we hope will reflect in the bills of its customers.

We look forward to continuing to support this utility in the future.

We are especially pleased with the productivity of our Customer Service, Sales, and other office staff in completing the transition to our new billing system while working in remote and hybrid situations. This task included learning a new billing system and navigating both systems while continuing to field calls and assisting customers.

Understanding our customers' concerns, we worked to reduce our costs for purchasing power across the board while also meeting our goal of 20% renewable energy by 2020.

With a spirit of collaboration, Cleveland Public Power weathered the storm of uncertainty created by the Coronavirus pandemic.





The Lumen Playhouse Square comes online during quarantine

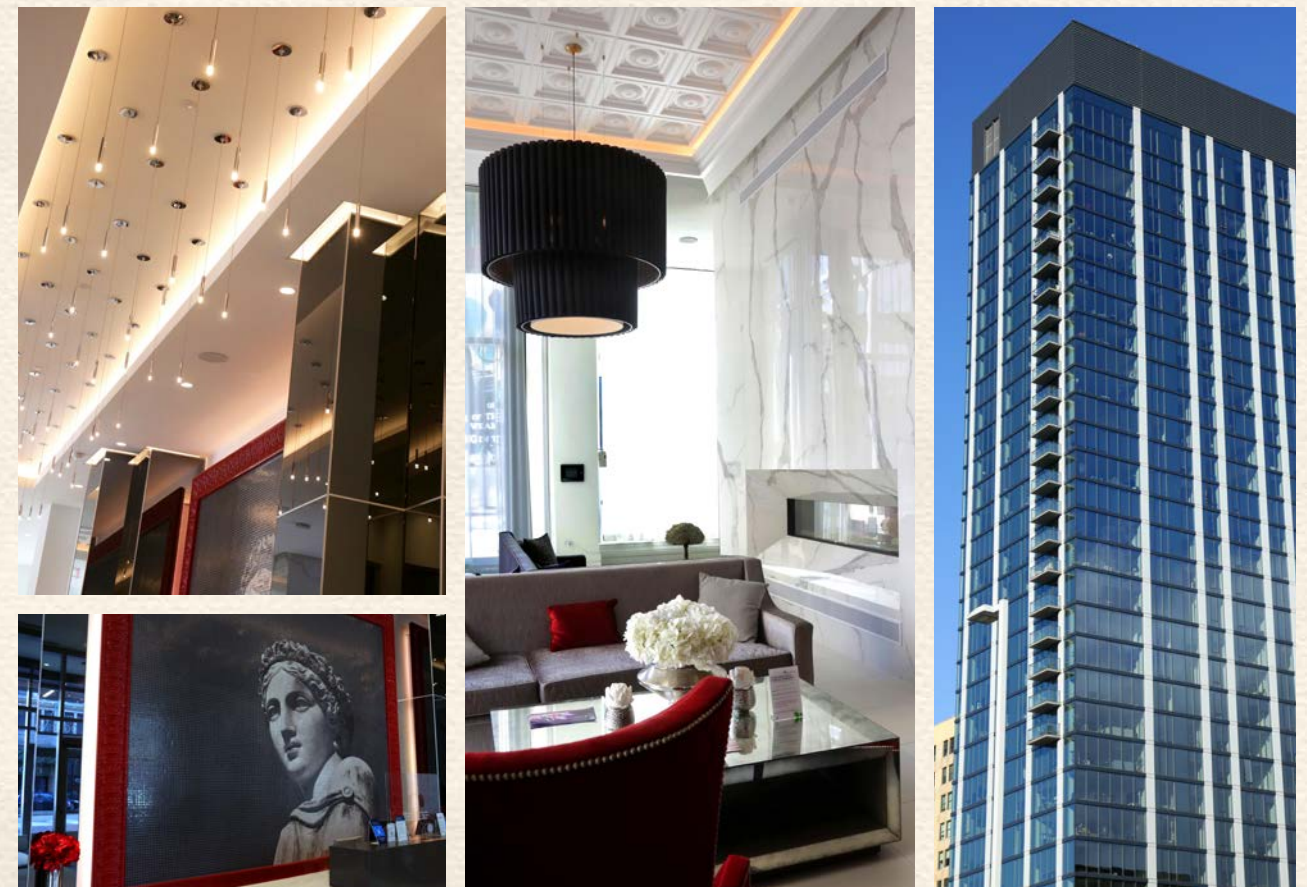
In late spring 2020, Cleveland Public Power successfully added The Lumen Playhouse Square to its portfolio during the onset of a global pandemic and business quarantines.

The 35-story mixed-use building on Euclid Avenue is one of the largest apartment complexes built in downtown Cleveland since the 1970s. The \$135-million project continues a longstanding partnership between CPP and the Playhouse Square Foundation.

For the municipally owned utility, the Lumen added 318 individually metered residential customers, 22,000 square feet of community amenities and parking garage to its network. Vicki Tansler, Cleveland Public Power's Senior Manager of Sales and Business Development estimated that the project has the potential to add 4,540 kWd monthly to its network. Ms. Tansler said "The development of the Lumen is an example of a large load project and representative of the relationship that we have built with the Playhouse Square Foundation".

In addition to the project management services provided during development and the power provided operationally, Ms. Tansler noted that Cleveland Public Power offers large developments like the Lumen a concierge type service. This service consists of one individual providing personalized service to each tenant as they move into the building. Ms. Tansler said of this service, "We want to ensure the move in process is a seamless process with one point of contact that our customers can count on to set up their account, answer questions and address concerns".

This project exemplifies the superior service Cleveland Public Power provides to its developers and customers.



CPP builds infrastructure for Frederick Douglass Recreation Center during the pandemic

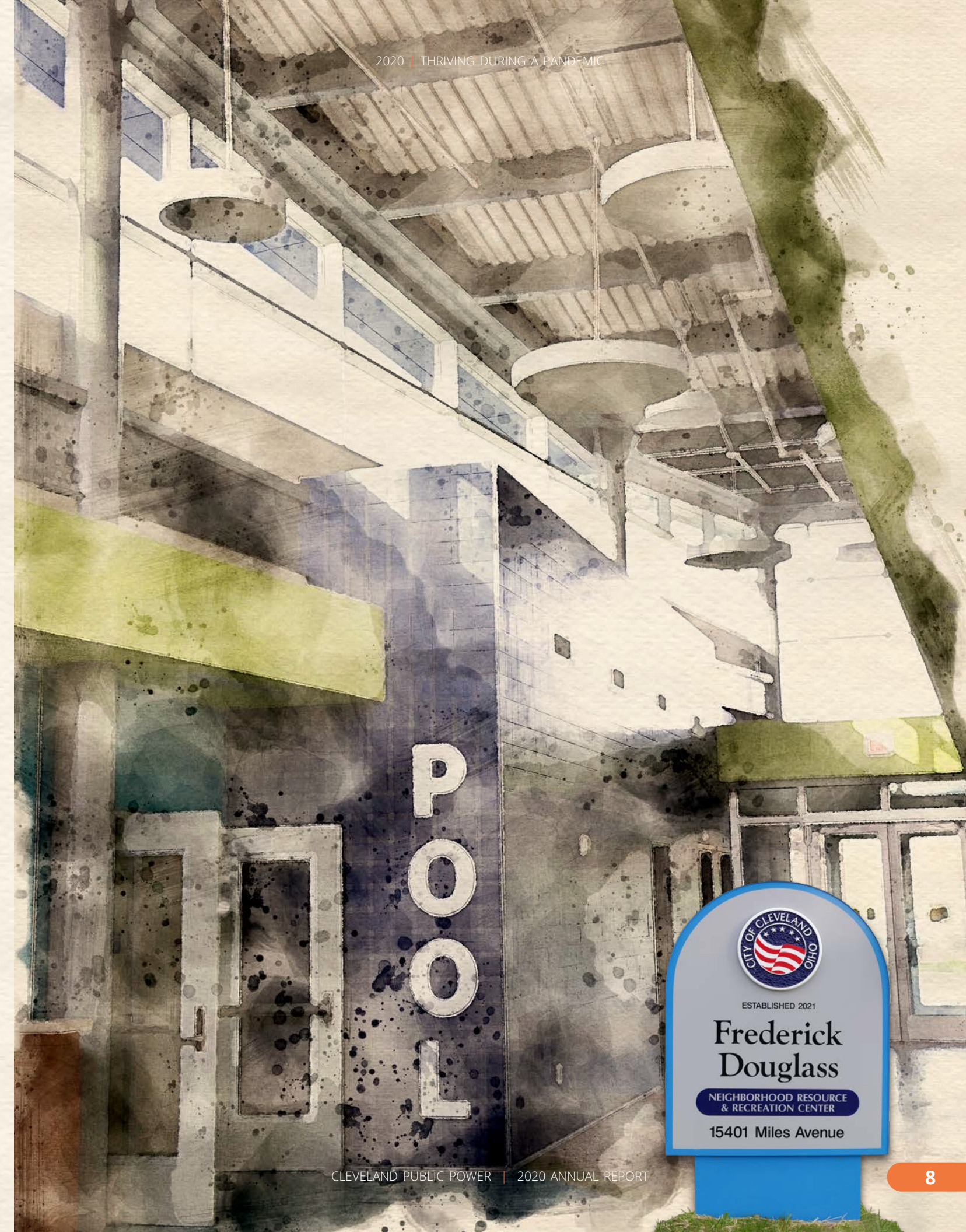
Cleveland Public Power has been an integral part of the revitalization of Cleveland neighborhoods over the last several years, and the global pandemic of 2020 didn't slow its progress. CPP has provided service for new construction as well as the renovation of buildings that highlight the character of Cleveland's past.

Beginning in late 2019, CPP began planning the infrastructure for a new recreation center in the city's southeast community.

With the onset of the pandemic and subsequent quarantine, construction crews continued installing line work, splicing cables, and preparing the site for construction.

This small commercial facility supports a swimming pool, fitness center, gymnasium, and meeting rooms.

All went well with the construction phase, and the Frederick Douglass Recreation Center, 15401 Miles Avenue, will open to the community in the first quarter of 2021. The \$15.3 million facility also provides recreational facilities for the new John F. Kennedy High School.



ESTABLISHED 2021

Frederick Douglass

NEIGHBORHOOD RESOURCE
& RECREATION CENTER

15401 Miles Avenue



Powering progress in Clark-Fulton

Built over 100 years ago, the Astrup Complex, now known as the Pivot Center for Art, Dance, and Expression, has revitalized a section of the Clark-Fulton neighborhood. Cleveland Public Power powers the facility that once produced canvas sails for ships and awnings for homes and businesses.

For CPP, the transformation of this building included building an underground duct bank and providing an automatic transfer switch to minimize the possibility of outages. Today the 80,000-square-foot complex rings with the sounds of creative energy.

As a city-owned utility, CPP collaborates with local developers and other community partners to revitalize neighborhoods and downtown Cleveland.

This project is a prime example of giving new life to a neighborhood. Housed within this historic structure are creative and vibrant organizations seeking to bring hope and joy to the residents. They include the Cleveland Museum of Art, the Inlet Dance Theater, the Center for Missing and Abducted & Exploited Children/Adults, and a graphic design studio.

While the building is no longer the site of canvas sail production, today, it houses businesses and organizations that help develop dreams, careers, and legacy. Cleveland Public Power is proud to be a partner in this evolution.



2020

STATEMENT OF NET POSITION

(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES CAPITAL ASSETS	
Land	\$ 5,574
Land Improvements	1,723
Utility Plant	623,613
Buildings, structures and improvements	23,536
Furniture, fixtures, equipment and vehicles	91,814
	746,260
Less: accumulated depreciation	(439,402)
	306,858
Construction in progress	43,167
CAPITAL ASSETS, NET	350,025
RESTRICTED ASSETS	
Cash and cash equivalents	4,066
TOTAL RESTRICTED ASSETS	4,066
CURRENT ASSETS	
Cash and cash equivalents	61,033
Restricted cash and cash equivalents	996
Receivables:	
Accounts receivable- net of allowance for doubtful accounts of \$10,015	12,259
Recoverable costs of purchased power	653
Unbilled revenue	7,519
Due from other City of Cleveland departments, divisions or funds	2,268
Materials and supplies - at average cost	8,675
Prepaid expenses	381
TOTAL CURRENT ASSETS	93,784
TOTAL ASSETS	447,875
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on debt refunding	23,932
Pension	4,012
OPEB	2,667
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 30,611

2020

STATEMENT OF NET POSITION

(IN THOUSANDS)

NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

NET POSITION	
Net investment in capital assets	\$ 175,109
Restricted for capital projects	179
Restricted for debt service	2,663
Unrestricted	(1,103)
TOTAL NET POSITION	176,848
LIABILITIES	
LONG-TERM OBLIGATIONS-EXCLUDING AMOUNTS DUE WITHIN ONE YEAR	
Accrued wages and benefits	491
Accreted interest payable	26,331
Revenue bonds	191,008
Net pension liability	26,253
Net OPEB liability	17,316
Other	1,056
TOTAL LONG-TERM OBLIGATIONS	262,455
CURRENT LIABILITIES	
Accounts payable	11,161
Other accrued expenses	430
Customer deposits and other liabilities	422
Current portion of accrued wages and benefits	3,089
Due to other City of Cleveland departments, divisions or funds	554
Accrued interest payable	856
Current payable from restricted assets	996
Current portion of long-term debt, due within one year	9,030
TOTAL CURRENT LIABILITIES	26,538
TOTAL LIABILITIES	288,993
DEFERRED INFLOWS OF RESOURCES	
Excess purchased power costs	4,614
Pension	5,434
OPEB	2,597
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 12,645

2020

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(IN THOUSANDS)

OPERATING REVENUES	
Charges for services	\$ 186,792
TOTAL OPERATING REVENUES	186,792
OPERATING EXPENSES	
Purchased power	122,115
Operations	26,392
Maintenance	17,608
Depreciation	22,375
TOTAL OPERATING EXPENSES	188,490
OPERATING INCOME (LOSS)	(1,698)
NON-OPERATING REVENUE (EXPENSE)	
Investment income	168
Interest expense	(9,554)
Amortization of bond premiums and discounts	2,087
Other	4,775
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	(2,524)
INCREASE (DECREASE) IN NET POSITION	(4,222)
NET POSITION AT BEGINNING OF YEAR	181,070
NET POSITION AT END OF YEAR	\$ 176,848

2020

STATEMENT OF CASH FLOWS

(IN THOUSANDS)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 187,637
Cash payments to suppliers for goods or services	(16,930)
Cash payments to employees for services	(16,965)
Cash payments for purchased power	(120,859)
Electric excise tax payments to agency fund and other	(4,550)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	28,333
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Electric excise tax receipts	5,791
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	5,791
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of revenue bonds	97,499
Acquisition and construction of capital assets	(17,242)
Principal paid on long-term debt	(3,740)
Interest paid on long-term debt	(6,142)
Cash paid to escrow agent for refunding	(99,223)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(28,848)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	172
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	172
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,448
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	60,647
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 66,095

2020 STATEMENT OF CASH FLOWS

(IN THOUSANDS)

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

OPERATING INCOME (LOSS)	\$ (1,698)
Adjustments:	
Depreciation	22,375
<i>(Increase) decrease in assets:</i>	
Accounts receivable, net	1,260
Recoverable costs of purchased power	562
Unbilled revenue	(4,592)
Due from other City of Cleveland departments, divisions or funds	802
Materials and supplies, net	551
Prepaid expenses	8
<i>(Increase) decrease in deferred outflows of resources:</i>	
Pension	6,610
OPEB	(1,297)
<i>Increase (decrease) in liabilities:</i>	
Accounts payable	1,095
Other accrued expenses	13
Customer deposits and other liabilities	(774)
Accrued wages and benefits	482
Due to other City of Cleveland departments, divisions or funds	424
Other long-term liabilities	(375)
Net pension liability	(9,899)
Net OPEB liability	719
<i>Increase (decrease) in deferred inflows of resources:</i>	
Excess purchased power costs	4,614
Pension	4,899
OPEB	2,554
TOTAL ADJUSTMENTS	30,031
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 28,333

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	\$ 996
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Community Arts Center wall mural
created by **Rafael Valdivieso**



Cleveland**PublicPower**
Count on it

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