Talking Points

January 18, 2018

NRECA
America's Electric Cooperatives

Tax Reform and Electric Co-ops

Electric cooperatives are not-for-profit organizations operating at cost to deliver affordable and reliable power across 56 percent of the nation. As not-for-profit and primarily tax-exempt entities, the federal corporate tax reduction will not affect most electric cooperatives. Since electric co-ops base their rates on the cost of acquiring and delivering electricity, any reduction in costs from suppliers of electricity could be passed on to the members.

- Operating at cost is a key component of the cooperative business model. Electric cooperatives strive to keep rates affordable for all members and already return margins to their member-owners.

The tax status of electric co-ops remains unchanged by the recent tax reform legislation.

- The cooperative business model enables electric co-ops to focus on their core mission – providing affordable and reliable power at cost to the communities they serve.
- Co-ops are locally owned by the members that they serve. Because each co-op is locally controlled, it has the flexibility to use the best tools to achieve its mission.

Some co-ops may see a reduction in their wholesale power or transmission costs if they purchase electricity or transmission service from for-profit providers.

- For-profit power or transmission providers may elect to reduce their cost-based charges in light of the recent tax measures. Should this happen, some co-op members may see a decrease in their monthly bill because of the reduced cost of wholesale power or transmission.

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