

driving CHANGE



mienergyTM
COOPERATIVE

Your Touchstone Energy® Cooperative 

2019 annual report

VISION 2020

****Due to COVID-19 precautions there will be NO member attended annual meeting. Director elections for District 1 will occur via mail and electronic balloting. MiEnergy Cooperative's board directors will meet on April 22, 2020 to accept the voting election results and adjourn the meeting.****

Notice of Annual Meeting of Members

The annual meeting of the members of MiEnergy Cooperative is scheduled to be held on April 22, 2020 to take action on the following:

1. The election of two (2) directors to be elected from District 1 for a term of three (3) years.

In connection with the election of two directors scheduled for this meeting, the following members have been nominated to run for director by the Nominating Committee appointed by the board of directors of the cooperative pursuant to the bylaws:

District 1 Three-Year-Term (two to be elected):

Seat #1: Dennis Ptacek

Seat #2: Jeffrey Redalen & Dave Ruen

Members will participate in the director election via mail ballot or electronic ballot. Due to the COVID-19 restrictions there will be no member attended annual meeting, and consistent with the bylaws, mail ballots and electronic balloting will be counted toward a member quorum to allow director elections. There will be no other business conducted for the 2020 annual meeting.

Dated this 17th day of March 2020.

Dennis Ptacek
Secretary

Board of Directors



Dean Fisher
District 4, 2022



Charles Frana
District 4, 2022



Dean Nierling
District 2, 2021



Beth Olson
District 5, 2022



Don Petersen
District 3, 2021



Dennis Ptacek
District 1, 2020



Jeffrey Redalen
District 1, 2020



Carl Reicks
District 4, 2022



Jennifer Scharmer
District 5, 2022



Ron Stevens
District 2, 2021



Skip Wieser
District 3, 2021



Dennis Young
District 3, 2021

driving CHANGE

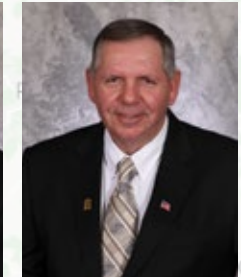
The vision statement of MiEnergy Cooperative, when it was created in 2017, is to be the trusted model of efficiency, innovation and quality member care.

Today, electric vehicles, battery storage, renewable energy, smart thermostats, automation and broadband accessibility are all topics being driven across the electric industry that will impact members of MiEnergy into the future. Adoption and implementation of these practices and products will dramatically impact the future operation of our electric cooperative.

In these exciting times of a changing energy industry, your electric cooperative is planning for the future to be your trusted energy partner. And, our commitment remains focused on you, our members.



Brian Krambeer
President/CEO



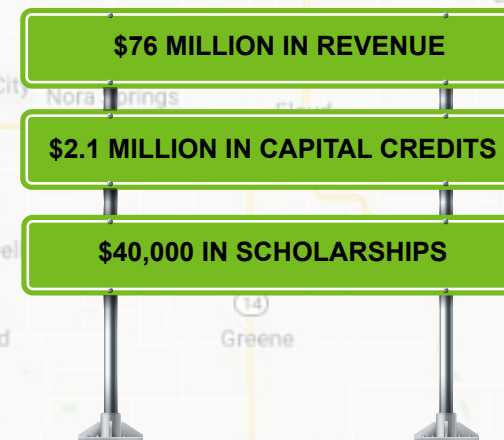
Dean Nierling
Board Chair

Financial Success

MiEnergy exceeded all budget calculations and met all the financial requirements of our financial lenders for 2019. Operating revenue, which is primarily the sale of electricity to members, was over \$76 million. Residential energy sales were down nearly 10-million kilowatt-hours (kWh) due to

unseasonable weather. Yet, an extended grain drying season, some small growth in our commercial accounts and a full year of sales to our newest municipal member, the city of St. Charles, all contributed to a small increase in energy sales.

Wholesale power costs from Dairyland Power Cooperative and Alliant Energy totaled just short of \$49 million. Wholesale power costs and distribution operating expenses resulted in a margin of \$1.5 million. The operating margins, combined with non-operating margins and capital credits from Dairyland of over \$1.5 million, brought the year-end margins to \$4.3 million. With our





Received a \$5.4 million loan-grant for fiber for rural areas within the Harmony Telephone Exchange.

financial success, the board of directors approved a capital credit payment to members of \$2.1 million and \$40,000 for scholarships to high school students, which are funded through unclaimed capital credits.

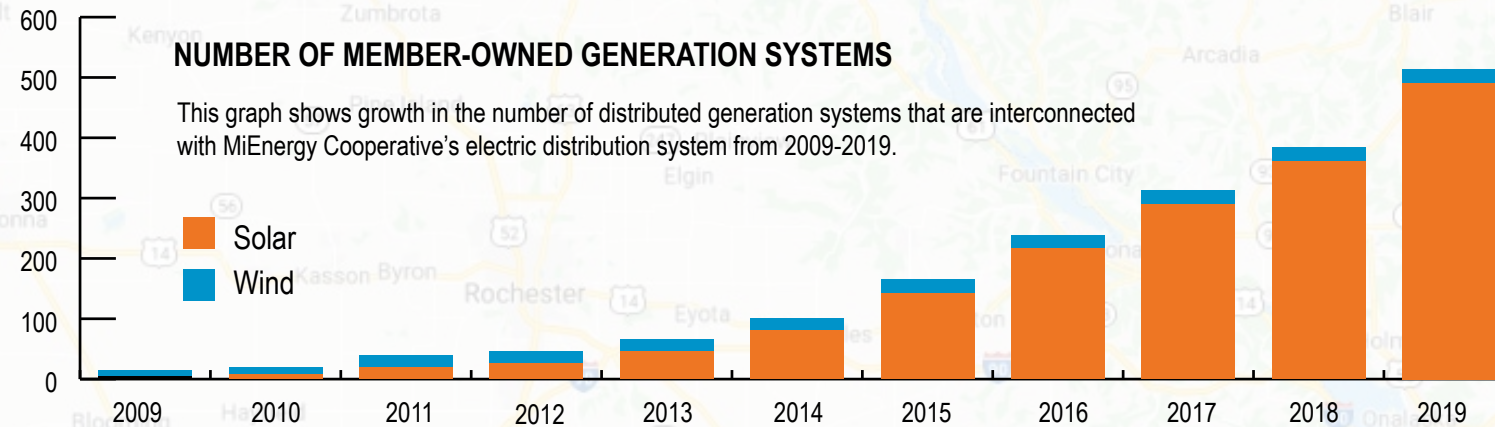
Maintaining a strong financial position overseeing

your non-profit electric cooperative is a core responsibility of the management. Financial stability also enables your cooperative to further fulfill the needs of its members.

Rural Broadband

In July of 2018, we announced our partnership with Mabel Cooperative Telephone and Spring Grove Communications Cooperative to create MiBroadband. It also included ownership in Harmony Telephone Company, which provides service and expertise for MiBroadband. In December, United States Deputy Secretary Steven Censky announced Harmony Telephone Company as a recipient of a \$5.4 million loan-grant to deliver fiber to the homes of rural areas within the Harmony Telephone Exchange. We're proud to be able to deliver state-of-the-art broadband service in the heart of our service territory. However, this is just the beginning.

In our effort to connect our cooperative's 43 substations with broadband communications, and as part of our smart grid strategic initiative, we've utilized that broadband backbone to extend broadband service to MiEnergy's membership. MiBroadband is serving over 500 households, farms and businesses. Our efforts are making a difference in our members' lives.



Renewable Energy

MiEnergy members have communicated their support for more local renewable energy as part of our wholesale power supply mix. We currently own two community solar projects (Renewable Rays at each office). We also are a one-third owner of a utility-scale array, Minnesota Three (517 kW), in Oronoco, Minn. In 2019, Madison Solar (1.5 MW), located east of Decorah, was commissioned and began delivering renewable energy to MiEnergy members through a purchase power agreement (PPA) between Dairyland and Engie.



Madison Solar was commissioned in 2019 and added 1.5 MW of renewable energy to the local grid.

A record 130 member-owned solar systems interconnected to MiEnergy in 2019.

We also landed a new solar energy partner, OneEnergy Renewables. This year four utility-scale solar projects will be built on sites within our co-op's service territory totaling over 9 MW of capacity. OneEnergy will own and maintain the arrays, and MiEnergy will purchase the output through a PPA for the next 25 years.

Our existing solar projects and our new projects will account for over 10% of our cooperative's total capacity and are in addition to Dairyland's growing renewable energy portfolio (currently 24%) that includes wind, hydro and solar generation.





Pictured above are two Chevy Bolts purchased by the cooperative as pool vehicles to help employees understand electric vehicle technology to better serve members.

Electric vehicles

Electrification of the transportation system and the rollout of new electric vehicles by every automobile manufacturer will require the development of a vast electric vehicle charging network. In 2019, we added two Chevy Bolts to our cooperative fleet. Recently, we added public charging stations in the parking lots of our office buildings. The list of 2020 rebates includes one for charging stations to help members buildout and transition to electric vehicles. We will also be engaged in building a fast charging network in northeastern Iowa and southeastern Minnesota.

System Improvements & Reliability

The end of 2020 marks the end of our cooperative's five-year work plan and Rural Utilities Service loan that invested \$41 million in electric distribution improvements. This included new electric lines (underground and overhead) new substations, regulators, transformers, etc. to enhance system reliability and resiliency of our electric grid.

In 2019, \$2.3 million was spent on our vegetation management program clearing rights-of-way and working to stay ahead of the devastating emerald ash borer that has been creating dangerous trees across our system. Tremendous progress has been made, and we are grateful for our members that have allowed our crews and contractors access for clearing trees which remain the number one cause of power outages.



Drivers of electric cars have reported spending about \$30 a month to fuel their cars compared to about \$100 a month they used to spend on gasoline. Additionally, electric vehicles have less parts and do not need as much maintenance as gasoline vehicles, which saves drivers even more money.

Ballots for members in District 1 were mailed on March 20.



Clint Lickteig working on a project that added three-phase electric lines to transport power from Madison Solar to the Madison Substation.

Elections

This year marks the beginning of annual director elections since the incorporation of MiEnergy. Members residing in District 1 were mailed a ballot package on March 20 with two ways to vote for their director candidates: by mail or online.

Membership Support

MiEnergy Cooperative is grateful for your support. Your board of directors and employees are committed to meeting our members' needs in delivering you safe and affordable electric energy. It is our goal to earn your respect as a trusted energy partner.

Cooperatively,

Brian Krambeer
 Brian Krambeer
 President/CEO

Dean Nierling
 Dean Nierling
 Board Chair



Focused on being future ready

Report on Dairyland Power Cooperative

The energy industry continues to transform in many ways. Dairyland Power Cooperative, our wholesale power provider, continues to focus on strengthening its safety programs, further diversifying energy resources, modernizing systems and ensuring competitive rates.

Several business initiatives will be implemented in 2020 to achieve the Strategic Imperatives established by its board which focus on enhancing efficiency today and positioning Dairyland for future success.

Sustainable Generation Plan

- The Sustainable Generation Plan is a broad strategic effort to ensure Dairyland is best positioned to serve our members for generations to come. Dairyland is preparing for the transformation of energy resources by strategically developing power supply plans, determining future energy mix and anticipating members' long-term needs. As

resource decisions are made, four criteria for sustainability are balanced: economics, environment, social and technical considerations.

- Retirement of Genoa #3 is a major component of the Sustainable Generation Plan with evaluation of how long Dairyland should continue to operate existing assets. In January, the difficult decision was made to retire the 345 MW coal-fired Genoa Station #3 when the contracted fuel supply is depleted. The estimated retirement is June-December 2021.
- Dairyland announced two major renewable energy investments in 2019: a power purchase agreement (PPA) with Ranger Power for the 149 MW Badger State Solar facility (Wisconsin) and a PPA with Avangrid Renewables for the proposed 52 MW Tatanka Ridge Wind energy facility (South Dakota).
- As Dairyland transitions to a low-carbon future, safety, reliability and

competitiveness will remain at the forefront. The proposed 625 MW combined-cycle natural gas Nemaджи Trail Energy Center is integral to the Sustainable Generation Plan. It will serve as the "power behind the power" supporting our renewable energy investments. It will provide reliable and competitively-priced power when the wind isn't blowing and the sun isn't shining.

Competitive Service and Financial Strength

- Ensuring rates and services are competitive is critical to the economic well-being of the region. A task force comprised of Dairyland Power's board members and managers from their member cooperatives – supported by Dairyland staff and a rate consultant – spent most of 2019 reviewing the current wholesale rate, which is nearly 10 years old. The wholesale

rate is what Dairyland charges our cooperative to generate and deliver power to MiEnergy's local substations. In December, the board approved a new wholesale rate design, which will go into effect in May 2021.

- Maintaining financial strength and competitive access to capital are critical to delivering Dairyland's strategic plans. Dairyland has credit ratings of "A3" with a stable outlook from Moody's and "A+" with a stable outlook from Standard and Poor's. Dairyland's board and management work to balance building financial strength with competitive rates and sound operations.
- Dairyland staff are working with its members to support economic development opportunities that will help communities grow by adding businesses and jobs. Innovative beneficial electrification strategies, including electric vehicle charging stations and rates, are also a focus.

Operational Excellence and Safety

- The reliable performance of Dairyland's power plants and

transmission system is a 24/7 priority. Safety of employees, members and the public is the highest priority at Dairyland. Employees continue to educate, promote and maintain a culture of safety as they strive for an operational goal of zero incidents.

- Transmission construction crews work to safely rebuild, construct and upgrade approximately 50 miles of 69 kV transmission line each year. Each mile takes approximately two weeks to complete with roughly 17 poles per mile.
- In 2020, Dairyland will begin a programmatic approach for adding middle-mile fiber optic communications to its existing transmission infrastructure primarily for electric operation communication purposes. As the program progresses, excess fiber optic communication capacity may then be available to enable rural broadband service providers access to the communities Dairyland serves.
- Dairyland will have a significant transition in mid-2020 with the retirement of Barb Nick, president

and CEO. As the board seeks Dairyland's next leader, thoughtful strategic planning will guide Dairyland to be future ready and provide safe, reliable and sustainable electricity that remains affordable for the membership.

Exceeding members' expectations is Dairyland's vision. It is committed to living the seven cooperative principles and leveraging the cooperative advantage. They are focused on improving communities and the quality of life in Dairyland's four-state region. Dairyland continues to plan to reliably and sustainably meet MiEnergy's future energy needs.

Cooperatively,

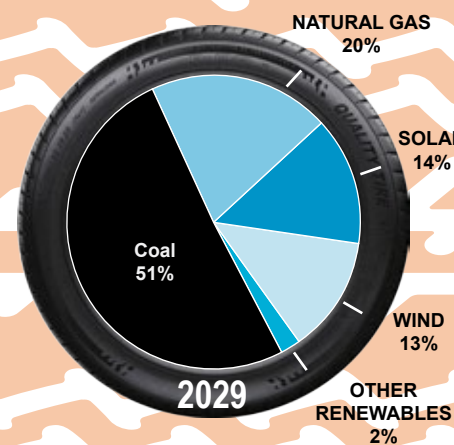
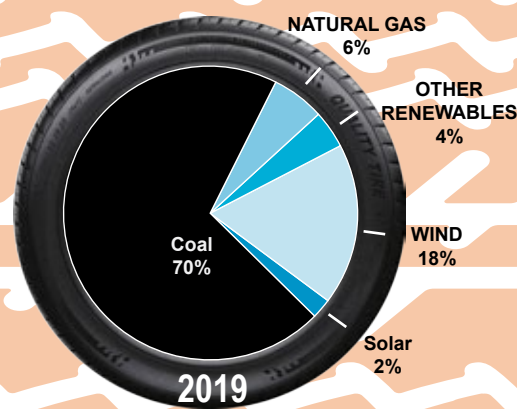
Jennifer Scharmer

Jennifer Scharmer
MiEnergy's Representative
on Dairyland Power
Cooperative's Board



DAIRYLAND POWER COOPERATIVE'S GENERATION MIX

Dairyland generates electricity using traditional and renewable energy resources to maintain a reliable supply of energy to its members, like MiEnergy. The energy portfolio is progressive and varied, using domestic coal, natural gas, hydro, landfill gas-to-energy, wind and solar.



Sustainable Generation Renewable Energy Goals

30% by 2030 **40%** by 2040 **50%** by 2050



Board Director Elections

Board Director Elections

District 1 Seat #1 Dennis Ptacek running unopposed



Dennis Ptacek, Incumbent, 10538 175th Street, Elma, Iowa

Dennis Ptacek is a farmer who has been a member of the cooperative for 35 years. Ptacek has served on the board since 1997 and as its secretary for 20 years. He also serves as MiEnergy's director representative on the MSG and MiBroadband boards. He is a Credentialed Cooperative Director and has a Board Leadership Certificate from the National Rural Electric Cooperative Association. He's also a member of Action Committee for Rural Electrification (ACRE) and Iowa Friends of Rural Electrification (FORE). Beyond the co-op, Ptacek has served on the Our Lady of Lourdes Church Council and as chair of its activity committee. He is also a member of Farm Bureau and the Cattlemen's Association.

"Keeping employees and members safe is a top priority for MiEnergy," Ptacek says. "I feel that it is important to plan appropriately for the rising cost of delivering electricity. We must provide highly reliable affordable power to members."

Ptacek also says that MiEnergy must make sure that qualified people are in the right positions, have the right tools for their jobs and plan for the future of the co-op.

While serving on the board, Ptacek says he's enjoyed representing members and making decisions that are in the best interest of the entire cooperative.

"The partnering of MiEnergy and MiBroadband is an exciting new chapter for our members. In my opinion, implementing high-speed broadband to rural areas is comparable to the excitement of providing electricity to rural homes over 80 years ago," Ptacek says.

With his children grown, Ptacek says he has even more time to commit to trainings that further educate board members in the electric co-op industry.

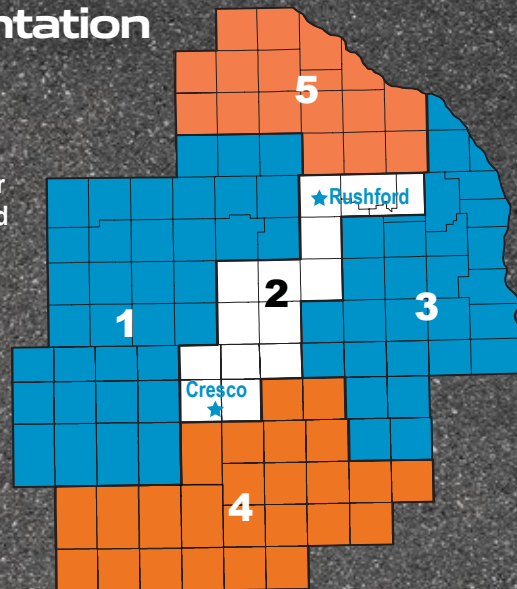
"I not only enjoy attending the trainings, but spend spare time at home researching and keeping up-to-date on issues related to rural electric cooperatives," Ptacek says.



Board Representation

MiEnergy Cooperative has 12 directors and five districts. Members only vote when the district they live in has seats up for election. Being elected to the board is a paid position that comes with responsibilities.

The election process begins in November when information is posted in the MiNews seeking members to run for a board seat or serve on the Nominating Committee. The election schedule is as follows: District 1, 2020; Districts 2 & 3, 2021; and Districts 4 and 5, 2022. Ballot packages were mailed to District 1 members on March 20 and ballots can be cast by mail or online. Information about the board of directors and elections is available by contacting the co-op at 800-432-2285 or online at www.MiEnergy.coop/board-directors.



District 1 Seat #2 Jeffrey Redalen and Dave Ruen



Jeffrey Redalen, Incumbent, 31696 Hobbit Lane, Fountain, Minn.

Jeffrey Redalen is a farmer who has been a member of the cooperative for 41 years. Redalen has served on the board since 2002. For nine years, he represented the cooperative on the boards for Minnesota Rural Electric Association and Dairyland Power Cooperative. He served as Dairyland Power's treasurer for three years. Outside of the cooperative, Redalen has been a member of the Minnesota State Fair Beef Committee, the Fillmore County 4-H Auction Committee and the Root Prairie Church Council as treasurer.

"During my time as a director, I have developed a wide understanding of the cooperative business model and knowledge of the electric utility industry," Redalen says.

Redalen says the further integration of renewable energy, along with electric vehicles and infrastructure to accommodate the vehicles are important issues for the future. Also battery storage for renewable energy.

"There needs to be a balance between affordable energy and the adoption of renewable power," Redalen says. "And legislation will be involved in all of these issues."

Redalen is proud of the accomplishments of the cooperative during his tenure as a director. "It's been an honor to serve your cooperative. I would like to continue the efforts that have been made to make MiEnergy a star in the cooperative power industry. I look forward to the opportunity to continue serving members as a director."



Dave Ruen, Challenger, 104 Fillmore Street East, Wykoff, Minn.

Dave Ruen is self-employed as a contract agriculture researcher and consultant. He has been a member of the cooperative for 25 years.

Ruen currently holds leadership roles as a board director for the Minnesota Independent Crop Consultants Association and councilor for Bethlehem Lutheran Church. In the past, he's also been a director and chair for Lanesboro Public Schools Board, director and chair for Hiawatha Valley Education District Board, director and president of The Commonweal Theatre Company, and served on Tri-County Electric Cooperative's Nominating Committee.

With extensive experience as director, chairperson and other committee roles, Ruen says he is prepared to represent members' interests, while providing management oversight and guidance. "I have a clear understanding of policy and bylaw responsibilities and I'm eager to participate in learning more about the electric utility industry," Ruen says.

Looking to the future, he says continuing to be engaged in educating state and federal legislators on the challenges facing Midwest rural electric distribution cooperatives will be important. "Other important issues are advocating for policies that optimize blending of energy production sources and seeking opportunities to increase economies of scale for the co-op and new technology for members to manage their energy use." Ruen says.

Ruen says his former professional career at The Dow Chemical Company and leadership experiences with legislators, government agencies and media, would benefit co-op members. "I want to help meet the challenge of balancing economic and environmental interests for MiEnergy's members."



2019 Annual Meeting Minutes

The 3rd annual meeting of the members of MiEnergy Cooperative was held at the Mabel Community Center in Mabel, Minn. at 7 p.m. on the 23rd day of April, 2019.

The meeting was called to order by Dean Nierling, chair of the board, who presided, and Dennis Ptacek, secretary of the cooperative, acted as secretary of the meeting and kept the minutes thereof.

Nierling welcomed the members and special guests in attendance. He noted that the meeting would be conducted pursuant to the "Modern Rules of Order" and indicated that there would be an opportunity for member questions following the President/CEO report.

An invocation was offered by Director Ronald Stevens, vice chair. Nierling then led the members in reciting the Pledge of Allegiance.

Nierling introduced Ptacek, who noted that the notice of annual meeting had been mailed to all members and was printed in the annual report. He read the affidavit of mailing of the notice.

Nierling reported that the members present in person had been checked, and that a sufficient number of members were present to constitute a quorum.

Nierling introduced the board members, President/CEO Brian Krambeer and attorneys Dennis Puckett and Dan Berndt.

Director Jenny Scharmer was introduced and she introduced guests who were in attendance, including representatives of neighboring cooperatives and key local business leaders.

Nierling noted that the minutes of the annual meeting held April 18, 2018, were mailed to the members in the annual report. He recommended that the reading of the minutes be waived and they be accepted as printed. A motion was duly made, seconded and carried, to waive the reading of said minutes, and they were thereupon declared to be approved and were ordered to be filed in the records of the cooperative.

The chair introduced Board Treasurer Don Petersen who reviewed the financial statements for MiEnergy Cooperative for 2018. The annual report included a summary statement of revenue and expense and balance sheet information and



Treasurer Petersen reviewed some of the key figures. He indicated the total assets increased by \$4.5 million and liabilities increased by \$3.2 million. Total equity at the end of 2018 was \$69.5 million. 2018 margins were \$3.78 million. \$2.1 million in capital credits were retired in 2018. The financial statements were audited by the Eide Bailly CPA firm.

Nierling introduced Puckett who explained the process whereby director elections will commence in 2020. He noted the election schedule as follows: District 1 in 2020, Districts 2 and 3 in 2021, and Districts 4 and 5 in 2022. He noted that directors Hegland and Fisher announced plans not to seek reelection when their terms expire, and the vacancies created by their retirement will not be filled thereby reducing the size of the Board from 14 to 12. The process for nominating candidates in 2020 was reviewed and attorney Puckett offered to answer any questions.

Hegland was recognized for his years of service on the board, then he offered some comments.

President/CEO Krambeer was introduced and presented the President/CEO Report. His report included information about the work of employees during recent storms; board leadership; 2018 numbers and accomplishments; rates; the residential battery storage pilot program; broadband; electric vehicle charging; advanced metering; power supply and transmission; succession planning; solar projects; the need for balanced and diverse energy supplies; and the future of MiEnergy. He thanked the members for their support. At the conclusion of his report, he answered questions from the members.

Nierling next noted that there was no unfinished business from last year's member meeting and called for any new business, and there was none.

There being no further business to come before the meeting, Nierling declared the meeting adjourned at 8:05 p.m.

A drawing was held for door prizes and the members in attendance were provided an attendance gift as they left the meeting. Prior to the meeting, the members enjoyed dessert and coffee. A video concerning Operation Round Up was presented prior to the meeting.

RETURNED TO MEMBERS AS CAPITAL CREDITS

\$2,070,498
2017

\$2,115,288
2018

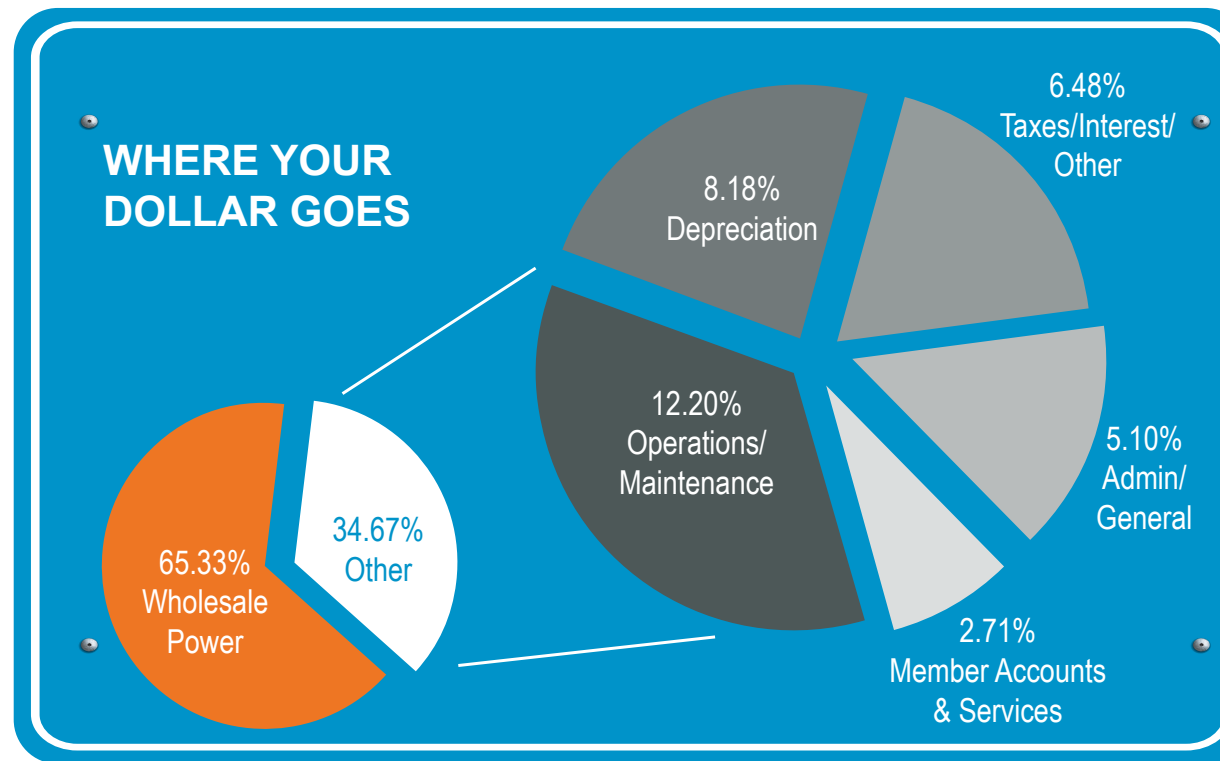
\$2,175,258
2019

STATEMENT OF REVENUE AND EXPENSE

	2019	2018
OPERATING REVENUE	\$76,477,717	\$75,011,089
Cost of purchased power	48,989,131	48,515,213
Distribution – operations	4,522,589	4,255,408
Distribution – maintenance	4,628,373	4,113,346
Consumer account	905,127	934,988
Customer service and informational	1,125,850	1,001,274
Administrative and general	3,825,248	3,554,004
Depreciation	6,132,254	5,960,919
Taxes	806,755	748,749
Interest	3,987,016	4,289,257
Other	69,079	57,179
Total operating expense	\$74,991,422	\$73,430,337
OPERATING MARGINS	\$1,486,295	\$1,580,752
G & T AND OTHER CAPITAL CREDITS	\$1,955,538	\$1,193,793
NON-OPERATING MARGINS	\$861,300	\$1,015,415
NET MARGIN	\$4,303,133	\$3,789,960

BALANCE SHEET

ASSETS	2019	2018
ELECTRIC PLANT		
In service	\$194,389,653	\$188,179,824
Under construction	721,839	927,270
Total electric plant	\$195,111,492	\$189,107,094
Less accumulated depreciation	55,895,684	54,567,466
Net Electric Plant	\$139,215,808	\$134,539,628
OTHER PROPERTY AND INVESTMENTS		
Investments in associated companies	\$32,242,883	\$30,717,904
Restricted investments	3,086,441	3,136,316
Non-utility property, net	148,241	199,085
Special funds - revenue deferral	4,000,000	0
Other investments	195,604	140,735
Total Other Property and Investments	\$39,673,169	\$34,194,040
CURRENT ASSETS		
Cash and cash equivalents	\$1,275,030	\$3,895,990
Accounts receivable – net	9,237,037	8,447,473
Materials and supplies	4,592,082	5,549,537
Other assets	392,819	377,673
Total Current Assets	\$15,496,968	\$18,270,673
DEFERRED DEBITS	\$2,235,249	\$2,781,874
TOTAL ASSETS	\$196,621,194	\$189,786,215
EQUITIES AND LIABILITIES		
EQUITIES		
Patronage capital	\$60,314,554	\$58,516,384
Other equities	11,282,105	11,047,386
Total Equities	\$71,596,659	\$69,563,770
LONG-TERM DEBT, Less Current Maturities	\$104,105,108	\$99,168,837
CURRENT LIABILITIES		
Current maturities of long-term debt	\$4,757,000	\$5,069,000
Accounts payable	6,110,144	5,306,357
Customer deposits	153,215	157,337
Other current and accrued liabilities	3,593,208	2,949,991
Total Current Liabilities	\$14,613,567	\$13,482,685
DEFERRED CREDITS	\$6,305,860	\$7,570,923
TOTAL EQUITIES AND LIABILITIES	\$196,621,194	\$189,786,215



18,838

members served
by the cooperative

3.4

average
number of members
per mile of line

\$9,325

amount contributed
by members to
RECare

5,544

miles power line
maintained

22,933

number of electric
meters served

\$2,175,258

returned in capital credits
to members

533

member-owned generation systems interconnected
with the cooperative's electric distribution system

80

number of \$500 scholarships given to local high school
students courtesy of unclaimed capital credits

17.6%

of outages
were related
to trees

65¢

of every dollar you
pay the cooperative
goes toward the cost of
wholesale power

\$10,550

given in Operation Round Up grants to
local causes by participating members

1,060

average
number of kWh used
each month
by residential
members



Your Touchstone Energy® Cooperative 

IOWA PO Box 90, Cresco, IA 52136

MINNESOTA PO Box 626, Rushford, MN 55971

PRSR STD
U.S. Postage

PAID
DPC

Our Vision

That MiEnergy Cooperative is the model of efficiency, innovation and member satisfaction.

Our Mission

To be an industry leader in delivering reliable, high-quality energy services at reasonable prices with superior member service.

