

your
Connexus Connection

For Connexus Energy Members

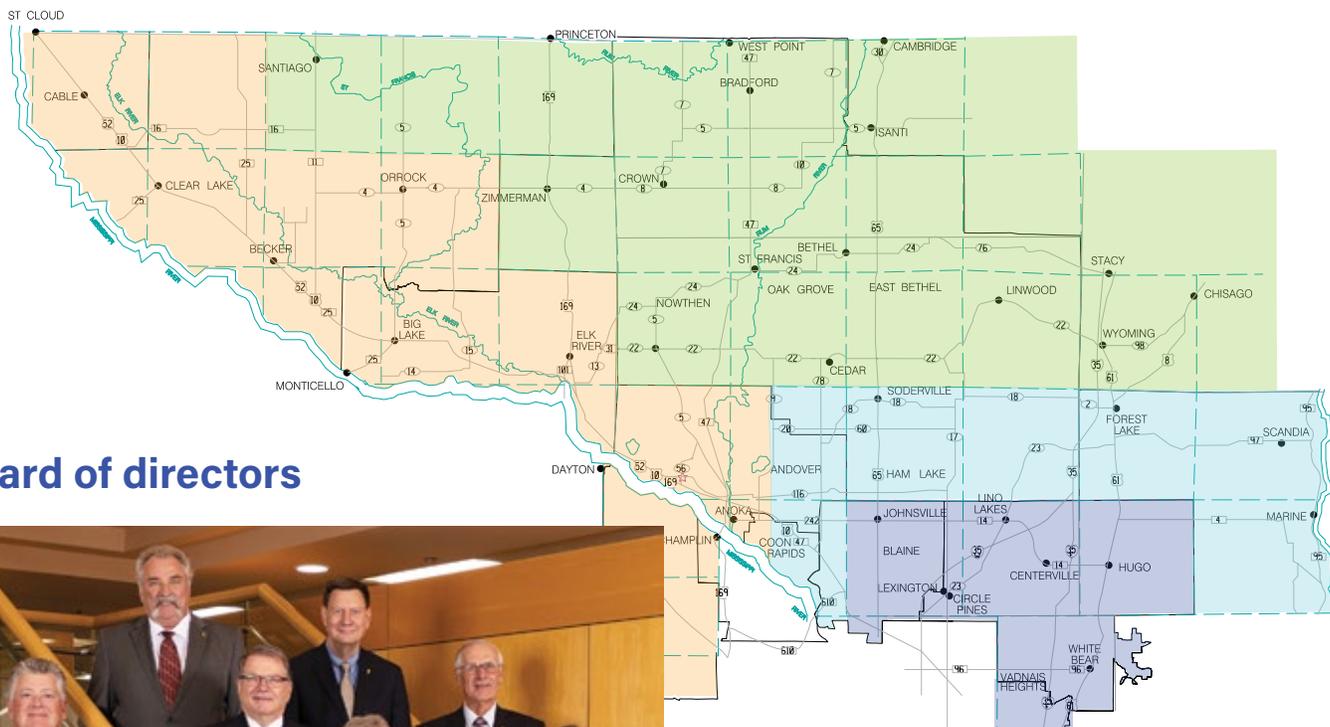
Issued April 2024

2023
Annual
Review

Celebrating a
Remarkable
Year



Director Districts



Board of directors



Front: ■ Shelly Peterson, ■ Fran Bator, ■ Kenneth Fiereck
 Middle: ■ Mark Ethen, ■ Michael Cady, ■ Gordon Westerlind
 Back: ■ Rick Braastad, ■ Mike Thews

Boundaries are approximate and for reference only.

Contact us

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Connect with Connexus



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Executive leadership

Greg Ridderbusch, Retired President and Chief Executive Officer, March 2024

Sidney Jackson, President and Chief Executive Officer, March 2024

Brian Burandt, Vice President, Power Supply & Business Development

Mark Koplín, Vice President, Technology

Nick Loehlein, Vice President, Electric Operations

Linda Maegi, Vice President, Employee Services

Yan Paul Martinez, Vice President & Chief Financial Officer

Alison Miles, Vice President, Members

Cover photo: Gerrit and Scott installing an underground cable terminator.

Message to our **Members**

It is a wonderful occasion to be writing an annual review letter with good news of such significance.

Remarkable even. A little over two years ago, you trusted us to lead your cooperative in pursuit of more flexibility and competitive prices in our power supply mix, while also maintaining the culture of innovation and ambition that drives us to deliver exemplary reliability.

Looking back on 2023 – the first full year with the new power supply and transmission contracts – we report on a remarkable year:

- Our best year of electric service reliability, ranking Connexus among the top 1% of utilities nationwide
- Actively managing expenses and standing firm in the face of creeping inflation enabled the cooperative to adopt a 2024 budget with no general rate increase
- Lower power costs than budget of approximately 8%, which contributed to approximately \$14 million of bill credits to members during the year



It's not glamorous, but leveraging innovation and continuous improvement to provide affordable, reliable and increasingly sustainable electric service is just what we do. National business magazine *Fast Company* took notice, naming Connexus to its 2024 list of America's Most Innovative Companies, a first among consumer-owned utilities. Remarkable.



We invite you to attend our annual meeting on April 18, in person or virtually, where we'll celebrate our commitment to cooperative principles and many accomplishments.

Among 2023's additional accomplishments:

- Energized Amazon's latest distribution center that will host several hundred Rivian delivery vans
- Broke ground on our substation-sited battery storage project
- Partnered with nonprofit member Big River Farms on our Solar Farmland Access for Emerging Farmers project
- Completed nearly 1,200 new residential connections – welcome new neighbors and members!

We also look back on 2023 with deep gratitude and respect for our outgoing CEO Greg Ridderbusch and former and outgoing board members. Thank you for many years of service and dedication Michael Cady, Kenneth Fiereck and Gordon Westerlind.

Looking ahead, our newly-gained flexibility will allow us to locate a greater percentage of our electric generation and battery storage investments right here in the north metro counties and communities we serve. Together with you, we're modernizing our local grid and supporting your decisions to invest in electric technology for your home, business and vehicle, ultimately contributing to greater economic development and grid resiliency. You can count on Connexus to leverage the best new grid tools, in complement with our power supply flexibility, to enable simple programs you'll love and wise investments for our future.

Thank you for your membership.

Sidney Jackson
President & CEO

Fran Bator
Board Chair

Ensuring **Reliability**

Projects completed for growth

1,377

new services added

1

new substation

11

EV chargers installed by Connexus electricians

1

substation upgraded for capacity

Projects completed for maintenance and reliability

6

substations upgraded for reliability

7,200

pole inspections

600

pole replacements

400

poles with animal guards installed

800

animal protection applied to equipment

340

miles of power maintained for vegetation encroachment

58,300

trees trimmed

11,100

trees removed

52,700

Connexus locates

900

distribution transformers installed

1,300

trouble outages responded to by crews

500

tree inspection requests from members

Corbin installing a protective device on an overhead line to minimize the impacts of lightning on our system.

Supporting green initiatives

860

members enrolled in an EV rate program

3,700

energy efficiency rebates issued to members

400

members who installed new solar

5,500

renewable energy certificates purchased

Members touring the Solar Farmland for Emerging Farmers project on our campus.

That's interesting

145,629

services
92% residential
8% C&I

9,577

miles of line
69% underground
31% overhead

14,500

mobile app downloads

90,500

members accessing their online accounts

9

months of power supply credits lowering your bill

\$8 million

in Cash Back returned to members

56

home electric usage assessments

40

safety demonstrations

400

paid employee volunteer hours

855,200

miles driven by 135 Connexus drivers



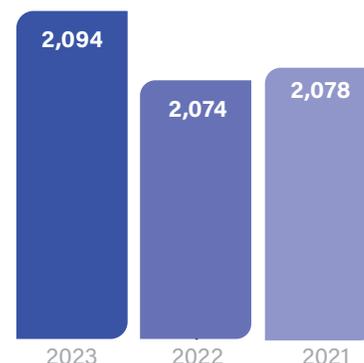
Safety instructors demonstrating the potential dangers of electricity.

Financial Statements

STATEMENTS OF OPERATIONS (in thousands)

	2023	2022
Electric Revenue	\$ 255,687	\$ 259,323
Cost of Power	176,824	188,510
Gross Margin	78,863	70,813
Operating Expenses - Including Interest	73,746	69,101
Other Non-Operating Income	5,222	7,528
Net Margin	\$ 10,339	\$ 9,240

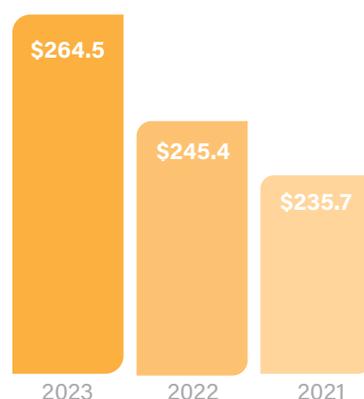
KWh Sold (in millions)



BALANCE SHEETS (in thousands)

Assets	2023	2022
Utility Plant		
Total utility plant	\$ 452,577	\$ 422,697
Less accumulated depreciation	(188,041)	(177,285)
Utility plant, net	264,536	245,412
Other Property and Investments		
Investments in associated organizations	126,933	155,415
Other investments	10,279	9,824
Other assets	32,432	33,833
Total other property and investments	169,644	199,072
Current Assets		
Cash and cash equivalents	20,478	2
Accounts receivable, net	32,973	37,673
Material and supplies	7,199	8,119
Other	1,233	1,700
Total current assets	61,883	47,494
Total Assets	\$ 496,063	\$ 491,978

Net Utility Plant (in millions)



Patrons' Equity and Liabilities

Patrons' Equity	\$ 222,861	\$ 220,733
Long-Term Debt, Less Current Maturities	147,716	155,701
Other Long-Term Liabilities, Less Current Maturities	49,061	40,534
Current Liabilities		
Accounts payable	31,663	37,598
Member deposits	1,880	1,835
Accrued liabilities	12,978	13,086
Debt due within one year	29,904	22,491
Total current liabilities	76,425	75,010
Total Patrons' Equity and Liabilities	\$ 496,063	\$ 491,978

Patronage Distribution (Cash Back) (in millions)

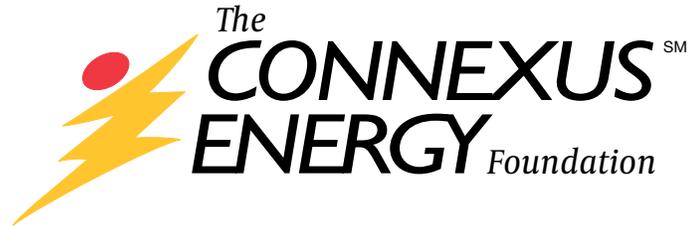


Community Giving

The Connexus Energy Foundation began operating in 2020 as part of our long-term plan for community giving. These donations are funded with unclaimed Cash Back from former members, and we donated over \$362,000 in 2023!

We proudly support nonprofit organizations located within our service area whose goals align with these primary areas of support:

- Youth and education
- Community service
- Environmental stewardship
- Economic and workforce development



Donations to Your Community, Your Choice

Each month, The Connexus Energy Foundation donates \$1,500 to a local 501(c)(3) charity. Our members help choose a charity that deserves our support.

Use our online form to submit your favorite nonprofit charity to be considered for future Your Community Your Choice nomination at connexusenergy.com/ycyc.



The Food Group representatives with Yan Paul.



Connexus employees, family and friends after packing meals at Feed My Starving Children.

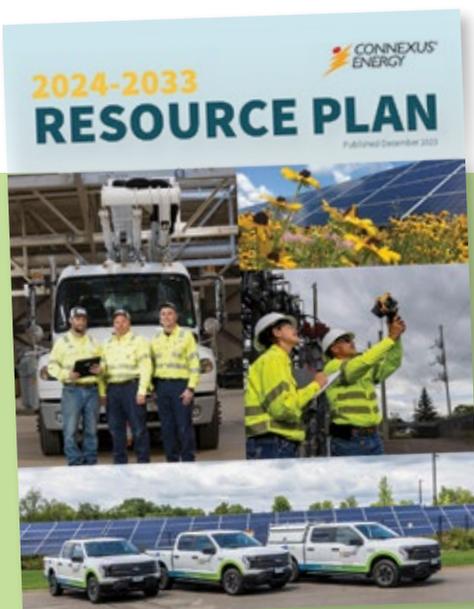
Welcome to Sidney Jackson, our new CEO

Sidney has worked at Minnesota utilities for 30 years. This is also where he raised his family.

He gained additional utility experience in Texas and California. He has an electrical engineering degree and a Master of Business Administration.

Sidney has leadership experience in:

- Electric operations
- Engineering
- Finance
- Power supply
- Strategic planning
- Environmental sustainability



Resource planning was a success

See what we have planned for the next 10 years at connexusenergy.com/powersupply.