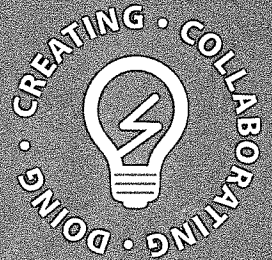
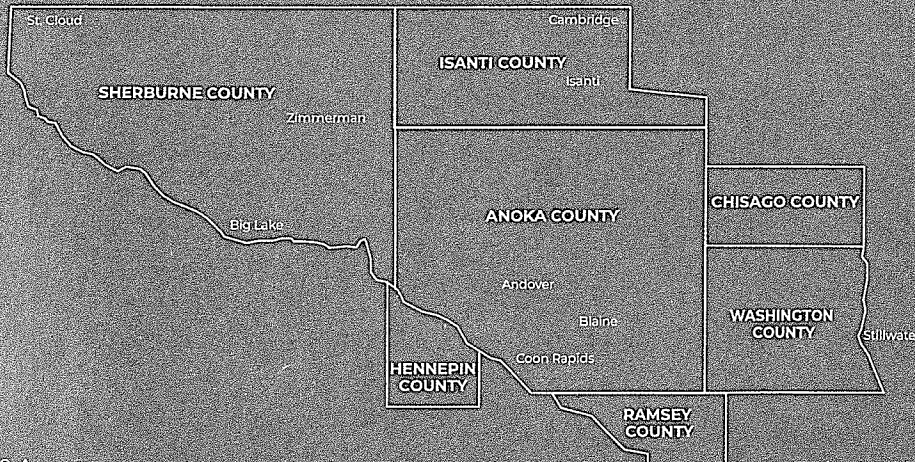




2019 BUSINESS REVIEW



THIS IS US



1,000 square miles of service area

136,000+ members

91% residential

9% commercial/industrial

9,290 miles of line

15 members per mile of line

44 substations

MESSAGE TO OUR MEMBERS



At Connexus Energy, we are “creating, collaborating, and doing.” These aren’t just three words. This is what we’re doing every day to better serve our members. Whether we are creating new programs and services that take the member experience to the next level or collaborating with industry leaders – helping to shape a new energy future, we are committed to doing what’s in the best interest of our members.

What’s important to our members is what’s important to us. In surveys, members tell us affordable electric rates rank right up there with reliable power. We’re listening. For three years in a row, we have kept rates stable without any rate increases. In fact, our residential rates are now 4% lower than our neighboring utility, Xcel Energy.

2019 was a year of significant accomplishments for our cooperative. Connexus Energy ranked #1 in overall customer satisfaction in the Midwest by J. D. Power when compared to a peer group of 34 similarly-sized Midwest utilities. The same survey also rated Connexus on top for power reliability.

In 2019, we reduced our wholesale power purchases by \$7.1 million. We are actively working with Great River Energy (GRE), our power provider, to further lower Connexus’ wholesale power bill. We expect more to be done to lower the cost of wholesale power we purchase for delivery to members.

We are pleased to report the innovative solar plus battery storage sites in Ramsey and Athens Township are helping members save money by reducing our GRE wholesale power requirements. In the first full year of operations, we saved \$3.5 million by time-shifting stored solar energy to a time of day when it’s most valuable.

We’re creating more solar energy. Plans are currently underway to build two new solar arrays in Stanford and Baldwin Townships. The two sites will add another 10 megawatts of solar energy to our portfolio. And, like our three established solar sites, the new arrays will of course include pollinator-friendly habitat.

The recently completed AMI meter replacement project is not only saving us \$4.5 million annually, it is also creating a better member experience. Members now have energy data at their fingertips and can better manage their energy use. The meters also make it possible to offer new energy-saving programs like Peak-Time Rebate.

In 2019, the Connexus Energy Board, along with senior leadership, completed a three-year strategic plan which includes lowering the cost of wholesale power, operational excellence, and new technology and innovation. The energy landscape is changing and we are excited to be at the forefront of this change.

Our foundation remains strong. The emphasis on outstanding reliability and customer service, and affordable rates will always be there. By creating, collaborating, and doing, we believe Connexus Energy is poised for continued success, today and in the years ahead.

Thank you for your support. It is our privilege to serve you.

Greg Ridderbusch
President & Chief Executive Officer

Fran Bator
Board Chair

AT A GLANCE

2
billion

Annual kilowatt hours
in energy sales

\$240
million

Annual revenue

\$373
million

Utility plant investment

\$8.3
million

Cash Back to members

FINANCIAL HIGHLIGHTS



STATEMENTS OF OPERATIONS (in thousands)

	2019	2018
Electric Revenue	\$ 238,090	\$ 272,683
Cost of Power	168,776	197,269
Gross Margin	69,314	75,414
Operating Expenses - including interest	65,069	62,143
Other Non-Operating Income	8,696	8,391
Net Margin	<u>\$ 12,941</u>	<u>\$ 21,662</u>

BALANCE SHEETS (in thousands)

December 31, 2019 and 2018

	2019	2018
<i>Assets</i>		
Utility Plant		
Total utility plant	\$ 373,410	\$ 362,127
Less accumulated depreciation	(148,627)	(141,222)
Total utility plant, net	<u>224,783</u>	<u>220,905</u>
Other Property and Investments		
Investments in associated organizations	148,835	146,366
Other investments	9,603	9,582
Other assets	34,058	33,215
Total other property and investments	<u>192,496</u>	<u>189,163</u>
Current Assets		
Cash and cash equivalents	2	4
Accounts receivable, net	30,058	28,962
Material and supplies	4,088	3,576
Other	2,202	1,253
Total current assets	<u>36,350</u>	<u>33,795</u>
Total Assets	<u>\$ 453,629</u>	<u>\$ 443,863</u>
<i>Patrons' Equity and Liabilities</i>		
Patrons' Equity	\$ 204,007	\$ 200,063
Long-Term Debt, Less Current Maturities	161,524	163,796
Other Long-Term Liabilities, less Current Maturities	24,346	25,183
Current Liabilities		
Accounts payable	34,938	31,275
Member deposits	1,647	1,619
Accrued liabilities	12,398	11,671
Debt due within one year	14,769	10,256
Total current liabilities	<u>63,752</u>	<u>54,821</u>
Total Patrons' Equities and Liabilities	<u>\$ 453,629</u>	<u>\$ 443,863</u>



2019 HIGHLIGHTS

PRICE REMAINS THE SAME

For 3 years in a row, there is no rate increase for basic electric service.

TOP MARKS In the highly-respected J.D. Power survey, Connexus Energy ranked #1 in overall customer satisfaction when compared to 34 similarly-sized utilities in the Midwest.

ON FOR YOU We also ranked #1 in reliability. On average, our members experience 1 outage every 2 years.

LET IT SHINE More than 25% of our energy comes from renewable resources such as solar and wind.

CONSERVATION PAYS OFF We distributed \$1.1 million in energy conservation rebates to members.

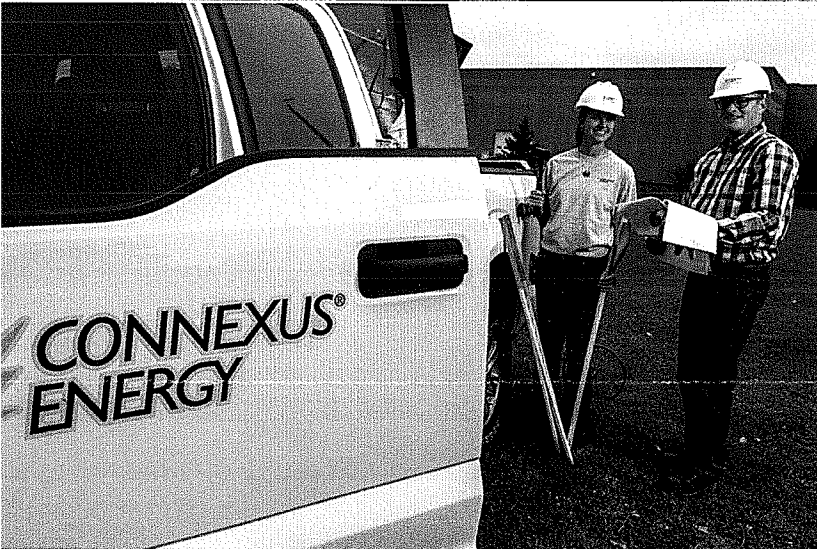
ALL IN Connexus Energy's headquarters is powered by 100% renewable energy.

IN THIS TOGETHER We formed The Connexus Energy Foundation and invested more than \$468,000 into our communities.

SOLID FINANCIALS Connexus Energy achieved an investment grade debt rating from Fitch Ratings.

WORKING SMART Employee initiatives to find more effective ways to do their jobs saved \$2.3 million.

ARRIVE SAFE Employees drove 1.2 million miles without a single recorded accident.



CREATING

Creative new programs are helping members save energy and money. Last year, we introduced the Peak-Time Rebate program and already we have more than 7,000 enrollments. This program lets the member decide how much they want to save.

More than 4,600 members took advantage of our free Wi-Fi thermostat and free installation offer. Both programs were created to help us save energy on days when it's most expensive for energy to be produced.

We also continue to create and expand our electric vehicle program. Judging by the high interest shown at the EV Ride-and-Drive events we hosted last year, electric vehicles are becoming more commonplace throughout Minnesota.

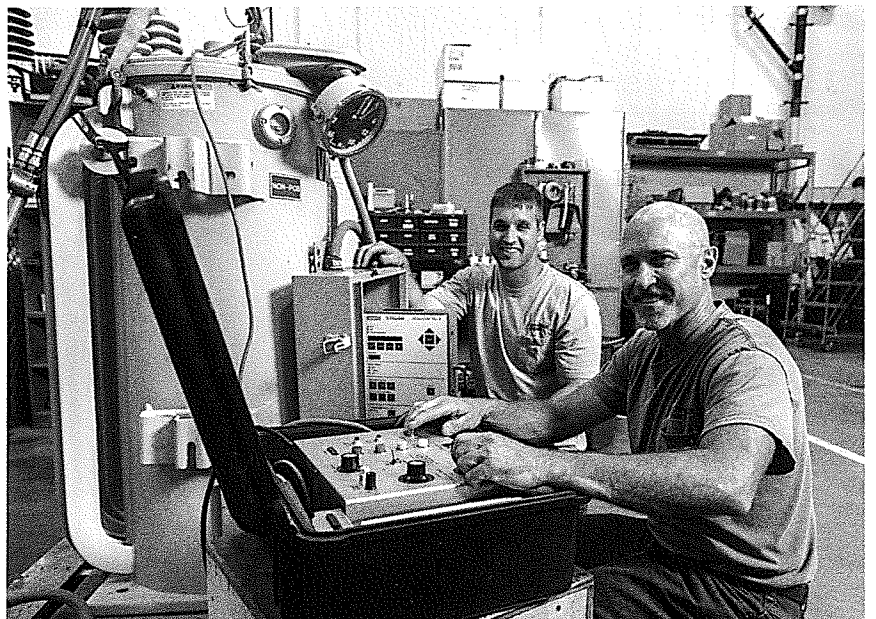


COLLABORATING

Only through collaboration did we achieve such sweet results with our solar gardens. Connexus Energy's efforts to help the pollinator population are now well documented and nationally recognized. Along the way, we collaborated and sought input from many groups including Fresh Energy, the National Renewable Energy Lab, the U of M Pollinator Program, Prairie Restorations, and local beekeepers. Our solar garden was among the first in the country to include pollinator-friendly plantings and today that is now the norm around the country. Most solar arrays that are built consider pollinator plantings.

DOING

Provide reliable power to our members. It's the cornerstone of Connexus Energy. It's what we do. But, it doesn't just happen. Every year, we invest in our distribution system making sure it's up-to-date and able to handle the demand. SCADA communication with our substations helps us pinpoint and respond to outages quicker than ever before. Due to the fact we serve numerous rural areas, one-third of our lines are overhead lines and are susceptible to trees causing outages. In 2019, we spent \$5 million on vegetation management to reduce the number of those outages. Those efforts have paid off. The "public," driving into our equipment, is now the main cause of outages.





Back (L-R):
 Peter Wojciechowski
 Donald Holl
 Mark Ethen
 Fran Bator
 Gordon Westerlind

Front (L-R):
 Shelly Peterson
 Michael Cady
 Kenneth Fiereck



BOARD OF DIRECTORS

Fran Bator, Chair, East Bethel
Mark Ethen, Vice Chair, Blaine
Gordon Westerlind, Secretary/Treasurer, Big Lake
Peter Wojciechowski, Assistant Secretary/Treasurer, Ham Lake
Michael Cady, Blaine
Kenneth Fiereck, Clear Lake
Donald Holl, Forest Lake
Shelly Peterson, Nowthen



EXECUTIVE LEADERSHIP

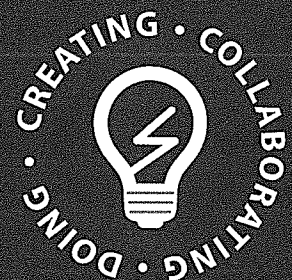
Greg Ridderbusch, President and Chief Executive Officer
Mike Bash, Chief Financial Officer and Vice President, Business Resources
Brian Burandt, Vice President, Power Supply and Business Development
Don Haller, Vice President, Member Services and Sales
Mark Koplin, Vice President, Technology
Pete Miller, Vice President, Human Resources
Matt Yseth, Vice President, Electric Operations

CONTACT US

Connexus Energy
 14601 Ramsey Boulevard
 Ramsey, Minnesota 55303

Phone
 Main: 763.323.2600
 Member Services: 763.323.2650
 Report an Outage: 763.323.2660

Online
 Website: connexusenergy.com
 Email: info@connexusenergy.com
 facebook.com/connexusenergy
 [@connexusnews](https://twitter.com/connexusnews)



CONNEXUS[®]
ENERGY
 Your Community Energy Partner