



Northeast Power
A Touchstone Energy® Cooperative

2018 Annual Report

POWERFUL CONNECTIONS





Powerful CONNECTIONS who we are



Northeast Missouri Electric Power Cooperative (Northeast Power) is a not-for-profit electric transmission cooperative headquartered in Palmyra, Missouri. Northeast Power was founded by three rural electric distribution cooperatives in northeast Missouri on February 2, 1948. Today we serve eight member-distribution cooperatives – three in southeast Iowa and five in northeast Missouri.

Originally, Northeast Power was responsible for providing electric generation and transmission (G&T) services to our member-distribution cooperatives. In 1961, Northeast Power joined with five other generation and transmission cooperatives in Missouri to form Associated Electric Cooperative Inc. (Associated). This decision led to the creation of the unique three-tiered cooperative system we are part of today.

Our three-tiered cooperative system brings efficiency through specialization at each level of the system. The member-distribution cooperatives provide electric service directly to the consumer-members, which include businesses, farms and households. Northeast Power – and the other five transmission cooperatives – focuses primarily on transmission services and the delivery of wholesale power to our member-distribution cooperatives. Associated is responsible for generating and procuring power to meet the needs of the consumer-members.

Every tier of our system is fully focused on providing safe, reliable and affordable electricity to consumer-members. As a cooperative system, earnings above the cost of providing service are returned to members as patronage dividends (capital credits). Electric cooperatives are organized and governed by the Seven Cooperative Principles, which makes us different than other utilities and we are proud of that difference.

Powerful CONNECTIONS

President and CEO/General Manager's Message

Stop for a minute and think about all the connections in your life – family, friends, community connections, business connections... Now, think about how you actually stay connected with those people and organizations.

Northeast Power, our member-distribution cooperatives and Associated are a powerful part of those connections and the connections of every consumer-member within our three-tiered system. Electricity keeps us all connected in today's modern world. Consider all the necessities and conveniences we enjoy because of the power being generated and

running through the electric lines, substations and meters all across our system. Together, we are creating truly powerful connections.

Northeast Power and our member-distribution cooperatives are fortunate to be part of the Associated system. As a three-tiered cooperative system, we are united in purpose with a steadfast commitment to serve our respective members. Having three tiers provides strength and efficiency because each level is focused on its area of expertise – generation, transmission and distribution – all the while, keeping the best interests of the consumer-members at the heart of everything we do. These physical and non-physical connections make it possible for our three-tiered system to deliver the safe, reliable and affordable electricity more than 56,000 consumer-members depend on every day.



In 2018, Northeast Power celebrated 70 years of serving our member-distribution cooperatives. Throughout the year, we continued to strengthen our existing connections while looking to the future and building and creating new connections for the benefit of our member-distribution cooperatives and their consumer-members. It was a robust construction year with an increase of more than \$11 million in total utility plant. Operating and maintenance expenses did not increase and we retired \$2.7

million in Capital Credits. We were proud to end another year in a strong financial position.

Looking to the future, we recently assembled a new four-year Rural Utilities Service Construction Work Plan for 2019-2022. The Work Plan is a template to help us secure funding as we plan and prioritize future projects. The total of the 2019-2022 Work Plan is \$54,935,000 and it includes substation and transmission line additions, improvements and enhancements to our communications network, and cyber and physical security measures.



A handwritten signature in blue ink that reads "Emery (Buster) Geisendorfer, Jr."

Emery (Buster) Geisendorfer, Jr.
President



A handwritten signature in black ink that reads "Douglas H. Aeilts".

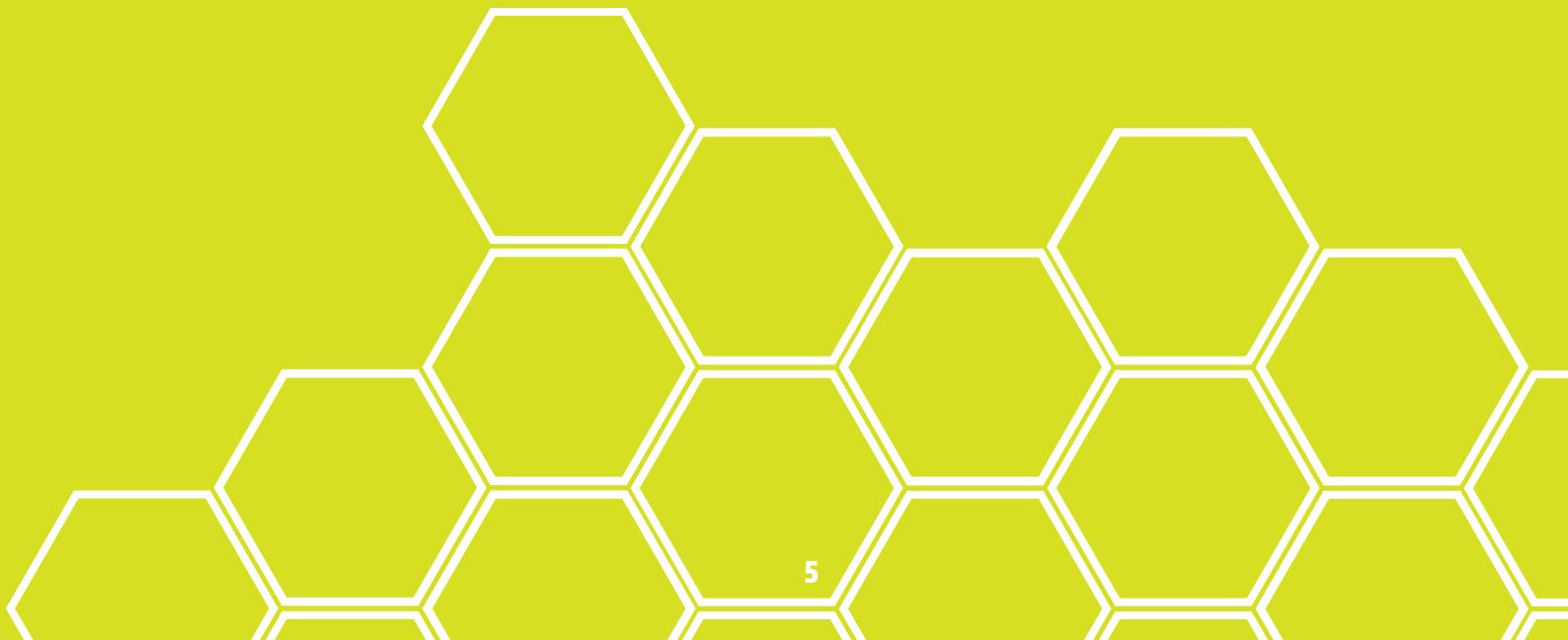
Douglas H. Aeilts
CEO and General Manager

Please take time to review Northeast Power's 2018 highlights, which are chronicled throughout the pages of this report. We believe you will see all the ways Northeast Power employees leveraged powerful connections to accomplish our mission of powering our member-distribution cooperatives with safe, reliable, affordable electricity and value-added services.





2018 Year in Review



New CONNECTIONS improve transmission reliability

In the electric utility industry, success is a result of a great deal of time spent planning and preparing. In order to ensure we can meet the needs of our member-distribution cooperatives and their changing membership, we must always have our eyes on the future.

Following years of planning and preparation, two powerful new connections were completed in 2018 when construction wrapped up on

the 7.2-mile Lee to Spring Grove 69 kV transmission line and the 14-mile Floris to Selma 69 kV transmission line. These projects and subsequent projects in the same area will significantly improve reliability in our Iowa service territory.

The Lee to Spring Grove line connected the Lee Switch Station to the Spring Grove Substation on the eastern side of Access Energy Cooperative's service area. Before completing this project, the Spring Grove

Substation was served by a long radial transmission line tap. The new 7.2-mile line created a loop and second feed to Spring Grove, which greatly improves reliability in this area.

The Lee to Spring Grove line construction project presented some unexpected challenges. Due to poor soil conditions, several poles required larger and deeper holes, concrete foundations and steel encasements. The project took longer than projected to



complete; ultimately the line was energized in the fall 2018.

The new Lee to Spring Grove line also required the addition of a 69 kV circuit breaker and other modifications at the Lee Substation. This project was designed and constructed by Northeast Power personnel and completed in the fall 2018.

In order to maximize reliability in the Wever area of Access Energy Cooperative's service territory, construction of the Spring Grove 69 kV Switch Station was started in 2018. In addition to the switch station construction, double circuit 69 kV transmission lines will be constructed from the new Spring Grove Switch Station to the Henry Switch Station as well as the Sawyer Switch Station. With the completion of the new switch station and double circuit lines, the Spring Grove Substation radial feed will be completely converted to a looped feed.



The Floris to Selma project greatly improved reliability by eliminating radial tap lines to four distribution substations – the Floris and Troy substations in Southern Iowa Electric Cooperative's service area and the Selma and Batavia substations in Access Energy Cooperative's service area.

This 14-mile transmission line project set a record, boasting the largest Northeast Power

river span where it crosses the Des Moines River.

Construction was completed and the line was energized in the fourth quarter 2018.



Fiber **CONNECTIONS**
provide powerful improvements

A strong and reliable transmission system is the backbone of Northeast Power's operations. In the past, power delivery was relatively simple and one-way. In today's utility world, a strong and reliable transmission system cannot exist without a strong and reliable two-way communications network.

Northeast Power's fiber network is essential for efficient and reliable operation of our overall transmission grid. It also provides value-added benefits for our member-distribution cooperatives. For these reasons, we are constantly evaluating opportunities to improve our fiber network. In 2018, we had just such an opportunity.

In conjunction with the Floris to Selma transmission line project, five Northeast

Power line sections were upgraded with optical ground wire (OPGW). This upgrade resulted in adding three substations to the fiber network loop and was an important improvement to Northeast Power's overall communications network.

A total of more than 24 miles of existing high strength steel static wire was replaced with OPGW to complete this project in the fourth quarter 2018.



OPGW is a type of cable that combines the functions of grounding and communications. It is tubular in shape with a fiber optic core that is surrounded by steel and aluminum wire.

collaborative CONNECTIONS

Continued collaboration with neighboring investor-owned utilities has created money-saving opportunities for Northeast Power, Associated and our member-distribution cooperatives. Throughout 2018, Northeast Power continued working with Ameren Transmission Company of Illinois (ATXI), MidAmerican Energy and ITC Midwest on their portions of the Midcontinent Independent System Operator (MISO) Multi-Value Projects (MVPs).

MISO is the regional transmission organization for our neighboring investor-owned utility companies. In 2011, MISO put together a slate of 17 MVPs that were designed to improve regional transmission system reliability and broaden MISO

access to renewable energy resources. MISO member utilities were assigned to complete the MVPs. As they endeavoured to move forward with their projects, they saw value in collaborating with Northeast Power to share right-of-way.

In 2017, Northeast Power completed negotiations with ATXI, MidAmerican and ITC to allow each utility to utilize portions of Northeast Power's right-of-way to co-locate our existing transmission lines with their respective new 345 kV lines, which are part of the slate of MVPs.



In each case, the investor-owned utility will be removing the existing poles and line



and replacing them with steel poles that carry our line on one side and their new line on the other. The new line construction is a benefit for landowners and consumer-members because it eliminates the need for guy wires and anchors and provides new easement payments. It is also a great cost-saving benefit for Northeast Power, Associated and our member-distribution cooperatives because the investor-owned utilities are covering the complete cost of construction for these projects – saving Northeast Power millions of dollars in future rebuild and maintenance costs.

The smallest of these joint construction projects is an approximately 1.6-mile line section

in Southern Iowa Electric Cooperative's service territory from the Ottumwa Switch Station to the Christianburg Substation. ITC will be utilizing Northeast Power right-of-way to co-locate their new 345 kV transmission line with our existing 69 kV line. Construction of this project recently began and is scheduled to be complete in May 2019.

The joint construction project with MidAmerican consists of an approximately 3.6-mile section in Southern Iowa Electric Cooperative's service area. The Northeast Power 69 kV transmission line between the Belknap Tap and the Ottumwa Switch Station will be co-located with MidAmerican's

collaborative connections (continued)



new 345 kV transmission line. Once again, this project utilizes Northeast Power's existing right-of-way. Construction began in September 2018 and was completed in December 2018.

The largest of the joint construction projects is ATXI's Mark Twain Transmission Project (MTTP). The MTTP is a 96-mile project that runs through portions of the service territories of Missouri Rural Electric Cooperative, Lewis County REC and Tri-County Electric Cooperative. Approximately 60 miles of the project includes co-location of Northeast Power's existing 161 kV line, which runs from our South River Substation (near Palmyra) to Ameren Missouri's Adair Substation (south of Kirksville). The stretch of line that runs north to the Iowa border is a co-location project between ATXI and Ameren Missouri. Construction of the MTTP is currently underway and is scheduled to be complete in December 2019.

These collaborative connections will result in enhanced reliability for our member-distribution cooperatives and long-term value for the region in addition to the tremendous money savings.

Additional Benefits Related to the MTTP

In addition to saving more than \$30 million in future line rebuild and maintenance costs, Northeast Power and our member-distribution

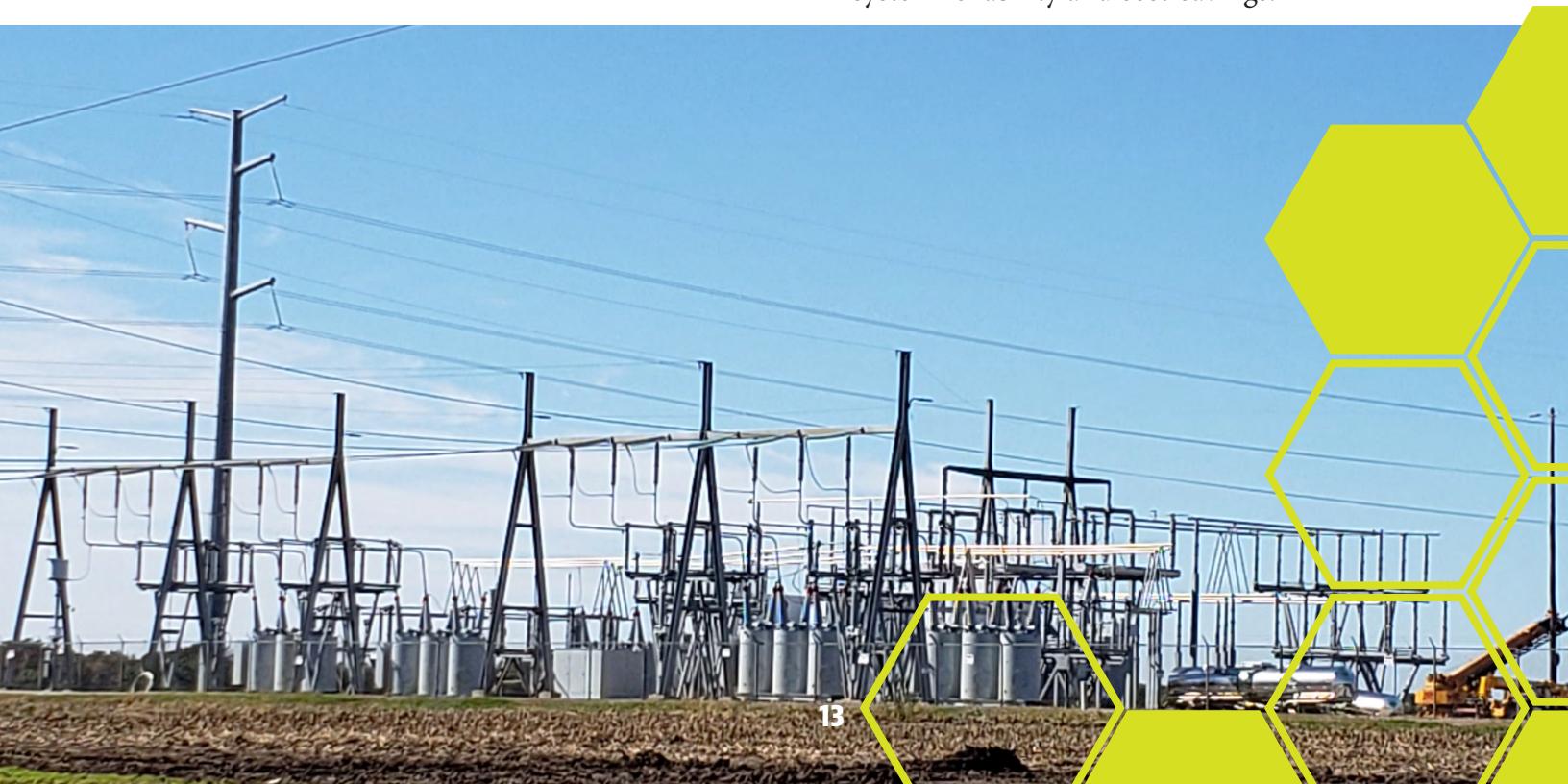
cooperatives are reaping additional benefits related to the MTTP.

During construction of the MTTP, it is necessary to de-energize the Newark and Emerson substations. For this to be possible, distribution system upgrades are being completed at both Lewis County REC and Missouri Rural Electric Cooperative. These upgrades will provide long-term benefits to each distribution system as well as Northeast Power and the cost of the upgrades is being covered by ATXI.

Once the upgrades have been made to Lewis County REC's and Missouri Rural Electric

Cooperative's distribution systems, it will be possible for the Emerson and Newark substations to be de-energized and their loads to be transferred to other substations while construction of the MTTP progresses. The Novelty Substation will be used to carry additional load during this time, which requires transformer, regulator and other significant upgrades. Additionally, while the Emerson and Newark substations are de-energized, old wooden substation structures will be replaced with new steel structures.

Collaboration with ATXI is enabling these improvements to be done, resulting in improved system reliability and cost-savings.





Powerful CONNECTIONS

new substation addresses
reliability issues

In 2018, construction of the new Hannibal Switch Station began. This project was designed to address reliability concerns along the 69 kV transmission line that feeds the Muldrow, Withers Mill, Hannibal and Hydesburg substations, which serve Missouri Rural Electric Cooperative and Ralls County Electric Cooperative.

The 69 kV transmission line feeding these four substations has approximately 34 line miles of exposure, which means that a problem anywhere along the line could impact multiple substations at the same time. When construction is complete, the Hannibal Switch Station will have three new 69 kV circuit breakers – one looking east toward Hannibal Substation, one looking south toward Spalding Substation and one looking north toward South River Substation. This will separate the lines serving the Muldrow and Withers Mill substations from the lines feeding the Hannibal and Hydesburg substations. This is an important reliability improvement as it will prevent a fault in one area from affecting the other two areas.

This project was completed in March 2019.



Powerful CONNECTIONS maintaining aging infrastructure

In February 2018, Northeast Power celebrated 70 years of service. We are proud of our legacy of providing safe, reliable and affordable electricity to our member-distribution cooperatives; however, reaching this

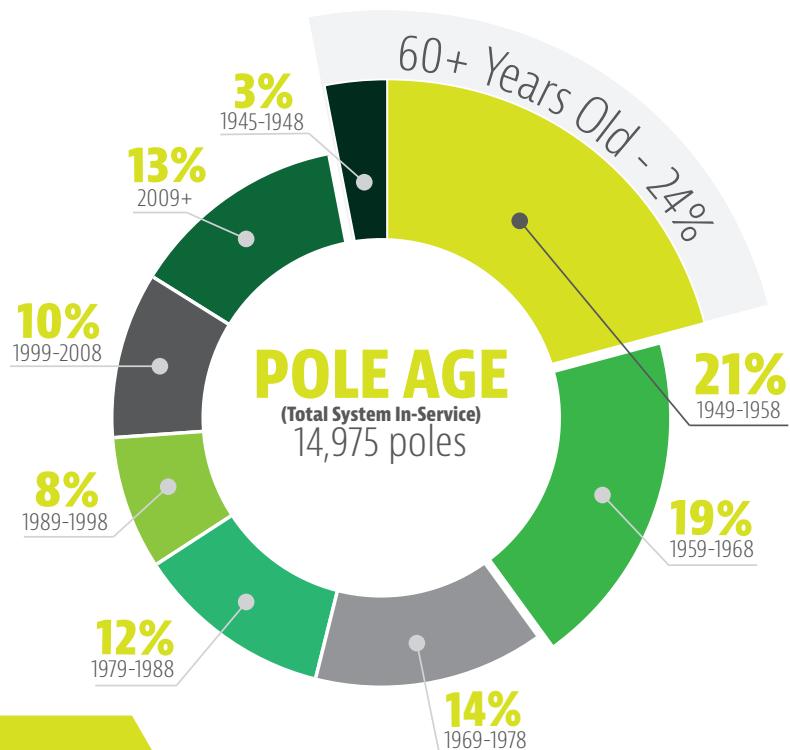
milestone also highlights not only the age of our organization but the age of our infrastructure. In order to continue to provide safe, reliable and affordable electricity we must not only plan for new projects but

also remain diligent in our maintenance efforts.

Northeast Power currently operates 1,003 miles of energized transmission line and 119 substations and switch stations. Approximately 43% of our poles are 50 years old or older and 24% are greater than 60 years old.

Each year, the entire Northeast Power transmission system is inspected and necessary maintenance is scheduled. In 2018, Northeast Power replaced 32 poles. We are currently working with the board to determine the best approach for a more aggressive pole replacement schedule. We feel it is essential to be proactive in the face of the challenges presented by our aging infrastructure.

For the past several years, Northeast Power has been working with our member-distribution cooperatives to



replace old brown insulators in several substations. The antique insulators create both safety and reliability concerns and we are committed to replacing all of them within our system. In 2018, brown insulators were replaced in the Floris and Troy substations. There are 11 substations scheduled for brown insulator change outs in 2019.

Another ongoing maintenance project is the change out of Oil Circuit Reclosers (OCRs) with NOVA reclosers. These projects require coordination with member-distribution cooperatives and often require conduit and/or concrete foundation installations or other substation modifications. In 2018, OCRs were changed out in the Clarence and Shelbyville substations and an additional 16 substations are scheduled for this work in 2019.



Powerful CONNECTIONS commitment to grid security

In recent years, the electric utility industry has seen an increasing threat to grid security. Protecting Northeast Power's transmission system from physical and cyber security breaches is critical to our ability to deliver safe, reliable and affordable electricity to our member-distribution cooperatives.

In 2018, Northeast Power focused on upgrading security at various locations throughout our system. This increased security included the addition of a badge reader system for authorized

access, additional security cameras and other physical security measures. We also placed a strong focus on electronic security with the addition of multiple pieces of equipment to protect the systems that can interact with the electric grid, such as: firewalls, cameras and physical access security controls. We will remain vigilant in our efforts to protect our transmission grid. The expansion of increased physical and electronic security projects are ongoing in 2019.



Creation of IS&T Department

The forward-thinking management of Northeast Power recognizes the importance of technology and the value-added benefits it can bring to all departments and services provided to our member-distribution cooperatives. Therefore, the decision was made to undergo some large organizational changes by combining the Telecommunications and Information Technology departments into a new division called Information Services and Technologies (IS&T). Landon Zaborowski was selected as the inaugural manager.

We look forward to all the benefits this change will bring to Northeast Power and our member-distribution cooperatives.



Landon Zaborowski
Manager of IS&T

Landon has more than 15 years of experience in the electric utility industry, working in both for-profit and cooperative organizations. He received a degree in Management of Information Systems from the University of Nevada - Las Vegas. Landon enjoys taking a big picture approach to working with all aspects of technology; seeing how systems technically interrelate and ultimately impact business overall. He recognizes that a small change in a process can have a large effect on users, applications, and systems. Landon is originally from Minnesota. He has spent the last 20 years out west and is excited to be back to midwestern hospitality.

powerful safety CONNECTIONS

“Safety is a team effort!”

These are the words Northeast Power employees see as they leave the headquarters driveway. Safety is our number one priority and we continually strive to improve our safety culture to ensure every employee returns home healthy and safe at the end of each day.

Knowing that safety is a team effort, the support of the Northeast Power board of directors and CEO and general manager are the critical first step to a successful safety culture. With their support,

in June 2018, Electrical Safety Consultants International Inc. was engaged to conduct an analysis of various high-risk substation and live-line work procedures. The two-day on-site analysis was highly valuable and resulted in recommendations focused on improving physical safety and regulatory compliance in the following areas:

- Energized phase handling methods and equipment usage;
- Protective cover-up equipment, applications and methods;

- Personal and equipment protective grounding practices;
- De-energizing lines and equipment practices; and
- Job planning, hazard analysis and communication.

Additionally, working with Electrical Safety Consultants International Inc. enabled Northeast Power managers, supervisors and employees to come together with the consultants and representatives from other Associated G&Ts to interact, share and learn from each other. This project



created a powerful connection by bringing together a team of people with one common goal: finding ways to work safer!

The Safety Committee continues to play an important and active role in Northeast Power safety initiatives. In 2018, the committee assisted in setting and achieving Safety Improvement Plan goals by completing personal protective equipment assessments. Throughout the year, the committee organized and presented findings and recommendations during employee safety meetings. These efforts were critical to enhancing our safety culture by encouraging continuous

employee involvement in safety and ultimately enabled us to accomplish Safety Improvement Plan objectives.

Pre-planning meetings were held for several complex projects in 2018. In addition to daily job-briefings, these meetings provide additional opportunities for safety dialogue with employees by bringing the Engineering and Operations Departments together to discuss and address safety concerns associated with multiple facets of projects. This process has proved to be very valuable in connecting a broad group of employees to be proactive in our approach to safety.

Over the course of 2018, Northeast Power was audited by five outside organizations, which included safety-related inspections of work procedures, equipment conditions, facility conditions and appropriate safety documentation. Our efforts to evolve and improve the safety culture of Northeast Power are ongoing. We are excited to enhance our efforts in 2019 by engaging in the NRECA and Federated Rural Electric Insurance Exchange “Commitment to Zero Contacts” initiative.



powerful safety connections (continued)

External Safety Campaign

Northeast Power's commitment to safety goes beyond the safety of our employees, board members and member-distribution cooperative employees. We strive to provide support and value-added programs to our member-distribution cooperatives that will assist in their efforts to reach consumer-members and the general public with important electrical safety information.

Since the late 1980s, Northeast Power has been partnering with member-distribution cooperatives to provide safety programs to elementary students. In 2009, we expanded our efforts by offering Live Line Demo safety programs to students in junior high and high school in addition to community groups and first responders. Through partnership with member-distribution cooperatives, we provided 15 safety programs in 2018, which reached approximately 2,300 participants.



In 2018, Northeast Power launched a new public safety campaign – Energizing Safety. The need for this campaign developed as we began to see a trend of increasing incidents involving large farm equipment and power lines. While large sprayers, combines and other equipment are important for improving farm efficiencies, the larger equipment also increases the potential to contact Northeast Power's lines or the lines of our member-distribution cooperatives. Additionally, we wanted to create more awareness about the hazards



Energizing Safety

Published by Kambria Kaden Mohn [2] · September 6, 2018

Harvest season brings hard work and can be exhausting. Don't let electrical safety slip your mind. Know what to do if your farm equipment comes in contact with a power line. Your split-second response can mean the difference between life and death. Visit www.energizingsafety.coop for more information. #harvestsafety

Do you know what to do if your equipment contacts a power line?



Your split-second response can mean life or death.

1,716
People Reached

115
Engagement

Boost Again

of hunting stands and other obstructions being placed in power line right-of-way.

Based on guidance from our member-distribution cooperatives, we developed custom graphics and content for bill inserts and newsletters (to be used by member-distribution cooperatives when billing or communicating with their consumer-members). Additionally, a website ([www.energizingsafety.coop](https://energizingsafety.coop/right-way-safety)) and Facebook page were also launched to provide

more opportunities to share this important safety messaging.

Safety is our top priority and we are excited to continue the Energizing Safety campaign and other safety program offerings in order to help our member-distribution cooperatives make powerful safety connections with their consumer-members and the public.



member CONNECTIONS

Northeast Power is not only committed to powering our member-distribution cooperatives with safe, reliable and affordable electricity; we strive to build powerful connections with our member-distribution cooperatives through value-added programs and services.

Economic Development Financing

The USDA Rural Economic Development Loan and Grant (REDLG) programs are designed to provide funding to rural projects through local utility cooperatives. Through either the loan program (REDL) or the grant program

(REDG) or a combination of the two, cooperatives have a unique opportunity to provide zero interest financing to

local economic development projects – creating a truly powerful financing connection. The REDL allows cooperatives to apply for a USDA loan in an amount up to \$2 million. The loan is a “pass-through loan” and when repaid to the cooperative the money is then repaid to USDA. The REDG allows cooperatives to apply for a USDA grant in an amount up to \$300,000. The cooperative is required to provide 20% in matching funds before a loan is made to a local non-profit or government

entity. Upon repayment to the cooperative, the funds are held in a revolving loan fund that is managed locally by the cooperative for the benefit of subsequent economic development projects.

Prior to 2018, Northeast Power had not taken advantage of the opportunity to utilize the REDLG programs for the benefit of our member-distribution cooperatives and the communities they serve. We are happy to report that in 2018 we applied for and were



awarded funding for multiple projects through the REDLG programs.

We partnered with Chariton Valley Electric Cooperative and applied for \$300,000 through the REDG program for the benefit of the Centerville Community School District. With Northeast Power's 20% matching funds, we made a loan to the school district in the amount of \$360,000 for an elementary school building project.

We also partnered with Chariton Valley Electric Cooperative and applied for \$2 million through the REDL program and \$300,000 through the REDG program for the benefit of the Monroe County Hospital. We were awarded funds through both programs to assist with the hospital renovation and building project. Based on the timing of the building project, these loan closings have not taken place.

Toward the end of 2018, we partnered with Access Energy



Cooperative and applied for \$300,000 through the REDG program for the benefit of the Henry County Health Center. We recently learned our application was approved for funding and that loan will be finalized later this year.

As these REDG loans are repaid, the Northeast Power revolving loan fund will grow to over \$1 million. We are excited to see this fund continue to increase and benefit Northeast Power member-distribution cooperatives and the local communities for years to come.

Economic Development Scholarships

Northeast Power recognizes the important role local leaders play in the sustainability of the communities served by our member-distribution cooperatives. Like our cooperative organizations, communities function most effectively with committed and informed leadership. For this reason, Northeast Power provides scholarships to local leaders for economic and

member connections (continued)

community development training. In 2018, scholarships were awarded to 16 leaders in nine communities. Since 2007, nearly \$100,000 in scholarships has been distributed to more than 200 individuals. This investment in our local leaders is a powerful community connection that will pay dividends for years to come.

Economic Development Work Plan

In late 2018, work began on an Economic Development Work Plan in partnership

with Associated and our eight member-distribution cooperatives. This project is being conducted as a pilot project under Associated's economic development initiative – Power4Progress.

The Economic Development Work Plan is a targeted load growth strategic plan that defines target industries for each member-distribution cooperative and lays out strategies and tactics to drive economic success and load growth throughout

our system. Ady Advantage, an economic development and site selection consulting firm based out of Madison, Wisconsin, was engaged to conduct research and analysis and provide the completed Economic Development Work Plan. The Ady Advantage team delivered the final report and presentation in March 2019 and we are excited to continue working with Associated and our member-distribution cooperatives to begin the process of putting this important plan into action.



Teacher Education Program

In July 2018, six area teachers received full sponsorships to attend the Energy in Today's Classroom two-day graduate level course at the University of Missouri-Columbia. The curriculum fully supports educational standards and provides teachers with factual information on energy, the economics of energy production, and power generation and transmission.

Upon completion of the course, teachers receive a graduate credit (equal to 15 hours of professional development) as well as a kit of teaching guides and demonstration tools to take back to the classroom. Participants in 2018 included: Taaf Vermeulen (Chariton Valley Electric Cooperative), Christy Phillips (Lewis County REC), Bridgett Bass and Dawn Johnson (Macon Electric Cooperative), and Mike Plecker and Amanda

Schiller (Southern Iowa Electric Cooperative).

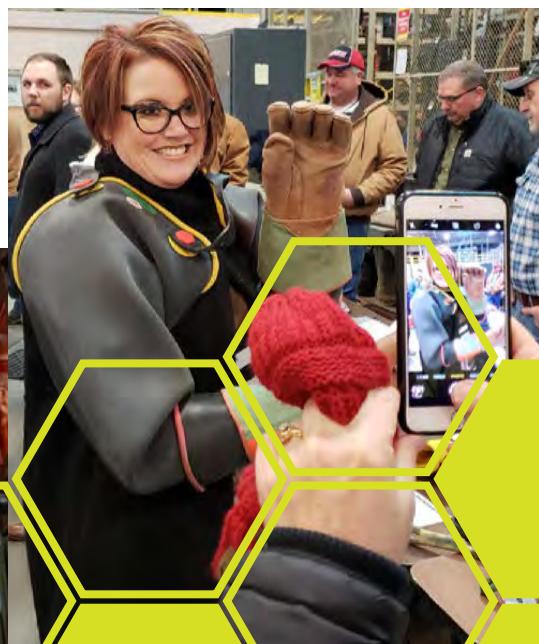
We are looking forward to continuing our connection with local educators in the future and we are excited to be sponsoring 12 teachers in 2019.

Electric Cooperative 101

Another great value-added program we are pleased to provide to our member-distribution cooperatives is the Electric Cooperative 101 orientation program. This program was launched in 2016 to provide employees of our member-distribution cooperatives and Northeast Power with a better understanding of our three-tiered system, statewide and national organizations and a comprehensive look at "how the system works" – from

power generation to the meter. The inaugural program received positive reviews and a request was made to offer the orientation experience to directors as well as employees.

The most recent Electric Cooperative 101 program boasted 36 attendees, which included seven directors and 29 employees with representatives from all eight member-distribution cooperatives as well as Northeast Power. It was another successful event and we look forward to continuing this valuable program in the years to come.





next generation **CONNECTIONS**

For a second year, Northeast Power hosted “STEM Camp” for local junior high and high school students. STEM, which stands for science, technology, engineering and mathematics, is an education initiative designed to help students strengthen their knowledge of STEM related careers and skills. This initiative began due to reduced student interest in STEM occupations in recent years. According to the U.S. Department of Education, only 16 percent of high school students are interested in STEM careers.

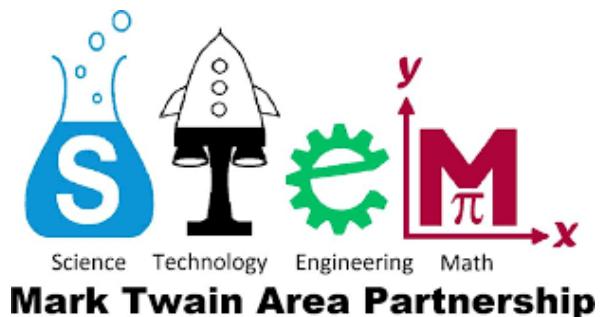
During the Northeast Power STEM event, students participated in several hands-on activities, which included a transmission line design exercise, line sag calculations and measuring line clearances with a range finder.

Students learned

about fiber optic communications, substation equipment and the operation and maintenance of the electric transmission system. Additionally, students heard about STEM related careers at Northeast Power.

encouraging youth to consider careers in STEM related fields. We recognize the importance of engaging the next generation in order to ensure a brighter tomorrow.

Northeast Power's participation in STEM Camp was a result of our partnership with other area businesses who share interest in



Powerful CONNECTIONS concern for community

Northeast Power's commitment to serving our member-distribution cooperatives and the communities we call home shines brightest through our employees. As a cooperative, we are guided by the Seven Cooperative Principles and our employees truly understand the importance of the seventh principle – Concern for Community.

Each year, the Northeast Power Community Fundraising Committee works hard to organize and facilitate a variety of fundraising and volunteer activities – a powerful connection with local community efforts. In 2018, the committee set a goal of raising \$44,000 for the annual United Way campaign. Northeast

Power employees exceeded this goal by more than \$2,500. In addition to monetary support, Northeast Power employees provided volunteer support to the United Way through the annual Day of Caring as well as service on the board of directors.

Other activities organized by the Community Fundraising Committee include: Home Run Against Hunger Food Drive, Annual Golf Scramble and Fish Fry fundraiser, Palmyra Food Pantry food drive, Adopt-A-Family Christmas Campaign and a monetary contribution to the I-Care Program in Bloomfield, Iowa.

A special thank you to the 2018 employee Community Fundraising Committee for all their work – Rachel Bemis, Jerry Daniels, Jack Elmore, Mike Jeffries, Jamie Page and Tom Pearn.



United Way

2018-2019 campaign



\$46,646.39

total employee contribution



\$7,000.00

Northeast Power Contribution



60

employees are contributing
equal to or greater than one
hour's pay per month



of employees contributed



\$53,646.39

total United Way contribution



\$753.46

average contribution per employee

concern for community (continued)

Through the Sharing Success matching grant program, Northeast Power was able to partner with CoBank and award \$10,000 (total) to two local non-profit organizations in 2018.

The Hannibal Regional Hospital Auxiliary, located in Hannibal, Missouri, received \$5,700 toward the purchase of a new shuttle vehicle. Heartland Resources, Inc., located in

Ewing, Missouri, was awarded \$4,300 for the purchase of a new dish sanitizer.

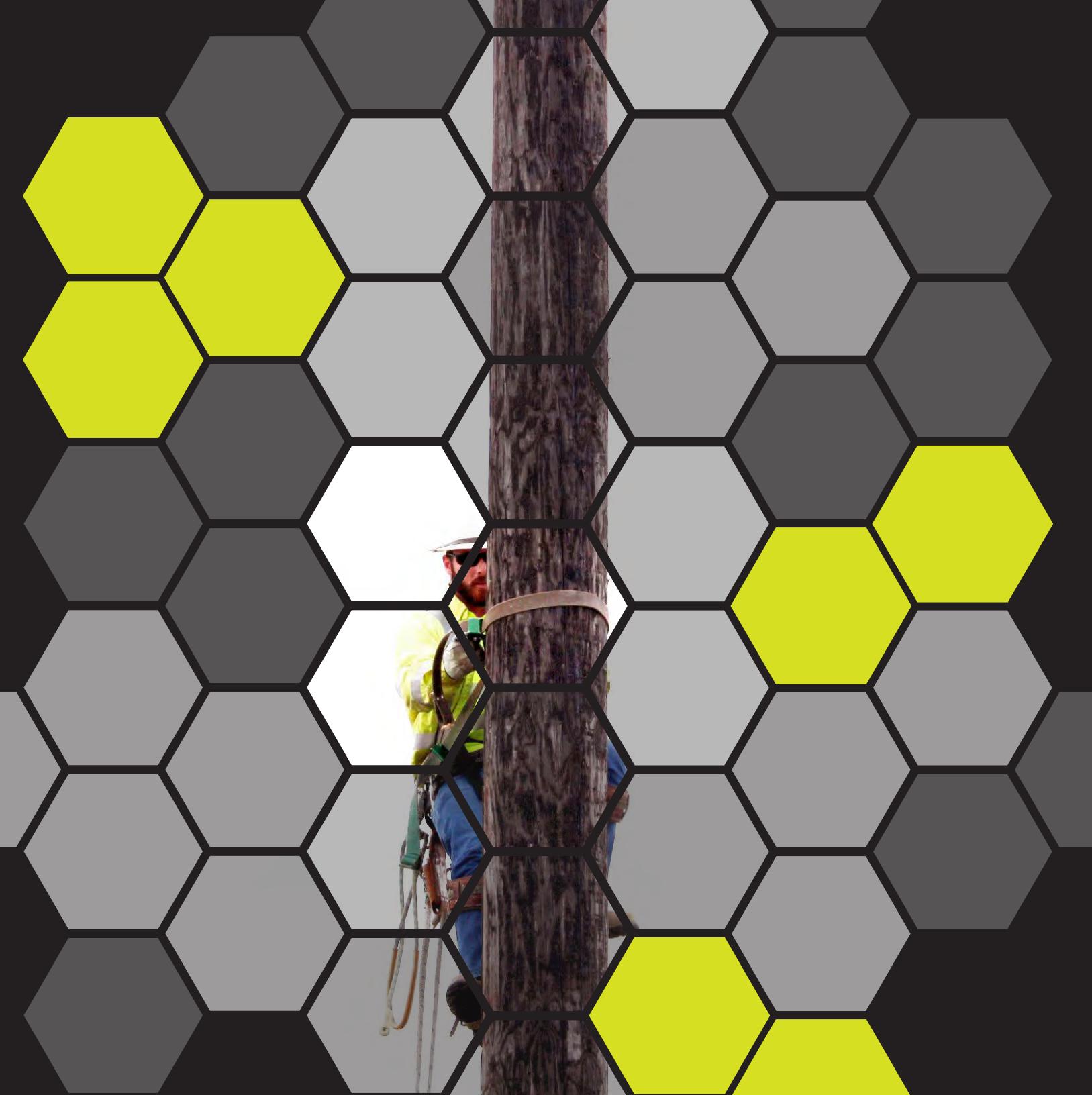
The Sharing Success matching grant program was launched by CoBank in 2012 as a way to highlight the International Year of Cooperatives. The program was designed to celebrate the vital role cooperatives play in their local communities across the country. Since 2012, Northeast Power has partnered

with CoBank to distribute a total of \$50,000 to non-profit organizations in southeast Iowa and northeast Missouri.

We look forward to continuing these powerful community connections in the future. Investing in communities served by our member-distribution cooperatives is another way Northeast Power shows its commitment to the seventh cooperative principle – Concern for Community.

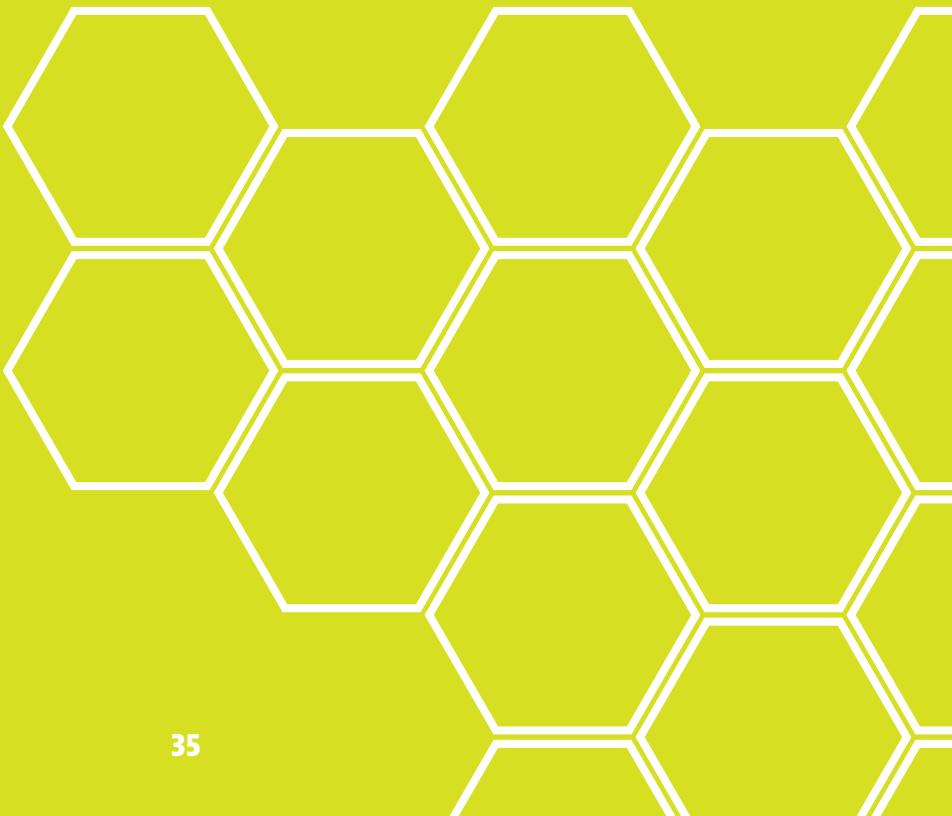
"We are so thankful to Northeast Power for supporting Hannibal Regional Auxiliary and the services we provide to patients and families," stated Lydia Ahrens, Hannibal Regional Auxiliary President. "This donation will help us give much needed shuttle services to those seeking care at the hospital and medical group. Lives will be touched each day through this gift to the healthcare system."





Powerful CONNECTIONS financial stability

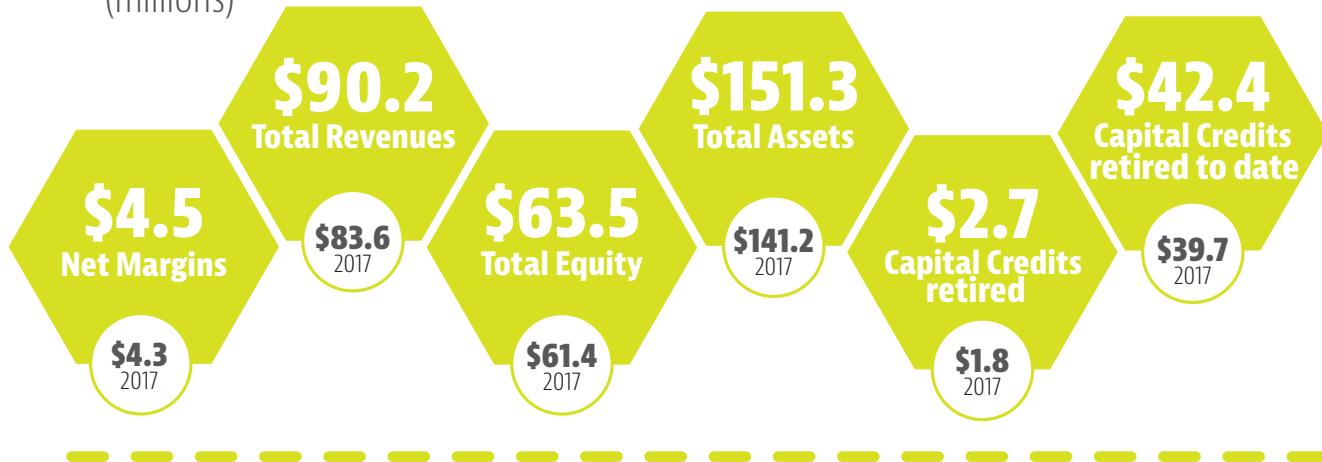
Northeast Power completed a strong construction year in 2018, ending the year with \$137 million in Total Utility Plant. Net Margins of \$663 thousand, combined with the Associated allocation of \$3.8 million, resulted in Total Net Patronage Capital of \$4.5 million, up slightly from 2017. With our mission being to power our member-distribution cooperatives with safe, reliable, affordable electricity and value-added services, our attention is focused on system strength, service and cost containment. Total Operating Expense without Power Supply remained flat over 2017 and Total Maintenance Expense was reduced slightly in 2018. Northeast Power exceeded all lender covenants and remains in a strong financial position, growing the balance sheet to meet future needs of our member-distribution cooperatives.



financial stability (continued)

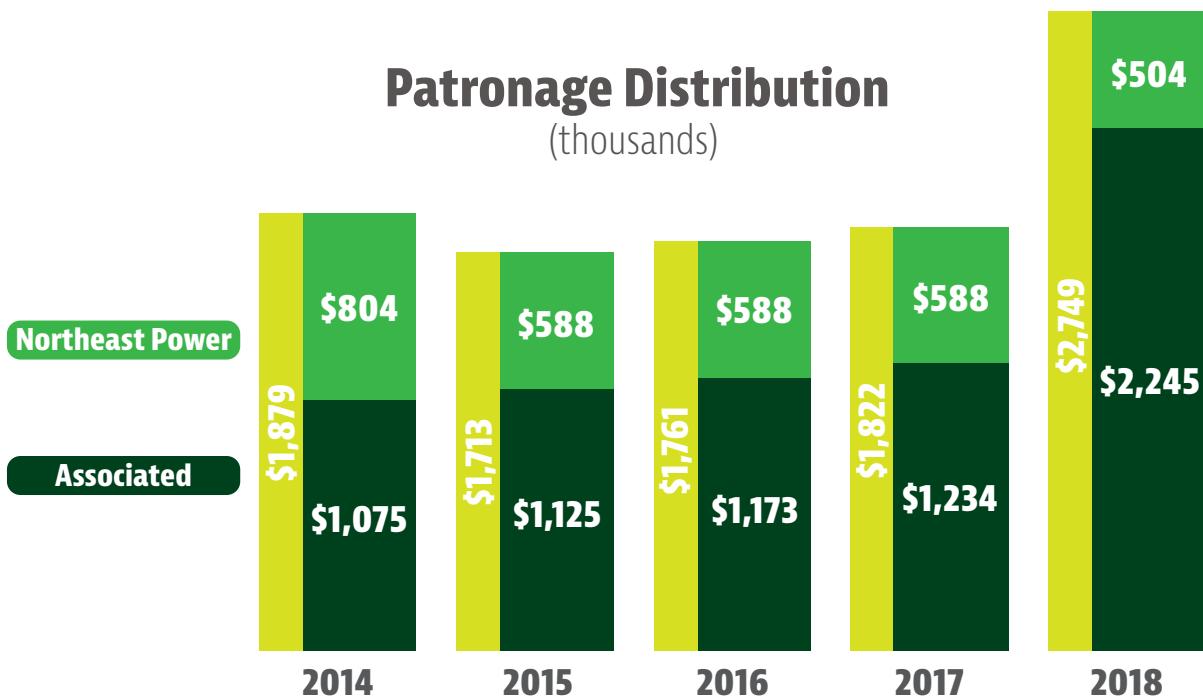
2018 at a glance

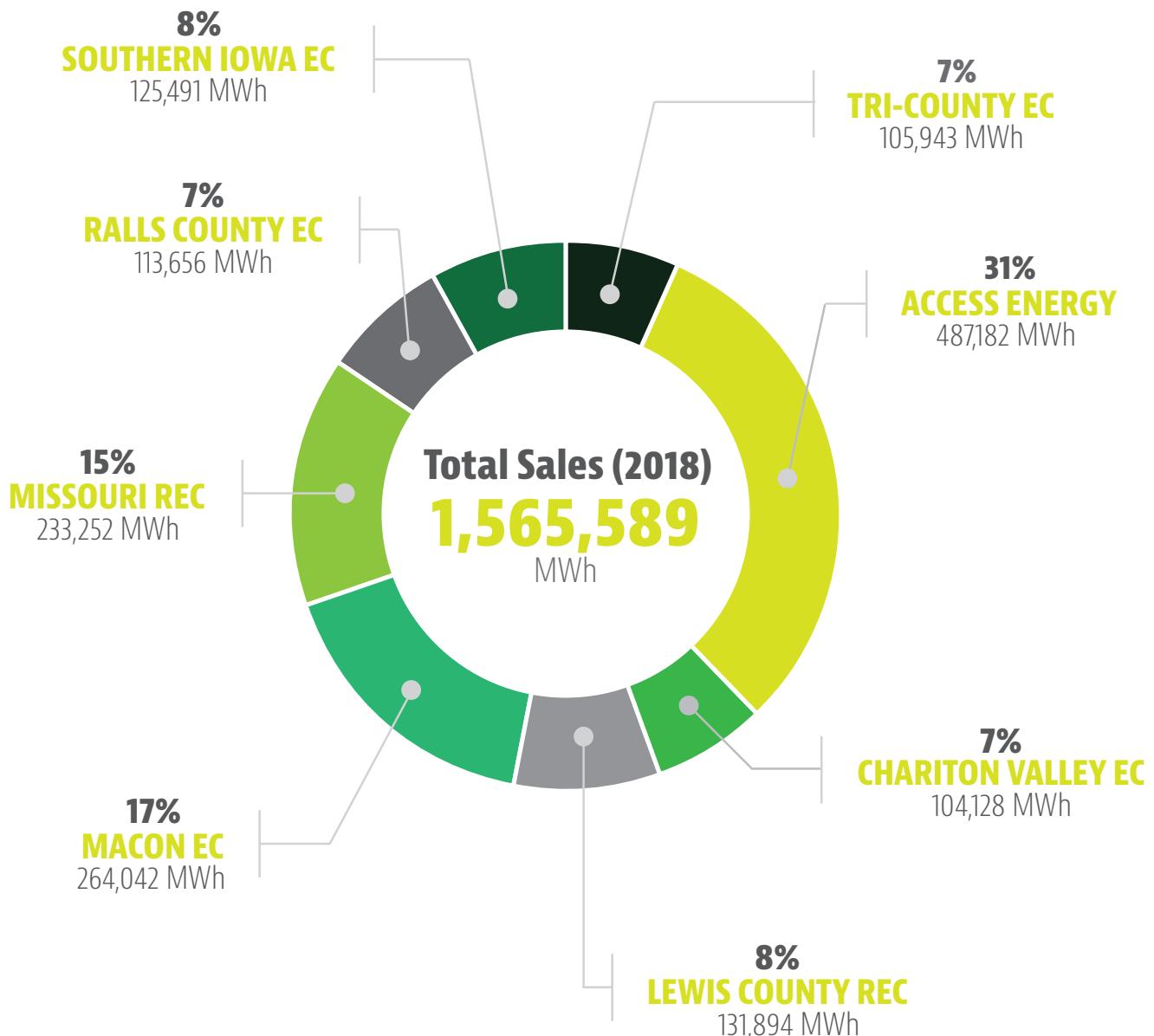
(millions)



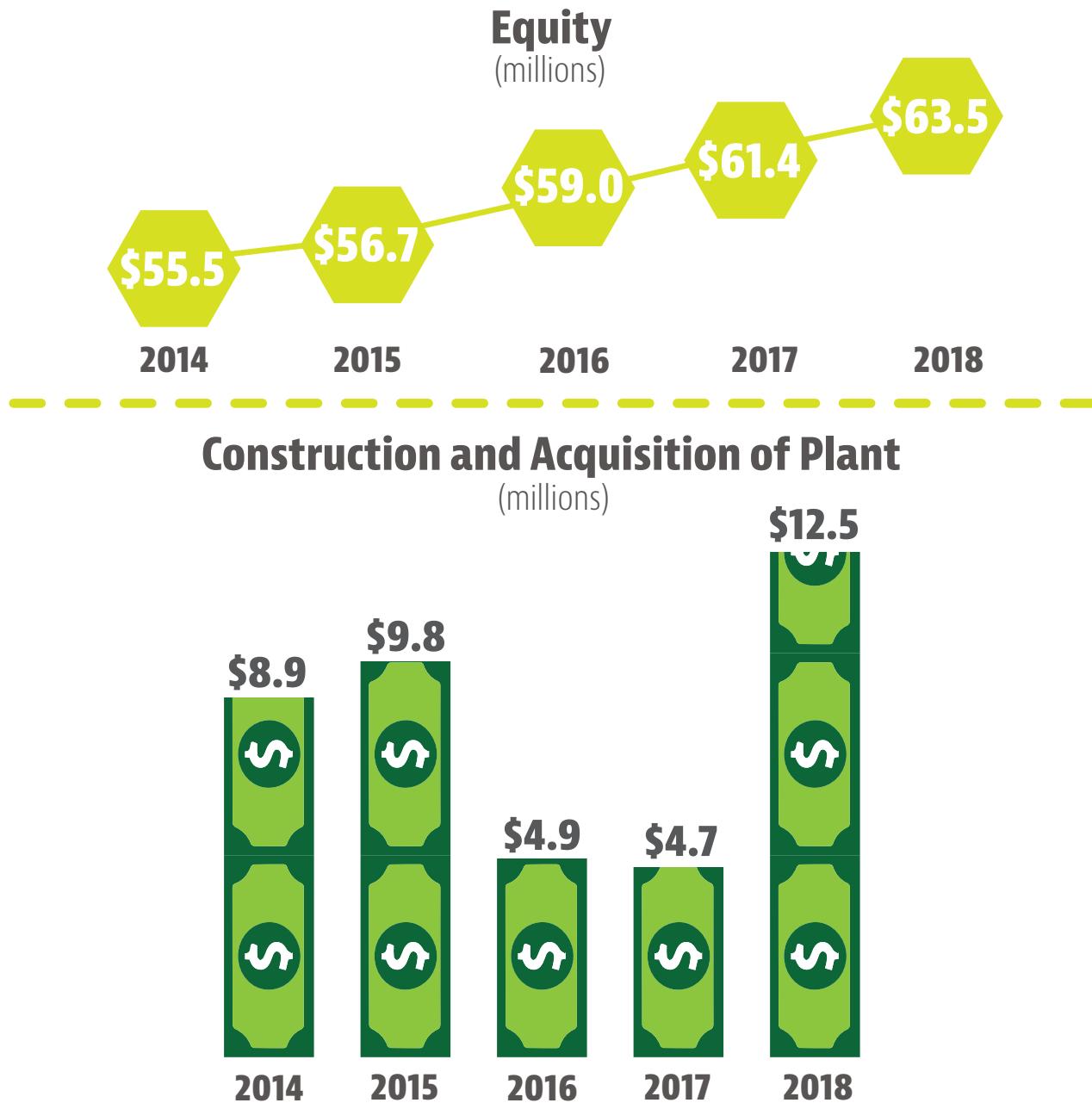
Patronage Distribution

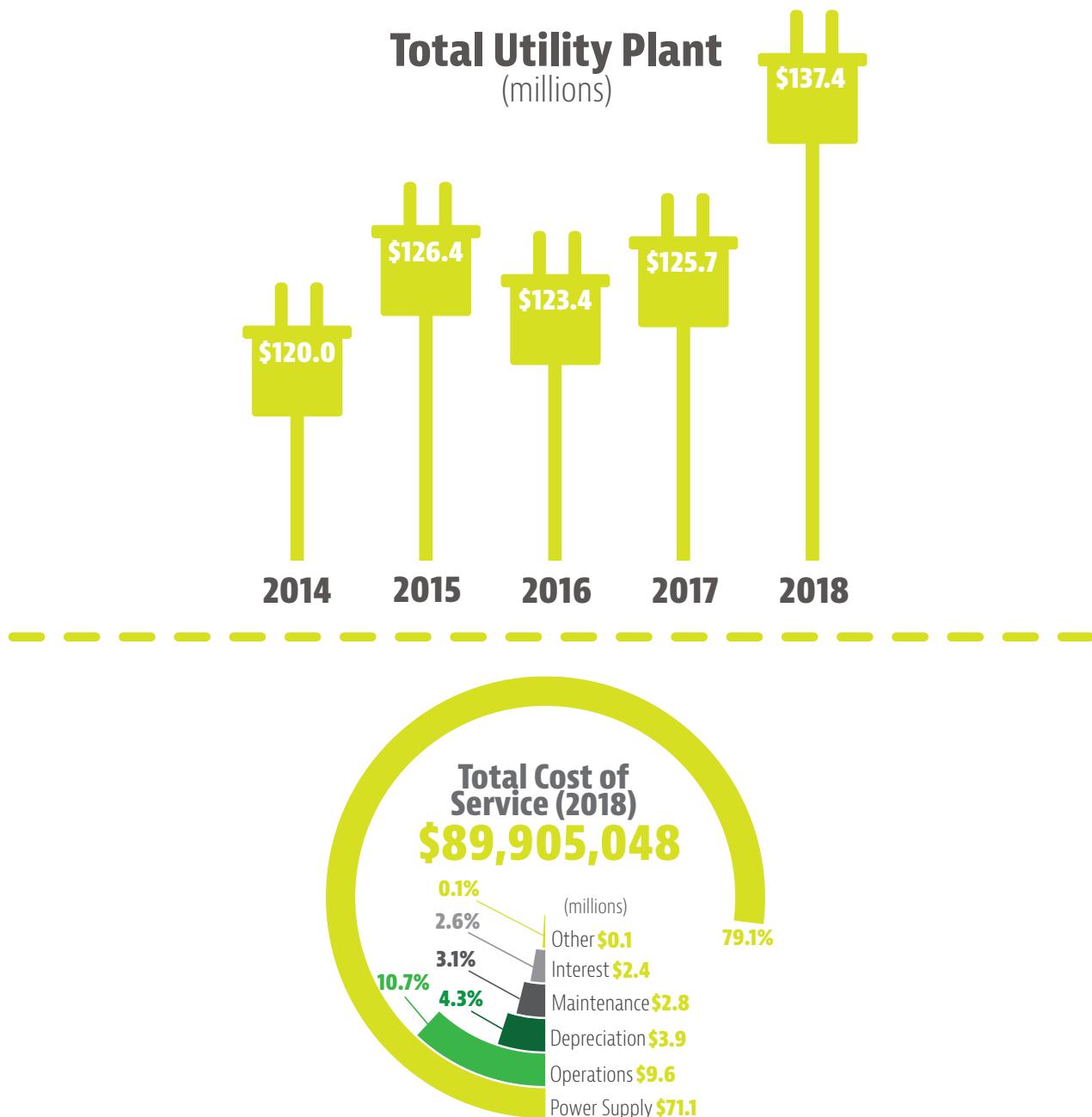
(thousands)





financial stability (continued)

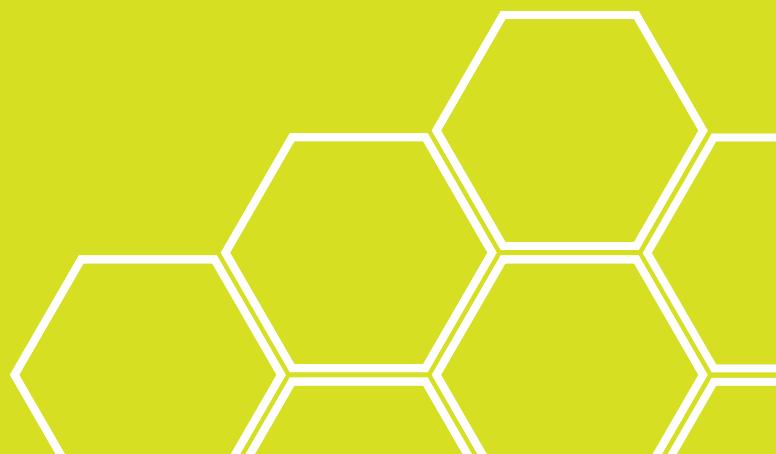




Powerful CONNECTIONS member-distribution cooperatives

Northeast Power's eight member-distribution cooperatives serve more than 56,000 meters in 33 counties in northeast Missouri and southeast Iowa.

Member-Distribution Cooperatives	Connected Meters	Miles of Line Energized	Meters per Mile of Line	Total kWh Sold (millions)	Peak Demand
1 Access Energy Cooperative	9,415	2,240	4.20	487.2	74,239
2 Chariton Valley Electric Cooperative	6,200	1,334	4.65	104.1	22,073
3 Lewis County REC	7,207	2,491	2.89	131.9	26,984
4 Macon Electric Cooperative	11,300	2,970	3.80	264.0	53,040
5 Missouri Rural Electric Cooperative	5,334	1,108	4.81	233.3	39,412
6 Ralls County Electric Cooperative	6,211	1,396	4.45	113.7	25,759
7 Southern Iowa Electric Cooperative	4,718	1,675	2.82	125.5	26,070
8 Tri-County Electric Cooperative	6,375	1,785	3.57	105.9	23,745



IOWA

MISSOURI

ILLINOIS



Powerful CONNECTIONS board of directors

Northeast Power's 18-member board of directors is comprised of two board members from each of the eight member-distribution cooperatives and two board members from Associated.

President



Emery (Buster) Geisendorfer, Jr.
Lewis County REC

Vice President



David Wright
Missouri Rural
Electric Cooperative

Secretary/Treasurer



Marvin Newton
Access Energy Cooperative



Richard Disselhorst
Missouri Rural
Electric Cooperative



Joy Evans
Southern Iowa
Electric Cooperative



Jake Fisher
Associated Electric
Cooperative Inc.



Harley Harrelson
Tri-County Electric
Cooperative



Fred Hickenbottom
Access Energy
Cooperative



John Killgore
Associated Electric
Cooperative Inc.



Sharon Leake
Ralls County
Electric Cooperative



Michael Miller
Chariton Valley
Electric Cooperative



Larry Robuck
Macon Electric
Cooperative



Joe Sebolt
Tri-County Electric
Cooperative



Earl Trachsel
Southern Iowa
Electric Cooperative



Richard Welsh
Chariton Valley
Electric Cooperative



Glenda Wood
Macon Electric
Cooperative



Thomas Wooten
Ralls County
Electric Cooperative



Vacant
Lewis County REC



Attorney
Andrew Sporleder, Esq.
Johnson & Sporleder, LLP

Powerful CONNECTIONS northeast power employees

Senior Management



Douglas Aeilts, PE
CEO and General Manager



Douglas Drake, CLCP
Safety and Compliance
Manager



Kambria Mohn
Manager of Economic Development
and Member Services



Jackie Serbin, CPA
Chief Financial Officer



Kay Simpson
Administrative Assistant



Kevin White, PE
Chief Operations Officer



Landon Zaborowski
Manager of Information
Services and Technologies



Control Center Employees

Kevin Sydenstricker
System Operator Manager

Cory Ames
System Operator

Theresa Bogue
Apprentice System Operator Class 1

Brett Douglas
Apprentice System Operator

Shawn McCleery
System Operator

Mike McCutchen
System Operator Class 1

Adam Smoot
Apprentice System Operator

Engineering and Operations Employee

Misty Hancock
Engineering and Operations Office Assistant



northeast power employees (continued)

Office Employee

Alicia Doran

Receptionist/Office Assistant

Operations Employees

Gary Wood

Operations Manager

Dennis Carter

Equipment Operator

Josh Chinn

Equipment Operator

Jeff Dornberger

General Construction Foreman

Todd Dornberger

Utility Groundman

Richard Epperson, Jr.

Utility Groundman (New Employee)

Luke Frericks

Utility Groundman

Dave Henderson

Crew Foreman (Iowa)

Holden Hudson

Apprentice Lineman (New Employee)

Bob Leake

Crew Foreman

Bruce Lear

Garage Mechanic

Tom Pearn

Equipment Operator

Cole Pennewell

Apprentice Lineman (New Employee)

Jimmy Powell

Utility Groundman

Tom Powell

Equipment Operator

Kent Rupp

Crew Foreman

Damon Scott

Journeyman Lineman (Iowa)

Matthew Simmons

Journeyman Lineman

Steve Smith

Journeyman Lineman

Jamie Taylor

Journeyman Lineman (Iowa)



Purchasing, Facility Maintenance and Warehouse Employees

Rusty Adrian
Purchasing Manager

Jake Lovelace
General Maintenance Technician
(New Employee)

Rick Steidinger
Warehouseman

Right-of-Way Employee

Mike Jeffries
Right-of-Way Manager

Substation Employees

Jerry Daniels
Substation Technician

A.J. Holtschlag
Apprentice Substation Technician
(New Employee)



Steve Pierceall
Substation Foreman

Justin Roberts
Substation Technician

Substation Services Employees

Skyler Wiegmann, PE
Substation Services and NERC Compliance Manager

Wendy Nelson
Engineering Design Technician

Telecommunications Employees

Tim Goehl
Telecommunications Technician

Drew Moyer
Telecommunications Technician



Kevin Scholl
Telecommunications Technician

Transmission Services Employees

Jamie Page, PE
Transmission Services Manager

Tyler Bergman
Engineering Technician

Brian Fuqua
System Engineer



Powerful CONNECTIONS northeast power retirees

Pamela Whiston

IT Manager, Pam Whiston, retired June 22, 2018 with almost 20 years of service.



Daniel Gottman

Dan Gottman, Telecommunications Technician, retired January 10, 2019, after more than 39 years of service.



Susan Chambers

Susan Chambers, Administration and Finance Secretary, retired February 28, 2019 with more than 37 years of service.



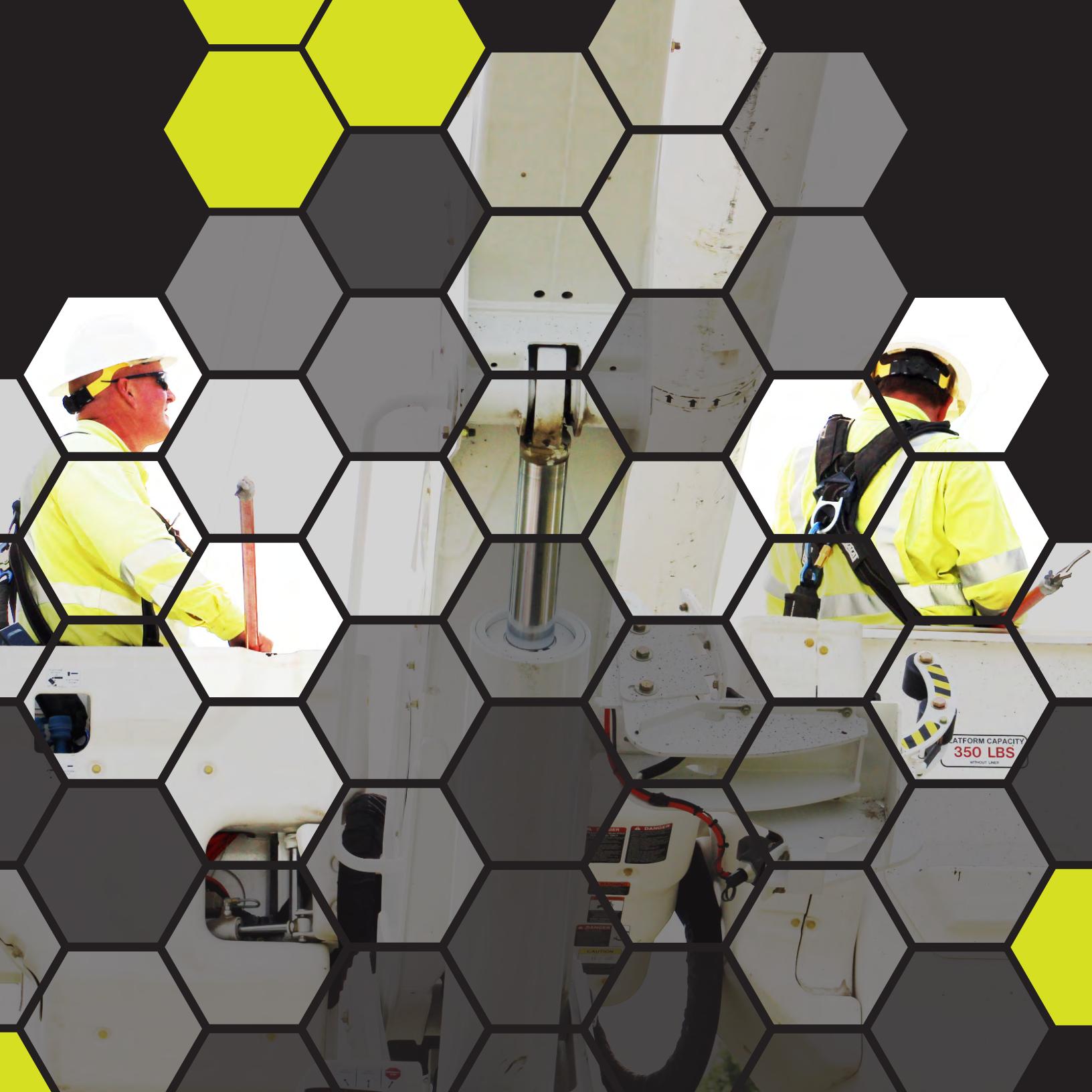
Mark Wilhoit

System Operator Class 1, Mark Wilhoit, retired March 1, 2019 with more than 30 years of service.



In memory of Harold M. Harper 1938-2019

Northeast Power director Harold Harper passed away Saturday, January 19, 2019. Harold was 80 years young and he and his wife, Mary, lived near Kahoka, MO. He was elected to the Lewis County REC board in 1994 and to the Northeast Power board in 2005. Northeast Power is grateful for Harold's dedicated service to the organization.





Northeast Power

A Touchstone Energy® Cooperative



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