

• October 10, 2024 •



GENERAL MANAGER'S BOARD MEETING BULLETIN



Virginia Harman

Cost-of-service study and budget draft presented

Final 2025 budget will be reviewed at November meeting

The MPE Board of Directors heard presentations from Power Systems Engineering (PSE), a rate design consultant, and from CFO/Manager of Finance Emily Meek in preparation for the board's final review and approval of the 2025 budget at the November board meeting.

PSE, an independent and employee-owned organization serving utilities across North America, recently completed a cost-of-service study and proposed rate design for MPE's 2025 rates. The objective of rate design is to ensure that rates are fair and equitable and financially adequate while also reflecting cost causation, promoting efficient energy use, and remaining competitive with similar co-ops. Rate design goals for 2025 aim to balance the recovery of revenue to meet MPE's operational needs as a not-for-profit, member-owned cooperative. It will also balance the rate adjustment between the Service Availability Charge and Energy Charge (based on usage).

As a result of the power supply transition that begins Feb. 1, 2025, the Board anticipates

temporary declines in certain financial ratios that Meek will continue to monitor closely. These declines are attributed to the contract termination payment owed to Tri-State G&T as MPE exits that agreement. While MPE expected these declines and the related rate increases, the focus has been on the longer-term benefits to MPE membership, including rate stability.

MPE General Manager Virginia Harman shared that a goal in the 2025 rate design was to avoid abrupt changes. Nonetheless, an assistance program is being developed by MPE staff for income-qualified members who may be disproportionately impacted by any rate changes.

In presenting the first draft of the budget, Meek explained that budgeting best practices were used, such as aligning the budget with MPE's strategic goals and objectives, involvement of key stakeholders, and detailed line-item budgeting for better tracking and identification of cost-saving opportunities.

Other Board Meeting Items

- The Board set the date for next year's Annual Meeting for Saturday, April 26, 2025. The event will again be held at Middle Park High School (795 N. 2nd Street in Granby), with the breakfast starting at 8 a.m. and the meeting beginning at 9:15 a.m. This will be MPE's 75th Annual Meeting, so be sure to save the date on your calendars.

- The Board gave the general manager and manager of finance the authority to move forward with CoBank to finance the contract termination payment (CTP). Both of MPE's major lenders – CoBank and CFC – offered to finance the CTP. This is a credit to MPE's financial strength and illustrates the confidence and support the financial institutions have for this transition. The loan will be paid off over the 20-year timeframe of the new power supply contract.

The Board Meeting Bulletin summarizes highlights from the recent MPE Board Meeting. MPE Board Meetings are open to the public, and agendas, minutes, and more information can be found at www.mpei.com/board-meetings or by contacting memberrelations@mpei.com.