



The Value of COOPERATIVE MEMBERSHIP

Since 1937

MVEC has provided safe and reliable electricity at cost. Over the past 86 years, system growth, new technologies, member choice with product and service offerings and rate options have made MVEC a leading energy provider you have come to trust. Here is why:

Cooperative governance. MVEC is governed by a member-elected board of directors guided by members, just like you, that include representation across our nine-county service area. The boards' role is to listen, learn and share member perspectives that help them set priorities for the co-op and guide future decisions.

Open participation. Tuesday, March 28, MVEC will host its 86th Annual Meeting to its members. This is your chance to actively participate in the business of the cooperative. During the meeting, we share updates on the past year's accomplishments, a 2022 financial review, scholarship winners and director election results.

Members have a voice. Hearing your thoughts on our community's energy future is important. There are many things happening in the energy industry from affordability and program options, to legislation, reliability initiatives and distribution methods, to technology enhance-

ments and much more. Member needs and changing technology impact nearly every aspect of how we manage and deliver energy to the local community.

Service-focused and not-for-profit operations. All revenue received, beyond costs for providing electric service, remain the property of MVEC members. The cooperative focus is to not earn profits but rather return them back to our members – YOU! Funds that are returned are called Capital Credits and represents each members' ownership of the cooperative.

Motivated to serve local communities.

Electric cooperatives are built and belong to the communities they serve and are uniquely suited to meet local needs. The communities surrounding us are important and vital to our success. Being a community steward and partner is both a great value to and for us.

Key values members can count on. Our core purpose and mission is to provide safe, reliable and affordable power that positively supports everyday life for towns, businesses, and communities alike. With that in mind, MVEC is focused on these four values:

- **Innovation:** Meeting and exceeding the needs and expectations of our members.
- **Community:** Working to improve the quality of life in our communities.
- **Accountability:** MVEC belongs to the members it serves.
- **Integrity:** Members are first, every day.

You will learn more about the impacts of each of these values on the inside of this annual report.

We look forward to visiting with you at the annual meeting on March 28 at Jordan High School.

4 VALUES of service to our members



Cooperatively yours,

Brent Lawrence, President
MVEC Board of Directors

2022 Annual Report MVEC Special March 2023 edition of the Electric Eye

28
MARCH

Notice of 86th Annual Meeting

Business Meeting | Election Results
Scholarship and Youth Tour Recipients

7 p.m. Jordan High School
600 Sunset Drive

Innovation ♦ Community ♦

- \$1.08M road moves
- \$1.7M substation upgrades
- \$.87M new construction
- \$11.7M general upgrades

Construction WORK PLAN

\$15

MILLION

**Staff achieved a Corporate Goal by completing the 2022 work plan 10% under budget with no associated outages.*

College intern program

MVEC recruited four interns last summer. This is a win-win solution for interns and the co-op as students work on meaningful projects that have a positive impact on MVEC and its members.

A case in point is a **Drone & Field Equipment Inventory Optimization Project** conducted by the GIS (Geographic Information System) intern.

Drone Benefits:

- Offers increased safety on high level inspection processes with aerial views of MVEC's service area and equipment
- Can help decrease the number of outages and their duration
- Helps monitor vegetation management (tree contacts with equipment)

EDUCATION



Each year, 15 high school students receive \$1,000 scholarships funded by Unclaimed Capital Credits.

120 awarded since 2015

Money Back



2022 Review

-WANTED- FOR POWER DISRUPTIONS

Squirrels and other critters were the #1 outage cause in 2022, affecting 13,524 members. Mother Nature was #2, affecting 11,571 members.

Monitoring the s

Despite forecast concerns over controller MISO (Midcontinent Interconnected System) performed well with adequate generation and member load control programs in place. This has a huge positive impact on the system. It also helps MVEC less balance. Thank you!

Energy conserva

When MVEC called for energy conservation a day that reached 101 degrees, 240 megawatt-hours of energy was saved that day alone. The savings was equivalent to the freezer section of an average

Over \$2 million donated to 100s of local organizations since 1995.

26,452 members participate!

2022 grants: \$149,387

My EnergyXpert

This free, do-it-yourself energy audit tool was introduced in 2022. MVEC was one of the first co-ops in the state to implement this feature that offers recommendations for personalized home energy savings. So far 69 members have taken advantage of this free audit and advice. Go to www.mvec.net/my-energy-xpert-tool to start your home audit experience!



Reporting a



Phone on

Our vision: To be a trusted energy partner loyal to

Accountability ♦ Integrity

SAFETY MATTERS:

PROACTIVE PROCEDURES

Every day, crews hold tailgate meetings to focus on: work hazards and procedures, specific assignments, precautions, who is doing which task, understanding where electricity is coming from and where it is going, and what personal protective equipment is needed. This used to be a handwritten process. Since June 2022, reports are submitted electronically and reviewed by the Safety Director daily.



©NRECA

Continued cooperative growth

In November, the Public Utilities Commission approved a customer/member transfer with MVEC gaining 788 Shakopee customers, and Shakopee receiving 251 MVEC members. With a total of 1,590 new services in 2022, MVEC membership is at 46,398.



High satisfaction ratings

For 2022, MVEC received an American Customer Service Index score of 87 out of a maximum score of 100. MVEC's score is higher than all 2022 investor-owned utility scores and places MVEC 15 points higher than the average investor-owned utility scores of 72, as well as 14 points higher than the municipal utilities score of 73, per the industry ratings in the 2022 ACSI Utility Sector Report.

Summer energy market

Energy supply with our regions energy traffic dependent System Operator), MVEC and MISO generation. MVEC schedules various voluntary, including Energy Wise and generator programs. By offering participants lower rates or a monthly cash payment to offset high-cost peaks and maintains power grid

Why not try

SmartHub

25% growth in four years!

SmartHub's FREE capabilities include account management, bill payment, usage monitoring, texting and more!

30,668 Smarthub users in 2022!

Conservation high-five!

Conservation on June 20, 2022, our engineers estimate that 240 MWh were saved on that one day, equivalent to running the entire grocery store for a week!

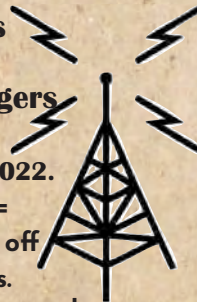


Wi-Fi Thermostats
(879 installations)
Electric Vehicle Chargers
(149 installations)

had a record year in 2022.

Wi-Fi Thermostats =
a \$50 rebate and 10% off
summer electric bills.

EV chargers = \$150 rebate and
flexible Time of Use rates.



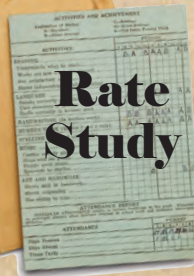
Outage

You can now report an outage by texting OUT to 855-963-3830 or text STATUS to get updated information. Simply enable this feature in your SmartHub account. Nearly 400 members utilized this new service in 2022.

You can still call in an outage by phone at 800-232-2328.

Text

Rate Study



An extensive cost-of-service study, conducted by an outside consultant, determined MVEC's Basic Monthly Service Charge should change from \$10 to \$15 to cover the cooperative's costs while ensuring reliable power to the membership while remaining competitive with neighboring utilities. The study indicated a need to implement rate changes to both residential and commercial members in 2023, based on the increases of costs in the energy industry. As a not-for-profit utility, we pledge to safely provide reliable energy at cost. Our web page called "Energy Costs and You" shows the thought process behind determining rates, ways to save, and other energy issues we are facing.

Since March 6, 1937, when the Carver, Le Sueur, and Scott county electric organizations banded together to incorporate as Minnesota Valley Electric Cooperative, our focus has been on providing safe, reliable power at cost. Now 46,000+ strong and in 9 counties, our purpose remains the same.

Serving members for 86 years!

the community – now and for future generations.

2022 Unaudited Financials

Annual summary of revenue, investments and expenses

Balance Sheet

2022

2021

Assets - What MVEC owns

Net Plant Investment (poles, wires, etc)	\$163,101,000	\$155,166,000
Investment/Patronage In Other Orgs	\$45,085,000	\$42,310,000
Investment/Rate Stabilization	\$2,326,000	\$5,248,000

Current Assets

Cash in Bank Accounts and Investments	\$3,677,000	\$6,701,000
Receivables Owed to MVEC	\$10,069,000	\$7,240,000
Materials, Supplies and Prepayments	\$15,713,000	\$8,888,000
Other Assets	\$17,000	\$10,000

Total Assets - What MVEC Owns: \$242,910,000 \$225,562,000

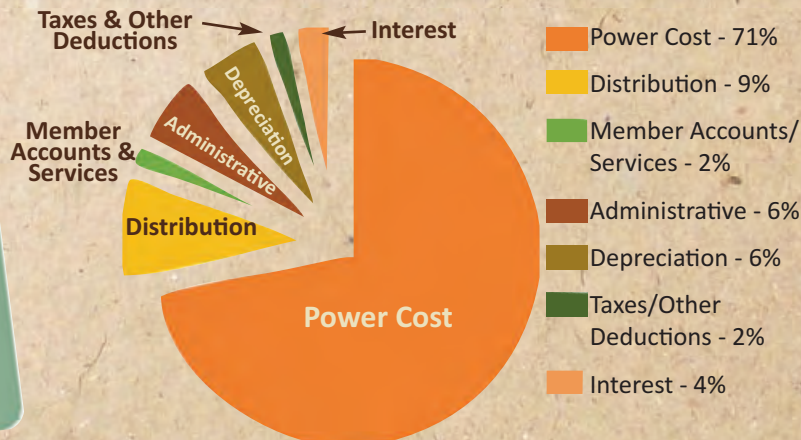
Liabilities - What MVEC owes

Current and Accrued Liabilities	\$39,145,000	\$18,027,000
Long-Term Obligations	\$117,957,000	\$123,019,000
Deferred Credits	\$2,143,000	\$1,589,000
Rate Stabilization Reserve Fund	\$2,326,000	\$5,248,000

Total Liabilities \$161,571,000 \$147,883,000

Total Equity - MVEC Members' Ownership \$81,339,000 \$77,679,000

Total Liabilities/Equity - What MVEC Owes: \$242,910,000 \$225,562,000



Comparative Operating Statement

2022

2021

Operating revenues and patronage	\$108,270,000	\$95,182,000
Less: Cost of Purchasing Power	\$76,938,000	\$65,487,000
Gross Margin	\$31,332,000	\$29,695,000
Less: Departmental Operating Expenses	\$18,232,000	\$17,160,000
Less: Depreciation, Interest and Taxes	\$12,195,000	\$11,742,000
Operating margins	\$905,000	\$793,000
Plus: Other Income	\$538,000	\$714,000
Plus: Capital Credit Allocations	\$3,990,000	\$2,044,000

Net Margins \$5,433,000 \$3,551,000

Our mission

To create exceptional member experiences, while safely providing reliable energy at cost.



★★★★★

Wholesale Power

\$77 million



Plant Investment: \$163M
Property Taxes: \$1.8M
Fulltime Employees: 92

Serving

46,398

members in portions of 9 counties

Miles of Line:

4,222

**Members per mile: 11
Substations: 29**

MVEC

MINNESOTA VALLEY ELECTRIC COOPERATIVE

A Touchstone Energy Cooperative

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