

2020 ANNUAL REPORT



nrtc

Member driven. Technology focused.

Letter from *the* CEO

For a variety of reasons, 2020 was a year many of us would like to forget. But, despite all the challenges, NRTC and its members did some amazing things worth remembering.



Tim Bryan, CEO

Our members' mission is to serve their communities. The special mission during COVID was to keep their communities connected. NRTC's mission in turn is to support our members and their communities, and I am pleased with our performance during 2020.

Our IT, HR, and business unit staff transitioned more than 700 NRTC employees to work remotely within 10 days in March 2020. Thankfully, we had the systems and capability to do this before COVID – this was our “disaster plan,” and while we were prepared at each of our six locations, it is safe to assume we did not anticipate enacting the plan at all locations at precisely the same time!

At our Managed Services business unit, our call volumes experienced an immediate 35 percent increase in the early days of the COVID pandemic. At the exact same time, our call centers went dark, as we transitioned our employees to remote work. In response, we increased staffing by 12 percent to meet the call volumes, and our agents began working from home. At first, productivity dropped, and call times went past our 90-second goal – but our team worked conscientiously, and call times were back to the goal by the fourth quarter of 2020.

During 2020 Broadband Solutions supported both electric and telco members by establishing a bidding consortium for the Rural Digital Opportunity Fund (RDOF) reverse auction. Our newest member of the NRTC family, CrowdFiber (acquired in 2020), improved upon their already industry-leading mapping software to help members determine auction strategies, as well as post-auction marketing and construction planning solutions.

Mobile Solutions in 2020 acquired one of our largest competitors, which enabled NRTC to improve our scale and competitive standing; we promptly re-deployed more than \$1 million of such benefits into member device and marketing support. And, we rolled out 5G service, so that our members can offer their members the very latest in wireless services – to stay connected during the COVID pandemic.

NRTC has performed nearly 200 broadband feasibility studies over the years, and our SmartGrid Solutions business unit has developed a new “electric network feasibility study” for our electric cooperatives' diverse communications networks for metering, SCADA, distribution automation, voice, and demand response services.

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Across NRTC and all of our business units, we have assembled a team of communications and technology experts who can analyze your organization's needs and goals, ...

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These “technology road maps” can help members improve their internal communications systems through long term network planning – including consideration of standards-based, high throughput, multiple use private Long-Term Evolution (pLTE) wireless networks.

Across NRTC and all of our business units, we have assembled a team of communications and technology experts who can analyze your organization's needs and goals, and help you develop a technology road map that leads you safely to your destination.

Turning to financial matters, NRTC, working through the COVID distractions, managed to have a good year. We ended 2020 with \$205 million in revenue and \$46 million in gross margin, both healthy increases over 2019. We reported \$14 million in cash net income, thanks in part to a one-time spectrum transaction, and we look forward to making our highest patronage distribution in seven years (current plus retired) early this summer.

As we move through 2021, I look forward to the return of face-to-face meetings with our members. I look forward to NRTC working side-by-side with members the way we always have. I look forward to our TechConnect conference in October, and to sharing ideas and some food and drink. I look forward to our employees being safe and healthy, and sharing in each other's company again.

Most of all, I look forward to witnessing the power of our members, as they transform and change communities and rural America. Thank you, to all of our members, for allowing NRTC to be part of this vital and life changing mission.

Sincerely,



Tim Bryan
Chief Executive Officer

2020 NRTC Board of Directors



Left to right:

Top row: Shannon Clark, chairman; Tim Mergen, vice chairman; Jimmy Todd, secretary-treasurer; Mike Malandro; David Pierce

Second row: George Kitchens; Robert L. (Bob) Hance; Robert "Dale" Short; Lynn Hodges; Chris Seubert

Third row: Bryan Lightfoot; Jim Matheson; Sheldon C. Petersen; Jason Dandridge; Raymond Henagan

Fourth row: Jeff Wilson; Shirley Bloomfield; Tim Bryan, CEO

Letter from the Chairman



Shannon Clark, Chairman, BOD

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NRTC members proved that they could keep their communities connected.

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The one certainty in the world of technology is that change is constant. But none of us expected the unparalleled amount of change that we experienced in 2020 - when we look back on 2020 each of us will have a unique story about how our lives changed. While Covid-19 has had a direct impact on people around the globe in sad and tragic ways, it also has driven us to adapt to a very different lifestyle than that which we lived just a little over a year ago.

NRTC experienced first-hand many of the same conditions our members were facing, conditions that required a pivot from in-person, face-to-face interaction to a virtual world. We implemented plans and procedures and continued to serve our members while keeping our employees, communities, and members safe.

As we worked to meet the needs of our members, we discovered that the networks and technologies we had been working so diligently to deploy over the last several years now were now called on to deliver in new and exciting ways. We expanded and configured broadband networks to meet the needs of remote students, teachers, workers and a countless others. The value of these networks proved immeasurable, not only for the exchange of data, but for communicating among friends and family when nearly all human touchpoints had been restricted.

NRTC members proved that they could keep their communities connected. To do so, they often turned to NRTC to meet their needs like customer support, technical expertise, network expansion, entertainment options, and more. In each case, NRTC responded with solutions that fit each members' needs during this unfortunate pandemic.

As NRTC looks to the future, the lessons of 2020 will guide us as we explore new technologies, new ideas, and new ways of staying connected. Your NRTC Board of Directors remains committed to helping our members provide for their communities in this new world, and as always, you can count on NRTC to live our simple company tagline: Member Driven, Technology Focused.

I thank you for your support of NRTC, and for the opportunity to have served as the Chairman of the Board.

Sincerely,

A handwritten signature in black ink that reads "Shannon L. Clark".

Shannon Clark
Chairman, NRTC Board of Directors

2020 Highlights

In January, the U.S. Department of Agriculture awarded Grundy Electric Cooperative's subsidiary, Mid-States Services, a [\\$3 million loan](#) through its ReConnect pilot program. NRTC Broadband Solutions provided the feasibility study, business plan, and network design for Mid-States' fiber network project. NRTC also assisted the co-op with preparations for the ReConnect loan application. A brief award presentation featured (l-r), Missouri Governor Mike Parson (R), USDA Deputy Under Secretary DJ LaVoy and Grundy General Manager Scott Wilson.

NRTC CEO Tim Bryan (standing left) moderated a panel of experienced rural broadband providers who shared their thoughts on the tough calls needed to enter the business. The panel at [NRECA's CEO Close-Up](#) included in Jeremy Richert of Maquoketa Valley Electric Cooperative in Iowa, and Cameron Smallwood of United Cooperative Services in Texas.

Tim Bryan and NRTC Board Chairman Shannon Clark both emphasized the need for wise smart grid and broadband network planning during [NRTC's Annual Meeting](#) in New Orleans. Both also described why NRTC is rural electric's and telcos' best network planning partner. "Very few others can take an idea all the way from concept to utilization like NRTC," Clark said.



NRTC [acquired CrowdFiber](#), a Rome, GA-based software leader in broadband marketing and online sales automation in March. CrowdFiber software excels at geographic analysis for business planning and marketing strategies. The deal strengthened NRTC's network planning capabilities for broadband, smart Grid, and mobile businesses. "[CrowdFiber has] a great mapping technology ... and the wonderful thing is for a company like NRTC that has telephone companies as well as electric's, their customers are split roughly evenly between telcos and electric's," Tim Bryan said.

COVID-19 forced a large portion of the nation's workforce to remain home and work online last spring. Online crooks wasted no time finding ways to take advantage of the situation. NRTC Managed Services [sent out the warning](#) to members about fake Coronavirus websites loaded with malware and spam emails promising medical supplies that would never be delivered. A few weeks later, Managed Services also conducted a [webinar](#) offering ideas for managing work-at-home staff during the pandemic.



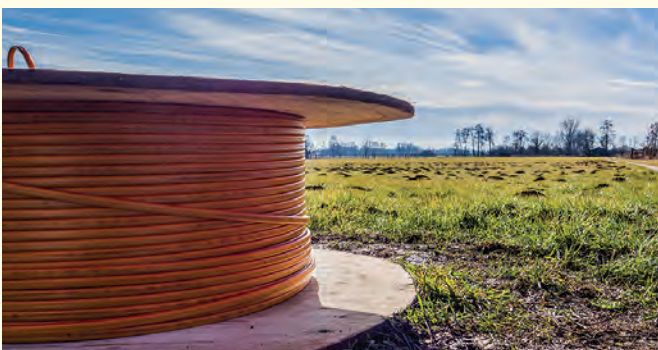
NRTC board members Jimmy Todd of Nex-Tech, Lenora, KS, and Bob Hance of Midwest Energy Cooperative in Cassopolis, MI, joined the newly formed FCC [Precision Agriculture Task Force](#). The group is dedicated to finding all the ways to promote high-speed fiber and wireless connections to improve farm and ranch efficiency.



NRTC Smart Grid Solutions formed a partnership with AutoGrid, a Redwood Valley, CA-based market leader in flexibility management software. The [AutoGrid Flex DERMS platform](#) offers efficient management of distributed energy resources and supports demand response programs. The DERMS platform provides electric utilities a centralized system to monitor and control emerging technologies, such as smart thermostats, water heaters, storage systems, plug-in electric vehicles, and photovoltaic solar cells.

United Cooperative Services (UCS), serving 14 counties in Northern Texas, worked with NRTC to deploy an [XGS-PON fiber solution](#). UCS ultimately will provide fiber-to-the-home service to a large majority of the homes and businesses in its region. XGS-PON is an advanced fiber optic technology with peak capability to offer 10 Gbps broadband service both upstream and downstream.

NRTC updated its online look in some places. For the first time, it released its annual report in an [electronic-only format](#) to provide a more cost-effective and eco-friendly product. Later in the summer, it debuted a streamlined version of its NRTCconnects monthly newsletter. At the same time, NRTC put a new emphasis on content for its social media platforms.





KanOkla Telephone Association, West Kentucky and Tennessee Telecommunications Cooperative, DeKalb Telephone Cooperative in Tennessee and DirectLink in Oregon won grants through NTCA, The Rural Broadband Association's [Smart Rural Communities program](#). NRTC co-sponsors the program which in 2020 awarded projects furthering community economic development, connecting a town's library and another town's parks, and enabling an internet-of-things security system.

4-County Electric Power Association, Columbus, MS, began a multi-year project to build an advanced metering infrastructure (AMI) network based on Itron Gen5 technology. Staff from 4-County and NRTC, which is managing the project, met in late June via web conference for a [construction kick-off party](#). The project is an example of how cooperatives adjusted to pandemic conditions to go forward with advanced projects.

An insert in the August issue of NRECA's RE Magazine spotlighted a [partnership](#) of South Central Indiana REMC and Smithville Communications. The electric and telephone companies found significant cost savings for the fiber-to-the-home project that would not have been possible working separately. NRTC is managing network construction.

Over the summer, NRTC hosted The Next-Generation Energy Virtual Workshop, three online sessions to discuss the latest advancements in Smart Grid technology. Workshops included a look at microgrids, automation systems and other energy efficiency approaches; real-world practical uses for co-op energy [storage systems](#), and the flexible array of uses for the [DERMS](#) platform to control and integrate several utility technologies.

NRTC made the popular new streaming service [HBO Max](#) available for distribution through NRTC Video Solutions. The service offers more than 10,000 hours of content, ranging from popular and classic movies to new HBO Max exclusives. Under a contract with WarnerMedia, all NRTC members delivering broadband services to their customers have the option to market HBO Max.



2020 Highlights



NRTC became a [Cybersecurity Awareness Month "Champion"](#) in October, participating in industry activities to bring more attention to the need for cybersecurity. In one event, security company Dynetics joined with NRTC Managed Services in a [real-time, live demonstration](#) of how quickly criminals using phishing techniques can hack into corporate computer systems and steal personal and company data.



NRTC Mobile Solutions celebrated its [20th anniversary](#) in November. NRTC in 2006 acquired the mobile virtual network operator (MVNO) that began life named Telispire. In the same month as its anniversary, Mobile Solutions gave its MVNO members the [opportunity to offer nationwide 5G](#) service to its customers. 5G offers data transmission and internet access at up to 20 times the speed of 4G service.



Rural electric cooperatives are relative newcomers as broadband providers but have charged into the field in recent years to close the digital divide. Anticipating continued growth in co-op participation, NRTC published the "[Rural Electric Cooperative Broadband Benchmarking Report](#)." The report is filled with data from 36 cooperatives that have already built networks and overcome the challenges.



At the close of the year, the FCC said that the NRTC Phase I RDOF Consortium won [\\$156 million in support](#) paid over 10 years to build fiber broadband service in parts of 14 states. More than 50 NRTC members initially joined the consortium to enter the Commission's Rural Digital Opportunity Fund (RDOF) reverse auction. The auction awarded a total \$9.2 billion in 49 states, which was significantly less than the \$16 billion budgeted. NRTC and other rural broadband organizations are calling on the FCC to investigate the qualifications of some bidders and to reform flawed auction rules before a future Phase II auction.

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.



Member driven. Technology focused.

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