

# TO OUR MEMBERS

Last year brought steady but important change to New Hampshire Electric Cooperative.

- For instance, energy markets improved in 2023, allowing us to reduce rates for members by more than 16% compared to last year.
- NH Broadband, NHEC's wholly-owned internet subsidiary, completed more than 765 miles of construction and enrolled more than 2,000 subscribers in 2023.
- The number of major storms increased from two in 2022 to four in 2023 and occurred in all seasons of the year.
- We also completed a new five-year strategic plan to begin in 2024. Our mission is to deliver affordable and reliable electric and broadband services to our members. We value safety, our members and transparency—and we will focus on initiatives that support reliability, affordability, the experience of our members and employees and the broadband buildout.

• In addition to recruiting a new Senior Leadership team in 2023, we also continued to both promote talented employees within the Cooperative as well as recruit new, highly capable employees to our organization.

We deeply appreciate their commitment to our members and your engagement in our cooperative.



Sharon L. Davis  
Board Chair



Alyssa Clemesen Roberts  
President/CEO

# BOARD OF DIRECTORS

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## MISSION STATEMENT

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

# 2023 IN REVIEW

JANUARY



Four major storms in five weeks caused a combined 100,000 outages, testing the stamina of NHEC lineworkers and support staff.

FEBRUARY



NHEC opened the year with a Co-op Power rate decrease that reduces members' overall bills by 10.5% per month.

MARCH



Brand new from the ground up, NHEC's substation in Barnstead tripled capacity and improved reliability. Later in 2023, the new Webster substation went online.

MAY



NHEC hosted the NEPPA Annual Lineworkers Rodeo and its team took the top two spots.

NHEC commemorated the expansion of NH Broadband internet service to thousands of underserved NH residents with a virtual event featuring U.S. Sen. Maggie Hassan and Taylor Caswell, Commissioner of the NH Department of Business & Economic Affairs.

JULY



NHEC returned \$2 million in capital credit payments to current and former members.

AUGUST



Second rate cut of 2023 reduced members' bills another 7%. For residential members, it amounted to a savings of about \$25/month over the last year.

NOVEMBER



In addition to recruiting a new Senior Leadership team in 2023, we also continued to both promote talented employees within the Cooperative as well as recruited new talented employees to our organization.

DECEMBER



The NHEC Foundation awarded nearly \$300,000 in 2023 to nonprofit groups working to improve the quality of life for members in NHEC service territory.



# 2023 Annual Report to Members

**224**  
EMPLOYEES



**5,718**  
MILES OF LINE



**43,083**  
TRANSFORMERS



**121,115**  
POLES



**45**  
SUBSTATIONS

**883** NEW  
SERVICES

TOTAL  
METERED  
SERVICES:  
**88,826**



**2,110**  
MEMBERS SUBSCRIBED  
TO NH BROADBAND



**779,819,830**  
KWH SOLD



**\$76,017,553**  
COST OF POWER



## 2023 TREASURER'S REPORT

New Hampshire Electric Cooperative (NHEC) ended the year with a positive net margin of \$4.5 million from our electric distribution operations and \$2.0 million on a consolidated basis. The distribution revenue that NHEC earned was within .8% of budget, or \$.6 million. NHEC's distribution expenses were 0.7% less than budget last year, or \$0.5 million. The financial impact of major storms throughout the year was reduced by disaster declarations, enabling NHEC to recoup some of the expenses from the Federal Emergency Management Agency (FEMA).

In 2023, NHEC saw a 2.3% decrease in net kWh sales due to a warmer than normal winter and a mild summer in 2023. NHEC continued to see growth in new construction, resulting in the addition of 883 new services during the year.

NHEC has historically worked hard to keep our operating costs down, while providing good service to our members. We have continued to invest in right-of-way clearing and tree trimming. Over the past three years we have cleared and maintained over 2,300 miles of line and invested more than \$39 million to improve service reliability to our members.

In 2023 we continued to build a fiber-optic network to provide high-speed internet service to members in unserved and underserved towns in our service territory. In addition to the six towns that have already been connected, NHEC's subsidiary, NH Broadband, made significant progress in expanding our fiber broadband service to members in parts of Grafton County by building 765 miles of fiber and passing over 11,000 homes and businesses. The consolidated balance sheet reflects these broadband investments made by NHEC and their impact on our overall net margin for 2023.

Overall, NHEC's strong financial health ensures that we have the capital necessary to maintain and improve the electric distribution system and broadband networks our members rely on every day.

Respectfully submitted,  
Edward French  
Treasurer

## CONSOLIDATED BALANCE SHEETS

|  | 2023<br>(000s)    | 2022<br>(000s)    |
|--|-------------------|-------------------|
| <b>Assets</b>                                  |                   |                   |
| <b>Current Assets</b>                          |                   |                   |
| Cash and Cash Equivalents                      | \$ 1,501          | \$ 1,944          |
| Receivables from Members - Energy Sales        | 14,900            | 17,287            |
| Other Receivables                              | 15,668            | 10,853            |
| Material & Supplies Inventory                  | 12,086            | 5,551             |
| Prepayment and Other Current Assets            | 2,494             | 2,490             |
| <b>Total Current Assets</b>                    | <b>46,649</b>     | <b>38,125</b>     |
| Utility Plant                                  | 480,079           | 443,748           |
| less: Depreciation                             | (193,067)         | (185,458)         |
| <b>Net Utility Plant</b>                       | <b>287,012</b>    | <b>258,290</b>    |
| <b>Other assets</b>                            |                   |                   |
| Investments in Assoc. Organizations            | 10,734            | 11,074            |
| Non-utility property                           | 7,748             | 3,692             |
| Postretirement Benefits Other Than Pensions    | 226               | -                 |
| Intangible assets                              | 830               | 923               |
| <b>Total Other Assets</b>                      | <b>19,538</b>     | <b>15,689</b>     |
| Deferred Debits                                | 7,214             | 14,202            |
| <b>Total Assets</b>                            | <b>\$ 360,413</b> | <b>\$ 326,306</b> |
| <b>Liabilities &amp; Equity</b>                |                   |                   |
| <b>Current Liabilities</b>                     |                   |                   |
| Line of Credit                                 | \$ 25,303         | \$ 8,136          |
| Accounts Payable                               | 30,379            | 23,322            |
| Accrued Liabilities                            | 6,158             | 7,510             |
| Member Deposits                                | 2,155             | 1,945             |
| Current Portion of Long-term Lease Obligations | 297               | 381               |
| Current Portion of Long-term Liabilities       | 6,709             | 6,022             |
| <b>Total Current Liabilities</b>               | <b>71,001</b>     | <b>47,316</b>     |
| Long-term Obligations                          | 128,761           | 111,539           |
| Deferred Credits                               | 16,637            | 24,647            |
| Member Equity                                  | 144,014           | 142,804           |
| <b>Total Liabilities &amp; Equity</b>          | <b>\$ 360,413</b> | <b>\$ 326,306</b> |

## CONSOLIDATED STATEMENTS OF OPERATIONS

|                                    | 2023<br>(000s)  | 2022<br>(000s)  |
|------------------------------------|-----------------|-----------------|
| <b>Revenue</b>                     |                 |                 |
| Operating Revenues                 | \$ 183,120      | \$ 185,930      |
| <b>Expenses</b>                    |                 |                 |
| Cost of Power & Transmission       | 101,223         | 108,101         |
| Operation & Maintenance            | 21,830          | 19,267          |
| Consumer Accounts                  | 2,651           | 2,518           |
| Administrative & General           | 28,583          | 26,127          |
| Depreciation                       | 13,474          | 12,901          |
| Interest Expense & Other Deduction | 5,733           | 4,394           |
| Taxes                              | 8,157           | 8,433           |
| <b>Total Operating Expenses</b>    | <b>181,651</b>  | <b>181,741</b>  |
| <b>Operating Margins</b>           | <b>1,469</b>    | <b>4,189</b>    |
| <b>Non-operating Margins:</b>      |                 |                 |
| Interest Income & Patronage        | 109             | 143             |
| Other                              | 452             | 324             |
| <b>Total Non-operating Margins</b> | <b>561</b>      | <b>467</b>      |
| <b>Net Margins</b>                 | <b>\$ 2,030</b> | <b>\$ 4,656</b> |

### Expenses by Category - 2023



- 55.7%: Cost of Power & Transmission
- 15.7%: Administrative & General
- 12.0%: Operation & Maintenance
- 7.4%: Depreciation
- 4.5%: Taxes
- 3.2%: Interest Expense & Other Deduction
- 1.5%: Customer Accounts

### Operating Revenue - 2023



- 70.4%: Residential
- 14.7%: Small Commercial
- 6.8%: Large Commercial
- 3.4%: Industrial
- 3.1%: Other Operating Revenue
- 1.6%: Ski Areas

The annual audit of New Hampshire Electric Cooperative and Subsidiary's records was performed by McNair, McLemore, Middlebrooks & Co, LLC, 389 Mulberry St, Macon, GA 31201, 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).