



Member driven. Technology focused.

2019 **ANNUAL REPORT**



Letter from **the CEO**



Tim Bryan
CEO, NRTC

Our solutions are keenly focused on members - and the challenges and opportunities **you** face. They're designed to help **you** operate as efficiently as possible, improve the lives of **your** consumers and benefit the communities **you** serve.

As we've developed, refined and expanded those solutions, NRTC has grown from a small staff based in Herndon, Virginia, to almost seven hundred employees working out of nine offices located closer to our members. While these individual teams are all focused on helping members, they have, in many ways, been operating separately. We realized NRTC needed to come together - to bring our solutions together, and to have them work together, to better serve **you**.

So, a major focus for us in 2019 was a project we named "NRTC United."

We changed the branding names of subsidiaries like NeoNova, Pulse and Telispire to highlight the solutions we offer rather than the companies that provide them, and to deliver a more cohesive message about our capabilities. We sought out the "silos" in our organization and tore them down. Our employees nationwide now operate as one family with one name and one goal - to help our telco and electric members deploy exciting new technologies.

Take, for example, broadband. The time is right for all NRTC members to expand on the good work they've done - and are doing - and help deliver broadband access to those communities that are still lacking. Technology is improving and the cost to deploy those technologies is coming down; financing is available and interest rates are low; the government is pumping billions of dollars toward broadband build-out in the remaining unserved areas.

A united NRTC is perfectly situated to help both telco and electric members seize these opportunities.

One great example of this is CrowdFiber. You may have heard that NRTC recently acquired this software leader in broadband marketing and online sales automation. As of today, CrowdFiber's customer base is almost exactly half telcos and half electrics - just like NRTC overall! We plan to use CrowdFiber's mapping expertise, combined with NRTC's thorough feasibility study data, to support our members as they prepare for the Rural Digital Opportunity Fund (RDOF) auction. I am extremely pleased to report that XX members joined together with NRTC in our RDOF bidding consortium.

Even NRTC's solutions that have traditionally been focused on one utility - Smart Grid for electrics, Mobile and Video for telcos, hold promise for "crossing the aisle" to help all members. Imagine leveraging our Mobile solutions to enhance smart ag and IoT or facilitate the deployment of an advanced metering network. Consider

how NRTC's consumer-focused energy, storage and demand management solutions could help a telco expand the smart home or home networking solutions they offer customers.

Turning briefly to financial matters, NRTC performed well during 2019, earning cash net income of \$8.5 million and gross margin of \$32.3 million, all on \$153.2 million of revenue. We are hopeful that results in 2020 can equal the good results from 2019, but much will depend upon the macroeconomic factors related to the COVID crisis. Our Board of Directors has approved \$6.3 million in total patronage payments for 2019, which should appear mid-year at your offices – this represents \$2.0 million in current patronage and \$4.3 million in retirements.

In one of the videos we developed for our annual meeting, which are available on NRTC's website, a member employee said something that has stuck with me, "You can never make a bad decision if the decision you make benefits the members." I can't promise that NRTC will be perfect, but I can assure you that every decision we make is for the benefit of our members.

I thank you for your support and patronage of NRTC during 2019.

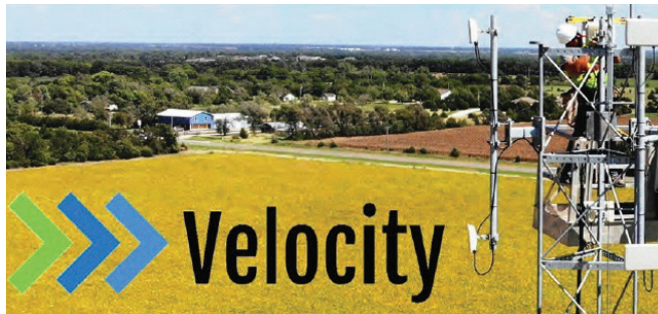
Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Bryan', with a stylized flourish at the end.

Tim Bryan
Chief Executive Officer

2019 Business Highlights

NRTC began the year celebrating a [new 4 MW, 16 MWh storage facility](#) in Firestone, CO, built by NRTC member United Power working with ENGIE North America, NRTC's solar and battery storage partner, as the primary contractor. At the time, United Power said, it was the "largest Lithium-ion battery storage installation in Colorado."



Butler Rural Electric Cooperative's newly launched [Velocity broadband service](#) was one of the featured stories in an insert in RE Magazine's March issue. NRTC partnered on Butler's hybrid backbone fiber/fixed wireless connections to South-Central Kansas homes at up to 100 Mbps. The magazine had wide circulation at NRECA's 2019 Annual Meeting and TechAdvantage Expo in Orlando.

In late January, Managed Services signed an agreement to become "the [exclusive reseller of Dynetics services](#) to the rural service provider industry." Dynetics is a software company specializing in cyber security solutions. Later in the year, Managed Services [acquired SecurityCoverage](#), a technology company that NRTC CEO Tim Bryan described as "an industry leader in the customer service, cybersecurity solutions and technical support spaces."

Mobile Solutions redesigned the ECOMM portion of its Phoenix back office support. Mobile Solutions resellers use Phoenix to activate devices, establish promotional discounts and control billing. The redesign improved user friendliness and modernized the functions. Overall, it provides members a better experience when planning and operating their mobile services.



Hart Communications (HTC), a rural telco in Georgia, needed to fill in some holes in technical support for its fiber network to 3,500 subscribers. Managed Services' "Tech Office Prime" package proved to be the ideal solution. "Tech Office has been a great value for our business customers," said HTC Chief Information Officer Dennis Cobb (pictured). "We secure the PC, make sure it's getting live updates, and no matter what time of day our customers can get live help with their tech issues!" The company reports that it has seen a sharp drop in truck rolls as NRTC technicians have been able to handle software installations and other service issues remotely.



In July, Dakota Electric Association, Farmington, MN, held a [ribbon-cutting](#) ceremony (pictured) for a new 2-megawatt solar facility to serve its rural members. ENGIE built the site in Hampton Township, MN, about 40 miles south of the Twin Cities. ENGIE owns and maintains it going forward on behalf of rural co-op members. ENGIE built a similar solar/storage site for [East Central Energy](#) in Cambridge, MN, which held its ribbon cutting a few months later.



Minnesota Governor Tim Walz (pictured top) and Ken Johnson, NRTC's senior VP, Broadband Programs (right) led the ceremonial launch of Meeker Electric Light and Power Association's [VIBRANT Broadband](#) service. Cherry pickers hoisted the two men up a wireless tower in Litchfield, MN, to light up a hybrid fiber/fixed wireless network that is delivering up to 100 Mbps downstream/10 Mbps upstream to area homes.

NRTC's TechConnect Conference outside Austin, TX, was a popular destination for members in May. Electricians and telcos had a chance to meet with each NRTC business division and joint sessions covered mainly [broadband issues](#). But perhaps the most memorable image was Tim Bryan opening the event with some [four-legged help](#).



MISSION

NRTC provides solutions that help our telecommunications and electric members bring all of the advantages of today's evolving technology to rural America.

VISION

NRTC will be our members' most trusted technology partner.

VALUES

Our members are our reason for being.

Our team is the foundation of our success.

Our passion is supporting rural communities.

20 Business

NRTC Video Solutions began working with MobiTV – a streaming platform transport provider – to begin offering an in-home streaming (IHS) option to members. IHS allows members, such as Randolph Communications in North Carolina (pictured), to offer video over their broadband network at a low level of upfront equipment and installation cost. In addition to the MobiTV platform/technology option, NRTC also worked with the national programmers to ensure that NRTC programming agreements included IHS rights.



Several NRTC employees joined workers at Hart Electric Membership Corp. offices in Hartwell, GA, on Oct. 1 to celebrate the [kickoff](#) of an advanced metering infrastructure (AMI) project covering 1,150 square miles with 18 substations and approximately 39,000 meters. It is the first Itron Gen5 AMI system to integrate with utility software from SEDC. Combining the two systems facilitates automatic connect/disconnect, consumer information systems, billing efficiently and other advances.

NRTC hosted a dinner to honor Bob Hance (second from the left), president and CEO of Midwest Energy and Communications and members of the MEC board of directors for their highly successful fiber optic operation delivering service to more than 10,000 subscribers in rural Michigan. During the dinner, NRTC announced that it is endowing the [Midwest Energy & Communications Technology Scholarship](#) at Southwestern Michigan College (SMC) in Dowagiac, MI. The scholarship will support area students learning telecommunications, computers and related technologies.



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Highlights

In November, NRTC announced that James (Jim) DaBramo (below) would [take over as president, NRTC Broadband Solutions](#), right after the new year. DaBramo has extensive experience in telecommunications, wireless and VoIP services. He succeeded the retiring Eric Freesmeier, former CEO of Pulse Broadband, which NRTC acquired in 2016. Tim Bryan praised Freesmeier for his dedication to rural America.



Late in the year, Mobile Solutions started talking with wholesale carriers and handset companies to plan the transition to 5G. As of Spring 2020, Mobile Solutions continues negotiating with wholesale carriers to develop rural 5G plans. However, some Mobile Solutions resellers are offering Samsung S20 5G handsets at prices beginning at \$950. Users can access 5G features when traveling to larger cities where the new networks are operating. The high-end Samsung model features a 108-megapixel camera. Mobile Solutions will offer other 5G handsets later in the year.



Recognizing the effect that regulatory decisions and government financing have on rural broadband deployment, NRTC began meeting with its members to plan ways to work together. On Dec. 16, NRTC hosted a [webinar](#) to familiarize members with the Citizens Broadband Radio Service (CBRS). The FCC will hold an auction for Priority Access Licenses (PALs) in the 3.5 GHz CBRS band in summer 2020. The PALs could be valuable platforms for fixed wireless and 5G networks. NRTC also offered to help members obtain financing through the FCC's Rural Digital Opportunity Fund and the Agriculture Department's ReConnect program.

Before 2019 ended NRTC completed its internal "NRTC United" program. In the last decade, NRTC has grown from a handful of employees working out of Herndon, VA, headquarters, to a company of several hundred operating from locations throughout the nation – locations closer to rural members. NRTC United combined these employees in a cohesive operating group, replacing past subsidiary names – NeoNova, Pulse, Telispire – with the name "NRTC." In the 2020s, our members can be assured that NRTC will have all the fiber, wireless, smart grid, mobile voice/internet and satellite experts and technicians they need to guide vital connectivity projects.

DISCOVER THE BENEFITS OF MEMBERSHIP

As a member of NRTC, you will join more than 1,500 other rural electric and telephone utilities that have a stake in development of products and services that can help you grow your business, get closer to your customers and build revenue. NRTC proudly serves the advanced technology needs of its members.

MEMBER OWNED AND CONTROLLED

Our Board of Directors is comprised of representatives from the national rural electric and telephone industries, the CEO of the National Rural Electric Cooperative Association (NRECA), the Governor and CEO of the National Rural Utilities Cooperative Finance Corporation (CFC), and the CEO of NTCA, The Rural Broadband Association.

CAPITAL CREDIT RIGHTS

All members and affiliates are eligible for payment of capital credit refunds based on the volume of business each patron conducts with NRTC during the fiscal year.

FOR MORE INFORMATION

To learn more about NRTC membership or our products and services, please contact NRTC at (866) 672-6782.



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2121 Cooperative Way, suite 600
Herndon, VA 20171

Voice 703-787-0874
Fax 703-464-5300

www.nrtc.coop



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