



Transforming
CLEVELAND
Neighborhoods

Cleveland  **Public Power**
Count on it

2019 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.



Cleveland Public Power

TOM L. JOHNSON BUILDING

1300

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CPP CUSTOMER SERVICE CENTER
201 LAMAR AVENUE
CLEVELAND, OH 44115
800.442.2222
WWW.CPP.ORG
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CITY OF CLEVELAND
 Mayor Frank G. Jackson

As a valuable City asset, Cleveland Public Power (CPP) continues to forge relationships with government departments, local developers and residents to power Cleveland neighborhoods and businesses.



This year the utility, along with other City departments, helped to bring the Neighborhood Transformation Initiative (NTI) to fruition. The NTI is designed to provide healthy, sustainable and equitable opportunities to historically fringed neighborhoods.

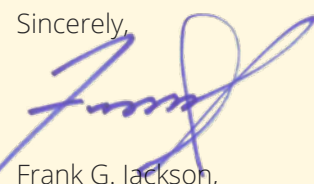
One of CPP's projects included providing power for the Glenville Circle North project. Glenville Circle North provides a mixed-use commercial and residential development, a venture that will assist with the revitalization of the Glenville neighborhood and surrounding communities.

The development and revitalization of neighborhoods was a primary focus this year as CPP also provided service to projects in the Fairfax and Uptown Communities. A key component of creating healthy, sustainable communities is to provide sufficient lighting on neighborhood streets, which is a major initiative launched by the City of Cleveland and CPP.

Over approximately 18 months, 61,000 existing streetlights will be replaced with new, energy-efficient light-emitting diode (LED) technology. The lighting will not only provide a sense of safety for residents, but it also offers clean light, which will aid in providing good quality photos of incidents in neighborhoods.

CPP also continues to focus on the safety and growth of its workers. To its credit, the Switching Department was honored as the Department of Public Utilities Unit of the Year and Trouble Lineman Frank Stewart received the American Municipal Power Safety Hardhat Award.

We are pleased with the work Cleveland Public Power continues to do as they seek to provide safe, reliable services for residents and businesses in the City of Cleveland.

Sincerely,

 Frank G. Jackson,
 Mayor



Kevin J. Kelley
 Council President

Cleveland City Council wants to see the continued growth of Cleveland Public Power and its staff. As an asset to the City we as a body were pleased to see the utilities continued work in our neighborhoods.

The work in both Glenville and Fairfax are key factors in having a locally-owned utility. In Glenville, CPP served as the electric provider to the Circle North project that will revitalize an area of this historic neighborhood and spur continued growth.

In Fairfax, the construction of Dunkin' Donuts on Carnegie, a major throughfare is a visible sign of the revitalization of Cleveland neighborhoods.

One of the most important projects CPP has embarked on is the conversion of more than 61,000 streetlights in Cleveland. These new LED streetlights will provide an added layer of safety for our residents.

We look forward to continued growth and innovation from this city asset.



Robert Davis
 Director

In 2019 Cleveland Public Power's administration and staff continued their efforts in revitalizing neighborhoods in the City of Cleveland, while also ensuring these neighborhoods were safe for residents. Providing reliable and efficient service is not possible without men and women committed to the job at hand, and this was evident this year as individuals and teams were honored for exemplary work.

In the area of revitalization, CPP provided power for the Circle North project in Cleveland's Glenville community. This project will restore some vitality to one of the city's oldest communities and is part of Mayor Frank Jackson's Neighborhood Transformation Initiative.

New construction and additions to existing structures provide new life to neighborhoods. This was seen in the Fairfax community with the construction of the second Dunkin Donuts in Cleveland and to the St. Adalbert campus. St. Adalbert is a mainstay in that community and both of these additions are a good sign of growth for the community.

Cleveland Public Power has been an integral partner in the rebirth of the Uptown neighborhood and that continued with the addition of Mayfield Station, a new apartment building on Mayfield Rd. near Euclid Avenue.

These neighborhoods will also have a new clean look thanks to the conversion of 61,000 streetlights to new energy-efficient LED technology.

The work completed this year speaks to the CPP vision of being a leader in the electric utility industry, and its commitment to provide residents with reliable energy.



”
 The \$35 million project is part of Mayor Frank G. Jackson’s Safe Smart CLE initiative.



City of Cleveland,
 CPP launch
 Safe Smart CLE

In July, the City of Cleveland launched its streetlight conversion program, a project that combines cost-saving and energy-efficient LED streetlights with smart camera technology. A total of 61,000 streetlights – owned by Cleveland Public Power (CPP) – are scheduled to be replaced over an 18-month period. The \$35 million project is part of Mayor Frank G. Jackson’s Safe Smart CLE initiative.

“This is a very unique project,” said Mayor Frank G. Jackson. “Cleveland is the first and only city that offers both components at the same time – we’re changing 61,000 streetlights to LED and we’re putting cameras up in association with those streetlights for improved public safety.”

The LED lights will replace existing streetlights to reduce energy consumption, increase bulb life up to 50,000 hours and provide a life expectancy of 7-10 years longer than traditional lighting. Features include remote control access to brighten or dim lights and malfunction alerts to Cleveland Public Power for reduced repair time and maintenance cost. Upgrades will not only improve the quality of lighting but will also help lower CO2 levels. Deployment of the new streetlights also supports the expansion of several safety cameras throughout the City by feeding surveillance video directly to the



Cleveland Division of Police’s real-time crime center. The LED upgrades help to improve public safety by emitting direct lighting and increased control over lit areas such as residential and commercial streets and sidewalks.

“The LED streetlights are an excellent asset to CDP’s mission of protecting and serving Cleveland residents,” said Chief of Police Calvin D. Williams.

The lights will not only brighten up certain streets that are not well-lit, but they will also provide officers the tools we need to help locate criminals who have committed crimes. We will now be capable of reviewing high-quality footage of suspects and crimes committed all across the City of Cleveland.”

Phase One of the streetlight conversion begins in Ward 1 with LED streetlight and smart camera installations in the Lee-Harvard neighborhood. The city plans to install LED lights and cameras near its 22 recreation centers. In Wards where there are no recreation centers, cameras will be installed in crime hot spots, on main streets and at intersections.

WE HAVE LIFTOFF!

THE NEW CPP WEBSITE HAS LAUNCHED



CPP launches redesigned website



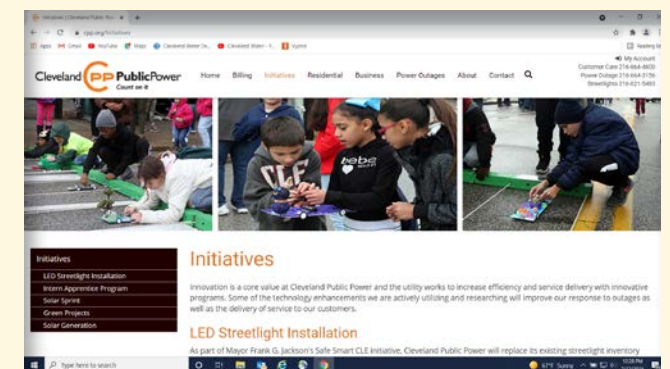
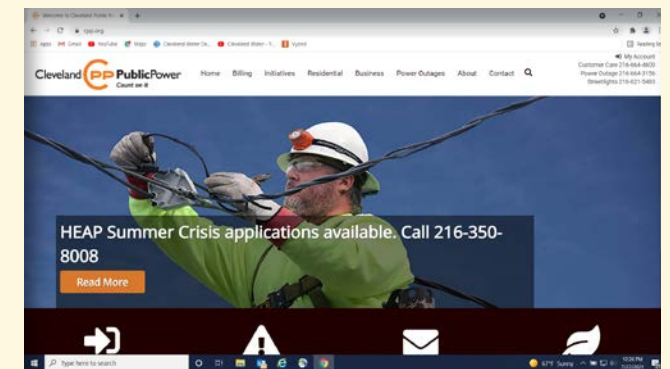
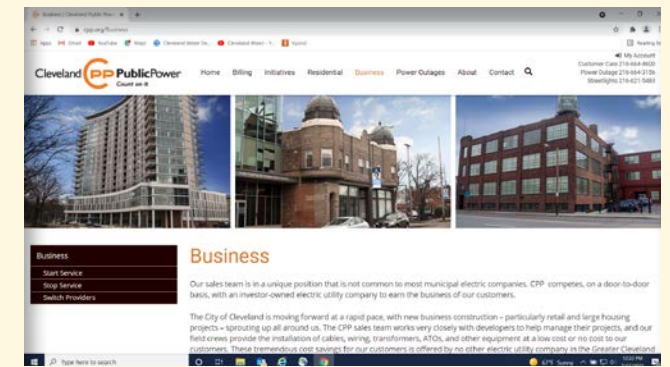
After several months of hard work by the Cleveland Public Power Marketing & Communications staff, and the Department of Public Utilities Project Management Office staff, we are pleased to announce the redesigned www.cpp.org.

The site was redesigned with the user in mind and now offers a clean modern look equipped with easy navigation. There is no longer a need to click on several headers before reaching your destination. With one or two clicks everything you need to know is at your fingertips.

Customers can easily pay bills, begin the process of setting up accounts, make changes to existing accounts as well as report outages or any other concerns with Cleveland Public Power.

As an added feature, followers of Cleveland Public Power's social media platforms – Facebook, Twitter, and Instagram can now access those third-party sites from our homepage. The CPP blog currently maintained on a third-party site has also moved to cpp.org, truly giving our customers and visitors one-stop shopping.

We encourage you to stop by our site and take a look around!



CPP, the Power Behind Little Italy's Mayfield Station

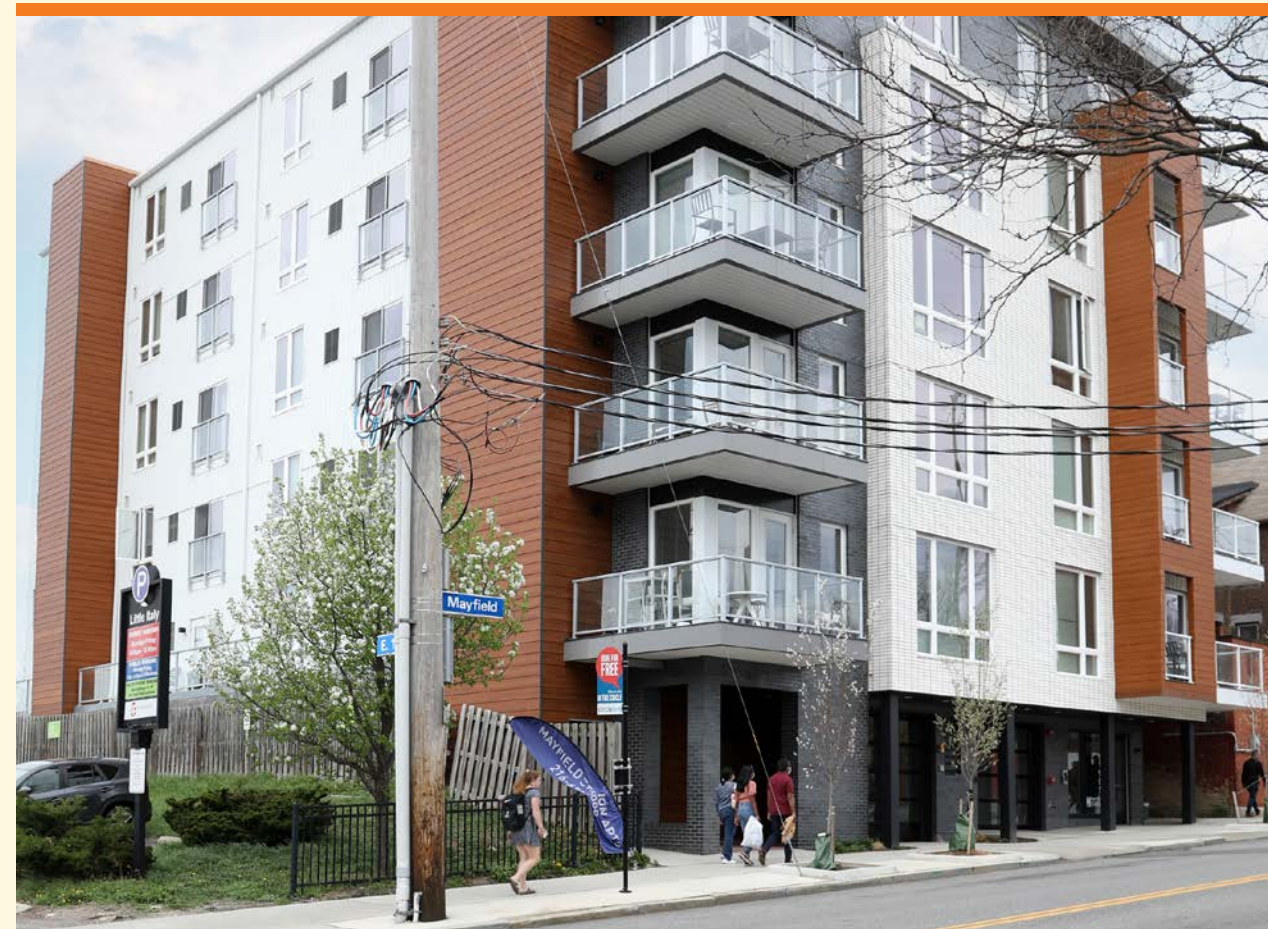
Throughout the resurgence of University Circle's Uptown neighborhood, Cleveland Public Power has been a partner in providing electric service.

This year the city-owned utility added the Mayfield Station apartment complex to its portfolio. This new construction project will result in 40 new residential customers. The structure brings new technology for housing to the Little Italy neighborhood.

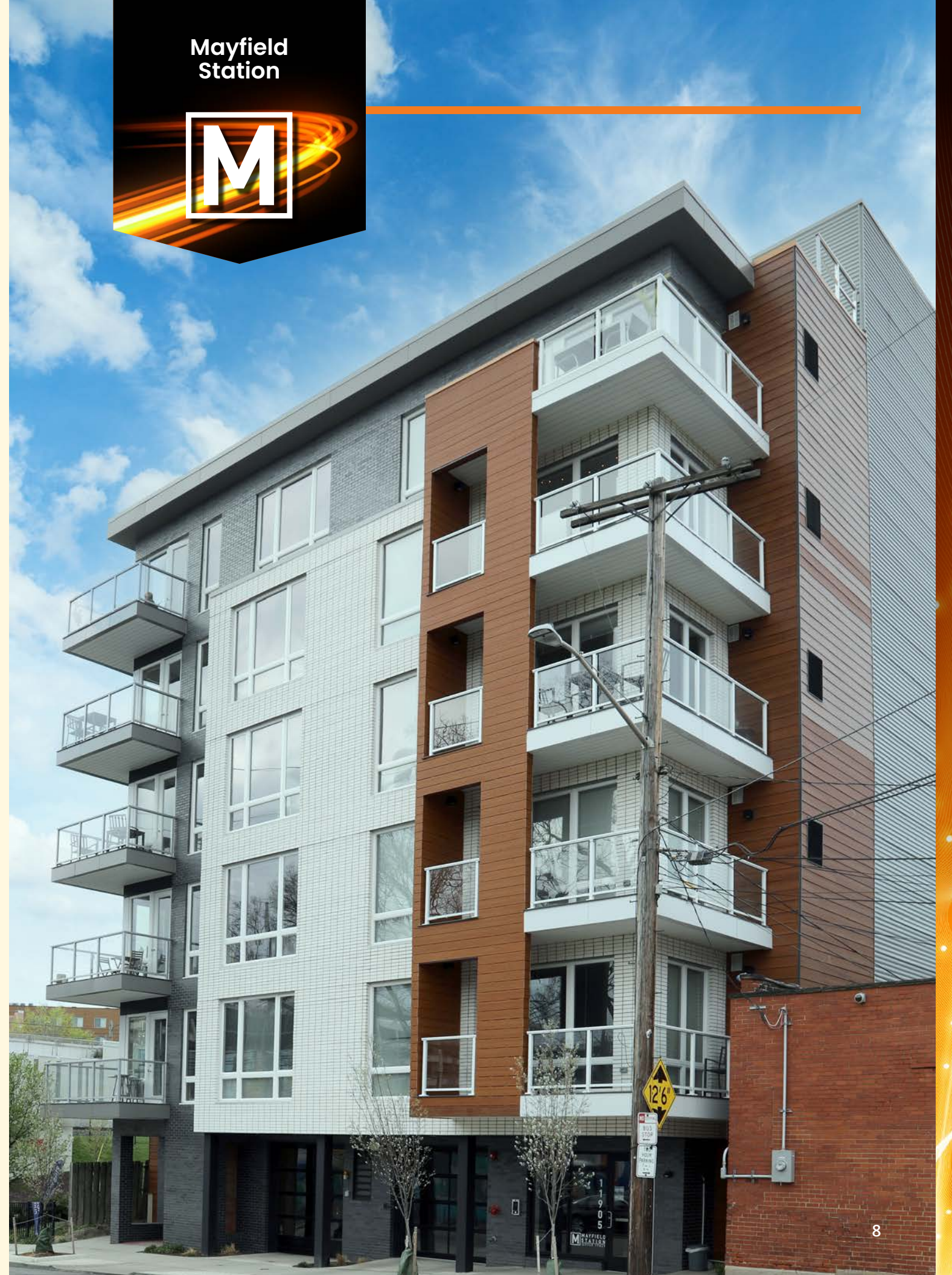
University Circle, Inc. describes the Mayfield Station as "an exciting community," with 40 one-bedroom and studio apartments. Each apartment has Snip gigabit internet with Wi-Fi, keyless entry, and Sensi smart thermostats.



The apartment's website describes this location as "one perfectly suited for busy professionals, who want to enjoy modern, smart home living. Mayfield Station is located steps away from the Greater Cleveland Regional Transit Authority's (RTA) Redline, from Shuttle services, and the RTA HealthLine thus providing a car-free living."



Mayfield Station



**Glenville
CircleNorth**



**Revitalizing Cleveland neighborhoods:
GlenVillage**

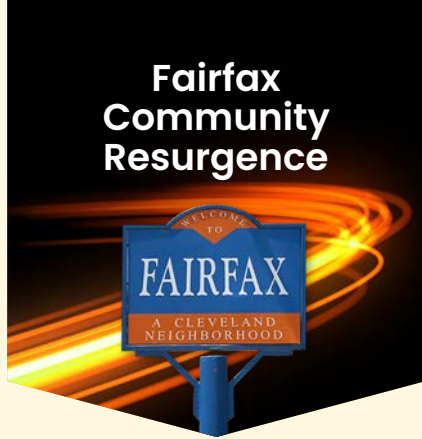
Mayor Frank G. Jackson launched the Neighborhood Transformation Initiative (NTI) to provide healthy, sustainable, and equitable opportunities to historically fringed neighborhoods. The NTI targeted communities are Buckeye-Woodland, the East 79th Street Corridor, Clark-Fulton, and Glenville.

The Glenville projects included GlenVillage, a physical location for aspiring entrepreneurs to test their business ideas and build their entrepreneurial acumen. As means of equipping these young businesses with successful outcomes, they were partnered with training and mentorship to help overcome many of the early obstacles that prevent fledgling businesses from succeeding.

Cleveland Public Power was a partner in this initiative, providing power for the Glenville Circle North project. Glenville Circle North is a mixed-use commercial and residential development, that will assist with the revitalization of the Glenville neighborhood and surrounding communities.

The property includes 63 residential apartments and 13,000 sq. ft. of commercial space.





Powering Business and Education in Fairfax



As a locally owned and operated electric company, Cleveland Public Power (CPP) works with many developers and organizations to power new and existing organizations in Cleveland.

This year, CPP had the opportunity to work on new construction in the Fairfax community, adding a business and helping to expand an existing beacon in the Fairfax area.

Dunkin' Donuts, now known as Dunkin', recently joined the Fairfax community at 8000 Carnegie Ave. Touted as the world's leading baked goods and coffee chain, this company is known for its assortment of flavors in pastries as well as hot and cold beverages. Dunkin' serves more than 3 million customers every day and is now making a name for itself within Cleveland's boundaries.

According to the annual report of the Fairfax Renaissance Development Corporation, the staff worked with several franchise owners to attract a business to the East 79th and Carnegie area before landing Dunkin'.



Not far from Dunkin' is St. Adalbert Catholic School, a beacon of hope in the community. As the first African American Catholic Church in Cleveland, the institution holds history, hope, and dreams.

In August, a ribbon-cutting ceremony marked the completion of a 13,000 square-foot learning center featuring nine classrooms, a cafeteria, and a playground.

Cleveland Public Power installed the electric service for the new facility. The school raised nearly \$5 million through a fundraising campaign and a generous donation from the Jeckering family to construct this facility.



Each of these projects represents small-commercial generation, a mainstay for Cleveland Public Power.



Rose Metal Industries



CPP takes over Rose Metal Industries, an eastside industrial manufacturer

Rose Metal Industries (RMI), a staple in the Cleveland community for more than 110 years, is a medium-sized industrial customer Cleveland Public Power (CPP) took over this year. RMI is led by the third generation of the Rose family and operates three facilities in northeast Ohio. The Welding and Fabrication Facility, which also serves as the company headquarters is located in downtown Cleveland. This is the property CPP now services. The company has a strong heritage of skilled

blacksmith forging, providing steel mills and other metal processors with high-quality tongs, special tools, and test specimen blanks. It also builds-to-print and custom-engineers products in its fabrication facilities. RMI serves the aerospace, automotive, forging, health care equipment, molten metal processing, steel processing, thermal heating, and solar energy markets. According to its website, RMI customers return regularly because they expect and receive top-of-the-line quality products at competitive prices, on time with personal, responsive, task-specific assistance. RMI owners cited similar reasons for joining the city-owned utility. Adding commercial and industrial customers to Cleveland Public Power's accounts allows for continued growth in the residential space.



Hard Hat Safety Award Recipient



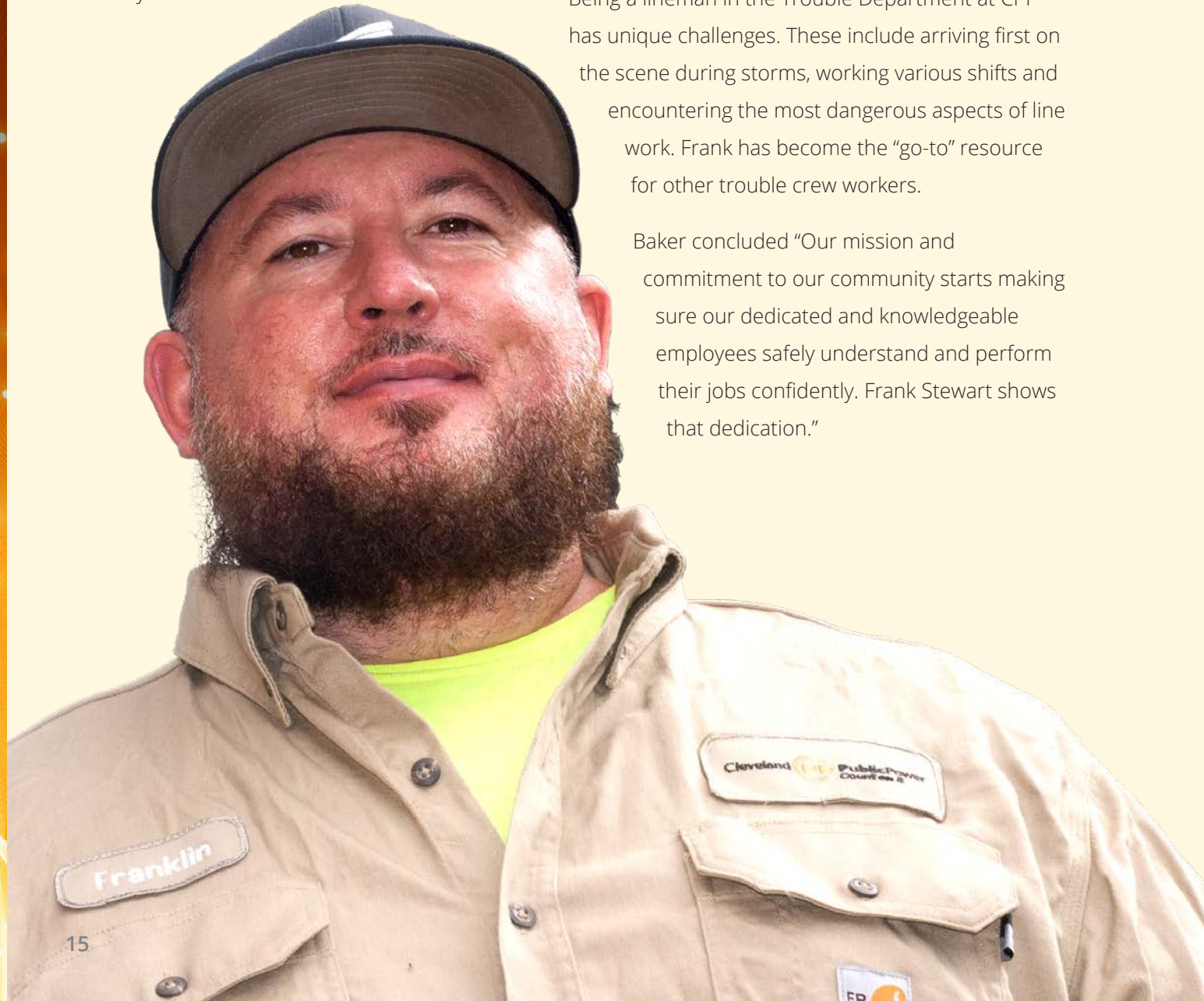
CPP Employee Recognized with the Hard Hat Safety Award

Frank Stewart, a Trouble Crew Lineman for Cleveland Public Power (CPP) was recognized by the American Municipal Power (AMP), Public Power Partners with the Hard Hat Safety Award. A CPP employee since 2014, Stewart was nominated by Carl Baker, CPP Safety Officer II.

Baker said of Stewart, "Frank demonstrates an extraordinary commitment to safety for his fellow CPP employees and the community. Frank shows dedication to safety by helping train new employees, adhering to all safety practices and being a leader in the Trouble Department."

Being a lineman in the Trouble Department at CPP has unique challenges. These include arriving first on the scene during storms, working various shifts and encountering the most dangerous aspects of line work. Frank has become the "go-to" resource for other trouble crew workers.

Baker concluded "Our mission and commitment to our community starts making sure our dedicated and knowledgeable employees safely understand and perform their jobs confidently. Frank Stewart shows that dedication."



From left to right: James Bentley, Director Robert Davis, Carldell Moore, Chris Ross, Don Kleppel, Kevin Long, and CPP General Manager Bernie Jackson.

The Switchers Defines T.E.A.M. DPU Heroes

At Cleveland Public Power when there's a power outage, all of our crews step up to the challenge; everyone takes their position and plays their part to get the job done. Our Switching Department serves as our front-line defense team to recon the area, surveil the problem, and go above and beyond to ensure that power is restored as quickly and efficiently as possible to our customers.

The Switching Department was nominated by CPP General Manager Bernie Jackson as the Department of Public Utilities (DPU) "Unit of the Month." "During any outage in the CPP Transmission and Distribution the Switching Department handles the difficult task of finding all underground cable faults, making major decisions on the spot to ensure that the customers at Cleveland Public Power are returned to full power in as short of a time as possible," said Jackson.

"With the actions of the Switching Crews, we once again were able to restore power to our customers and the City of Cleveland in a timely fashion," said Jackson.

The Switchers are a small group, but they maintain valuable equipment according to safety guidelines, standards, and procedures. "They ensure that our Transmission System stays up to the standards that are required by PJM and NERC (North American Reliability Corporation) for CPP to continue to be a choice of Electrical Utilities for the residents of the City of Cleveland," explained Jackson.

The Switchers are the epitome of hard-working and knowledgeable employees whose determination and dedication define the DPU Hero's word T.E.A.M., Together Everyone Achieves More.

2019 STATEMENT OF NET POSITION

(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CAPITAL ASSETS	
Land	\$ 5,574
Land Improvements	841
Utility Plant	622,718
Buildings, structures and improvements	23,499
Furniture, fixtures, equipment and vehicles	91,472
	<u>744,104</u>
Less: accumulated depreciation	(425,805)
	<u>318,299</u>
Construction in progress	35,462
	<u>353,761</u>
CAPITAL ASSETS, NET	
	353,761
RESTRICTED ASSETS	
Cash and cash equivalents	4,130
Accrued interest receivable	4
	<u>4,134</u>
TOTAL RESTRICTED ASSETS	
	4,134
CURRENT ASSETS	
Cash and cash equivalents	55,656
Restricted cash and cash equivalents	861
Receivables:	
Accounts receivable- net of allowance for doubtful accounts of \$7,143	13,519
Recoverable costs of purchased power	1,215
Unbilled revenue	2,927
Due from other City of Cleveland departments, divisions or funds	3,070
Materials and supplies - at average cost	9,226
Prepaid expenses	389
	<u>86,863</u>
TOTAL CURRENT ASSETS	
	86,863
TOTAL ASSETS	
	444,758
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on debt refunding	10,470
Pension	10,622
OPEB	1,370
	<u>22,462</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	
	\$ 22,462

2019 STATEMENT OF NET POSITION

(IN THOUSANDS)

NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

NET POSITION	
Net investment in capital assets	\$ 174,375
Restricted for capital projects	501
Restricted for debt service	2,445
Unrestricted	3,749
	<u>181,070</u>
TOTAL NET POSITION	
	181,070
LIABILITIES	
LONG-TERM OBLIGATIONS-EXCLUDING AMOUNTS DUE WITHIN ONE YEAR	
Accrued wages and benefits	355
Accreted interest payable	23,563
Revenue bonds	185,115
Net pension liability	36,152
Net OPEB liability	16,597
Other	1,431
	<u>263,213</u>
TOTAL LONG-TERM OBLIGATIONS	
	263,213
CURRENT LIABILITIES	
Accounts payable	10,066
Other accrued expenses	417
Customer deposits and other liabilities	1,196
Current portion of accrued wages and benefits	2,743
Due to other City of Cleveland departments, divisions or funds	130
Accrued interest payable	1,021
Current payable from restricted assets	861
Current portion of long-term debt, due within one year	5,925
	<u>22,359</u>
TOTAL CURRENT LIABILITIES	
	22,359
TOTAL LIABILITIES	
	285,572
DEFERRED INFLOWS OF RESOURCES	
Pension	535
OPEB	43
	<u>578</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	
	\$ 578

2019

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

(IN THOUSANDS)

OPERATING REVENUES	
Charges for services	\$ 203,778
TOTAL OPERATING REVENUES	203,778
OPERATING EXPENSES	
Purchased power	134,227
Operations	35,511
Maintenance	17,352
Depreciation	22,096
TOTAL OPERATING EXPENSES	209,186
OPERATING INCOME (LOSS)	(5,408)
NON-OPERATING REVENUE (EXPENSE)	
Investment income	648
Interest expense	(11,159)
Amortization of bond premiums and discounts	1,282
Other	6,099
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	(3,130)
INCOME (LOSS) BEFORE CAPITAL AND OTHER CONTRIBUTIONS	(8,538)
Capital and other contributions	33
INCREASE (DECREASE) IN NET POSITION	(8,505)
NET POSITION AT BEGINNING OF YEAR	189,575
NET POSITION AT END OF YEAR	\$ 181,070

2019

STATEMENT OF CASH FLOWS

(IN THOUSANDS)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 207,471
Cash payments to suppliers for goods or services	(23,366)
Cash payments to employees for services	(18,742)
Cash payments for purchased power	(131,024)
Electric excise tax payments to agency fund and other	(5,066)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	29,273
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Electric excise tax receipts	6,009
Grants	33
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	6,042
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(14,339)
Principal paid on long-term debt	(5,640)
Interest paid on long-term debt	(7,270)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(27,249)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	650
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	650
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,716
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	51,931
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 60,647



2019 STATEMENT OF CASH FLOWS

(IN THOUSANDS)

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

OPERATING INCOME (LOSS)	\$ (5,408)
Adjustments:	
Depreciation	22,096
<i>(Increase) decrease in assets:</i>	
Accounts receivable, net	3,375
Recoverable costs of purchased power	3,203
Unbilled revenue	(116)
Due from other City of Cleveland departments, divisions or funds	337
Materials and supplies, net	835
Prepaid expenses	5
<i>(Increase) decrease in deferred outflows of resources:</i>	
Pension	(5,145)
OPEB	(93)
<i>Increase (decrease) in liabilities:</i>	
Accounts payable	(1,567)
Other accrued expenses	(31)
Customer deposits and other liabilities	97
Accrued wages and benefits	64
Due to other City of Cleveland departments, divisions or funds	(390)
Other long-term liabilities	(340)
Net pension liability	14,565
Net OPEB liability	2,835
<i>Increase (decrease) in deferred inflows of resources:</i>	
Pension	(4,095)
OPEB	(954)
TOTAL ADJUSTMENTS	34,681
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 29,273

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	\$ 861
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Count on it

1300 Lakeside Avenue
Cleveland, Ohio 44114
(216) 664-3922

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