

ANNUAL REVIEW

2014 at a glance



\$505,000

Donated back to our communities



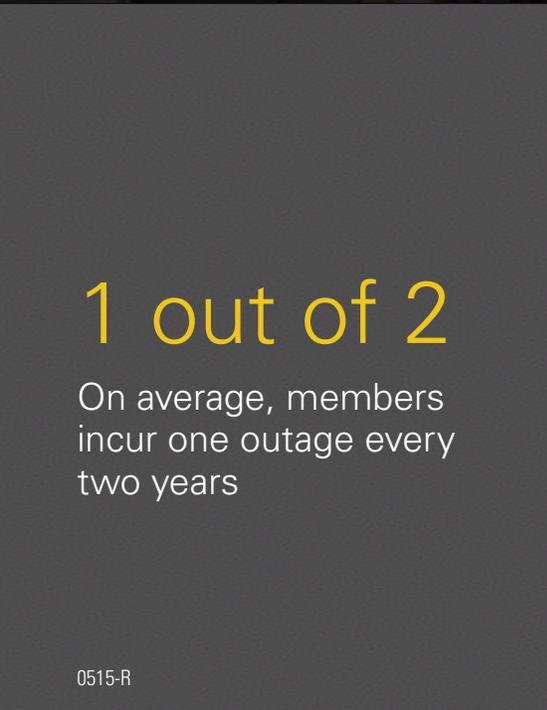
1st

Top-rated utility in Midwest for reliability



84

Public safety demonstrations reached 14,000 Minnesotans



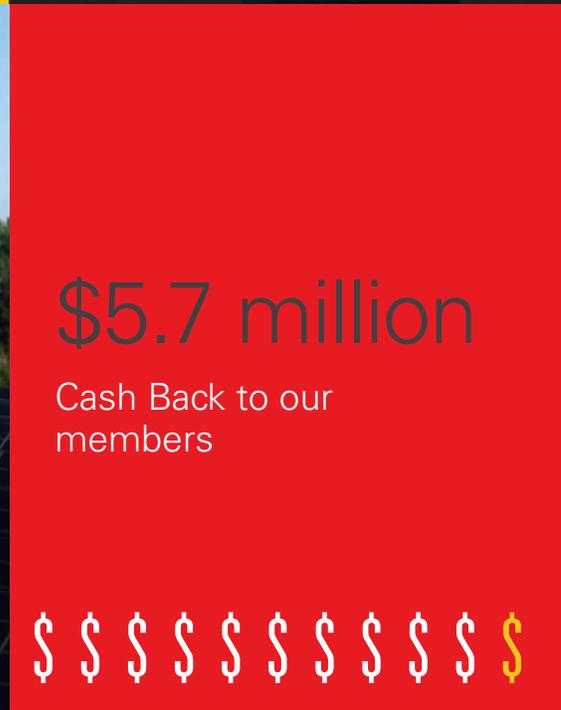
1 out of 2

On average, members incur one outage every two years



792

Solar panels in our community solar garden



\$5.7 million

Cash Back to our members



Message To Our Members:



Mike Rajala

Peter Wojciechowski

In everything we do, our members come first. At Connexus Energy, we believe it's important to keep you informed on how your cooperative is doing. In this annual review, we share with you some of the highlights from the past year.

With 129,000 members, we are Minnesota's largest electric cooperative. Our financial position remains solid. Connexus Energy's total electric revenue was \$254 million. Energy sales remained relatively unchanged at 2.3 billion kilowatt hours.

We know that affordable rates are important to you, and we strive to keep our rates comparable to neighboring utilities. We manage our operating costs by running your cooperative as efficiently as possible. That doesn't mean we sacrifice quality. Year after year, in the American Customer Satisfaction Index research, Connexus Energy ranks among the top utilities in the country for reliability and the ability to restore power. System reliability doesn't just happen. We are continually planning, improving, and upgrading our distribution system to ensure we meet the needs of members today and tomorrow.

In 2014, we offered our members solar energy and built the state's largest community solar garden. We faced no state mandates. We chose to do this because it was the right thing to do. Now members who want solar can get it, and they're the ones who pay for it. It is not subsidized by members who are not interested in solar energy. Adjacent to our solar garden is a new electric vehicle charging station which includes a DC fast charger. There's only a handful of these fast chargers in Minnesota. It's another example of how we're looking ahead and anticipating the needs of our members.

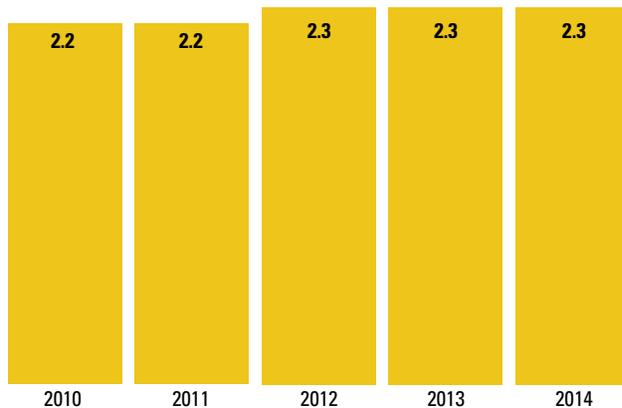
When our members have questions, they look to us for knowledgeable advice and smart energy solutions. In 2014, we launched a new website designed to enhance our members' experience by making it easier to find the information they need. It's all part of our commitment to putting our members' needs first.

We are honored to be your electric cooperative, and we'll continue to work each day to make sure we deliver reliable, affordable, and safe electricity to your homes and businesses every day.

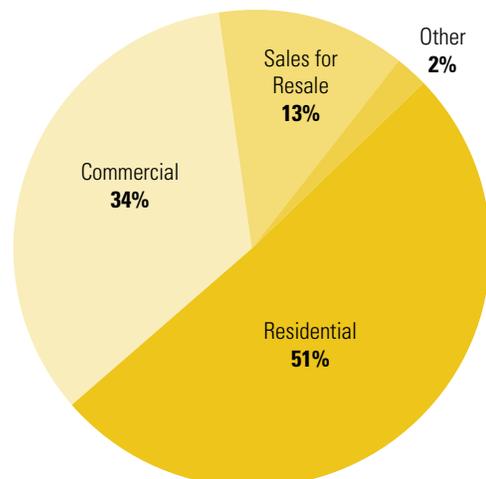
Mike Rajala
President and Chief Executive Officer

Peter Wojciechowski
Board Chair

ENERGY SALES PER YEAR (KWH)
(in billions)



KWH SALES BY CUSTOMER SEGMENT



Financial Highlights

STATEMENTS OF OPERATIONS (in thousands)

	2014	2013
Electric Revenue	\$ 253,900	\$ 245,141
Cost of Power	190,695	189,518
Gross margin	63,205	55,623
Operating Expenses - including interest	61,726	59,191
Other Non-Operating Income	16,181	13,571
Net Margin	\$ 17,660	\$ 10,003

BALANCE SHEETS (in thousands)

December 31, 2014 and 2013

	2014	2013
Assets		
Utility Plant		
Total utility plant	\$ 323,358	\$ 314,067
Less accumulated depreciation	(128,258)	(118,510)
Total utility plant, net	195,100	195,557
Other Property and Investments		
Investments in associated organizations	120,837	108,801
Other investments	9,735	9,398
Other assets	11,745	9,435
Total other assets	142,317	127,634
Current Assets		
Cash and cash equivalents	10	5
Accounts receivable - net	28,212	31,040
Materials and supplies	3,797	2,700
Other	796	621
Total current assets	32,815	34,366
Total Assets	\$ 370,232	\$ 357,557
Patrons' Equity and Liabilities		
Patron's Equity	\$ 169,081	\$ 157,076
Long-Term Debt - Less Current Maturities	128,312	129,784
Other Long-Term Liabilities	8,573	7,523
Current Liabilities		
Accounts payable	36,153	35,059
Customer deposits	1,154	1,047
Accrued liabilities	10,913	11,095
Debt due within one year	16,046	15,973
Total current liabilities	64,266	63,174
Total Equities and Liabilities	\$ 370,232	\$ 357,557



Community Investment

Building better and stronger communities is just a part of our business. Our community investment activities reached more than 170 organizations in 2014. In the last five years, we've contributed over \$2 million through community investment and sponsorship efforts.

Connexus Energy's donation made it possible for Anoka Technical College to obtain an important piece of equipment for their Machine Trades program. Training students to work on this complex machine will help local manufacturers find the skilled employees they need to help them grow and expand their business.

Board of Directors

Peter Wojciechowski, Chair • Ham Lake

Mark Ethen, Vice Chair • Blaine

Fran Bator, Secretary/Treasurer • East Bethel

Gordon Westerlind, Assistant Secretary/Treasurer • Big Lake

Michael Cady • Vadnais Heights

Kenneth Fiereck • Clear Lake

Donald Holl • Forest Lake

Michael Kerr • Zimmerman

Executive Leadership

Mike Rajala, President and Chief Executive Officer

Mike Bash, Vice President and Chief Financial Officer

John Gasal, Vice President Power Supply

Don Haller, Vice President Member and Community Services

Pete Miller, Vice President Human Resources

Matt Yseth, Vice President Electric Operations



In Memory of Jim Leroux

In June 2014, we said goodbye to longtime board member Jim Leroux. Jim served on the Connexus Energy Board for 30 years. Jim had a true passion to serve our members. We will remember Jim for his dedication and service to Connexus Energy.

Contact Us

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