



809 Centennial Way
Lansing, Michigan 48917

FINANCIAL STATEMENTS

December 31, 2023

MICHIGAN PUBLIC POWER AGENCY

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MICHIGAN PUBLIC POWER AGENCY

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Independent Auditors' Report

To the Board of Commissioners of
Michigan Public Power Agency

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Michigan Public Power Agency (the Agency), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of the Agency as of December 31, 2023 and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Prior Year Comparative Information

We have previously audited the Agency's 2022 financial statements and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and each major fund in our report dated April 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is present fairly, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
April 4, 2024

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED)**

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2023

The management of Michigan Public Power Agency (MPPA) offers all persons interested in the financial position of MPPA this narrative, overview, and analysis of MPPA's financial performance during the years ended December 31, 2023, and 2022. It should be read in conjunction with MPPA's financial statements and the accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. MPPA is a municipal power joint action agency and follows proprietary fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Proprietary fund statements offer financial information about the activities and operations of MPPA.

The financial statements are designed to provide readers with a broad overview of MPPA's finances, in a manner like a private sector business.

MPPA owns and administers eight Projects. Seven Projects provide power supply resources and services and one, the General Fund, invests in and manages the infrastructure and systems to operate the General Agency. These Projects are:

- Campbell #3
- Belle River
- Combustion Turbine
- Energy Services
- Transmission
- Landfill Renewable Energy
- AMP Fremont Energy Center (AFEC)
- General Fund

MPPA has different participating members in each Project who are each responsible for their share of all administrative, debt service, and operating expenses.

Each Project is financially independent from one another, supported entirely by the participating members. No monies can be shared between Projects.

The Statement of Revenues, Expenses, and Changes in Net Position presents information reflecting changes in MPPA's net position during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 16 of this report.

MPPA FINANCIAL ANALYSIS

An analysis of MPPA's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. These two statements report MPPA's net position and changes therein. Consideration must be taken when evaluating MPPA's financial position and results of operations when using the financial presentations due to the legal separation that must be maintained between projects. However, broad patterns and trends may be observed at this level that should lead the reader to carefully study the financial statements of each project.

A summary of MPPA's Statement of Net Position is presented below in Table 1. The Statement of Revenues, Expenses, and Changes in Net Position is summarized in Table 2.

MPPA uses fund accounting, Federal Energy Regulatory Commission (FERC) accounting, and special utility industry terminology to ensure and demonstrate compliance with finance-related legal requirements.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2023

MPPA FINANCIAL ANALYSIS (cont.)

Table 1
Statement of Net Position

	<u>2023</u>	<u>2022</u>
Current Assets	\$ 117,916,015	\$ 105,964,578
Non-Current Assets		
Capital Assets	185,566,528	192,432,408
Other Assets	<u>23,123,733</u>	<u>23,581,489</u>
Total Assets	<u>326,606,276</u>	<u>321,978,475</u>
Deferred Outflows of Resources	<u>4,528,430</u>	<u>4,689,849</u>
Current Liabilities		
Accrued Interest Payable	231,723	263,180
Revenue Bonds Payable	4,370,000	4,300,000
Other Current Liabilities	<u>26,159,882</u>	<u>31,732,137</u>
Total Current Liabilities	<u>30,761,605</u>	<u>36,295,317</u>
Non-Current Liabilities		
Liabilities Payable from Restricted Assets		
Member Deposits	26,508,748	26,018,728
Asset Retirement Obligation	5,490,290	5,330,115
Revenue Bonds Payable, Less Current Portion	<u>26,280,000</u>	<u>30,650,000</u>
Total Non-Current Liabilities	<u>58,279,038</u>	<u>61,998,843</u>
Total Liabilities	<u>89,040,643</u>	<u>98,294,160</u>
Deferred Inflows of Resources	<u>693,573</u>	<u>888,196</u>
Net Position		
Net Investment in Capital Assets	154,222,955	156,594,212
Restricted	4,672,487	4,596,092
Unrestricted	<u>82,505,048</u>	<u>66,295,664</u>
Total Net Position	<u>\$ 241,400,490</u>	<u>\$ 227,485,968</u>

MICHIGAN PUBLIC POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2023

MPPA FINANCIAL ANALYSIS (cont.)

Table 2
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>2022</u>
Gross Operating Revenues	\$ 259,878,345	\$ 299,552,671
Non-Operating Revenues	4,158,331	853,252
Total Revenues	<u>264,036,675</u>	<u>300,405,923</u>
Depreciation Expense	17,117,076	17,348,882
Other Operating Expenses	232,544,207	271,601,233
Non-Operating Expenses	460,870	1,717,514
Total Expenses	<u>250,122,153</u>	<u>290,667,630</u>
Change in Net Position	\$ 13,914,522	9,738,294
Beginning Net Position	<u>227,485,968</u>	<u>217,747,674</u>
Ending Net Position	<u>\$ 241,400,490</u>	<u>\$ 227,485,968</u>

Campbell #3 Project

MPPA has a 4.8% undivided ownership share in J.H Campbell Unit #3, a coal-fired electric generation resource located in Ottawa County, Michigan. Consumers Energy, a regulated operating subsidiary of CMS Energy Corporation, and Wolverine Power Supply Cooperative own the remaining shares of the facility. 10 of MPPA's members participate in this Project. MPPA's 2023 share of the Project's generation was 239,156 MWhs compared with 2022's generation of 255,451 MWhs. The total operating cost was \$42.15/MWh vs \$41.63/MWh in 2022. Project capacity factor in 2023 was 67.5% compared to 72.1% in 2022.

Belle River Project

MPPA has a 18.61% undivided ownership share in Belle River Power Plant, a coal-fired electric generation resource in St. Clair County, Michigan. DTE Electric, a regulated operating subsidiary of DTE Energy, owns the remaining share of the facility. 11 of MPPA's members participate in this Project. MPPA's 2023 share of the Project's generation was 1,081,856 MWhs compared with 2022's generation of 1,243,961 MWhs. The total operating cost was \$47.88/MWh vs \$54.03/MWh in 2022. Project capacity factor in 2023 was 51.0% compared to 61.2% in 2022.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2023

MPPA FINANCIAL ANALYSIS (cont.)

Combustion Turbine Project

MPPA owns 100% of the Combustion Turbine Project, a natural gas fired electric generation peaking resource located in Kalkaska County, Michigan. Five of MPPA's members participate in this Project. Project generation in 2023 was 54,536 MWhs compared with 2022's generation of 43,487 MWhs. The total operating cost was \$81.08/MWh vs \$138.03/MWh in 2022. Project capacity factor in 2023 was 11.3% compared to 9.0% in 2022.

Energy Services Project

MPPA owns 100% of the Energy Services Project (ESP). ESP is a contracted power project that executes power purchase agreements with wholesale market participants and developers. ESP also provides market operation services interfacing participating member load and supply resources in wholesale power markets. 21 of MPPA's members participate in this Project. The Project provided 1,972,929 MWhs of energy to its members at an average energy cost of \$52.01/MWh in 2023 compared to 2,038,917 MWhs at an average energy cost of \$59.85/MWh in 2022.

Landfill Renewable Energy Project

MPPA owns 100% of the Landfill Renewable Energy Project. This is a contracted power project where MPPA purchases all power supply and environmental attributes produced by designated landfill gas fueled power generation resources. 14 of MPPA's members participate in this Project. MPPA purchased a total of 125,643 MWhs in 2023 at an average energy cost, offset by the sale of renewable energy credits, of \$98.47/MWh compared to 132,721 MWhs at an average energy cost of \$96.15/MWh in 2022.

Transmission Project

MPPA has varying percentages of undivided ownership in designated high voltage electric transmission facilities in Michigan. 13 of MPPA's members participate in this Project.

AMP Fremont Energy Center Project (AFEC)

MPPA has a 5.16% undivided ownership share in the Fremont Energy Center, a natural gas fired combined cycle electric power generation resource located in Sandusky County, Ohio. American Municipal Power (AMP) owns the remaining share of the Project. 13 of MPPA's members participate in this Project. MPPA's 2023 share of the Project's generation was 182,084 MWhs compared with 2022's generation of 220,150 MWhs. The total operating costs for the plant were \$50.06/MWh vs \$54.82/MWh in 2022. Project capacity factor in 2023 was 59.7% compared to 66.8% in 2022.

General Fund

MPPA's General Fund manages Agency activities that are not directly tied to a specific project. The General Fund is financed by member dues that are based on the annual budgeted operating expenses and capital requirements.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2023

MPPA FINANCIAL ANALYSIS (cont.)

General Fund (cont.)

The General Fund also includes an overhead contribution from MPPA's service committees, MMEA, and Associate Member dues. The service committees provide a venue for MPPA Members and municipal utilities that are not MPPA members to participate in activities that do not require financing or the acquisition of assets, including power supply exploration, regulatory compliance, and member operations. The service committees are treated as separate sub-accounts under the General Fund for accounting purposes.

CAPITAL ASSETS

MPPA's investment in capital assets as of December 31, 2023, is \$185,566,528 (net of accumulated depreciation). This investment in capital assets includes investment in plants, transmission systems, land, buildings, improvements, machinery, and equipment. See Note 6 for additional details.

LONG-TERM DEBT

On December 31, 2023, MPPA had a total of \$89,040,643 in total outstanding liabilities. Of this amount, the following represents bond payments payable:

Long Term Debt - Bonds

Combustion Turbine #1 Project	\$ 8,330,000
AMP Fremont Energy Center Project (AFEC)	22,320,000
	<u>\$ 30,650,000</u>

See Note 7 for additional details.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2023

RISK FACTORS & CONSIDERATIONS

The electric utility industry is undergoing a significant transformation. The forces of decarbonization, decentralization, and consumerization driven by technological innovation is rapidly changing how electricity is produced, delivered, and consumed. Public Policy and Law changes at the State and Federal level, along with consumer preferences, are driving significant investment in clean energy and related technologies. Public power utilities and municipal power joint action agencies like MPPA face several risk factors driven by this transformation as well as traditional risks of operating in the electric utility industry. These factors include, but are not limited to: 1) meeting future reliability requirements with rapidly changing power supply resource technologies, 2) end-use customer preferences to own and/or control power supply decisions, 3) potential changes to federal and state energy laws and/or regulatory compliance that could impact the operation of the electric generating units we own or contract supply from, 4) increased competition to serve our member end-use customers from independent power producers, distributed generation, and energy marketers, 5) ability to issue tax exempt financing at competitive rates, 6) load forecasting uncertainty due to economic factors, load growth, energy efficiency, or customer control technologies, 7) volatility of the pricing and/or availability of fuel used to produce power, 8) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy, capacity, fuel, and transmission, and 9) issues relating to cyber security failures. Any of these risk factors, as well as other factors, may influence the financial condition of MPPA and/or its municipal members.

The Clean Energy & Climate Action Package of energy legislation signed by Michigan Governor Whitmer in November 2023 as well as the Infrastructure Investment and Jobs Act passed in November 2021 and the Inflation Reduction Act passed in August of 2022 are and will continue to have significant impact on the electric utility industry. These laws are designed, among other objectives, to modernize energy infrastructure and transition to a clean energy economy. MPPA and its members must navigate implementation of these laws to ensure equal treatment as well as ensure we continue to provide reliable and affordable power supply.

MICHIGAN PUBLIC POWER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2023

MICHIGAN LEGISLATION

In November 2023, Governor Gretchen Witmer signed clean energy legislation that focused on implementing into law recommendations from the MI Healthy Climate Plan, an Executive Directive released in April of 2022. The clean energy legislation addresses renewable energy standards, clean energy objectives, energy waste reduction, distributed generation, and siting of renewable energy projects. Public Act 235 mandates that all electric providers achieve a renewable energy supply portfolio of at least 15% through 2029, 50% by 2030 through 2034, and 60% in 2035 and each year thereafter. Municipal electric utilities may meet these requirements through investment in renewable power supply resources, purchasing power from renewable energy resources, or purchasing renewable energy credits (RECs) within the territory of the utility's regional transmission organization (RTO). RECs can be used to meet 100% of these requirements through 2035. In addition, electric providers must meet a clean energy standard of at least 80% in 2035 through 2039 and 100% in 2040 and each year thereafter. Clean energy is derived from a system that does not emit greenhouse gas, including fossil fuel with carbon capture, renewable energy, and nuclear energy. The governing body of a municipally owned electric utility may grant an extension of the clean energy standard if compliance is not practically feasible due to zoning, siting, permitting, supply chains, transmission interconnections, labor shortages, delays in project deliverability from developers, unanticipated load growth, or other reasons that may be provided.

Public Act 229 reinstates the energy waste reduction (EWR) plan for municipal electric utilities and cooperatives. Each year, beginning in 2026, an EWR plan shall collectively achieve incremental energy savings equivalent to 1.5% of total retail electricity sales in megawatt hours calculated from the preceding year. It also requires each utility to offer a low-income EWR program.

Since 2022, the Michigan Municipal Electric Association spent considerable time advocating for legislation that would provide Michigan's municipal power Joint Action Agencies more flexibility in how they conduct meetings while staying in compliance with the Open Meeting Act (OMA). Legislative amendments to the OMA were made and became effective in February 2024.

CONTACTING MPPA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our members, investors, and creditors with a general overview of MPPA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Laurie Valasek, CFO, Michigan Public Power Agency, lvalasek@mpower.org.

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF NET POSITION
December 31, 2023
(With Comparative Totals for December 31, 2022)

	CAMPBELL # 3	BELLE RIVER	COMBUSTION TURBINE	TRANSMISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SVCS PROJECT	GENERAL FUND	TOTALS 2023	TOTALS 2022
CURRENT ASSETS										
Cash & Cash Equivalents										
Operation & Maintenance Account	\$ 1,461,840	\$ 10,401,675	\$ 646,482	\$ 503,677	\$ 994,534	\$ 1,686,135	\$ 5,443,794	\$ -	\$ 21,138,137	\$ 21,431,947
Project Account	3,631,254	13,686,865	3,305,168	-	-	5,336,241	-	-	25,959,528	9,601,413
Working Capital / Other	-	-	-	-	133,505	-	12,829,579	1,516,800	14,479,884	11,234,648
Total Cash and Cash Equivalents	5,093,094	24,088,540	3,951,650	503,677	1,128,039	7,022,376	18,273,373	1,516,800	61,577,549	42,268,008
Restricted Cash - Debt Service	-	-	2,103,596	-	-	2,516,004	-	-	4,619,600	4,574,662
Investments - Unrestricted	2,303,019	5,720,400	842,395	134,086	288,719	1,862,828	4,568,159	487,015	16,206,621	18,464,215
Accrued Interest Receivable	25,871	83,365	12,276	1,954	4,208	27,148	66,573	7,097	228,492	153,766
Accounts Receivable	1,469,186	11,278,499	796,312	418,539	-	112,580	5,387,268	40,031	19,502,415	25,441,900
Fuel Inventory	1,094,631	9,376,189	101,801	-	-	-	-	-	10,572,621	10,375,874
Materials & Supplies Inventory	-	5,102,174	106,543	-	-	-	-	-	5,208,717	4,686,153
Total Current Assets	9,985,801	55,649,167	7,914,573	1,058,256	1,420,966	11,540,936	28,295,373	2,050,943	117,916,015	105,964,578
NON-CURRENT ASSETS										
Capital Assets										
Utility Plant	85,885,634	491,763,177	33,153,037	3,335,511	-	32,563,118	-	-	646,700,477	646,995,654
Building & Land	244,547	154,027	48,500	-	-	27,598	-	1,834,177	2,308,849	2,253,900
Accumulated Depreciation	(51,400,793)	(379,542,944)	(20,603,374)	(560,588)	-	(9,932,129)	-	(1,402,970)	(463,442,798)	(456,817,146)
Net Property & Equipment	34,729,388	112,374,260	12,598,163	2,774,923	-	22,658,587	-	431,207	185,566,528	192,432,408
Prepaid Expenses & Deposits	760,145	3,890,000	117,833	-	-	771,120	-	499,586	6,038,684	5,281,952
Designated Cash										
O & M / Fuel Reserve	1,050,000	-	-	-	-	-	-	-	1,050,000	1,050,000
Investments - Unrestricted	3,254,596	5,141,201	757,102	120,510	259,486	1,674,214	4,105,626	437,704	15,750,439	16,964,927
Restricted Cash - Other	-	-	-	-	-	284,610	-	-	284,610	284,610
Total Non-Current Assets	39,794,129	121,405,461	13,473,098	2,895,433	259,486	25,388,531	4,105,626	1,368,497	208,690,261	216,013,897
TOTAL ASSETS	49,779,930	177,054,628	21,387,671	3,953,689	1,680,452	36,929,467	32,400,999	3,419,440	326,606,276	321,978,475
DEFERRED OUTFLOWS OF RESOURCES										
Asset Retirement Obligations	\$ 4,023,374	\$ 505,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,528,430	\$ 4,689,849

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF NET POSITION
December 31, 2023
(With Comparative Totals for December 31, 2022)

	CAMPBELL # 3	BELLE RIVER	COMBUSTION TURBINE	TRANSMISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SVCS PROJECT	GENERAL FUND	TOTALS 2023	2022
CURRENT LIABILITIES										
Accounts Payable and Accrued Expense	\$ 783,772	\$ 12,980,248	\$ 331,096	\$ 792,212	\$ 1,383,616	\$ 205,153	\$ 8,868,322	\$ 697,630	\$ 26,042,049	\$ 31,612,137
Member Deposits/Security Deposits	-	-	117,833	-	-	-	-	-	117,833	120,000
Liabilities Payable from Restricted Assets										
Accrued Interest Payable	-	-	55,395	-	-	176,328	-	-	231,723	263,180
Revenue Bonds Payable - Current	-	-	2,040,000	-	-	2,330,000	-	-	4,370,000	4,300,000
Total Current Liabilities	783,772	12,980,248	2,544,324	792,212	1,383,616	2,711,481	8,868,322	697,630	30,761,605	36,295,317
NON-CURRENT LIABILITIES										
Member Deposits	760,145	3,890,000	-	-	133,505	-	21,725,098	-	26,508,748	26,018,728
Revenue Bonds Payable	-	-	6,290,000	-	-	19,990,000	-	-	26,280,000	30,650,000
Asset Retirement Obligation	4,803,167	687,123	-	-	-	-	-	-	5,490,290	5,330,115
Total Non-Current Liabilities	5,563,312	4,577,123	6,290,000	-	133,505	19,990,000	21,725,098	-	58,279,038	61,998,843
TOTAL LIABILITIES	6,347,084	17,557,371	8,834,324	792,212	1,517,121	22,701,481	30,593,420	697,630	89,040,643	98,294,160
DEFERRED INFLOWS OF RESOURCES										
Gain on Refunding	-	-	61,610	-	-	631,963	-	-	693,573	888,196
NET POSITION										
Net Investment in Capital Assets	34,729,388	112,374,260	4,206,553	2,774,923	-	(293,376)	-	431,207	154,222,955	156,594,212
Restricted - Debt Service	-	-	2,048,201	-	-	2,339,676	-	-	4,387,877	4,311,482
Restricted - Reserve & Contingency	-	-	-	-	-	284,610	-	-	284,610	284,610
Unrestricted (Deficit)	12,726,832	47,628,053	6,236,983	386,554	163,330	11,265,112	1,807,580	2,290,609	82,505,048	66,295,664
TOTAL NET POSITION	\$ 47,456,220	\$ 160,002,313	\$ 12,491,737	\$ 3,161,477	\$ 163,330	\$ 13,596,022	\$ 1,807,580	\$ 2,721,816	\$ 241,400,490	\$ 227,485,968

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
December 31, 2023
(With Comparative Totals for December 31, 2022)

	CAMPBELL # 3	BELLE RIVER	COMBUSTION TURBINE	TRANSMISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SVCS PROJECT	GENERAL FUND	Totals	
									2023	2022
OPERATING REVENUES										
Gross Sales	\$ 10,580,793	\$ 71,225,390	\$ 8,735,153	\$ 1,164,873	\$ 12,514,337	\$ 12,066,968	\$ 139,723,287	\$ -	\$ 256,010,798	\$ 296,414,752
Jt Zone Transmission Revenue	-	-	-	5,798,705	-	-	-	-	5,798,705	5,810,239
Jt Zone Transmission Distribution	-	-	-	(5,754,180)	-	-	-	-	(5,754,180)	(5,766,331)
Other	-	-	-	-	-	-	-	3,823,022	3,823,022	3,094,011
Total Operating Revenues	10,580,793	71,225,390	8,735,153	1,209,398	12,514,337	12,066,968	139,723,287	3,823,022	259,878,345	299,552,671
OPERATING EXPENSES										
Cost of Energy - Produced	8,048,907	42,833,315	2,139,880	-	-	7,218,415	-	-	60,240,517	79,784,901
Cost of Energy & Capacity - Purchased	-	-	-	-	13,264,924	839,144	109,253,021	-	123,357,089	142,378,192
Energy Market Overhead Fees	42,159	224,996	7,689	-	-	-	814,916	-	1,089,760	1,417,629
Other	-	-	-	-	(892,288)	-	949,239	-	56,951	(1,178,550)
Transmission	1,482,746	4,263,786	1,071,751	997,540	-	648,303	26,942,643	-	35,406,769	37,614,713
Administrative & General	506,982	4,471,792	1,202,543	211,857	141,701	410,099	1,763,468	3,684,679	12,393,121	11,584,348
Depreciation	2,649,413	12,276,895	1,054,003	63,375	-	1,023,540	-	49,850	17,117,076	17,348,882
Total Operating Expenses	12,730,207	64,070,784	5,475,866	1,272,772	12,514,337	10,139,501	139,723,287	3,734,529	249,661,283	288,950,115
Operating Income (Loss)	(2,149,414)	7,154,606	3,259,287	(63,375)	-	1,927,467	-	88,493	10,217,062	10,602,556
NONOPERATING REVENUES (EXPENSES)										
Interest Cost Incurred	-	-	(107,344)	-	-	(352,656)	-	-	(460,000)	(526,360)
Amortization of Financing-Related Costs	-	-	40,617	-	-	154,006	-	-	194,623	220,226
Investment Income	298,542	1,008,316	200,241	28,585	60,425	424,829	910,750	101,250	3,032,938	566,834
Net Change in Fair Value of Investments	212,970	185,259	33,808	8,001	24,429	88,418	272,750	46,579	872,214	(1,191,154)
Prepaid Rent Income	-	-	-	-	-	-	-	58,556	58,556	66,192
Miscellaneous	-	-	-	-	-	-	-	(870)	(870)	-
Total Nonoperating Revenues (Expenses)	511,512	1,193,575	167,322	36,586	84,854	314,597	1,183,500	205,515	3,697,461	(864,262)
CHANGE IN NET POSITION	\$ (1,637,902)	\$ 8,348,181	\$ 3,426,609	\$ (26,789)	\$ 84,854	\$ 2,242,064	\$ 1,183,500	\$ 294,008	\$ 13,914,522	\$ 9,738,294
CHANGE IN NET POSTION	\$ (1,637,902)	\$ 8,348,181	\$ 3,426,609	\$ (26,789)	\$ 84,854	\$ 2,242,064	\$ 1,183,500	\$ 294,008	\$ 13,914,522	\$ 9,738,294
NET POSITION - BEGINNING OF YEAR	49,094,121	151,654,131	9,065,129	3,188,266	78,476	11,353,957	624,080	2,427,808	227,485,968	217,747,674
NET POSITION - END OF YEAR	\$ 47,456,220	\$ 160,002,313	\$ 12,491,737	\$ 3,161,477	\$ 163,330	\$ 13,596,022	\$ 1,807,580	\$ 2,721,816	\$ 241,400,490	\$ 227,485,968

MICHIGAN PUBLIC POWER AGENCY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023
(With Comparative Totals for December 31, 2022)

									Totals	
	CAMPBELL # 3	BELLE RIVER	COMBUSTION TURBINE	TRANSMISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SVCS PROJECT	GENERAL FUND	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES										
Received from Customers	\$ 10,564,870	\$ 72,205,433	\$ 9,085,493	\$ 1,267,689	\$ 13,406,625	\$ 14,290,362	\$ 141,909,604	\$ 3,927,224	\$ 266,657,300	\$ 297,042,423
Paid to Suppliers for Goods and Services	(9,872,164)	(51,780,835)	(4,427,755)	(1,226,025)	(13,434,415)	(10,163,338)	(142,758,894)	(2,526,268)	(236,189,694)	(265,513,014)
Paid to Employees for Services	(244,205)	(361,913)	(260,367)	(64,044)	(104,252)	(217,006)	(904,443)	(1,466,055)	(3,622,286)	(3,394,277)
Net Cash Flows From (Used in) Operating Activities	448,501	20,062,685	4,397,371	(22,380)	(132,042)	3,910,018	(1,753,733)	(65,098)	26,845,321	28,135,132
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Acquisition and Construction of Utility Plant	(497,240)	(9,221,179)	(109,773)	-	-	(45,237)	-	-	(9,873,428)	(17,141,191)
Principal Payment on Revenue Bonds	-	-	(2,010,000)	-	-	(2,290,000)	-	-	(4,300,000)	(4,040,000)
Interest Paid on Revenue Bonds	-	-	(120,710)	-	-	(370,747)	-	-	(491,457)	(460,576)
Other	-	-	-	-	-	-	-	1,518	1,518	42,111
Net Cash Flows From (Used in) Capital and Related Financing Activities	(497,240)	(9,221,179)	(2,240,483)	-	-	(2,705,984)	-	1,518	(14,663,368)	(21,599,656)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES										
Working Capital Contributions	-	-	-	-	-	-	448,086	(578,067)	(129,981)	5,875,799
CASH FLOWS FROM INVESTING ACTIVITIES										
Investments Purchased	(5,344,646)	(10,676,342)	(1,565,688)	(246,595)	(523,776)	(3,448,623)	(8,401,035)	(878,140)	(31,084,846)	(32,986,947)
Investments Sold	7,484,324	8,679,258	1,492,064	323,363	932,322	3,747,087	11,022,000	1,748,725	35,429,143	13,617,355
Investment Income	298,890	964,565	194,774	28,107	60,473	414,784	894,483	102,135	2,958,210	457,250
Net Cash Flows From Investing Activities	2,438,568	(1,032,520)	121,150	104,874	469,019	713,248	3,515,448	972,719	7,302,507	(18,912,342)
Net Change in Restricted & Unrestricted Cash and Cash Equivalents	2,389,829	9,808,986	2,278,038	82,494	336,977	1,917,281	2,209,801	331,073	19,354,479	(6,501,067)
RESTRICTED & UNRESTRICTED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,753,265	14,279,554	3,777,208	421,183	791,063	7,905,709	16,063,571	1,185,727	48,177,280	54,678,347
RESTRICTED & UNRESTRICTED CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,143,094	\$ 24,088,540	\$ 6,055,246	\$ 503,677	\$ 1,128,039	\$ 9,822,991	\$ 18,273,373	\$ 1,516,800	\$ 67,531,759	\$ 48,177,280
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES										
Operating Income (Loss)	(2,149,414)	7,154,606	3,259,287	(63,375)	-	1,927,467	-	88,493	10,217,062	10,602,555
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities										
Depreciation	2,649,413	12,276,895	1,054,003	63,375	-	1,023,540	-	49,850	17,117,076	17,348,882
Changes in Assets and Liabilities										
Accounts Receivable	(15,922)	1,016,652	350,339	58,292	-	2,223,394	2,202,526	104,199	5,939,480	(3,919,191)
Fuel Inventory	(109,252)	-	(87,495)	-	-	-	-	-	(196,747)	(116,390)
Materials and Supplies Inventory	-	(504,897)	(17,667)	-	-	-	-	-	(522,564)	(1,078,586)
Prepaid Items and Deposits	-	-	-	-	-	-	-	(138,900)	(138,900)	(355,122)
Accounts Payable and Accrued Expense	73,674	119,429	(161,096)	(80,672)	(132,042)	(1,264,384)	(3,956,259)	(168,740)	(5,570,089)	5,652,984
NET CASH FLOWS FROM OPERATING ACTIVITIES	448,501	20,062,685	4,397,371	(22,380)	(132,042)	3,910,018	(1,753,733)	(65,098)	26,845,321	28,135,132
RECONCILIATION OF RESTRICTED & UNRESTRICTED CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION										
Cash & Cash Equivalents	5,093,094	24,088,540	3,951,650	503,677	1,128,039	7,022,376	18,273,373	1,516,800	61,577,549	42,468,008
O&M/Fuel Reserve	1,050,000	-	-	-	-	-	-	-	1,050,000	1,050,000
Restricted Cash - Debt Service	-	-	2,103,596	-	-	2,516,004	-	-	4,619,600	4,574,663
Restricted Cash - Other	-	-	-	-	-	284,610	-	-	284,610	284,610
TOTAL RESTRICTED & UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 6,143,094	\$ 24,088,540	\$ 6,055,246	\$ 503,677	\$ 1,128,039	\$ 9,822,991	\$ 18,273,373	\$ 1,516,800	\$ 67,531,759	\$ 48,377,280
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES										
Net Change in Fair Value of Investments	\$ 212,970	\$ 185,259	\$ 33,808	\$ 8,001	\$ 24,429	\$ 88,418	\$ 272,750	\$ 46,579	\$ 872,214	\$ (1,191,154)

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MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 1 – NATURE OF OPERATIONS

Michigan Public Power Agency (MPPA) is a public body politic and corporate of the State of Michigan created in 1978 under Act 448 of the Public Acts of Michigan, 1976, as amended. MPPA was formed to undertake the planning, financing, development, acquisition, construction, improvement, operation, and maintenance of projects to supply electric power and energy for the present or future needs of its members. Each MPPA member is a municipal corporation organized under the laws of the State of Michigan and owns and operates a municipal electric system. Of MPPA's 22 members, 10 are participants in the Campbell #3 Project, 11 in the Belle River Project, five in the Combustion Turbine Project, 13 in the Transmission Project, 21 in the Energy Services Project, 13 in the AFEC Project, and 14 in the Landfill Renewable Energy Project.

The financial statements of the utility are presented in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units.

Basis of Presentation

The financial activities of MPPA are recorded in separate proprietary funds described as follows:

Project Funds

The Campbell #3, Belle River, Combustion Turbine, Energy Services, Landfill Renewable Energy, AFEC, and Transmission Funds account for the financing and operation of MPPA's interest in the respective projects, whereby costs are recovered through participant charges. The accounts of these Funds are maintained in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission. Enterprise funds are accounted for on an accrual basis with a flow of economic resources measurement focus.

General Fund

The General Fund accounts for financing, through participant charges, the general and administrative activities of MPPA not related to any specific electric power supply project.

Net Position

As required by GASB Statement No. 34, net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, obligations, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 1 – NATURE OF OPERATIONS (cont.)

- *Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is MPPA’s policy to use restricted resources first, then unrestricted resources as they are needed.

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with MPPA’s financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Budgetary Accounting

The Board of Commissioners of MPPA adopts an operating budget each year for all funds, on the same basis of accounting used to reflect actual revenues and expenses in the financial statements. The CEO & General Manager exercises budgetary control.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Operating Revenues

MPPA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods with MPPA’s principal ongoing operations. The principal operating revenues of MPPA are derived from charges to members for sales and services. Operating expenses for MPPA include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Prepaid Expenses and Deposits

Prepayments include costs of expenses paid in advance for which the future benefits have yet to be realized. Prepayments and Deposits are for a) working capital advances to MPPA’s majority-owner operators of its power plants and b) other general and administrative operating costs.

Prepaid Expenses and deposit balances were as follows at December 31:

	<u>2023</u>
Majority Owner Operator	\$5,421,265
Other General Operating Items	<u>617,419</u>
Total Prepaid and Deposits	<u><u>\$6,038,684</u></u>

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 1 – NATURE OF OPERATIONS (cont.)

Accounts Receivable

Accounts receivables are stated at the net invoice amount billed to MPPA's members. Any outstanding receivables are generally collected in full within 15 days of being invoiced. As such, there has been no allowance for doubtful accounts recorded.

Accounts Payable and Accrued Expenses

MPPA pays its plant operators and other third-party energy suppliers according to the terms stated within the individual contracts. Accrued expenses are those expenses related to compensation and benefits that have been earned but not yet paid and are reflected within the balances of the General Fund.

Utility Plant

Additions to and replacements of utility plant are recorded at original cost including any capitalized interest for borrowed funds used to construct the facilities. The Agency will align with the majority owner depreciation schedules when it makes sense to do so. Otherwise, depreciation is recorded using the straight-line method from 3 to 37.5 years.

Inventories

Fuel inventories for the Campbell #3 Project and the Combustion Turbine Project are stated at average cost. As a result of updated information from the operator, DTE Energy, the Belle River fuel inventory has been adjusted to its original cost of acquisition. The materials and supplies inventory for the Belle River Project is controlled by the operator and is stated at average cost. For the Combustion Turbine Project, the materials and supplies inventory are stated at actual cost.

Cash Equivalents

For the purposes of the Statement of Cash Flows, cash equivalents are cash and investments having an initial maturity of three months or less.

Unamortized Premiums and Discounts

Bond premiums and discounts are amortized over the life of the bonds based on the effective interest method. Unamortized premiums and discounts are reported net with Revenue Bonds Payable.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time. In accordance with GASB 83, MPPA will also report certain asset retirement obligations as deferred outflows of resources and amortize those obligations over the remaining life of the related assets. See Note 12 for additional information about Asset Retirement Obligations.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 1 – NATURE OF OPERATIONS (cont.)

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. Gains on advance refundings are classified as deferred inflows of resources and amortized using the effective interest rate method over the repayment period of the affiliated debt.

Taxes

MPPA is exempt from state and federal income taxes.

Compensated Absences

Under terms of employment, employees earn paid time off according to years of service. Employees can accumulate up to thirty days of personal leave. Employees are paid for unused personal leave upon separation of service. MPPA self-funds short-term disability benefits from the 11th to the 30th day of a covered absence. A separate disability insurance policy compensates employees for covered absences that extend beyond the 30th day. These benefits are reported as accrued expenses under the General Fund on the Statement of Net Position.

Comparative Data

Certain amounts presented in the prior year comparative data may have been reclassified in order to be consistent with the current year's presentation.

Member Deposits

Members provide cash to the individual projects to meet working capital and collateral requirements per their contracts. Such amounts are due back to members at the end of the contract.

NOTE 2 – EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has issued Statement No. 99, *Omnibus 2023*, Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*, Statement No. 101, *Compensated Absences* and Statement No. 102, *Certain Risk Disclosures*. Application of these recently issued accounting pronouncements, when effective, may restate portions of these financial statements.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 3 – JOINT PROJECT OWNERSHIP AGREEMENTS

Campbell Unit #3

MPPA and Consumers Energy Company (Consumers) entered into the following agreements dated October 1, 1979, as amended, relating to Consumers' Campbell Unit #3 steam-electric generating unit, which went into commercial operation in September 1980:

The Campbell Ownership Agreement provides for MPPA to own a 4.8% undivided interest in Campbell Unit #3, for Consumers to operate Campbell Unit #3, for the sale of surplus electric capacity to Consumers, for operating costs of Campbell Unit #3 to be shared on a pro rata basis, and for MPPA to purchase an undivided ownership interest in the fuel supply for Campbell Unit #3.

The Campbell Transmission Agreement provides for MPPA to purchase a 58.06% undivided ownership interest in certain Consumers' (now METC) 345 kV transmission lines, the method of determining certain charges for utilization of the METC/(Consumers) transmission system, for the sale to METC/(Consumers) of planned excess transmission capacity, if available, and for sharing transmission line operating expenses.

The Campbell Back-Up Agreement provides for Consumers to make backup electric capacity and energy available to MPPA from its electric system reserves in the event of total or partial unavailability of capacity and energy from Campbell Unit #3, and for determination of the associated backup electric capacity and energy charges to MPPA.

MPPA entered a Power Sales Contract and a Project Support Contract with each of the 10 members who elected to participate in the Campbell #3 Project. These contracts provide for the participant to purchase from MPPA the participant's entitlement share, as defined, of the generation and transmission of the Project.

On January 30, 2013, MPPA completed financing via a private placement bond through BMO Harris Bank N.A. in the amount of \$23,500,000. The funds were used to finance capital improvements to the Campbell #3 power plant and the installation of necessary environmental controls. This bond was paid in full on January 1, 2023.

Belle River Unit No. 1

On December 1, 1982, MPPA and Detroit Edison Company (Edison) entered into the following agreements, as amended, relating to Edison's Belle River Unit No. 1 steam-electric generating unit, part of a two-unit generating station, which went into commercial operation in August 1984:

The Belle River Participation Agreement provides for MPPA to purchase a 37.22% undivided ownership interest in Belle River Unit No. 1 and an undivided ownership interest in certain common and joint facilities associated with Belle River Unit No. 1, for MPPA to purchase an undivided ownership interest in the fuel supply stockpile, for Edison to operate Belle River Units No. 1 and 2, for the sharing of operating costs of both units, for the sale of surplus electric capacity and energy to Edison, and for backup electric capacity and energy from Edison's electric system reserves to be available in the event of total or partial unavailability of power and energy from Belle River. Pursuant to the reliability exchange provisions in the Agreement, MPPA is entitled to 18.61% of the electric capacity and energy from each of the Belle River Units No. 1 and 2.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 3 – JOINT PROJECT OWNERSHIP AGREEMENTS (cont.)

Belle River Unit No. 1

The Belle River Transmission Ownership and Operating Agreement with Edison (now ITC) provided for MPPA to purchase a 50.41% undivided ownership interest in certain 345 kV Transmission Lines, for ITC to operate the transmission lines, for the sharing of operating costs, and for the sale of planned excess transmission capacity to ITC, if any.

MPPA entered into the Belle River Transmission Ownership and Operating Agreement with Consumers Energy (now METC), dated December 1, 1982, as amended, which provides MPPA with a 90% undivided ownership interest in certain METC designated transmission lines, for METC to operate the transmission lines, for the sharing of operating costs.

MPPA entered a Power Sales Contract and a Project Support Contract with each of the 11 members who elected to participate in the Belle River Project. These contracts provide for the participants to purchase from MPPA their entitlement share, as defined, of generation and transmission of the Project. Each participant also shares proportionately in MPPA's sale of excess generating and transmission capacity. Each participant is obligated to pay its share of power, transmission, backup, debt service, and other project-related costs.

Combustion Turbine Project

In 2002, MPPA completed construction of a 60.5 MW (nominal nameplate rating) simple-cycle combustion turbine generating unit fueled with natural gas (the CT Project). The unit is located in Kalkaska County, Michigan. The project included construction of natural gas pipeline and metering equipment to connect to natural gas facilities, a 69kV electrical line tap and associated equipment to deliver the output of the CT Project to the transmission system, and an undivided ownership interest in certain transmission lines on the METC transmission system.

In late 2012, MPPA entered into a long-term supply agreement with ANR Pipeline Company (ANR). ANR owns and operates an existing interstate natural gas pipeline system which transports natural gas to markets located in Michigan near the plant. MPPA has established an interconnection between its facilities at the plant and the natural gas pipeline facilities of ANR to provide for the transportation of natural gas necessary to operation of the plant.

Transmission Project

In 2006, MPPA purchased an undivided ownership in certain 345kV transmission lines in the METC system. 13 members participate in this Project.

AMP Fremont Energy Center Project (AFEC)

In June 2012, MPPA completed its purchase of a 5.16% interest in a combined cycle natural gas fired electric generation facility located in Fremont, Sandusky County, Ohio. American Municipal Power, Inc. is the majority owner of this power plant and serves as the operator. 13 of MPPA's municipal members committed to power purchases under the AFEC Project.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 4 – CASH AND INVESTMENTS

MPPA adopted an investment policy, in accordance with the bond resolutions, that allows it to invest in U.S. Treasury obligations, certain federal agency securities, bonds, direct and general obligations of any state, certificates of deposit with qualified United States institutions, repurchase agreements with qualified institutions, municipal obligations, time deposits, bankers' acceptances, commercial paper, and pooled investment funds.

MPPA's investment in US Government and Agency debt obligations, Municipal Bonds and other permitted investments at year end consists of:

	<u>Bank Value</u>
Restricted & Unrestricted Cash and Cash Equivalents	
Checking	\$ 4,210,663
Money Market Funds	<u>63,321,096</u>
Total Restricted & Unrestricted Cash and Cash Equivalents	67,531,759
Unrestricted Assets Invested	
U.S. Treasury Notes	28,887,447
Agency Notes	2,708,845
Local Government Bonds	<u>360,768</u>
Total Unrestricted Assets Invested	31,957,060
Total Cash & Investments	<u>\$ 99,488,819</u>

Fair Value Measurement

MPPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances, whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. MPPA's assessment of the significance of inputs to these fair value measurements required judgement and considers factors specific to each asset or liability.

As of December 31, 2023, the following investments are recorded at fair value using the Matrix Pricing Technique:

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 4 – CASH AND INVESTMENTS (cont.)

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$ -	\$ 28,887,447	\$ -	\$ 28,887,447
Federal Home Loan Mortgage Association Notes	-	150,100	-	150,100
Federal Farm Credit Bank Notes	-	259,641	-	259,641
Fannie Mae Mortgage Association Notes	-	1,495,704	-	1,495,704
Freddie Mac Mortgage Backed Securities	-	738,624	-	738,624
Local Government Bonds	-	360,768	-	360,768
Federal Home Loan Bank Bonds		64,776		64,776
Total Investments by Fair Value Level	\$ -	\$ 31,957,060	\$ -	\$ 31,957,060

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, MPPA's deposits may not be returned to MPPA. Deposits in banks are insured by the FDIC in the amount of \$250,000 for all interest-bearing accounts.

On December 31, 2023, MPPA had \$62,148,466 in uninsured and uncollateralized deposits. MPPA's investment policy does not require collateralization of deposits but rather restricts the financial institutions that can be used based on the equity and market ratings of the financial institution's debt.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MPPA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. On December 31, 2023, MPPA had \$31,957,060 in investments subject to custodial credit risk. MPPA's policy is to have all investment securities held by its agent in MPPA's name.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 4 – CASH AND INVESTMENTS (cont.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2023, MPPA's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Moody's</u>
US Treasury Bonds	AA+	Aaa
US Agency Securities	AA+	Aaa
Local Government Bonds	AA	Aa1
Money Market Funds	AAA	Aaa

MPPA's investment policy requires that investments be rated AA or equivalent by Standard & Poor's or Moody's. Money market funds are required to be rated AAA or equivalent by Standard & Poor's or Moody's.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of MPPA's investment in a single issuer.

MPPA's investment policy does not limit the amount of the portfolio that can be invested in U.S. government agency securities or any one issuer of such investments. MPPA limits its investment in a single issuer of state and local debt to 33% of its total portfolio. Investments in a single issuer of money market funds are limited to 75% of its total portfolio. All other types of approved investments in a single issuer are limited to 50% of MPPA's total portfolio. MPPA does not have any investments exceeding 5% of its total portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MPPA's investment policy restricts operational funds to maturities of one year or less, reserve, and contingency funds to five years or less, and debt service reserve funds to 10 years or less.

On December 31, 2023, MPPA's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity in years</u>	
		<u>Less than 1 year</u>	<u>1-5 years</u>
US Treasury	\$ 28,887,447	\$ 15,593,002	\$ 13,294,445
Agency Notes	2,708,845	252,851	2,455,994
Local Government Bonds	360,768	360,768	-
Total Investments	\$ 31,957,060	\$ 16,206,621	\$ 15,750,439

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 5 – RESTRICTED ASSETS

MPPA's bond resolutions require the segregation of bond proceeds, establishment of various funds, and prescribe the application of MPPA's revenues. Also, it defines what type of securities MPPA may invest in. The funds established by the resolution are detailed in the Statement of Net Position. MPPA is compliant with all bond resolution funding requirements.

NOTE 6 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 01/01/2023	Additions & Reclasses	Deletions & Reclasses	Balance 12/31/2023
Capital assets:				
Building & Land	\$ 2,253,900	\$ 54,949	\$ -	\$ 2,308,849
Utility Plant in Service	646,995,654	9,489,983	(9,785,160)	646,700,477
Less: Accumulated Depreciation	(456,817,146)	(16,410,812)	9,785,160	(463,442,798)
Net Utility Plant	\$ 192,432,408	\$ (6,865,880)	\$ -	\$ 185,566,528

Campbell #3 Project

Consumers Energy ("CE") obtained regulatory approval of a settlement agreement from the Michigan Public Service Commission ("MPSC Order") on June 23, 2022. The Order was appealed by Wolverine Power Supply Cooperative. The appeal was denied by the Court of Appeals on March 23, 2023. The MPSC Order approved, among other things, accelerating the retirement by 15 years of the J.H. Campbell facility (Units 1, 2 and 3) to a date to occur on or before May 31, 2025. The authorization to early retire J.H. Campbell was tied to several other provisions but two key provisions related to replacement of the lost power supply and accounting regulatory treatment of the undepreciated rate base of the J.H Campbell facility:

1. Authorization granted to CE to purchase, and rate base the New Covert Generation Station (1,000 MW CCGT)
2. Permission for CE to recover the unrecovered book balance of J.H. Campbell facility through the Company's proposed regulatory asset treatment, with a return on capital equal to the Company's weighted average cost of capital ("WACC") through 2039.

MPPA considers this a temporary impairment in accordance with GASB 43, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* and has continued to depreciate the asset on the same useful life as CE (see #2 above...CE will depreciate through 2039) and when the plant is officially retired, MPPA will recognize an impairment loss.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 7 – NON-CURRENT LIABILITIES

AFEC Project Revenue Bonds

The following bonds have been issued by MPPA:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>
Ocotber 6,2021	Refinancing of 2012 Bonds	1/1/2032	1.58%	\$ 24,610,000

The following obligations are outstanding at 12/31/2023:

2021 Series A Bonds	\$ 22,320,000
Less: Current Portion	(2,330,000)
Total	<u>\$ 19,990,000</u>

MPPA's annual debt service requirements are collected from participating member municipalities and from transfers from the project account during the period preceding the required interest and principal payments. Debt service requirements to be collected during each of the five years following December 31, 2023, and in five-year increments thereafter to maturity, are as follows:

Year Ending December 31	Principal	Interest	Total
2024	2,330,000	352,656	2,682,656
2025	2,365,000	315,842	2,680,842
2026	2,400,000	278,475	2,678,475
2027	2,440,000	240,555	2,680,555
2028	2,475,000	202,003	2,677,003
2029-2032	10,310,000	410,247	10,720,247
Total	<u>\$ 22,320,000</u>	<u>\$ 1,799,778</u>	<u>\$ 24,119,778</u>

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 7 – NON-CURRENT LIABILITIES (cont.)

AFEC Project Revenue Bonds (cont.)

Non-Current Liabilities as of December 31, 2023:

	01/01/2023			12/31/2023
	Balance	Additions	Reductions	Balance
Revenue Bonds	\$ 24,610,000	\$ -	\$ (2,290,000)	\$ 22,320,000
Current Maturities	(2,290,000)	(40,000)	-	(2,330,000)
Total Non-Current Liabilities	\$ 22,320,000	\$ (40,000)	\$ (2,290,000)	\$ 19,990,000

Direct Placement

MPPA entered a direct placement of its debt for the AFEC 2021 Series A Refunding Revenue bonds in the amount of \$24,610,000. The bonds are subject to the terms and conditions of the original bond resolution. As a covenant of the refunding, MPPA agrees to maintain \$3 million in unrestricted funds in an account with the purchasing bank of the direct placement. There are no additional covenants associated with the direct placement debt or additional finance related consequences related to significant events of default, termination events or subjective acceleration clauses.

Combustion Turbine Project Revenue Bonds

The following bonds have been issued by MPPA:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>
October 30, 2020	Refinancing of 2011 bonds	1/1/2027	1.33%	\$ 12,305,000

The following obligations are outstanding at 12/31/2023:

2020 Series A Bonds	\$ 8,330,000
Less: Current Portion	(2,040,000)
Total	<u>\$ 6,290,000</u>

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 7 – NON-CURRENT LIABILITIES (cont.)

Combustion Turbine Project Revenue Bonds (cont.)

MPPA's annual debt service requirements are collected from participating member municipalities and from transfers from the project account during the period preceding the required interest and principal payments. Debt service requirements to be collected during each of the remaining six years following December 31, 2023, are as follows:

Year Ending December 31	Principal	Interest	Total
2024	2,040,000	110,789	2,150,789
2025	2,070,000	83,657	2,153,657
2026	2,095,000	56,126	2,151,126
2027	2,125,000	28,263	2,153,263
Total	\$ 8,330,000	\$ 278,835	\$ 8,608,835

Non-Current Liabilities as of December 31, 2023:

	01/01/2023 Balance	Additions	Reductions	12/31/2023 Balance
Revenue Bonds	\$ 10,340,000	\$ -	(2,010,000)	\$ 8,330,000
Current Maturities	(2,010,000)	(30,000)	-	(2,040,000)
Total Non-Current Liabilities	\$ 8,330,000	\$ (30,000)	\$ (2,010,000)	\$ 6,290,000

Direct Placement

MPPA entered a direct placement of its debt for the Combustion Turbine 2020 Series A Refunding Revenue bonds in the amount of \$12,305,000. The bonds are subject to the terms and conditions of the original bond resolution. As a covenant of the refunding, MPPA agrees to maintain \$1 million in unrestricted funds in an account with the purchasing bank of the direct placement. There are no additional covenants associated with the direct placement debt or additional finance related consequences related to significant events of default, termination events or subjective acceleration clauses.

Campbell #3 Project

Non-current Liabilities as of December 31, 2023:

	01/01/2023 Balance	Additions	Reductions	12/31/2023 Balance
Asset Retirement Obligation	\$ 4,586,626	\$ 216,542	\$ -	\$ 4,803,167
Member Deposits	760,145	-	-	760,145
Total Non-Current Liabilities	\$ 5,346,771	\$ 216,542	\$ -	\$ 5,563,312

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 7 – NON-CURRENT LIABILITIES (cont.)

Belle River Project

Non-current Liabilities as of December 31, 2023:

	01/01/2023 Balance	Additions	Reductions	12/31/2023 Balance
Asset Retirement Obligation	\$ 743,489	\$ -	\$ (56,366)	\$ 687,123
Member Deposits	3,270,000	620,000	-	3,890,000
Total Non-Current Liabilities	\$ 4,013,489	\$ 620,000	\$ (56,366)	\$ 4,577,123

Energy Services Project

Non-current Liabilities as of December 31, 2023:

	01/01/2023 Balance	Additions	Reductions	12/31/2023 Balance
Member Deposits	\$ 21,277,011	\$ 448,086	\$ -	\$ 21,725,098
Total Non-Current Liabilities	\$ 21,277,011	\$ 448,086	\$ -	\$ 21,725,098

Landfill Renewable Energy Project

Non-current Liabilities as of December 31, 2023:

	01/01/2023 Balance	Additions	Reductions	12/31/2023 Balance
Member Deposits	\$ 133,505	\$ -	\$ -	\$ 133,505
Total Non-Current Liabilities	\$ 133,505	\$ -	\$ -	\$ 133,505

General Fund

Non-current Liabilities as of December 31, 2023:

	01/01/2023 Balance	Additions	Reductions	12/31/2023 Balance
Member Deposits	\$ 578,067	\$ -	\$ (578,067)	\$ -
Total Non-Current Liabilities	\$ 578,067	\$ -	\$ (578,067)	\$ -

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 8 – EMPLOYEE RETIREMENT PLAN

MPPA employees are covered by a defined contribution retirement pension plan, the Michigan Public Power Agency Plan (the “Plan”), which is administered by Mission Square. MPPA makes an annual contribution based on a percentage of employee earnings on behalf of each employee. The plan follows the Standard 401(a) plan offered by Mission Square. Required contributions by MPPA are 15% of employee salaries. Employees do not make contributions to the Plan. The contribution requirements are established and can be amended by the MPPA Board of Commissioners. Total contributions to the plan by MPPA for the years ended December 31, 2023, 2022, and 2021 were approximately \$414,600, \$402,399, and \$379,500, respectively.

NOTE 9 – CONTRACTS AND COMMITMENTS

Contract with Consumers Energy

MPPA contracted with Consumers to purchase fuel coal to maintain a stockpile level of 13,708 wet tons for the Campbell Unit #3 plant for the 2023 calendar year. The coal is purchased at the prevailing market price at the time of delivery. MPPA also purchased an additional stockpile of coal as a substitute for its proportionate interest in the materials and supply inventory at Campbell Unit #3. This stockpile is maintained at a level to approximate MPPA’s ownership interest in the materials and supply inventory at the Campbell plant.

Power Purchase Agreements

The Agency has entered into long-term contracts for the purchase of capacity and energy to meet the anticipated load requirements of its members.

NOTE 10 – RISK MANAGEMENT

MPPA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers’ compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles.

There have been no claims in any of the past two years. MPPA is committed to maintaining adequate amounts of coverage to insure against these risks.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 11 – CONCENTRATION OF RISK

Credit risk represents the risk of loss that would occur if customers do not meet their financial obligations to MPPA. Concentration of risk occurs when significant customers possess similar characteristics that would cause their ability to meet contractual obligations to be affected by the same events.

MPPA has one member who is considered a significant customer that accounted for \$61.7 million (23.5%) of MPPA gross revenues in 2023.

NOTE 12 – BOND COVENANT DISCLOSURES

Combustion Turbine Project

Compliance with Funding Requirements

Debt Service Coverage

	<u>2023</u>
Gross Operating Revenues	\$ 8,735,153
Investment Income	200,241
Gross Defined Revenues	<u>8,935,394</u>
Operating Expenses	5,475,866
Less: Depreciation	<u>(1,054,003)</u>
Gross Defined Expenses	4,421,863
Net Defined Earnings	<u>\$ 4,513,531</u>
Debt Service (Principal, Interest, Reserve Contribution)	2,150,789
Required Revenues (1.1x Debt Service)	2,365,868
Revenues in Excess of Coverage Requirements	<u><u>\$ 2,147,663</u></u>

All project revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are retired.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 12 – BOND COVENANT DISCLOSURES (cont.)

AFEC Project

Compliance with Funding Requirements

Debt Service Coverage

	<u>2023</u>
Gross Operating Revenues	\$ 12,066,968
Other Revenues	424,829
Gross Defined Revenues	<u>12,491,797</u>
Operating Expenses	10,139,501
Less: Depreciation	<u>(1,023,540)</u>
Gross Defined Expenses	9,115,961
Net Defined Earnings	<u>\$ 3,375,836</u>
Debt Service (Principal, Interest, Reserve Contribution)	2,682,656
Required Revenues (1.1x Debt Service)	2,950,922
Revenues in Excess of Coverage Requirements	<u><u>\$ 424,915</u></u>

All project revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are retired.

MICHIGAN PUBLIC POWER AGENCY

Notes to Financial Statements

December 31, 2023

NOTE 13 – ASSET RETIREMENT OBLIGATIONS (cont.)

MPPA follows GASB Statement 83 *Certain Asset Retirement Obligations*, which addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets that are incurred upon the acquisition, construction, development, or normal operation of the assets. MPPA's asset retirement obligations consist primarily of costs associated with the closure of ash and scrubber ponds at MPPA's jointly owned plants, of which, MPPA owns a minority share. Per GASB 83, asset retirement obligations are recognized in the period in which they are incurred if a reasonable estimate of fair value can be made. The asset retirement obligations are accreted to their present value at the end of each reporting period. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over their useful life. MPPA uses information from DTE and Consumers Energy to estimate the cash flows to determine the obligation.

Balances as of December 31, 2023, are as follows:

<u>Asset Retirement Obligations</u>	<u>Belle River</u>	<u>Campbell #3</u>	<u>Total</u>
Opening Balance	\$743,489	\$4,586,626	\$5,330,115
Accretion and Adjustments	\$ (56,366)	\$216,542	\$160,175
Ending Balance	<u>\$687,123</u>	<u>\$4,803,167</u>	<u>\$5,490,290</u>

MPPA's ownership percentage in the Belle River Project and Campbell #3 Project is 18.61% and 4.8%, respectively.

S U P P L E M E N T A L I N F O R M A T I O N

**MICHIGAN PUBLIC POWER AGENCY
CAMPBELL #3 PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023 ACTUAL	UNAUDITED 2023 BUDGET	OVER (UNDER) 2023 BUDGET	2022 ACTUAL
OPERATING REVENUE				
Energy	\$ 2,909,206	\$ 2,816,268	\$ 92,938	\$ 3,800,458
Transmission	1,482,746	1,892,984	(410,238)	1,527,847
Fuel	6,188,841	7,522,142	(1,333,301)	6,505,971
TOTAL OPERATING REVENUE	10,580,793	12,231,394	(1,650,601)	11,834,276
OPERATING EXPENSE				
PRODUCTION				
Fuel	6,188,841	7,522,142	(1,333,301)	6,505,971
Operations & Maintenance	1,860,066	1,651,680	208,386	2,036,460
MISO Market Overhead Fee	42,159	40,000	2,159	42,689
Total Operations & Maintenance Expense	8,091,066	9,213,822	(1,122,756)	8,585,120
TRANSMISSION				
Operations & Maintenance	348,663	750,137	(401,474)	502,728
Utilization Charge	1,134,083	1,142,847	(8,764)	1,025,119
Total Transmission Expense	1,482,746	1,892,984	(410,238)	1,527,847
ADMINISTRATIVE & GENERAL				
CECo	36,894	225,000	(188,106)	78,901
MPPA				
Salaries and Benefits	244,205	267,406	(23,201)	293,819
Outside Services	178,302	80,730	97,572	76,435
All Other A & G	47,581	51,452	(3,871)	72,153
Total Administrative & General Expense	506,982	624,588	(117,606)	521,308
DEPRECIATION	2,649,413	14,956,680	(12,307,267)	2,521,025
TOTAL OPERATING EXPENSE	12,730,207	26,688,074	(13,957,867)	13,155,300
OPERATING INCOME (LOSS)	(2,149,414)	(14,456,680)	12,307,266	(1,321,024)
OTHER REVENUE (EXPENSE)				
Interest Income	298,542	110,000	188,542	97,081
Net Change in Fair Value of Investments	212,970	-	212,970	(385,189)
TOTAL OTHER REVENUE (EXPENSE)	511,512	110,000	401,512	(288,108)
CHANGE IN NET POSITION	\$ (1,637,902)	\$ (14,346,680)	\$ 12,708,778	\$ (1,609,132)

**MICHIGAN PUBLIC POWER AGENCY
BELLE RIVER PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023 ACTUAL	UNAUDITED 2023 BUDGET	OVER (UNDER) 2023 BUDGET	2022 ACTUAL
OPERATING REVENUE				
Energy	\$ 34,543,028	\$ 42,596,975	\$ (8,053,947)	\$ 47,346,852
Transmission	4,553,899	5,572,955	(1,019,056)	6,043,019
Fuel	32,128,463	33,231,758	(1,103,295)	35,225,256
TOTAL OPERATING REVENUE	71,225,390	81,401,688	(10,176,298)	88,615,127
OPERATING EXPENSE				
PRODUCTION				
Fuel	32,128,463	33,231,758	(1,103,295)	35,225,256
Operations & Maintenance	10,668,243	18,555,468	(7,887,225)	22,146,192
Reactive Revenue Distribution	36,609	(490,000)	526,609	(505,985)
MISO Market Overhead Fee	224,996	200,000	24,996	209,184
Total Operations & Maintenance Expense	43,058,311	51,497,226	(8,438,915)	57,074,647
TRANSMISSION				
Operations & Maintenance	2,171,844	2,927,778	(755,934)	2,842,630
Utilization Charge	7,456,154	7,386,449	69,705	6,638,490
ITC Revenue Distribution	(5,364,212)	(4,741,272)	(622,940)	(3,745,682)
Total Transmission Expense	4,263,786	5,572,955	(1,309,169)	5,735,438
ADMINISTRATIVE & GENERAL				
DECo	3,442,851	3,772,033	(329,182)	3,389,087
ITC	288,506	320,000	(31,494)	304,242
MPPA				
Salaries & Benefits	361,913	376,623	(14,710)	424,206
Outside Services	315,019	361,649	(46,630)	186,201
All Other A & G	63,503	69,702	(6,199)	101,306
Total Administrative & General Expense	4,471,792	4,900,007	(428,215)	4,405,042
DEPRECIATION	12,276,895	13,396,028	(1,119,133)	12,306,248
TOTAL OPERATING EXPENSE	64,070,784	75,366,216	(11,295,432)	79,521,375
OPERATING INCOME (LOSS)	7,154,606	6,035,472	1,119,134	9,093,752
OTHER REVENUE (EXPENSE)				
Interest Income	1,008,316	100,000	908,316	123,640
Net Change in Fair Value of Investments	185,259	-	185,259	(250,404)
TOTAL OTHER REVENUE (EXPENSE)	1,193,575	100,000	1,093,575	(126,764)
CHANGE IN NET POSITION	\$ 8,348,181	\$ 6,135,472	\$ 2,212,709	\$ 8,966,988

**MICHIGAN PUBLIC POWER AGENCY
COMBUSTION TURBINE PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2023 AND 2022**

	UNAUDITED OVER (UNDER)			
	2023 ACTUAL	2023 BUDGET	2023 BUDGET	2022 ACTUAL
OPERATING REVENUE				
Energy	\$ 6,002,445	\$ 5,529,757	\$ 472,688	\$ 3,806,773
Transmission	1,382,317	1,915,342	(533,025)	1,609,925
Fuel	1,350,391	3,866,721	(2,516,330)	2,963,361
TOTAL OPERATING REVENUE	8,735,153	11,311,820	(2,576,667)	8,380,059
OPERATING EXPENSE				
Production				
Fuel	1,350,391	3,866,721	(2,516,330)	2,963,361
Operations & Maintenance	789,489	810,419	(20,930)	723,705
MISO Market Overhead Fee	7,689	15,000	(7,311)	14,058
Total Operations & Maintenance Expense	2,147,569	4,692,140	(2,544,571)	3,701,124
TRANSMISSION				
Operations & Maintenance	1,071,751	1,292,518	(220,767)	1,279,134
ADMINISTRATIVE & GENERAL				
Traverse City	486,574	445,500	41,074	462,501
MPPA				
Salaries & Benefits	260,367	277,107	(16,740)	261,584
Outside Services	224,547	78,568	145,979	90,094
All Other A & G	231,055	212,697	18,358	208,101
Total Administrative & General Expense	1,202,543	1,013,872	188,671	1,022,280
DEPRECIATION	1,054,003	1,107,840	(53,837)	1,003,956
TOTAL OPERATING EXPENSE	5,475,866	8,106,370	(2,630,504)	7,006,494
OPERATING INCOME (LOSS)	3,259,287	3,205,450	53,837	1,373,565
OTHER REVENUE (EXPENSE)				
Interest Income	200,241	24,000	176,241	47,838
Amortization	40,617	40,617	-	50,419
Interest Expense	(107,344)	(110,789)	3,445	(137,522)
Net Change in Fair Value of Investments	33,808	-	33,808	(41,631)
TOTAL OTHER REVENUE (EXPENSE)	167,322	(46,172)	213,494	(80,896)
CHANGE IN NET POSITION	\$ 3,426,609	\$ 3,159,278	\$ 267,331	\$ 1,292,669

**MICHIGAN PUBLIC POWER AGENCY
TRANSMISSION PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023 ACTUAL	UNAUDITED 2023 BUDGET	OVER (UNDER) 2023 BUDGET	2022 ACTUAL
OPERATING REVENUE				
Transmission Revenue	\$ 1,164,872	\$ 1,272,582	\$ (107,710)	\$ 1,260,257
Joint Zone Transmission Revenue	5,798,705	5,956,661	(157,956)	5,810,239
Joint Zone Transmission Distribution	(5,754,180)	(5,912,171)	157,991	(5,766,331)
TOTAL OPERATING REVENUE	1,209,397	1,317,072	(107,675)	1,304,165
OPERATING EXPENSE				
TRANSMISSION				
Operations & Maintenance	966,340	1,163,186	(196,846)	1,151,219
Joint Zone Operations & Maintenance	31,200	31,200	-	31,200
Total Transmission Expense	997,540	1,194,386	(196,846)	1,182,419
ADMINISTRATIVE & GENERAL				
MPPA				
Salaries & Benefits	64,058	75,577	(11,519)	79,718
Outside Services	130,931	28,987	101,944	17,366
All Other A & G	16,868	18,122	(1,254)	24,662
Total Administrative & General Expense	211,857	122,686	89,171	121,746
DEPRECIATION	63,375	63,375	-	63,375
TOTAL OPERATING EXPENSE	1,272,772	1,380,447	(107,675)	1,367,540
OPERATING INCOME (LOSS)	(63,375)	(63,375)	-	(63,375)
OTHER REVENUE (EXPENSE)				
Interest Income	28,585	3,600	24,985	5,983
Net Change in Fair Value of Investments	8,001	-	8,001	(9,248)
TOTAL OTHER REVENUE (EXPENSE)	36,586	3,600	32,986	(3,265)
CHANGE IN NET POSITION	\$ (26,789)	\$ (59,775)	\$ 32,986	\$ (66,640)

**MICHIGAN PUBLIC POWER AGENCY
LANDFILL PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023 ACTUAL	UNAUDITED 2023 BUDGET	OVER (UNDER) 2023 BUDGET	2022 ACTUAL
OPERATING REVENUE				
Energy	\$ 13,406,625	\$ 15,452,009	\$ (2,045,384)	\$ 13,828,056
Sale of RECs	(892,288)	(638,148)	(254,140)	(902,957)
TOTAL OPERATING REVENUE	12,514,337	14,813,861	(2,299,524)	12,925,099
OPERATING EXPENSE				
PURCHASED POWER				
Energy	13,264,924	15,292,768	(2,027,844)	13,664,471
REC Disbursement	(892,288)	(638,148)	(254,140)	(902,957)
Total Purchased Power	12,372,636	14,654,620	(2,281,984)	12,761,514
ADMINISTRATIVE & GENERAL				
MPPA				
Salaries & Benefits	104,252	117,489	(13,237)	114,807
Outside Services	15,847	19,342	(3,495)	19,320
All Other A & G	21,602	22,410	(808)	29,458
Total Administrative & General Expense	141,701	159,241	(17,540)	163,585
TOTAL OPERATING EXPENSE	12,514,337	14,813,861	(2,299,524)	12,925,099
OPERATING INCOME (LOSS)	-	-	-	-
OTHER REVENUE (EXPENSE)				
Interest Income	60,425	9,000	51,425	12,580
Net Change in Fair Value of Investments	24,429	-	24,429	(26,468)
TOTAL OTHER REVENUE (EXPENSE)	84,854	9,000	75,854	(13,888)
CHANGE IN NET POSITION	\$ 84,854	\$ 9,000	\$ 75,854	\$ (13,888)

MICHIGAN PUBLIC POWER AGENCY
AFEC PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2023 AND 2022

	2023 ACTUAL	UNAUDITED 2023 BUDGET	OVER (UNDER) 2023 BUDGET	2022 ACTUAL
OPERATING REVENUE				
Energy & Capacity	\$ 12,066,968	\$ 15,004,475	\$ (2,937,507)	\$ 15,018,990
TOTAL OPERATING REVENUE	12,066,968	15,004,475	(2,937,507)	15,018,990
OPERATING EXPENSE				
PRODUCTION				
Fuel	5,040,629	7,653,992	(2,613,363)	8,727,650
Fixed Operations & Maintenance	1,819,081	1,819,083	(2)	1,544,006
Variable Operations & Maintenance	358,705	384,522	(25,817)	418,285
PJM Replacement Power	155,428	200,000	(44,572)	536,325
Reactive Revenue Distribution	(110,159)	(110,159)	-	(110,159)
Capacity Credit	(778,389)	(518,283)	(260,106)	(1,256,419)
MISO Capacity Purchase	1,572,264	1,572,508	(244)	1,522,500
Total Operations & Maintenance Expense	8,057,559	11,001,663	(2,944,104)	11,382,188
TRANSMISSION				
LMP Price Differential	648,303	585,567	62,736	176,330
ADMINISTRATIVE & GENERAL				
AMP	105,609	113,210	(7,601)	127,687
MPPA				
Salaries and Benefits	217,006	252,539	(35,533)	261,113
Outside Services	42,827	52,454	(9,627)	53,644
All Other A & G	44,657	48,042	(3,385)	67,321
Total Administrative & General Expense	410,099	466,245	(56,146)	509,765
DEPRECIATION	1,023,540	862,000	161,540	1,400,592
TOTAL OPERATING EXPENSE	10,139,501	12,915,475	(2,775,974)	13,468,875
OPERATING INCOME (LOSS)	1,927,467	2,089,000	(161,533)	1,550,115
OTHER REVENUE (EXPENSE)				
Interest Income	424,829	52,000	372,829	84,886
Amortization	154,006	154,006	-	169,807
Interest Expense	(352,656)	(352,656)	-	(388,838)
Net Change in Fair Value of Investments	88,418	-	88,418	(106,813)
TOTAL OTHER REVENUE (EXPENSE)	314,597	(146,650)	461,247	(240,958)
CHANGE IN NET POSITION	\$ 2,242,064	\$ 1,942,350	\$ 299,714	\$ 1,309,157

**MICHIGAN PUBLIC POWER AGENCY
ENERGY SERVICES PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023 ACTUAL	UNAUDITED 2023 BUDGET	OVER (UNDER) 2023 BUDGET	2022 ACTUAL
OPERATING REVENUE				
Energy & Capacity	\$ 70,783,225	\$ 86,121,315	\$ (15,338,090)	\$ 63,220,280
Transmission	26,942,642	31,653,338	(4,710,696)	27,713,544
MISO Energy Market Sales	41,997,420	35,760,189	6,237,231	67,447,120
TOTAL OPERATING REVENUE	139,723,287	153,534,842	(13,811,555)	158,380,944
OPERATING EXPENSE				
Purchased Power				
Energy & Capacity	85,511,951	83,618,217	1,893,734	77,815,500
Energy Market Overhead Fee	814,916	1,210,000	(395,084)	1,151,698
Energy Market Purchases	23,522,736	35,760,189	(12,237,453)	50,646,562
Reactive Revenue Distribution	218,334	(300,000)	518,334	(440,588)
REC Purchases	949,239	-	949,239	(275,593)
Total Purchased Power Expense	111,017,176	120,288,406	(9,271,230)	128,897,579
TRANSMISSION				
Operations & Maintenance	25,101,204	28,297,452	(3,196,248)	24,045,878
Transmission Transfer to TSC	1,841,439	3,355,885	(1,514,446)	3,667,667
Total Transmission Expense	26,942,643	31,653,337	(4,710,694)	27,713,545
ADMINISTRATIVE & GENERAL				
MPPA				
Salaries & Benefits	904,443	967,103	(62,660)	940,070
Outside Services	696,138	447,668	248,470	589,300
All Other A & G	162,887	178,328	(15,441)	240,450
Total Administrative & General Expense	1,763,468	1,593,099	170,369	1,769,820
TOTAL OPERATING EXPENSE	139,723,287	153,534,842	(13,811,555)	158,380,944
OPERATING INCOME (LOSS)	-	-	-	-
OTHER REVENUE (EXPENSE)				
Interest Income	910,750	115,000	795,750	167,577
Net Change in Fair Value of Investments	272,750	-	272,750	(320,681)
TOTAL OTHER REVENUE (EXPENSE)	1,183,500	115,000	1,068,500	(153,104)
CHANGE IN NET POSITION	\$ 1,183,500	\$ 115,000	\$ 1,068,500	\$ (153,104)

**MICHIGAN PUBLIC POWER AGENCY
GENERAL FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2023 AND 2022**

	OVER (UNDER)			
	2023 ACTUAL	2023 BUDGET	2023 BUDGET	2022 ACTUAL
OPERATING REVENUE				
Participant Dues & Assessments	\$ 1,203,110	\$ 1,182,470	\$ 20,640	\$ 973,106
Charges for Services:				
Allocated Expenses (Projects)	-	-	-	171,752
MMEA Charges	497,670	457,108	40,562	449,872
Total Committee Revenues	2,122,242	2,960,754	(838,512)	1,484,781
Miscellaneous	-	-	-	14,500
TOTAL OPERATING REVENUE	3,823,022	4,600,332	(777,310)	3,094,011
OPERATING EXPENSE				
ADMINISTRATIVE & GENERAL				
MMEA - Direct Expenses	445,590	405,028	40,562	401,872
Service Committee - Direct Expenses	2,021,442	2,856,223	(834,781)	1,404,159
Salaries & Benefits	447,205	489,280	(42,075)	502,204
Office Supplies & Expense	22,555	29,900	(7,345)	32,608
Insurance	72,548	70,994	1,554	71,184
Outside Services	123,252	173,581	(50,329)	123,355
Meeting & Travel	27,869	41,019	(13,150)	24,742
Rent & Building Maintenance	30,982	41,692	(10,710)	31,952
Miscellaneous	6,150	6,150	-	6,150
Dues & Assessments	487,086	469,138	17,948	472,577
Total Administrative & General Expense	3,684,679	4,583,005	(898,326)	3,070,802
DEPRECIATION	49,850	52,728	(2,878)	53,686
TOTAL OPERATING EXPENSE	3,734,529	4,635,733	(901,204)	3,124,488
OPERATING INCOME (LOSS)	88,493	(35,401)	123,894	(30,477)
OTHER REVENUE (EXPENSE)				
Interest Income	101,250	55,000	46,250	27,249
Net Change in Fair Value of Investments	46,579	-	46,579	(50,720)
Recognized Building Lease Income	58,555	66,192	(7,637)	66,192
Miscellaneous	(870)	-	(870)	-
TOTAL OTHER REVENUE (EXPENSE)	205,515	121,192	84,322	42,721
CHANGE IN NET POSITION	\$ 294,008	\$ 85,791	\$ 208,216	\$ 12,244