



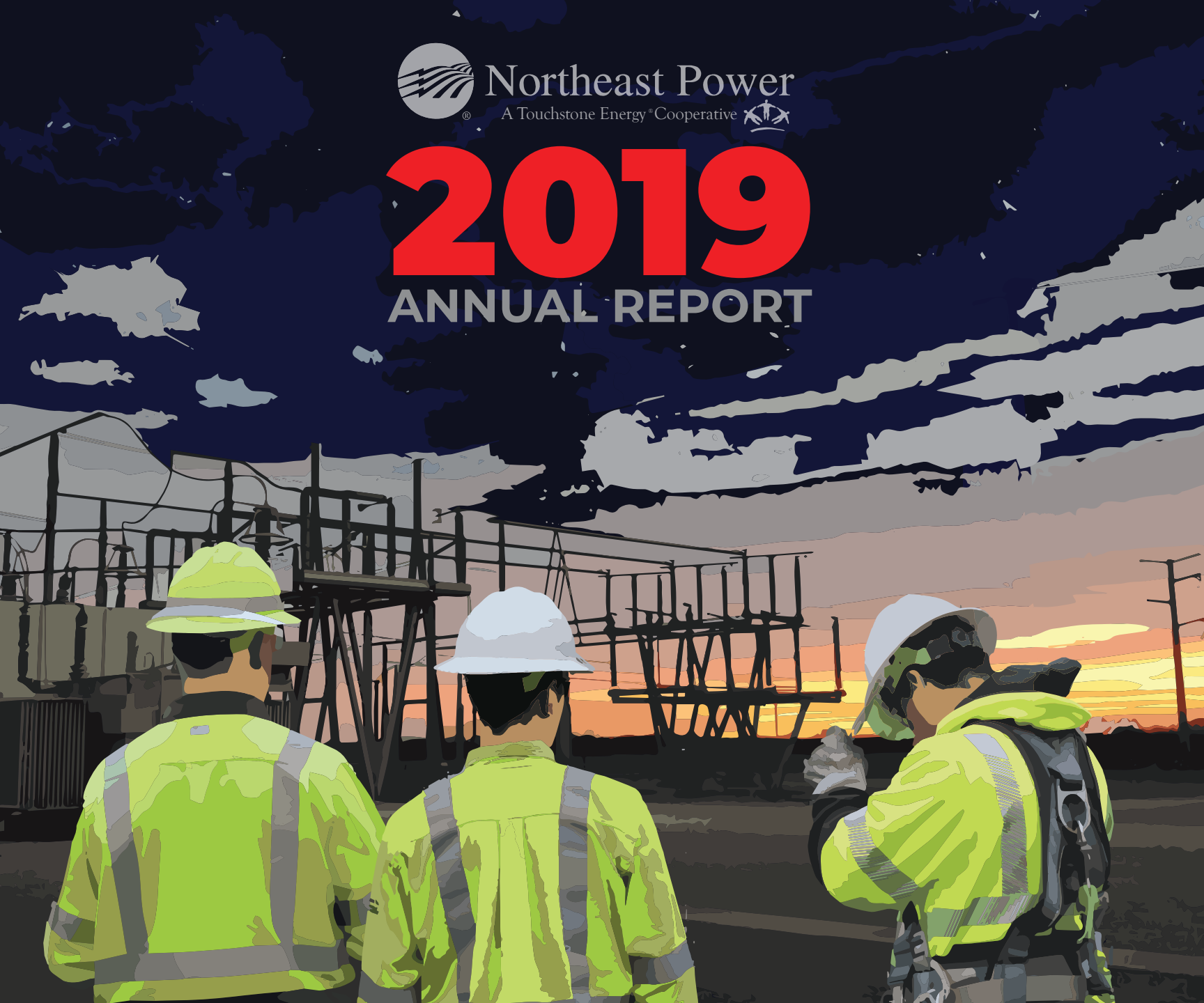
Northeast Power

A Touchstone Energy® Cooperative



2019

ANNUAL REPORT



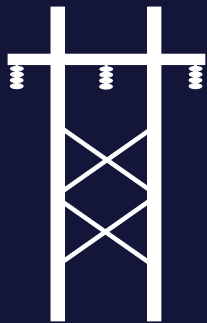
(This page intentionally left blank)

WHO WE ARE



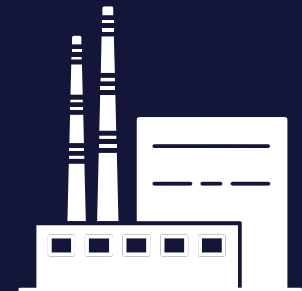
Northeast Missouri Electric Power Cooperative (Northeast Power) is a not-for-profit electric transmission cooperative headquartered in Palmyra, Missouri. Northeast Power was founded by three rural electric distribution cooperatives in northeast Missouri on February 2, 1948. Today we serve eight member-distribution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

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



A MESSAGE FROM OUR PRESIDENT AND CEO/GENERAL MANAGER

Mission. Vision. Values.

These three simple words tell the story of Northeast Power – who we are, where we are headed and how we will get there. You could also say these words told the story of our 2019 year.

We were formed with purpose. Our mission – “to power our member-distribution cooperatives with safe, reliable, affordable electricity and value-added services.” Our three-tiered system – generation, transmission, distribution – is unique; each tier can focus on its own area of expertise. Our partnership at each level allows us to find efficiencies and work together to ensure the electricity at the end of the line for our member-owners remains safe, reliable and affordable.

Our vision for the future – “lighting the way as a trusted energy partner promoting a unified membership with engaged employees” – remains ever constant in a vastly changing world. Early in the year, we tasked our employees with developing Northeast Power’s core values, which will propel us into the future:

Safety – We are uncompromising in our commitment to the safety of our employees and communities. We communicate, advocate, listen and learn to stop unsafe actions.

Unity – We work as a team united in cause and action to serve our members and communities.

Integrity – Within all interactions, we strive for honesty, high professional standards and accountability for our actions, even when no one is looking.

Accountability – We take responsibility for our actions and give our best effort in ensuring a high level of service to our members as well as respect and fairness to each other.

Innovation – We identify member needs, cooperative inefficiencies and outdated work practices in an ever-changing electrical industry. We create solutions by researching new technologies and products, learning from our peers’ innovations and improving current practices to lead us into a brighter tomorrow.

These values show the exceptional character among our workforce and the true foundation behind our ongoing success. By staying true to our mission, vision and values, we are proud to report 2019 was another financially successful year. We held expenses below budget, generalizing strong margins that maintained total equity of 41.8% while retiring capital credits of \$2.6 million.

We also focused a significant amount of effort in 2019 developing a strategic plan which focuses on key aspects of our cooperative business model, including: financial stability, economic growth and service to our members. The development of our strategic plan is crucial in ensuring we continue to serve our member-distribution cooperatives and member-owners with safe, reliable and affordable

electricity for decades to come. The 2019-2022 work plan, approved early in the year, continues to lay the groundwork for substation upgrades, significant transmission pole replacements as well as enhancements to our corporate infrastructure, cybersecurity and fiber communications network.

These plans are essential to sustaining system reliability well

into the future for the more than 56,000 member-owners who depend on it every day. We are grateful for the support of our board of directors and the dedication of our employees as we endeavor to implement our mission, vision and values.

We proudly present Northeast Power's 2019 highlights, which are chronicled throughout the pages of this report. We believe you will see how our mission, vision and values shined effortlessly in our everyday work.



Emery (Buster) Geisendorfer, Jr.
Emery (Buster) Geisendorfer, Jr.
President

Douglas H. Aeilts
Douglas H. Aeilts
CEO and General Manager



Northeast Missouri Electric Power Cooperative

A Touchstone Energy® Cooperative



MISSION

To power our member-distribution cooperatives with safe, reliable, affordable electricity and value-added services.

VISION

Lighting the way as a trusted energy partner promoting a unified membership with engaged employees.

SAFETY — We are uncompromising in our commitment to the safety of our employees and communities. We communicate, advocate, listen and learn to stop unsafe actions.

UNITY — We work as a team united in cause and action to serve our members and communities.

INTEGRITY — Within all interactions, we strive for honesty, high professional standards and accountability for our actions, even when no one is looking.

ACCOUNTABILITY — We take responsibility for our actions and give our best effort ensuring a high level of service to our members as well as respect and fairness to each other.

INNOVATION — We identify member needs, cooperative inefficiencies and outdated work practices, in an ever-changing electrical industry. We create solutions by researching new technologies and products, learning from our peers' innovations and improving current practices to lead us into a brighter tomorrow.

SAFETY FOCUSED

Safety has always been a high priority and a key component of Northeast Power's core values. Our safety value statement reads, "we are uncompromising in our commitment to the safety of our employees and communities. We communicate, advocate, listen and learn to stop unsafe actions."

We focused on these principles in several ways in 2019.

Commitment to Zero

Early in the year, Northeast Power launched the "Commitment to Zero Incidents" initiative, based

on NRECA's and Federated Rural Electric Insurance Exchange's "Commitment to Zero Contacts" initiative. The program is designed to provide every level of leadership within electric cooperatives with ideas and resources to help eliminate serious injuries and fatalities and enhance safety programs.

Northeast Power's board of directors understood the value and committed Northeast Power to the program. Since the launch of the initiative, several aspects of the program have been implemented. Leadership created a Safety Steering Team which oversees critical safety issues. The Safety Steering Team is comprised of department managers from engineering, operations, finance and safety with CEO and General Manager Aeilts chairing the team. By bringing members from each department together to listen and understand safety concerns and how they correlate to budgets, finances and project deadlines, Northeast Power can bridge communication gaps and provide a safer workplace for employees.

At their first meeting, the Safety Steering Team tasked the Safety Committee with developing Life Saving Rules (LSRs) to foster a proactive culture of safety for cooperative employees. The LSRs are now displayed in department hall-

SAFETY

"We are uncompromising in our commitment to the safety of our employees and communities. We communicate, advocate, listen and learn to stop unsafe actions."

ways, along with initiative commitment forms signed by each employee. Employees also chose personal photographs displayed on the walls that represent their reasons for working safely. The safety walls serve as a daily reminder of the importance of the LSRs and why they work to ensure everyone returns home safe each day.

Safety Recommendations

In addition to creating and implementing LSRs, the Safety Committee provided safety recommendations to the Safety Steering Team throughout the year. The Safety Committee recommended all operations, sub-

station and telecommunications employees complete OSHA 10-Hour General Industry training in order to meet compliance and regulatory suggestions. The Safety Steering Team considered the recommendation a priority and several employees received OSHA 10-Hour certification including some office personnel. Additional 10-Hour refresher training and 30-Hour training for managers will take place in 2020.

Safety Goals

Each year, the Safety Committee creates a Safety Improvement Plan, a key component of the Rural Electric Safety Achievement Program (RESAP). The Safety



safety (continued)

Improvement Plan is a three-year and annual goal setting tool. One of the 2019 goals was to engage the Missouri Department of Labor On-Site Safety and Health Consultation to conduct an OSHA-type mock inspection. Through the inspection, Northeast Power set the scope of the visit and selected key areas to review within programs, policies and work practices. The inspection was beneficial to Northeast Power's safety program and provided guidance for areas where compliance could be improved. Additionally, Northeast Power's RESAP certification was renewed for a three-year term in 2019. We are proud to have participated in RESAP for the past 31 years.

Northeast Power was also audited by five outside organizations that covered safety-related inspections of work procedures, equipment conditions, facility conditions and appropriate safety documentation. Associated also began an assessment of Northeast Power's Hearing Conservation Program during fourth quarter and will complete the assessment in 2020.

The safety value statement created by the employees of Northeast Power and the accomplishments during the 2019 year are a testament of our enduring commitment to safety in the workplace and a significant sign that a proactive safety culture is taking root. The board of directors, leadership and employees continue to work together as we build on a strong foundation of safety.



723 consecutive days without a lost-time accident as of 12/31/19.



ACTIVELY CARE

Lookout for the safety and welfare of others.



TAKE TIME

Take the time to assess the risks, create a safe work plan, share and follow the plan.



COMMUNICATE

See something, say something. Ask questions, share concerns and listen.



STAY ALERT

Be fit for duty, always keep your senses sharp and your mind on task.



SAFETY OVER PRODUCTIVITY

Never take shortcuts or compromise safety in order to get the job done.



USE PROPER PPE

Choose the right personal protective equipment for the task and remember to use it.



CONTROL ENERGY

Always follow lockout/tagout procedures.



DRIVE RESPONSIBLY

Wear a seatbelt and never use a phone while driving.



SAFETY OUTREACH

Safety is also the heart of Northeast Power's mission statement – “to power our member-distribution cooperatives with safe, reliable, affordable electricity and value-added services,” – above all else provide power safely for our employees, for our member-distribution cooperatives and the general public. We live and work in many of the communities we serve, we care about our neighbors and we care about their safety near our power lines and the lines maintained by our member-distribution cooperatives.

Northeast Power has partnered with our member-distribution cooperatives to provide public safety demonstrations since the late 1980s. Our safety program started with a table-top safety model used to educate elementary students about where power comes from and how to stay safe in everyday situations involving electricity. In 2009, a high voltage live line safety

demonstration was added to the safety program. The live line safety demonstration is action-packed and provides life-saving information about how to quickly and safely react to emergencies involving electricity, leaving a lasting impression on junior high and high school students as well as first responders and other community groups. Northeast Power continued safety outreach efforts in 2019 by partnering with our member-distribution cooperatives to provide 27 safety demonstrations to more than 3,300 participants.

Public Safety Campaign

During 2018, Northeast Power expanded the safety program to reach farmworkers, who often work dangerously close to power lines, by launching Energizing Safety, Northeast Power's public safety campaign. By creating bill inserts, Facebook posts and website content under Energizing Safety, we continue to

provide safety information member-distribution cooperatives can use to educate members-owners. Northeast Power continues to maintain Energizing Safety's website and Facebook page, regularly updating content relative for the current farm season. In 2019, additional content for substation and pad-mounted transformer safety was added to the Energizing Safety website and Facebook page.

We look forward to the continued growth of Energizing Safety and the ability to provide life-saving information to our member-distribution cooperatives, their member-owners and the general public.





ROW SAFETY

Our efforts to ensure the safety of the public go beyond that of safety demonstrations and social media communications. Since safety remains the most important aspect of our cooperative business, throughout 2019 we focused on eliminating dangerous obstructions found in our right-of-way. Right-of-way obstructions like hunting stands, buildings, grain bins and even ponds pose a serious danger to not only our line crews, but also the public. To mitigate the dangers, our line crews spent much of the year conducting line patrols to record all obstructions found within our right-of-way.

Once an obstruction is identified, a determination is made on whether it is an immediate hazard or if it's safe to leave as is. Some immediate hazards are easily identifiable such as tall deer stands either directly under transmission lines or attached to transmission poles. Other obstructions are a little more challenging, such as, terraces or buildings close to the line. For those obstructions, measurements are taken and if clearances are violated, either the obstruction is moved, or the line is raised. If no clearances are violated, the location is documented on our new ESRI geographic information system (GIS) map. The GIS map will be utilized to help us identify any new obstructions that may appear within our right-of-way in the future.

MEMBER UNITY

Our spirit of unity as defined in our mission statement – “we work as a team united in cause and action to serve our members and communities” – has never been stronger.

Cooperative Difference

In the fall 2019, Northeast Power partnered with Associated to assist member-distribution coop-

eratives with a video project on “the cooperative difference.” The project came at the request of member-distribution cooperatives due to increased interest in video communication – especially for website and social media purposes. Darryll Lindsey and Ashton Kirtley (Associated’s member services department) traveled to our service area and shot drone and standard

video footage for six of our eight member-distribution cooperatives, as well as Northeast Power. The footage was then used to create 30-second videos for each participating member-distribution cooperative. Associated’s production crew drove approximately 1,400 miles in five days and produced 28 videos. Member-distribution cooperatives wasted no time in posting the videos to Facebook and engaging their member-owners.

Teacher Education Program

We continue to support our local teachers by partnering with member-distribution cooperatives to send them through the *Energy in Today’s Classroom* two-day graduate level course at the University of Missouri-Columbia. In July 2019, nine local teachers were sponsored to attend this unique, educational experience. The *Energy in Today’s Classroom* curriculum provides teachers with an inside look at power generation and transmis-



sion and information on energy and the economics of energy production. 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.

We look forward to supporting our local educators as we partner with our member-distribution cooperatives to sponsor another 11 teachers in 2020.

Electric Cooperative 101

In January 2020, we hosted the fourth electric cooperative 101 orientation program for employees and directors of our member-distribution cooperatives and Northeast Power. The program provides attendees 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 program has been very well received by directors and employees, including those new to the coop-

erative and those with long-term service. The dynamic brought to the table by mixing both directors and cooperative employees into one program is extremely valuable as each offer insight to many facets of cooperative operations. Both groups left with an enhanced perspective on how each other operates in order to continue to provide safe, reliable and affordable electricity to members. We look forward to providing this program for years to come.

Economic Funding

Now in our second year of partnership with our member-distribution cooperatives, involvement with USDA Rural Economic Development Loan and Grant (REDLG) programs continue to grow. Through either the loan program (REDL), the grant program (REDG), or a combination of the two, cooperatives can provide zero interest financing to local economic development projects. In June 2019, Northeast Power partnered with Access En-

ergy Cooperative to fund the Henry County Health Center’s \$300,000 REDG.

Northeast Power’s revolving loan fund contained a balance of \$72,419.51 at year end. The Center-ville Community School District REDG, funded in late 2018, is now repaying their loan. Once repaid, these funds can then be used to finance additional local economic development projects. We look forward to the growth of the revolving loan fund and the ability to provide funding for additional local economic development projects for years to come as we continue to work together and improve quality of life in the communities we serve.

UNITY
“We work as a team
united in cause
and action to serve
our members and
communities.”

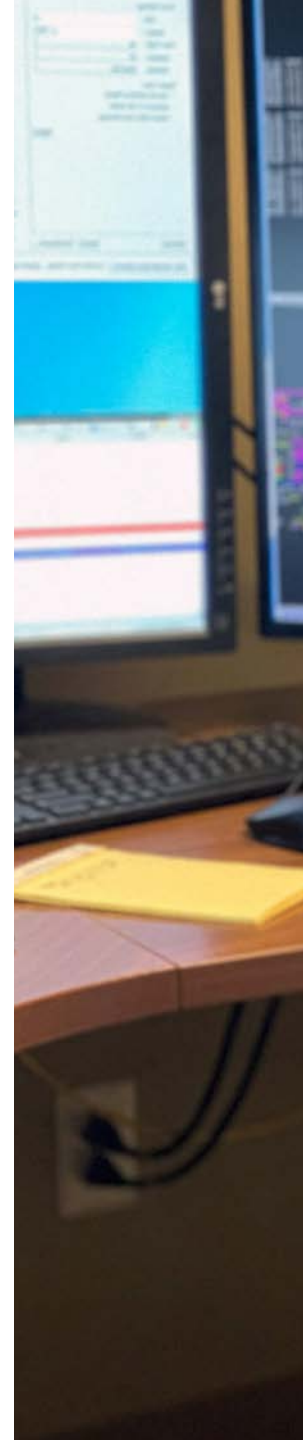
REGULATORY IMPACT

We value integrity – “within all interactions, we strive for honesty, high professional standards and accountability for our actions, even when no one is looking.” A significant amount of time, behind the scenes, was focused on NERC (North American Reliability Corporation) compliance during 2019. The NERC organization was developed to create and enforce reliability standards on the electric utility industry with threat of monetary penalty for non-compliance. Today, more than 100 standards are subject to enforcement. During 2019, per new NERC standards, Northeast Power’s primary Control Center was reclassified from a low-impact facility to high-impact. This facility change increased the number of compliance requirements the Control Center was required to follow from five to 97. Cross department coordination and cooperation was necessary to complete upgrades to meet the new requirements. Some of the

tasks required to meet the new requirements included: remodeling portions of the Control Center, upgrading physical security system hardware and the creation of extensive standard operating procedures. Coordination and cooperation with Associated were crucial to meet these additional requirements. We will continue to work closely with Associated to monitor and maintain on-going compliance of all current applicable NERC standards.

INTEGRITY

**Within all interactions,
we strive for honesty,
high professional
standards and
accountability for our
actions, even when no
one is looking.**





SYSTEM UPGRADES

In today's ever changing, technology driven world, we can no longer rely on only physical security measures to protect the grid and system reliability. Continuing our mission to provide reliable power requires a never-ending focus on cyber-resiliency. Northeast Power's Information Services and Technologies (IS&T) department was hard at work throughout 2019 enhancing our cybersecurity program.

Cybersecurity

Specific program enhancements included an upgraded firewall, change in our anti-virus vendor and addition of a new email spam filter. These improvements allow for an updated approach to cybersecurity and add additional visibility into the system. These modifications, along with an expanded monthly email awareness communication, greatly reduced the risk of cyber-attack through phishing emails.

Another aspect of Northeast Power's forward-looking approach includes the transition to a virtual server network. Existing physical servers were aging, had limited capacity and utilized a co-location of systems that needed to be separated from a cybersecurity standpoint. Advancing from this physical to virtual server architecture helps mitigate these and other risks and provides for a stronger foundation for growth and economy of scale moving forward. Virtual architecture also allows us to have a dynamic offsite recovery location.

Fiber Infrastructure

We continue to focus on the importance of our fiber communications network. We have upgraded our core communication switches and monitoring software. Redundant fiber communications were expanded to several sites in 2019 and we will continue to build on this important communication architecture in 2020.

Tower Safety Training

In 2019, the structural integrity of 26 of our communication towers was inspected. We have begun addressing findings and will continue mitigation in 2020. Tower inspections allow us to ensure the reliability of the structures and the equipment mounted to them. In order to ensure the safety of our employees, half of the Telecommunications department completed "competent" training for tower climbing in the summer of 2019. The completion of the training allows us to directly inspect tower safety equipment and climbing safety equipment including fixed-fall restraints. This additional training provides critical knowledge to the employees who are directly utilizing the tower safety equipment as part of their regular responsibilities. The remaining Telecommunications department will complete this important safety training in 2020.



EQUIPMENT REPLACEMENT

Northeast Power strives to maintain system equipment and extend asset life for as long as possible. Eventually, however, due to age or other factors, equipment life cannot be extended. When this happens, we ensure innovation – “we identify member needs, cooperative inefficiencies and outdated work practices, in an ever-changing electrical industry. We create solutions by researching new technologies and products, learning from our peers’ innovations and improving current practices to lead us into a brighter tomorrow,” – is a key component of any upgrades or equipment replacements we make.

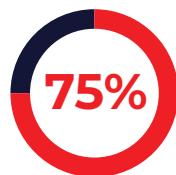
Circuit Breaker Replacements

Five 69 kV circuit breakers in our system were replaced in 2019. Lancaster and South River switch

stations had one oil breaker replaced at each switch station. Two SF6 circuit breakers were replaced at Cannon Dam Switch Station and one 69 kV SF6 circuit breaker was replaced at Henry 161/69 kV Substation.

Brown Insulator, Switch and Fuse Replacements

Replacing original brown insulators in substations with newer, grey insulators has been a focus for several years and in 2019, that work continued when insulators were changed out at the Keosauqua, Mark, Ottumwa, Pittsburgh, Connelsville, Lancaster and Memphis 69/12.47 kV distribution substations. Substation switches and 69 kV fusing were inspected during this work and replaced as necessary.



Brown insulators have been changed in 27 of 36 substations since 2015.

Nova Recloser Installations

Several member-distribution cooperatives are upgrading their reclosers to Cooper Power series Nova reclosers. In order to prepare substations for this upgrade, modifications must be made to the existing stations. In some cases, steel trusses must be added or modified, new conduit for AC power and communications run, testing with SCADA is required and occasionally foundations need to be added. This work is closely coordinated with member-distribution cooperatives. In 2019, Nova reclosers were added to the Axtell, Bevier, Bynumville, Cairo, Clarence, Hagers Grove, Lentner, Lovelake, Macon, New Cambria, Shelbyville and Winigan substations.



INNOVATION

“We identify member needs, cooperative inefficiencies and outdated work practices, in an ever-changing electrical industry. We create solutions by researching new technologies and products, learning from our peers’ innovations and improving current practices to lead us into a brighter tomorrow.”

CAPACITY EXPANSION

A significant upgrade was completed on the Withers Mill 69/12.47 kV Substation in Missouri Rural Electric Cooperative's service territory in October 2019. This upgrade was necessary in order to increase total station capacity due to expansions of both the Ralls County water treatment plant and the Hannibal Regional Hospital.

Aspects of a more modern design including, high and low side breakers, relays and a load tap changer on the transformer, in lieu of voltage regulators were incorporated into the remodel. The capacity upgrade also required steel structures be replaced and bus work updated, in addition to adding a large three-phase transformer and associated protective equipment, for additional capacity and increased working clearances. Station top-end capacity was increased from 9.375 MVA to 13.7 MVA following the expansive upgrades and will help to ensure reliability remains strong for vital entities like the water treatment plant and the hospital in our community. Our commitment to innovation was ever present in the extensive upgrade at the Withers Mill Substation.



**2,262 operations man-hours and
540 engineering hours were
needed to complete this project.**





ENERGY PARTNERS

Our vision to light the way as a trusted energy partner goes beyond collaboration within our three-tiered system. In 2017, Northeast Power completed negotiations with Ameren Transmission Company of Illinois (ATXI), Mid-American Energy and ITC Midwest 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 as part of a slate of 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. As the MISO member utilities began to move their projects forward, they realized partner-

ing with Northeast Power to share existing right-of-way would be invaluable.

Through each investor-owned utility's portion of the project, Northeast Power's existing poles and line were removed and replaced with steel monopoles that carry our line on one side and their new line on the other. The new line construction was a benefit for landowners and member-owners because it eliminated the need for guy wires and anchors and provided new easement payments. The partnership was also a great-cost saving benefit for Northeast Power, Associated and our member-distribution cooperatives because the entire project was funded by the investor-owned utilities – saving Northeast Power millions of dollars in future rebuild and maintenance costs.



The smallest of the joint projects was a 1.6-mile line section in Southern Iowa Electric Cooperative's service territory from the Ottumwa Switch Station to the Christianburg Substation. ITC utilized our right-of-way to co-locate their new 345 kV transmission line with our 69 kV line and construction was completed in May 2019.

The joint project with MidAmerican consisted of a 3.6-mile section in Southern Iowa Electric Cooperative's service territory, between the Belknap Tap and the Ottumwa Switch Station, was completed in December 2018.

The largest of the joint construction projects was ATXI's Mark Twain Transmission Project (MTTP). The 96-mile MTTP ran through por-

Cost savings estimated at more than \$40 million.

tions of Lewis County REC, Missouri Rural Electric Cooperative and Tri-County Electric Cooperative territories. Approximately 60 miles of the project included 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). Construction of this section of the project was completed as scheduled in December 2019.

Additional Benefits

Lewis County REC and Missouri Rural Electric Cooperative additionally benefited from the joint transmission project. Distribution system upgrades were necessary at Emerson, Newark and Novelty substations in order to successfully transfer load and complete MTTP upgrades in the Emerson and Newark substations while both substations were de-energized. The substations were de-energized in June 2019; upgrades were completed and the substations were re-energized in September 2019.

Although the investor-owned utilities continue to battle weather and ground conditions to complete clean-up along right-of-ways, the entire MVP is now energized. The costs savings for Northeast Power is estimated at more than \$40

million dollars. In addition to the tremendous financial savings, our unique partnership with investor-owned utilities on the MVP provides enhanced reliability for our member-distribution cooperatives and long-term value for the region.



EMERGENCY RESTORATION

Northeast Power's Emergency Restoration Plan was tested more than once during 2019 as flooding on the Mississippi River hit crests that were second only to the flooding seen in 1993. Flooding occurred during the construction of the Mark Twain Transmission Project (MTP). Novelty, Emerson and Newark substations have 161 kV connections to the Northeast Power South River Substation and to the Ameren Missouri Adair Substation. While ATXI worked on the line between Adair Substation and Novelty Substation, the Novelty, Emerson and Newark substations needed to maintain a 161 kV feed from South River. When flood levels continued to rise, this feed was in peril. If the rising water reduced line clearances, the feed from South River would need to be de-energized. Were this to occur, there would have been no 161 kV feed to Novelty, Emerson and Newark substations from either Adair Substation or South River Substation.

Northeast Power was prepared for this potential scenario as part of our Emergency Restoration Plan (ERP). A temporary 161 kV tap was prepared with the help of ATXI at the intersection of the Ameren 161 kV Viele transmission line with Northeast Power's South River to Emerson 161 kV transmission line. The tap was available if Northeast Power's South River to Emerson



transmission line needed to be de-energized due to flooding. Additionally, any 69 kV transmission lines that developed clearance issues due to flooding were de-energized. Fortunately, in both the spring and the fall, flooding receded and the tap did not need to be utilized.

The Emergency Restoration Plan is not only a requirement under the Rural Utilities Service, but also serves as a significant resource for successfully overcoming

unforeseen incidents or disasters. ERPs enhance a cooperative's ability to recover from physical and financial losses, reduce damage to equipment and minimize business interruption.



To ensure safety and reliability, line clearances were checked 26 times during 2019 flooding.



HONORING OUR VETERANS

Kevin Scholl, Mike McCutchen, Dustin Leach, Tyler Bergman and Tom Pearn



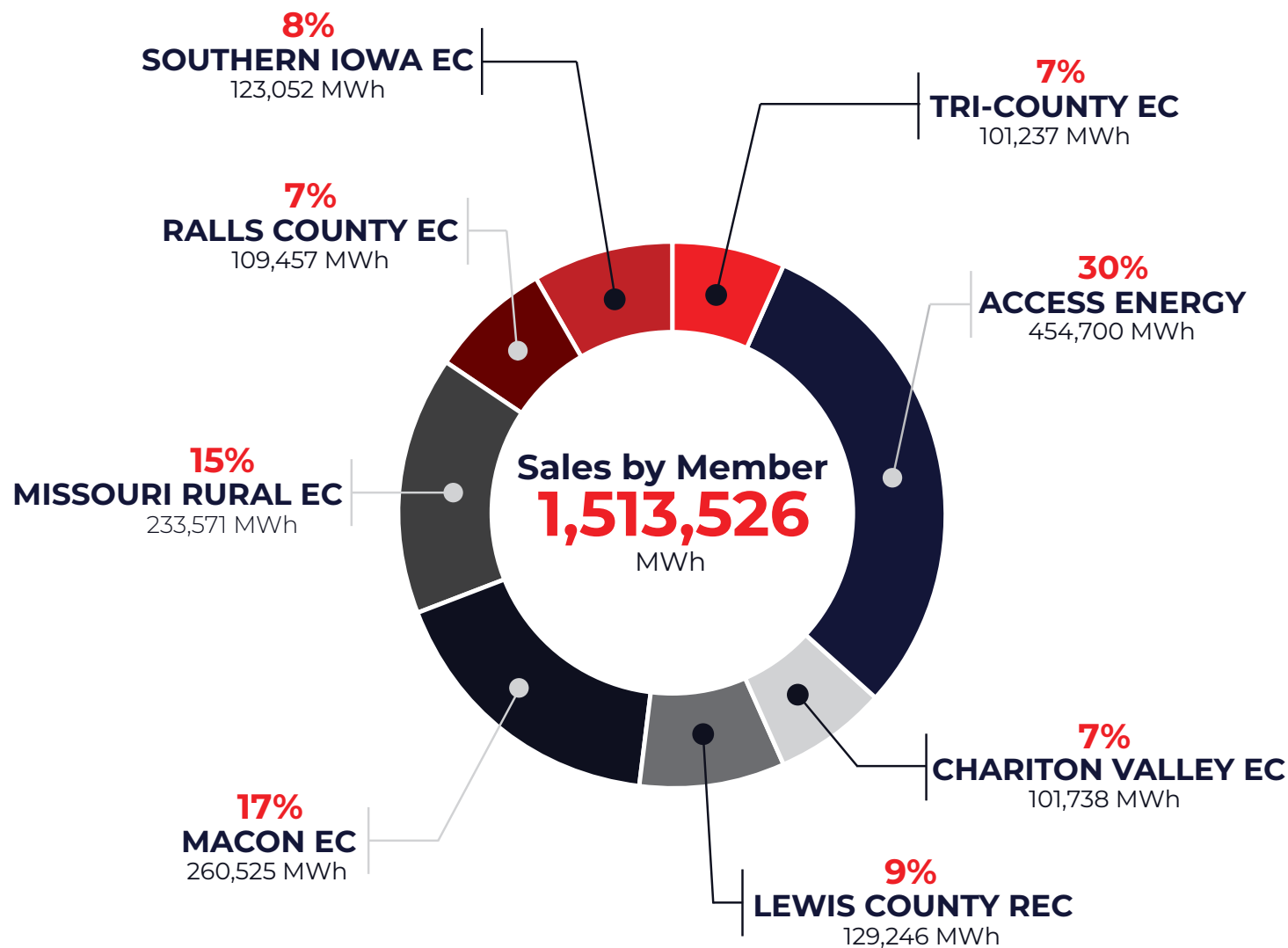
FINANCIAL REPORT

In order to power our member-distribution cooperatives with safe, reliable, affordable electricity and value-added services, Northeast Power and others invested \$13.5 million in facilities, growing Total Utility Plant to \$145.2 million. Strong margins of \$1.5 million, combined with Associated's allocation of \$3.6 million, resulted in Total Margins of \$5.1 million, up \$603 thousand from 2018. Closely monitoring operating and maintenance costs in 2019 allowed us to pass on \$3.4 million in power supply discounts received from Associated. We continue to target key financial metrics intended to ensure sufficient capital to meet future plant expansion and cash flow to meet obligations as they become due. Margins for Interest of 2.49 and Debt Service Coverage of 2.14 both exceeded the target ratios in 2019. A strong balance sheet provides assurance to our member-distribution cooperatives and creditors that we have the financial resources to meet our obligations. The 2019 equity-to-assets ratio of 41.8 percent is one such indicator of our financial strength. We remain in a strong financial position to continue as a trusted energy partner for our members.

By the Numbers (2019/2018)

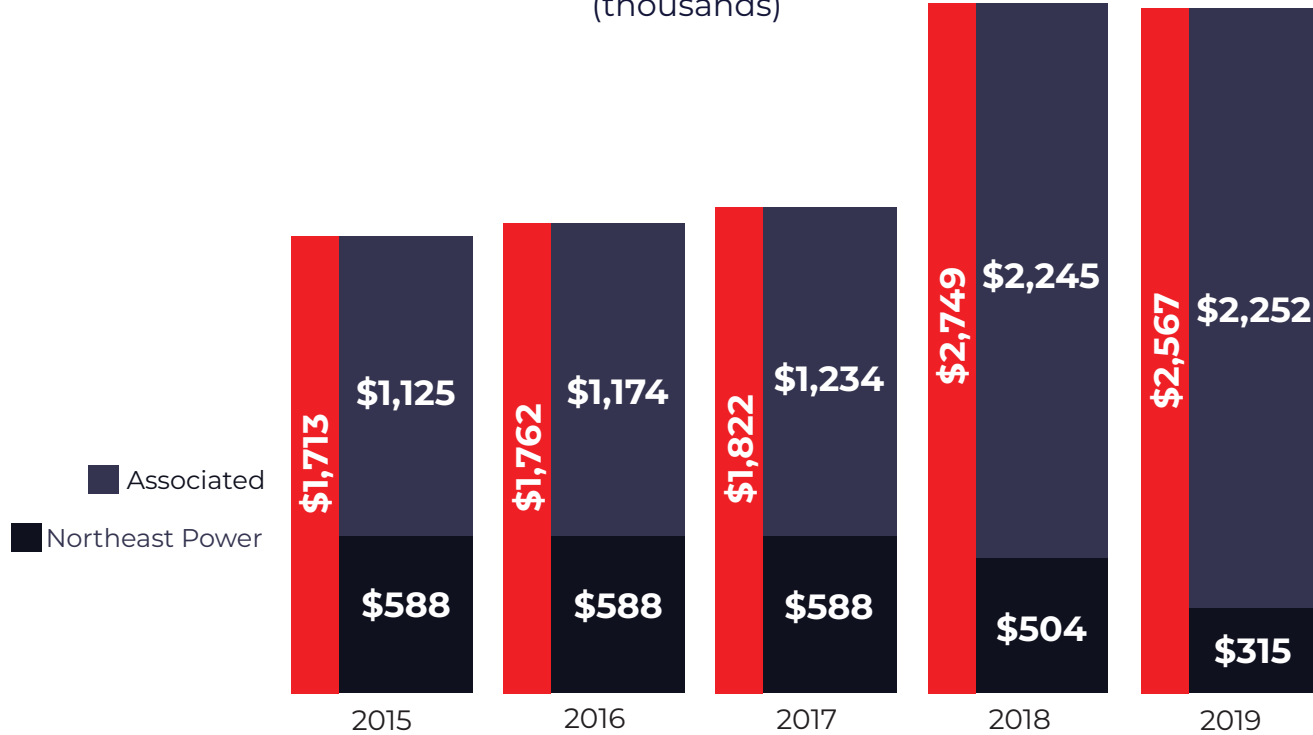
\$90.2 2018	\$87.9 million Total Revenues	\$5.1 million Net Margins	\$4.5 2018
\$151.3 2018	\$157.9 million Total Assets	\$66 million Total Equity	\$63.5 2018
\$2.7 2018	\$2.6 million Capital Credits Retired	\$45 million Capital Credits Retired to Date	\$42.4 2018

2019

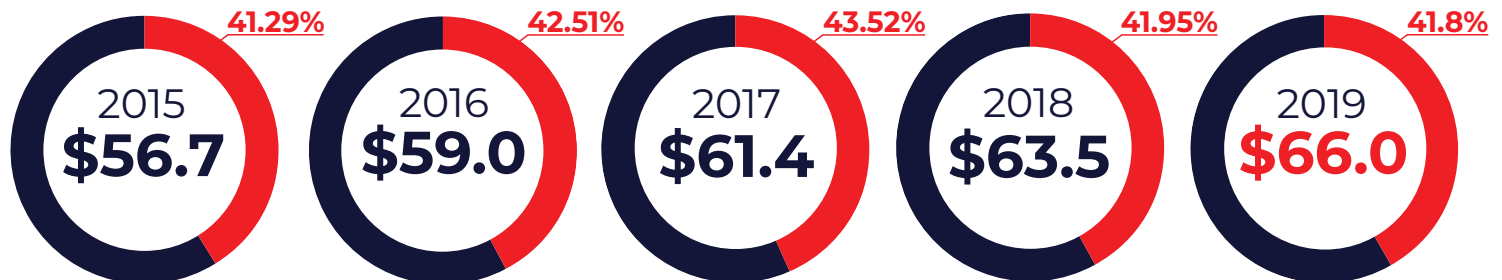


full financial report available upon request

Patronage Distribution (thousands)

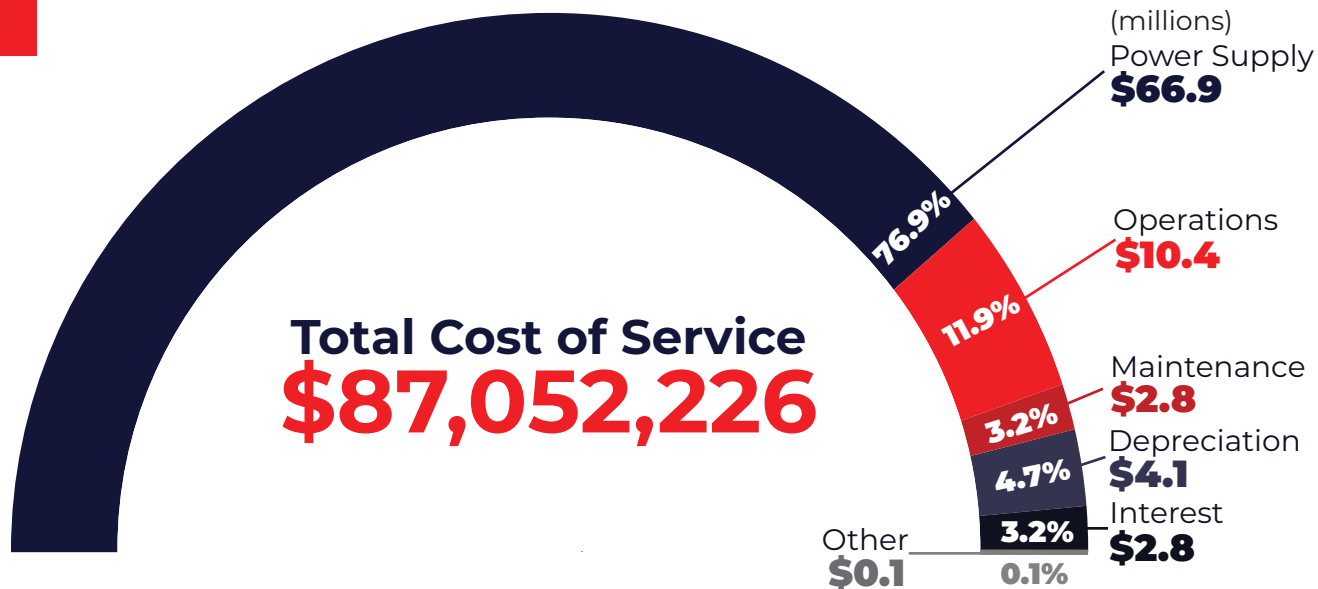


Total Equity (millions)



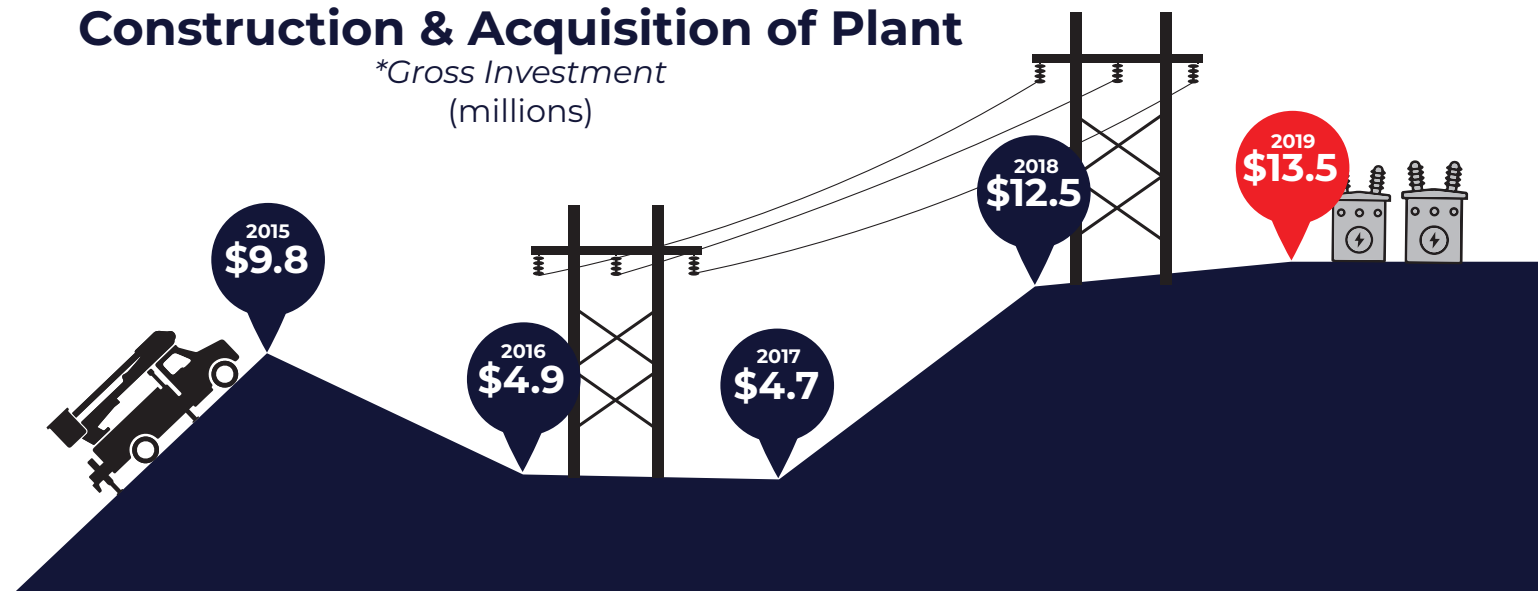
full financial report available upon request

2019



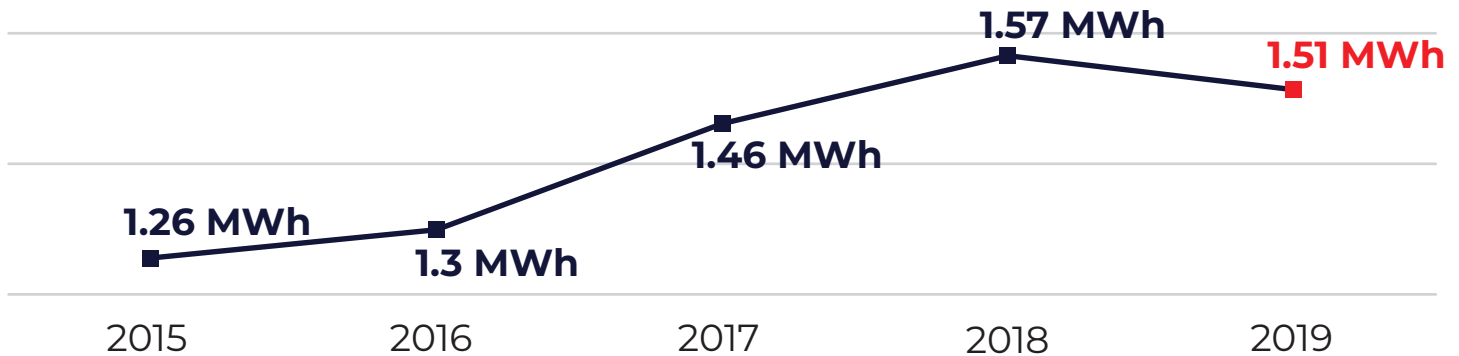
Construction & Acquisition of Plant

*Gross Investment
(millions)

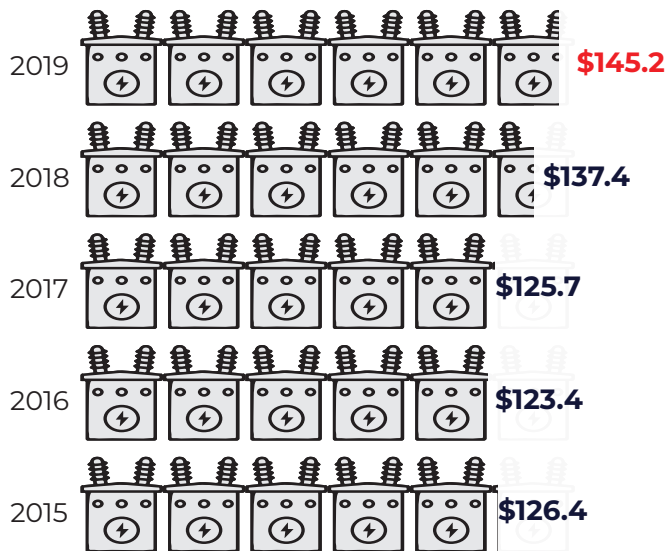


full financial report available upon request

Megawatt Hour Sales (millions)



Total Utility Plant (millions)



full financial report available upon request

ACCOUNTABILITY

“We take responsibility for our actions and give our best effort ensuring a high level of service to our members as well as respect and fairness to each other.”

COMMUNITY PROUD

2019 United Way campaign



\$47,692.96

total employee
contribution



employees
contributed



\$800.54

average contribution
per employee

18



employees
increased total
contribution five
or more percent



\$7,000

Northeast Power
contribution



\$54,692.96

total United Way
contribution

Our legacy of honoring the seventh cooperative principle – Concern for Community – carries on through the generous hearts of our employees. Each year, the Northeast Power Fundraising Committee sets a campaign fundraising goal and organizes a variety of fundraising opportunities to support the United Way and other local not-for-profit organizations. It has become a tradition for the Fundraising Committee to set the campaign goal higher than the previous year and the employees of Northeast Power come together to exceed that goal every year. 2019 proved to be no different; the employees generously raised more than \$47,000, exceeding their \$46,000 goal. Over the past 10 years alone, the employees of Northeast Power have donated more than \$445,000 to the United Way campaign.

During 2019, employees also participated in the annual United Way Day of Caring event and provided service on the United Way board of directors. The fundraising committee continued to provide community support through the Annual 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. In addition to the Committee's annual fundraising events, cleaning supplies were donated by employees to fill "Flood Relief Buckets" distributed to families and businesses affected by flooding of the Mississippi River in 2019.

Thank you to the 2019 Community Fundraising Committee - Rachel Bemis, Jerry Daniels, Alicia Doran, Jamie Page, Tom Pearn and Adam Smoot.

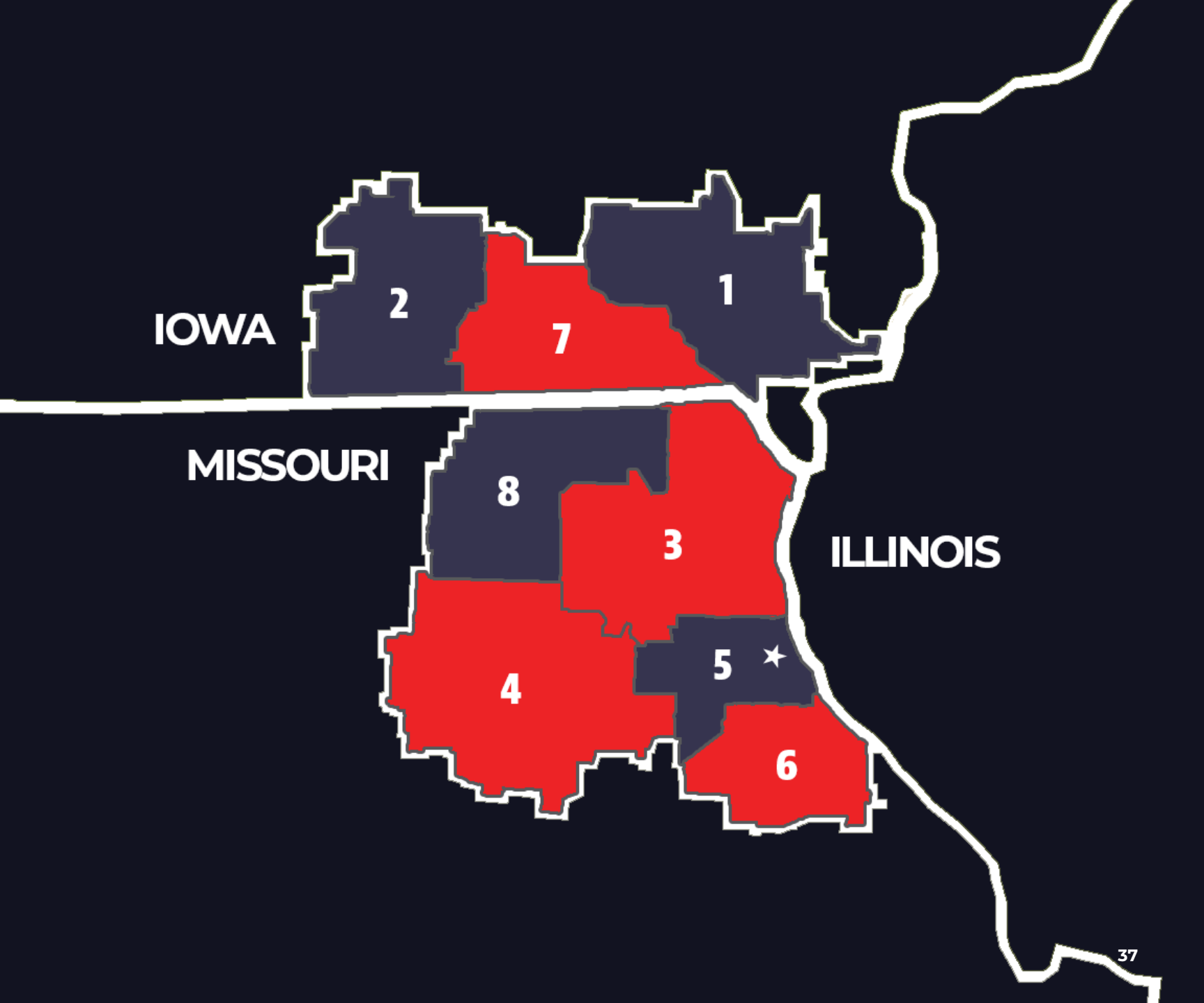


MEMBER-DISTRIBUTION COOPERATIVES

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 Energized Line	Meters per Mile of Line	Total kWh Sold (millions)	Peak Demand
1	Access Energy Cooperative	8,914	2,246	3.97	446.1	72,449
2	Chariton Valley Electric Cooperative	6,058	1,349	4.49	97.2	22,427
3	Lewis County REC	7,256	2,487	2.90	122.9	26,984
4	Macon Electric Cooperative	11,288	2,893	3.90	248.8	57,058
5	Missouri Rural Electric Cooperative	5,407	1,111	4.87	227.5	42,265
6	Ralls County Electric Cooperative	6,248	1,392	4.49	104.6	26,125
7	Southern Iowa Electric Cooperative	4,733	1,679	2.81	118.0	25,983
8	Tri-County Electric Cooperative	6,434	1,815	3.54	96.8	17,751

data reported as of 12/31/2019 by member-distribution cooperatives



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

Attorney



Andrew Sporleder, Esq.
Johnson & Sporleder, LLP



John Bledsoe
Associated Electric
Cooperative Inc.



Jay Collins
Macon Electric
Cooperative



Dick Disselhorst
Missouri Rural
Electric Cooperative



Joy Evans
Southern Iowa Electric
Cooperative



Harley Harrelson
Tri-County Electric
Cooperative

Thank you for your commitment to our cooperatives!

Macon Electric Cooperative Director, Larry Robuck, retired from the Board after four years of service. Northeast Power also welcomed Jay Collins, Macon Electric Cooperative, and Michael Schantz, Lewis County REC, as new board members in 2019.



Fred Hickenbottom
Access Energy
Cooperative



John Killgore
Associated Electric
Cooperative Inc.



Sharon Leake
Ralls County Electric
Cooperative



Michael Miller
Chariton Valley
Electric Cooperative



Michael Schantz
Lewis County REC



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

NORTHEAST POWER EMPLOYEES



Douglas Aeilts, PE
CEO and General Manager



Douglas Drake, CLCP
Safety and Compliance Manager



Jackie Serbin, CPA
Chief Financial Officer



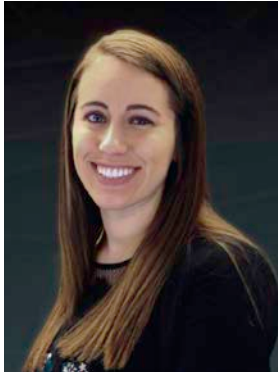
Kay Simpson
Administrative Assistant



Kevin White, PE
Chief Operations Officer



Landon Zaborowski
Manager of Information Services
and Technologies



Allie Bennett, CCC

Manager of Economic Development
and Member Services

Northeast Power is proud to welcome Allie Bennett to our team. Allie previously served as Marketing and Communications Manager for Macon Electric Cooperative. Prior to joining the cooperative family, she was a teacher at the Shelby County R-IV School District and Madison C-3 School District. Allie is seeking her Doctorate in Business Administration and anticipates graduating November 2020. In addition, Allie is pursuing her Certified Economic Developer credential and plans to take the CEcD exam later in 2020.

Control Center Employees

Kevin Sydenstricker
System Operator Manager

Cory Ames
System Operator

Tyler Bennett
Apprentice System Operator
(New Employee)

Tess Bogue
Apprentice System Operator

Troy Detwiler
Apprentice System Operator
(New Employee)

Dustin Goodwin
Apprentice System Operator
(New Employee)

Shawn McCleery
System Operator

Mike McCutchen
System Operator Class 1

Adam Smoot
System Operator

Engineering Employees

Skyler Wiegmann
Engineering and NERC
Compliance Manager

Brett Douglas
System Engineer

Brian Fuqua
System Engineer

Misty Hancock
Engineering and Operations
Office Assistant

Wendy Nelson
Engineering Design Technician

Right-of-Way Employee

Michael Jeffries
Right-of-Way Manager

Finance Employees

Melissa Kizer
Controller

Rachel Bemis
Payroll Clerk/Office Assistant

Alan Embree
Accountant

Kristine Weatherford
Accounting Clerk
(New Employee)

IS&T Employees

Kevin Scholl
Network and Communications
Services Manager

Tim Goehl
Telecommunications
Technician

Drew Moyer
Telecommunications
Technician

NORTHEAST POWER EMPLOYEES (continued)

Chris Billups
Systems Analyst

Merritt Lomax
Systems Analyst

**Purchasing,
Facility
Maintenance and
Warehouse
Employees**
Rusty Adrian
Purchasing Manager

Jake Lovelace
General Maintenance
Technician

Richard Steidinger
Warehouseman

Office Employee
Alicia Doran
Receptionist/Office
Assistant

**Operations
Employees**
Gary Wood
Operations Manager

Dennis Carter
Equipment Operator

Josh Chinn
Equipment Operator

Jerry Daniels, III
Substation Technician

Jeff Dornberger
General Construction
Foreman

Todd Dornberger
Utility Groundman

Richard Epperson, Jr.
Apprentice Substation
Technician

Luke Frericks
Utility Groundman

Steve Gottman
Journeyman Lineman
(New Employee)

Dave Henderson
Steuben Crew Foreman

A.J. Holtschlag
Apprentice Substation
Technician

Anthony Huber
Journeyman Lineman
(New Employee)

Jeremy Hudson
Journeyman Lineman
(New Employee)

Bob Leake
Palmyra Crew Foreman

Bruce Lear
Garage Mechanic

Tom Pearn
Equipment Operator

Cole Pennewell
Apprentice Lineman

Steve Pierceall
Substation Foreman

Jimmy Powell
Utility Groundman

Tom Powell
Equipment Operator

Justin Roberts
Substation Technician

Kent Rupp
Palmyra Crew Foreman

Damon Scott
Journeyman Lineman

Matt Simmons
Journeyman Lineman

Steve Smith
Journeyman Lineman

Jamie Taylor
Journeyman Lineman



**61 full-time employees.
20 with more than 20 years of
electric cooperative service.**



CONCERN FOR COMMUNITY.

Commitment and service to our communities goes beyond that of our support during normal business hours. Our employees, as well as their children and grandchildren are dedicated to a legacy of helping others shine. Through volunteerism and a community-focused attitude, they tirelessly give back in so many ways. We know the work they do provides a lasting impact and we are truly grateful for the unending commitment our employees make to support their communities.

These people are our kind of people.

(This page intentionally left blank)



Northeast Power

A Touchstone Energy® Cooperative



3705 Business 61

P.O. Box 191

Palmyra, MO 63461

www.northeast-power.coop

573.769.2107



www.energizingsafety.coop