

Members receive \$5.7 million in capital credit refunds this month!

Wright-Hennepin's (WH) Board of Directors is proud to announce that this holiday season, members will receive a capital credit refund of \$5.7 million!

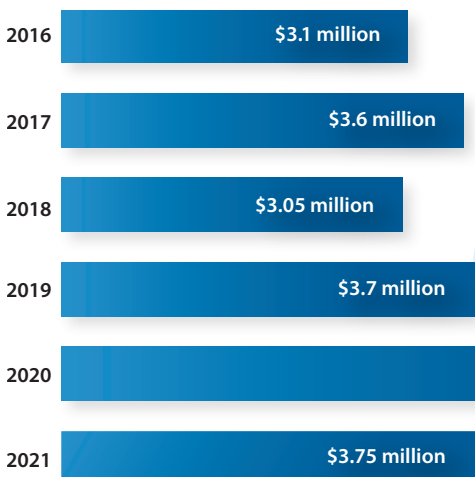
YOUR REFUND IS COMING FROM ONE OR BOTH OF THE FOLLOWING SOURCES

- WH is returning almost \$3.75 million based on the energy purchased during the years 2000 and a portion of 2001 and 2020. This refund is possible due to WH's excellent operating performance in 2021 and your cooperative's continued strong overall financial condition.
- Great River Energy (GRE), one of WH's power suppliers, also returns capital credits. Membership in WH may also entitle you to a share of this year's almost \$1.98 million return based on the energy purchased during the years 1985 through 1991.



Remaining profits or "margins" collected after expenses are returned to you, the member-owners, for purchasing electricity during the years being retired. Members will receive a check in the mail if their refund is \$10 or more unless they have opted to receive a bill credit. Members whose refund is between \$1 and \$9.99 will automatically receive a bill credit. This is just one of many benefits of being a part of an electric cooperative!

Benefits of cooperative ownership!



CAPITAL CREDITS 101

WH is a not-for-profit cooperative – collectively owned by members like you – whose mission is to provide electric power at the cost of service. Any remaining margins are returned to you, the member-owner, in the form of capital credit refunds. Before returning it, WH uses member capital to offset the cost of debt for the construction and maintenance. This working capital represents your ownership equity in the cooperative.



CEO's Memo

TIM SULLIVAN
WH PRESIDENT AND CEO

WH measures financial success based on your priorities

As a member-owned, not-for-profit electric cooperative, Wright-Hennepin (WH) doesn't have stock to buy, sell or trade. Consequently, we don't measure our financial success through a stock price. Similarly, we don't have electric profit goals or revenue growth targets, two other traditional measures of for-profit business success.

Nonetheless, we're focused like a laser beam on best-in-class financial performance. But for us, financial success is measured by *how well we deliver on the financial goals our members say are most important to them*. And our members have told us their top goals are competitive rates, capital credit refunds, keeping costs down, providing value-added services and preserving the co-op's long-term financial health. So, let's see how we're doing in each of these areas:

COMPETITIVENESS

At WH, no measure of financial performance is more important than the competitiveness of your monthly electric bill. Our objective is always to beat Xcel Energy on the typical monthly residential bill and, over the past decade, we've been pretty successful doing that. In fact, WH has beaten Xcel nine of the past 10 years and our competitive edge is increasing. For example, in 2021, WH's competitive advantage over Xcel on a typical monthly residential bill is over 9%. If energy savings programs and capital credits are factored in, WH's competitive advantage swells to 12% and 17% respectively.

CAPITAL CREDIT REFUNDS

A unique benefit of being an electric cooperative member is capital credit refunds. We measure success in this area in two ways. First, we focus on the time it takes before members receive their full capital credit reimbursement. Happily, I can report that, since 2015, WH has cut the capital credit return time from 27 years to less than 21. In fact, the board has set a goal for a 20-year rotation by 2023 and we are on track to meet it. Second, we measure the size of the average refund and the number of members who receive one. Our goal is to touch at least 90% of members with a capital credit refund in any given year. To accomplish this, we reward both our newest members who contributed in the past year and our longer-tenured members who have financed the cooperative over many years.

In 2021 we expect that more than 93% of our members will receive a check or bill credit of an average size of \$85.61 and a median of \$46.52. For more details, see story on page 1.

OPERATING COSTS

To deliver the best value, we also strive for cost control. Specifically, our goal is to keep operating costs in the lowest 10% of co-ops in the nation. Once again, in 2021, we are on track to meet this goal. In fact, we anticipate scoring in the lowest 4% in the country for operating costs. Think of operating

costs as the monthly expenses that keep the business running, everything from labor to wire to gasoline to software. In the end, we know all the money we spend is our members' money.

WH HOLDING

We also have financial expectations for the six diversified, for-profit businesses organized under the WH Holding umbrella. These include: WH Solar, WH Generation, WH Security, WH International Response Center, WH Services and WH Investments.

These businesses were built to absorb costs that otherwise would need to be borne by electric consumers. They also generate profits that help keep electric rates competitive. We call this combination of cost absorption and profit production WH Holding's "strategic margin." In 2021, the WH Holding strategic margin contribution will be more than \$1.90 million. In 2022, we anticipate that strategic margin contribution will grow to nearly \$1.91 million.

EQUITY

We also remain mindful of the co-op's future needs. This means we must pay for the long-term build out and maintenance of our distribution system. It means setting aside reserves to respond to emergencies and to protect against the financial shocks brought on by extreme weather events or dramatic changes in energy policy or power supply. It's also why WH targets at least 25% modified equity. Think of equity as creating the cushion against price volatility and wild swings in circumstances. We value modified equity because we value stability for our membership.



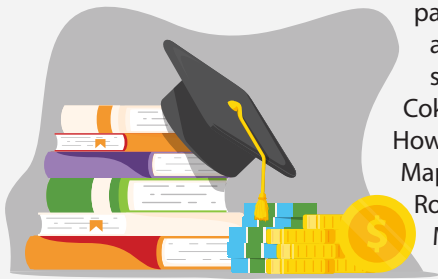
So, the next time you open your WH electric bill, remember that it represents a compilation of many behind-the-scenes decisions designed to keep your co-op financially competitive, healthy and strong. It's just one more way WH makes the cooperative advantage real.

Thank you for your business.



Apply now for 2022 scholarships

Each year, WH awards scholarships to local students in our service territory. Seniors whose parents or guardians are members of WH are encouraged to apply for scholarships today! WH is proud to offer scholarships to local students in the spirit of "Concern for the Community," one of the seven cooperative principles. It's just another benefit of being a member of a cooperative! Scholarships are funded through unclaimed capital credits and a contribution from the WH Holding Company.



WH will award a scholarship to one student whose parent or guardian is a cooperative member at each of the following schools in WH's service territory: Annandale, Buffalo, Dassel-Cokato, Delano, Heritage Christian Academy, Howard Lake-Waverly-Winsted, Maple Grove, Maple Lake, Monticello, Orono, Osseo, Rockford, Rogers, Parnassus Preparatory School, St. Michael-Albertville, Watertown-Mayer, Wayzata and Wright Technical Center.

These applications are submitted directly to the high school. Each school listed has its own application deadline and the schools will select the winners. WH also offers an at-large scholarship to one member's student who attends a private school, a school that neighbors WH's service territory or is home schooled. The application deadline is April 1, 2022.

EDWARD R. SLEBISKA MEMORIAL LINeworker SCHOLARSHIP

Each year, WH awards two \$3,000 scholarships to students pursuing a career as a lineworker to honor Ed Slebiska, the cooperative's first CEO. This scholarship is open to those who are high school seniors or older living within a 30-mile radius of Rockford. Enrollment in a power line technical college is required. The application deadline is April 15, 2022.

BASIN ELECTRIC POWER COOPERATIVE SCHOLARSHIP

Basin Electric Power Cooperative of Bismarck, ND, will award a \$1,000 scholarship to the child of a WH member and the child of an employee of the cooperative. Basin is one of WH's power suppliers. The application deadline is February 4, 2022.

For more details and application forms, please visit
<https://bit.ly/WH-scholarships>.



Apply for the Youth Tour!

High school juniors are encouraged to apply for the annual Electric Cooperative Youth Tour, taking place June 14 - 19, 2022. Every year, WH sponsors one high school junior from our service territory whose family is a member to attend the Youth Tour at no expense to them. The Youth Tour brings together more than 1,500 high school students from across the nation. For one week in June, these students travel to Washington, D.C. and visit our nation's capital and monuments. Students learn about American history and their role as citizens by meeting state representatives and senators.

To apply for an opportunity to travel to Washington, D.C. on the all-expense-paid trip, high school juniors should fill out an application on our website and submit it to WH by March 1, 2022.



SEND SCHOLARSHIP AND YOUTH TOUR APPLICATIONS TO:

Wright-Hennepin Cooperative Electric Association
Attn: Holly Thompson
P.O. Box 330
Rockford, MN 55373-0330

Transformer inspections begin in January

WH will begin to inspect padmount transformers starting in January. Members in the Monticello, Buffalo, Rockford and Minnetrista areas may notice lineworkers inspecting the green transformers found in yards during this time.

What will they do? Lineworkers will access and open pad-mounted devices such as transformers, switches, fuse cabinets and transition cabinets. The inspection process helps prevent and minimize outages. Lineworkers look for rust on the device or corrosion on the connections inside the device, as well as any damage to the device or pad.

What is a padmount transformer? These devices are the large green boxes found in yards and are a major part of the system that brings electricity to member homes.

What do I need to do? WH lineworkers may be in your yard where the transformer is. These inspections normally take two lineworkers around 10 minutes to perform. We request that clearance for bushes and shrubbery be maintained 10 feet in front and 3 feet on all sides of padmount transformers, as stated on the warning label on the equipment. If you have any questions, call (763) 477-3000.



WH will inspect padmount transformers beginning in January.

Co-op Connections deal of the month

SARPINO'S PIZZA IN OTSEGO

\$5 off any order of \$20 or more.

Lost your card? No problem. For a free replacement or to sign up your business, call (763) 477-3000. For more deals, visit www.connections.coop, or use the Co-op Connections app on your mobile device to find all your local deals and more!



Members positively impact our community through Operation Round Up donations

WH members participating in Operation Round Up (ORU) round up their bill to the nearest dollar, which provides funding to local charities and organizations. So far in 2021, more than \$172,000 has been donated to local organizations, including \$10,000 to WeCAN and \$2,500 to TreeHouse Hope.



WeCAN

WeCAN is an organization that has been serving northwestern Hennepin County for more than 32 years. They take a multi-pronged approach to assist clients in need.

The money from ORU is used to fund emergency assistance, including paying for rent and utilities, car repairs, prescription services and more. WeCAN's goal is to help clients get back on their feet through many means, including helping build resumes to find employment, assisting with payments and food supplies when necessary and more.

"We are so thankful and grateful for [WH members] who donate as a part of ORU," said Christopher Anderson, Executive Director at WeCAN. "Every dollar we get makes a huge impact and literally saves lives on a daily basis. The impact is long-lasting, and you can't put a dollar figure on that."



TreeHouse Hope

TreeHouse Hope is an organization that operates in the Twin-Cities Metro area. It works to end hopelessness among teens by creating safe environments where teenagers can be themselves and find their potential. TreeHouse's goals are three-fold: to help teens establish internal, foundational beliefs and skills; to show external expressions of those beliefs and skills; and to demonstrate the positive impact that the beliefs and skills will bring to a community.



Mandy Betlach, the Plymouth Area Director at TreeHouse Hope, said: "We are so thankful for the ongoing support of Wright-Hennepin Electric Trust each year. Because of you, we are reaching more teens so that no teen is without hope. Thank you for your partnership! It is a huge blessing."

2021 MEMBER CONTRIBUTIONS

The list below is a summary of donations of \$6,000 and above. For a full listing of 2021 ORU donations, visit whe.org.

Donations of \$10,000 awarded to:

LSS Crisis Nursery supports parents in crisis and keep children safe.

True Friends supports capital upgrade of exterior improvements of cabins at Camp Courage.

WeCAN assists those in need with emergency assistance.

Wright County Community Action assists Wright County residents with energy assistance.

Community Action Partnership of Hennepin County provides low-income energy assistance.

Donations of \$6,000 or more awarded to:

MN Adult and Teen Challenge supports the "Know the Truth" drug prevention program.

Hope Chest for Breast Cancer Foundation provides financial assistance to breast cancer patients.

Society of St. Vincent de Paul helps families in need.

Can Do Canines supports assistance dogs.

Senior Community Services supports the HOME program in Wright County.

ORU funds are awarded to local organizations on a bimonthly basis. Since 1994, WH members have donated more than \$4.7 million this way. Approximately 90% of WH's members participate in the ORU program and contribute a total of approximately \$19,500 each month. View the full list of donations on our website at whe.org.

Electric vehicle trends to look forward to in 2022 and beyond

Electric vehicles (EVs) continue to evolve and progress. New vehicles, batteries and technologies are constantly developing and becoming available. Let's look at a few of these developments for 2022 and beyond.

VEHICLES

2022 promises to introduce many new and exciting EVs. Many automakers are coming out with their version of an electric truck, including Ford, GMC and, of course, Tesla. Electric SUVs and sedans, as well as off-road vehicles, will also see an increase in production next year. You can look forward to these in the near future:

- » **FORD F-150 LIGHTNING:** The Ford F-150 Lightning will be available sometime in 2022. This truck will have 10,000 pounds of towing capacity, extra storage in the front trunk (frunk) and up to 350 miles of range, according to Ford.
- » **TESLA CYBERTRUCK:** Tesla will be releasing the long-awaited and unique Cybertruck in late 2022 or 2023 that will boast a projected 500 miles of range and best-in-class torque.
- » **MAZDA MX-30:** Mazda will introduce its first plug-in hybrid SUV in 2022.

CHARGING STATIONS AND BATTERIES

- » The future of EV charging technology is to make charging an EV as fast as refueling a gas car. The ZEFNET Level 2 charging station can charge an EV up to 5x faster than the set that comes with EVs. WH members can purchase a ZEFNET charging station through WH at <https://bit.ly/WH-EV-chargers>.

Source: zefenergy.com

- » Improvements to EV batteries are also underway. Researchers are exploring alternative options to lithium batteries, including sodium, hydrogen fuel cells and aluminum. Source: <https://bit.ly/lithium-alternatives>

BIDIRECTIONAL CHARGING

Bidirectional charging is slowly being introduced to EVs, including the Ford F-150 Lightning. With bidirectional charging, energy can go into the car and back into a home or to the grid. This is especially useful during power outages. To use bidirectional charging, members need a transfer switch installed in their home.

When you are ready to purchase an EV, WH can help get you set up with a charging station, including Energy-Saving Programs, to help you save even more.



FORD F-150 LIGHTNING



TESLA CYBERTRUCK



MAZDA MX-30

ALREADY DRIVE OR READY TO PURCHASE AN EV?

Contact WH at (763) 477-3000 to learn more about charging programs and rebates!



PURPA Statement

The Public Utilities Regulatory Policies Act (PURPA) of 1978 states that WH is obligated to interconnect with and purchase electricity from co-generators and small power producers. WH will provide information on its PURPA policies to all interested persons free of charge upon request. Any disputes over interconnection, sales and purchases are subject to resolution by WH. If you have questions regarding PURPA policies, contact WH at (763) 477-3000 or visit <https://bit.ly/WH-cogeneration>.

When it comes to heating, think electric

When it comes to powering and heating your home, electric rates continue to remain steady and low. Your Board of Directors works hard to keep rates low through strong financial management and low operating costs. In fact, in 2021, the average WH residential bill of 1,000 kWh dropped from \$134.77 to \$133.30. For members who are interested in heating their home with electricity this winter, WH offers Energy-Saving Rebate Programs.

Learn more by calling (763) 477-3000 or by visiting <https://bit.ly/WH-heating>.

**Quick fix.
Fast service.
Fair price.**



Packages Start At

\$18⁷⁵
month

The WH Appliance Repair plan helps you with unexpected repair bills. The plan includes **your choice** of 5 appliances.*

Popular options include:

- ✓ Refrigerator
- ✓ Clothes Dryer
- ✓ Furnace
- ✓ Range
- ✓ Water Heater

*Additional appliance coverage is also available. No deductible or trip charge. Certain restrictions apply.

(763) 477-3000

whe.org/services-products.html

WH Appliance
Repair



SECURITY SYSTEMS CAN SIMPLIFY YOUR HOME LIFE

Security systems used to be thought of as simply intrusion protection, but now they are so much more. What if your home security system could help simplify your life? What if you could have control and protection in the palm of your hand? In addition to helping you protect what matters most, today's systems can help turn your residence into a smart home.

Our indoor and outdoor surveillance cameras and doorbell cameras operate over your Wi-Fi network and allow you to receive video clips via mobile device when there is activity at your home. Our garage door control also operates on a Wi-Fi network and gives you the ability to open your garage door when a service person or guest needs to gain access. You can also check to see if the door is open or closed when you are away to put your mind at ease.

Similarly, your WH Security system can integrate with most Z-Wave devices you may wish to install, even if you've already purchased them elsewhere. These include door locks, lights, smart outlets and thermostats. These smart products can all be tied into your system, meaning you can control it all from anywhere there is an internet connection with one easy-to-use app. Many devices can also be connected to your smart speakers, including Google Home and Amazon Alexa.

You've seen the people controlling their homes from their mobile devices. Unlocking doors for repair people, turning lights off and on, adjusting the thermostat and talking to people through a doorbell camera. That could be you. WH Security can help. Give us a call to learn more today!

763.477.3664 | info@wh-security.com | wh-security.com

WHSECURITY
Trusted. Local.

Trimmed trees are safe trees!

Services include:

- Pruning and shaping
- Tree and stump removal
- Lot clearing for construction
- Emerald ash borer treatment
- Aerial bucket truck work
- Tree fertilization
- Storm damage clearing

Call (763) 477-3000 to learn more.

WH Headquarters | 6800 Electric Drive | Rockford, MN 55373



Safely have your trees trimmed by our expert tree care specialists. Schedule your service today!

Solar winners

tenKsolar Winner



THOMAS GINDELE of Saint Michael wins a credit for 155 kWh, September's output from WH's tenKsolar panel array.

CARRIE FERDINANDT of Loretto wins a credit for 107 kWh, October's output from WH's tenKsolar panel array.

Solar Winner



KEVIN ERICKSON of Plymouth wins a credit for 250 kWh, September's output from WH's solar panels.

GARRETT MIEDEMA of Maple Grove wins a credit for 199 kWh, October's output from WH's solar panels.

Learn more at <http://bit.ly/2re3mGN>

Board Report: Meeting highlights

SEPTEMBER BOARD MEETING

The Wright-Hennepin and WH Holding monthly Board of Director meetings were conducted September 23, 2021. A quorum of directors was present. Items discussed or Board action taken:

- Approved WH and WH Holding director fees for 2022.
- Heard a report from the Policy, Planning and Professional Services Committee. Following the report, the Board:
 - » Approved no changes to WH's Bylaws or Districts.
 - » Approved appointing Legal Counsel, Auditor and Survey & Ballots Systems as Election Judges for WH's 2022 Annual Meeting.
- Authorized moving the Electric Vehicle Charging Stations from WH Generation, LLC into the electric business.
- Approved 2022 board meeting dates and scheduled a strategic issues session and strategic planning session.
- Heard results of the Electric Vehicle Ride and Drive Event.
- Heard report on future initiatives to optimize margins and equity.
- Heard report on future initiatives to attract, develop and retain top talent.
- Reviewed and filed the monthly CEO, financial, legal and other operating reports.
- Directors reported on industry meetings they attended on behalf of the cooperative.

OCTOBER BOARD MEETING

The Wright-Hennepin and WH Holding monthly Board of Director meetings were conducted October 14, 2021. A quorum of directors was present. Items discussed or Board action taken:

- Approved a general capital credit retirement of \$3.75 million during the upcoming Holiday Season.

- Board was informed that WH received a check from Great River Energy for the retirement of 1985-1991 capital credits. Board approved disbursement with WH's general capital credit retirement.
- Reviewed annual write-off of bad debt.
- Heard annual WH Generation update.
- Heard results of WH International Response Center's satisfaction survey.
- Heard report on current state of the labor market.
- Reviewed and filed the monthly CEO, legal, financial, and operations reports.
- Directors reported on industry meetings they attended on behalf of the cooperative.

NOVEMBER BOARD MEETING

The Wright-Hennepin and WH Holding monthly Board of Director meetings were conducted November 18, 2021. A quorum of directors was present. Items discussed or Board action taken:

- Approved 2022 work plan and budget.
- Approved auditor engagement letters with Eide Bailly.
- Approved resolution for Rural Utilities Services (one of WH's lenders) requesting possible revenue deferral.
- Approved resolution authorizing guaranty of line of credit.
- Approved allocating excess margins and refunding to the members in December 2022.
- Selected 2022 delegates and alternates for business meetings of the Minnesota Rural Electric Association (MREA) and National Rural Electric Cooperative Association (NRECA).
- Reviewed and filed the monthly CEO, legal, financial and operations reports.
- Directors reported on industry meetings they attended on behalf of the cooperative.

Keep in touch with your cooperative!

Member call center:

(763) 477-3000 or (800) 943-2667

Hours: 7:30 a.m. – 5 p.m. Monday – Friday

Winter office hours:

8:00 a.m. - 4:30 p.m. Monday – Friday

To report an outage:

Dispatchers are available 24/7

Call: (763) 477-3100 or (888) 399-1845

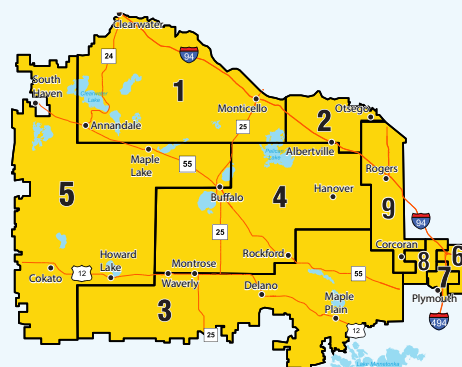
WH Security monitoring:

Security dispatchers are available 24/7

Call: (763) 477-4275 or (800) 858-7811

Website: whe.org

Email: info@whe.org



Board of Directors:

District 1: Timothy Young, Annandale
District 2: "Butch" Lindenfelser, Monticello
District 3: Pat Bakeberg, Waverly
District 4: John Reynolds, Buffalo
District 5: Chris Lantto, Annandale
District 6: Mike Tieva, Maple Grove
District 7: Kenneth Hiebel, Plymouth
District 8: David Silver, Maple Grove
District 9: Erick Heinz, Corcoran

WH President and CEO: Tim Sullivan

WH CFO: Brian Swanson

WH Holding COO: Wendy Youngren

This cooperative is an equal opportunity provider and employer.

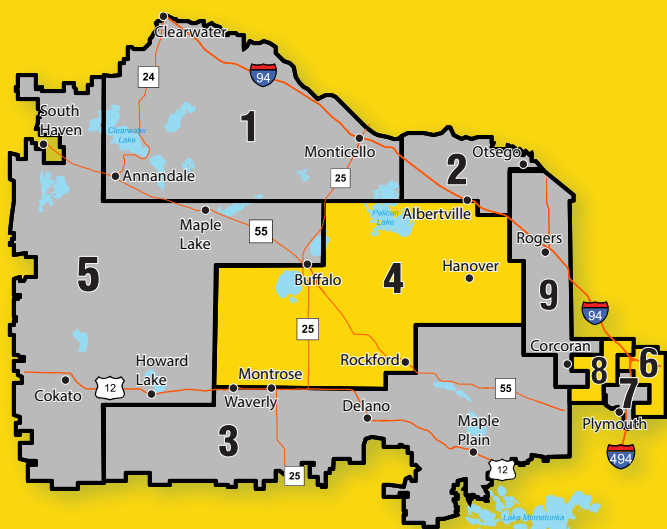
Our office will be closed in observance of the holidays on December 23, 24 and 31.

6800 Electric Drive
Rockford, MN 55373

Hotline Update

DECEMBER NEWS FOR WRIGHT-HENNEPIN MEMBERS

Members may now file for board seats



WH members can now submit nominations to vie for a seat on the cooperative's board of directors in Districts 4, 6 and 8. Elections will take place at WH's 2022 Annual Meeting on Thursday, April 21, 2022. Your board district (BD) number is shown on the second line of the mailing address, just above your name. Members in these districts who would like to run in the election need to file a director nominee application form.

To apply, print, complete and sign the form found at <https://bit.ly/WH-Director-Election> by March 2, 2022.

MAIL IN THE FORM ALONG WITH A RESUME TO:
Wright-Hennepin Cooperative Electric Association
Attn: Board Chair Erick Heinz
P.O. Box 330
Rockford, MN 55373

WH celebrates National Co-op Month!

In October, WH celebrated National Co-op Month with a member appreciation lunch and Fall Festival at our headquarters in Rockford. Members enjoyed activities such as pumpkin decorating, balloon animals, a giant slide and even a magician! WH is proud to be a part of the community it serves.



Families enjoyed celebrating Co-op Month.



Employees masked up to work at the fall festival.



Two children show off their costumes and balloons.



Many children wore costumes to the event.



This year, WH's Fall Festival included a magic show!



Children decorated pumpkins.



Children enjoyed the giant inflatable slide.



WH lineworkers joined in on the fun!