



# Dear Members,

The past year has been one of growth, opportunity, and transition for your electric cooperative. There have been historic milestones-returning capital credits to members for the first time, work to expand high-speed internet to nearly 3,000 members and bringing grid automation outside our substations for the first time. The past year has also been one of challenge as we responded to unprecedented surges of the COVID-19 pandemic. Looking to the future, New Hampshire Electric Cooperative is strong, growing and poised to meet our members' evolving needs.

### Capital Credits

For the first time in NHEC's history, we were able to return equity to our current and former members by retiring \$4 million in Capital Credits in 2021. As a member of NHEC, you're also a part-owner of your Co-op. This means that when the Co-op takes in more revenue than it spends, our members are allocated a portion of that "profit" as equity. Your equity in NHEC is represented by Capital Credits. Sharing equity with members is a hallmark of the cooperative business model and it is the Co-op's goal to return credits to members on a regular basis.

### NH Broadband

NHEC and its subsidiary, NH Broadband, took great strides in 2021 toward our goal of ensuring that every member has access to affordable, reliable, high-speed internet. After connecting its first customers in Lempster, Colebrook, Clarksville and Stewartstown in 2020, NH Broadband announced plans in 2021 to build fiber-optic networks in the towns of Acworth and Sandwich. Service will be available in both communities in mid-2022. In its largest expansion to date, NHEC and NH Broadband announced plans in early 2022 to make high-speed internet available to an additional 17,000 residents and Co-op members in more than 30 Grafton County towns. The areas in which we're building comprise some of the most underserved parts of the state, towns that have been passed over for service by the current providers because of their location and population density. High-speed internet access is a historic moment for the many communities that need it, on par with the arrival of Co-op electricity more than 80 years ago. With our nonprofit status and member-focused governance, we have the ability to leverage millions of dollars in federal, state and local construction grants that will become available in the coming years. We believe that member-owned organizations like NHEC are the best providers of this essential service and will ensure its success over time. We were honored to host Vice President Kamala Harris, who visited NHEC headquarters in Plymouth in April 2021 to meet with company officials and discuss the importance of continued federal support for rural broadband construction.

### Automation in Action

Our continued investment in Supervisory Control and Data Acquisition (SCADA) technology on our electric distribution system is helping us prevent power outages. SCADA systems allow dispatchers in our Control Center to coordinate with lineworkers in the field to turn power on and off remotely or redirect power between substations and circuits so the fewest members possible are affected by outages. Last year when a winter storm brought a tree down across the main lines leading out of our substation in Plymouth, controllers and line crews were able to reroute power. Instead of an outage affecting nearly 900 members, just 34 members in the immediate vicinity lost power while crews removed the tree and repaired the line. SCADA made it possible. We will continue to pursue the expansion of SCADA controls in the coming years to make our distribution system as efficient and reliable as possible.

### The Future of Electricity

In May 2021, we announced the completion of our first utility scale energy storage project. The 2.4 megawatt (MW) battery project is located on the site of NHEC's 2.5 MW solar array in Moultonborough, NH. The battery unit will charge from NHEC's distribution system during times of low demand and discharge during periods of peak regional electricity use. By doing so, the battery will save NHEC's members on transmission charges for power that would have otherwise been imported to our system to meet the high demand. The savings for members is expected to be about \$2.3 million over 12 years. Equally important, the battery project will provide NHEC with insight and direct experience into how battery storage technologies respond to price signals and interact with its electrical system.

That experience will benefit a number of other exciting projects that offer our members new ways to use our electrical distribution system. In 2021, we worked with Plymouth State University to install Vehicle-to-Grid (V2G) chargers on campus. New "bi-directional" chargers can be set to charge the school's electric vehicles, or discharge power to the electric grid when demand and the price of power are high. Another project will explore the benefits of using the same technology with electric school busses.

Last year we also helped hundreds of members transition away from fossil fuels to high-efficiency electric technologies like electric heat pumps and electric vehicles (EVs). NHEC incentives helped nearly 1,000 members install heat pump systems for heating and cooling, as well as 160 heat pump water heaters. With high gas prices and more options available all the time, more members are switching to EVs. Last year, NHEC incentives helped 119 members purchase or lease an EV. We also enrolled 28 EV owners in our time-of-use rate program, which offers off-peak charging rates that are substantially less than the standard residential rate. We were also glad to contribute to New Hampshire's growing network of public EV charging stations by helping six commercial members locate EV chargers at their places of business.

### Leadership Transition

August 2021 brought the departure of NHEC's President and CEO Steve Camerino, who left after six years to pursue a new opportunity as CEO of his prior legal firm. Steve's steady leadership and commitment to our members will be missed and we wish him the best. The Board is working with a national search firm to bring on a new CEO with the hope of announcing a successor in mid-2022. James Bakas, NHEC's Vice President of Operations & Engineering, is serving as General Manager during the transition.

### Congrats and Thank You

We've always said that NHEC lineworkers are the best, and in 2021 they got the trophy to prove it! Team NHEC finished 1st overall in the annual NEPPA Lineworkers Rodeo, showing the same dedication and professionalism they bring to their work on behalf of our members every day. We want to thank our crews and all the NHEC employees, whose hard work and adaptability have brought the Co-op successfully through the last two challenging years.

Thank you for your support!



James Bakas,  
General Manager

*James T. Bakas*



Jeffrey Morrill,  
Board Chair

*Jeffrey Morrill*

## 2021 Board of Directors

Jeffrey Morrill, Chair.....	Holderness
Daniel Senie, Vice Chair .....	Charlestown
Edward French, Treasurer.....	Raymond
Carolyn Kedersha, Asst. Treasurer.....	Melvin Village
Brenda Boisvert, Secretary.....	Campton
Alana Albee .....	Center Tuftonboro
William Darcy .....	Benton
Sharon Davis .....	Campton
Leo Dwyer .....	Center Sandwich
Madeline McElaney .....	Plymouth
Thomas Mongeon.....	Rumney

## Mission Statement

Our mission is to provide our members the ability to access affordable, reliable electric service options that support and simplify their lives.

## Vision Statement

Our members will have the energy they need, the information they want and a partner they can trust.™



# 2021

## ANNUAL REPORT TO MEMBERS

# THE ROAD AHEAD

579 Tenney Mountain Highway • Plymouth, NH 03264

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# Consolidated Financials

## Consolidated Balance Sheets

	2021	2020
	(\$000)	(\$000)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & Cash Equivalents	\$110	\$2,400
Receivables from Members – <i>Energy Sales</i>	14,461	13,010
Other Receivables	7,984	5,804
Material & Supplies Inventory	4,091	3,842
Prepayment & Other Current Assets	2,873	2,681
<b>Total Current Assets</b>	<b>29,519</b>	<b>27,737</b>
<b>Utility Plant</b>		
Less: Depreciation	(174,760)	(165,390)
<b>Net Utility Plant</b>	<b>240,607</b>	<b>234,820</b>
<b>Other Assets</b>		
Temporary investments	-	900
Intangible assets	1,375	1,375
Non-utility property	102	108
Investments in Assoc. Organizations	11,530	11,789
<b>Total Other Assets</b>	<b>13,007</b>	<b>14,172</b>
<b>Deferred Debits</b>	<b>10,343</b>	<b>9,272</b>
<b>Total Assets</b>	<b>293,476</b>	<b>286,001</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Current Liabilities</b>		
Line of Credit	\$11,765	\$7,355
Accounts Payable	16,442	11,424
Accrued Liabilities	6,513	5,673
Member Deposits	1,785	1,870
Current Portion of Long-term Liabilities	6,478	6,029
<b>Total Current Liabilities</b>	<b>42,983</b>	<b>32,351</b>
Long-Term Obligations	89,862	86,838
Deferred Credits	20,234	26,899
Member Equity	140,397	139,913
<b>Total Liabilities &amp; Equity</b>	<b>293,476</b>	<b>286,001</b>

## Consolidated Statement of Operations

	2021	2020
	(\$000)	(\$000)
<b>Revenue</b>		
<b>Operating Revenues</b>	<b>\$155,000</b>	<b>\$141,483</b>
<b>Expenses</b>		
Cost of Power & Transmission	80,792	69,650
Operation & Maintenance	18,726	17,275
Information Technology/Telecommunications	4,099	3,766
Administrative & General	18,695	16,108
Member Service	2,390	2,982
Energy Efficiency/Beneficial Electrification	4,770	4,480
Depreciation	11,896	11,590
Interest Expense & Other Deductions	3,538	3,772
Taxes	7,989	7,761
<b>Total Operating Expenses</b>	<b>152,895</b>	<b>137,384</b>
<b>Operating Margins</b>	<b>2,105</b>	<b>4,099</b>
<b>Non-Operating Margins</b>		
Interest Income & Patronage	289	417
Other	92	95
<b>Total Non-Operating Margins</b>	<b>381</b>	<b>512</b>
<b>Net Margins</b>	<b>\$2,486</b>	<b>\$4,611</b>

# Treasurer's Report

It is my pleasure to report the financial results of your cooperative for the year ending December 31, 2021. New Hampshire Electric Cooperative (NHEC) ended the year with a positive net margin of \$5.6 million from our electric distribution operations. The revenue NHEC earned was greater than budgeted by \$1.6 million, or 2.5%, which is remarkable given the challenges that many businesses, including our own, faced with the continued impacts from the COVID-19 pandemic. NHEC's expenses last year were higher than budgeted by \$200,000, or 0.4%. This increase was primarily due to costs NHEC incurred responding to two major storms, which totaled \$2.5 million.

As COVID-19 pandemic restrictions eased last year, NHEC experienced a recovery in delivered kilowatt-hours (kWh) to our commercial members, as many businesses rebounded from closures or curtailed operations. At the same time, NHEC continued to experience higher residential usage due to increased remote work and seasonal home use by our members. The Co-op also realized growth from new construction, resulting in the addition of 727 new services during the year. Overall NHEC delivered 3% more kWh in 2021 than in 2020.

NHEC continues to make every effort to keep our operating costs down, while improving our service to our members. The Co-op continues to invest in right-of-way clearing and tree trimming. Since tree damage is the leading cause of power outages, these investments reduce the number and duration of outages, while decreasing the cost to restore power when storms occur. Over the past three years we have cleared

and maintained over 1,800 miles of line. The Co-op continues to focus on initiatives aimed at improving the reliability of our system. In total, NHEC has invested more than \$30 million in reliability initiatives over the last three years to improve service reliability to our members.

We also continued the development of a fiber-optic network to address the critical need of offering high-speed internet service to members in unserved and underserved towns in our service territory. In addition to the four towns that were connected last year, NHEC's subsidiary, NH Broadband, is currently expanding the fiber-optic network to the towns of Sandwich and Acworth. In 2022, we plan to continue expansion of broadband coverage to much of our service territory in Grafton County, moving to other counties we serve in the following years. The Co-op will continue to pursue government grants to support the cost of construction. With the high demand for broadband service, we have experienced rapid subscription from members in the towns we are now serving and anticipate similar success in the towns we will serve soon.

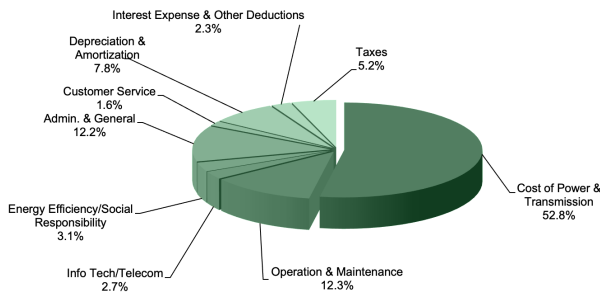
Overall, NHEC's strong financial health continues to support our efforts to ensure that we have the capital necessary to make the investments required to maintain and improve the distribution system and broadband network our members rely on every day.

Respectfully submitted,

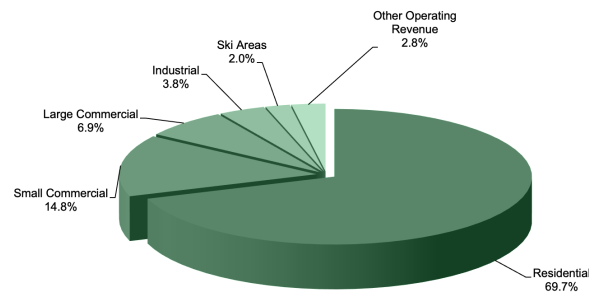


Edward French  
Treasurer

## Expenses by Category – 2021



## Operating Revenue – 2021



The annual audit of New Hampshire Electric Cooperative's records was made by BerryDunn, 100 Middle Street, Portland, ME 04104-1100 and reviewed by the Audit Committee of the Board of Directors of New Hampshire Electric Cooperative. Copies of the complete report are available by mail upon request, or online at [www.nhec.com](http://www.nhec.com).