



Performance *that matters to you*

2014 Annual Meeting Edition
Hotline Update - March 2014



To the members:

Webster's dictionary defines strategy as "a careful plan or method for achieving a particular goal over a long period of time."

At Wright-Hennepin (WH), your board sets the long-term strategy of the company, planning a vision of how your cooperative can serve the best interest of the members in the future. We recognize that events taking place right now will make the future much different from the world today and yesterday. That is especially true in the energy industry. A fundamental evolution is occurring at lightning speed with how energy is produced, delivered and priced, and we know that WH needs to stay ahead of these changes.

In defining strategy, the board first determines the organization's mission. In 2013, we updated the mission to reflect these changing times. The new mission says: "Our Cooperative will deliver safe, reliable and competitively-priced grid or self-generated power to our members."

In the past, we focused on delivering reliable electricity solely over a network of distribution lines and substations, but now we realize that the future could involve a broader mix of options. Our updated mission statement reflects that very fundamental change.

Helping to create this fundamental change are the advancements made in solar power. The price of solar panels is dropping at a remarkable rate, making this renewable energy option a viable future choice. In

2013 we installed the nation's first solar community with battery backup. Members purchased the 171 panels that are located at our business campus in Rockford. Under the agreement we have with these members, we will handle ongoing maintenance and they will receive bill credits based on the output of the solar panels. Refer to what one WH member had to say about participating in our Solar Community.

Even with the changes taking place in how power is generated and delivered, it's important to point out that your board continues to keep the objective of competitively-priced power front and center. We know low rates are important to you. No matter the source of power supply, we plan to keep WH's rate options a competitive leader in this area. We are proud to say that we again accomplished that objective in 2013. Refer to the *Competitive Performance* infographic on page 3 for more details about how your price of power compares to others.

We are able to keep the price of power competitive by consistently keeping our local operating costs lower than the industry average. Technology enhancements and process improvements in recent years have aided that effort. Please see the *Operating Performance* infographic on page 3 for more information. Additionally, our diversified businesses had another strong year in 2013, directly offsetting almost \$2 million from the electric operation that otherwise would have been added to your power bill. These business units provide a valuable portfolio of products to customers both locally and nationally.



Chris Lantto
Board Chair



Mark Vogt
President & CEO

Performance of these diversified units were also strong enough to take an adjustment on the value of one of WH Holding's investments (Silent Power, Baxter, Minn., a manufacturer of battery storage units for renewable energy applications) without affecting the competitiveness of your electric rates. This investment was part of our research and development strategy to help bring renewable energy into the mainstream.

★★★ **Letter to the Members**
CONTINUED ON PAGE 3

WH Solar Community panel-owners pleased with purchase

A 171 panel solar community was energized at Wright-Hennepin's (WH) headquarters on September 9, 2013, providing an easy way for members to own solar energy. The solar community is the first in the state and the first in the nation to incorporate solar energy with battery storage. Members who purchase panels then receive a kilowatt-hour (kWh) credit on their energy bill each month. The credit is based on the amount of the energy produced by the solar array.

WH members Matt and Amber Christian of Maple Grove purchased a number of solar panels from the first WH Solar Community. The couple is glad they invested in solar and are excited about the value it is providing.

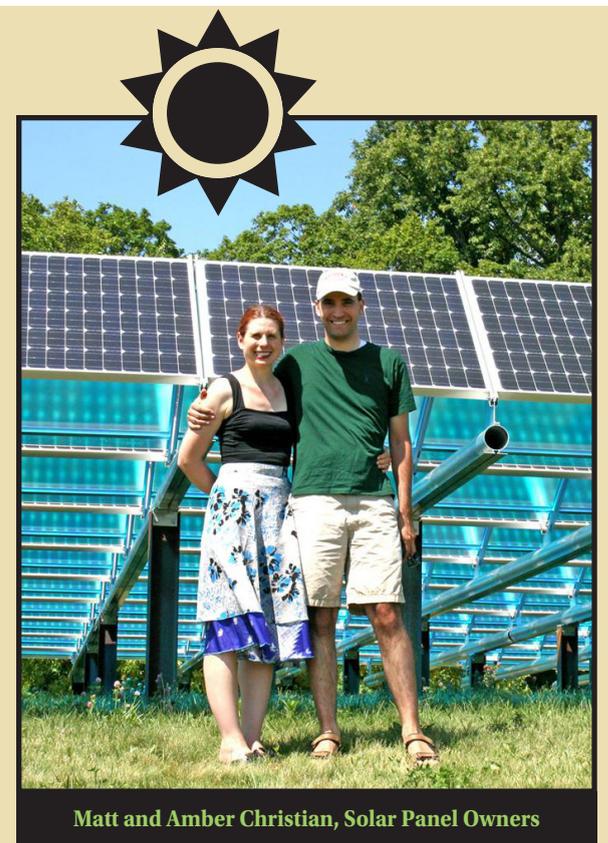
"Amber and I purchased 22 panels to power our townhome in Maple Grove, Minn. Based on mathematical estimates, this covers 90 percent of our annual electric needs. So far, between 25 and

95 percent of our monthly electricity use has been covered by our solar purchase and we are very pleased," said Matt Christian.

Aside from energy savings, there are a number of benefits to community solar. Members can buy and use solar panels without installing equipment on their property or having to maintain the system.

"Being that we live in a townhome, it is impractical and forbidden to have solar panels installed on our property, so we are grateful that we were able to move forward with our own energy production with the help of WH. The cherry on the top is all of the maintenance and upkeep is taken care of for us. I highly recommend others to invest in solar," said Christian.

Plans are underway for future solar communities. For more information, call a representative at (763) 477-3000 or visit <http://goo.gl/hMua9>.



Matt and Amber Christian, Solar Panel Owners

★ **Letter to the Members**
CONTINUED FROM PAGE 2

Information about one of the many innovative services our diversified businesses provide can be found on *page 4*.

While renewable energy and competitively-priced central station power are important strategies, so is reliability. Even though it's not always noticeable, our staff and linemen are working behind the scenes, continuously making upgrades to our system to ensure warm homes on the coldest winter nights, lights when you need them and a constant flow of energy that you can depend on. In 2013, WH had a "best-ever" year for electric reliability. Information about our *Reliability Performance* can be found on *page 4*.

In addition to high reliability, we seek to achieve another important strategy: outstanding, white glove service. Your board has set a goal of having customer satisfaction scores in the very top tier of all utilities across the country. In 2013, you rewarded us with very high customer satisfaction scores – some of the highest on record not only in the electric utility industry, but all industries. We thank you for that vote of confidence and we pledge continued improvements to not only our service and products, but the things that you have come to expect from WH. Refer to the *Service Performance* infographic on *page 5* for more details.

Finally, none of this would mean anything if we didn't also help ensure a strong local community. During 2013, WH's members who participated in the Operation Round Up (ORU) program donated more than \$187,000 to local organizations. In addition, WH donated more than 15,000 tree seedlings to local organizations and helped the local environment in a number of ways. Refer to the story on *page 5* to read what Delano Public Schools kindergarten teacher Barb Stoffel has to say about one of our community service programs.

This year's annual meeting theme is "Performance That Matters to You." During the meeting, we will expand on all these topics using outside guest speakers to give you a new and unique perspective about your cooperative.

Our thanks go to the board of directors, managers and employees who executed the cooperative's strategies very effectively in 2013, delivering performance that mattered. Most of all, we thank you, the members, whose support, feedback and patronage sets the tone for everything we do at Wright-Hennepin. 

Cooperatively,



Chris Lantto
Board Chair



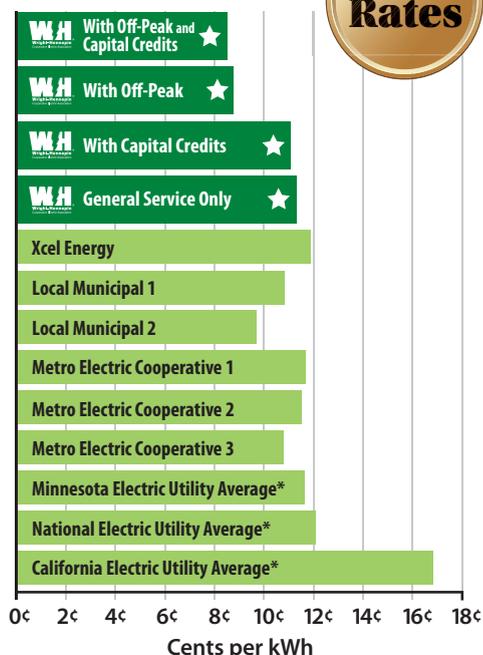
Mark Vogt
President & CEO

Competitive Performance

Great Rates

WH's 2013 ★★★★★ residential rates were very competitive

The graph at right shows how WH's residential rates stand up against other local suppliers. In addition to this performance, in 2013 your board of directors returned a special refund of \$2.5 million in capital credits in March and \$1.2 million in December, totaling a refund of \$3.7 million for the year! Because WH is a non-profit entity, excess margins are returned to member-owners as capital credits. This is a distinct and important advantage of the cooperative business model. Since the times these refunds were first made in 1958, \$32 million has been returned to members.



*Source: Energy Information Administration

A focus on keeping rates competitive

"WH's board of directors understand that members want competitively-priced electric power. Every board meeting in 2013 continued to focus on this key performance area."

-Chris Lantto
Board Chair



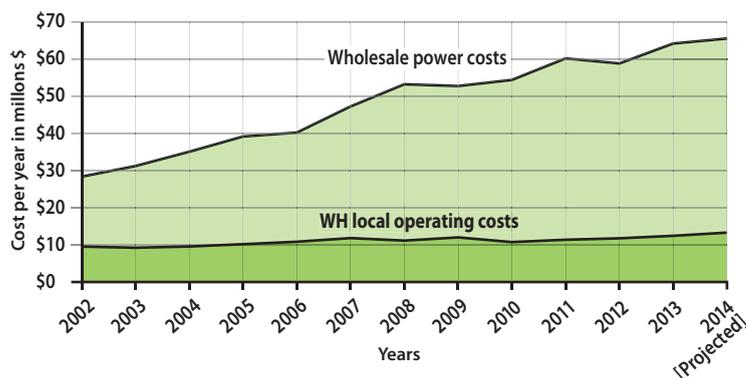
WH's Board of Directors
From left to right, top to bottom:

Chair Chris Lantto, District 5, French Lake
Vice Chair Thomas Mach, District 6, Maple Grove
Secretary-Treasurer Dale Jans, District 4, Buffalo
Timothy Young, District 1, Annandale
Duane "Butch" Lindenfelser, District 2, Monticello
Burton Horsch, District 3, Howard Lake
Kenneth Hiebel, District 7, Plymouth
Donald Lucas, District 8, Maple Grove
Erick Heinz, District 9, Corcoran

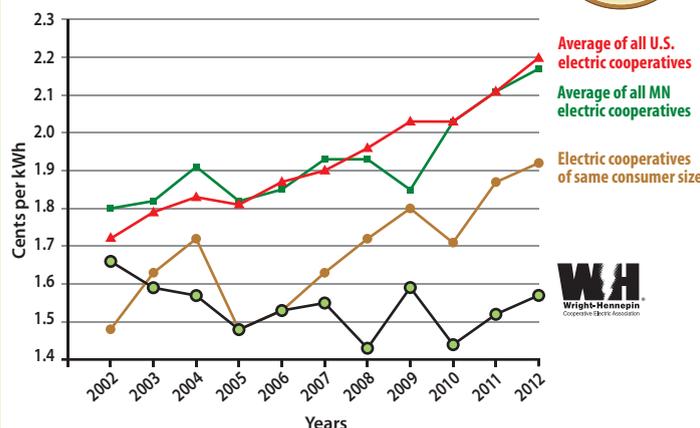
WH
Board of Directors

Operating Performance

★ WH local operating costs have stayed virtually the same since 2002



★ Keeping operating costs lower than other utilities



Costs

Keeping costs low

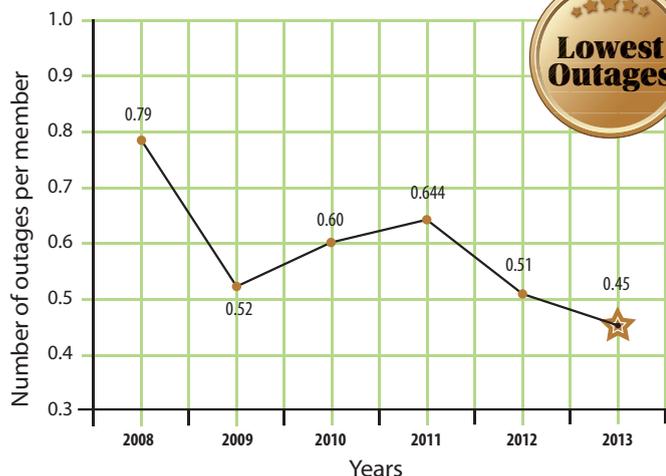
"I've had the opportunity to work for Wright-Hennepin (WH) for over 32 years, and I am proud to be a part of an organization that encourages and challenges our employees to be the most cost efficient among cooperatives. We have made many software and technology improvements, further ensuring that WH employees provide excellent service at the lowest possible costs. In turn, this equates to providing energy services to our members at a very competitive rate."



Teresa Bruns
Accounts Receivable Supervisor

Reliability Performance

Members Averaged Less Than One Outage Per Year



Strong Safety Culture



Wright-Hennepin employees turned in the best safety year ever, with injury rates well under industry averages.

Restoring power faster

"By working as a team and using the most advanced technology, we are able to perform rapid outage restorations. When we receive phone calls during outages, these are entered in our Outage Management System (OMS). This helps develop a quick idea of the extent of the outages. We also use an Automated Vehicle Locating system (AVL) that tracks where trucks are located, allowing the closest linemen to be contacted and to repair the outage."

Ryan Greninger
Journeyman
Lineworker



Continuing to lower the number of outages



2013 was the best year ever for safety

WH Security customer benefits from using home automation

Through WH Security's recently added home automation service powered by Alarm.com, customers can control their homes remotely via the Internet. Users can control lights, create automatic light schedules, remotely lock doors and control their thermostats and security systems from smart phones or computers.

Josh Headlee of Stillwater, Minn, has been a WH Security customer since 2009.

"I use a variety of Alarm.com features. My outdoor lighting has custom schedules so that the lights turn on and off automatically. I control my thermostat remotely and it gives me a good feel on how the different temperatures impact my energy use. In addition, my wife and I use notification features so that we know when the other is coming and going. This is a great feature that would be especially beneficial for a family that has children or teenagers," Headlee said.

Customers who use Alarm.com save money by reducing energy without sacrificing personal comfort. For

members like Headlee, it's easy to track and monitor his energy use.

"Alarm.com has a feature that allows me to set expense goals related to my electric bill. For example, I currently have a goal of keeping my electric bill under \$100. When I am getting close to exceeding that amount, Alarm.com will notify me in advance. I find this very helpful and a great way to manage my energy use," Headlee added.

Headlee also plans to continue adding functionality to his home automation system.

To learn more about Alarm.com services offered through WH Security, call a representative at (763) 477-3664. 



Josh Headlee, WH Security Customer

★ WH Holding Company delivers products and services to meet your needs

WH owns six subsidiary businesses, which are separate from the electric operation. In 2013, WH Holding picked up almost \$2 million in cost allocations from the electric operation that otherwise would have been collected in members' electric rates. The WH Holding structure also protects the electric cooperative's non-profit status and provides liability protection.

WH Holding

A wholly owned subsidiary of Wright-Hennepin Cooperative Electric Association

WH Security

A wholly owned subsidiary of Wright-Hennepin Cooperative Electric Association

WH Security provides retail security alarm systems and monitoring services to thousands of homes and businesses in the Twin Cities area.

WH Response Center

A wholly owned subsidiary of Wright-Hennepin Cooperative Electric Association

The International Response Center provides around-the-clock wholesale home security monitoring services to 62,000 customers in the U.S. and Canada.

WH SERVICES

This subsidiary provides quality contractor services such as tree trimming, Off-Peak equipment installations, appliance repair and street lighting.

HEATMYFLOORS.COM

HeatMyFloors.com provides energy efficient under floor electric heating systems to contractors across the U.S.

WH Generation

A wholly owned subsidiary of Wright-Hennepin Cooperative Electric Association

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

WH HOLDING INVESTMENTS

WH Holding Investments provides the legal structure for partnership activity.



WH's Vision

To be the preferred energy services company in our marketplace.

WH's Mission

Our Cooperative will deliver safe, reliable and competitively-priced grid or self-generated power to our members.

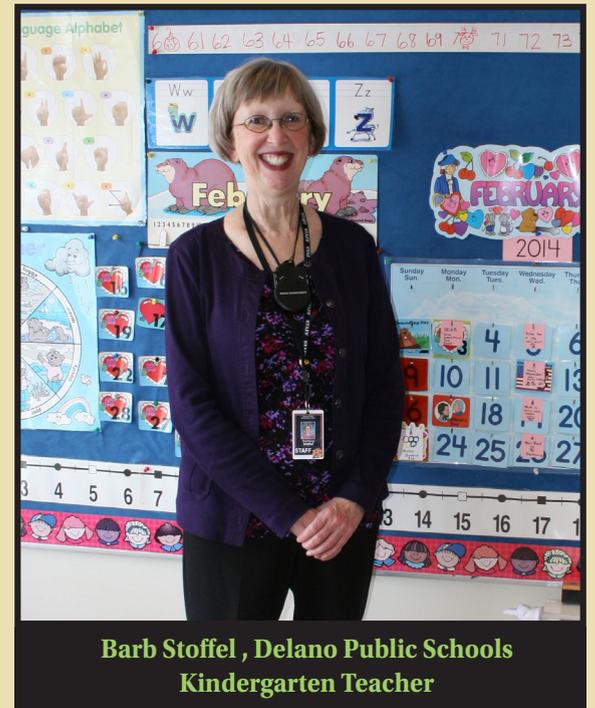
Providing tree seedlings to the local area

As part of its ongoing commitment to help the local environment, Wright-Hennepin's (WH) Plant-A-Tree program donated 15,000 tree seedlings to the local area in 2013. Since the program began in 1997, WH has donated more than 200,000 trees to local youth, schools and civic organizations throughout its service territory in Wright and western Hennepin counties.

Local educators often use the program as a way to teach students about the important environmental benefits of trees, including preventing soil erosion, providing habitats for wildlife, replenishing oxygen supplies and filtering groundwater.



"I'm very thankful that WH provides my kindergarteners with tree seedlings each year. The children receive the seedlings around Arbor Day, which helps them learn about how trees grow and the importance they serve in the environment. The best part is when students share their stories throughout the school year, talking about how excited they are to see their trees growing bigger. I can't say enough about how great



Barb Stoffel, Delano Public Schools Kindergarten Teacher

the program is," said Delano Public Schools Kindergarten Teacher Barb Stoffel.

A variety of trees are distributed each year, including river birch, red maple, burr oak, red pine and black hills spruce. WH has donated trees through the program over the past 16 years.

Service Performance



Providing service that matters to you

"Everything we do at Wright-Hennepin is geared toward better serving our members. I have been at the cooperative since 1999 and have seen many changes in that time. We are always looking for new solutions to help ensure a high service level. In an ever-changing world, we continue to adapt and make improvements to meet changing member needs. The one thing that hasn't changed is our dedication to taking care of our members."

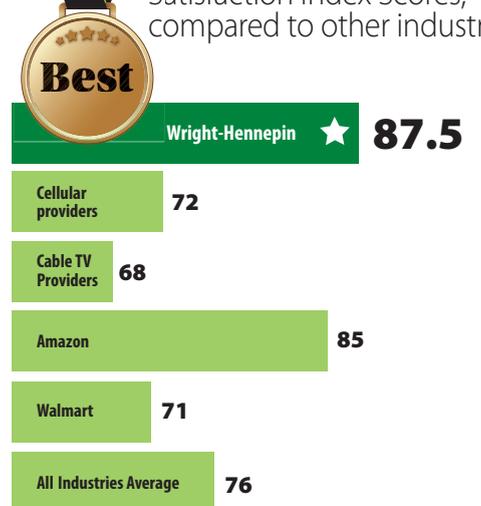


Wright-Hennepin employees - a team working hard to provide you service that matters



Jen Virnig
Customer Service Representative

2013 American Customer Satisfaction Index Scores, compared to other industries



2013 New Service Offerings

- BEAT THE PEEK**: Working together, we can lower wholesale power costs.
- POWER OUTAGE ALERTS**: Providing estimated restoration times during outages.
- EZ WATER HEATING PROGRAM**: Providing free water heaters and installation.
- WH Solar Community**: Providing an easy way to own solar.



Meet the Candidates

for Directors in Districts 2, 5 & 7

Duane "Butch" Lindenfelser

District **2**



Duane "Butch" Lindenfelser is the incumbent director running in District 2. Lindenfelser has served as a board director for 18 years. He has been a Wright-Hennepin (WH) member for 43 years. He and his wife, Patricia, have four children and seven grandchildren.

Lindenfelser, now retired, spent the bulk of his professional career in the food, beverage and entertainment industry. He also worked for the Minnesota Department of Transportation road research in Monticello, Minn., where he drove Class A commercial vehicles and worked with the University of Minnesota on new technology.

Additionally, Lindenfelser has been a member of the Monticello Lions Club for 34 years, and was past president. 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 and was recently elected to the Minnesota Rural Electric Association's (MREA) Board of Directors. MREA is the trade association for Minnesota's electric cooperatives.

"I will continue working to keep our energy affordable and reliable for the members of WH. I will also work to implement green technologies, such as solar and battery storage in the immediate future," said Lindenfelser. ★

Chris Lantto

District **5**



Chris Lantto is the incumbent director running in District 5. Lantto has served as District 5 director for 27 years and is currently serving as board chair.

Lantto has owned Lantto's Store in French Lake, Minn. for 37 years, and is a member of both Annandale's and Cokato's chambers of commerce. Additionally, Lantto serves as chair of the Riverside Cemetery Association and was formerly a board member of the First Apostolic Congregation of Cokato.

"It has been a privilege to be a director of a progressive organization like Wright-Hennepin (WH) and to work with talented individuals on the board and in management at the cooperative. The last several years have presented challenges such as the slowdown of the economy, which has affected WH, its members and its power suppliers," said Lantto. "But we have worked through these challenges and have kept our retail rate competitive. The years ahead will present more challenges, and I am eager to be a part of the solution," said Lantto. ★

Kenneth Hiebel

District **7**



Kenneth Hiebel is the incumbent director running in District 7. He has been a Wright-Hennepin (WH) member for ten years and was elected to the board in 2012. He currently serves on the Policy and Bylaws Committees of the Board.

Since being on the board, Hiebel has earned credentialed co-op director certification from WH's national and state trade associations and is working toward board leadership certification.

Prior to retiring, he was vice president of marketing and investor relations for Dyco Petroleum; government marketing manager for ADC Telecommunications; contracts manager for Honeywell's Latin America Region, and did fundraising for the University of St. Thomas. He has served on several Civic and Volunteer Boards, and was elected to three terms on the St. Anthony-New Brighton School Board.

He lives in The Reserves townhomes in Plymouth, Minn. where he was on the townhome board, and also the Reserve Master Association.

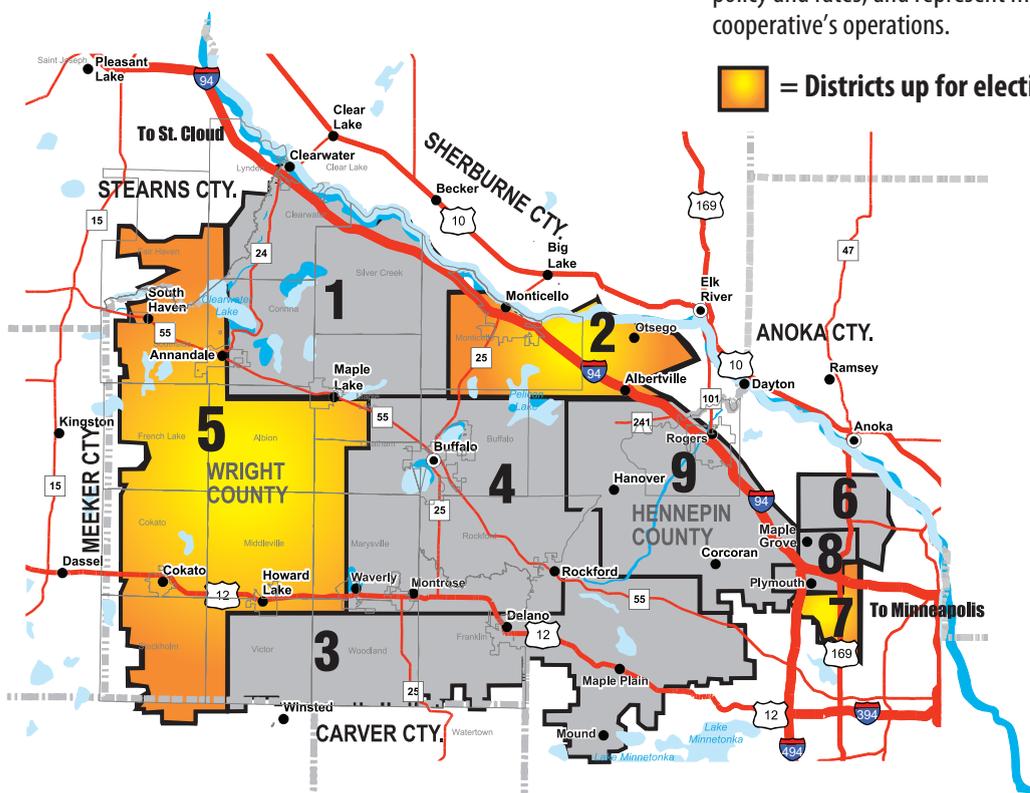
"It has been a privilege to serve on this board," Hiebel said. "WH is viewed throughout Minnesota and the nation as a leader in innovation in the electric cooperative industry. The opening of the WH Solar Community last year brought nationwide recognition to what can be done by electric cooperatives to recognize environmental issues and stay ahead of government mandates. WH is committed to new ideas to keep members' rates low; to provide safe and reliable service and to continue regular capital credit returns to its members. I would be proud to be part of that commitment," said Hiebel. ★



Wright-Hennepin's 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 Wright-Hennepin's board. Directors meet monthly to provide strategic oversight, establish policy and rates, and represent members' voices in the cooperative's operations.

= Districts up for election



Notice of Annual Meeting of the Wright-Hennepin Cooperative Electric Association

TO ALL STOCKHOLDERS:

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 p.m. on Thursday, March 20, 2014, 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.

Dale F. Jans, Secretary



Performance *that matters to you*



www.whe.org
(763) 477-3000

Join us for WH's Annual Meeting!

Thursday, March 20, 2014 | at WH's Rockford Headquarters
[6800 Electric Drive - Rockford]

Registration Opens: 4 p.m.

Pork Chop Dinner: 4:30 p.m. – 6:45 p.m.
Served by the Wright County 4-H Federation

Bingo: 4:30 p.m. – 6:45 p.m.

Children's Activities: 4:30 p.m. – 8:00 p.m.
For ages 2-10, conducted by area Girl Scouts

Business Meeting: 7 p.m. – 8 p.m.



Guest Speakers



Scott Luecal

Owner of Luecal Consulting: Scott is a professional corporate strategist and will share how your board of directors actively plans to ensure you receive performance that matters to you.



Mike Bunney

Regional Vice President of one of WH's banks, the Cooperative Finance Corporation: Mike will benchmark your cooperative's performance to other electric cooperatives around the country.



Member Attendance Gifts:

FREE reusable shopping bag

FREE pound of butter*

*Must be present for business meeting to receive butter.

Grand Prize Attendance Drawing:

Registered members will have a chance to win the grand prize of a 2006 Chevy extended cab pickup that has been retired from WH's fleet. The winner will be announced at the end of the business meeting and must be present to win.

Informational Booths:

- WH Appliance Repair
- Beat the Peak
- Community Involvement
- Co-op Connections
- Customer Service
- Director Booth
- Electric Safety
- HeatMyFloors.com
- MyMeter and Energy-Saving Ideas
- Off-Peak Programs
- Power Reliability
- Power Supply
- Solar Community
- Tree Trimming Services
- WH Security

Prize drawings at many booths!

