

The Economic Impact of America's Electric Cooperatives

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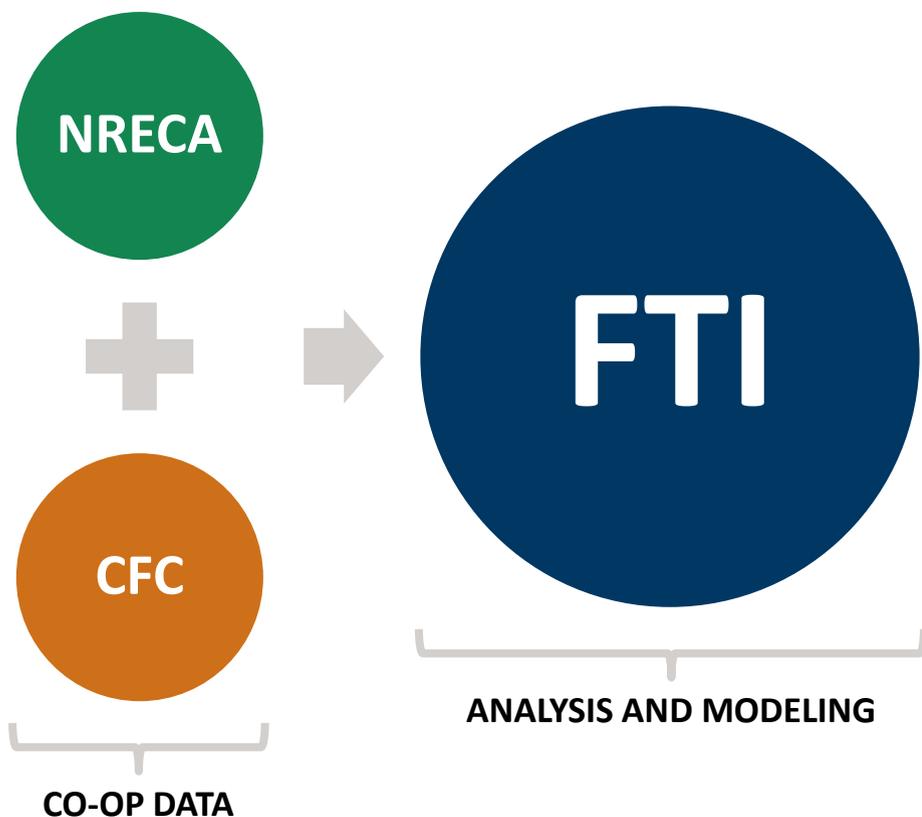
Wednesday, March 6, 2019

Presented To:  **NRECA**
America's Electric Cooperatives

The NRECA logo consists of a green circle containing a stylized white graphic of a landscape with rolling hills and a power line. To the right of the circle is the text "NRECA" in a large, bold, serif font, with "America's Electric Cooperatives" in a smaller, sans-serif font below it.

The research and analysis underlying this report was a collaboration between three organizations

COLLABORATIVE RESEARCH



THREE ORGANIZATIONS



NRECA represents more than 900 consumer-owned, not-for-profit electric cooperatives, public power districts, and public utility districts in the United States.



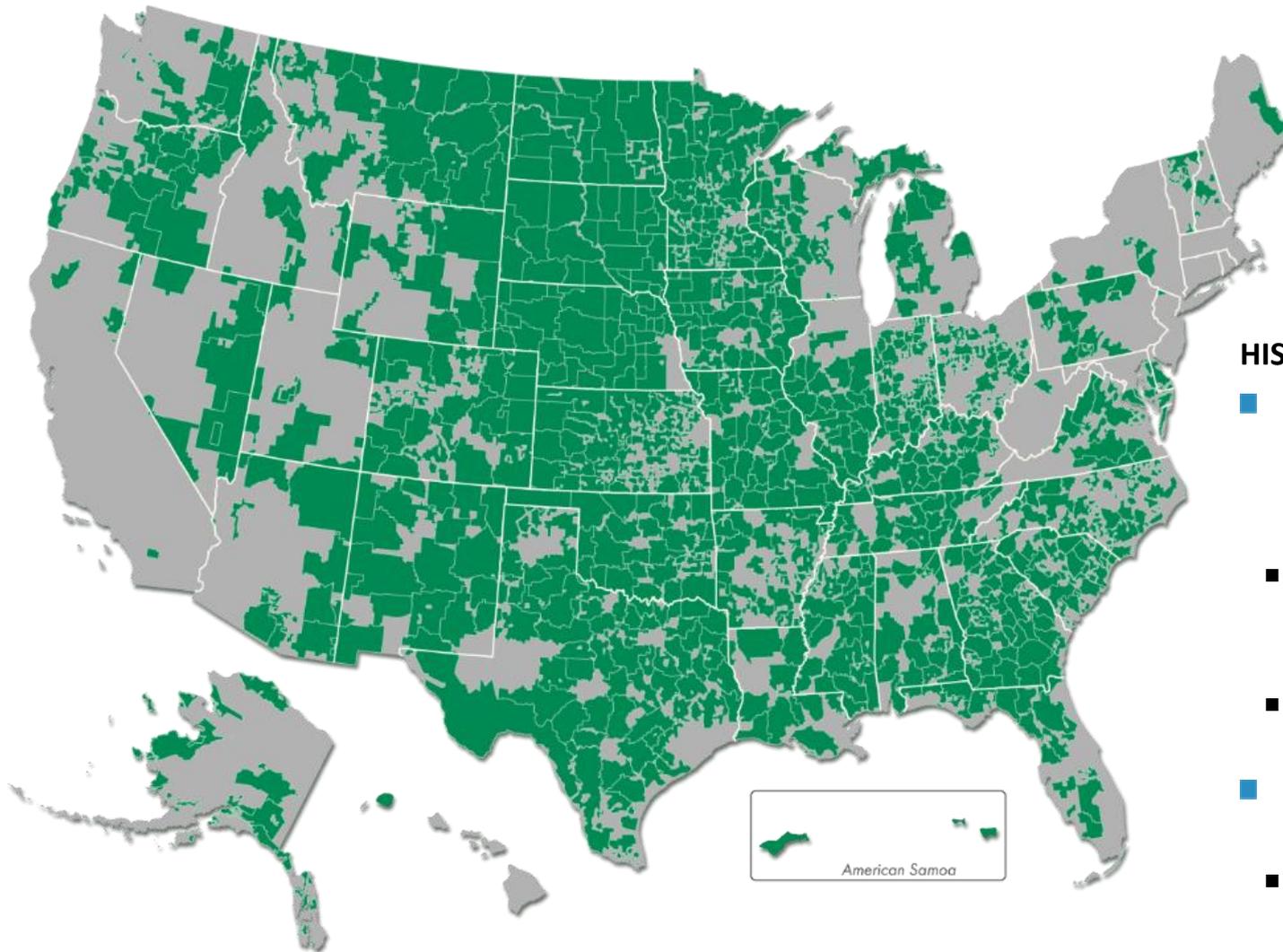
**National Rural Utilities
Cooperative Finance Corporation**

Created and owned by America's electric cooperative network, **CFC** provides financial products to serve the needs of nearly 1,000 member-owners.



FTI is a global business advisory firm. **FTI** is dedicated to helping organizations manage change, mitigate risk, resolve disputes, and answer what if questions about policy, private investments, and the economy.

Co-ops service territories cover **56 percent of U.S. land area** and serve **42 million Americans (1 in 8 Americans)**



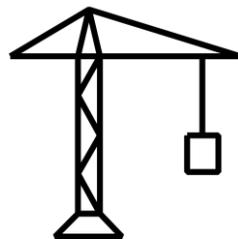
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HISTORY OF CO-OPS

- Co-ops emerged from a national effort at rural electrification in the 1930s through the 1960s
 - In the mid-1930s, only 10% of rural homes had electricity access
 - Grew to 90% by 1953 and currently 99%
- Aided in diversification of rural economies
 - Increased productivity for agriculture
 - Helped attract sectors like manufacturing

We modeled co-ops across the electricity value-chain, from generation to distribution, and support activities

Co-ops invested **\$60 billion** between 2013 and 2017 on **adding new capabilities or replacing obsolete assets.**

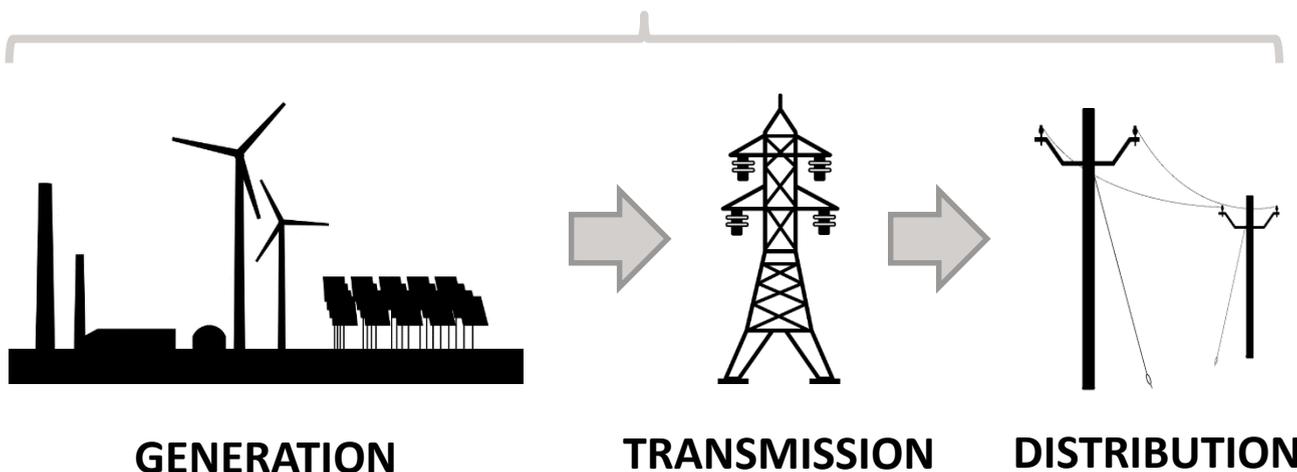


CAPITAL INVESTMENTS



MAINTENANCE

Co-ops have billions of dollars in **assets to maintain**, which they do either internally or through outside contractors. From 2013 to 2017, co-ops spend **\$20 billion on maintenance.**



Generation, transmission, and distribution collectively constitute **co-ops' operations**. From 2013 to 2017, electric co-ops spent **\$274 billion on operations.**

Over the five years, **total co-op expenditures** were **\$359 billion.**

We used the **expenditure data as inputs** to an economic model, which **categorizes the impacts into three types**

1

Direct Impacts

- **Definition:** electric co-ops and their contractors related to investments and maintenance
- **Examples:** Tipmont REMC, BARC Electric, firms specializing in construction/maintenance

2

Indirect Impacts

- **Definition:** the industries in the supply chain for electric co-ops or for their contractors
- **Examples:** fuel, manufacturers of equipment and materials, software, professional services

3

Induced Impacts

- **Definition:** industries affected by the spending of “direct” and “indirect” employees
- **Examples:** spending on food, housing, healthcare, education, entertainment, etc.

Total Impacts

The combination of direct, indirect and induced impacts shows the total contribution of the industrial sector

Electric co-ops supported an average of nearly **612,000 jobs** and **\$440 billion** in total U.S. GDP over five years

ECONOMIC AND FISCAL IMPACTS (aggregate, 2013 to 2017)



\$881 billion

Sales output

Total business sales across the economy supported by electric co-ops and their spending



\$440 billion

GDP

For 2017, electric co-ops contributed \$88.4 billion to GDP (or 0.47% of total)



\$200 billion

Labor income

Sum of wages, salaries, benefits, proprietors' income, and household earnings



\$52 billion

Federal taxes supported

Includes all sources of federal revenues – co-ops do not generally pay federal taxes



\$60 billion

State and local taxes supported

Includes income taxes paid by employees, as well as property, taxes, and other taxes

EMPLOYMENT IMPACTS (average, 2013 to 2017)



611,800

Total employment



67,800

Co-op employees



100,600

Direct contractors



170,300

Indirect jobs



273,100

Induced jobs

EXPERTS WITH IMPACT™

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