



Cleveland  **PublicPower**
Count on it

POWERING CLEVELAND'S FUTURE

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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) remains an industry leader by providing excellent customer care, quality service delivery and state-of-the-art technology.

CPP's work has led developers to seek out its service as they construct new buildings throughout the city. This was the case with the development of Upper Chester, a mix of residential, hotel and retail space in the Uptown neighborhood. Similarly, CPP assisted with the renovation of the former Temple-Tifereth-Israel on East 105th

Street. In both cases, the utility stepped in, delivered quality service and efficiently met its deadline.

The Streetlight Pilot Program will allow CPP to develop a plan to reduce the cost of lighting city streets, and at the same time increase the sense of security in our neighborhoods. This technology will allow the utility to become more proactive when addressing outages while reducing time spent on repairs. New technology is central to advancing CPP's customer service.

“ THESE ARE A FEW ACCOMPLISHMENTS OVER THE LAST YEAR THAT HELP CPP MAINTAIN ITS PLACE AT THE FOREFRONT OF INNOVATION, BETTER SERVE OUR RESIDENTS AND POSITION OUR CITY FOR FUTURE GROWTH. ”



MAYOR FRANK G. JACKSON - CITY OF CLEVELAND



OUR LEADERS

CITY COUNCIL

Cleveland Public Power (CPP) has a vision of being a leader in the electric utility industry through the use of technology and innovation. The recent conclusion of the LED Streetlight Pilot Program is a prime example of technology and innovation coming together to increase safety for the residents of the City of Cleveland.

The leadership of Cleveland City Council's Public Utilities Committee commends the work the utility has done and looks forward to seeing it implemented on a wider scale.

Additionally we are pleased by the partnerships CPP has forged throughout Cleveland's development community and the role they continue to play in the city's renaissance.

The dedication the leadership and staff have shown in working under tight deadlines and adverse conditions is a testament to our commitment to the continued growth of Cleveland Public Power.

The leadership of Cleveland City Council looks forward to continuing to work with CPP and aid in its growth for many years to come.

DIRECTOR AND COMMISSIONER

Cleveland Public Power is pleased to be a partner in the revitalization of the City of Cleveland. From restoration and repurposing to new construction, we are proud of the projects that have added a surge of energy into our communities.

From the east bank of the Flats and extending out to the east and west sides of Cleveland, CPP has shown not only a commitment to Cleveland, but to providing great customer service and utilizing technology to improve the quality of life for our residents.

On the Flats projects, we not only utilized technological advancements by installing LED streetlights throughout, but we are powering the revitalization of an entire neighborhood – an area to work, dine and play. The latest additions to this area include Alley Cat restaurant, Flip Side Burgers, FWD Night Club and the East Bank Apartments.

The energy continues as we travel east with construction of the first new police station in more than a decade. The new Third District Police Station is home to the Communications Center for the Department of Safety as well as meeting space for community organizations.

Further up the road about two miles is the Upper Chester project which injects a spark of activity into the western edge of Cleveland's Uptown neighborhood. This project includes a new hotel, residential housing and retail space.

As CPP continues to look for ways to provide more efficient service, the completion of the LED Streetlight Project will serve as the cornerstone of our efforts toward increased efficiency. We have concluded that LED lighting will withstand Cleveland's weather and the implementation of LED lighting coupled with Adaptive Controls will create a proactive versus reactive workforce in street lighting.

We look forward to maintaining our role in the growth of Cleveland and increasing our levels of efficiency for years to come.



KEVIN J. KELLEY
Council President



TERRELL PRUITT
Councilman



SHARON DUMAS
Interim Director



IVAN L. HENDERSON
Commissioner

LED STREETLIGHTS WILL PROVIDE SAFE, EFFICIENT LIGHTING

For two years, Cleveland Public Power tested more than 1,000 Light Emitting Diode (LED) streetlights from 15 different manufacturers. As a result, we concluded that LED technology is superior to our existing High Intensity Discharge (HID) technology, also known as legacy lighting.

During the two year testing period, only six of the 1,000 units failed. The failures were consistent with two of the manufacturers and comparable in their malfunctions. Weather was not a factor for these units. Not only were they able to generate sufficient heat to melt snow, they were also designed to expel internal heat and could operate in ambient temperatures of -40C to +50C. The success rate was 95.5%.

In addition to testing LED streetlights, we tested Adaptive Controls and found that this technology was valuable in the context of our goal - to become more efficient, effective and proactive with streetlight matters. All streetlight controller systems are not created equal. Some manufacturers have designed units that communicate directly to a gateway which hosts smaller groups of streetlights.

This requires lots of gateways citywide, which would increase the cost of the project and the possibility of failures and malfunctions. The testing phase taught us that we would prefer less communication points between the actual streetlight controller and the Central Management System (CMS). The CMS is where we access the real-time data/activity of the individual streetlight.

The real-time data provided by Adaptive Controls will allow for proactive response to streetlight outages and the scheduling of preventive maintenance. Additionally, cameras and WIFI can be added to these controls resulting in a higher level of safety and increased access to technology for residents and visitors to the city.

Formal polling of the community was not part of the project, but residents have given high marks for the improved visibility which creates a safer environment for pedestrians and motorists.



GROWTH CONTINUES ON THE EAST BANK OF THE FLATS



THE EAST BANK OF THE FLATS CONTINUED REVITALIZATION

Cleveland Public Power continues to illuminate the East Bank of the Flats with the addition of each new business. This year the utility added an additional 10 mw of power as the Alley Cat Restaurant, Flip Side Burger, FWD Night Club and East Bank Apartments came on line.

Providing a safe and inviting place for residents to live, work and play is at the core of the City of Cleveland's mission, and CPP is proud to partner by providing safe, reliable electricity.

THIS PROJECT NOT ONLY REPRESENTS PUBLIC-PRIVATE PARTNERSHIPS BUT ALSO SHOWCASES CORPORATE CLEVELAND'S COMMITMENT TO THE CITY.

Since its inception, CPP has played a key role in the revitalization of this growing mixed use area. The Flats East Bank development is the largest public-private investment in the City's history and includes:

- Generous riverfront access and visibility, with the public park space as the neighborhoods' focus, and a 1,200 foot public boardwalk
- Significant environmental features, including landscaped roof gardens, extensive pedestrian and bike paths, and use of recycled infrastructure materials
- Connectivity with the Warehouse District, the remainder of downtown, and the future Canal Basin Park

RESTORING AN ARCHITECTURAL GEM: THE MILTON AND TAMAR MALTZ PERFORMING ARTS CENTER

Cleveland Public Power is always ready and willing to take on the responsibility of providing electrical service to new customers. In 2015, CPP became a dynamic part of the newly acquired Temple Tifereth-Israel as it transitioned into the Maltz Performing Arts Center. CPP felt particularly honored because this project of repurposing a structure gave us another opportunity to preserve the character and beauty of our community. CPP is responsible for providing 1.5 mw of power to the new facility.

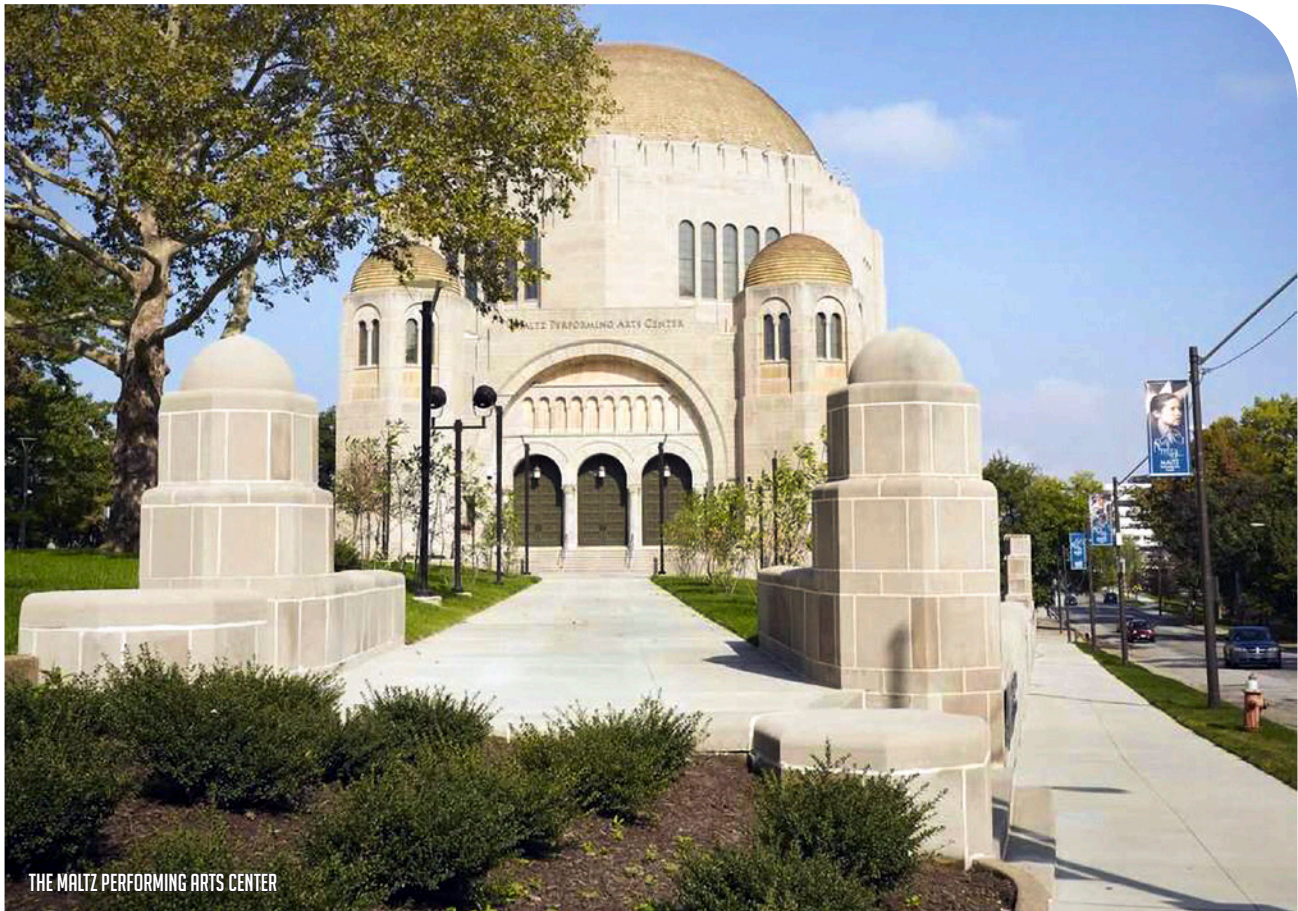
CLEVELAND PUBLIC POWER IS RESPONSIBLE FOR PROVIDING 1.5 MW OF POWER TO THE MALTZ PERFORMING ARTS CENTER.

Temple Tifereth-Israel was a historic 1920's-era synagogue located in the University Circle area, which is now referred to as Cleveland's trendy Uptown neighborhood. With the goal of repurposing a historic gem without affecting the integrity of the original architecture, Case Western Reserve University stepped in to save the 145,000 square foot Temple as it underwent extreme renovation on a very aggressive schedule.

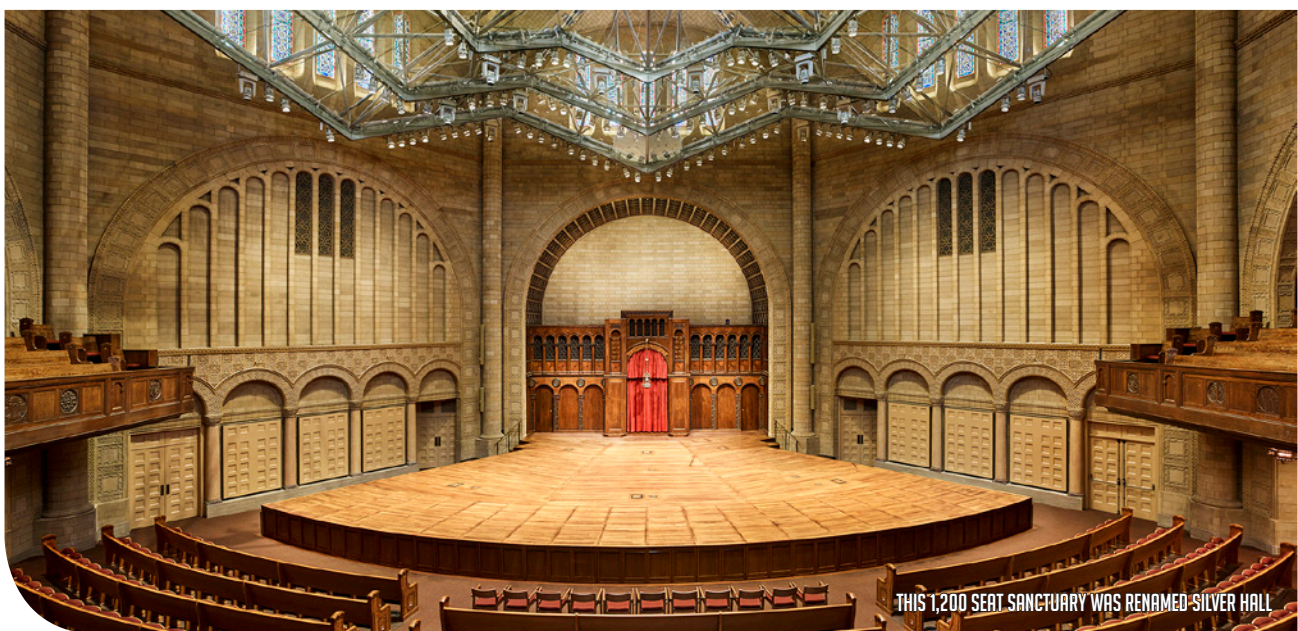
Not only did the University maintain the majesty of the building, it also agreed to provide the congregation access to its beloved facility for major religious observances and life-cycle events. Meanwhile, throughout the rest of the year, the 1,200 seat concert hall was being utilized by the university to showcase CWRU's music department and provide a home to Think Forum, the University's illustrious lecture series. CWRU has renamed the sanctuary Silver Hall.

Silver Hall debuted to a sold out crowd on September 27, 2015 with the "Violins of

Hope" concert. This concert was simulcast live on WVIZ/PBS and WCLV 104.9 FM and live-streamed on ideastream.org. Since its launch in 2015, the intention of the University has been to host signature cultural programs that engage the larger Cleveland community.



THE MALTZ PERFORMING ARTS CENTER



THIS 1,200 SEAT SANCTUARY WAS RENAMED SILVER HALL

THE POWER BEHIND CLEVELAND'S SAFETY FORCES

Cleveland Public Power was pleased to partner with the City in providing power for the new Third District Police Station and Communications Center in the City's Midtown Corridor. The new station is the first to be built in Cleveland since 1974. This three-story facility is energy-efficient and designed to be a part of the community.

The top floor of the building houses the Communications Center, which provides space for representatives from all five police districts. This aligns with the City's goal of more efficient delivery of services.

The District command staff, detectives, and the Downtown Services Unit make their home on the second floor of the new space, while the first floor is designed with community engagement in mind, including meeting space for area organizations. The 'community feel' continues with the addition of local artwork.



THE NEW THIRD DISTRICT POLICE STATION AND COMMUNICATIONS CENTER

**CPP IS THE LARGEST MUNICIPAL
ELECTRIC SERVICE PROVIDER IN OHIO WITH
OVER 100 YEARS OF RELIABLE SERVICE.**



A CPP LINEMAN DOES WORK ON A DISTRIBUTION TRANSFORMER

FINANCIAL STATEMENTS

The following tables are from Cleveland Public Power's (CPP) financial statements for the years that ended December 31, 2015 and December 31, 2016. Statement of Cash Flows show the exchange of money between the division and others, including customers and suppliers. The statements also outline the state of the division's overall net assets. To view the entire financial reports, visit www.auditor.state.oh.us. To view the 2015-2016 bi-annual report online and learn more about the division, please visit www.CPP.org.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

2015 and 2016

(In thousands)

	2016	2015
OPERATING REVENUES		
Charges for services	\$ 192,967	192,861
TOTAL OPERATING REVENUES	192,967	192,861
OPERATING EXPENSES		
Purchased power	124,909	123,799
Operations	24,979	24,638
Maintenance	16,703	17,713
Depreciation	18,319	18,511
TOTAL OPERATING EXPENSES	184,910	184,661
OPERATING INCOME (LOSS)	8,057	8,200
NON-OPERATING REVENUE (EXPENSE)		
Investment income	246	73
Interest expense	(10,004)	(10,462)
Amortization of bond premiums and discounts	324	478
Gain (loss) on disposal of assets	(1,260)	(2,551)
Other	3,124	3,155
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	(7,570)	(9,307)
INCREASE (DECREASE) IN NET POSITION	487	(1,107)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	197,277	198,384
NET POSITION, END OF YEAR	\$ 197,764	197,277

STATEMENT OF NET POSITION

2015 and 2016

(In thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			2016	2015
CAPITAL ASSETS				
Land	\$	5,568	5,568	
Land Improvements		293	305	
Utility Plant		525,136	518,471	
Buildings, structures and improvements		22,158	83,420	
Furniture, fixtures, equipment and vehicles		83,994	169,358	
		637,149	629,874	
Less: accumulated depreciation		(375,830)	(358,844)	
		261,319	271,030	
Construction in progress		92,250	82,694	
		CAPITAL ASSETS, NET	353,569	353,724
RESTRICTED ASSETS				
Cash and cash equivalents		18,037	21,574	
Accrued interest receivable		5	0	
		TOTAL RESTRICTED ASSETS	18,042	21,574
CURRENT ASSETS				
Cash and cash equivalents		49,634	57,358	
Restricted cash and cash equivalents		590	2,004	
RECEIVABLES:				
Accounts receivable- net of allowance for doubtful accounts of \$10,154,00 in 2015; and \$5,834,000 in 2016		10,956	9,191	
Recoverable costs of purchased power		3,989	1,698	
Unbilled revenue		2,616	2,527	
Due from other City of Cleveland departments, divisions or funds		2,509	2,850	
Materials and supplies - at average cost		8,849	8,408	
Prepaid expenses		233	167	
		TOTAL CURRENT ASSETS	79,376	84,203
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on debt refunding		14,122	15,844	
Pension		9,080	3,012	
		23,202	18,856	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	474,189	478,357	

FINANCIAL STATEMENTS

STATEMENT
OF NET POSITION

2015 and 2016

(In thousands)

	2016	2015
NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
NET POSITION		
Net investment in capital assets	\$ 167,356	165,505
Restricted for capital projects	484	473
Restricted for debt service	3,038	3,031
Unrestricted	26,886	28,268
TOTAL NET POSITION	<u>197,764</u>	<u>197,277</u>
LIABILITIES		
LONG-TERM OBLIGATIONS- excluding amounts due within one year:		
Revenue bonds	206,399	215,039
Accreted interest payable	16,080	13,836
Accrued wages and benefits	413	437
Other	2,432	3,146
Net pension liability	23,597	16,397
TOTAL LONG -TERM OBLIGATIONS	<u>248,921</u>	<u>248,855</u>
CURRENT LIABILITIES		
Current portion of long-term debt, due within one year	8,785	8,055
Accounts payable	11,798	10,014
Current payable from restricted assets	590	2,004
Due to other City of Cleveland departments, divisions or funds	709	1,099
Accrued Interest payable	998	1,232
Current portion of accrued wages and benefits	2,384	2,410
Other accrued expenses	585	3,392
Customer deposits and other liabilities	1,092	1,040
TOTAL CURRENT LIABILITIES	<u>26,941</u>	<u>29,246</u>
TOTAL LIABILITIES	<u>275,862</u>	<u>278,101</u>
DEFERRED INFLOWS OF RESOURCES		
Excess purchased power costs	0	2,679
Pension	563	300
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>563</u>	<u>2,979</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 474,189</u>	<u>478,357</u>

STATEMENTS OF CASH FLOWS

2015 and 2016

	(In thousands)	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 191,466	195,533
Cash payments to suppliers for goods or services	(18,690)	(19,287)
Cash payments to employees for services	(23,000)	(20,495)
Cash payments for purchased power	(125,755)	(117,233)
Electric excise tax payments to agency fund and other	(5,365)	(5,408)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	18,656	33,110
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Electric Deregulation tax receipts	2,999	3,068
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	2,999	3,068
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of revenue bonds	46,238	0
Acquisition and construction of capital assets	(17,265)	(17,296)
Principal paid on long-term debt	(8,055)	(7,500)
Interest paid on long-term debt	(9,859)	(10,410)
Cash paid to escrow agent for refunding	(45,650)	0
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(34,591)	(35,206)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	261	75
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	261	75
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,675)	1,047
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	80,936	79,889
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 68,261	80,936

FINANCIAL STATEMENTS

STATEMENTS
OF CASH FLOWS

2015 and 2016

(In thousands)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
		2016	2015
OPERATING INCOME (LOSS)	\$	8,057	8,200
ADJUSTMENTS			
Depreciation		18,319	18,511
(INCREASE) DECREASE IN ASSETS:			
Accounts receivable, net		(1,765)	(3,192)
Unbilled revenue		(40)	63
Recoverable costs of purchased power		(2,291)	7,936
Due from other City of Cleveland departments, divisions or funds		341	203
Materials and supplies, net		(441)	408
Deferred outflows of resources related to pensions		48	(964)
(INCREASE) DECREASE IN LIABILITIES:			
Accounts payable		1,784	353
Due to other City of Cleveland departments, divisions or funds		(390)	(4,115)
Accrued wages and benefits		(50)	(161)
Other accrued expenses		(2,807)	2,952
Customer deposits and other liabilities		52	(97)
Other long-term liabilities		(714)	(309)
Net pension liability		7,200	343
Deferred inflows of resources from excess purchased power costs		(2,679)	2,679
Deferred inflows of resources related to pensions		263	300
		<u>10,599</u>	<u>24,910</u>
TOTAL ADJUSTMENTS			
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$	<u>18,656</u>	<u>33,110</u>



A CPP LINEMAN REMOVES A CROSSBAR DURING THE REPLACEMENT OF AN OLD POLE.



CPP LINEMEN CONNECT A NEW LINE.



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