

ANNUAL REPORT 2023



The background is a soft watercolor wash in shades of cream, pale yellow, and light lavender. A large, vibrant green leaf, painted with visible brushstrokes, extends diagonally from the lower left towards the right edge. Numerous small, teardrop-shaped orange and yellow leaves are scattered throughout the scene, appearing to fall from the top. The overall mood is gentle and natural.

2023 NRECA ANNUAL REPORT



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BETTER TOGETHER

During my 40 years in the electric cooperative business, I've witnessed a lot of changes—from the technologies we use to the services we offer. Two things that have never changed are the influential leadership from our national association and our network's spirit of cooperation. As a general manager, it was easy for me to see how NRECA positively impacted my co-op and my consumer-members. What I see more clearly as NRECA president is how NRECA and our co-op members work together to make it all happen.

This 2023 annual report underscores NRECA's strategic efforts and our network collaboration, reflecting the spirit that defines America's electric cooperatives. The role of NRECA as a convener has created a space where cooperative ideas flourish, strategic partnerships bloom and collective solutions emerge.

Whether it's safeguarding reliability, facilitating innovation or making safety a priority, the accomplishments, programs and services relayed in this report demonstrate the value of our membership and showcase the impact we can make on the future when we work together. I'm so proud of our cooperatives and the work our national association is doing for the membership and our consumer-members. We truly are better together.

Tony Anderson, NRECA President



COLLECTIVE SUCCESS

2023 was a record year for NRECA and electric cooperatives. Together, we worked to support co-op consumer-members, elevate the reputation of electric co-ops and unlock new opportunities to help build a better tomorrow for co-op communities. I am especially thankful for the continued partnership between NRECA and each of our cooperative members that enabled this success.

In an increasingly challenging political and policy environment, electric cooperatives stood out in 2023 in a powerful way. According to independent third-party research, NRECA distinguished itself as the top advocacy organization in Washington. This is a testament to the strength of the electric cooperative movement, the clout we have when we work together and the effectiveness of the team working on your behalf at NRECA. In this year's annual report, you will find snapshots of the hard work that led to our collective success in 2023.

You play a critical role in ensuring NRECA is well-positioned to advocate for electric cooperatives across the country. Thank you for your continued commitment to the communities you serve and to NRECA. Your voice and your partnership are vital as we work towards a brighter future together.

Jim Matheson, NRECA CEO

2023 NRECA BOARD OF DIRECTORS

(As of Dec. 31, 2023)



From left to right: Mike Partin, Tony Anderson and Joe Martin.

NRECA OFFICERS

Tony Anderson
President | Michigan

Joe Martin
Vice President | Colorado

Mike Partin
Secretary-Treasurer | Tennessee

- Tony Anderson** | Michigan

Danny Berthelot | Louisiana

Bryan Case | Idaho

Chris Christensen | Montana

Kenneth Colburn | New Hampshire

Mel Coleman | Arkansas

Ed Crawford | Ohio

Marion Denger | Iowa

Kevin Doddridge | Mississippi

Don Douglas | Vermont

Hunter Emory | Delaware

Norris Fowler | South Carolina

Warren Goetsch | Illinois

Scott Hallowell | Maine

Chris Hamon | Missouri

David Hembree | Alabama

Gene Herritt | Pennsylvania

Mark Hofer | South Dakota

David Iha | Hawaii

Lynn Jacobson | North Dakota

Kerry Kelton | Texas

J. Ingrid Kessler | Oregon

Randy Kleaving | Indiana

Meera Kohler | Alaska
- Marty Littrel** | Kentucky

Casey Logan | Virginia

Tom Madsen | New Jersey

Joe Martin | Colorado

Galen Mills | Georgia

Patrick Morse | Kansas

Jessica Nelson | California

Curtis Nolan | Arizona

Mike Partin | Tennessee

Jeff Peterson | Utah

Jeff Rathell | Maryland

Dan Saulsgiver | New York

Randy Shaw | Florida

Chuck Simmons | Wisconsin

Tim Smith | Oklahoma

Donnie Spivey | North Carolina

David Spradlin | New Mexico

Greg Strehle | Nebraska

Carolyn Turner | Nevada

Tim Velde | Minnesota

Steve Walter | Washington

Ron Watson | West Virginia

Jim Webb | Wyoming

Jeffery Wright | Rhode Island

Strengthened **ADVOCACY** Tools Tell Our Story

Traditional media, social platforms and in-person engagement significantly amplified the reputation and influence of America's electric cooperatives, particularly on issues of reliability and affordability.

- + NRECA rebranded its political action committee to America's Electric Cooperatives PAC, aligning it more closely to the people and organizations it represents. The PAC is a vital factor contributing to NRECA's trusted nonpartisan reputation.
- + To showcase the value of America's electric co-ops as community cornerstones, NRECA and the National Rural Utilities Cooperative Finance Corporation commissioned a report to analyze the economic impact of electric co-ops. NRECA members support nearly **623,000 jobs** with **\$51 billion in pay and benefits** and contribute an average of **\$111 billion to the U.S. gross domestic product** per year.



2023 ADVOCACY HIGHLIGHTS

- **595 media hits** including articles, television appearances and radio interviews equaling **\$13 million in publicity value**.
- **31.6 million advertising impressions**.
- **1 million** Voices for Cooperative Power advocates and counting.
- **110 regulatory filings** on pertinent co-op issues.
- **1,671 co-op advocates** at NRECA's 2023 Legislative Conference.
- **106,262 consumer-members'** letters to federal agencies advocating for co-ops.

Safeguarding RELIABILITY in a Changing Landscape

NRECA continues to respond to the onslaught of environmental proposals affecting America's electric cooperatives and their ability to provide affordable and reliable electricity.

+ When the U.S. government filed a secret agreement that threatened carbon-free hydropower production at four Lower Snake River dams, NRECA acted swiftly and contacted Congress, White House advisers,

media and tens of thousands of electric cooperative advocates across the country to express concern about the proposal's impact on clean, reliable and affordable energy for millions of Americans.



Reliability was a focus of NRECA's Washington Beltway advertising during the 2023 Legislative Conference.

+ Of the more than two dozen environmental rules affecting co-ops in the pipeline, the U.S. Environmental Protection Agency's (EPA) proposals for new and existing power plants have the potential to devastate co-op reliability and affordability. NRECA filed a robust set of comments in opposition to the proposals, accompanied by a host of efforts to educate policymakers and the public, including:

- **Sharing** the co-op perspective in interviews with media outlets Bloomberg, Fox News, CBS News, HuffPost, The Associated Press, The New York Times and others.
- **Leading** POLITICO's The Future of Grid Reliability event that included lawmakers, electric co-op leaders and energy analysts who warned that escalating electricity demand is threatening to outpace supply.
- **Using** the EPA's proposed rule as a powerful tool for nearly doubling the number of grassroots advocates involved in Voices for Cooperative Power.
- **Creating** communication resources for co-op CEOs and staff, such as a social media toolkit to help educate consumer-members and employees about the impact of the proposals.

As NRECA awaits the EPA's response in 2024, the association continues to advocate for reliable and affordable electricity for America's electric cooperatives.

NRECA CEO Jim Matheson is interviewed at POLITICO's "The Future of Grid Reliability" event sponsored by NRECA.



FUNDING OPPORTUNITIES Shape the Future

After securing transformative wins with the \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA) and \$9.7 billion for clean energy innovation in the Inflation Reduction Act, NRECA continued its work to ensure members have access to unprecedented funding opportunities.

Infrastructure Investment and Jobs Act

NRECA resources, toolkits and learning opportunities prepared members to submit compelling applications for infrastructure funding.

- + Thousands of registrants from **772 co-ops** participated in NRECA's IIJA webinars.
- + Representatives from **51 co-ops** attended funding workshops at NRECA's Regional Meetings.
- + Preparation paid off as more than **50 electric co-ops** were selected to negotiate for approximately **\$650 million** from the U.S. Department of Energy's (DOE) first round of the Grid Resilience and Innovation Partnerships (GRIP) Program.
- + Beyond providing necessary tools, NRECA created funding consortia, one of which helped **39 smaller co-ops** be selected to negotiate for nearly **\$100 million** of GRIP funds.



The New ERA program was launched at a White House event with Matheson and co-op leaders.

Inflation Reduction Act

As the U.S. Department of Agriculture (USDA) formulated rules for the \$9.7 billion Empowering Rural America (New ERA) program and \$1 billion Powering Affordable Clean Energy (PACE) program, NRECA played a pivotal role in ensuring the framework was designed to position cooperatives for success.

- + NRECA convened co-op leaders to provide valuable input directly to the USDA, helping shape the final guidance to reflect the collective insights of the cooperative network.
- + NRECA CEO Jim Matheson advocated the cooperative position with policymakers and media to articulate the unique needs of co-ops.
- + With the final guidance in place, **157 NRECA members** submitted interest letters to the program, aiming to make priority investments in the systems that serve their consumer-members.

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My co-op is part of the GRIP consortium that received funding. We're small, but with the support of NRECA and our network, we're able to increase the resilience of our infrastructure in ways we could never do alone.

David Spradlin
CEO, Springer Electric Cooperative



Midwest Energy Inc. line crew upgrading power lines. The co-op was selected by the DOE to pursue a \$97 million grant under GRIP.



Investments in WELL-BEING

People are the No. 1 resource for NRECA members, and improving employee well-being is critical to developing workplace resilience. NRECA enhanced its well-being offerings to help members adapt to the broadening health and financial wellness needs of today's workforce.

- + NRECA launched the FutureMe program, designed to connect NRECA Medical Plan participants with resources to support their physical, mental and emotional health through planning tools, goal and reward systems, and coaching and counseling services.

future^{me}

POWERED BY NRECA

- + An online tool, Find Care & Costs, was released with enhanced cost and quality transparency for NRECA Medical Plan participants searching for and comparing procedure costs for in-network providers.



- + To ensure confident decision making and prompt processing of retirement plan distributions, NRECA completed a multiyear project that connects participants directly with members of the Personal Investment & Retirement Consultants (PIRC) team.

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Having one-on-one guidance available to our employees through NRECA and the Personal Investment & Retirement Consulting team is invaluable. I know that my co-op's employees will be able to make fully informed decisions about how to maximize their retirement savings and the process is being completed correctly without additional time spent from co-op staff.

Dan Rodamaker
President and CEO
Gibson Electric Membership Corporation

BEING RESPONSIVE WHEN IT COUNTS

When Category 3 Hurricane Idalia ravaged co-op systems in the Southeast, affecting more than 240,000 consumer-members, NRECA enhanced support to employees on the front lines and their families covered by the NRECA Medical Plan. Relief measures were put into effect, including greater flexibility to provide in-network coverage for unexpected out-of-network care, waiving preauthorization requirements and providing enhanced prescription drug benefit flexibilities.



SAFETY and SECURITY Come First

Keeping consumer-members and employees safe is a priority for electric cooperatives. NRECA provides resources that encompass both cybersecurity and workplace safety.

Improving Cybersecurity Posture

- + In collaboration with Norwich University Applied Research Institutes (NUARI), NRECA facilitated online tabletop exercises designed to address cyber incident response planning for nearly **1,000 participants**.
- + NRECA stood up its Threat Analysis Center, a cybersecurity information sharing platform designed to improve detection of cyber threats to operating systems and voluntarily engage federal agencies regarding credible threats to the electric grid.
- + Nearly **300 co-ops** began participating in the new Co-op Cyber Goals Program, which helps co-ops achieve foundational cybersecurity measures.
- + To help America's electric cooperatives defend against the growing cyber threat to the electric grid, Essence is now a commercial solution for electric co-ops. Essence provides real-time operational technology protection and allows co-ops to retain control over their own data.
 - Essence protects the networks of **50+ distribution or generation and transmission (G&T) cooperatives**.



The first 20 co-ops completing the 10 Co-op Cyber Goals were recognized at the 2023 Co-op Cyber Tech Conference.



Greystone Power Corporation safety professionals train apprentice lineworkers in the pole yard.

Ensuring a Culture of Safety

To help members prepare for workplace safety issues, NRECA, in conjunction with Federated Rural Electric Insurance Exchange and statewide safety leaders, implemented Commitment to Zero Contacts Phase 2. The program works within operational departments to understand and improve current work practices using employee input.



In Ohio, we have seen this initiative effect real change at the operational level more than any other initiative we have been a part of.

Dwight Miller

Director of Safety and Loss Control
Ohio Rural Electric Cooperatives

A National Voice for Rural **BROADBAND**

From improved health care and enhanced learning opportunities to increased productivity for small businesses, high-speed internet access is essential to communities. NRECA supports electric cooperatives in the broadband business with regulatory and legislative advocacy, as well as exclusive offerings for more than 100 NRECA Broadband participants.

- + To ensure accuracy of the Federal Communications Commission's (FCC) National Broadband Map, NRECA joined with the National Rural Telecommunications Cooperative to coordinate a bulk challenge of **266,479 locations** reporting inaccurate service data. NRECA also activated the Voices for Cooperative Power grassroots network to educate consumers and encourage individual challenges.
- + Throughout 2023, NRECA advocated for streamlined permitting, expedited broadband deployment and protection of broadband programs such as ReConnect.
- + NRECA urged the FCC to consider the pitfalls of its proposed net neutrality rule for co-ops providing broadband and ensure that rural communities get equitable service at a fair cost.



NRECA leveraged social media to activate Voices for Cooperative Power advocates on broadband issues.



Co-op delegations head to Capitol Hill to lobby their representatives during the 2023 Broadband Leadership Summit.



- + NRECA Broadband participants received exclusive publications, education and networking opportunities at events like the NRECA Broadband Leadership Summit, regional meetings, Legislative Conference and more. Participants also received information via monthly regulatory roundtables that provide an opportunity to engage with third-party experts, NRECA staff and fellow participants on timely broadband regulatory, legal and business issues.



Jesse Shekleton, Jo-Carroll Energy director of broadband operations, testifying before the Senate Agriculture, Nutrition and Forestry Subcommittee on Rural Development and Energy.

EDUCATION

Evolves to Meet Member Needs

Electric cooperatives need an educated and connected workforce to keep pace with the latest industry trends, technologies and leading practices. NRECA's enhanced education approach ensures co-op employees at every stage of their career keep pace with evolving challenges.

- + Recognizing the role that continuing executive education plays in driving industry and community progress, NRECA forged a strategic collaboration with the Kellogg School of Management at Northwestern University and unveiled the NRECA Executive Leadership Program, supported by CoBank. Tailored specifically for CEOs, C-suite executives and graduates of NRECA's Management Internship Program (MIP), it garnered full subscription within the first two weeks of its announcement. The inaugural program will take place Oct. 13–18, 2024.

Northwestern | Kellogg
School of Management

Leadership Education Impact

- More than **one-third (34%)** of electric co-op CEOs are MIP graduates.
- **67% of all electric cooperative board members** have credentials with NRECA.



NRECA offered a combination of in-person and online learning opportunities to provide flexibility and accommodate diverse learning preferences.



2023 EDUCATION & TRAINING HIGHLIGHTS by the numbers:

- NRECA welcomed nearly **16,000 attendees** to in-person events in 2023—reaching pre-COVID attendance numbers across most events.
- More than **1,265 staff and directors** participated in an online course.
- NRECA added **8 new staff and director courses** to its education portfolio.
- Demonstrating continued member engagement, PowerXchange and TechAdvantage hosted a record-breaking **10,007 participants** and the largest expo in NRECA's history with **416 exhibitors**.

WORKFORCE SOLUTIONS

to Attract and Retain Talent

The number of new hires across the electric cooperative network continued to grow in 2023. To assist members with improved recruitment and retention strategies in a tight labor market, NRECA expanded its resources and programs.

- + NRECA Executive Search provided expertise and advice to electric co-ops seeking new general managers, CEOs and senior-level executives. The group leveraged its specific knowledge of the network to place **20 CEOs and senior staff members** in 2023.
- + To help co-ops navigate the ever-evolving business landscape and support workforce strategies, NRECA revamped the Workforce Solutions section of cooperative.com, which hosts resources to help members attract and retain new talent.
- + NRECA's biannual National Benefits Survey was conducted in 2023 to identify the types and costs of benefits electric co-ops provide. New data benchmarked alternative work schedules and innovative benefits, like paid parental leave and student loan repayment programs.
- + The Homestead Advisers Employee Retention Program, a new service from Homestead Funds* helps co-ops stand out in a crowded labor market and retain employees by providing structured incentive bonuses with the potential to grow over time.

*Homestead Funds' investment advisor and/or administrator, Homestead Advisers Corp., and distributor, Homestead Financial Services Corp., are indirect, wholly owned subsidiaries of NRECA.



Lineworkers make up 26% of the national electric cooperative workforce. To increase awareness of these careers at electric cooperatives, Edgecombe-Martin County Electric Membership Corporation hosts a line technician camp for high school students.

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The NRECA Executive Search staff are professional and work diligently for both the job seeker and the board of directors. Their knowledge of the rural electric business model makes them uniquely qualified to place the proper executive with the cooperative, ensuring the best possible match.

John Lee
CEO, Lake Region Electric Cooperative

A Champion for Co-op INNOVATION

Technological advancements in the energy sector contribute to greater resiliency. NRECA harnessed its national platform to showcase its members as industry leaders and champion innovation.

- + Recognized with an award from R&D World, NRECA worked with Cobb Electric Membership Corporation and three U.S. national laboratories to create microgrid control modeling software that can boost grid reliability by using distributed assets to mitigate power outages.
- + NRECA facilitated member engagement with national labs, researchers and crucial stakeholders in anticipation of the escalating electricity demand from the growing use of electric vehicles (EVs). A total of nearly **500 co-op employees** participated in webinars to provide feedback on tools such as EV U-Finder—a platform connecting utilities with businesses and agencies transitioning to electric fleets—and the U.S. Department of Energy's Caldera simulation tool, designed to forecast EV charging demand on the grid.

First responders from Oregon Trail Electric Cooperative utilizing virtual reality training for downed power line safety.



Decatur Island Orcas Power & Light Cooperative (OPALCO) microgrid.

- + Microgrid feasibility study projects proposed by NRECA on behalf of three of its member co-ops have been awarded a total of **\$100,000** following Phase I of the Department of Energy's Energizing Rural Communities initiative, which is part of the Energy Improvements in Rural and Remote Areas program. The grant will be used for projects to improve overall reliability for co-op members and to maintain vital services when major outages occur.
- + NRECA and Federated Rural Electric Insurance Exchange released an interactive virtual reality program to help co-op employees practice downed line restoration and improve safety in a secure and convenient environment.

New Tools for Stakeholder ENGAGEMENT

Seizing opportunities for engagement is a strategic imperative for advancing the electric cooperative mission. NRECA launched several resources to boost engagement with consumer-members, legislators and other stakeholders on issues affecting the industry and local communities.

- + As many co-ops engage an increasingly diverse consumer-membership base, NRECA created an annual meeting toolkit to provide ideas and inspiration. The toolkit contains examples, recommendations and customizable resources to help co-ops reimagine events.
- + To help co-ops plan meetings with lawmakers and to educate them about pertinent issues, NRECA released the Cooperative Congressional Engagement Toolkit, a guide for inviting members of Congress to visit local co-ops.
- + NRECA rolled out several new resources to bolster the national reliability message at the local level. The tools include fact sheets, talking points, media outreach samples and social posts, as well as guidance and tactics for communicating about rolling power outages and weather events.

Sen. Raphael Warnock, D-Ga., meets Karen Ewing, community relations representative, while visiting Jackson Electric Membership Corporation.



- + A new toolkit helps NRECA members promote the Electric Cooperative Youth Tour to parents and students in their local communities.



(right) A sample social media post from the Youth Tour toolkit.

(below) Sen. Tim Scott, R-S.C., meets with Youth Tour student delegates at the U.S. Capitol.

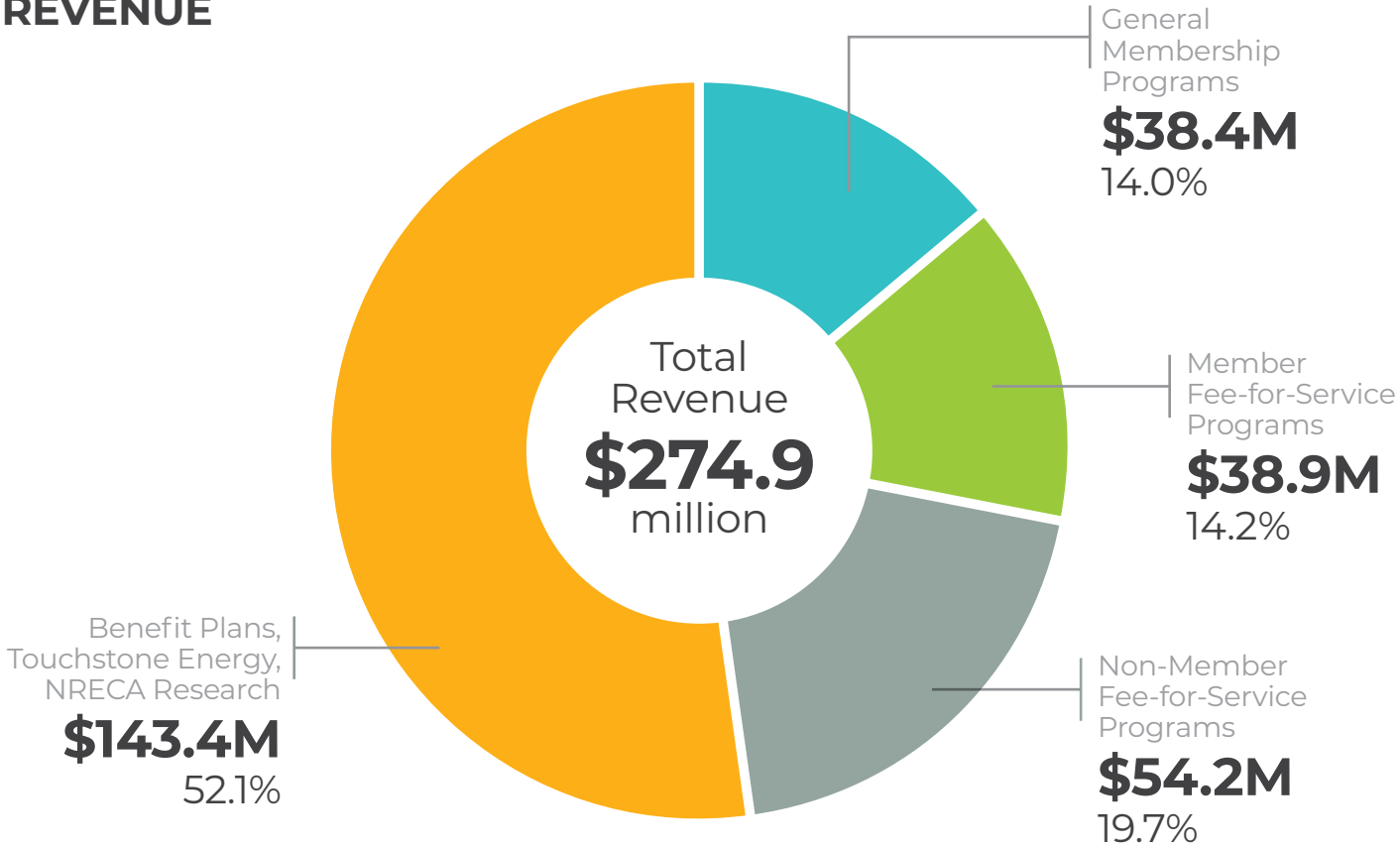


2023 FINANCIAL HIGHLIGHTS

SUMMARY OF OPERATIONS

NRECA ended 2023 with total revenue of \$274.9 million and total operating expense of \$268.6 million for a net operating margin from unrestricted net assets of \$6.3 million. NRECA also recognized, non-recurring net revenue of \$0.7 million resulting in a net margin from unrestricted net assets of \$7.0 million. In addition, the Association earned a margin of \$0.6 million on its restricted net assets related to NRECA Broadband and Political Advocacy, Communication and Education (PACE), for a total net margin of \$7.6 million.

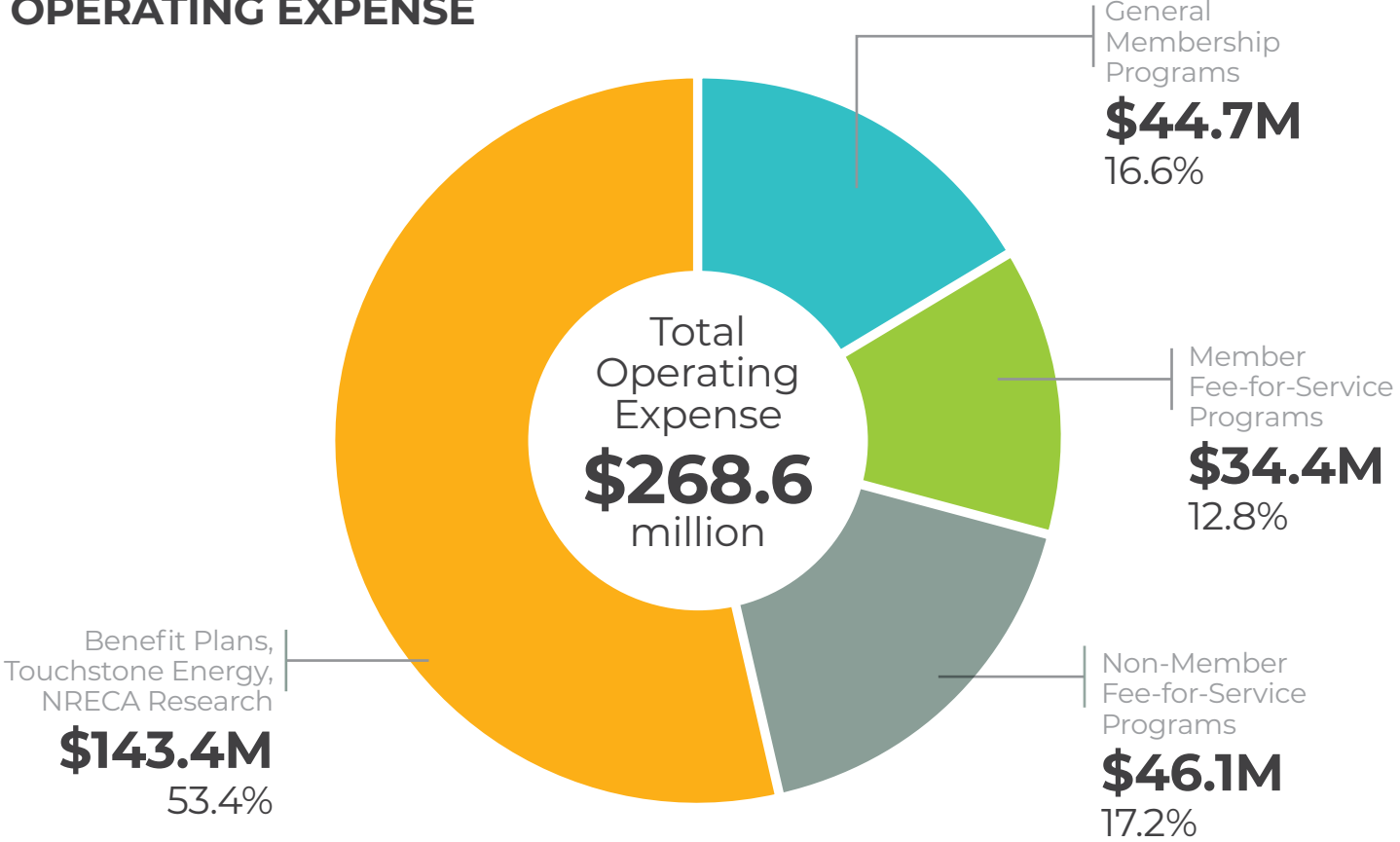
REVENUE



- **General membership programs** consist of government relations, communications, business and technology strategies and other programs. NRECA funded the \$6.3 million deficit from margins earned on fee-for-service programs.
- **Non-member fee-for-service programs** include the buildings owned by NRECA, Homestead Funds, NRECA International and others. These programs ended the year with a net margin of \$8.1 million.

- **Member fee-for-service programs** include events, training & education, associate membership, RE Magazine, Wood Quality Control, Essence Holdings and others. These programs ended the year with a net margin of \$4.5 million.
- **Cost-reimbursable programs** include NRECA’s three multiple employer plans, Touchstone Energy® Cooperative, Inc., and NRECA Research. Revenue totaling \$143.4 million was recognized to the extent of total program expense incurred.

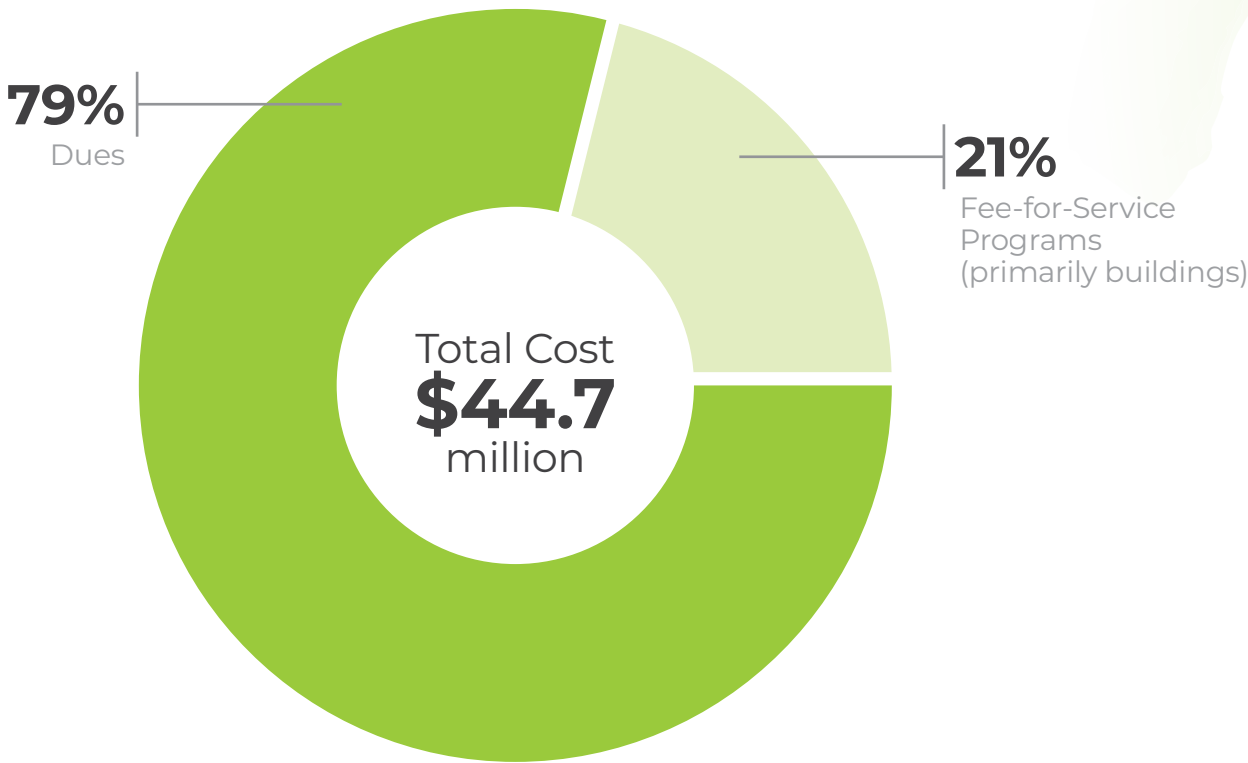
OPERATING EXPENSE




GENERAL MEMBERSHIP PROGRAMS


Dues paid to the Association cover 79% of the cost to run these programs, and the remaining approximately 21% is subsidized by fee-for-service programs, primarily rental income margin from the buildings.


FUNDING SOURCES







Contact

 cooperative.com
electric.coop

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 703.907.5500

-  x.com/NRECANews
-  facebook.com/NRECA.coop
-  linkedin.com/company/nreca
-  youtube.com/NRECANews
-  instagram.com/electriccoops

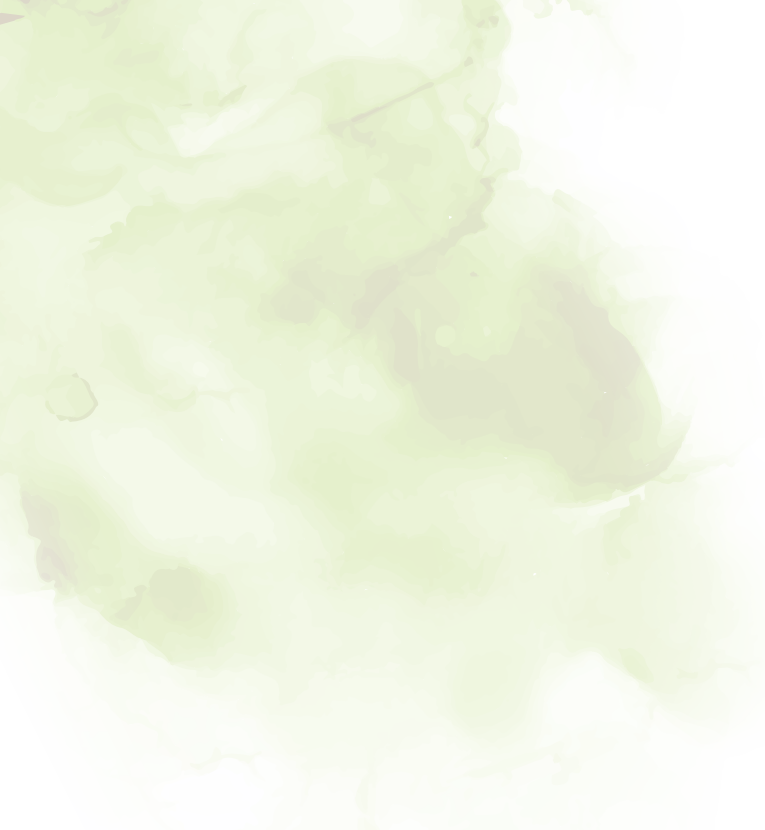


PHOTO CREDITS *(By page number)*

Cover and report design by Jen Wheeler

6 NRECA Officers: Denny Gainer, NRECA | **8** America's Electric Cooperatives PAC Sign: Michael Lynch, NRECA | **9** Image courtesy Fox Business | **11** Jim Matheson: Denny Gainer, NRECA | **12** Co-op Leaders: Stephen Bell, NRECA | **13** David Spradlin: Michael Lynch, NRECA; Lineworkers: Photo courtesy Midwest Energy | **14** Father and Son Playing Basketball: Getty Images/NoSystem images | **15** Dan Rodamaker: Denny Gainer, NRECA; Lineworker: Photo by Ashley Wilson, Withlacoochee River Electric Cooperative | **16** Group Photo: Photo by Jeff Peak | **17** Group Huddle: Alexis Matsui, NRECA; Dwight Miller: Denny Gainer, NRECA | **18** Jesse Shekleton: Jerry Mosemak, NRECA | **19** Group Walking: Denny Gainer, NRECA | **20** Two Women: Photo by Wade Harris, Kentucky Electric Cooperatives | **21** Crowd Aerial: Denny Gainer, NRECA | **22** Group Photo: Denny Gainer, NRECA | **23** Lineworker Lesson: Photo courtesy Edgecombe-Martin County Electric Membership Corporation; John Lee: Photo courtesy Lake Region Electric Cooperative | **24** Virtual Reality: Photo by Joseph E. Hathaway, Oregon Trail Electric Cooperative | **25** Microgrid: Photo courtesy Orcas Power & Light Cooperative (OPALCO) | **26** Handshake: Photo courtesy Georgia Electric Membership Corporation | **27** Group Selfie: Photo courtesy Electric Cooperatives of South Carolina

DISCLAIMER

This document summarizes the consolidated financials and general activities of NRECA and its related companies. It is intended to be informational only. For ease of use, references to NRECA may include entities owned by or affiliated with NRECA; and references to NRECA programs, events or activities may include NRECA-owned or affiliated entity programs, events or activities.

