

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 Clemens Roberts
President/CEO

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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
883 NEW SERVICES 	45 SUBSTATIONS
883 NEW SERVICES 	88,826 TOTAL METERED SERVICES:
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 (000s)	2022 (000s)
Assets		
Current Assets		
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
Total Current Assets	46,649	38,125
Utility Plant	480,079	443,748
less: Depreciation	(193,067)	(185,458)
Net Utility Plant	287,012	258,290
Other assets		
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
Total Other Assets	19,538	15,689
Deferred Debits	7,214	14,202
Total Assets	\$ 360,413	\$ 326,306
Liabilities & Equity		
Current Liabilities		
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
Total Current Liabilities	71,001	47,316
Long-term Obligations	128,761	111,539
Deferred Credits	16,637	24,647
Member Equity	144,014	142,804
Total Liabilities & Equity	\$ 360,413	\$ 326,306

CONSOLIDATED STATEMENTS OF OPERATIONS

	2023 (000s)	2022 (000s)
Revenue		
Operating Revenues	\$ 183,120	\$ 185,930
Expenses		
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
Total Operating Expenses	181,651	181,741
Operating Margins	1,469	4,189
Non-operating Margins:		
Interest Income & Patronage	109	143
Other	452	324
Total Non-operating Margins	561	467
Net Margins	\$ 2,030	\$ 4,656

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.