



# 2018



**NRECA**

America's Electric Cooperatives

**IMPACT  
REPORT**

# 2018 NRECA IMPACT REPORT



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# INTRODUCTION

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## **Welcome to NRECA's 2018 Impact Report**

We're proud to represent America's electric cooperatives and to participate in your journey to prepare your co-op and your community for the future.

In 2018, we continued to tailor our organizational strategy, products, services and programs to meet the expectations and needs of our members. This report highlights the variety of efforts we undertake on your behalf and demonstrates many of the ways NRECA is impacting the future of electric co-ops.

It is our commitment to be a trusted partner to the people, cooperatives and communities we serve. Thank you for placing that trust with us, and for the collaborative relationship we share that results in the progress shared in this report.







# LETTER FROM NRECA'S PRESIDENT |

We know that our cooperatives make a huge impact in our communities. From our very inception, we were created to bring a service to rural Americans and provide opportunity for a better quality of life. Today, that impact is still visible. We are often the number one employer in our counties, the largest donor to volunteer and civic groups, the trusted expert in energy efficiency matters and still a provider of opportunity.

If the impact of our cooperatives on our individual communities is vast, so too is the impact of our collective cooperatives on the nation and the future.

As association president, I am proud to share with you the results of NRECA's efforts in 2018 to assist cooperatives in assessing business practices, creating solutions and seizing opportunities.

Whether it's consumer-member engagement, employee benefits, renewables, safety or policy issues, the accomplishments, programs and services described in this report will not only demonstrate the value of our membership, but also showcase the impact we can make on the future when we work together.

**Phil Carson**  
**Director, Tri-County Electric Cooperative**  
**President, NRECA**



# LETTER FROM NRECA'S CEO |

In 2018, NRECA pledged to do three things for our members—protect the program, promote our vision and prepare for the future of cooperatives.

To protect the program, we represented America's electric cooperatives in Washington by successfully lobbying against the sale of Power Marketing Administrations, improving co-ops' access to rights of way on federal lands and maintaining the availability of USDA rural development funding, among other achievements.

We promoted our vision by providing tools and resources to help co-ops enhance communication with consumer-members, renew commitments to safety and initiate vital governance conversations to increase the strength and foundation of leadership across the network.

And we continue to prepare for what's next by engaging with our members to create solutions that anticipate changes in technology, law and public policy and support economic development.

Together, in 2018, our association and our members have taken significant steps forward. Our partnership has allowed for advancements in areas such as broadband development, cyber protection and the integration of distributed energy resources.

On an operational level, NRECA and our members partnered to expand resources relating to workforce development, helping co-ops attract and nurture the next generation of talent. We also joined forces to reduce operational costs by continuing to fight against regulatory overreach that impacts our members and expanding services like the National Discounts Program.

We are working with our members to help turn challenges into opportunities as we position co-ops for future success.

Thank you for your continued support of NRECA.

**Jim Matheson**  
CEO, NRECA







# 2018 NRECA BOARD OF DIRECTORS

(AS OF DEC. 31, 2018)

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## OFFICERS



**Phil Carson** | Illinois  
President



**Curtis Wynn** | North Carolina  
Vice President



**Chris Christensen** | Montana  
Secretary- Treasurer



**Tony Anderson** Michigan | **Larry Becker** Wisconsin | **Barry Bernstein** Vermont | **Jeff Arnold\*** Louisiana | **Phil Carson** Illinois | **Bryan Case** Idaho | **Chris Christensen** Montana | **Ken Colburn** New Hampshire | **Mel Coleman** Arkansas | **Marion Denger** Iowa | **Kevin Doddridge** Mississippi | **Danny Dyer** Maryland | **Roy Friedersdorf** Indiana | **Sandra Green** Nevada | **Scott Hallowell** Maine | **Chris Hamon** Missouri | **Bill Hart** South Carolina | **Gene Herritt** Pennsylvania | **Mark Hofer** South Dakota | **David Iha** Hawaii | **Lynn Jacobson** North Dakota | **Kerry Kelton** Texas | **Meera Kohler** Alaska | **Tom Madsen** New Jersey | **Joe Martin** Colorado | **Tom McQuiston** Ohio | **Galen Mills** Georgia | **Fred Nelson** California | **Woody Noel** Delaware | **Curtis Nolan** Arizona | **Randy Papenhausen** Nebraska | **Jeff Peterson** Utah | **Gary Potter** New York | **Tom Purkey** Tennessee | **Reuben Ritthaler** Wyoming | **Keith Ross** Kansas | **Ron Schwartau** Minnesota | **C. B. Sharp** West Virginia | **Ed Short** Alabama | **Kelley Smith** Florida | **Tim Smith** Oklahoma | **David Spradlin** New Mexico | **Steve Walter** Washington | **Greg White** Virginia | **Mike I. Williams** Kentucky | **Bryan Wolfe** Oregon | **Curtis Wynn** North Carolina

\*Mark Brown resigned from NRECA's board in September 2018. Jeff Arnold is now representing Louisiana.

# CONSUMER-MEMBER ENGAGEMENT

NRECA promotes and empowers America's electric cooperatives and champions their business model by engaging in political action on their behalf and providing them with new tools to enhance communications with consumer-members.

## Lexicon Project

NRECA completed the Lexicon Project, a research initiative to create a shared language for electric co-ops to use when communicating with their members on priority issues. With findings from member focus groups and a nationwide survey of electric co-op members, NRECA developed messaging that is helping co-ops better connect with members while communicating the cooperative advantage in language that strongly resonates.

**NRECA  
DELIVERED** **> 40** **LEXICON PRESENTATIONS IN 22 STATES &  
SEVERAL MAJOR INDUSTRY CONFERENCES.**

## Co-ops Vote

Through NRECA's non partisan political engagement effort, Co-ops Vote, nearly 100 co-ops participated in National Voter Registration Day. More than 30 co-ops across the country hosted voter registration drives and dozens more used the power of social media to support civic engagement, encourage rural voter turnout and engage with candidates on the issues that matter in rural communities. Our efforts, combined with those of 4,000 National Voter Registration Day participants nationwide, registered almost 900,000 new voters.





Rep. Cheri Bustos (D-IL) visited Spoon River Electric in Canton, Illinois, to job shadow for the day. This was one of 150 reported candidate co-op visits in 2018.



# EMPLOYEE BENEFITS



NRECA provides comprehensive and cost-effective benefit programs that support electric cooperative efforts to attract, retain and ultimately reward the skilled workforce that is critical to our collective success.



### **401(k) Pension Plan**

With \$9.98 billion in assets and a participation rate of 95 percent across 913 employers, NRECA's 401(k) Pension Plan provides co-op employees with a vehicle for retirement savings that offers comprehensive services at cost\*.

### **Retirement Security (RS) Plan**

NRECA administers more than \$8.6 billion in assets\*. In 2018, NRECA upgraded the parameters of the standard death benefit (at no additional cost to participating co-ops or participants) to ensure that beneficiaries of participants receive all of the participant's single cash payment benefit\*\*. Co-ops were also offered the ability to "opt out" of offering the lump sum payment feature and/or the quasi-retirement option with respect to future benefit accruals.

The new voluntary contribution acceleration program (VCAP) allows participating employers to make advanced, nonrefundable contributions in exchange for reduced future billing rates. Over \$34 million in VCAP deposits were made by 23 participating co-ops, with an average discount to their 2019 RS Plan billing rates of 27 percent.

### **Group Benefits Program**

Participation in the program has grown by 11 percent as members experience the benefits of the National Network Strategy that began in 2014. With an average in-network discount of 47 percent nationally, the program trust has realized aggregate relative savings in excess of \$800 million over five years.

\*Data reflects assets and activity through Dec. 31, 2018.

\*\* Participant beneficiaries may receive the participant's single cash benefit payment if the participant dies after reaching their normal retirement age while actively employed.

# 2018 BY THE NUMBERS

## PERSONAL INVESTMENT & RETIREMENT CONSULTING TEAM

Whether by phone or in-person, NRECA's team of investment and retirement planners make preparing for the future easier with customized education for retirement plan participants.

**465** onsite educational seminars conducted

**245** co-ops across 37 states hosted onsite educational seminars

**11,839** seminar attendees

**114** days of individual consultations

**495** individual retirement plans developed

**60** calls answered per day (on average)

## LINCOLN OPERATIONS

Our Lincoln operations teams address member inquiries on a wide variety of topics while ensuring benefit claims and distributions are processed promptly—all with a strong commitment to service excellence.

**38,511** emails handled by Lincoln teams

**161,278** calls to Lincoln teams

**1,404,592** group insurance claims processed (totaling \$506 million)

**8,789** retirement plan benefit distributions processed (totaling over \$2.2 billion)





# BROADBAND

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NRECA is partnering with members to position electric cooperatives as leaders in the national effort to close the digital divide by bringing broadband to unserved and underserved areas.

## **ReConnect Funding**

NRECA supported the allocation of more than \$1.15 billion for the deployment of broadband in rural communities, including \$600 million in congressional appropriations for ReConnect, a pilot program that supports co-ops' efforts to deliver broadband to their communities. Another \$550 million has been appropriated for FY 2019. Agriculture Secretary Sonny Perdue underscored co-ops' role in deploying rural broadband at NRECA's 2018 Legislative Conference, congressional hearings and regional broadband events.

## **Connect America Fund**

More than 30 electric co-ops won bids totaling more than \$225 million in the Federal Communications Commission's (FCC) Connect America Fund Phase II auction after NRECA pushed for changes that allowed them to participate. NRECA remains engaged with the FCC on several broadband issues, including efforts to improve broadband data collection, mapping and future Universal Service Fund auctions.

## **Benefits of a Broadband Backbone**

NRECA collaborated with the National Rural Telecommunications Cooperative (NRTC) and Ericsson to quantify the economic benefits of a broadband backbone for electric cooperatives in a white paper titled, The Value of a Broadband Backbone for America's Electric Cooperatives: A Benefit Assessment Study. The first-of-a-kind study is designed to help co-ops better understand how a fiber backbone can improve operations and service for consumer-members, and the potential economic value associated with smart grid applications.

## **Farm Bill**

NRECA strongly supported the Farm Bill, which established an enhanced broadband program at the USDA's Rural Utilities Service, authorizing \$350 million per year to provide a combination of loans and grants. The bill will help focus resources in the hardest-to-serve areas by targeting low-density areas for the highest grant amounts.





**MORE THAN**

**100**

**ELECTRIC CO-OPS  
HAVE DEPLOYED  
RETAIL BROADBAND  
SERVICES OR PROGRAMS**



# REDUCING OPERATIONAL COSTS

NRECA offers electric cooperatives a full range of products and services to enhance reliability, improve operations and drive innovation.

TYPE C2SODL2 CL200 FM2S 1.0Kh  
240V 3W CA0.5 TA 30 60Hz

**⚠ DANGER**  
Disconnect power  
before opening.  
High Voltage  
Warning



### **Energy Research Community**

NRECA continued to enhance co-ops' credibility within the energy research community, which allows the co-op network to influence the focus and direction of research resources well beyond the association's own work. NRECA's grant pipeline continues to expand, with \$16 million pending in federal grants and potential opportunities totaling \$30 million in the next two to three years.

### **Beneficial Electrification**

NRECA was active in stakeholder engagement that defines beneficial electrification, including publishing white papers, case studies and presentations that outline the opportunities and strategies to implement a beneficial electrification program. NRECA worked with policymakers and industry partners to help align policy that defines beneficial electrification and makes America's electric cooperatives more energy efficient. NRECA helped establish the Beneficial Electrification League, a non profit organization to promote electrification.

### **Waters of the U.S.**

NRECA is engaged with industry coalitions to encourage the Environmental Protection Agency to replace the 2015 Waters of the U.S. rule that would increase costs and red tape for co-ops.

### **National Discounts Program**

The National Discounts Program (NDP) offers NRECA's members product and service discounts at participating retailers, helping them reduce business costs. By leveraging the collective purchasing power of our network, NRECA has negotiated discounts with nearly 100 nationally recognized companies that offer co-ops savings on vehicles, equipment, office and furniture supplies, hotel stays and more.



# DISTRIBUTED ENERGY RESOURCES & RENEWABLES

NRECA strives to provide members with resources to help them meet the changing energy needs of their communities. NRECA provides tools that help electric cooperatives decide what distributed energy resources and renewables make the most sense for them and their members as part of a balanced electricity portfolio.



### **Battery Energy Storage**

NRECA and America's electric cooperatives are advancing technology and expanding the use of battery energy storage as part of the co-ops' business model. In partnership with NRTC and four Midwest distribution co-ops, NRECA sponsored a pilot program that placed batteries in members' homes to test residential battery technology. NRECA is working with co-ops in North Carolina, California, Vermont and Colorado to plan and build out large-scale battery projects and develop energy storage case studies and other reference materials to help co-ops weigh their energy storage options.

### **XPRIZE Global Competition**

In Gillette, Wyoming, a co-op-owned power plant is helping shape a new future for carbon capture and use. Owned by Basin Electric Power Cooperative and the Wyoming Municipal Power Agency, the Dry Fork coal-fired power plant is home to two test facilities and an XPRIZE global competition to convert carbon dioxide into marketable commodities. NRECA contributed \$1 million to the Integrated Test Center as part of its ongoing support for the development of carbon capture and use technology. This publicly-privately funded test center could produce research that preserves the value of domestic coal resources, creates jobs in the region and helps keep electricity affordable.

### **Solar Utility Network Deployment Acceleration (SUNDA)**

With funding from the U.S. Department of Energy, NRECA developed a roadmap for electric co-ops interested in meeting the growing member expectation for solar energy. Four years after launching the SUNDA project, the solar landscape is dramatically transformed. NRECA's research and solar development recommendations are helping electric co-ops understand the costs associated with developing a solar program. Cooperative solar has grown by nearly 10-fold since 2013 and it is projected that...

**... BY THE END OF 2019, THE COMBINED CAPACITY OF COOPERATIVE  
SOLAR WILL GENERATE ENOUGH ELECTRICITY TO POWER MORE THAN  
200,000 HOMES.**

# POLICY ISSUES

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Together, NRECA members are a powerful and effective political and public policy advocate. NRECA partners with co-ops, statewide associations and other allies to achieve legislative and regulatory outcomes that positively impact our co-ops, our communities and our quality of life.





## **Affordable Clean Energy Rule**

Several co-op recommendations were reflected in EPA's proposed Affordable Clean Energy rule. The proposal focuses on actions that can be taken "inside the fence line" and provides greater regulatory certainty and flexibility. Replacing the Clean Power Plan with the more reasonable requirements of the Affordable Clean Energy rule should allow many G&Ts the needed time and flexibility to keep their coal-fired plants operating through their remaining useful life.

## **Vegetation Management**

Vegetation management is essential to maintaining grid reliability and ensuring public safety. With the support of our members, NRECA worked with legislators to enact federal reforms that improve co-ops' access to federal lands for right-of-way work and provide some liability limitations. With thousands of miles of rights of way on federal lands, the new provisions reduce liability risk and save electric co-ops tens of thousands of dollars in costs.

## **Coal Ash Remediation**

With strong support from NRECA, the EPA approved the first state-based permitting program for coal ash remediation, and Congress provided funding for the agency to develop a federal permitting program. EPA extended some regulatory deadlines until 2020 while proposing a risk-based process for evaluating coal combustion residuals (CCR) ponds and landfills. This allows some G&T co-ops to continue using their ash ponds while the EPA works on regulatory changes.

## **Cadillac Tax**

NRECA was successful in its advocacy of tax policy. Congress further delayed the "Cadillac tax" until 2022. Lawmakers also extended and modified the geothermal and nuclear production tax credit and modified the carbon capture and storage/utilization tax credits. NRECA also pushed to remove the limitation on the deductibility of interest expense.

## **USDA Rural Development Program**

NRECA successfully advocated against eliminating funding for several USDA rural development programs, such as the Rural Economic Development Loan and Grant program, which co-ops use to expand economic opportunities for rural America.

### **Low-Income Home Energy Assistance Program**

NRECA was among a coalition of organizations that called on Congress to support funding for the low-income home energy assistance programs, which the Trump Administration proposed to eliminate.

### **Electric Service to Military Facilities**

NRECA is helping co-ops understand the potential for expanding their electric service to military facilities. Co-ops have a long history of meeting the energy needs of their military members through reliability and resiliency projects. With the Department of Defense and the U.S. Air Force realigning its procurement for electricity under an “energy as a service” model, co-ops are exploring more innovative ways to strengthen their position as energy providers to these federal installations.

### **Power Marketing Administrations**

Once again, NRECA and America’s electric cooperatives successfully lobbied against budget proposals to sell the transmission assets of the Power Marketing Administrations (PMAs) and switch to market-based wholesale electric rates. Additionally, NRECA and co-ops were successful in stopping efforts that would have diverted 10 percent of PMA receipts to the Inland Waterways Trust Fund. NRECA continues to closely monitor the threat to our nation’s hydropower infrastructure, which would raise electricity costs and jeopardize reliability for more than 600 rural electric cooperatives in 34 states that are PMA power customers.





# SAFETY

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NRECA, its members and the statewide associations work together to provide electric cooperatives with tools and resources to enhance safety.





## **Commitment to Zero Contacts**

In April 2018, NRECA, Federated Rural Electric Insurance Exchange and electric cooperative statewide safety leaders introduced the Commitment to Zero Contacts. The safety initiative is designed to provide co-ops with tools to help eliminate serious injuries and fatalities (SIFs) due to electrical contacts and help enhance co-op safety programs. As of March 2019, 543 co-ops in 42 states have taken the pledge to eliminate SIFs by reviewing safety plans, revising processes and incorporating resources available in NRECA's Commitment to Zero Contacts toolkit. This includes use of the S.A.F.E. job-site safety briefing app developed for the program by Federated. Since its launch, more than 3,500 line workers have used the app to document nearly 84,000 job briefings.

Nearly **60%** of co-ops have taken the Commitment to Zero Contacts pledge.

## **Rural Electric Safety Achievement Program (RESAP)**

In partnership with statewide and cooperative safety leaders, NRECA's voluntary Rural Electric Safety Achievement Program (RESAP) provides members with a framework for increasing safety awareness and strengthening safety practices.

In 2018 **14** co-ops were RESAP certified, bringing the number of participating co-ops to 665. That's a 20 percent increase in three years.

## **Safety Education Programs**

NRECA's safety education programs help co-op employees better understand and effectively communicate safety-related issues. More than 400 individuals have earned the Certified Loss Control Professional credential and many more have participated in the Speak Up!/Listen Up! instructor training program at their co-op or statewide. In 2018, more than 600 individuals from 43 states attended NRECA's Safety Leadership Summit to help improve safety across the network.



# CYBERSECURITY

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As the grid evolves, utilities are becoming more efficient and reliable. The emergence of distributed energy resources and the two-way flow of data on the grid means that electric cooperatives should consider what security and resiliency issues they may face. NRECA is working with co-ops and public and private stakeholders to prepare for existing and potential threats to the reliability and security of the electric grid.



### **Rural Cooperative Cybersecurity Capabilities (RC3) Program**

With funding from the U.S. Department of Energy, NRECA is providing education and training to cooperatives to improve the cyber and physical security of their organizations. Through the RC3 SANS Voucher Program, co-ops have access to free online cybersecurity training provided by the internationally recognized SANS Institute. With courses typically ranging from \$2,500 to more than \$6,000 per class, RC3 alleviates this cost barrier and enhances cybersecurity awareness and capabilities for co-op staff that can immediately improve the security of their organization.

### **RC3 Self-Assessment Research Program**

Through the RC3 Self-Assessment Research Program, NRECA worked with 200 leadership staff at 36 co-ops in 13 states to test a new cybersecurity self-assessment tool. Developed by NRECA, this tool helps co-ops understand potential vulnerabilities, bolster their security, prioritize mitigation actions and develop a cybersecurity action plan. A Cybersecurity Self-Assessment Do-It-Yourself Toolkit was released to co-ops in December 2018.

**350**

employees from more than 200 co-ops received cybersecurity awareness training.

**>200**

leadership staff at 36 co-ops helped refine NRECA's cybersecurity self-assessment tool.

**68**

co-ops are helping each other and the broader co-op community learn cybersecurity skills through the RC3 SANS Voucher Training Program.

### **Defense Advanced Research Projects Agency**

NRECA and more than 100 grid and cybersecurity experts participated in a week-long drill organized by the Defense Advanced Research Projects Agency at Plum Island, New York. Teams worked to restore power to the isolated grid after a simulated cyberattack left the island in complete darkness. The drill tested recovery strategies like NRECA's Essence, a tool to monitor the grid and identify atypical behavior resulting from disasters like earthquakes, floods, fires, hurricanes or cyberattacks. In previous work with co-ops, Essence prevented cyberattacks, overloading of transformers and potential meter fires.



# WORKFORCE DEVELOPMENT |

NRECA provides resources to attract and nurture the next generation of talent. These include strategic partnerships with national workforce development groups; educational offerings designed to equip members with the knowledge and skills relevant to today's business challenges; career education materials; a military veterans employment initiative; and a mentoring program.



## **Veterans in Energy**

Building on the success of Serve Our Co-ops; Serve Our Country, NRECA partnered with the Department of Energy, electric utility trade associations and labor groups to form Veterans in Energy—an organization that provides transition, retention and professional development for veterans who have chosen a career in energy. The organization brings together veterans, executives and experts from the energy sector to discuss topics like cybersecurity, distributed generation and ways veterans are leveraging their skills and experiences for successful careers in our field. Representatives from industry, government, research, energy providers, contractors and academia, attend this national event.

>90

veterans, active military and spouses have been hired since the inception of Serve Our Co-Ops; Serve Our Country in 2016.

## **Cooperative Career Center**

NRECA is providing co-ops with the resources they need to thrive in an evolving energy landscape. With more than 25,000 jobs to fill over the next five years, co-ops need multiple channels to attract job seekers in this competitive market. NRECA's Cooperative Career Center gives co-ops access to a pool of qualified professionals in the industry.

>6,400

job seekers have visited the Cooperative Career Center since its launch.



420

individuals from

147

co-ops have earned  
an SMDP certificate.





### **Supervisor and Manager Development Program**

Managers have the opportunity to influence and inspire those who work for them. NRECA's Supervisor and Manager Development Program (SMDP) is a flexible education program designed for co-ops that focuses on strengthening the leadership skills, knowledge and abilities needed to hire, develop and lead others, manage performance, communicate effectively and make decisions.

### **Director Education and Training**

NRECA provides training to help co-ops' elected leaders be effective and responsible stewards of their organizations' resources. In 2018, more than 5,000 directors attended training, meetings and conferences to develop the knowledge and skills required to meet the challenges of the increasingly complex electric industry. And, nearly 1,100 directors earned the Director Gold credential, bringing the number of certificate holders to 1,620.





# GOVERNANCE

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As the industry and consumer-member expectations continue to evolve, America's electric cooperatives are not only assessing their business operations; many are taking a closer look at their governance practices. NRECA provides tools and resources to help leaders execute a strategic vision for their co-ops within a framework of democratic governance.



**Electric Cooperative Governance Task Force**

Recognizing the importance of good governance to a co-op’s success, NRECA and the National Rural Utilities Cooperative Finance Corporation (CFC) sponsored the “Electric Cooperative Governance Task Force Report” — a member-developed resource that examines governance practices. The report is one of several resources available online for examining governance practices and issues. Hundreds of co-ops have used these resources to inform governance conversations within their boardrooms.

**Competency-Based Education**

NRECA is committed to helping electric co-op leaders meet the challenges of a rapidly changing industry inside and outside the boardroom. To help identify the knowledge, skills and abilities needed to govern effectively, NRECA developed a competency framework specifically for electric cooperative directors.

**Governance Talk Videos**

NRECA has created a series of free, short educational videos for directors, CEOs, attorneys and staff that feature conversations with co-op and industry experts on some of today’s most important governance issues.



# GLOBAL COMMITMENT

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NRECA International develops and implements electrification programs around the globe. Most of these programs are funded by contracts and grants from federal government agencies such as the U.S. Agency for International Development. For more than 50 years, NRECA International has brought electricity to more than 160 million people in 45 developing countries.







### **Power Africa**

NRECA International continues to support Power Africa initiatives in Uganda, Ethiopia, Liberia, Ghana, Kenya and Malawi by implementing projects that focus on expanding access to electric service in peri-urban and rural areas, and by empowering rural communities to use electricity for economic growth.

### **Universal Electricity**

NRECA legacy programs in the Philippines and Bangladesh are approaching universal electricity access. More than 12 million consumers have been connected in the Philippines, 20 million in Bangladesh.

### **Member-Sponsored Missions**

NRECA International coordinated member-sponsored missions to Bolivia and Guatemala with co-ops volunteers from Colorado, Oklahoma, Missouri, Arkansas, Ohio and Georgia.

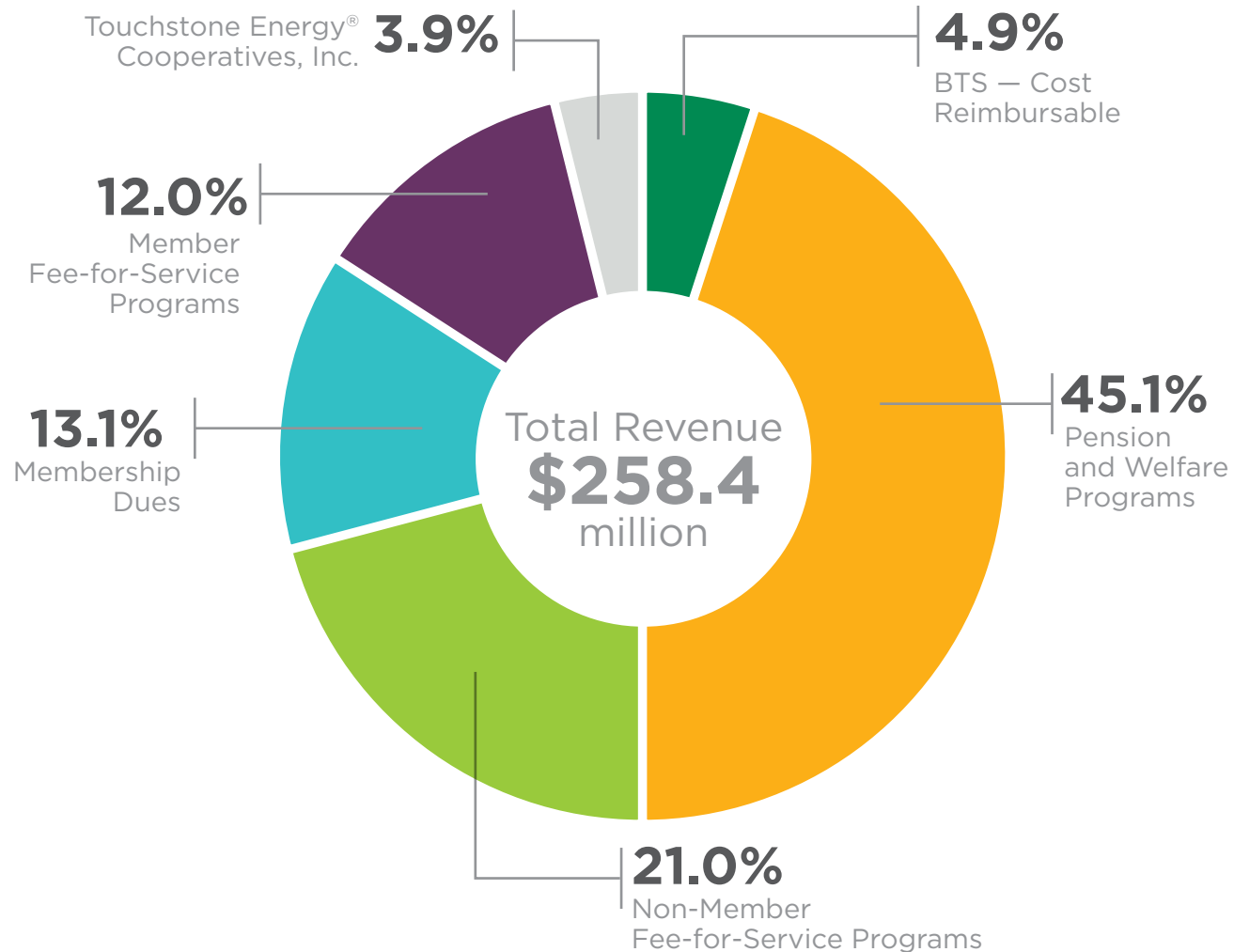
# 2018 FINANCIAL HIGHLIGHTS

## [THE ASSOCIATION]

### SUMMARY OF OPERATIONS (REVENUE BY SOURCE)

NRECA's operations include general membership, fee-for-service and cost-reimbursable programs. NRECA ended the 2018 year with total revenue of \$258.4 million and a \$7.5 million net operating margin before the Retirement Security (RS) Plan Voluntary Contribution Acceleration Program (VCAP) payment.

The RS Plan VCAP payment of \$10.9 million was approved by the board of directors in December. Since \$6.3 million of the \$10.9 million was charged to cost reimbursable programs, the net financial impact was \$4.6 million, which reduced the net margin to \$2.8 million for the year.





# REVENUE

General  
Membership  
Programs



Membership programs consist of government relations, communications, business & technology strategies and other programs. Dues for the year of \$33.9 million partially funded the \$44.4 million cost of these programs. NRECA funded the remaining \$10.5 million from margins earned on fee-for-service programs.

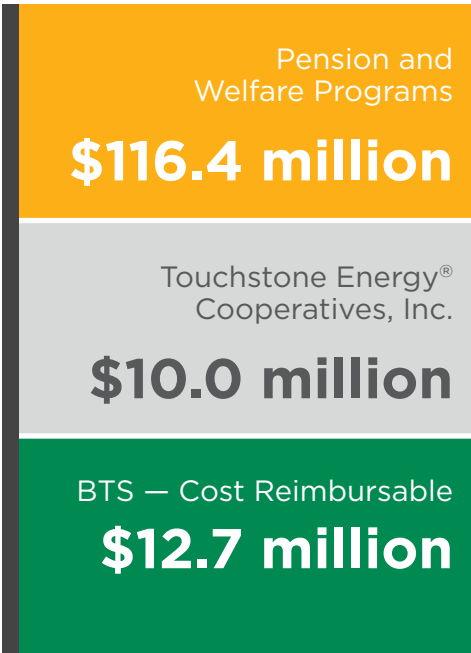
Fee-for-Service  
Programs



Revenue of \$31.1 million was generated from member fee-for-service programs, including annual and regional meetings, TechAdvantage, training and conferences, consulting, and *RE Magazine*, for which the members who use them pay a fee. These programs ended the year with a net margin of \$4.8 million.

Revenue of \$54.3 million was generated from non-member fee-for-service programs, including the buildings owned by NRECA, fees for managing the Homestead Funds, and the International programs. These programs ended the year with a net margin of \$13.2 million.

Cost Reimbursable  
Programs



NRECA is the sponsor and plan administrator of three multiple employer plans. NRECA provides plan administration services on a cost reimbursable basis. Office space is provided at market rates.

NRECA provides administrative services to Touchstone Energy® Cooperatives, Inc. on a cost reimbursable basis. Office space is provided at market rates.

Business & Technology Strategies (BTS) conducts research to accelerate technological innovation, which is primarily funded by member research dues and government grants. BTS revenue is recognized to the extent program expenses are incurred.

*Financial information is preliminary and may change. Expanded financial information is available at [electric.coop/annualreport](http://electric.coop/annualreport).*

# 2018 FINANCIAL HIGHLIGHTS

## [NRECA MULTIPLE EMPLOYER PLANS]

The pension and welfare programs administered by NRECA consist of three multiple employer plans: the Retirement Security Plan, the 401(k) Pension Plan and the Group Benefits Program. During 2018, NRECA remained committed to controlling costs while delivering high-quality products and services to member cooperatives and participants.

	Retirement Security Plan	401(k) Pension Plan	Group Benefits Program	Totals
Net Assets	<b>\$8.6</b> Billion	<b>\$9.9</b> Billion	<b>\$560.5</b> Million	<b>\$19.1</b> Billion
Contributions/ Premiums	<b>\$937.0</b> Million	<b>\$756.7</b> Million	<b>\$659.0</b> Million	<b>\$2.4</b> Billion
Benefits Paid	<b>\$1.5</b> Billion	<b>\$647.9</b> Million	<b>\$630.0**</b> Million	<b>\$2.8</b> Billion
Plan Paid Administrative Expenses	<b>\$62.9*</b> Million	<b>\$31.3</b> Million	<b>\$26.9</b> Million	<b>\$121.1</b> Million

\*Includes \$40.5 million in PBGC Premiums

\*\*Includes \$37.6 million in Insurance Premium Payments

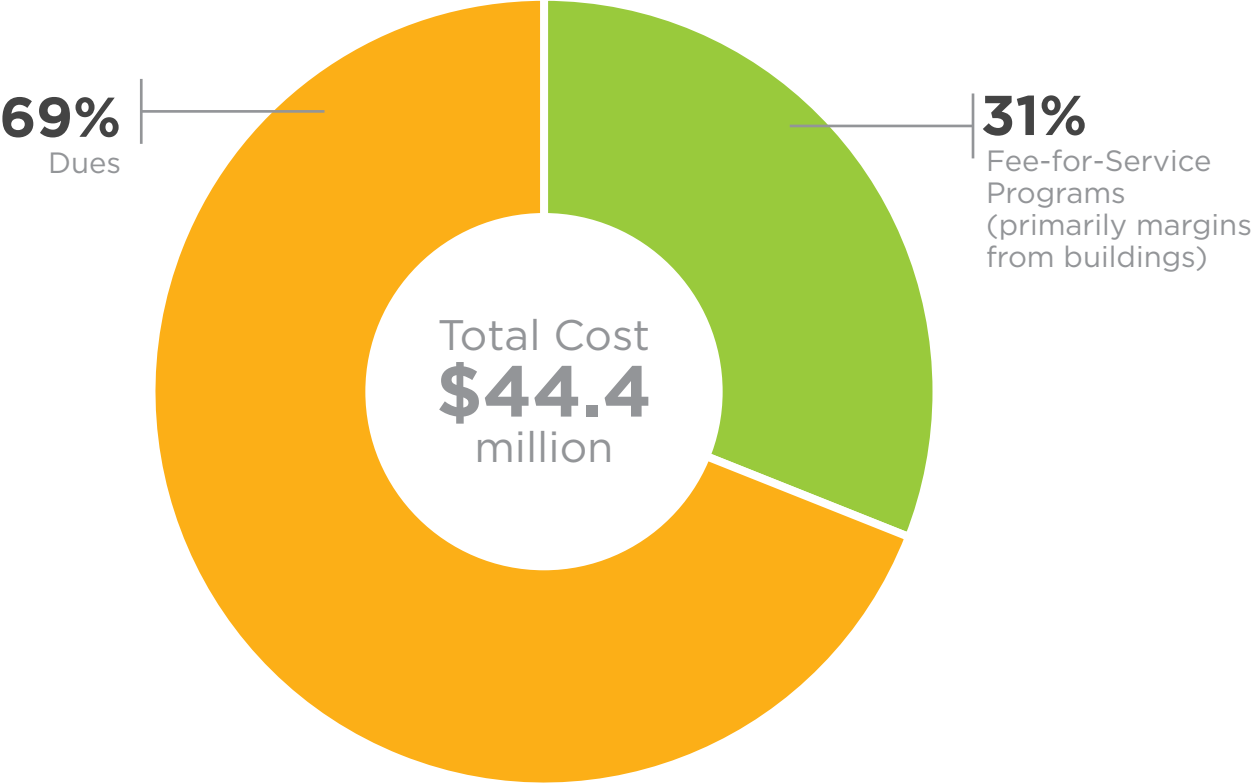
*Financial information is preliminary and may change.  
Expanded financial information is available at [electric.coop/annualreport](http://electric.coop/annualreport).*



# GENERAL MEMBERSHIP PROGRAMS

Dues paid to the Association cover 69% of the cost to run general membership programs and the remaining 31% is subsidized by fee-for-service programs, primarily margins from the buildings.

## FUNDING SOURCES



## **ACKNOWLEDGEMENTS**

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