

Reliability You Can Depend On



ANNUAL REPORT | 2023

WH | Wright-Hennepin Cooperative Electric Association

A Touchstone Energy® Cooperative 

Letter to the membership

From the Board Chair and President & CEO

Reliability You Can Depend On

Think about it: how important is reliable electricity to you? How central is it to your overall quality of life from cooking, lighting and cleaning to phone charging to space and water heating?

For most of us, modern life quickly becomes unfamiliar, even unimaginable, without the essential service of electricity. And for good reason: without electric service, 21st Century life in America looks a lot more like the 19th Century. In fact, according to the Ohio State University, electric light is the second most important human invention in the past 1,000 years, behind only the printing press.

As your local, member-owned electric cooperative, Wright-Hennepin (WH) is proud to be your provider of safe, reliable and affordable power. And while many of us understandably take reliable power for granted, its 24/7/365 delivery is anything but simple and automatic. And for lots of reasons, the delivery of reliable power is getting ever more challenging and complicated. We'll share more about this at our 2023 WH Annual Meeting, to be held at 7 p.m. on Thursday, April 20.

But for now, let's consider all the ways WH provides reliability you can depend on.

RELIABLE FOR SERVICE:

Of course, the first way WH is reliable is by providing round-the-clock service. Consider:

- In 2022, our members were without power about a half-hour (29 minutes) on average. When members did experience an outage, they were without power, on average, less than 68 minutes. When compared to more than 800 electric co-op distribution systems nationwide, these results put WH in the top 10% for reliability.
- In the past five years alone, WH has added 5,225 new services, installed 221.8 miles of line and added more than \$27.7 million to our net utility plant to keep our system modern and reliable. On top of this, we have built or rebuilt five substations and plan to spend \$17.5 million in 2023 upgrading our grid!
- Members who also use WH Security to protect their home or business enjoy the reliability of round-the-clock alarm monitoring. Similarly, in 2022, 1,163 consumers enjoyed the peace of mind that comes from limiting exposure to expensive repair bills through WH Appliance Repair.

RELIABLE FOR COMPETITIVE PRICING AND CAPITAL CREDIT REFUNDS:

WH also reliably delivers extremely competitive pricing and regular capital credit refunds. Consider:

- In 2022, the typical monthly residential bill for a WH member was 12.43% less than Xcel. When you consider the impact of our Energy-Saving Programs, the WH advantage swells to 16.41%. And when 2022 capital credit refunds are added, the difference between WH and Xcel balloons to 19.99%. In fact, considering the April and December 2022 capital credit refunds together, members received a median refund of \$69.
- And speaking of capital credits, WH continues to speed up its refunds to members. In just seven years, WH has reduced the period we borrow money from members from 27 years to 20.

RELIABLE FOR SPECIAL MEMBER BENEFITS:

Bear in mind too that member benefits extend far beyond competitive general service rates and refunds. Consider:

- WH offers Energy-Saving Programs on everything from electric water and space heating to dual fuel to air conditioning (AC), with rates up to half-off regularly priced electricity. And while some of our legacy programs have been repriced, they still deliver discounts to you.
- For as little as a dollar a month, you can support the development of renewables on the grid or offset part of your bill with a fixed solar rate. 283 consumers are already taking part as participants in our Renewable and Solar Choice programs.
- WH also offers rebates of up to \$1,000 to electric vehicle (EV) users who install a charging station with a load controller already built into it. This allows immediate plug-in but delays charging to when costs are low. In fact, WH is so committed to delivering best-in-class EV charging solutions to our members that we made an equity investment in a charging company, ZEF Energy.



Erick Heinz
Board Chair



Tim Sullivan
President & CEO

RELIABLE FOR NEXT-GENERATION TECHNOLOGY:

- WH has now deployed more than 49,000 Advanced Meter Infrastructure (AMI) meters, which allow us to read meters not just daily but hourly. By the end of next year, our entire system will be upgraded. These new meters will increase energy information to members and allow WH to operate our grid more efficiently.
- WH is replacing and upgrading 16,500 demand management receivers – the small devices on an air conditioner or water heater that allows us to control electric load. This will allow us to offer off-peak saving programs for years to come.

RELIABLE IN THE COMMUNITY:

Our membership has also come to see WH as a reliable partner in the community too. Consider:

- In 2022, through Wright-Hennepin Trust (Operation Round Up), WH members contributed nearly \$230,000 to more than 50 charities, non-profits and local community groups. Operation Round Up is funded by our members, who voluntarily round up their bills each month to give back to those in need.
- In 2022, WH also participated in four area parades, sponsored the Wright County Fair and a special EV Ride and Drive Event, organized a Fall Festival and Community lunch and conducted a children's holiday coloring contest. Our Annual Meeting was broadcast livestream and was restructured to limit attendance to protect health and safety.

We hope you share our pride in WH's strong record of reliable service for you and your family. We look forward to continuing to deliver the essential, life-changing service of electricity for years to come.

Erick Heinz,
Board Chair

Tim Sullivan,
President & CEO

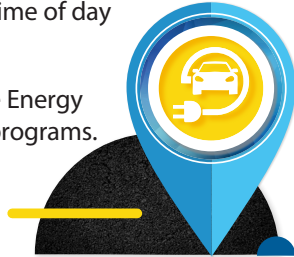
Energy initiatives

Two ways to save on electric vehicle charging

Storage Charge: Allows charging for eight hours a day at a discounted rate.

Time-of-Use: Allows charging any time of day with a varied rate based on time.

WH sells ZEF charging stations at the Energy Wise MN store that work with both programs. Rebates are also available.

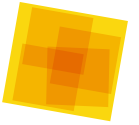


Rebates

WH offers rebates and special rates on EVs, water heaters, home heating, and home cooling. Check whe.org for more information.

Renewable Program Options

Solar Choice: Offsets an amount of your electric bill with a fixed solar rate.



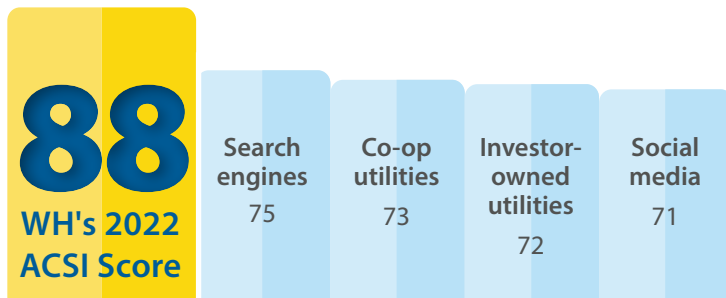
Renewable Choice: Allows WH to match up to 100% of your energy consumption with Renewable Energy Credits generated by renewable resources.

Enter to win the output of WH's solar panels! Learn more at <http://bit.ly/2re3mGN>

Service performance

WH is celebrating 86 years of Reliability You Can Depend On. Your co-op is proud to deliver best-in-class performance and valuable products and services to you, our member-owners. The Cooperative Advantage is shown through capital credit refunds, returned to members for 42 consecutive years, as well as excellent reliability and high member satisfaction scores. Learn more about WH's commitment to you at whe.org.

The Cooperative Advantage makes a difference:



WH uses the American Customer Satisfaction Index (ACSI) survey questions to collect your feedback.

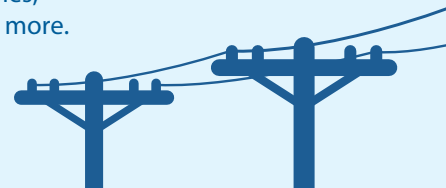
The Cooperative Advantage

IN 2022, WH RETURNED
\$6.05 million
IN CAPITAL CREDITS TO MEMBERS!

Capital credits are remaining margins returned to members after WH uses the capital to offset the cost of providing services. In the last five years, WH has returned more than \$23.05 million in general and special capital credits!

IN 2022, WH INVESTED
\$17.1 million

TO IMPROVE GRID RELIABILITY including upgrading poles, wires, transformers and more.



84,324

INCOMING CALLS ANSWERED

WH received 84,324 calls in 2022 and helped address members' questions and concerns. We helped set up 938 new accounts last year.



WH's Board of Directors



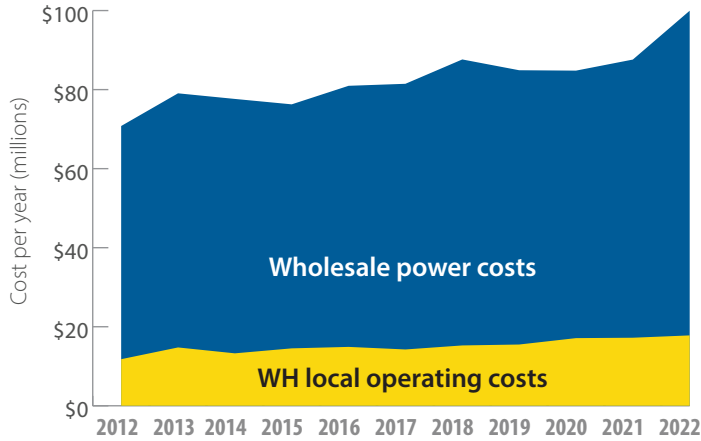
Back, from left to right: Pat Bakeberg, District 3; Duane "Butch" Lindenfesler, District 2; Vice Chair Tim Young, District 1; John Reynolds, District 4; Chair Erick Heinz, District 9; Mike Tieva, District 6.
Front, from left to right: Chris Lantto, District 5; Mark Skinner, District 8; Kenneth Hiebel, District 7.

Operating performance

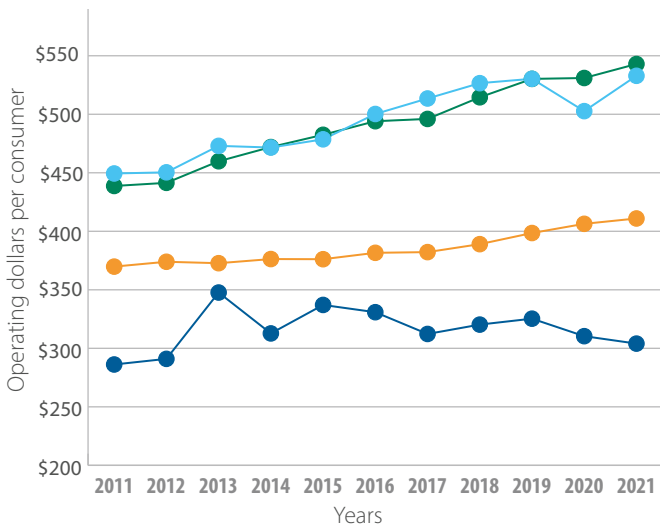
LOW OPERATING COSTS MEAN YOU SAVE BIG

WH continues to keep operating costs below state and national benchmarks by implementing technology and process improvements. These efforts allow us to pass savings on to you, the member-owner of the cooperative.

WH wholesale power and operating costs



Keeping operating costs low



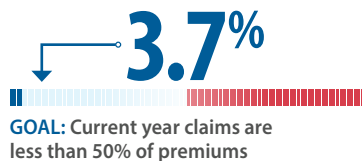
Safety performance

SAFETY TRAINING



INSURANCE PREMIUMS

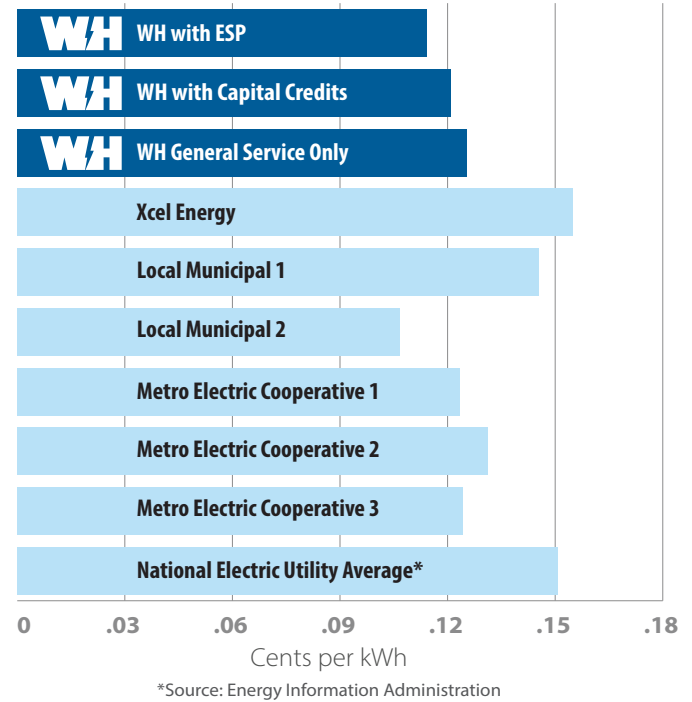
GOAL SURPASSED AT



Competitive performance

2022 RESIDENTIAL RATES REMAINED COMPETITIVE

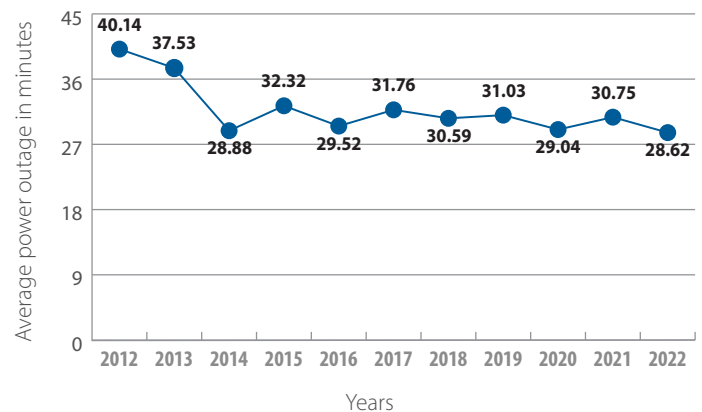
Part of the cooperative advantage is competitive rates. WH takes this mission seriously, as shown by the graph below comparing WH rates to state and national averages. Members can save even more on power with WH's Energy-Saving Programs (ESP). WH members saved almost 20% per kWh compared to Xcel Energy customers.



Reliability performance

WH PROVED RELIABLE AGAIN IN 2022

You depend on reliable power. In 2022, WH kept your power on, with members across our service territory having power more than 99.98% of the year. We continue to improve our distribution system to achieve top 10% performance in reliability among cooperatives. WH members experienced an average of 28.62 minutes without power throughout all of 2022, 29% fewer minutes than in 2012.



WH Holding products and services



KEEPING ELECTRIC COSTS DOWN FOR MEMBERS

WH owns multiple subsidiary businesses, which are separate from the electric operation. These businesses keep costs down by generating profits and eating costs, which offsets the retail price of electricity for WH members. WH Holding is the legal umbrella under which these businesses reside, protecting the electric cooperative's not-for-profit status.

WH Holding



QUICK FIX. FAIR PRICE. FAST SERVICE.

WH Appliance Repair supplies service technicians to fix major appliances when needed and helps provide protection from large, unexpected appliance repair bills.

WH Appliance
Repair



TRUSTED. LOCAL.

WH Security provides retail security alarm systems and monitoring services to thousands of homes and businesses in Minnesota and Wisconsin, including 3,358 WH members.

WH SECURITY

In 2022, WH Holding absorbed almost \$1.4 million in cost allocations, which equals about \$29 a year in savings for each WH member.



MORE THAN ALARM MONITORING

WH International Response Center (WHIRC) provides around-the-clock wholesale home security monitoring services to customers across the United States.

WHIRC



KEEP YOUR TREES BEAUTIFUL.

WH Tree Services provides tree trimming, shaping and removal and emerald ash borer treatments.

WH TREE
Services

WH International Response Center (WHIRC) provides around-the-clock wholesale home security monitoring services to customers across the United States.



KEEP YOUR BUSINESS RUNNIN'

WH Generation offers turn-key installation of on-site electric generators for commercial members.

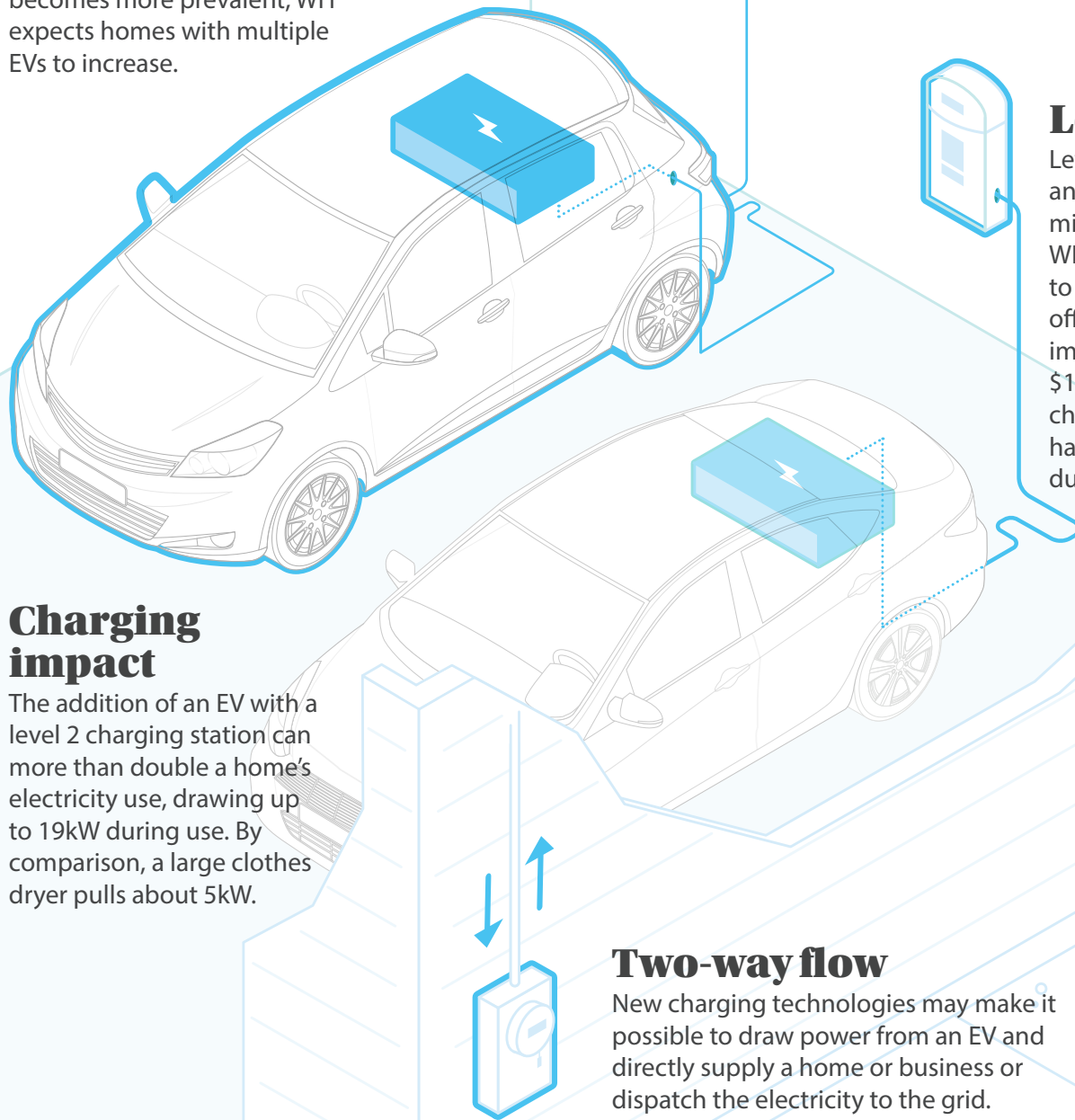
WH Generation

How EVs impact the grid

Adoption of electric vehicles is increasing rapidly in the U.S., a trend that presents opportunities like adding load—particularly at night—and integrating renewables. They also present a challenge to traditional system planning and grid equipment performance.

Multiple vehicles

As car manufacturers continue to focus on electrification and charging infrastructure becomes more prevalent, WH expects homes with multiple EVs to increase.



Charging impact

The addition of an EV with a level 2 charging station can more than double a home's electricity use, drawing up to 19kW during use. By comparison, a large clothes dryer pulls about 5kW.

System wear and tear

With more EVs on the grid, WH is studying the impact of charging on grid hardware. Moving EV charging to off-peak hours is one way to mitigate some negative impacts.



Level 1

Level 1 charging uses a standard 120V outlet. Impact on the grid is minimal, and at roughly 3 to 5 miles of range per hour of charge, it's plenty for a daily commute under 40 miles.



Level 2

Level 2 uses a 240V circuit and provides 10 to 20 miles of range per hour. WH encourages members to move charging to off-peak hours to reduce impacts. Rebates of up to \$1,000 are available, and charging rates are about half price when charging during off-peak times.



Two-way flow

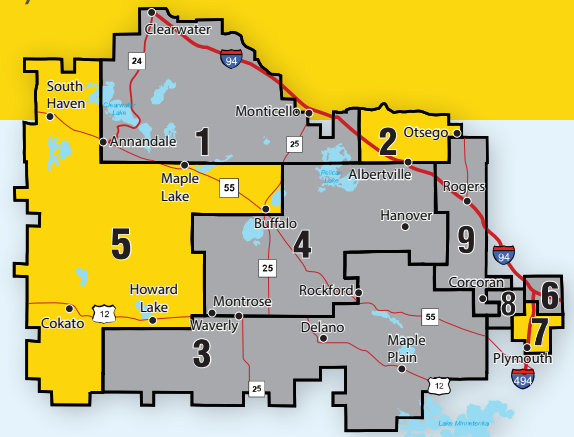
New charging technologies may make it possible to draw power from an EV and directly supply a home or business or dispatch the electricity to the grid.





DIRECTOR ELECTION

Districts 2, 5 and 7



Wright-Hennepin’s (WH) electric service territory is divided into nine districts, each of which is represented by a board member. The members from each district elect their own director to serve on WH’s board. Directors meet monthly to provide financial and operational oversight, establish policy and rates, and represent members’ voices in the cooperative’s operations.

Three candidates for District 2



Nicole Esposito
DISTRICT 2

Nicole Esposito is a director candidate for District 2. She has been a WH member for a little over a year. She lives in Otsego with her husband, Craig, her son, and her two dogs.

Esposito works as a Senior Regulatory Licensing Analyst for Patterson Companies, Inc. She is responsible for drafting and revising policies and procedures, ensuring all are documented accurately. She maintains approximately five hundred licenses and accreditations, including Drug Enforcement Agency (DEA) licenses and National Association of Boards of Pharmacy (NABP) accreditations. She is responsible for researching existing and proposed regulatory requirements to determine their impact on the organization’s licensing strategy. Along with her organizational, planning, and communication skills, Esposito has experience working with cross-functional teams to mitigate business risk.

“I look forward to serving my community and the interests of all WH members while contributing to the continued development of the cooperative.”



Duane “Butch” Lindenfelser
DISTRICT 2

Duane “Butch” Lindenfelser is the incumbent director running in District 2. Lindenfelser has served as a board director since 1996. He has been a Wright-Hennepin (WH) member for more than 50 years. He and his wife, Patricia, have four children and seven grandchildren.

Lindenfelser has spent the bulk of his professional career in the food, beverage and entertainment industry. He also worked for the Minnesota Department of Transportation on road research in Monticello, Minn., where he drove Class A commercial vehicles and worked with the University of Minnesota on new technology. He is the secretary/treasurer for WH Holding, and has completed the Certified Cooperative Director course. He served on Minnesota Rural Electric Association’s Board of Directors from 2013 to 2019. Lindenfelser has also been a charter member of the Monticello Knights of Columbus since 1976 and a member of the Monticello Sportsman Club since 1989. He is a lifelong member of the St. Albert Catholic Church.

“I will continue working to keep our energy costs at an affordable and reliable level for the members of WH. I will also work to implement green technologies, such as solar and battery storage in the immediate future.”



Karen Skepper
DISTRICT 2

Karen Skepper is a director candidate for District 2. She has been a WH member for 32 years and currently resides in Otsego. Skepper has three adult children.

Skepper has worked for Anoka County as the Director of Community and Governmental Relations since 2001. She works closely with a range of housing communities, oversees complex financial reporting, and monitors changes to state and federal laws. She has experience testifying before the legislature and setting legislative priorities for County Board approval. Prior to her current position, she served as the Housing Director for the City of Hopkins for 12 years, where, among other duties, she was responsible for budget preparation and management and overseeing annual capital improvement programs. Skepper is part of several professional associations, including the Economic Development Association of Minnesota and the Minnesota Government Relations Council. Skepper’s volunteer work includes St. John’s Lutheran Church and Alexandra House Women’s Shelter. She is currently the Chair of the Anoka Technical College Foundation Board.

“I feel my experience will enable me to meet the challenges ahead. I am ready to help make the decisions the electric industry is being challenged with.”

Two candidates for District 5



Chris Lantto
DISTRICT 5

Chris Lantto is the incumbent director running in District 5. Lantto has served as District 5 director since 1987 and was chairman of the Board for 15 years. He and his wife Vicki have nine children and 10 grandchildren.

Lantto owned Lantto's Store in French Lake for more than 40 years and is a past member of the Annandale and Cokato Chambers of Commerce. His other volunteer efforts include serving on the Riverside Cemetery Association Board and as a past chairman and board member of the First Apostolic Congregation of Cokato.

"I consider it a privilege to be a director of such a progressive organization as WH and to be able to work with talented individuals on the board and management. The last few years have been especially challenging with wholesale rate increases, renewables, natural gas gaining market share and coal playing a lesser role in our power supply mix, and our members using electric vehicles. Keeping our retail rates competitive and reliable for our members is still our number one priority. The years ahead will have more challenges and I am eager to be a part of the process."



Mathew Simmons
DISTRICT 5

Mathew Simmons is a director candidate for District 5. He has been a WH member for over 20 years and lives in Cokato. He and his wife Kristin have two children Birke and Michael, who both attend Dassel-Cokato High School.

Mathew was raised in Howard Lake, graduating from Howard Lake High School. Prior to leaving for flight school in Florida, he served on the Howard Lake Fire Department. He and his wife own Flying Cow Farms, where they raise Angus beef cattle. He is also a partner, with his father Michael Simmons, at Crow River Tax Service in Howard Lake. Family owned for 25 years. Mathew is in his 18th year as a commercial pilot for a major airline. He credits his excellent communication skills and ability to work in a team as reasons he would be a good director for District 5.

"As a WH Director, my top priority will be to represent the members of District 5, by ensuring that they're getting the best value for their electricity and services provided."

Eight candidates for District 7



Larry Anderson
DISTRICT 7

Larry Anderson is a director candidate for District 7. He has been a WH member for five years and currently lives in Plymouth. He and his wife Judith have three children.

Anderson is a lifelong Minnesotan and prior to retirement, was involved in building a wide variety of architectural wonders around the world as a member of the United Brotherhood of Carpenters. He is a lifetime member of Minneapolis Building Trades. Career highlights include work on the Bloomington REI's climbing wall, Orchestra Hall in Minneapolis, EPCOT Center, the U.S. Embassy in Moscow, the Xcel Energy Center, and Minnesota's Capitol building. He was a baseball coach for 14 years and orchestrated numerous events for his church's senior citizen ministry. He served as a team leader for the church's Welcoming Committee and coordinated their food shelf. He enjoys golfing, gardening, outdoor tenting, and home improvement projects.

"I would be honored to be elected to the WH Board to face the challenges to become a more carbon free supplier of future electric needs. This is exciting to myself, I know this has to be done with prudence and compliance, that all affected persons and our land would be treated with respect. Keeping in mind cost-effectiveness to our members."



Terrence Diaferio
DISTRICT 7

Terry Diaferio is a director candidate for District 7. He has been a WH member for 29 years and currently lives in Plymouth. He and his wife Kim have five children and four grandchildren. All but one daughter resides here in the Minneapolis area, with most also being served by WH.

Terry enjoyed a 40-plus year career working for large global companies, and one start-up, always focused on building and growing after-market Service businesses. Currently, Terry is the owner of Service Consulting, which he founded in 2020, and selectively works with leaders in his network to assess and help their companies grow their respective Service businesses. His experience is both here in North America as well as throughout the Europe and Asia Pacific areas. Terry is an active Forum Member of the Coleman Research Group, and has worked previously with the Boards of both Dunwoody and Benilde-St. Margaret's.

"I believe my 40-plus years of experience, focused on creating positive customer experiences for owners who invested in our goods, positions me well to be a good mouthpiece for the constituents of District 7. I'm honored and flattered to even be considered to work for you."



Audrey Britton
DISTRICT 7

Audrey Britton is a director candidate for District 7. She has been a WH member for 21 years and lives in Plymouth. She and her husband Craig have three children.

Britton has an extensive strategic communications background within global businesses, a government agency and nonprofits, reporting directly to CEOs and executive teams. She has developed plans for mergers and acquisitions, crisis situations, external marketing, internal programs, government relations and more. She has gained accreditation and won numerous awards for her work. Britton describes herself as a people-first team leader, once leading a team to surpass an annual sales goal by 32% after only three months, even while facing large-scale changes and uncertainty during a major merger. Britton is a creative problem solver, a quick study, and a natural relationship builder, skills that will help WH thrive in the face of legislation moving through the Minnesota state government. She is the founder of the 650-member Plymouth Diversity, Equity and Inclusion group, and previously Chair of Plymouth Advisory Committee on Transit.

"As a WH board member, I am excited to represent District 7 members, to bring their voices forward and ensure WH meets its long-term objectives while ensuring rates remain stable."

Eight candidates for District 7 *continued*



Bob Moberg DISTRICT 7

Bob Moberg is a director candidate for District 7. He has been a WH member for 26 years and lives in Plymouth.

Moberg's career as a civil engineer has allowed him to focus his efforts on assisting communities with development and management of their critical infrastructure. Bob has spent nearly half of his 30-plus year career working in the public sector and he is well-versed in matters of public policy, local governance, and service delivery. He has owned his own engineering consultant business for just over a year, working with municipalities in the Twin Cities area. In a previous position, he worked with the city of Maple Grove to develop a long-term capital reinvestment plan for their water utility and assisted in calculating rates to fund those needs into the future. He has developed growth projection forecasts, monitored financials for a \$102.3 million wastewater treatment facility project, managed investments to fund capital improvements, and worked closely with a range of departments in multiple cities.

"As a long-standing member, I am impressed by the culture, reliability, and efficiency of the WH enterprise and, if elected, I look forward to using my talents to assure its continued success."



Thuong Pham DISTRICT 7

Thuong Pham is a director candidate for District 7. He has been a WH member for 16 years and lives in Plymouth with his wife Tatiana.

Thuong is currently a self-employed Management Consultant with an IT focus. Daily responsibilities include creating best practice IT solutions to fit a business' needs. His skills include data analysis, budget forecasting, and project planning and management. He is a SAFe Agile member, enabling him to deliver solutions to businesses more quickly and efficiently through work and organizational practices. Thuong has expertise across Finance, Accounting, HR, Sales, Marketing, IT and other corporate functions. Over 25+ years, he has worked for a wide range of companies from startups to Fortune 100 companies including jobs at Cap Gemini and Deloitte. Thuong is a member of Open Cities Health Clinic's Board of Directors, and holds an MBA from University of Minnesota's Carlson School of Management. He is a former USA Volleyball player and in his free time, enjoys golfing.

"If elected, I will use my extensive consulting experience with board members and WH management to provide reliable clean power at a competitive rate."



Kyle Stotz DISTRICT 7

Kyle Stotz is a director candidate for District 7. He has been a WH member for 35 years and lives in Plymouth. He and his wife Kristiann have two children.

Stotz is a recently retired software engineer. As an entrepreneur and owner of CustomSoft Inc., he worked with a wide variety of businesses, industries, and people, helping solve their problems through the application of technology. Projects he has worked on have ranged from management of trains to medical patient records. He has worked under tight timelines, and enabled clients to enter a market ahead of competitors, resulting in hundreds of millions of dollars in sales. He holds five patents with the U.S. Patent Office.

"As a board member, I will work with the Board to provide responsible oversight helping to maintain a low-cost and reliable electric supply for Wright-Hennepin Cooperative Electric Association members. I will also be mindful of how Minnesota's recent law mandating 100% clean energy by 2040 might impact these goals."



Christopher Nelson DISTRICT 7

Chris Nelson is a director candidate for District 7. He has been a WH member for 5 years and lives in Plymouth. He and his wife Andrea have two children.

Nelson is an attorney and Vice President of Development and Donor Engagement for Catholic Community Foundation of Minnesota, stewarding relationships with hundreds of individuals and faith-based entities to support philanthropy. The Foundation manages approximately \$550 million in charitable assets. Nelson previously practiced law in Greater Minnesota, working with non-profit organizations, credit unions, cooperatives, and small businesses. He is a member of the Tax Committee at the Minnesota Council on Foundations, and a Board member at Sterling State Bank and Holy Family Catholic High School. He previously served as chair of First Alliance Credit Union and United Way of Olmsted County.

"I am dedicated to serving and empowering our members by providing reliable, safe, and clean energy at the lowest possible price. I grew up on a farm and have been a member of electrical cooperatives nearly my entire life and grateful for the co-op experience. By embracing renewable energy sources and promoting energy efficiency, electrical cooperatives have the power to create a more sustainable future for both our communities and the environment."



Dale Raymakers DISTRICT 7

Dale Raymakers is a director candidate for District 7. He has been a WH member for 22 years and lives in Plymouth with his wife Beth. He is recently retired.

Raymakers is a highly accomplished sales professional, working for DTN for over 23 years as an Aviation Industry Manager. He was responsible for sales of global aviation weather data and alerting technology, which was then redistributed in software systems that form the backbone of the aviation industry. With a strong background in strategic partnership building, negotiation, and work plan efficiencies, Raymakers was directly responsible for growing DTN's aviation business to over \$10 million in annual revenue during his career. He provided monthly revenue reports to the senior management team, and played a role in improving DTN's Flight Hazards model, used for predicting turbulence and thunderstorms. He believes his experience in forecasting, market analytics, product development and solutions, and customer relationship building will serve him well as a District 7 director.

"I look forward to the challenges and opportunity of serving on the WH Board of Directors. My goal is to provide cost effective power through progressive strategic direction and technological advances best serving the WH community."

WH Mission

We deliver the power, products and competitive pricing essential for improving the quality of life of the members and communities we serve.



WH to enact special capital credit retirement of \$4 million in April!



Over 90% of WH members also received capital credit checks in December 2022.

A special capital credit retirement of \$4 million will be returned to WH members in mid-April as the result of margins being more favorable than budget from 2022 electric operations. Most WH members who purchased electricity from 2015-2021 will receive a portion of this special retirement. On average, residential capital credit refunds will be approximately \$93.

This is an additional WH retirement on top of the \$2.55 million general capital credit refund provided to WH members in December 2022. The Board has determined this special retirement will be distributed outside of the general retirement, which normally occurs in December.

Several factors combined to produce the favorable margins. First, WH experienced record sales in 2022. Second, WH's power costs were significantly lower than projected due to special credits from wholesale power suppliers. Third, WH spent less on operations than budgeted.

"The WH Board of Directors is pleased to provide a special capital credit retirement to our members for the second year in a row," said Board Chair Erick Heinz. "Foresight and fiscal responsibility have allowed WH to be in an extremely stable financial position throughout a period of inflation and unpredictability. This special capital credit check is the result of that responsibility."

This is the fifth special capital credit retirement approved by the WH Board of Directors. Previous special capital credit retirements were for business in 2008, 2012, 2018, and 2021.

Members will receive a check in the mail if their refund is \$10.00 or more unless they have opted to receive a bill credit. Members whose refund is between \$1.00 and \$9.99 will receive a bill credit.

Capital credit refunds are an advantage of being an electric cooperative member!

Values that guide us



Safety

Through our never-ending focus on safety, we create an environment that protects the physical, data, and financial well-being of our members, customers, employees, and the public.



Teamwork

We cooperate and work together for the common good of the people we serve and our cooperative mission.



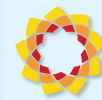
Member/Customer Focused

We pledge to provide quality service that exceeds expectations and delivers value for our members and customers.



Integrity

We do what's right with ethical and honest actions that show respect and build trust in every situation.



Dependable

Regardless of the obstacle or situation, we will do everything possible to make sure our performance is steady, strong and productive.



Performance

We pursue excellence and strive to do things better than anyone else in our industries.

NOTICE OF ANNUAL MEETING OF THE WRIGHT-HENNEPIN COOPERATIVE ELECTRIC ASSOCIATION

TO ALL MEMBERS:

Please take notice that the Annual Meeting of the members of the above Cooperative will be held at its headquarters in Rockford, Minnesota, at 7:00 p.m. on Thursday, April 20, 2023, to take action on the following matters:

- I. The reports of officers, directors, and committees.
- II. The election of three directors, one from District 2, one from District 5, and one from District 7. In connection with the election scheduled for this meeting, candidates have been nominated pursuant to the Bylaws.
- III. Any other business that may come before the meeting or any other adjournments thereof.

In the event the Annual Meeting is postponed or canceled, the election of directors shall continue. Once certified, director election results will be made available on the Cooperative website and communicated to the membership via email from the Cooperative.

If the meeting is canceled due to inclement weather or for any other reason, the meeting will be rescheduled for Thursday, May 4, 2023.

Michael Tieva,
Board Secretary

Financial report

for the years ended December 31, 2022 and 2021

Consolidated balance sheet

ASSETS	2022	2021
Plant assets		
1 Utility plant	\$236,013,759	\$220,133,133
2 Construction work in progress	3,769,014	1,341,902
3 Total utility plant	239,782,773	221,475,035
4 Less accumulated depreciation	89,361,462	83,618,521
5 Net utility plant	150,421,311	137,856,514
Other property and investments		
6 Investments in associated organizations	\$56,236,778	\$54,696,924
7 Non-utility property-net	2,871,411	2,409,605
8 Notes receivable	18,085	23,812
9 Other investments	1,687,176	1,718,277
10 Total other property and investments	60,813,450	58,848,618
Current and other assets		
11 Cash and cash equivalents	\$13,335,591	\$19,580,952
12 Accounts receivable	6,708,607	5,403,905
13 Other accounts receivable	1,345,638	998,694
14 Accrued unbilled revenue	7,604,023	6,602,523
15 Contract assets	123,786	230,389
16 Materials and supplies inventory	2,479,314	2,820,084
17 Other current and accrued assets	1,675,440	512,476
18 Total current and other assets	33,272,399	36,149,023
19 Deferred debits	1,496,791	1,663,642
20 Total assets	246,003,951	234,517,797
EQUITY	2022	2021
Members' equity		
21 Patronage capital	\$84,644,534	\$85,662,716
22 Other equities	17,367,666	12,777,316
23 Total members' equity	102,012,200	98,440,032
LIABILITIES	2022	2021
Long-term debt (less current maturities)		
24 RUS notes	\$69,386,607	\$63,151,621
25 Nat. Rural Utilities Co-op Finance Corp	8,881,510	10,083,308
26 CoBank notes	21,061,907	22,987,159
27 Total long-term debt	99,330,024	96,222,088
Current and other liabilities		
28 Current maturities of long-term debt	\$6,830,283	\$5,530,584
29 Accounts payable	1,989,001	1,973,076
30 Accounts payable-purchased power	9,741,063	7,624,295
31 Consumer deposits	1,884,241	1,903,702
32 Other current and accrued liabilities	10,645,599	8,763,022
33 Total current and other liabilities	31,090,187	25,794,679
34 Deferred credits	13,571,540	14,060,998
35 Total members' equity and liabilities	246,003,951	234,517,797

Statement of operations

	2022	2021
51 Operating revenues	\$120,114,322	\$108,871,315
52 Deferred revenues	800,000	95,971
53 Cost of power	82,150,583	70,384,769
Local operating expenses		
54 Distribution (operations and maintenance)	\$8,476,564	\$8,930,237
55 Member accounts and service	3,970,703	3,669,096
56 Administrative and general	5,358,463	4,628,596
57 Total local operating expenses	17,805,730	17,227,929
Fixed charges		
58 Property tax	\$2,786,835	\$2,664,687
59 Depreciation and amortization	6,993,145	6,726,880
60 Interest on long-term debt	3,196,436	2,986,012
61 Total fixed charges	12,976,416	12,377,579
62 Extraordinary items	-	-
63 Net Operating Margins	7,981,593	8,977,009
64 Conservation improvement program	(565,246)	(573,795)
65 Non-operating margins	741,621	1,663,902
66 Net operating and non-operating margins	8,157,968	10,067,116
67 Generation and transmission and other capital credits	3,993,448	2,326,528
68 Net margins	\$12,151,416	\$12,393,644

Letter to the members of Wright-Hennepin Cooperative Electric Association, Rockford, Minn.

Eide Bailly LLP, an independent certified public accounting firm, has audited Wright-Hennepin Cooperative Electric Association's financial statements for the year ended December 31, 2022. The audit firm has issued their unmodified opinion dated March 6, 2023, on the financial statements. Copies of the audited financial statements are on file at the cooperative's office for inspection.



6800 Electric Drive
 Rockford, MN 55373

Hotline Update

MARCH 2023 ANNUAL REPORT FOR WRIGHT-HENNEPIN MEMBERS

Commitment to community

\$4,863,396

Donated to **LOCAL CHARITIES AND ORGANIZATIONS** through Operation Round Up since 1994.



Community events

WH hosted or participated in 26 community events and activities in 2022.



USB and night lights

WH donated more than 6,200 USB plugs and night lights to local elementary students in 2022.



Hot line demos

WH conducted 18 hot line demonstrations at local schools and community events.



\$771,850

SCHOLARSHIPS awarded to students by WH since 1988.



YOU'RE INVITED TO THE

2023 Annual Meeting

THURSDAY, APRIL 20, 2023

6800 Electric Drive – Rockford

Member attendance gifts:

- Free pound of butter*
- Free pork chop dinner †

Prize drawings:

- 2013 Ford Fusion* (registered members only)
- Prize drawings at individual information booths.

* Must be present until the end of the business meeting to receive butter and a chance to win the vehicle.

† While supplies last.



Preregistration not required to attend.

Schedule

Registration opens: 4 p.m.

Free Pork Chop Dinner: 4:30 - 6:45 p.m.

Bingo: 4:30 - 6:45 p.m.

Children's Activities: 4:30 - 8 p.m.

Business Meeting: 7 - 8 p.m.



Watch the meeting

Watch the livestreamed meeting. Keep informed about your electric cooperative and have a chance to win big!

How to Watch

- » <https://vimeo.com/event/2807379>
- » Check whe.org or social media for the link
- » Hover over the QR code with your phone or tablet camera



Enter for a chance to win one of two \$50 bill credits when you watch online. Entry instructions to be provided during the broadcast.

To learn more, visit <https://bit.ly/WH-23annualmeeting>.

**Reliability You
 Can Depend On**

