



Iowa Association of
Electric Cooperatives

UNITED THROUGH CHANGE

2016 ANNUAL REPORT

A Touchstone Energy® Cooperative





United Through Change

Electric cooperatives are no stranger to change; in fact, we would argue that adapting to change over the decades has made us stronger and more aware of the needs of our members. Times of change cause us to prioritize what is truly important, bringing us together to achieve a common mission while forming a stronger bond. Over the past year, the Iowa Association of Electric Cooperatives has worked diligently to unite our member co-ops as we work through issues like the Clean Power Plan, the Iowa Energy Plan, distributed generation, and complex policy and legislative issues, among others. Internally, our departments unite through change as we collaborate to provide a high level of service and support for our member cooperatives.

Please read these department updates from the past year:

Communications

IAEC's Communications team continues to build upon our strong foundation of resources to communicate the cooperative purpose throughout the state. IAEC saw the need to provide crisis communication support to our member cooperatives, helping them establish their own crisis communications plans along with additional media training for employees and directors. IAEC's website was redesigned in late 2015 to streamline content and provide a mobile-friendly experience. *Living with Energy in Iowa*, the statewide magazine mailed to over 57,000 member-consumer homes each month, increased circulation by over 14% with the addition of two distribution cooperatives in 2016. Due to printing efficiencies and economies of scale, we were able to lower the base rate of the magazine for our 2016-17 fiscal year.

As member cooperatives implement solar into their generation portfolio, we help share the story through media outreach and social media. For member-consumers who wish to invest in solar, we developed a series of informational articles and worked with the Iowa Energy Center to publish a Solar PV Energy Guide. We continue to support our member co-ops through valuable resources, including daily headline digests and model articles and columns for local use. We also support communication as a strategic management function on a national level, with our communications director chairing the national association's Certified Cooperative Communicator program and also serving on the Council of Rural Electric Communicators.

Education and Training

Through changes coming in our industry, proactive education and training will be critical in providing learning opportunities for all of Iowa's electric cooperative employees and directors. This past year, more than 1,000 cooperative employees and directors participated in 40 conferences, workshops and hands-on training sessions, which help develop the skills they need to be informed and educated on complex issues. As we unite through the changes coming towards us, leadership skills are vital to employees who are in the midst of their cooperative careers. We also work to nurture opportunities for employees and directors to network, share and discuss ideas and challenges so they can better serve their member-owners. Our department's goal is to continue educating and training on the latest industry trends while reinforcing cooperative fundamentals and principles. We are also working to strengthen and standardize sponsorship opportunities with industry vendors and partners.

Government Relations

This year's legislative session was set by the tight budget the state was facing, highlighted by the ongoing debate over education funding, Medicaid privatization and other health services funding. The fluctuating economy resulted in revenue estimates being revised downward causing concerns at the Statehouse. With these issues as a backdrop, Iowa's electric co-ops worked hard to protect our ability to provide safe, affordable, reliable and environmentally responsible electricity to our member-consumers. We accomplished our top legislative agenda item by ensuring policymakers are focused on a utility-based approach to deploying solar in this state. We also defeated a number of mandates that would have unnecessarily made electricity more expensive. Our affirmative legislation initiatives were encapsulated in HF 2468, one of the last bills to pass before adjournment. This bill, which was signed into law by the Governor, reauthorizes the Replacement Tax Task Force, makes substantive corrections and improvements to the administration of the solar tax credit program reserved for utilities, and enhances the existing state geothermal tax credit program.

Advocates remained busy this year at the state and federal level, attending events, contacting their legislators, and engaging with presidential candidates on behalf of Iowa's electric cooperatives. Iowa Rural Power advocates engaged with all of the presidential candidates asking them, "What is your plan to ensure affordable and reliable electricity in the future?" The Iowa Rural Power campaign once again proved to be incredibly successful in establishing relationships with the candidates and in serving as a model to other statewide associations regarding grassroots activity.



Our bi-partisan political action committee, Iowa FORE (Friends of Rural Electrification), raised over \$100,000 this past year to elevate candidates who support Iowa's electric cooperatives.

Regulatory Affairs

Solution-oriented engagement with stakeholders across the executive and judicial branches of state and federal government was at the core of activities performed by IAEC's Regulatory Affairs team in 2016. We worked to ensure Iowa's electric cooperatives maintained a seat at the table, and in turn, were positioned to protect the interests of their member-consumers. Emphasizing transparency, open dialogue, thoughtful responses, and a cooperative mindset, we tackled complex policy issues.

At the federal level, the most significant outcome was playing a role in the U.S. Supreme Court's action to issue a stay decision on the Clean Power Plan. The Regulatory Affairs team was also active in reaching a successful outcome on the FEMA appeal for Iowa's electric cooperatives, stemming from an April 2013 ice storm. In doing so, millions of infrastructure investment dollars were recouped that would have otherwise been shouldered by member-consumers in the impacted regions of the state. Work also took place on Limited English Proficiency and The 51st State – A Cooperative Path to a Sustainable Future initiatives. The IAEC's expertise and leadership in the regulatory arena were recognized with the department's director receiving an appointment to NRECA's Regulatory Affairs Committee.

State level policy work included leading electric cooperative efforts for Iowa's development of a statewide energy plan, the

completion of the Iowa Energy Center's Solar PV Energy Guide, and significant efforts related to distributed generation, cybersecurity, energy efficiency, and smart grid topics.

Safety & Loss Control

Our Safety & Loss Control team continues to promote the saying "a trained lineman will be a safer lineman" by offering a Department of Labor Sanctioned Apprenticeship program. This four-year program is a partnership with the Iowa Association of Municipal Utilities and Northwest Iowa Community College. The candidates are given a placement test to determine their knowledge baseline of industry standards and best practices. The training then continues with online sessions and hands-on competency training. The program is designed around a four-year, seven-thousand-hour timeframe combined with safety meetings that are facilitated by IAEC personnel help to reinforce the training they get at the co-op through their day-to-day activities.

We will continue to promote safety through instruction on OSHA required information and industry best practices. IAEC's involvement with the revised Rural Electric Safety Achievement Program (RESAP) has now spanned several years as we reinforce safety leadership, examination of current practices, and planning for improved safety performance. A strong safety culture doesn't just happen; it's a product of intentional training and proactive education. Performance is always better when energized out of commitment versus compliance or obligation.



Steve Seidl
Steve Seidl
Board President



Charles Soderberg
Chuck Soderberg
Executive Vice President

BOARD OF DIRECTORS

PRESIDENT

Steve Seidl – District 5, Raccoon Valley Electric Cooperative

VICE PRESIDENT

Don Shonka – District 2, East-Central Iowa REC

SECRETARY-TREASURER

Frank Riley (Term ended in Sept. 2016) – District 4, Clarke Electric Cooperative

ASSISTANT SECRETARY-TREASURER

Larry White – District 1, Access Energy Cooperative

Shirley Benson – District 7, North West REC

Marion Denger – District 6, Prairie Energy Cooperative

Roger Solomonson – District 3, Heartland Power Cooperative

NRECA BOARD REPRESENTATIVE

Marion Denger – Prairie Energy Cooperative

MANAGERS' REPRESENTATIVE

Roxanne Carisch – Calhoun County Electric Cooperative Association

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GENERAL OFFICE



Chuck Soderberg
Executive Vice
President



Shelly York
Executive
Assistant



Megan Lyman
Administrative
Assistant

BENEFITS



Tim Falk
Director



Christine Crone
Benefits
Assistant

COMMUNICATIONS



Erin Campbell
Director



Cherié Moen
Communications
Assistant

EDUCATION & TRAINING



Katrina Davis
Director

GOVERNMENT RELATIONS



Kevin Condon
Director



Jenica Lensmeyer
Advocacy
Manager

REGULATORY AFFAIRS



Regi Goodale
Director



Ethan Hohenadel
Regulatory
Specialist

SAFETY & LOSS CONTROL



John Dvorak
Director



Matt Pociask
Job Training
& Safety
Instructor

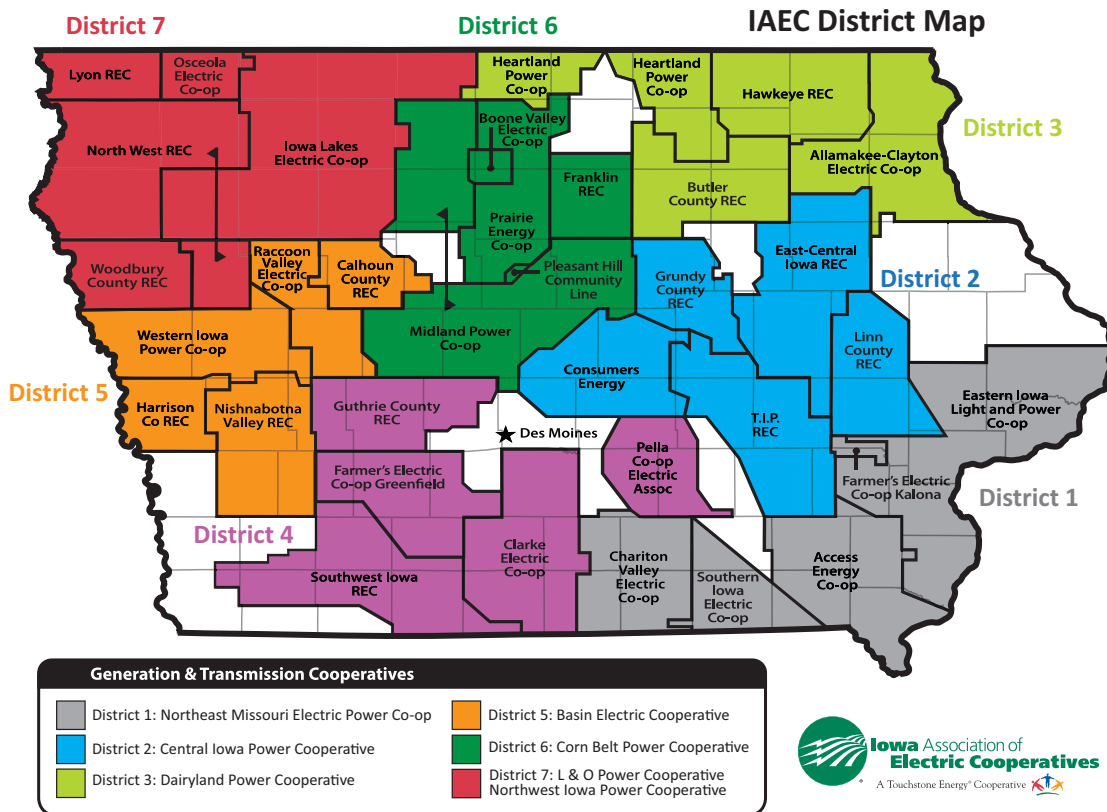


Jim Wolfe
Job Training
& Safety
Instructor



Carol Schulz
Administrative
Coordinator

The Iowa Association of Electric Cooperatives is divided into seven districts.



DISTRICT 1

Larry White, Director

Access Energy Cooperative
Chariton Valley Electric Cooperative
Eastern Iowa Light & Power Cooperative
Farmers Electric Cooperative, Kalona
Northeast Missouri Electric Power Cooperative
Southern Iowa Electric Cooperative

DISTRICT 2

Don Shonka, Director

Central Iowa Power Cooperative
Consumers Energy
East-Central Iowa Rural Electric Cooperative
Grundy County Rural Electric Cooperative
Linn County Rural Electric Cooperative
T.I.P. Rural Electric Cooperative

DISTRICT 3

Roger Solomonson, Director

Allamakee-Clayton Electric Cooperative
Butler County Rural Electric Cooperative
Dairyland Power Cooperative
Hawkeye Rural Electric Cooperative
Heartland Power Cooperative

DISTRICT 4

Frank Riley, Director

(term ended Sept. 2016)
Clarke Electric Cooperative
Farmers Electric Cooperative, Inc., Greenfield
Guthrie County Rural Electric Cooperative
Pella Cooperative Electric Association
Southwest Iowa Rural Electric Cooperative

DISTRICT 5

Steve Seidl, Director

Basin Electric Power Cooperative
Calhoun County Rural Electric Cooperative
Harrison County Rural Electric Cooperative
Nishnabotna Valley Electric Cooperative
Raccoon Valley Electric Cooperative
Western Iowa Power Cooperative

DISTRICT 6

Marion Denger, Director

Boone Valley Electric Cooperative
Corn Belt Power Cooperative
Franklin Rural Electric Cooperative
Midland Power Cooperative
Pleasant Hill Community Line
Prairie Energy Cooperative

DISTRICT 7

Shirley Benson, Director

Iowa Lakes Electric Cooperative
L & O Power Cooperative
Lyon Rural Electric Cooperative
North West Rural Electric Cooperative
Northwest Iowa Power Cooperative
Osceola Electric Cooperative
Woodbury County Rural Electric Cooperative

STATEMENTS OF FINANCIAL POSITION

For the years ended Aug. 31, 2016 and 2015

ASSETS	2016	2015
Cash and cash equivalents	\$1,275,197	\$972,337
Restricted cash	562,292	526,616
	<u>1,837,489</u>	<u>1,498,953</u>
Accounts receivable	96,723	141,873
Prepaid expenses	87,999	52,511
Investment securities	626,550	575,367
Other investments	180,535	179,434
	<u>2,829,296</u>	<u>2,448,138</u>
Property and equipment		
Office building	866,191	857,019
Automobiles	200,205	192,667
Office furniture and equipment	427,777	397,010
	<u>1,494,173</u>	<u>1,446,696</u>
Less accumulated depreciation	1,258,803	1,227,569
Net property and equipment	<u>235,370</u>	<u>219,127</u>
Total Assets	<u>\$ 3,064,666</u>	<u>\$ 2,667,265</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 329,540	\$ 377,553
Deferred revenue	12,625	26,800
Healthcare Trust payable	526,188	498,178
Total Liabilities	<u>\$ 868,353</u>	<u>\$ 902,531</u>
NET ASSETS		
Membership certificates		
\$5 stated value; 42 certificates authorized and issued at Aug. 31, 2016 and 2015	\$ 210	\$ 210
Board designated:		
Contingency reserve	1,442,216	1,527,346
Educational assistance reserve	119,265	119,265
Undesignated	634,622	117,913
Total Net Assets	<u>\$ 2,196,313</u>	<u>\$ 1,764,734</u>
Total Liabilities and Net Assets	<u>\$ 3,064,666</u>	<u>\$ 2,667,265</u>

Total Assets

\$ 3,064,666

\$ 2,667,265

Total Liabilities

\$ 868,353

\$ 902,531

Total Net Assets

\$ 2,196,313

\$ 1,764,734

STATEMENTS OF ACTIVITIES

For the years ended Aug. 31, 2016 and 2015

REVENUE AND SUPPORT

Assessments	\$ 2,415,573	\$ 2,317,310
Subscriptions	315,757	264,057
Public Service Announcements – <i>Living with Energy</i>	11,280	11,280
Special pages and inserts	98,768	84,178
Education and training	513,525	454,374
Safety and loss control	778,522	686,606
Communications programs	202,154	199,828
Regulatory affairs	62,352	90,801
Investment income	20,778	13,515
Government relations	46,482	40,939
Rent	13,800	4,600
Other	35,134	32,371

Total Revenue and Support

\$ 4,514,125 **\$ 4,199,859**

EXPENSES

Program services:		
Education and training	581,595	526,806
Regulatory affairs	517,990	596,477
Safety and loss control	720,789	690,346
Communications programs	448,538	436,168
Government relations	609,202	643,572
<i>Living with Energy</i>	396,752	348,441

Total Program Services

\$ 3,274,866 **\$ 3,241,810**

General and administrative:

General office	620,631	790,034
Accounting	206,743	253,145

Total General and Administrative

\$ 827,374 **\$ 1,043,179**

Total Expenses

\$ 4,102,240 **\$ 4,284,989**

Increase (decrease) in net assets before unrealized

gain (loss) on investment securities	411,885	(85,130)
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Unrealized gain (loss) on investment securities

19,694	(34,965)
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INCREASE (DECREASE) IN NET ASSETS

\$ 431,579 **\$ (120,095)**

The preceding condensed presentation of the 2016 and 2015 financial statements of the Iowa Association of Electric Cooperatives has been extracted from the organization's annual financial statements. The complete presentation of those financial statements, along with the independent auditor's report of LWBJ LLP, is available by contacting the Iowa Association of Electric Cooperatives.



**Iowa Association of
Electric Cooperatives**

* A Touchstone Energy® Cooperative 

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