



Your Touchstone Energy[®] Partner



2023 CLP Kilowatts & Brats District Meeting

Management:

Joel Janorschke, CEO
Brian Bentler, Operations Manager
Shannon Haveri, Finance Manager
Carey Hogenson, Marketing,
Communications, & HR Manager
Ken Jones, Member Service Manager
Kevin Olson, Business Manager

Directors:

District 1 – Jessica Larsen
District 2 – Scott Veitenheimer
District 3 – Kyle Weideman
District 4 – Steve Josephson
District 5 – Roger Peterson

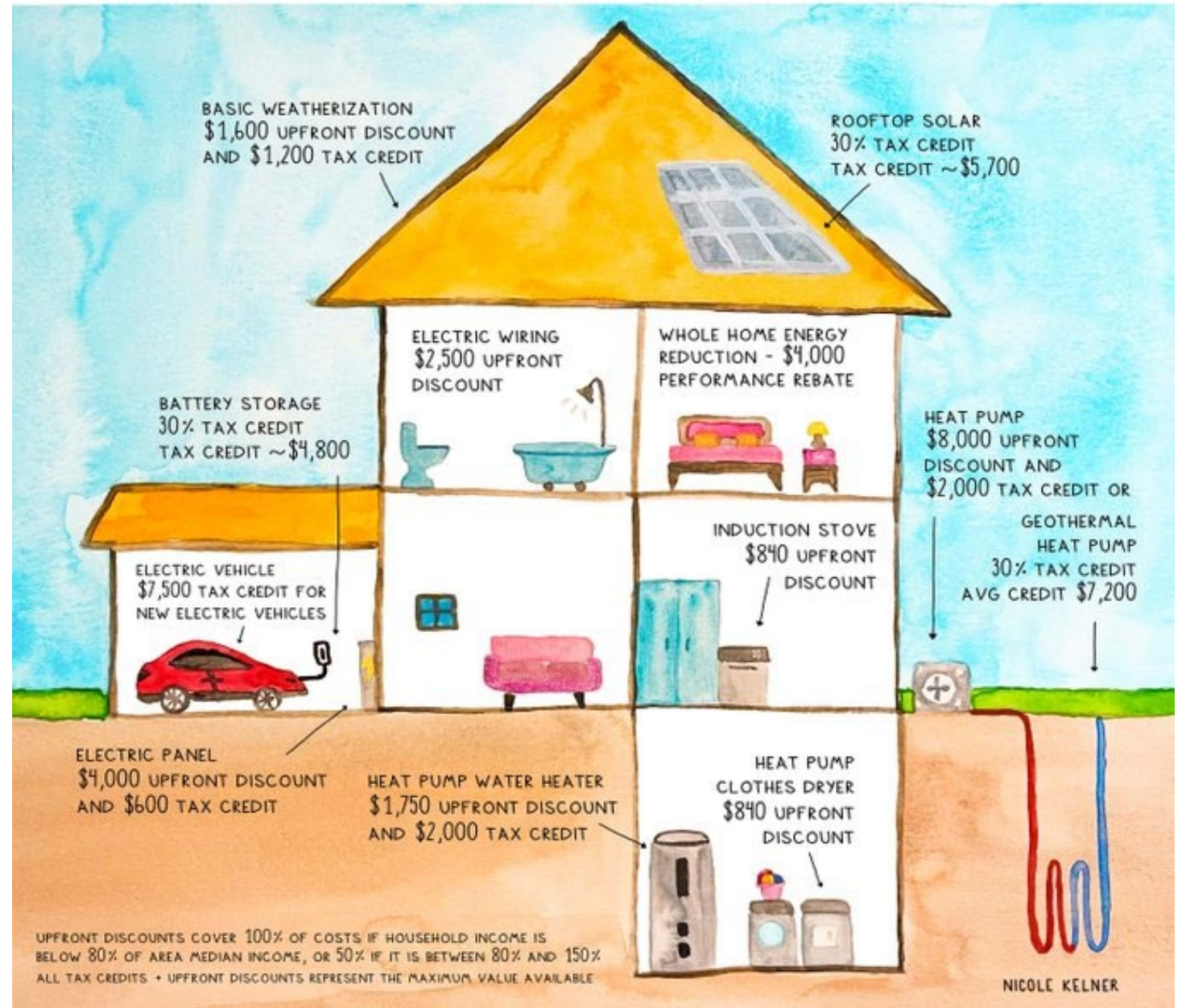
Inflation Reduction Act (IRA) & IJA

Topic Area	Grip Program	BIL Provision and Purpose	CLP Description	Total Projected Cost	Status
1	Grid Resilience Grants (Utility and Industry)	Preventing Outages and Enhancing the Resilience of the Electric Grid / Hazard Hardening	Existing and aged overhead conductor will be replaced with underground cable for 3.3 miles. To reduce wildfire hazard in high risk area.	\$ 297,895.00	Submitted
2	Smart Grid Grants	Deployment of Technologies/Equipment to Enhance Grid Flexibility	Upgrading traditional distribution fuses and hydraulic reclosers with 32 line electronic reclosers in various strategic locations.	\$ 331,165.00	Submitted
3	Grid Innovation Program	Program Upgrading Our Electric Grid and Ensuring Reliability and Resiliency	Upgrade the substation transformer and regulators at the Finland Substation. Install an electronic, SCADA capable switch that is a tie between the Finland and Waldo substation.	\$ 900,000.00	Rejected

Inflation Reduction Act (IRA)

POTENTIAL SAVINGS FROM THE IRA

BASED OFF A 2 PERSON HOME WITH A COMBINED INCOME OF \$150,000 IN NEW YORK CITY





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Why Integrated Vegetation Management (IVM)?

A discussion of CLP's new plan of best practice IVM for effective Right-Of-Way (ROW) maintenance

To Prevent This...



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What is Integrated Vegetation Management (IVM)?

The first three bullets are excerpts from EPA Fact Sheet

EPA supports chemical application when done correctly, by certified, knowledgeable professionals

- IVM is the practice of promoting desirable, stable, low-growing plant communities that will resist invasion by tall growing tree species through the use of environmentally-sound and cost-effective methods.
- Methods can include a combination of chemical, biological, cultural, mechanical, and/or manual treatments.
- IVM strives to manage vegetation and the environment by balancing the benefits of:
 - Cost,
 - Control,
 - Environmental quality,
 - Public health, and
 - Regulatory compliance
- For CLP, effective ROW management plays a key role in the safety of our linemen, particularly at night and during storms. 75% of CLP outages were caused by trees.



Left ROW Corridor

Mechanical (mowing) only

- Requires mowing with large equipment every 3 to 4 years
- Every time it's mowed, more growth is stimulated, and future work is exponential
- Brush competes with nectar-bearing plants



Right ROW Corridor

Integrated Vegetation Management

- Long-term low-growth ecosystem that only needs follow up spot treatments
- Low inputs, almost maintenance free
- Beneficial to pollinators and other wildlife



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- Establish, promote and protect stable plant communities
- ‘Good’ plants become assets, future workload is reduced
- Hire knowledgeable contractors who understand what IVM is and how to protect the environment while providing their clearing services
- Research has shown cost to be less than half that of mechanical only
 - The first 3 to 5 years will cost more; over time costs decrease and become well under the cost of mechanical clearing



Goals in Transition to IVM

Level 4 or 5 Forester available to determine cycles, work to be performed

Clear communication with member-owners on type of work to be performed (in person, phone, website, social media, newsletter)

Useful information on website regarding IVM including:

- encroachment guidelines
- maintenance and vegetation management
- tree debris and cleanup
- planting guidelines

Update relevant board policies

Establish Vegetation Management Program. This includes maintenance objectives, assessments, control methods, communication, quality control, data recording, statements of work, continuous improvement.

Establish clear and well-defined procedures (Vegetation Work Plan) to set expectations for contractors on the unit level. (cut, trim, chip, remove, brush, herbicide application, etc.)

Alternative options (member costs for underground)

Formal Request For Proposal (RFP) processes

Fairness and continuous improvement standards

Overhang and out of ROW considerations

I ask for grace – CLP will be clearing 3x more miles per year than ever before. We will be clearing and hand cutting large trees that were never dealt with before. It is critical that CLP gets on the cycle. Some of the worst areas will be dealt with first.

Operations Department 2022 in Review

- Pole Testing
 - 885 tested
 - 2 rejected
- Right-of-Way (ROW) Maintenance
 - 70 spans or 3.97 miles of mechanical brushing
 - 33.63 miles of herbicide spraying
 - 199 tree services orders completed
- New Services
 - 77 new services installed
- Underground Installed
 - 114,912 feet of new underground installed
- Overhead Installed
 - 10,785 feet of new overhead installed



- OCR Changeout
 - 48 unites changed out for maintenance
- Underground Residential Distribution (URD) Inspections
 - 143 unites tested

Current Statistics

- 550 miles of overhead line
- 478 miles of underground line
- 1,028 total miles of line
- 6.2 members per mile



Distributed Generation (DG)



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End of 2022

- 64 solar for a total of 504.25 KW
- 6 wind systems with a total of 45.6 KW.

As of 4/21/23 we have

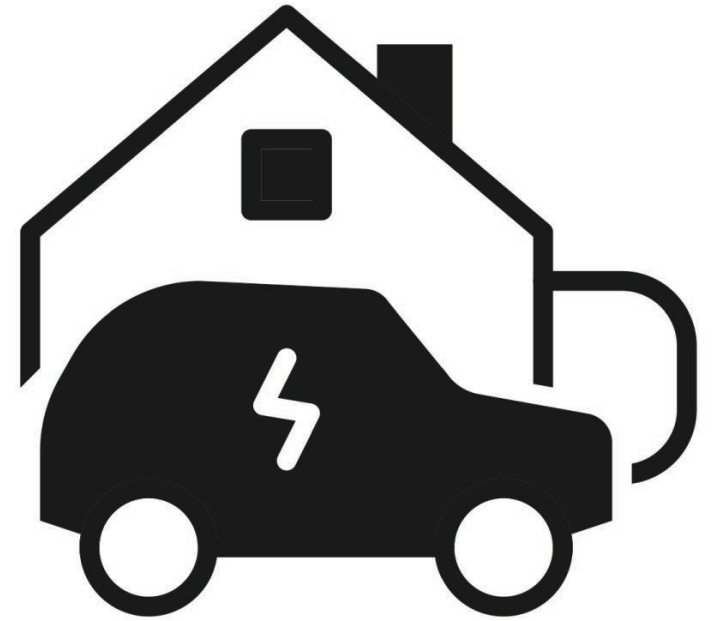
- added 5 new solar with a total of 114.128 KW.
- Total solar as of 4/21/23 69 arrays with a total of 618.378 KW.
- We currently have 75 total DG systems (wind and solar) that have a total of 663.978 KW.

Electric Vehicle Home Charger Installation

Member Options

- General Service rate
- Off Peak rate
- Whole House Time of Use rate

Notify CLP before you purchase and install your EV charger. We may have rebates available on off-peak installs, and we want to be sure your transformer is large enough to handle the additional load.



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Rebate Reminder

Don't forget to take advantage of our rebates!

Rebate forms can be found on our website at www.clpower.com or can be picked up at the office.



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CLP Financials



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
150,000	150,000	99,216	95,000
35,000	101,090	101,684	154,200
	101,962		110,000
			89,000
			50,000
			700

PART A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			March 31, 2023
	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH
	(a)	(b)	(c)	(d)
1. Operating Revenue and Patronage Capital	4,109,310	4,136,100	4,325,690	1,306,702
2. Power Production Expense				
3. Cost of Purchased Power	2,531,464	2,342,147	2,685,390	773,247
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	276,188	215,435	292,900	63,973
7. Distribution Expense - Maintenance	193,243	303,938	181,570	150,577
8. Consumer Accounts Expense	89,600	91,716	88,065	32,352
9. Customer Service and Informational Expense	134,934	102,221	118,650	37,687
10. Sales Expense	1,470	1,483	1,479	494
11. Administrative and General Expense	334,819	461,102	386,736	141,601
12. Total Operation & Maintenance Expense (2 thru 11)	3,561,717	3,518,042	3,754,790	1,199,933
13. Depreciation & Amortization Expense	301,177	342,379	355,002	114,297
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	86,834	90,160	83,400	30,046
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	31	646	50	217
19. Other Deductions	0			
20. Total Cost of Electric Service (12 thru 19)	3,949,759	3,951,228	4,193,242	1,344,493
21. Patronage Capital & Operating Margins (1 minus 20)	159,551	184,872	132,448	(37,791)
22. Non Operating Margins - Interest	6,076	19,268	4,920	8,970
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	(31,237)	(133)	7,500	1,283
26. Generation & Transmission Capital Credits		0	0	0
27. Other Capital Credits & Patronage Dividends	13,745	5,074	10,000	5,074
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	148,135	209,082	154,868	(22,464)



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COOPERATIVE LIGHT & POWER			
FINANCIAL AND STATISTICAL REPORT			
		03/31/2023	
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	42,120,455	30. Memberships	-
2. Construction Work in Progress	1,025,668	31. Patronage Capital	15,022,280
3. Total Utility Plant (1+2)	43,146,123	32. Operating Margins - Prior Years	
4. Accum. Provision for Depreciation and Amort.	21,300,310	33. Operating Margins - Current Year	189,947
5. Net Utility Plant (3-4)	21,845,813	34. Non-Operating Margins	19,135
6. Non-Utility Property (Net)		35. Other Margins & Equities	520,909
7. Investment in Subsidiary Companies		36. Total Margins & Equities (30 thru 35)	15,752,271
8. Invest. in Assoc. Org. - Patronage Capital	6,041,869	37. Long-Term Debt - RUS (Net)	
9. Invest. in Assoc. Org. - Other - General Funds	2,048,140	38. Long-Term Debt - FFB - RUS Guaranteed	11,882,475
10. Invest in Assoc. Org. - Other - Nongeneral Funds		39. Long-Term Debt - Other - RUS Guaranteed	
11. Investments in Economic Development Projects	136,725	40. Long-Term Debt - Other (Net)	3,381,982
12. Other Investments		41. Long Term Debt-RUS - Econ. Devel. (Net)	77,044
13. Special Funds		42. Payments - Unapplied	
14. Total Other Property & Investments (6 thru 13)	8,226,734	43. Total Long-Term Debt (37 thru 41-42)	15,341,501
15. Cash-General Funds	456,936	44. Obligations Under Capital Leases - Non current	1,473,927
16. Cash-Construction Funds-Trustee		45. Accumulated Operating Provisions and Asset Retirement Obligations	
17. Special Deposits		46. Total Other Noncurrent Liabilities (44+45)	1,473,927
18. Temporary Investments	1,439,813	47. Notes Payable	
19. Notes Receivable (Net)		48. Accounts Payable	1,704,779
20. Accounts Receivable - Sales of Energy (Net)	121,396	49. Consumers Deposits	52,988
21. Accounts Receivable - Other (Net)	101,054	50. Current Maturities Long-Term Debt	
22. Renewable Energy Credits		51. Current Maturities Long-Term Debt - Economic Development	
23. Materials & Supplies - Electric and Other	969,566	52. Current Maturities Capital Leases	80,042
24. Prepayments	185,985	53. Other Current & Accrued Liabilities	590,331
25. Other Current & Accrued Assets		54. Total Current & Accrued Liabilities (47 thru 53)	2,428,140
26. Total Current & Accrued Assets (15 thru 25)	3,274,750	55. Regulatory Liabilities	
27. Regulatory Assets		56. Deferred Credits	77,631
28. Other Deferred Debits	1,726,173	57. Total Liabilities & Other Credits (36+43+46+54 thru 56)	35,073,470
29. Total Assets & Other Debits (5+14+26 thru 28)	35,073,470		

Additional Budgetary Needs:

- Increased cost of power (GRE)
- Increased cost of materials
- ROW – IVM Management
- Operations Roof
- Member Services position – energy audits, etc.
- Ground Source heat pump
- Air pumps (4)
- Heat Controls/Thermostats
- Get vehicles on purchase rotation cycle
- Other increased costs

COOP LIGHT & POWER					
Statement of Operations					
For the years ending 12/31/2022 and 12/31/2021					
	2021	2022	Proposed 2023 Full Budget*	2023 Budget to 2022 Variance	% Variance
1. Operating Revenue and Patronage Capital	13,177,532	14,079,158	15,425,000	1,345,842	8.7%
2. Power Production Expense	-	-	-	-	
3. Cost of Purchased Power	7,965,658	8,043,736	8,500,000	456,264	5.4%
4. Transmission Expense	-	-	-	-	
5. Regional Market Expense	-	-	-	-	
6. Distribution Expense - Operation	908,285	968,867	1,142,000	173,133	15.2%
7. Distribution Expense - Maintenance	1,098,349	1,029,470	1,348,300	318,830	23.6%
8. Customer Accounts Expense	417,215	337,480	352,500	15,020	4.3%
9. Customer Service and Informational Expense	409,477	447,934	441,700	(6,234)	-1.4%
10. Sales Expense	6,444	5,879	5,932	53	0.9%
11. Administrative and General Expense	1,229,066	1,185,326	1,728,600	543,274	31.4%
12. Total Operation & Main. Expense (2 thru 11)	12,034,494	12,018,692	13,519,032	1,500,340	11.1%
13. Depreciation and Amortization Expense	1,046,689	1,360,407	1,420,000	59,593	4.2%
14. Tax Expense - Property & Gross Receipts	-	-	-	-	
15. Tax Expense - Other	-	-	-	-	
16. Interest on Long-Term Debt	350,532	351,936	340,000	(11,936)	-3.5%
17. Interest Charged to Construction - Credit	-	-	-	-	
18. Interest Expense - Other	65	119	200	81	40.7%
19. Other Deductions	-	-	-	-	
20. Total Cost of Electric Service (12 thru 19)	13,431,780	13,731,154	15,279,232	1,548,078	10.1%
21. Patronage Capital & Operating Margins (1 - 20)	(254,249)	348,004	145,768	(202,236)	-138.7%
22. Non Operating Margins - Interest	64,560	49,045	32,000	(17,045)	-53.3%
23. Allowance for Funds Used During Construction	-	-	-	-	
24. Income (Loss) from Equity Investments	-	-	-	-	
25. Non Operating Margins - Other	(188,109)	34,258	30,000	(4,258)	-14.2%
26. Generation and Transmission Capital Credits	442,410	171,092	150,000	(21,092)	-14.1%
27. Other Capital Credits and Patronage Dividends	29,976	30,567	25,000	(5,567)	-22.3%
28. Extraordinary Items	-	-	-	-	
29. Patronage Capital or Margins (21 thru 28)	94,588	632,966	382,768	(250,198)	-65.4%
Power Cost Adjustment	.0258 to .03	.03 to .04	.04 to .05		

*Budget includes 1/2 year of new rates and 1/2 year IVM (ROW) and other costs.



2023 Rate Adjustment



Class Cost of Service Study



GRE passed on an 8.2% increase to CLP



Materials and equipment costs have increased



Increase Right-of-Way (ROW) budget (Reliability)

Cost of Material & Inflation



Material	2022	2023	Increase
40-Pole	\$ 305.00	\$ 534.00	75%
10 kva Overhead Transformer	\$1,159.00	\$2,358.00	103%
15 kva Pad Mount Transformer	\$2,108.00	\$3,795.00	80%
100 kva Pad Mount Transformer	\$2,975.00	\$7,575.00	155%

Rate Adjustment



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Goals of the CCOSS Study

- Simplify the Number of Rates
- Remove Tiers from Energy Rates
- Zero out PCA
- Target \$350,000 in Operating Margins
- Maintain rates for 2 years

General Services < 75 KVA



Cooperative Light & Power
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- Services < 75 KVA (74 KVA and below)
- Service Availability Charge (SAC)
- Current Rate
 - SAC: \$30.00
 - Summer Rate: $\$0.11917 + \$0.05 = \$0.16917$ per kWh
 - Other Months: $\$0.10517 + \$0.05 = \$0.15517$ per kWh

- New Rate
 - SAC: \$52.00
 - \$0.1374
 - Zero PCA

Rate Schedule	Rate Class	Monthly SAC	Energy Charge
A	General Single-Phase < 75 KVA	\$ 52.00	\$ 0.1374
B	General Three-Phase < 75 KVA	\$ 66.00	\$ 0.1374
	*Classified as Services < 75 KVA and		

- Average User \$9.00 per Month Increase or 7%

Demand Rates

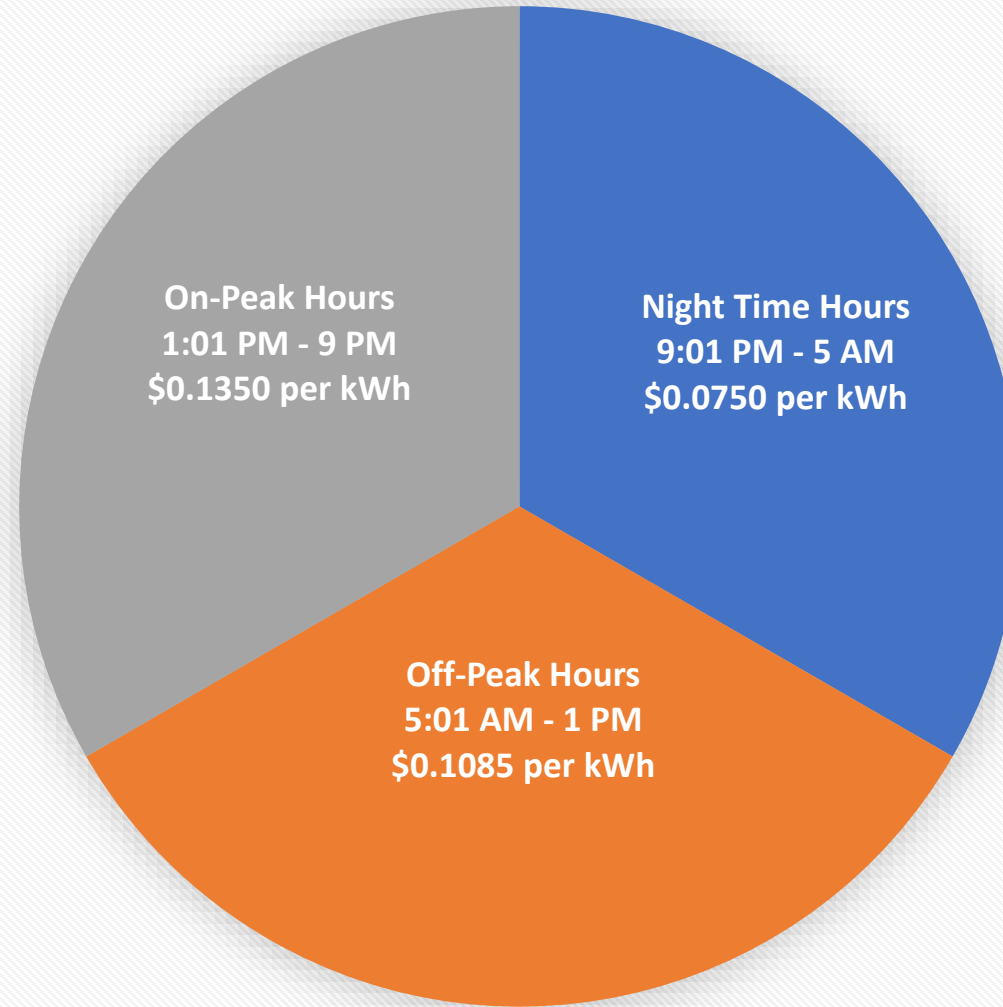
Rate Schedule	Rate Class	Monthly Charge	Energy Charge	Demand Charge
	Demand Rates - Single or Three-Phase \geq 75 KVA			
C	Demand	\$ 100.00	\$ 0.1355	\$15.00 Summer \$12.00 Other
D	Large Power	\$ 150.00	\$ 0.1010	\$20.00 Summer \$17.00 Other
E	GENSET	\$ 150.00	\$ 0.1160	\$8.00
	*Classified as Services \geq 75 KVA			

Demand Side Management (DSM) Rates

Rate Schedule	Rate Class	Current Rate	7/1/2023
	DSM Rates		
H	Freedom Heating	\$ 0.0654	\$ 0.0670
I	Storage Heating	\$ 0.0480	\$ 0.0530
J	Dual Fuel	\$ 0.0555	\$ 0.0580

Whole House Time of Use (TOU)

Service Availability Charge (SAC) - \$69/mo.



■ Night Time Hours ■ Off-Peak Hours ■ On-Peak Hours

Grid Access Charge (GAC)



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- The Grid Access Charge is a methodology to recover the lost revenue for fixed costs that members with Distributed Energy Resource (DER) systems avoid contributing to.
- Fixed costs are an expense the utility has even when a consumer is not using energy.
 - Operations and maintenance for transformers, meters, distribution line, etc.
- The GAC methodology is a calculation that was presented to the Minnesota Public Utilities Commission (PUC) in 2017.

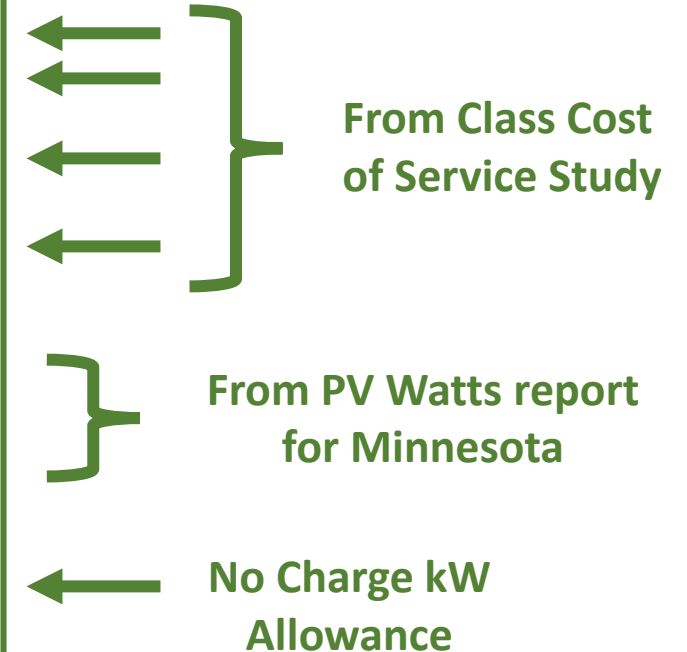
Grid Access Charge (GAC)

- The inputs into the GAC calculation come from the utility's latest class cost of service.



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<u>1. Cost of Service Study: Distribution Fixed Costs Not Recovered by Rate</u>	
Annual Revenue Requirements	\$ 8,420,636
Less: Annual Purchased Power Expense	\$ 3,850,565
Annual Distribution Fixed Costs	\$ 4,570,071
Less: Annual Customer Charge Revenue	\$ 3,219,840
Distribution Fixed Costs Recovered in Energy Rate	\$ 1,350,231
Annual Energy Sales (kWh)	÷ 38,147,708
Distribution Fixed Costs Recovered in Energy Rate	= \$ 0.0354
<u>2. Conversion to per kW Rate</u>	
DG Capacity Factor (per DC rating)	15%
Average Hours per Month	730
Monthly Rate per DC Nameplate Rating kW-mo.	\$ 3.88
<u>3. DG Nameplate Rating kW Allowance (No Charge)</u>	3.50
<u>4. Monthly Charge Cap per DG Customer</u>	
Annual Distribution Fixed Costs	\$ 4,570,071
Number of Customers	5,160
Distribution Fixed Costs per Customer per Month	\$ 73.81
Less: Current Monthly Customer Charge	\$ 52.00
Monthly Charge Cap	\$ 21.81



Grid Access Charge (GAC)



- Changes to the GAC only occur if another class cost of service study is completed or if the monthly service charge changes.
- There was a trade off to meet the MN PUC's desire for simplicity versus accuracy of the calculation.

Account Allocation Costs Per Unit	Transmission - Demand	Transmission - Energy	Power Supply - Demand (\$/kW)	Power Supply - Energy (\$/kWh)	Distribution Demand (\$/kW)	Distribution Member (\$/mo)
A - General Single Phase < 75 KVA	\$ 15.92	\$ 0.00001	\$ 10.87	\$ 0.0768	\$ 13.51	\$ 66.48



Fixed Costs

- Average residential service has a demand of 4 KW.
- Total fixed cost per month from CCOSS is $(4 \text{ kW} * \$13.51) + \$66.48 = \$120.52$
- Not all utilities could determine average demand of residential service.

Grid Access Charge (GAC)



- CLP's updated GAC for General Single-Phase rate will be \$3.88 per kW with a monthly cap of \$21.81.
- The GAC is in addition to the monthly service charge.
- Maximum amount a member under General Single-Phase rate would pay per month is \$73.81.
- This is still less than the actual allocated fixed costs determined in the class cost of service study (\$120.52) for a residential service.

Articles of Incorporation and By-Laws



Modernize the language and provisions.



Simplify and clean-up language.



Ensure any changes would be for the benefit of all members and align with cooperative principles.



Seek member input during the review process.

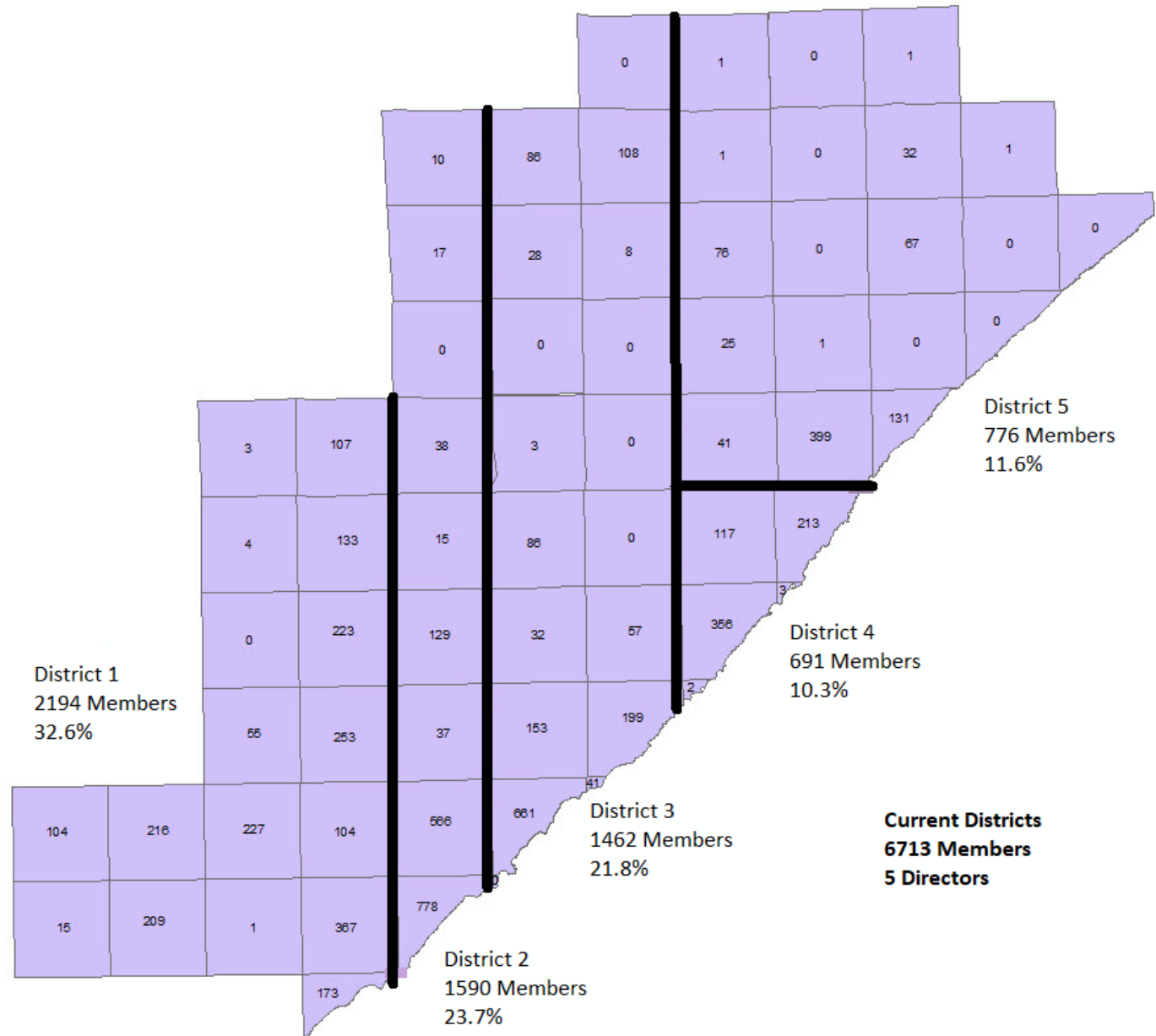


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Looking Forward

- Electronic Voting
- Mail in Voting
- System Wide/District Voting
- Redistricting
- Nomination Procedures

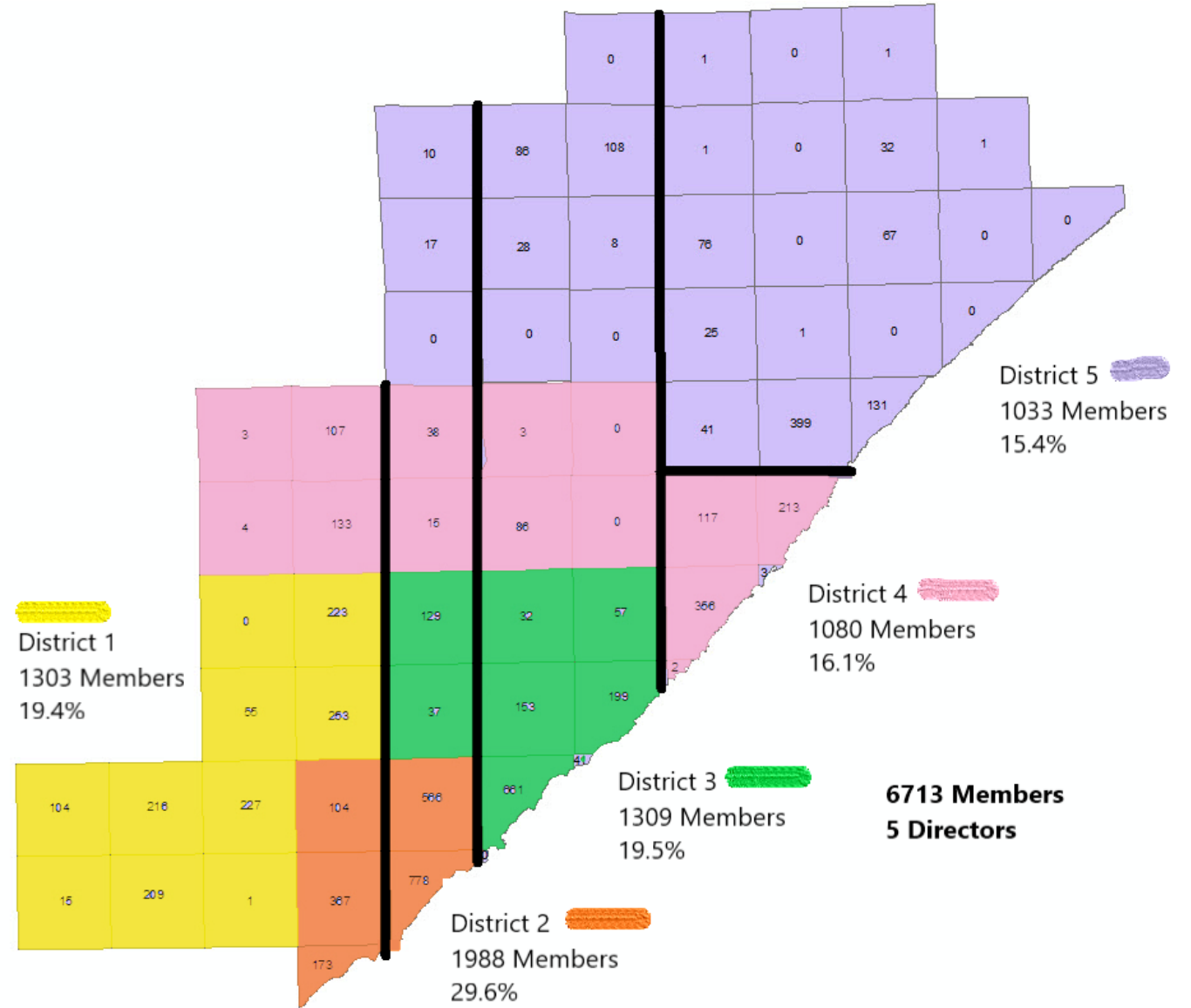
Current Districts



Example 1



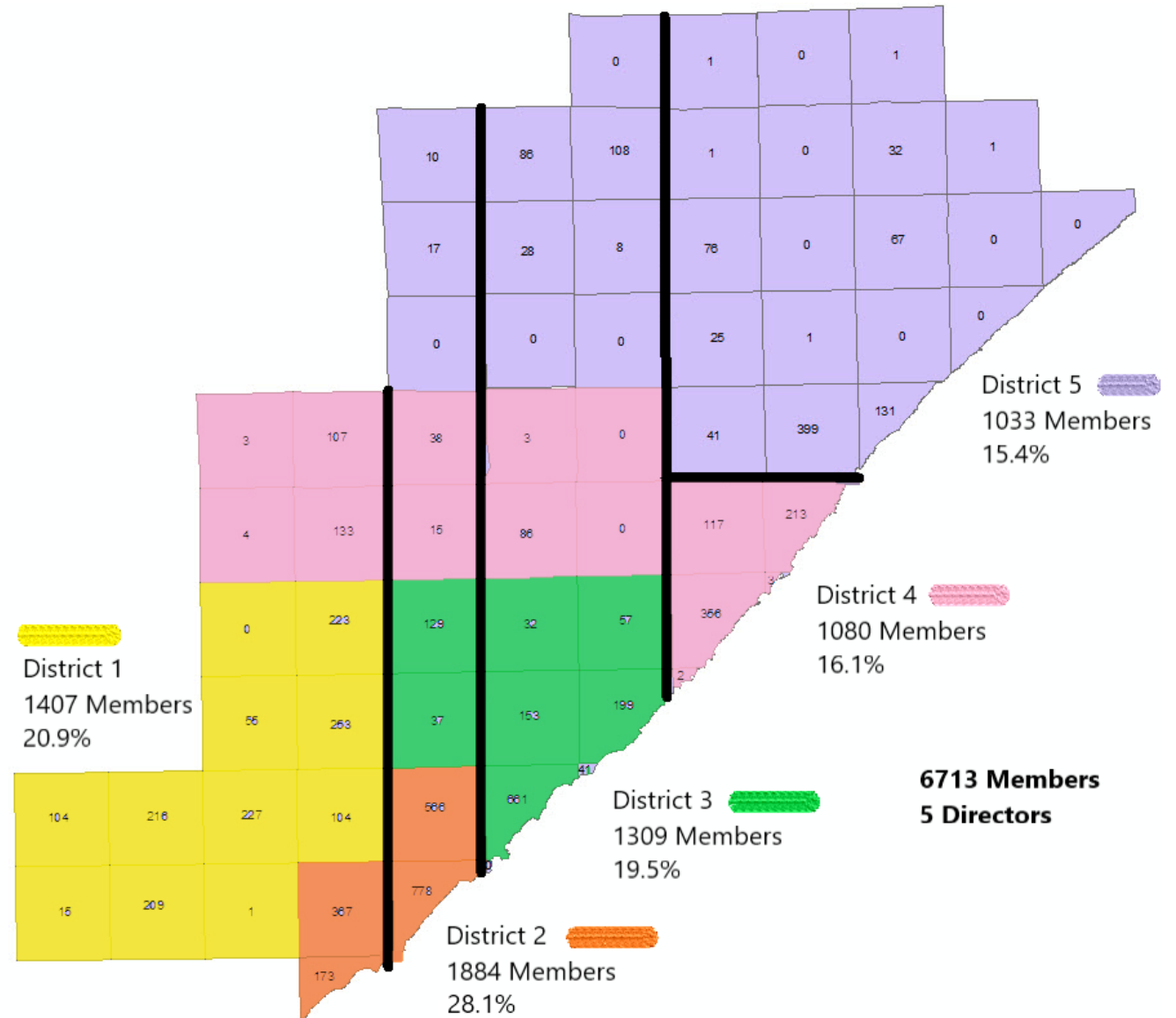
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Example 2



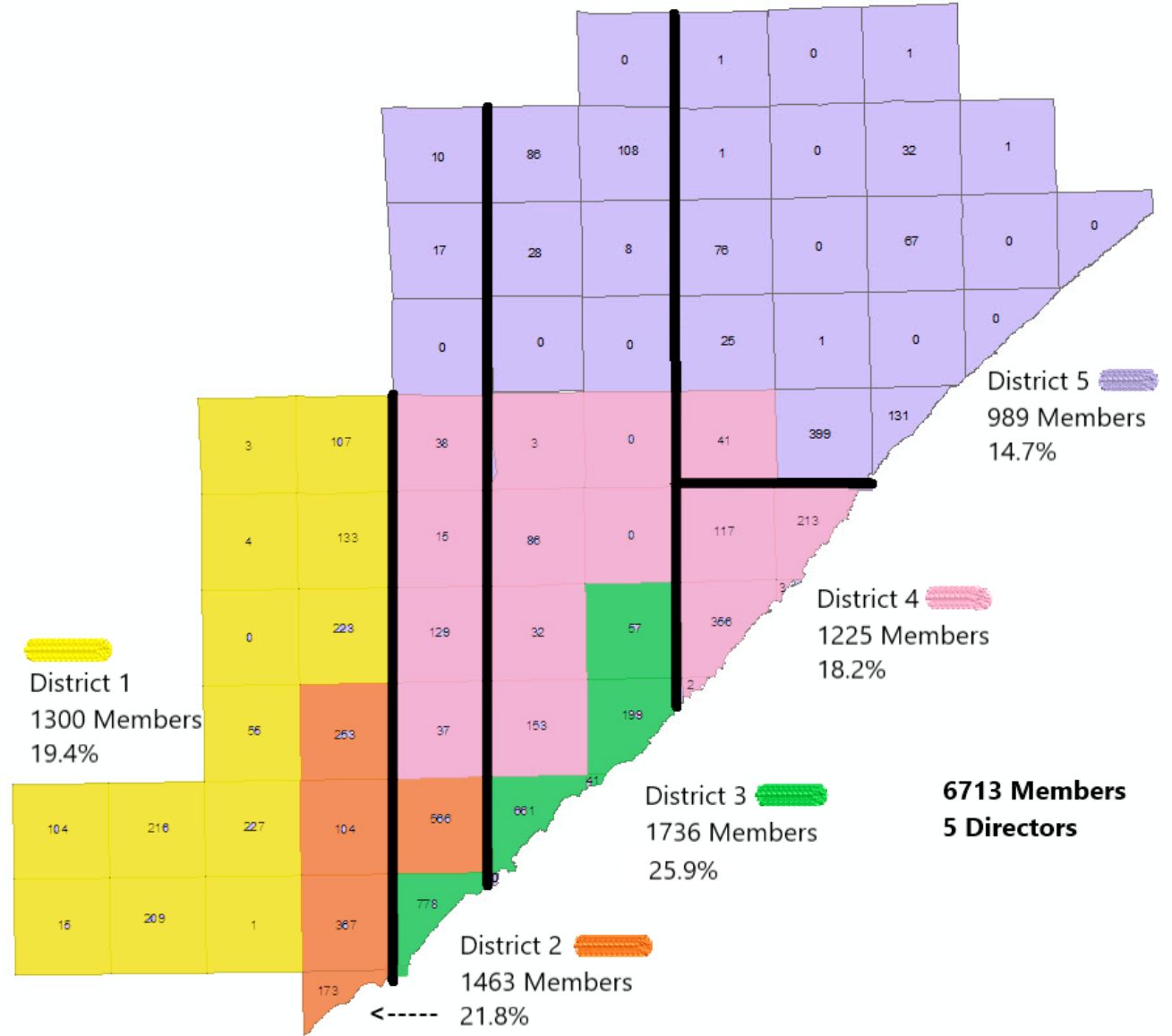
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Example 3



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Thank you for attending your
Kilowatts & Brats District
Meeting!
