

Form **990**
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form as it may be made public
Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047
2017
Open to Public Inspection

A For the 2017 calendar year, or tax year beginning 01-01-2017, and ending 12-31-2017

- B** Check if applicable
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of organization
MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

Doing business as
MID-SOUTH SYNERGY

Number and street (or P O box if mail is not delivered to street address) Room/suite
PO BOX 970

City or town, state or province, country, and ZIP or foreign postal code
NAVASOTA, TX 778680970

D Employer identification number
74-0783753

E Telephone number
(936) 825-5100

G Gross receipts \$ 80,257,277

F Name and address of principal officer
KERRY KELTON
PO BOX 970
NAVASOTA, TX 778680970

H(a) Is this a group return for subordinates? Yes No

H(b) Are all subordinates included? Yes No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status 501(c)(3) 501(c) (12) ◀ (insert no) 4947(a)(1) or 527

J Website: ▶ WWW.MIDSOUTHSYNERGY.COM

K Form of organization Corporation Trust Association Other ▶

L Year of formation 1940

M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE QUALITY AND RELIABLE ELECTRIC SERVICE TO MEMBERS OF THE COOPERATIVE

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	8
4 Number of independent voting members of the governing body (Part VI, line 1b)	7
5 Total number of individuals employed in calendar year 2017 (Part V, line 2a)	158
6 Total number of volunteers (estimate if necessary)	0
7a Total unrelated business revenue from Part VIII, column (C), line 12	-5,989
7b Net unrelated business taxable income from Form 990-T, line 34	-5,989

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	0	0
9 Program service revenue (Part VIII, line 2g)	71,424,236	79,732,369
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	71,706	123,848
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	163,691	301,538
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	71,659,633	80,157,755
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	1,007	99
14 Benefits paid to or for members (Part IX, column (A), line 4)	5,688,942	6,563,151
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	6,480,211	7,273,157
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	58,308,632	64,202,351
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	70,478,792	78,038,758
19 Revenue less expenses Subtract line 18 from line 12	1,180,841	2,118,997

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	243,073,584	273,994,511
21 Total liabilities (Part X, line 26)	149,127,625	170,214,007
22 Net assets or fund balances Subtract line 21 from line 20	93,945,959	103,780,504

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here
Signature of officer: *****
Date: 2018-10-26
KERRY KELTON GENERAL MANAGER/CEO
Type or print name and title

Paid Preparer Use Only
Print/Type preparer's name: WILLIAM M MILLER
Preparer's signature: WILLIAM M MILLER
Date: 2018-10-26
Check if self-employed
PTIN: P00439459
Firm's name: BOLINGER SEGARS GILBERT AND MOSS LLP
Firm's EIN: 75-0882037
Firm's address: 8215 NASHVILLE AVENUE
LUBBOCK, TX 79423
Phone no: (806) 747-3806

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission

THE COOPERATIVE'S AND ITS SUBSIDIARIES' MISSION IS TO PROVIDE QUALITY SERVICE (ELECTRICITY, WATER, WASTEWATER, INTERNET, & SOLAR) AT A REASONABLE PRICE, BRINGING VITAL SERVICES TO INCREASE BOTH THE QUALITY OF LIFE AND ECONOMIC HEALTH IN THE MID-SOUTH SYNERGY SERVICE AREA

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ including grants of \$) (Revenue \$)
See Additional Data

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	1	No
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	2	No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	4	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> 🗑️	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> 🗑️	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> 🗑️	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> 🗑️	9	Yes
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> 🗑️	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> 🗑️	11a	Yes
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i> 🗑️	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i> 🗑️	11c	Yes
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> 🗑️	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> 🗑️	11e	Yes
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> 🗑️	11f	Yes
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> 🗑️	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> 🗑️	12b	Yes
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	19	No

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		No
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		No
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		No
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	Yes	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		No
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		No
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		No
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		No
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	Yes	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		No
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		No
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		No
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		No
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		No
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		No
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	Yes	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	Yes	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		No
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		No
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with columns for question numbers (1a-14b), descriptions, and Yes/No response boxes. Includes sub-tables for numerical data (1a-1b, 2a, 10a-10b, 11a-11b, 13b-13c).

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O See instructions

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (8), 1b (7), 2, 3, 4, 5, 6, 7a, 7b, 8a, 8b, 9.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include: 10a, 10b, 11a, 11b, 12a, 12b, 12c, 13, 14, 15a, 15b, 16a, 16b.

Section C. Disclosure

Table with 3 columns: Question, Yes, No. Rows include: 17, 18, 19, 20.

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MARSHALL SHIRLEY PRESIDENT	8 50	X		X			22,125	0	0	
(2) JAMES MORRISON VICE PRESIDENT	6 90	X		X			20,813	0	0	
(3) JACK SHEPHERD SECRETARY/TREASURER	4 60	X		X			15,300	0	0	
(4) PAUL MALEK DIRECTOR	5 10	X					15,563	0	0	
(5) KENNETH MCDUGALD DIRECTOR	4 00	X					15,563	0	0	
(6) DENNIS MCWHORTER DIRECTOR	6 90	X					20,813	0	0	
(7) DANNY PIERCE DIRECTOR	5 00	X					15,950	0	0	
(8) RUSSELL WATSON DIRECTOR	6 80	X					22,388	0	0	
(9) KERRY KELTON GENERAL MANAGER/CEO	55 00			X			390,107	0	66,371	
(10) MIKE MCDUGALD SR VICE PRESIDENT	50 00			X			208,794	0	42,021	
(11) TROY MORRIS VP BUSINESS RELATIONS	55 00			X			229,241	0	41,034	
(12) ANDREW DALLMEYER SR VP FINANCE & ACCOUNTING	45 00			X			156,792	0	26,593	
(13) MELANIE CABALLERO VP ADMINISTRATION	56 00			X			129,089	0	37,535	
(14) DENNIS GILMORE VP MEMBER SERVICES	50 00			X			127,499	0	17,822	
(15) DIANNE SECHELSKI VP BILLING	40 00			X			129,482	0	59,208	
(16) DAVID WILLIAMS VP OPERATIONS	45 00			X			166,480	0	37,346	
(17) MICHAEL LONG SR MGR WATER	40 00					X	105,111	0	23,008	

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) PHILLIP COVINGTON PROJECT COORDINATOR	40 00					X		113,868	0	21,741
(19) JURAN ARREDONDO BUSINESS RELATIONS	40 00					X		109,801	0	26,040
(20) JONATHAN BLAKLEY SEC OPERATIONS	40 00					X		108,939	0	26,126
(21) MICHAEL MCKINNEY SR MANAGER IT	40 00					X		104,373	0	19,094
1b Sub-Total										
1c Total from continuation sheets to Part VII, Section A										
1d Total (add lines 1b and 1c)								2,228,091	0	443,939

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶ 20

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
MBCM MANAGEMENT INC 1015 N LOOP 6 NAVASOTA, TX 77868	BUILDING CONTRACTOR	4,952,753
BURLIN POWER LINES LLC 1079 COUNTY ROAD 418 LEXINGTON, TX 78947	CONSTRUCTION	2,465,681
LINETEC SERVICES INC PO BOX 13650 ALEXANDRIA, LA 71315	CONSTRUCTION	1,853,009
MCCORD ENGINEERING INC 916 SOUTHWEST PARKWAY E COLLEGE STATION, TX 77840	ENGINEERING	1,804,586
C M JOSLIN COMPANY INC PO BOX 647 CONROE, TX 77305	RIGHT OF WAY CLEARING	1,766,134

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶ 16

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f \$ _____					
	h Total. Add lines 1a-1f ▶					
Program Service Revenue		Business Code				
	2a SALES OF ELECTRICITY	221000	76,008,384	76,008,384		
	b PATRONAGE DIVIDENDS	221000	3,362,185	3,362,185		
	c SERVICE FEES	221000	361,800	361,800		
	d _____					
	e _____					
	f All other program service revenue					
g Total. Add lines 2a-2f ▶		79,732,369				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶		30,008		30,008	
	4 Income from investment of tax-exempt bond proceeds ▶					
	5 Royalties ▶					
	6a Gross rents	(i) Real	(ii) Personal			
			54,000			
		b Less rental expenses	13,346			
		c Rental income or (loss)	40,654			
	d Net rental income or (loss) ▶		40,654	44,150	-3,496	
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
			154,565			
		b Less cost or other basis and sales expenses	60,725			
		c Gain or (loss)	93,840			
	d Net gain or (loss) ▶		93,840		93,840	
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b Less direct expenses b					
c Net income or (loss) from fundraising events ▶						
9a Gross income from gaming activities See Part IV, line 19 a						
b Less direct expenses b						
c Net income or (loss) from gaming activities ▶						
10a Gross sales of inventory, less returns and allowances a		148,280				
	b Less cost of goods sold b	25,451				
	c Net income or (loss) from sales of inventory ▶		122,829	125,322	-2,493	
Miscellaneous Revenue	Business Code					
11a POLE ATTACHMENT INCOME	221000	138,055		138,055		
b _____						
c _____						
d All other revenue						
e Total. Add lines 11a-11d ▶		138,055				
12 Total revenue. See Instructions ▶		80,157,755	79,901,841	-5,989	261,903	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21.	99			
2 Grants and other assistance to domestic individuals. See Part IV, line 22.				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, line 15 and 16.				
4 Benefits paid to or for members.	6,563,151			
5 Compensation of current officers, directors, trustees, and key employees.	2,013,929			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7 Other salaries and wages.	3,767,422			
8 Pension plan accruals and contributions (include section 401 (k) and 403(b) employer contributions).	496,579			
9 Other employee benefits.	598,061			
10 Payroll taxes.	397,166			
11 Fees for services (non-employees)				
a Management.				
b Legal.				
c Accounting.				
d Lobbying.				
e Professional fundraising services. See Part IV, line 17.				
f Investment management fees.				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).				
12 Advertising and promotion.				
13 Office expenses.				
14 Information technology.				
15 Royalties.				
16 Occupancy.				
17 Travel.				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19 Conferences, conventions, and meetings.				
20 Interest.	4,923,682			
21 Payments to affiliates.				
22 Depreciation, depletion, and amortization.	6,774,709			
23 Insurance.				
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a PURCHASED POWER	42,780,924			
b DISTRIBUTION EXPENSE	5,028,523			
c ADMIN & GENERAL EXPENSE	2,723,960			
d CONSUMER EXPENSE	996,377			
e All other expenses	974,176			
25 Total functional expenses. Add lines 1 through 24e.	78,038,758			
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part IX

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	2,179,269	1	2,039,743
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	4,399,042	4	6,116,666
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	73,630	7	73,630
	8 Inventories for sale or use	249,395	8	310,958
	9 Prepaid expenses and deferred charges	2,479,025	9	1,975,744
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 241,411,504		
	b Less accumulated depreciation	10b 27,420,220	188,054,339	10c 213,991,284
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11		12	
	13 Investments—program-related See Part IV, line 11	40,727,123	13	43,791,741
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	4,911,761	15	5,694,745
16 Total assets. Add lines 1 through 15 (must equal line 34)	243,073,584	16	273,994,511	
Liabilities	17 Accounts payable and accrued expenses	9,136,925	17	7,245,658
	18 Grants payable		18	
	19 Deferred revenue	9,784,965	19	9,437,024
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D	38,002	21	32,440
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	120,492,198	23	144,773,188
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	9,675,535	25	8,725,697
	26 Total liabilities. Add lines 17 through 25	149,127,625	26	170,214,007
Net Assets or Fund Balances	27 Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. Unrestricted net assets		27	
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	30 Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34. Capital stock or trust principal, or current funds	2,248,275	30	2,462,215
	31 Paid-in or capital surplus, or land, building or equipment fund	0	31	0
	32 Retained earnings, endowment, accumulated income, or other funds	91,697,684	32	101,318,289
	33 Total net assets or fund balances	93,945,959	33	103,780,504
	34 Total liabilities and net assets/fund balances	243,073,584	34	273,994,511

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	80,157,755
2	Total expenses (must equal Part IX, column (A), line 25)	2	78,038,758
3	Revenue less expenses Subtract line 2 from line 1	3	2,118,997
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	93,945,959
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	7,715,548
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	103,780,504

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a		No
b Were the organization's financial statements audited by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	Yes	
c If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c		No
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

Additional Data

Software ID:

Software Version:

EIN: 74-0783753

Name: MID-SOUTH ELECTRIC COOPERATIVE
ASSOCIATION

Form 990 (2017)

Form 990, Part III, Line 4a:

PROVIDING ELECTRIC ENERGY TO OUR MEMBERS - 30,396 ACTIVE SERVICES AT YEAR END WERE PROVIDED ELECTRICITY ON A COOPERATIVE BASIS THROUGH THE ALLOCATION OF PATRONAGE CAPITAL

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements
► Complete if the organization answered "Yes," on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. ► Attach to Form 990.
Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047
2017
Open to Public Inspection

Name of the organization
MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

Employer identification number
74-0783753

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.
Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

Preservation of land for public use (e g , recreation or education) Preservation of an historically important land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year	
a Total number of conservation easements	2a	
b Total acreage restricted by conservation easements	2b	
c Number of conservation easements on a certified historic structure included in (a)	2c	
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____

4 Number of states where property subject to conservation easement is located ► _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ► _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ► \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenue included on Form 990, Part VIII, line 1 ► \$ _____

(ii) Assets included in Form 990, Part X ► \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenue included on Form 990, Part VIII, line 1 ► \$ _____

b Assets included in Form 990, Part X ► \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

- 3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)
- a** Public exhibition
 - b** Scholarly research
 - c** Preservation for future generations
 - d** Loan or exchange programs
 - e** Other
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5** During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b** If "Yes," explain the arrangement in Part XIII and complete the following table
- | | Amount |
|--|--------|
| c Beginning balance | |
| d Additions during the year | |
| e Distributions during the year | |
| f Ending balance | |
- 2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b** If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as
- a** Board designated or quasi-endowment ▶
 - b** Permanent endowment ▶
 - c** Temporarily restricted endowment ▶
- The percentages on lines 2a, 2b, and 2c should equal 100%
- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- | | | |
|--|---------------|----|
| | Yes | No |
| (i) unrelated organizations | 3a(i) | |
| (ii) related organizations | 3a(ii) | |
| b If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R? | 3b | |
- 4** Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,267,829		3,267,829
b Buildings		5,577,076	2,161,202	3,415,874
c Leasehold improvements				
d Equipment		186,632,404	25,259,018	161,373,386
e Other		45,934,195		45,934,195
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) . . . ▶				213,991,284

Part VII Investments—Other Securities. Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12.) ▶		

Part VIII Investments—Program Related. Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) PATRONAGE CAPITAL - CFC	116,140	C
(2) PATRONAGE CAPITAL - TEC	528,490	C
(3) PATRONAGE CAPITAL - BEPC	24,970,209	C
(4) CAPITAL TERM CERTIFICATES - CFC	496,120	C
(5) CO-BANK E-STOCK	5,216,927	C
(6) SCHOLARSHIP FUND	10,160	C
(7) ECONOMIC DEVELOPMENT FUND	10,701	C
(8) OTHER INVESTMENTS	356,488	C
(9) INVESTMENTS IN AFFILIATED COMPANY - MSEC	12,086,506	C
Total. (Column (b) must equal Form 990, Part X, col (B) line 13.) ▶	43,791,741	

Part IX Other Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) ▶	

Part X Other Liabilities. Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
CONSUMER DEPOSITS	1,837,390
UNBILLED POWER COST	896,000
OTHER CURRENT AND ACCRUED LIABILITIES	540,423
DEFERRED CREDIT - UNCLAIMED PROPERTY	419,084
DUE TO AFFILIATED COMPANIES	183,213
POWER COST RECOVERY - OVERCOLLECTED	3,991,221
ACCRUED OPERATING TAXES	858,366
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25.) ▶	8,725,697

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)		5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)		5	

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Return Reference	Explanation
See Additional Data Table	

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

Software ID:

Software Version:

EIN: 74-0783753

Name: MID-SOUTH ELECTRIC COOPERATIVE
ASSOCIATION

Form 990, Schedule D, Part VIII - Investments Program Related

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) PATRONAGE CAPITAL - CFC	116,140	C
(2) PATRONAGE CAPITAL - TEC	528,490	C
(3) PATRONAGE CAPITAL - BEPC	24,970,209	C
(4) CAPITAL TERM CERTIFICATES - CFC	496,120	C
(5) CO-BANK E-STOCK	5,216,927	C
(6) SCHOLARSHIP FUND	10,160	C
(7) ECONOMIC DEVELOPMENT FUND	10,701	C
(8) OTHER INVESTMENTS	356,488	C
(9) INVESTMENTS IN AFFILIATED COMPANY - MSEC	12,086,506	C

Supplemental Information

Return Reference	Explanation
PART IV, LINE 2B	<p>PURSUANT TO SECTION 74 3013 OF THE TEXAS PROPERTY CODE, THE COOPERATIVE HAS ESTABLISHED A RURAL SCHOLARSHIP FUND WITH RETIREMENTS OF PATRONAGE CAPITAL, WHICH HAVE REMAINED UNCLAIMED FOR A PERIOD OF THREE YEARS THE AMOUNTS DEPOSITED INTO THE RURAL SCHOLARSHIP FUND ARE APPROVED BY THE STATE OF TEXAS AND CAN ONLY BE USED FOR SCHOLARSHIPS TO ENABLE STUDENTS FROM RURAL AREAS TO ATTEND COLLEGE, TECHNICAL SCHOOL OR OTHER POST SECONDARY EDUCATION INSTITUTION ANY AMOUNTS SO DEPOSITED INTO THE RURAL SCHOLARSHIP FUND ARE STILL PAYABLE TO THE PERSON TO WHOM THE ORIGINAL PAYMENT WAS MADE BUT UNCLAIMED ALSO PURSUANT TO SECTION 74 3013 OF THE TEXAS PROPERTY CODE, THE COOPERATIVE HAS ESTABLISHED AN ECONOMIC DEVELOPMENT FUND WITH RETIREMENTS OF PATRONAGE CAPITAL, WHICH HAVE REMAINED UNCLAIMED FOR A PERIOD OF THREE YEARS THE AMOUNTS DEPOSITED INTO THE ECONOMIC DEVELOPMENT FUND ARE APPROVED BY THE STATE OF TEXAS AND CAN ONLY BE USED FOR THE STIMULATION AND IMPROVEMENT OF BUSINESS AND COMMERCIAL ACTIVITY FOR ECONOMIC DEVELOPMENT IN RURAL COMMUNITIES ANY AMOUNTS SO DEPOSITED INTO THE ECONOMIC DEVELOPMENT FUND ARE STILL PAYABLE TO THE PERSON TO WHOM THE ORIGINAL PAYMENT WAS MADE BUT UNCLAIMED ALSO PURSUANT TO SECTION 74 3013 OF THE TEXAS PROPERTY CODE, THE COOPERATIVE HAS ESTABLISHED AN ENERGY EFFICIENCY ASSISTANCE FUND WITH RETIREMENTS OF PATRONAGE CAPITAL, WHICH HAVE REMAINED UNCLAIMED FOR A PERIOD OF THREE YEARS THE AMOUNTS DEPOSITED INTO THE ENERGY EFFICIENCY ASSISTANCE FUND ARE APPROVED BY THE STATE OF TEXAS AND CAN ONLY BE USED TO ASSIST MEMBERS OF AN ELECTRIC COOPERATIVE IN REDUCING THEIR ENERGY CONSUMPTION AND ELECTRICITY BILLS ANY AMOUNTS SO DEPOSITED INTO THE ENERGY EFFICIENCY ASSISTANCE FUND ARE STILL PAYABLE TO THE PERSON TO WHOM THE ORIGINAL PAYMENT WAS MADE BUT UNCLAIMED</p>

Supplemental Information

Return Reference	Explanation
PART X, LINE 2	THE COOPERATIVE FOLLOWS THE "UNCERTAIN TAX POSITIONS" PROVISIONS OF ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA THE PRIMARY TAX POSITION OF THE COOPERATIVE IS ITS FILING STATUS AS A TAX EXEMPT ENTITY THE COOPERATIVE DETERMINED THAT IT IS MORE LIKELY THAN NOT THAT ITS TAX POSITION WILL BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICE (IRS), OR OTHER STATE TAXING AUTHORITY, AND THAT ALL TAX BENEFITS ARE LIKELY TO BE REALIZED UPON SETTLEMENT WITH TAXING AUTHORITIES

Supplemental Information

Return Reference	Explanation
PART IX	THE AMOUNT OF OTHER ASSETS ON FORM 990, PAGE 11, PART X, LINE 15 DOES NOT EQUAL OR EXCEED 5% OF THE TOTAL ASSETS ON FORM 990, PAGE 11, PART X, LINE 16, COLUMN B CONSEQUENTLY, IN ACCORDANCE WITH IRS INSTRUCTIONS, SCHEDULE D, PART IX HAS BEEN LEFT BLANK

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 23.**
▶ **Attach to Form 990.**

▶ **Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2017

Open to Public Inspection

Name of the organization
MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

Employer identification number
74-0783753

Part I Questions Regarding Compensation

		Yes	No		
<p>1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) </td> </tr> </table>	<input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)			
<input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)				
<p>b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.</p>	1b				
<p>2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</p>	2				
<p>3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Compensation committee <input checked="" type="checkbox"/> Independent compensation consultant <input checked="" type="checkbox"/> Form 990 of other organizations </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee </td> </tr> </table>	<input type="checkbox"/> Compensation committee <input checked="" type="checkbox"/> Independent compensation consultant <input checked="" type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee			
<input type="checkbox"/> Compensation committee <input checked="" type="checkbox"/> Independent compensation consultant <input checked="" type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee				
<p>4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:</p> <p>a Receive a severance payment or change-of-control payment?</p> <p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p> <p>c Participate in, or receive payment from, an equity-based compensation arrangement?</p> <p>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</p>	4a		No		
	4b		No		
	4c		No		
<p>Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.</p> <p>5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</p> <p>a The organization?</p> <p>b Any related organization?</p> <p>If "Yes," on line 5a or 5b, describe in Part III.</p>	5a				
	5b				
<p>6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</p> <p>a The organization?</p> <p>b Any related organization?</p> <p>If "Yes," on line 6a or 6b, describe in Part III.</p>	6a				
	6b				
<p>7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described in lines 5 and 6? If "Yes," describe in Part III.</p>	7				
<p>8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.</p>	8				
<p>9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>	9				

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 KERRY KELTON GENERAL MANAGER/CEO	(i)	277,490	30,881	81,736	58,269	8,102	456,478	0
	(ii)	0	0	0	0	0	0	0
2 MIKE MCDUGALD SR VICE PRESIDENT	(i)	159,375	19,655	29,764	33,083	8,938	250,815	0
	(ii)	0	0	0	0	0	0	0
3 TROY MORRIS VP BUSINESS RELATIONS	(i)	148,630	42,263	38,348	31,933	9,101	270,275	0
	(ii)	0	0	0	0	0	0	0
4 ANDREW DALLMEYER SR VP FINANCE & ACCOUNTING	(i)	124,684	10,749	21,359	18,699	7,894	183,385	0
	(ii)	0	0	0	0	0	0	0
5 MELANIE CABALLERO VP ADMINISTRATION	(i)	99,369	8,915	20,805	29,456	8,079	166,624	0
	(ii)	0	0	0	0	0	0	0
6 DIANNE SECHELSKI VP BILLING	(i)	111,994	8,750	8,738	53,716	5,492	188,690	0
	(ii)	0	0	0	0	0	0	0
7 DAVID WILLIAMS VP OPERATIONS	(i)	112,846	20,765	32,869	28,184	9,162	203,826	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Return Reference	Explanation
PART II, COLUMN C	<p>INCLUDED IN THIS AMOUNT IS THE INCREASE IN ACTUARIAL VALUE OF BENEFITS PAYABLE UNDER A DEFINED BENEFIT RETIREMENT PLAN. THE CONTRIBUTION RATE FOR PARTICIPANTS IN THE NRECA R&S DEFINED BENEFIT PENSION PLAN ARE THE SAME FOR ALL INDIVIDUALS IN THIS MULTI-EMPLOYER PLAN. THE CHANGE IN ACTUARIAL VALUE FOR EACH PARTICIPANT, HOWEVER, VARIES WITH AGE, YEARS OF SERVICE AND THE CURRENT INTEREST RATE ENVIRONMENT. IN OTHER WORDS, THE OLDER A PLAN PARTICIPANT IS, THE GREATER THE INCREASE IN THAT INDIVIDUAL'S CHANGE IN ACTUARIAL VALUE, ALL OTHER THINGS BEING EQUAL. BECAUSE THIS RELATES TO A MULTI-EMPLOYER PLAN, CASH CONTRIBUTIONS TO THE PLAN IN LIEU OF THE ACTUARIAL INCREASE ARE EXPENSED IN THE FINANCIAL STATEMENTS.</p> <p>KERRY KELTON ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 47,967 EMPLOYER CONTRIBUTION TO 401(K) PLAN 10,302 TOTAL REPORTED IN COLUMN C \$ 58,269 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (47,967) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 42,031 EXPENSE TO THE COOPERATIVE \$ 52,333</p> <p>MIKE MCDUGALD ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 24,494 EMPLOYER CONTRIBUTION TO 401(K) PLAN 8,589 TOTAL REPORTED IN COLUMN C \$ 33,083 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (24,494) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 25,405 EXPENSE TO THE COOPERATIVE \$ 33,994</p> <p>TROY MORRIS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 24,224 EMPLOYER CONTRIBUTION TO 401(K) PLAN 7,709 TOTAL REPORTED IN COLUMN C \$ 31,933 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (24,224) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 23,787 EXPENSE TO THE COOPERATIVE \$ 31,497</p> <p>ANDREW DALLMEYER ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 12,617 EMPLOYER CONTRIBUTION TO 401(K) PLAN 6,082 TOTAL REPORTED IN COLUMN C \$ 18,699 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (12,617) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 20,311 EXPENSE TO THE COOPERATIVE \$ 26,393</p> <p>MELANIE CABALLERO ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 24,110 EMPLOYER CONTRIBUTION TO 401(K) PLAN 5,346 TOTAL REPORTED IN COLUMN C \$ 29,456 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (24,110) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 16,402 EXPENSE TO THE COOPERATIVE \$ 21,748</p> <p>DIANNE SECHELSKI ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 48,465 EMPLOYER CONTRIBUTION TO 401(K) PLAN 5,251 TOTAL REPORTED IN COLUMN C \$ 53,716 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (48,465) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 18,826 EXPENSE TO THE COOPERATIVE \$ 24,077</p> <p>DAVID WILLIAMS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 21,259 EMPLOYER CONTRIBUTION TO 401(K) PLAN 6,925 TOTAL REPORTED IN COLUMN C \$ 28,184 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (21,259) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 18,927 EXPENSE TO THE COOPERATIVE \$ 25,852</p>

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b. Attach to Form 990 or Form 990-EZ. Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

2017

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization: MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION. Employer identification number: 74-0783753.

Part I Excess Benefit Transactions (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only) Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

Table with 4 main columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No)

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958. 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization.

Part II Loans to and/or From Interested Persons. Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

Table with 9 main columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization? (To/From), (e) Original principal amount, (f) Balance due, (g) In default?, (h) Approved by board or committee?, (i) Written agreement?

Total \$

Part III Grants or Assistance Benefiting Interested Persons. Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with 5 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) MIKE MCDUGALD	FAMILY RELATIONSHIP	250,815	MIKE MCDUGALD RECEIVED COMPENSATION AS AN EMPLOYEE OF THE COOPERATIVE HE AND BOARD MEMBER, KENNETH MCDUGALD, ARE FAMILY MEMBERS PER THE 990 DEFINITION OF FAMILY MEMBERS		No
(2) KENNETH MCDUGALD	FAMILY RELATIONSHIP	15,563	KENNETH MCDUGALD RECEIVED COMPENSATION AS A BOARD MEMBER OF THE COOPERATIVE HE AND MIKE MCDUGALD, EMPLOYEE OFFICER, ARE FAMILY MEMBERS PER THE 990 DEFINITION OF FAMILY MEMBERS		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No 1545-0047

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

2017

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

Employer identification number

74-0783753

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	MICHAEL MCDOUGALD IS AN OFFICER OF THE COOPERATIVE AND IS THE SON OF KENNETH MCDOUGALD, A MEMBER OF THE COOPERATIVE'S BOARD OF DIRECTORS

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	THE COOPERATIVE WAS FORMED BY THE MEMBERS TO PROVIDE ELECTRIC SERVICE AT COST ON A COOPERATIVE BASIS

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	THE MEMBERS OF THE COOPERATIVE VOTE ON THE BOARD OF DIRECTORS ELECTIONS ARE DONE ON A ONE MEMBER ONE VOTE BASIS

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	THE FOLLOWING ACTS REQUIRE APPROVAL OF THE MEMBERS OF THE COOPERATIVE 1 DISSOLUTION/LIQUIDATION OF THE COOPERATIVE 2 MERGER OR CONSOLIDATION OF THE COOPERATIVE WITH ANOTHER ORGANIZATION 3 DISPOSAL OF A SUBSTANTIAL PORTION OF THE COOPERATIVE'S ASSETS 4 AMENDMENT TO THE ARTICLES OF INCORPORATION

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11B	MANAGEMENT PRESENTED A COPY OF THE FORM 990 TO THE BOARD FOR DISCUSSION AND REVIEW PRIOR TO FILING

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	ON AN ANNUAL BASIS, THE COOPERATIVE WILL REQUIRE THE BOARD OF DIRECTORS AND ITS OFFICERS TO COMPLETE AND SIGN A CONFLICT OF INTEREST CERTIFICATION AND DISCLOSURE FORM. THE BOARD OF DIRECTORS WILL ALSO COMPLETE AND SIGN THE FORM 990 DISCLOSURE QUESTIONNAIRE. THE SIGNED COPIES WILL BE KEPT IN THE PERSONNEL FILE FOR EACH INDIVIDUAL.

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	THE BOARD OF DIRECTORS USE THE EXPERTISE OF AN INDEPENDENT COMPENSATION CONSULTANT, A COMPENSATION SURVEY AND COMPARE COMPENSATION REPORTED ON OTHER COOPERATIVE'S IRS FORMS 990 WHEN DETERMINING THE COMPENSATION OF THE GENERAL MANAGER/CEO THE SURVEY SHOWS COMPARATIVE SALARIES FOR GENERAL MANAGERS/CEOS FROM COOPERATIVES LOCATED IN TEXAS AND THE NATION THE GENERAL MANAGER/CEO USES THE EXPERTISE OF AN INDEPENDENT COMPENSATION CONSULTANT, A COMPENSATION SURVEY AND COMPARE COMPENSATION REPORTED ON OTHER COOPERATIVE'S IRS FORMS 990 WHEN DETERMINING THE COMPENSATION OF THE COOPERATIVE'S OTHER EMPLOYEES MEETING THE DEFINITION OF OFFICER AND KEY EMPLOYEES, IF ANY THE SURVEY INCLUDES SALARIES FROM SIMILAR COOPERATIVES THROUGHOUT TEXAS AND THE NATION

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE COOPERATIVE WILL PROVIDE A COMPLETE COPY OF THE AUDITED FINANCIAL STATEMENTS, CONFLICT OF INTEREST POLICY, OR GOVERNING DOCUMENTS TO ANY MEMBER WHO REQUESTS A COPY

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VII, COLUMN F	<p>IN ORDER TO PROVIDE RETIREMENT BENEFITS TO ITS EMPLOYEES, THE COOPERATIVE HAS ESTABLISHED A DEFINED CONTRIBUTION PLAN UNDER SECTION 401(K) OF THE INTERNAL REVENUE CODE EMPLOYER CONTRIBUTIONS TO THE PLAN ARE MADE PURSUANT TO THE PLAN DOCUMENT ADDITIONALLY, THE COOPERATIVE PARTICIPATES IN A MULTI-EMPLOYER DEFINED BENEFIT PLAN CONTRIBUTIONS TO THIS PLAN ARE BASED ON THE FULL FUNDING LIMITATION OF SUCH PLAN EMPLOYER CONTRIBUTIONS FOR BOTH PLANS ARE AVAILABLE TO PARTICIPATING EMPLOYEES, INCLUDING OFFICERS AND HIGHLY COMPENSATED EMPLOYEES, MEETING THE ELIGIBILITY REQUIREMENTS OF SUCH PLANS THE COOPERATIVE ALSO PROVIDES HEALTH AND LIFE INSURANCE TO ALL EMPLOYEES, INCLUDING OFFICERS AND HIGHLY COMPENSATED EMPLOYEES, THROUGH A QUALIFIED PLAN THE AMOUNTS REPORTED ON PART VII, COLUMN (F) FOR THE EMPLOYEE OFFICERS AND HIGHLY COMPENSATED EMPLOYEES IS COMPRISED OF THE ACTUARIAL INCREASE IN THE DEFINED BENEFIT PLAN, THE TOTAL AMOUNT CONTRIBUTED BY THE COOPERATIVE TO THE DEFINED CONTRIBUTION PLAN AND INSURANCE PAID ON BEHALF OF AND FOR THEIR BENEFIT ALL BENEFITS ARE FOR EMPLOYEES ONLY THE BOARD OF DIRECTORS DO NOT RECEIVE ANY OF THE BENEFITS LISTED ABOVE</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VIII, LINE 2	PATRONAGE DIVIDENDS RESULT FROM THE PURCHASE OF WHOLESale POWER FROM A GENERATION & TRANSMISSION COOPERATIVE PATRONAGE DIVIDENDS ALSO RESULT FROM THE PAYMENT OF INTEREST FROM COOPERATIVE BANKS AND THE PURCHASE OF SUPPLIES AND SERVICES FROM OTHER COOPERATIVE ORGANIZATIONS THE EXPENSES ASSOCIATED WITH PURCHASES FROM AND PAYMENTS TO SUCH COOPERATIVE ORGANIZATIONS ARE A DIRECT COMPONENT OF COST OF THE ELECTRIC SERVICE PROVIDED BY THE COOPERATIVE TO ITS MEMBERS

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART IX	ALTHOUGH THE COOPERATIVE IS NO LONGER A RURAL UTILITIES SERVICE (RUS) BORROWER, ITS ACCOUNTING RECORDS ARE MAINTAINED IN ACCORDANCE WITH THE RUS UNIFORM SYSTEM OF ACCOUNTS (USOA) PRESCRIBED FOR RUS ELECTRIC BORROWERS. THE USOA DOES NOT RECORD EXPENSES IN THE GENERAL EXPENSE CATEGORIES PROVIDED ON PART IX LINES 1 - 23. THE COOPERATIVE SEPARATELY REPORTS SALARIES AND WAGES, EMPLOYEE BENEFITS AND PAYROLL TAXES THAT ARE ALLOCATED IN ACCORDANCE WITH THEIR ACCOUNTING SYSTEM, BUT OTHER EXPENSES THAT ARE DESCRIBED IN LINES 1 - 23 ARE REPORTED ON LINE 24 UNDER THE EXPENSE CATEGORIES REQUIRED BY THE USOA.

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART IX, LINES 5-7	SALARIES AND WAGES ARE ALLOCATED TO ASSET, LIABILITY, AND EXPENSE ACCOUNTS BASED ON THE ACCOUNTING SYSTEM DESCRIBED ABOVE THE FOLLOWING SCHEDULE RECONCILES AMOUNTS REPORTED ON LINES 5-7 TO TOTAL WAGES ACCRUED AND/OR PAID TOTAL PER LINES 5-7 \$ 5,781,351 LESS DIRECTOR FEES REPORTED ON FORM 1099-MISC (148,515) LESS EMPLOYEE OFFICER BENEFITS INCLUDED IN LINE 5 (327,930) PLUS SALARIES AND WAGES CAPITALIZED DIRECTLY TO PLANT 2,779,360 PLUS SALARIES AND WAGES CAPITALIZED/EXPENSED INDIRECTLY THROUGH CLEARING AND OTHER ACCOUNTS 2,516,762 TOTAL WAGES ACCRUED AND/OR PAID \$10,601,028

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART IX, LINE 24	ADMINISTRATIVE & GENERAL EXPENSE IS COMPRISED OF THE FOLLOWING ADMINISTRATIVE & GENERAL \$ 2,663,370 OFFICE SUPPLIES 301,714 OUTSIDE SERVICES 151,454 DIRECTORS 295,020 SAFETY/TRAINING 1,713,457 MEETINGS 199,011 REGULATORY COMMISSION EXPENSES 122,682 MAINTENANCE OF GENERAL PLANT 638,236 MISCELLANEOUS GENERAL EXPENSE 258,879 TOTAL ADMIN & GENERAL EXP PER FINANCIAL STATEMENTS \$ 6,343,823 LESS RECLASS OF TOWER EXPENSE TO PART VIII, LINE 6B (3,496) LESS RECLASS OF DIRECTOR FEES TO PART IX, LINE 5 (148,515) LESS RECLASS OF LABOR TO PART IX, LINES 5 & 7 (2,582,112) LESS RECLASS OF BENEFITS TO PART IX, LINES 8-10 (885,740) TOTAL ADMIN & GENERAL EXPENSE PER FORM 990, PART IX \$ 2,723,960

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART IX, LINE 4	<p>PURSUANT TO THE FORM 990 INSTRUCTIONS, THE AMOUNT OF PATRONAGE DIVIDENDS PAID TO THE MEMBERS (HEREINAFTER REFERRED TO AS "PATRONS") SHOULD BE REPORTED ON PART IX, LINE 4. THE PHRASE "PATRONAGE DIVIDENDS PAID" REFERS TO THE PROCESS, SUBSEQUENT TO YEAR-END, BY WHICH THE COOPERATIVE ALLOCATES PATRONAGE CAPITAL TO AND, THEREFORE, OPERATES AT COST WITH ITS PATRONS. THE COOPERATIVE'S TAX EXEMPT PURPOSE IS TO PROVIDE ELECTRICITY TO ITS PATRONS AND TO DO SO ON A COOPERATIVE BASIS. TAX LAW DEFINES "OPERATING ON A COOPERATIVE BASIS" AS SUBORDINATION OF CAPITAL, DEMOCRATIC CONTROL, AND OPERATION AT COST. THE COOPERATIVE OPERATES AT COST THROUGH THE ALLOCATION OF TRUE PATRONAGE DIVIDENDS (ALSO REFERRED TO AS ALLOCATIONS OF PATRONAGE CAPITAL) TO ITS PATRONS. PATRONAGE DIVIDENDS ARE CONSIDERED PAID IF THE ALLOCATION IS MADE (1) PURSUANT TO A PRE-EXISTING OBLIGATION, (2) FROM THE MARGINS PRODUCED FROM THE TRANSACTIONS DONE WITH OR FOR PATRONS, AND (3) IN A FAIR AND EQUITABLE MANNER ON THE BASIS OF PATRONAGE (I.E. PURCHASES). ADDITIONALLY, THE ALLOCATION OF PATRONAGE DIVIDENDS SHOULD BE MADE WITHIN A REASONABLE TIME PERIOD AFTER THE CLOSE OF THE COOPERATIVE'S YEAR-END OF DECEMBER 31. EACH ONE OF THESE REQUIREMENTS FOR A TRUE PATRONAGE DIVIDEND IS PROVIDED FOR IN THE NON-PROFIT OPERATION ARTICLE OF THE COOPERATIVE'S BYLAWS. THE AMOUNT REPORTED ON PART IX, LINE 4 REPRESENTS THE AMOUNT OF PATRONAGE CAPITAL THAT IS EITHER ALLOCATED OR TO BE ALLOCATED TO THE PATRONS RESULTING FROM THEIR PURCHASE OF ELECTRICITY FROM THE COOPERATIVE FOR THE 2017 CALENDAR YEAR. BECAUSE PATRONAGE DIVIDENDS ARE THE PROCESS BY WHICH THE COOPERATIVE OPERATES AT COST WITH ITS PATRONS AND THEREBY A KEY COMPONENT TO ACCOMPLISHING ITS EXEMPT PURPOSE, THE COOPERATIVE HAS REPORTED SUCH AMOUNTS AS AN EXPENSE FOR FORM 990 REPORTING. PATRONAGE DIVIDENDS ARE NOT AN EXPENSE FOR FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, HOWEVER.</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART IX, LINE 24E	OTHER EXPENSES ARE COMPRISED OF THE FOLLOWING SALES \$ 719,447 OTHER DEDUCTIONS 263,169 TO TAL OTHER EXPENSES PER FORM 990, LINE 24E \$ 974,176

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART XI, LINE 9	NET CHANGE IN MEMBERSHIPS 213,940 NET INCOME FROM EQUITY METHOD INVESTMENTS 1,325,276 PA TRONAGE CAPITAL ASSIGNABLE 6,563,151 PATRONAGE CAPITAL RETIRED -386,819

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART XII, LINE 2C	THE BOARD AS A WHOLE IS RESPONSIBLE FOR OVERSEEING THE FINANCIAL STATEMENT AUDIT AND SELECTING THE INDEPENDENT FINANCIAL STATEMENT AUDITOR. PROCEDURAL CHANGES DID NOT OCCUR DURING THE YEAR.

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2017

**Open to Public
Inspection**

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
- ▶ Attach to Form 990.
- ▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

Name of the organization
MID-SOUTH ELECTRIC COOPERATIVE
ASSOCIATION

Employer identification number

74-0783753

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1)MID-SOUTH SYNERGY CHARITABLE FOUNDATION 7625 HWY 6 NAVASOTA, TX 77868 27-4376574	GRANTS AND SCHOLARSHIPS	TX	501(C)(3)	LINE 7	MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION	Yes	

Part III Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) MSEC ENTERPRISES INC & SUBSIDIARIES PO BOX 970 NAVASOTA, TX 77868 74-2847683	WATER DISTRIBUTION, RETRO FITTING METERS	TX	MID-SOUTH ELECTRIC COOPERATIVE	C	6,214,556	44,809,959	100 000 %	Yes	

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity	1a	No
b Gift, grant, or capital contribution to related organization(s)	1b	No
c Gift, grant, or capital contribution from related organization(s)	1c	No
d Loans or loan guarantees to or for related organization(s)	1d	No
e Loans or loan guarantees by related organization(s)	1e	No
f Dividends from related organization(s)	1f	No
g Sale of assets to related organization(s)	1g	No
h Purchase of assets from related organization(s)	1h	No
i Exchange of assets with related organization(s)	1i	No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	No
k Lease of facilities, equipment, or other assets from related organization(s)	1k	No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	No
o Sharing of paid employees with related organization(s)	1o	Yes
p Reimbursement paid to related organization(s) for expenses	1p	No
q Reimbursement paid by related organization(s) for expenses	1q	Yes
r Other transfer of cash or property to related organization(s)	1r	No
s Other transfer of cash or property from related organization(s)	1s	No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)MID-SOUTH CHARITABLE FOUNDATION INC	O		N/A - LESS THAN \$50,000
(2)MSEC ENTERPRISES INC & SUBSIDIARY - SHARED EMPLOYEES	O	1,577,613	DIRECT LABOR \$ & HOURS
(3)MSEC ENTERPRISES INC & SUBSIDIARY	Q	168,051	INVOICES & OTHER SUPPORT

Part VII **Supplemental Information**

Provide additional information for responses to questions on Schedule R (see instructions)