



the 

COOPERATIVE

 way



Northeast Power
A Touchstone Energy® Cooperative 

2017 Annual Report



celebrating
70
years

1948

2018



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 south-east Iowa and five in northeast Missouri.

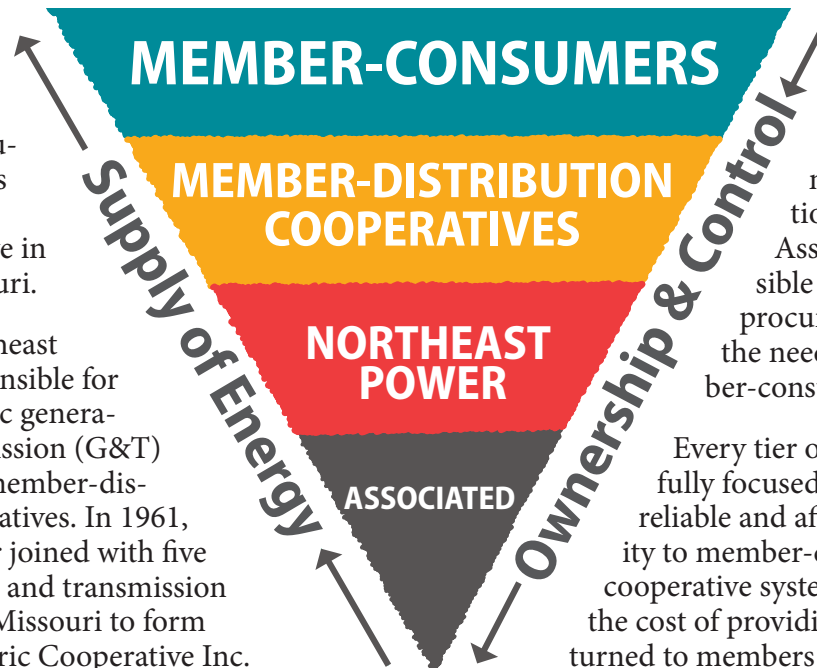
Originally, Northeast Power was responsible for providing electric generation and transmission (G&T) services to our member-distribution cooperatives. In 1961, Northeast Power joined with five other generation and transmission cooperatives in Missouri to form Associated Electric Cooperative Inc. (Associated). 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 member-consumers, which include businesses, farms and households. Northeast Power – and the other five transmission cooperatives – focus

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 member-consumers.

Every tier of our system is fully focused on providing safe, reliable and affordable electricity to member-consumers. 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.



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President and CEO/General Manager's Message



“The Cooperative Way” – only three words – but the meaning behind these words tells an entire story. As an organization, Northeast Power has accomplished a great deal in the last 70 years and we look forward to continued success in the future.

As we reflect on the changes, challenges and accomplishments of the past and prepare for all that comes next, we remain focused on powering our member-distribution cooperatives with safe, reliable, affordable electricity and value-added services.

lenges and we know the success of our organization depends on a strong and unified membership and our dedication to continue working together – the Cooperative Way.

Employee and public safety is Northeast Power's top priority. Since our incorporation in February 1948, many changes have been made to the way Northeast Power employees do their work on a day-to-day basis. We know our industry and work environments will continue to change rapidly. That being said, we are more focused on safety than ever before. We are committed to improving the overall safety culture of Northeast Power in addition to providing more safety resources to our member-distribution cooper-

Northeast Power was formed 70 years ago by our member-distribution cooperatives because they saw an opportunity to do collectively what was not possible individually. They were facing challenges that could best be overcome by uniting. Today, we continue to face new chal-



atives and the public through our new *Energizing Safety* campaign.

We can likely agree that electric cooperative member-consumer expectations have changed tremendously in the last 70 years. As part of a three-tiered member-owned not-for-profit utility system, Northeast Power understands the importance of member satisfaction. We know that affordability is a key factor in the overall member satisfaction ratings of each of our member-distribution cooperatives. For this reason, we remain diligent in our financial planning efforts to ensure we are serving our member-distribution cooperatives as efficiently as possible.

In April 2017, Northeast Power implemented a 0.5 percent rate increase, which was driven specifically by a 2 percent rate increase in wholesale energy costs from our power supplier, Associated Electric Cooper-

ative Inc. (Associated). The Associated board of directors made the difficult decision to raise rates due to several factors: a reduction in off-system sales margins, increased environmental costs, lower demand billing determinates and a reduced level of deferred revenue to be utilized. Due to Northeast Power's attention to financial planning, the 0.5 percent rate increase represents only the energy rate increase from Associated and deferred revenue is being used to absorb the demand rate increase for 2018 and 2019.

The decision to increase rates is never easy at any level of our three-tiered cooperative system. It is important to note that, according to data from the National G&T Accounting and Finance Association (2016), Associated had the fifth lowest member revenue per kWh – at 5.157 cents – and Northeast Power had the eleventh lowest

member revenue per kWh – at 5.682 cents. The average for the 55 G&Ts who reported was 7.105 cents. Current financial forecasts project stable wholesale energy rates for our system until at least 2020.

Another major component of member satisfaction is reliability. Northeast Power's primary responsibility is to build and maintain a reliable transmission network in order to deliver electricity to our member-distribution cooperatives. Constructing and sustaining a reliable system takes hundreds of hours of planning, oversight, labor and inspections. The majority of the 2017 highlights listed in this report are based on our commitment to provide reliable electric service to our member-distribution cooperatives.

Looking back over the past 70 years, it is safe to say that the greatest advancements for our society have come through

President and CEO/General Manager's Message

(continued)

technology. In the beginning, Northeast Power's transmission network was solely made up of electrical infrastructure. Over the years, we have built a robust communications network made up of fiber optic cable as well as wireless technologies. This component of our current infrastructure provides many benefits to Northeast Power and our member-distribution cooperatives, and plays a key role in the reliability and security of our system.

We hope you enjoy this opportunity to review Northeast Power's 2017 highlights. We believe you will see our commitment to powering our member-distribution cooperatives with safe, reliable, affordable electricity and value-added services remains strong as we Celebrate 70 Years – the Cooperative Way.



Emery Geisendorfer, Jr. (Buster)
President

Douglas H. Aeilts
CEO and General Manager





2017 Year in Review

**“Strength and
growth come
only from
continuous
effort.”**

Commitment to Safety



Safety is more than a word or a concept. Safety is our top priority.

Throughout 2017, Northeast Power continued efforts to fully integrate safety into every aspect of our culture and day-to-day operation. Our number one goal is ensuring every employee returns home safe and healthy at the end of each day.

In order to achieve this goal, we are working to cultivate safety leaders and advocates. Individuals who are passionately safety driven are positive influences for their peers and everyone they interact with.

The safety culture of an organization is dependent on every employee being proactive to

eliminate complacency and prevent accidents.



Two key elements to influencing a commitment to safety by every employee are engagement and leadership.

In an effort to encourage employee engagement and empowerment, Northeast Power partnered with the Association of Missouri Electric Cooperatives to provide “Speak Up, Listen Up” training for every employee. This program emphasizes the responsibility each employee has for making safety their first priority at all times. It also reinforces the expectation for every employee to “speak up” and enhance communication during job briefings and routine work. Overall, the program encourages employees to actively care for one another.

Employees were also engaged through Hazard Recognition and Task Hazard Analysis training. This program was designed to raise overall safety

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awareness and encourage employees to remain diligent in identifying hazards and effectively eliminating risks, as opposed to approaching tasks “the way we have always done it.”

The Safety Committee continues to meet monthly and actively engage in discussions to evaluate our current safety practices and recommend improvements.

Safety leadership initiatives in 2017 centered around positive performance coaching and effective communication. A monthly newsletter provides safety-related information and data

to encourage all employees to focus on safety.

opportunities for feedback and improvement where necessary. A series of post incident discussions continue to ensure any safety program weaknesses are identified and addressed.

During 2017, Northeast Power was audited by four outside organizations, which included safety-related inspections of work procedures, equipment conditions, facility conditions and appropriate safety documentation.

Safety is an ongoing and never-ending effort. Northeast Power’s commitment to improving our safety culture remains strong.

Job site observations, inspections and employee evaluations also offered op-

The safety culture of an organization is the product of individual and group values, attitudes, perceptions, competencies and patterns of behavior that determine the commitment to an organization’s safety management.



Improved Reliability



Reliability was improved at the Perry Substation with the replacement of three 69 kV switches during 2017.

The Perry Substation, located in Ralls County Electric Cooperative's service territory, housed three motor-operated switches that were designed to allow Northeast Power dispatchers to sectionalize lines remotely. These original switches were mounted on wooden structures. As the wooden poles age and/or move, maintenance issues can occur due to shifting of the switches.

The Perry Substation switches experienced motor operator failure due to shifting, which meant linemen had to be dispatched to manually open the lines feeding this substation when sectionalizing was necessary.

In 2017, the switches and motor operators were replaced with new supervisory control and data acquisition (SCADA) switches and motor operators. This upgrade allows Northeast Power dispatchers to, once again, sectionalize lines remotely.

Additionally, the original wooden structures were replaced with steel structures to provide a stable platform for the new switches and increase reliability. This project marked the first time Northeast Power crews installed steel structures.

Due to the reduction in future maintenance and a longer lifespan, steel or laminated poles will be the standard design for Northeast Power switch poles in the future.



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Planning for the Future



In order to build and maintain a transmission system to meet the needs of our member-distribution cooperatives both now and in the future, many hours are spent planning and preparing for future projects. This was certainly the case for the Northeast Power Engineering Department in 2017 as they planned for two large transmission line projects.

Lee to Spring Grove

The Lee to Spring Grove 69 kV transmission line will extend 7.2 miles and connect the Lee Switch Station to the Spring Grove Substation on the eastern side of Access Energy Cooperative's service territory. Currently, the Spring

Grove Substation is served by a long radial transmission line

second feed to the Spring Grove Substation.

Due to the soil conditions in this area, several poles have special requirements such as: larger and deeper holes, concrete foundations and steel encasements. A contractor has been hired to assist with the hole drilling, steel encasement and concrete foundation requirements and Northeast Power crews will complete construction of the line, which is scheduled for summer 2018.

Floris to Selma

The Floris to Selma 69 kV transmission line will be 14 miles and will connect

tap. When this new transmission line is complete, it will improve reliability in this area by closing the loop with a

“For tomorrow belongs to those who plan for it today.”

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the Troy-Floris Wye and Selma-Batavia radial transmission line taps. This transmission line project is the longest new line Northeast Power has fully designed in-house. Once complete, this new transmis-

sion line will improve reliability for the Batavia and Selma substations in Access Energy Cooperative's service territory as well as the Floris and Troy substations in Southern Iowa Electric Cooperative's service

territory. The line construction work and a 24-mile fiber communication upgrade will be completed by a contractor and Northeast Power crews will update several relays.



Maintaining Aging Infrastructure



As we celebrate 70 years of dedicated service to our member-distribution cooperatives, we also acknowledge the challenges that come along with maintaining aging infrastructure.

Northeast Power currently operates 984 miles of transmission line and

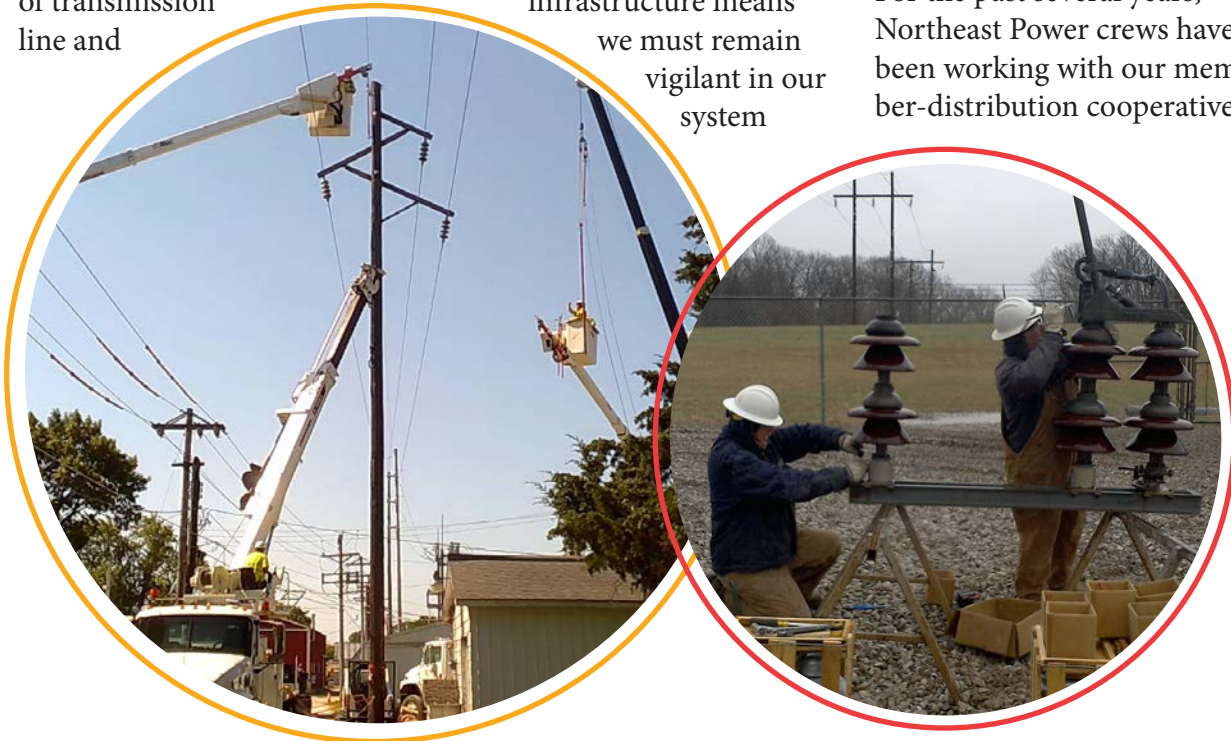
118 substations and switch stations. Approximately 77 percent of our transmission line is more than 50 years old and an estimated 45 percent is greater than 60 years old.

Meeting our commitment to provide safe, reliable and affordable electricity with aging infrastructure means we must remain vigilant in our system

evaluation and maintenance processes. Each year, our entire transmission system is inspected and necessary maintenance is scheduled. In 2017, Northeast Power replaced 87 poles.

Brown Insulator Replacement

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



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to replace all brown insulators inside substations.

Due to their age, these antique insulators have created both reliability and safety concerns. Throughout 2017, brown insulators were changed out in nine substations. An additional 16 substations are scheduled for brown insulator replacement in 2018.

Oil Circuit Recloser Upgrade

Another on-going maintenance project that requires considerable coordination with member-distribution cooperatives is the upgrade of distribution Oil Circuit Reclosers (OCRs) with new NOVA reclosers. When a member-distribution cooperative commits to this upgrade it often requires conduit and/or concrete foundation installa-

tions or other substation modifications.

In 2017, Northeast Power crews worked with member-distribution cooperatives to modify 11 substations for installation of NOVA reclosers.

Northeast Power's commitment to upgrading aging equipment reduces maintenance costs and improves safety and reliability.



Security Measures



The protection and security of Northeast Power's physical assets has become a greater focus in recent years. Potential threats to and vulnerabilities of our substations, switch stations and headquarters facilities are evaluated on a regular basis.

In the past, copper theft was a central focus of many phys-

ical security measures but, in recent years, evolving cyber threats have been the key driver for new grid security safeguards. Northeast Power works closely with Associated to assess and manage physical and cyber security risks to our system.

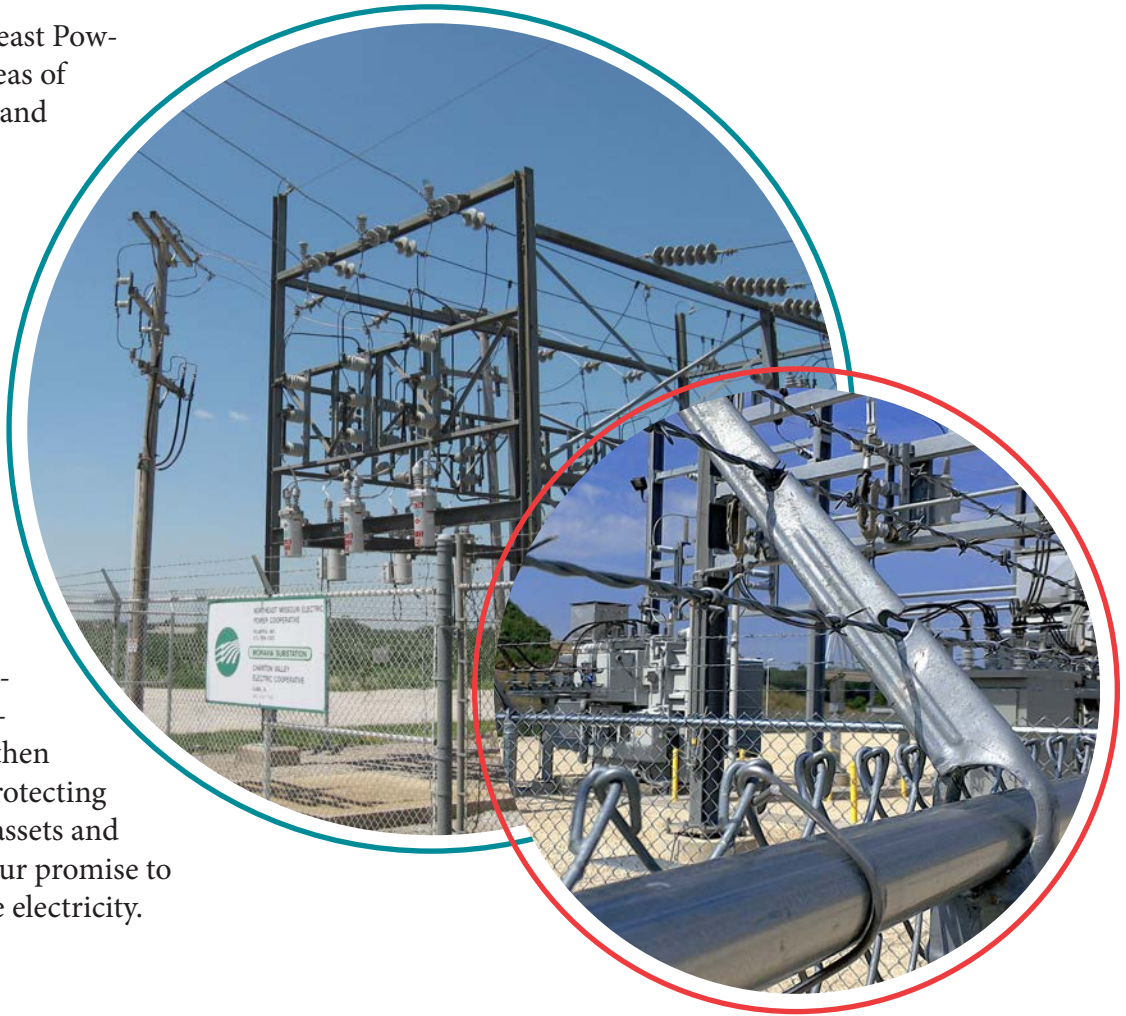
In recent years, the Associated board of directors approved the installation of intrusion detection equipment at all transmission facilities 100 kV or larger. This included all of Northeast Power's 161 kV sites. Intrusion detection equipment includes such items as cameras and motion recognition devices.



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In 2017, Northeast Power evaluated areas of additional risk and installed intrusion detection equipment at many of our 69 kV switch stations.

As cyber and grid security threats continue to grow and become more elaborate and sophisticated, we will continue to strengthen our focus on protecting our members' assets and delivering on our promise to provide reliable electricity.



Technology Services

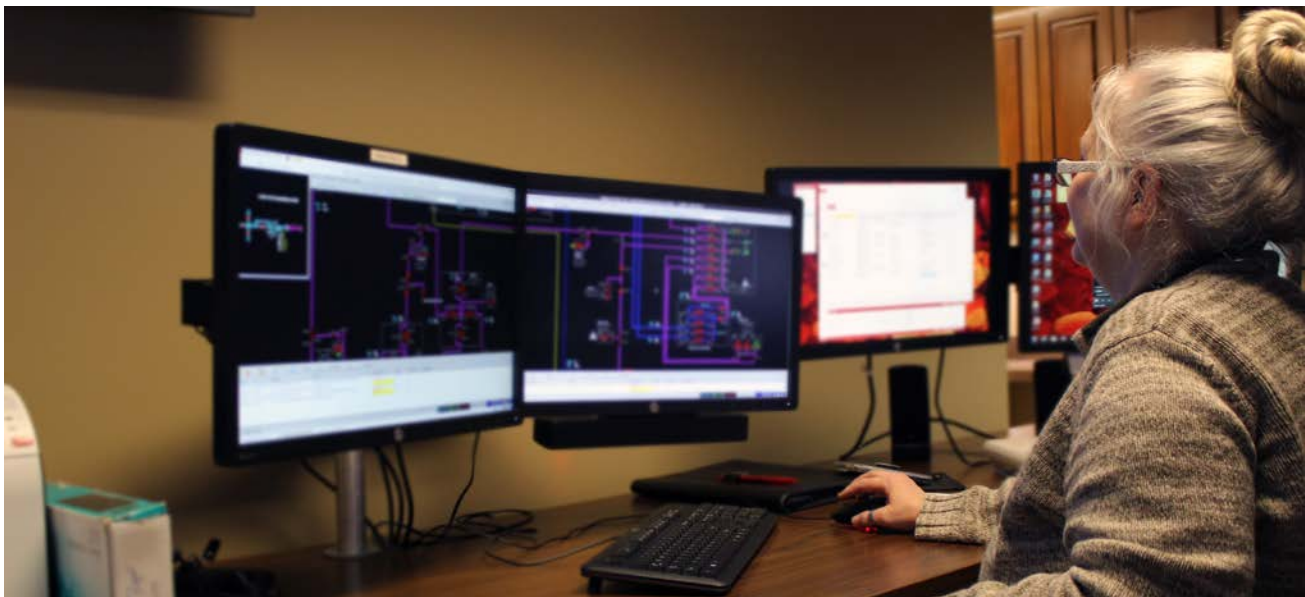


Technology has been the greatest driver of change in our industry over the last 70 years. Northeast Power has worked to implement new technology and upgrade our system as necessary to maintain our commitment to deliver safe, reliable and affordable electricity to our member-distribution cooperatives. Northeast Power is also committed to providing value-added services our member-distribution cooperatives need and desire.

In 2017, the Telecommunications and Dispatch departments played a key role in providing

technology-related, value-added services to our member-distribution cooperatives. Distribution supervisory control and data acquisition (SCADA) servers were installed at Chariton Valley Electric Cooperative, Macon Electric Cooperative, Missouri Rural Electric Cooperative and Tri-County Electric Cooperative.

Northeast Power assisted with a technology integration that allows member-distribution cooperatives to view real-time data from their NOVA reclosers and remotely operate them, if/when they are operating a SCADA system.

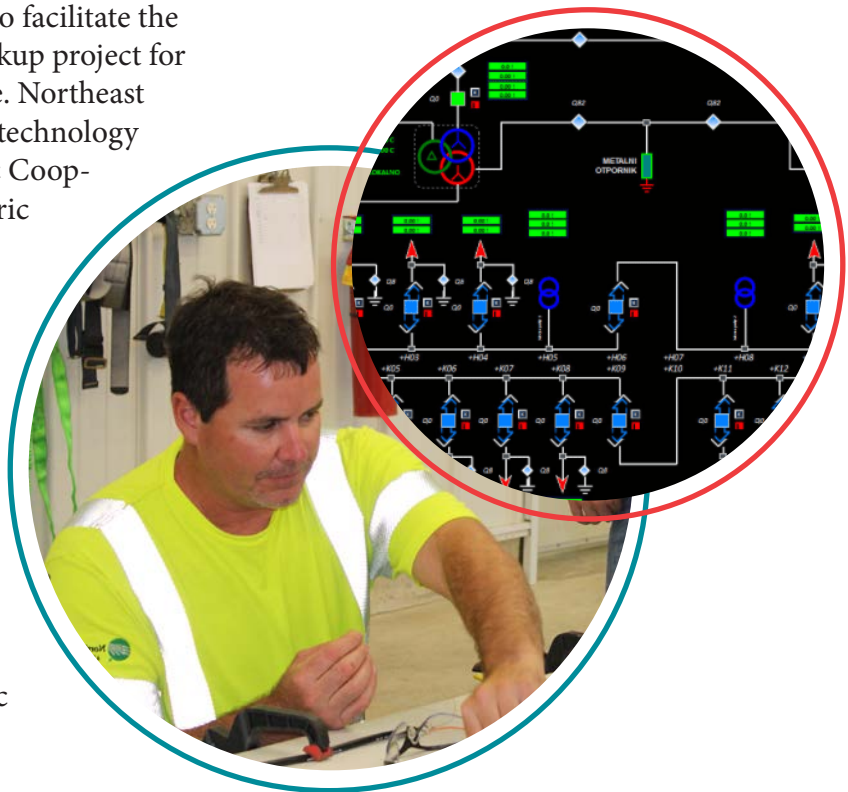


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Through network resource sharing, the Northeast Power Telecommunications Department was able to improve internet reliability for Chariton Valley Electric Cooperative and Tri-County Electric Cooperative. Additionally, our shared fiber network resources helped to facilitate the completion of a critical data backup project for Tri-County Electric Cooperative. Northeast Power's assistance with wireless technology allowed Chariton Valley Electric Cooperative and Southern Iowa Electric Cooperative to implement key access points for their advanced metering infrastructure (AMI) projects.

The Northeast Power Dispatch Department provides after-hours dispatch services to Chariton Valley Electric Cooperative, Lewis County REC, Macon Electric Cooperative, Missouri Rural Electric Cooperative and Ralls County Electric Cooperative.

As technology continues to evolve, Northeast Power will work to innovate our system and provide value-added services to benefit our member-distribution cooperatives.



Storm Restoration



Sometimes Mother Nature throws a curve ball – December 4, 2017, was one of those days. At approximately 5:16 p.m., Northeast Power's Winchester Tap transmission line was hit by an EF2 tornado. The lines feeding the Winchester Tap also feed four distribution

substations in Lewis County REC's service territory. When the tornado swept through this area, it damaged or destroyed six Northeast Power transmission line structures and resulted in outages for all four substations.

Northeast Power crews and Lewis County REC crews worked together to sectionalize lines and restore power to three of the four substations in 53 minutes. The Winchester Substation, which is located at the end of the Winchester Tap transmission line, was without



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power for approximately 15 hours before it could be entirely backed by Lewis County REC.

Storm restoration is notorious for presenting unique challenges. On December 6, after many hours of hard work, Northeast Power crews were

able to complete the replacement of the six damaged transmission line structures and the Winchester Tap and substation were returned to normal operation.



Collaborative Power



The strength of Northeast Power and our transmission network led to the development of joint ventures with other utilities that will reap many benefits for our member-distribution cooperatives and region in the future.

With encouragement from several northeast Missouri legislators, Ameren Transmission Company of Illinois (ATXI) reached out to Northeast Power in the fall of 2016 to discuss the possibility of utilizing our existing 161 kV transmission line right-of-way between Palmyra and Kirksville, Missouri, for their proposed 345 kV Mark Twain Transmission Project. Negotiations with ATXI ramped up at the beginning of 2017 and a Joint Use Agreement was finalized in time for a May 1 public announcement of our collaborative efforts.

ATXI had previously proposed a route for the Mark Twain Transmission Project that would have required all new “greenfield” right-of-way. This previous proposal garnered quite a bit of contention with landowners and resulted in negative press and several other complications with moving the project forward.

Throughout negotiations with ATXI, a considerable amount of discussion about the project took place during Northeast Power board meetings as well as member-distribution cooperative board meetings. The information gathered during these meetings was extremely valuable and impacted final negotiations with ATXI, including their decision to utilize Ameren Missouri transmission line right-of-way from Kirksville to the Iowa border, which nearly eliminates the need for

any new right-of-way for the entire 96-mile project.

Northeast Power believes our collaboration with ATXI will lead to many benefits for the member-consumers, member-distribution cooperatives and Northeast Power, now and for years to come. Utilizing existing right-of-way provided a solution to some of the major concerns of opponents of the original Mark Twain Transmission Project route by greatly reducing the impact to existing farm ground and lessening the burden on cooperative member-consumers. Due to the design of the project, which primarily requires single shaft steel poles, many landowners will see a reduction in the number of structures and guy wires and anchors will be eliminated. Landowners will also benefit from new easement payments.

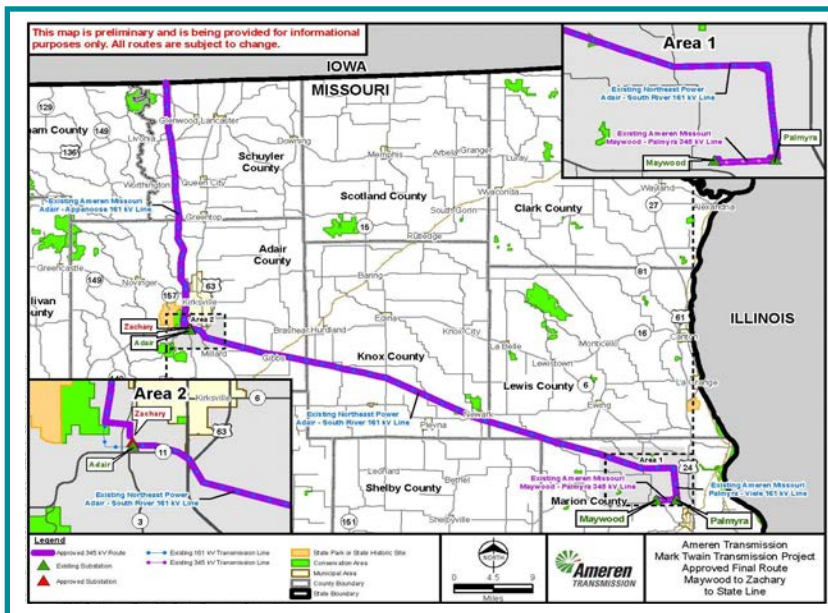
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Northeast Power will benefit from a complete rebuild of our 161 kV transmission line, which was originally built in 1969 and would have required full replacement in 10 to 15 years. This equals an approximate savings of \$30 million. Overall, we believe this collaboration will

result in enhanced reliability for our member-distribution cooperatives and long-term economic value for our region.

The ATXI Mark Twain Transmission Project extends from Palmyra to Kirksville and then north to the Iowa border.

Once the line reaches Iowa, Mid-American and ITC Midwest are working on a 345 kV transmission line to interconnect this multi-value project. The Northeast Power board of directors have also approved a Joint Use Agreement for this project, which will utilize our existing right-of-way on a 69 kV transmission line for approximately five miles.



Energizing Safety



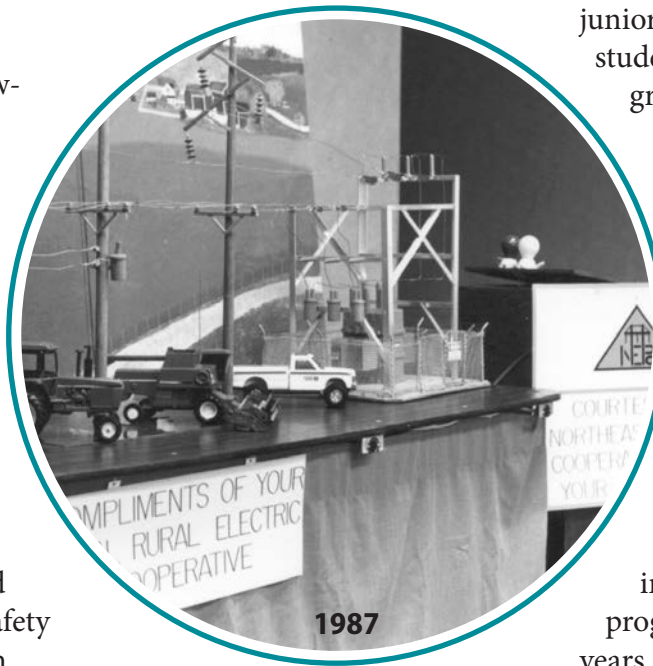
Our commitment to cooperative principle number five “Education, Training and Information” extends beyond the employees and board members of Northeast Power.

In 1987, Northeast Power launched a safety program to enhance public knowledge of the hazards that exist with energized power lines. Northeast Power employees built a 12 kV table-top model of a standard 69 kV transmission line and substation. Employees volunteered their time to present safety programs to area youth.

Over the last three decades, the public safety efforts of Northeast Power have grown and

evolved. We continue to partner with our member-distribution cooperatives to provide safety programs to elementary

students with an upgraded table-top demonstration model.



In 2009, Northeast Power began partnering with member-distribution cooperatives to provide the high voltage *Live Line Demo* safety program to junior high and high school students and community groups.

Nearly 3,700 students were reached through the safety demonstrations offered by the partnerships of Northeast Power and our member-distribution cooperatives in 2017 alone. A countless number of individuals have been impacted by these safety programs over the last 30 years.

Northeast Power is excited to announce a more robust public safety campaign is

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being launched in 2018. Other than school and public safety demonstrations, our safety outreach in the past was limited to newspaper ads solely focused on grain bin safety. Due to developing trends related to agriculture equipment safety and deer stand safety, the decision was made to increase our public safety emphasis.

While large sprayers, combines and other equipment are important for improving farm efficiencies, the larger equipment has an increased potential for coming into contact with Northeast Power lines and the lines of our member-distribution cooperatives. Due to our vegetation management practices, power line right-of-

ways have become a popular spot for hunters to put up deer stands. The new *Energizing Safety* campaign will utilize bill inserts, posters, videos, web pages and social media to more efficiently and effectively educate member-owners and the general public about safety hazards associated with operating farm equipment or building deer stands near power lines.



Northeast Power will continue to partner with our member-distribution cooperatives to highlight electric safety through the *Energizing Safety* campaign.



Value in Partnership



Northeast Power values every opportunity to partner with our member-distribution cooperatives.

Teacher Education Program

In August 2017, 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 reference guides and demonstration tools to take back to the classroom.

Participants in 2017 included: David Brus (Southern Iowa Electric Cooperative), Bonnie

Ekle (Lewis County REC), Rich Green (Lewis County REC), Tobi Johnson (Macon Electric Cooperative), Katie Ramirez (Macon Electric Cooperative) and Trenton Tallman (Tri-County Electric Cooperative).

Electric Cooperative 101

Another great example of Northeast Power's partnership with our member-distribution cooperatives is the *Electric Cooperative 101* orientation program. This program was designed to give employees from throughout the Northeast Power service area a better understanding of our three-tiered cooperative system, statewide and national cooperative organizations and "how the system works" – from power generation to the meter. Following the successful launch of this pro-



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gram in 2016, the decision was made to offer this orientation experience to member-distribution cooperative directors as well as employees in 2017.

On November 15, 2017, Northeast Power hosted 21 directors from seven member-distribution cooperatives for the *Electric Cooperative 101* orientation program. On November 28, a program was held for employees with 25



attendees from six member-distribution cooperatives and Northeast Power. Feedback

“This was an informative, fun program with great presenters. Anytime we can educate ourselves here locally I’m all for it and get to see wonderful folks too!”

- Director Attendee

from both sessions was extremely positive and we look forward to continuing this valuable program partnership 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. Just like our cooperative organizations, communities function most effectively with committed and informed leadership. For this reason, Northeast Power provides matching scholarships to local leaders for economic and community development training. Last year, matching scholarships were awarded to 16 leaders in nine communities, which brings the total number of individuals who have received scholarships from Northeast Power to over 200.



Next Generation Connection



In the summer of 2017, Northeast Power hosted its first “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.

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.

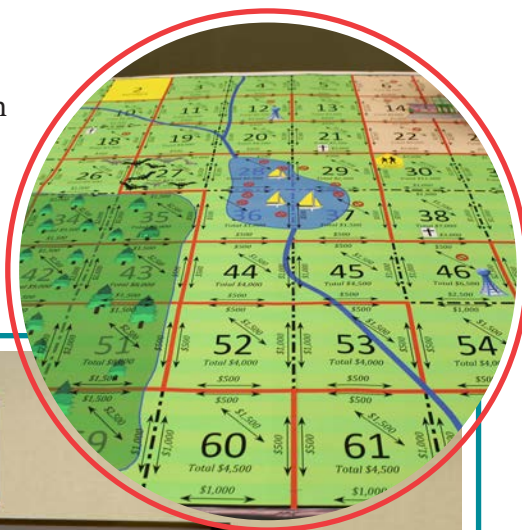
During the Northeast Power STEM event, students participated in several



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Northeast Power's participation in the 2017 STEM Camp was a result of our partnership with other area businesses who share interest in 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.



Giving Back



Cooperatives around the globe adhere to the same Seven Cooperative Principles. These principles guide all of our decisions – from how the cooperative is operated, to how we engage with local communities.

Northeast Power employees have a proud history of honoring the seventh cooperative principle – Concern for Community –

through annual fundraising and volunteer activities. For decades, Northeast Power employees have made annual contributions to the United Way and 2017 was another great year. The Community Fundraising Committee set a goal of raising \$42,000 and that goal was exceeded with total contributions of more than \$48,000. In addition to monetary support, Northeast Power

employees provided volunteer support to the United Way through the annual Day of Caring, Board of Directors and Allocations Committee. The United Way provides funding for youth, seniors, individuals with disabilities, emergency outreach, and overall health and education outreach.

In November 2017, the Community Fundraising Committee organized a food-drive campaign, which challenged Northeast Power employees and the Palmyra Chamber of Commerce to a friendly competition for the benefit of the Palmyra Food Pantry. The challenge was a success and hundreds of pounds of non-perishable groceries were donated to the Food Pantry just in time for the holiday season.

Northeast Power employees, once again, participated in the Christmas campaign –



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Adopt-A-Family. Gifts and money were donated to fulfill the wish lists of two local families. The gifts were wrapped and delivered by the Community Fundraising Committee.

Throughout 2017, many employees volunteered their time for a variety of community activities a few of which include: working at Department of Conservation “Kids’ Fishing Day” events, working the concession stand during a Palmyra R-I football game and partici-

pating in the Palmyra R-I homecoming parade.

A special thank you to the 2017 Community Fundraising Committee for all their work – Rachel Bemis, Archie Clark, Jerry Daniels, Jeff Dornberger, Mike Jeffries and Shawn McCleery.



Giving Back

(continued)



United Way Campaign 2017-2018

97% of employees contributed

\$756.94 average contribution per employee

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

\$48,334.14 total employee contribution

\$7,000.00 Northeast Power contribution

\$55,334.14 total United Way contribution

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Sharing Success

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 2017.

The Shelby County Senior Citizens Association, located in Shelby, Missouri, received \$5,000 for the purchase of a new copier. Heartland Resources, Inc., located in Ewing, Missouri, was awarded \$5,000 to complete the purchase of a new van.

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.

Investing in the communities served by our member-distribution cooperatives is another way Northeast Power shows its commitment to

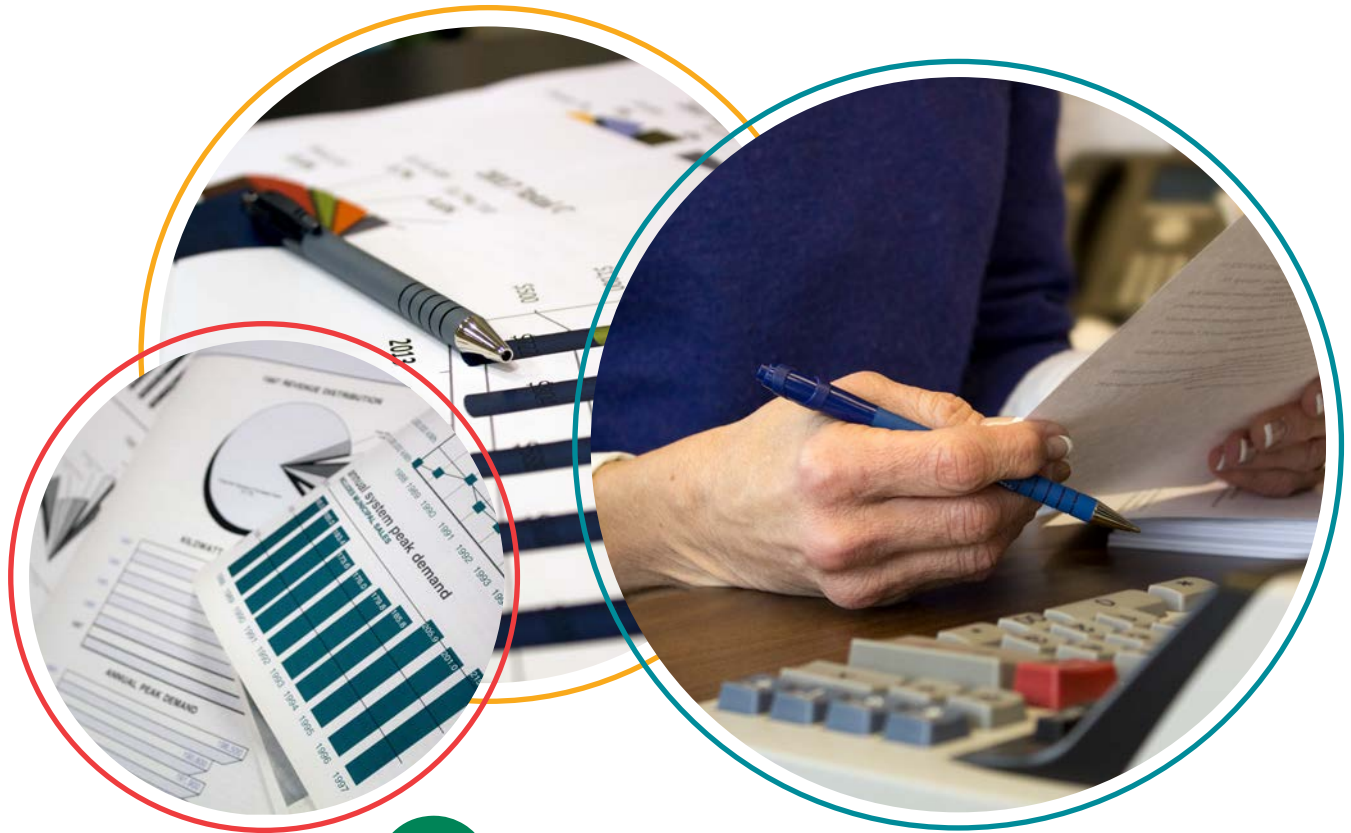
the seventh cooperative principle – Concern for Community.



Financial Strength



Calendar year 2017 was a year of strong financial performance for Northeast Power resulting in a 6.5 percent increase in Total Operating Revenue, solid margins and continued healthy equity. Northeast Power exceeded all lender covenants and remains in a strong financial position, growing the balance sheet to meet future needs of the member-distribution cooperatives.



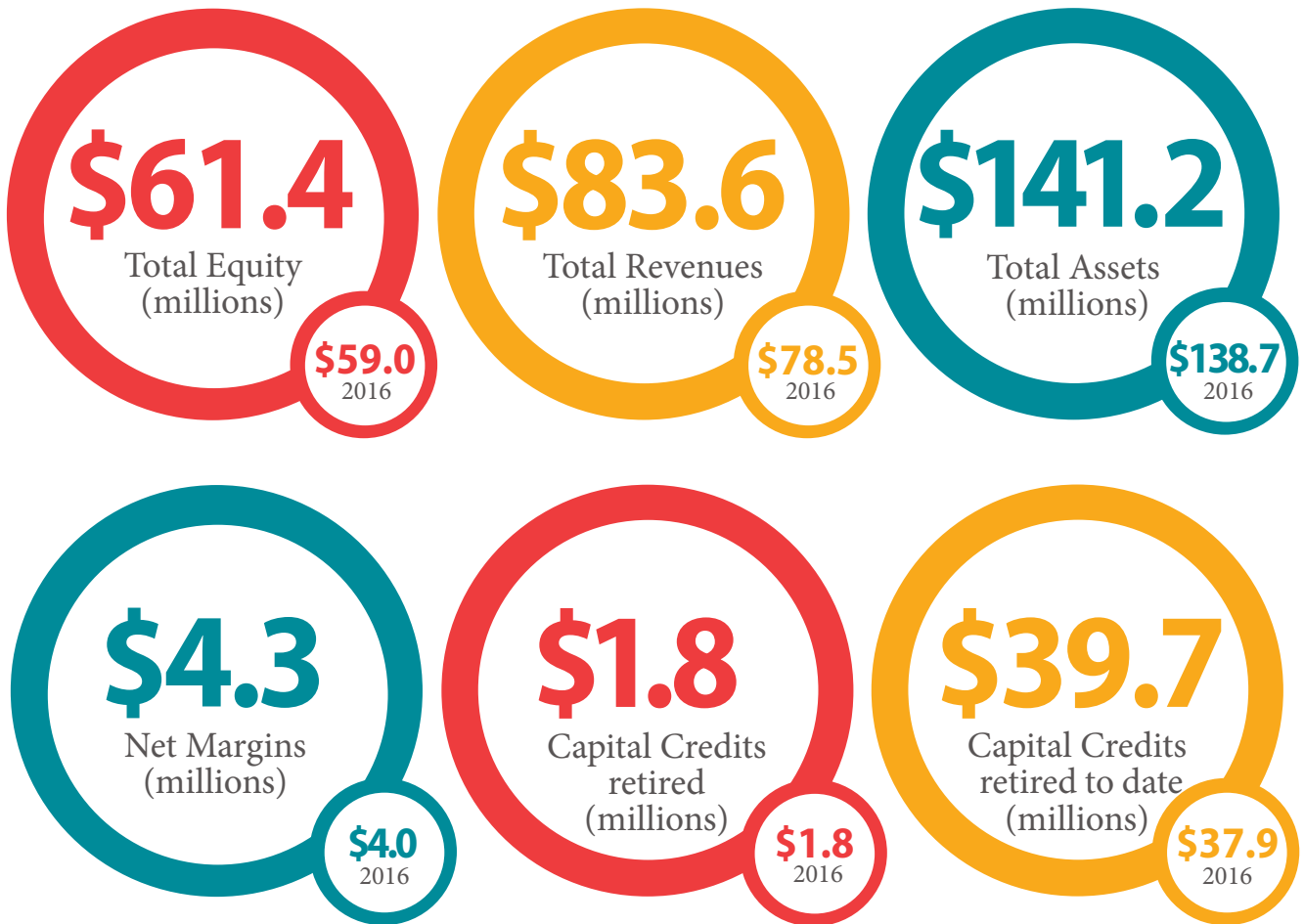
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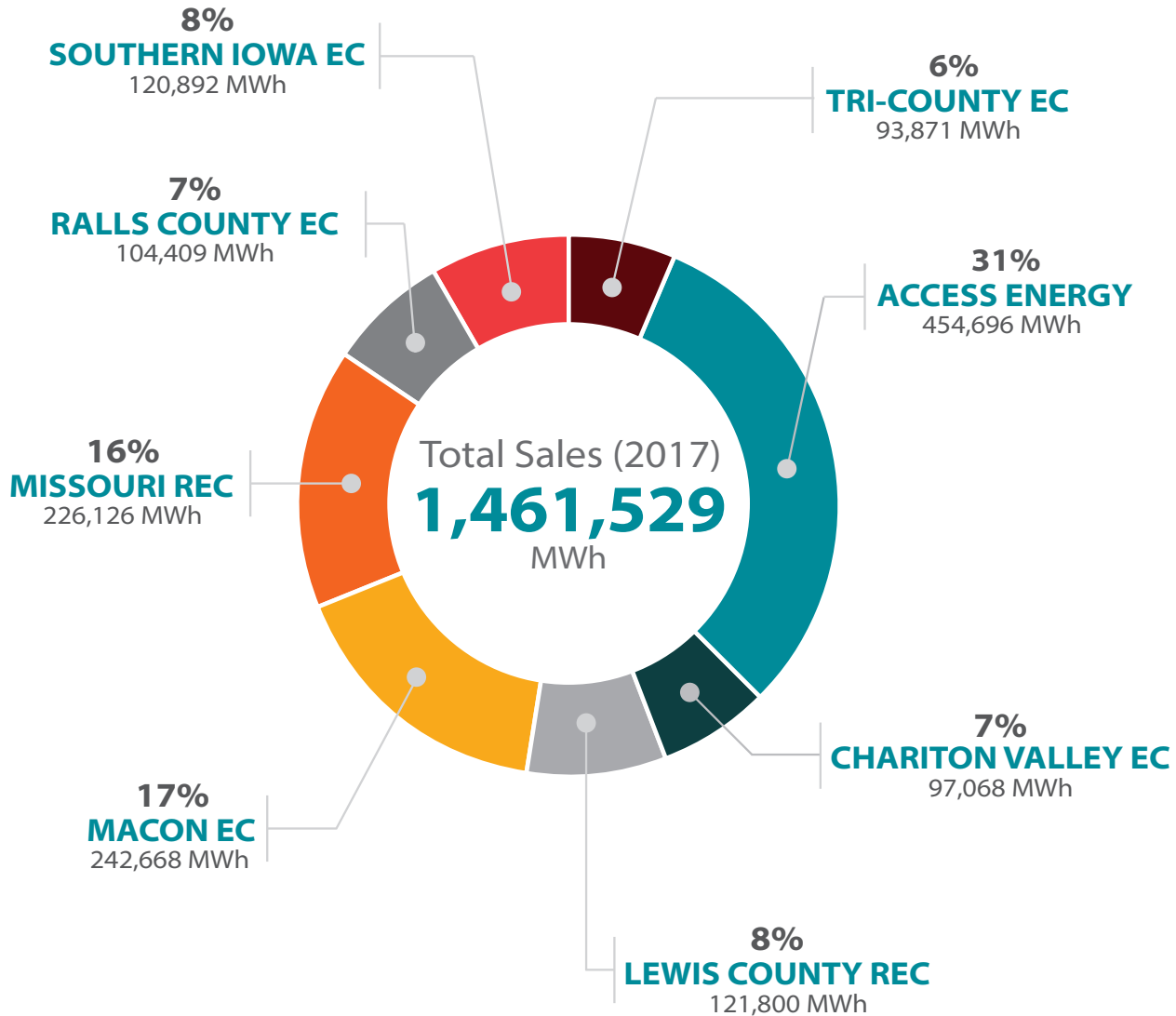
2017 at a glance



Full Financial Report available upon request by contacting Northeast Power.

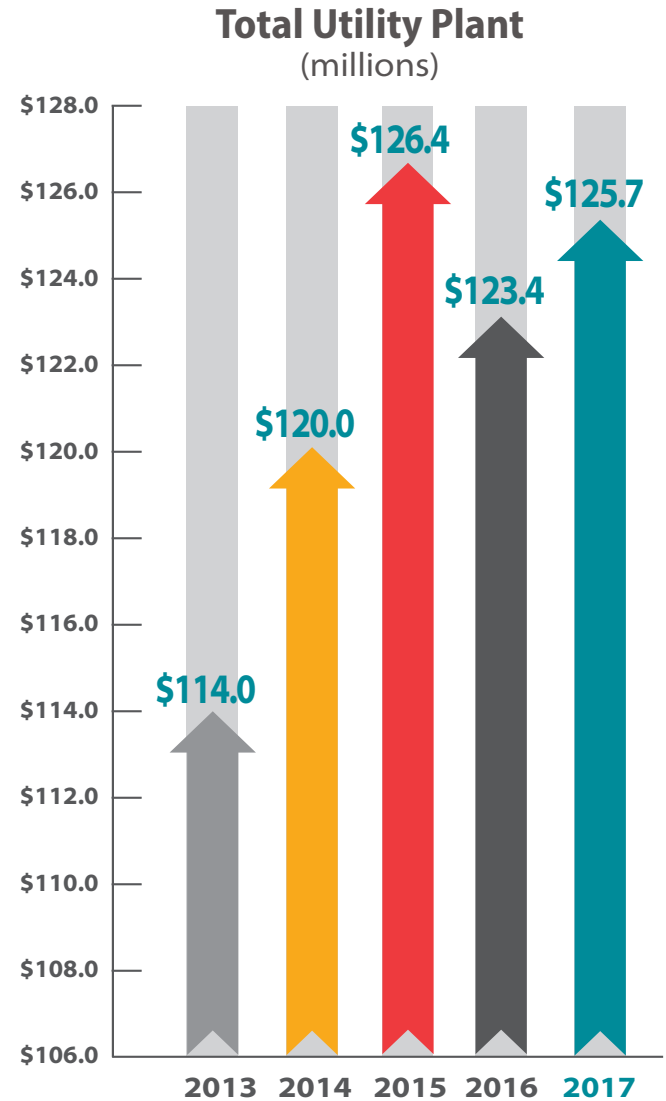
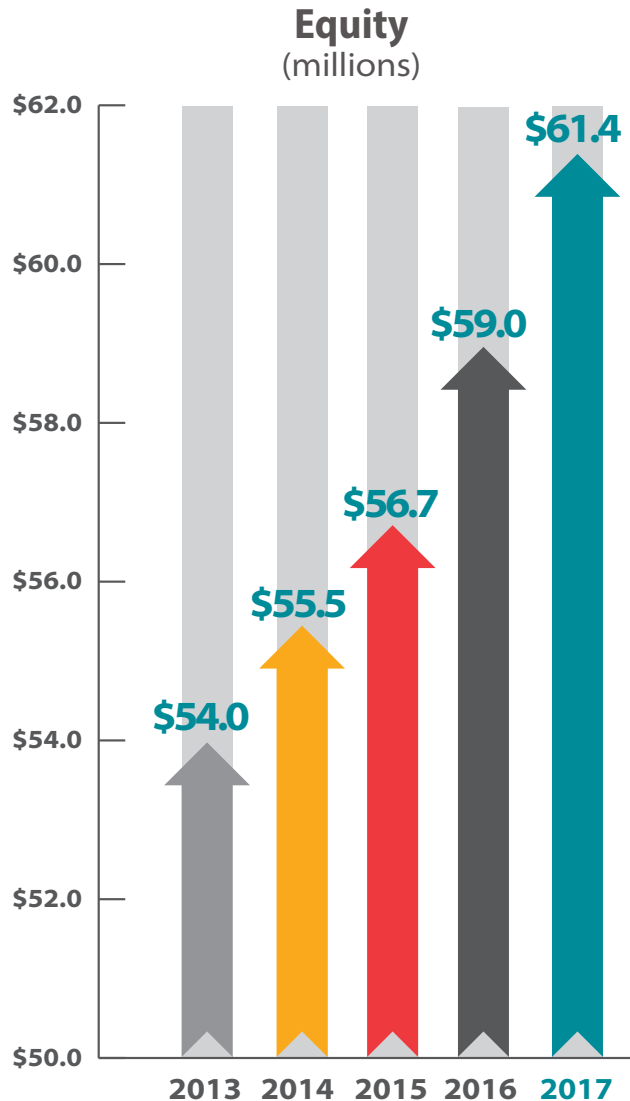
Financial Strength

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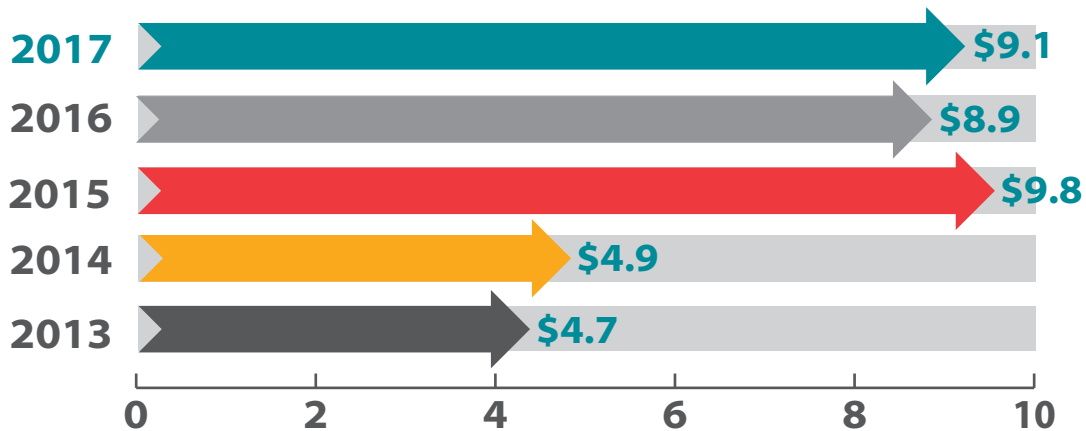


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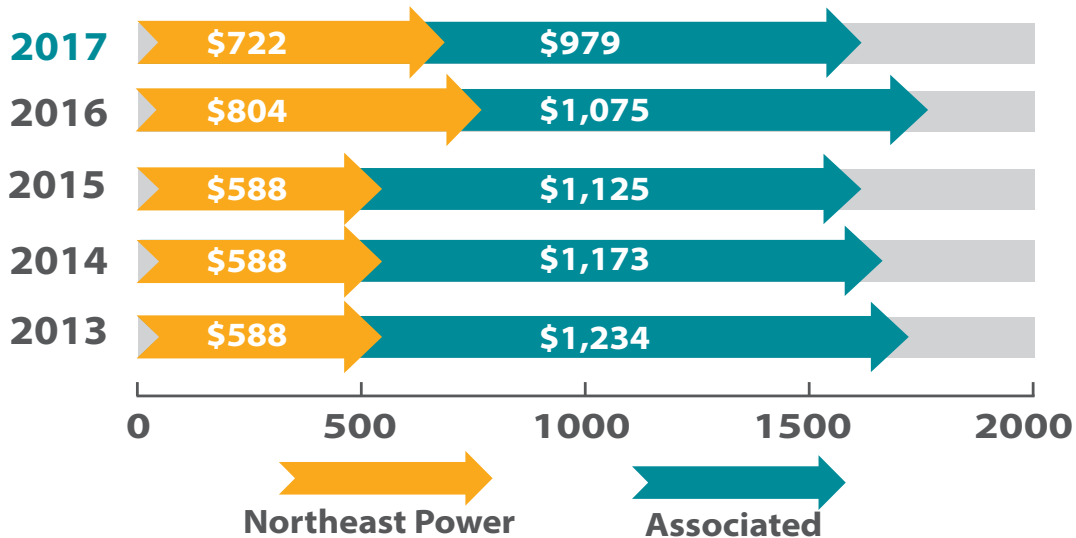
Financial Strength

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Construction and Acquisition of Plant (millions)

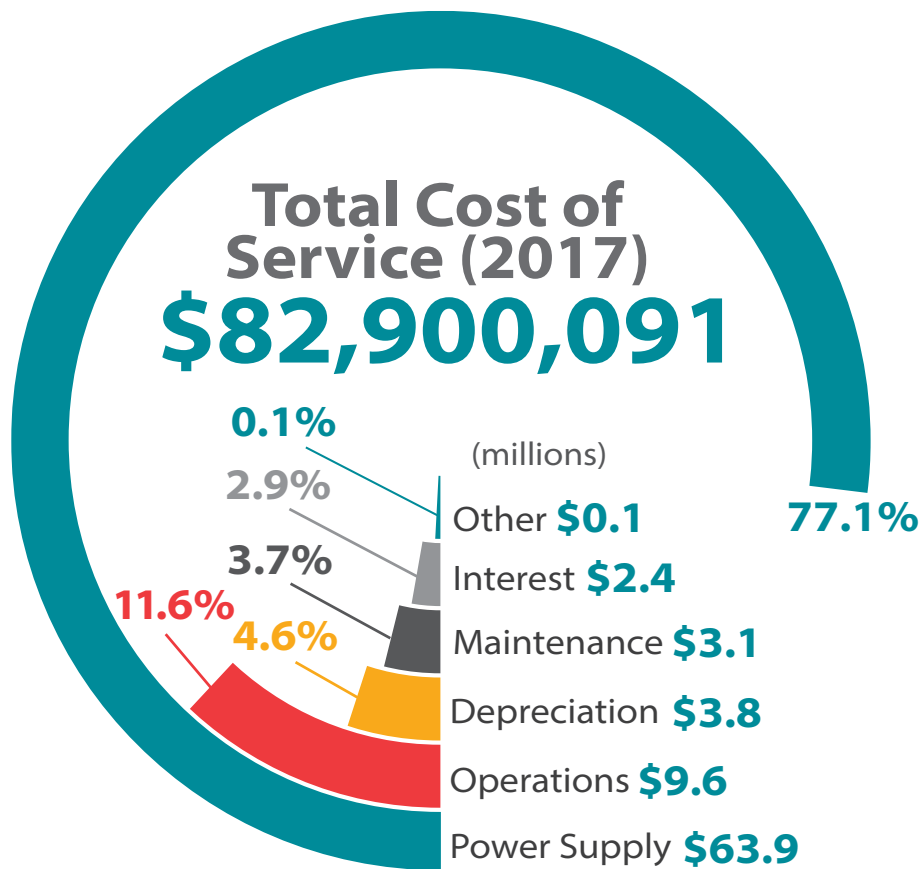


Patronage Distribution (thousands)



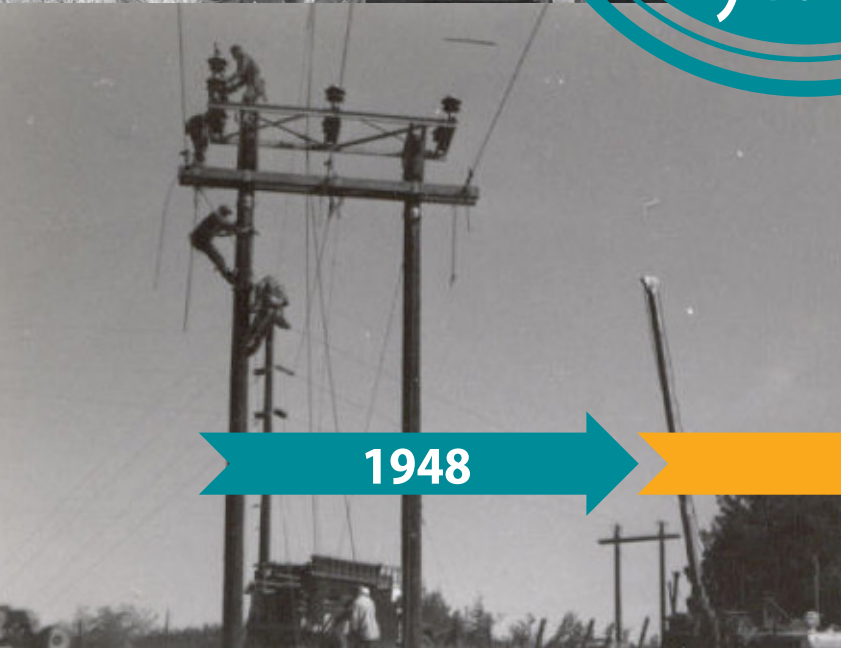
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- Organized February 2, 1948
- William Mills, first General Manager
 - Missouri REC joins
 - Lewis County REC joins
 - Ralls County EC joins
 - Southern Iowa EC joins (June)
 - Steuben, Iowa, facility acquired (June)
 - Tri-County joins (December)



1948




1952

- 15 MW coal-fired steam generation facility completed at South River Power Plant



1949



- Mike Boudreaux, second General Manager (July)
- Macon EC joins (July)

1953



- Quonset building opened on current site - used as office, garage and warehouse

1950




- Acquired headquarters current site
- 7.5 MW diesel generation facility completed at South River Power Plant

1954



- Horses are used to patrol transmission line

- First Northeast Power logo
- Began use in early 1980s



1961

- Associated Electric Cooperative Inc. organized (February)
- Access Energy Cooperative joins (January)

1962

1964

- Chariton Valley EC joins (March)

1965



- 1st Mobile Substation purchased

1975

- Palmyra 345 Substation completed
- Mount Pleasant, Iowa, facility purchased

late 1960's

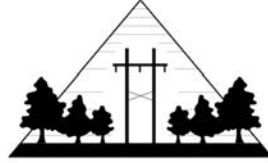
- South River Power Plant mothballed

1966




- Present brick office building completed for administrative offices
- BASF original plant groundbreaking

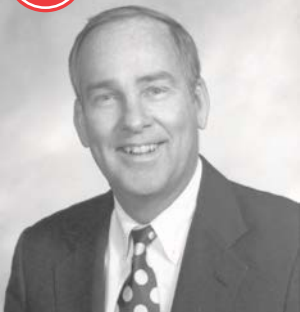
- Second Northeast Power logo
- Began use in mid-1990s



1978

- Warehouse #1 completed at headquarters

1979



- Mike Boudreaux passes away February 1
- Ralph Shaw, third General Manager (July)



• Fuel island installed at headquarters (above-ground storage tanks)



• Steuben, Iowa, facility replaced

1991

• Current Northeast Power logo
• Began use in 2004



Northeast Power
A Touchstone Energy Cooperative



• Telecommunications building completed
• Laminated poles used for first time

2007

• Steam and diesel buildings at South River Power Plant dismantled
• Associated Electric Cooperative Inc. Palmyra 345 kV Substation major renovation



2016

NEP QUICK FACTS

- Over 862 miles of transmission line
- 69 employees
- 88 substations (transmission, distribution and switching)

• 1st bucket truck purchased

1987

• Closed Mount Pleasant, Iowa, facility

1990

NEP QUICK FACTS

- Over 874 miles of transmission line
- 61 employees
- 97 substations (transmission, distribution and switching)

1996

• South River Power Plant diesel generating equipment dismantled

1997

• Begin replacing microwave communication with fiber communication

2006

• Replaced analog meters with digital meters

2010

• Move-in remodeled headquarters building (July)

2014



1989



• 2nd mobile substation purchased

1998

• Vehicle building #2 constructed at headquarters

1999

• Original quonset building removed at headquarters

1984



• Addition to headquarters office building completed

• Ralph Shaw retires
• Douglas Aeilt, fourth CEO/General Manager (April)
• Emery Geisendorfer, Jr. becomes Northeast Power Board President



2004

NEP QUICK FACTS

- Over 935 miles of transmission line
- 56 employees
- 106 substations (transmission, distribution and switching)
- 325 miles of fiber communication line

2008

• Associated Electric Cooperative Inc. approves new transmission line connecting MO and IA
• All Power Requirement contracts to 2075 between Associated, Northeast Power and member-distribution cooperatives signed

2015

2017



• Steel poles used for first time
• Northeast Power/ATXI agreement

NEP QUICK FACTS

- Over 984 miles of transmission line
- 61 employees
- 118 substations (transmission, distribution and switching)
- 680 miles of fiber communication line

2018

**“What was built is not
for us alone, nor for
our children only. The
legacy is the future
we make possible...”**

- Excerpt from “A Celebration of Success”
by Robert W. Feragen, published in
The Next Greatest Thing



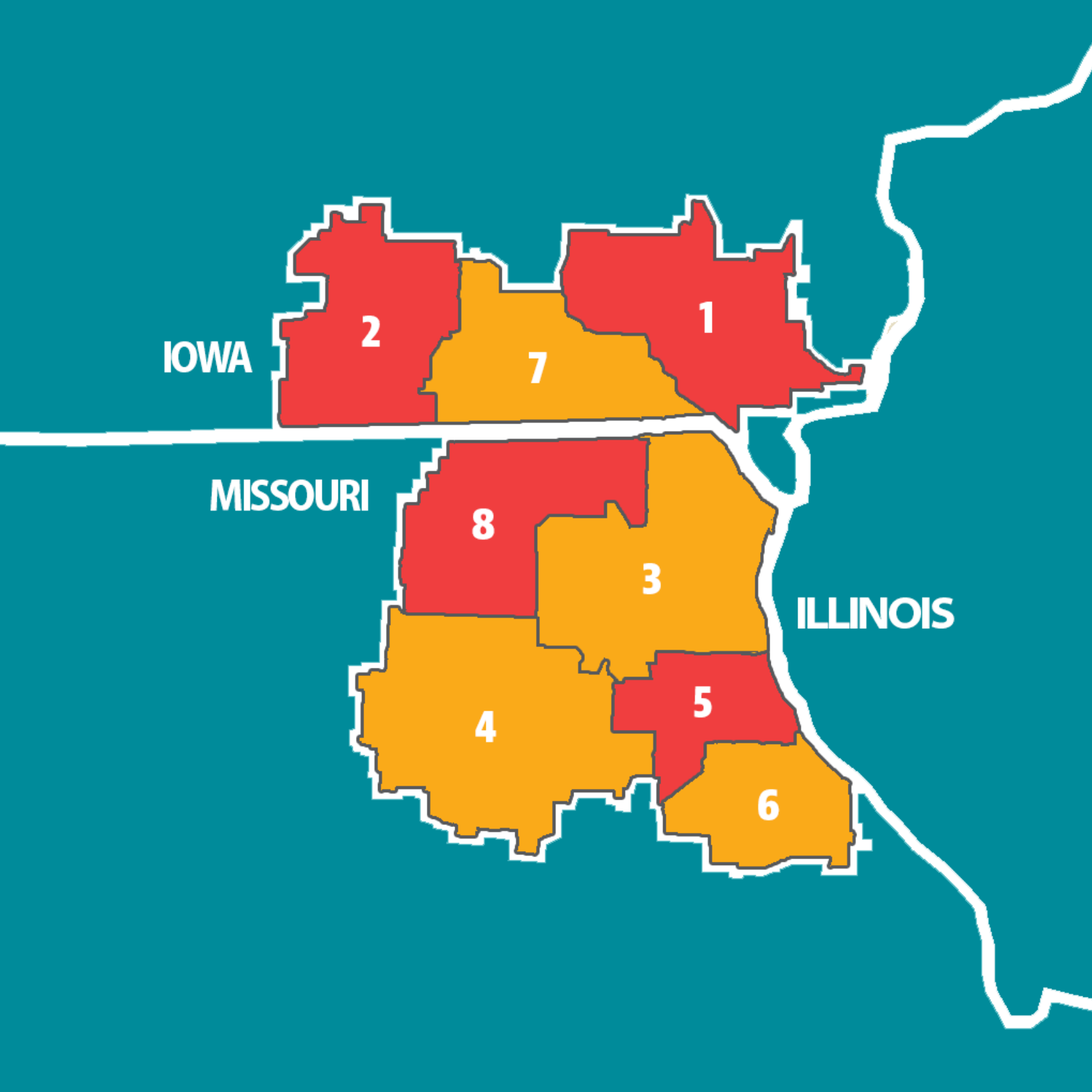
Member-Distribution Cooperatives



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's Sold (millions)	Peak Demand
1 Access Energy Cooperative	9,386	2,236	4.19	454.7	73,907
2 Chariton Valley Electric Cooperative	6,200	1,334	4.65	97.1	22,945
3 Lewis County REC	7,048	2,494	2.83	121.8	27,136
4 Macon Electric Cooperative	11,300	2,915	3.88	242.7	50,499
5 Missouri Rural Electric Cooperative	5,300	1,108	4.78	226.1	38,319
6 Ralls County Electric Cooperative	6,172	1,397	4.42	104.4	26,292
7 Southern Iowa Electric Cooperative	4,722	1,676	2.82	120.9	27,722
8 Tri-County Electric Cooperative	6,342	1,791	3.54	93.9	22,904





IOWA

MISSOURI

ILLINOIS

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.



Harold Harper
Lewis County REC



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



Mark Van Dolah
Tri-County Electric
Cooperative



Richard Welsh
Chariton Valley
Electric Cooperative



Glenda Wood
Macon Electric
Cooperative



Thomas Wooten
Ralls County
Electric Cooperative



**Attorney
Andrew Sporleder, Esq.**
Johnson & Sporleder, LLP



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
(New Employee)

Dispatch Employees

Kevin Sydenstricker

Dispatch Manager

Cory Ames

Dispatcher Class 1

Theresa Bogue

Apprentice Dispatcher

Brett Douglas

Apprentice Dispatcher

Troy Gard

Apprentice Dispatcher

Shawn McCleery

Dispatcher Class 1

Mike McCutchen

Dispatcher Class 2

Adam Smoot

Apprentice Dispatcher

Mark Wilhoit

Dispatcher Class 2

Engineering and Operations Employee

Misty Hancock

Engineering and Operations Office Assistant
(New Employee)

Finance Employees

Missy Kizer

Controller

Rachel Bemis

Accounting Clerk

Susan Chambers

Administration and Finance Secretary

Alan Embree

Accountant

Information Technology Employees

Pam Whiston

Information Technology
Manager

Chris Billups

Programmer/Systems Analyst

Office Employee

Alicia Doran

Receptionist/Office Assistant

Operations Employees

Gary Wood

Operations Manager

Andy Augspurg

Journeyman Lineman

Dennis Carter

Equipment Operator

Josh Chinn

Equipment Operator

Jeff Dornberger

Utility Groundman

Todd Dornberger

Utility Groundman

Chad Evans

Journeyman Lineman

Luke Frericks

Utility Groundman

Dave Henderson

Crew Foreman (Iowa)

Jeremy Hudson

Journeyman Lineman

Bob Leake

Crew Foreman



Northeast Power Employees

(continued)

Bruce Lear
Garage Mechanic

Tom Pearn
Equipment Operator

Jimmy Powell
Utility Groundman

Tom Powell
Equipment Operator

Kent Rupp
Crew Foreman

Damon Scott
Journeyman Lineman (Iowa)

Matthew Simmons
Apprentice Lineman

Steve Smith
Journeyman Lineman

Jamie Taylor
Journeyman Lineman (Iowa)

**Purchasing, Facility
Maintenance and
Warehouse Employees**

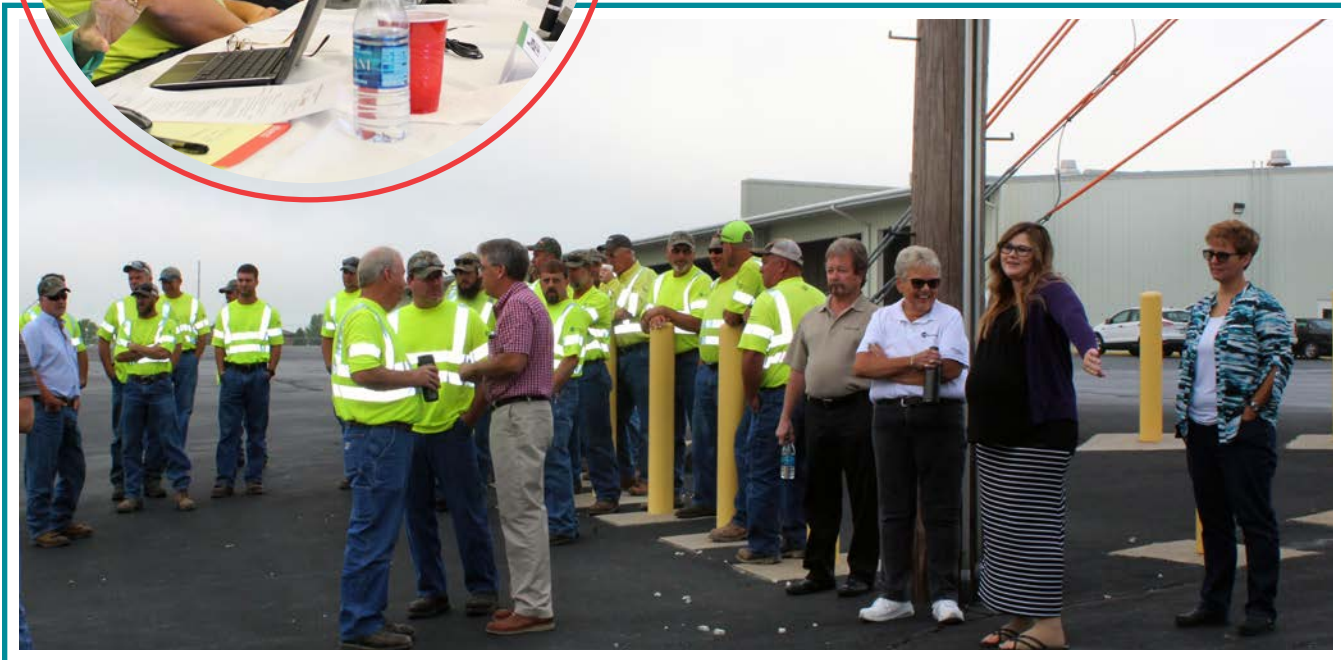
Rusty Adrian
Purchasing Manager

Matthew Humes
General Maintenance Technician

Rick Steidinger
Warehouseman

**Right-of-Way
Employee**

Mike Jeffries
Right-of-Way Manager



Substation Employees

Jerry Daniels

Substation Technician

Drew Moyer

Apprentice Substation Technician

Steve Pierceall

Substation Technician

Justin Roberts

Substation Technician

Substation Services Employees

Skyler Wiegmann, PE

Substation Services and NERC Compliance Manager

Wendy Nelson

Engineering Design Technician

Telecommunications Employees

Jack Elmore

Telecommunications Manager

Tim Goehl

Telecommunications Technician

Dan Gottman

Telecommunications Technician

Kevin Scholl

Telecommunications Technician

Transmission Services Employees

Jamie Page, PE

Transmission Services Manager

Tyler Bergman

Engineering Technician

Brian Fuqua

System Engineer



Northeast Power Retirees

David Baxter



David Baxter, Right-of-Way Manager, retired August 1, 2017, with more than 42 years of service.

Dennis Fohey



Dennis Fohey, Substation Foreman, retired January 4, 2018, with more than 43 years of service.

Archie Clark



Archie Clark, Programmer/Systems Analyst, retired February 1, 2018, with more than 20 years of service.

Debby Parrish



Debby Parrish, Engineering and Operations Secretary, retired March 22, 2018, with more than 33 years of service.





Northeast Power

A Touchstone Energy® Cooperative



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