

North Arkansas Electric Cooperative



ONE MISSION AND
ONE PURPOSE:
CO-OP MEMBERS

NAEC OFFICERS & DIRECTORS

Michael Dover

President

Beth Carter

Secretary-Treasurer

Cameron Davis

Director

Larry Goodwin

Director

Steve Hall

Director

Jim Short

Director

Marc Walling

Director

Dennis Wiles

Director

Sonya Wiles

Director

Mel Coleman

Chief Executive Officer

REVENUE AND EXPENSE STATEMENT	2022	2021	2020
REVENUES			
Electric energy sales	\$86,102,720	\$77,275,835	\$62,619,676
Other electric revenue	\$10,285,971	\$7,564,058	\$4,037,102
Total Operating Revenue	\$96,388,691	\$84,839,893	\$66,656,778
EXPENSES			
Purchased power	\$49,109,771	\$44,514,798	\$31,487,329
Operation/maintenance	\$14,869,908	\$14,120,076	\$13,220,105
Depreciation	\$10,529,366	\$9,058,909	\$8,020,212
Interest	\$5,212,416	\$4,861,672	\$4,556,695
Administrative and general	\$4,419,300	\$4,290,224	\$4,329,994
Consumer accounting/collecting/information	\$3,784,936	\$3,334,769	\$4,534,534
Provision for income taxes	\$3,414,500	\$0	\$0
Total Operating Expenses	\$91,340,197	\$80,180,448	\$66,148,869
MARGINS			
Operating margins	\$5,048,494	\$4,659,445	\$507,909
Other margins and capital credits	\$1,268,931	\$1,325,411	\$1,161,296
Non-operating margins	\$1,239,311	(\$1,154,930)	\$609,779
Total Margins	\$7,556,736	\$4,829,926	\$2,278,984

BALANCE SHEET As of December 31	2022	2021	2020
ASSETS			
Net utility plant	\$255,888,512	\$239,690,435	\$213,109,558
Investments in associated enterprises	\$27,154,719	\$26,692,687	\$25,972,246
Cash and cash equivalents	\$7,677,181	\$9,286,338	\$6,481,381
Accounts receivable	\$9,051,791	\$8,791,217	\$7,327,061
Other assets	\$28,124,761	\$24,965,010	\$18,839,951
Total Assets	\$327,896,964	\$309,425,687	\$271,730,197
LIABILITIES			
Long-term debt	\$169,468,148	\$163,145,384	\$131,245,238
Accrued liabilities	\$26,576,121	\$34,822,829	\$33,926,816
Accounts payable	\$8,465,057	\$7,629,353	\$7,133,598
Other liabilities	\$9,574,935	\$4,492,535	\$4,322,641
Total Liabilities	\$214,084,261	\$210,090,101	\$176,628,293
MEMBERS' EQUITY			
Membership fees	\$739,800	\$733,750	\$723,420
Patronage capital	\$106,385,484	\$102,393,311	\$97,517,557
Other equities	\$6,687,419	\$(3,791,475)	\$(3,139,073)
Total Net Worth	\$113,812,703	\$99,335,586	\$95,101,904
Total Liabilities & Net Worth	\$327,896,964	\$309,425,687	\$271,730,197

THE REVENUE DOLLAR	2022	2021	2020
HOW IT WAS EARNED			
Residential	\$62,370,226	\$55,456,849	\$45,887,793
Commercial/industrial	\$23,534,474	\$21,633,159	\$16,570,493
Street/highway lighting	\$198,020	\$185,827	\$161,390
Miscellaneous	\$10,285,971	\$7,564,058	\$4,037,102
Total	\$96,388,691	\$84,839,893	\$66,656,778
HOW IT WAS USED			
Purchased power	\$49,109,771	\$44,514,798	\$31,487,329
Operation/maintenance	\$14,869,908	\$14,120,076	\$13,220,105
Depreciation	\$10,529,366	\$9,058,909	\$8,020,212
Interest	\$5,212,416	\$4,861,672	\$4,556,695
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Consumer accounting/collecting/information	\$3,784,936	\$3,334,769	\$4,534,534
Provision for income taxes	\$3,414,500	\$0	\$0
Operating margins	\$5,048,494	\$4,659,445	\$507,909
Total	\$96,388,691	\$84,839,893	\$66,656,778

SYSTEM STATISTICS As of December 31	2022	2021	2020
Item			
Average number of meters billed per month	38,259	37,922	37,358
Average number of meters per mile of line	7.53	7.53	7.44
Average miles of power line in operation	5,078	5,039	5,021
Total kWh bought by cooperative members	658,458,779	626,481,811	601,516,401
Average monthly kWh use per meter	1,430	1,380	1,340
Average monthly residential kWh use	1,044	999	977
Average monthly revenue per meter billed	\$186.90	\$170.07	\$139.49
Average revenue per kWh sold (¢/kWh)	0.1306	0.1232	0.1041
Average revenue per residential kWh sold (¢/kWh)	0.1374	0.1293	0.1103
Average power cost adjustment per kWh sold (¢/kWh)	0.01699	0.01626	(0.00278)
Total kWh bought by cooperative	701,004,561	668,948,156	643,920,867
Total cost of power bought by cooperative	49,109,771	44,514,798	31,487,329
Average cost per kWh bought by cooperative (¢/kWh)	0.0701	0.0665	0.0489
Power (kWh) required for system operation (office use)	1,096,880	1,131,047	1,056,847
kWh unaccounted for (line loss)	41,548,902	41,335,298	41,347,619
System peak demand (kW)	228,670	214,380	149,470
Month of system peak demand	December	February	February
Counties served and property taxes paid:			
Baxter	\$951,951	\$799,131	\$724,899
Fulton	\$406,765	\$350,746	\$318,417
Izard	\$266,645	\$223,916	\$203,360
Sharp	\$200,347	\$169,550	\$154,388
Marion	\$34,402	\$28,841	\$26,217
Stone	\$9,394	\$7,667	\$7,061
Lawrence	\$901	\$774	\$665
Randolph	\$92	\$79	\$72
Total property taxes paid	\$1,870,497	\$1,580,704	\$1,435,080

NAEC is committed to promoting the efficient use of electricity. Educating members about the efficient use of energy resources helps members manage energy costs and helps protect natural resources. Our goal is to help members save

YOUR HOME

THE POWER TO SERVE

Since our founding in 1939, NAEC has been guided by seven cooperative principles: voluntary and open membership; democratic member control; members' economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

North Arkansas Electric Cooperative operates as a not-for-profit business. Because of that, our board of directors and employees are motivated to serve our members, not out-of-state stockholders.



ONE MISSION AND ONE PURPOSE: CO-OP MEMBERS

2022 Annual Report



ONE MISSION AND ONE PURPOSE: CO-OP MEMBERS



THE POWER TO SERVE YOUR FARM AND BUSINESS

More than eight decades ago, Arkansas' electric cooperatives took on the challenge to not just be in the business of electricity but also to serve the greater purpose of making lives and communities better. NAEC supports community organizations and assists with economic development and service events, and our employees give their time and talents to these causes as well.

THE POWER TO SERVE YOUR COMMUNITY

Our business model has guided NAEC through many years of growth and change. And, since the formation of the co-op, we have worked as advocates for our members at the local, state and national levels. NAEC knows this is more important than ever as we work together to provide you with affordable, reliable and responsible electricity.

THE POWER TO SERVE AS YOUR VOICE

money without sacrificing comfort or convenience. One way we do that is through our Rural Energy Savings Program. Members with approved credit can borrow money at low interest to make those energy-efficiency improvements.

NAEC employees are your friends and neighbors. We will continue to be your local energy partners. cooperative community.

THE POWER TO SERVE ARKANSAS

Together, Arkansas' local electric cooperatives represent the largest private business in Arkansas and serve more than 1.2 million members. This success is powered by directors and employees who understand and implement the member-owned business model. This mission and structure is the focus of the electric

THE POWER TO SERVE YOUTH PROGRAMS

NAEC helps prepare today's youth for leadership by partnering with 4-H and FFA as well as sponsoring the Washington, D.C., Youth Tour and STEM-oriented educational programs. We also regularly share at school events the wide array of careers — line technicians, accountants, cashiers, etc. — needed at NAEC to serve our members.

Dear Member,

Once again, North Arkansas Electric Cooperative continued its commitment to member service in a financially responsible manner. Our debt service covenants were sufficient to meet the requirements of our mortgage agreements. Member equity in the system was 34.7 percent at the end of the year. Members were refunded \$2,911,000 in cash to redeem patronage capital credits. The 2022 redemption brings the total capital credits refunded to members to \$45,431,000.

System statistics of interest include: average meters served, 38,259, a net increase of 337 meters; more than 5,078 miles of power lines; 1,430 average monthly kilowatt-hours used by members, up 50 kilowatt-hours from the previous year; a system peak demand of 228,670 kilowatts, recorded in the month of December; and a net plant valuation of \$255,888,512 at year's end.

Additional financial data and operations information is available in this annual report. If you have any questions concerning your electric cooperative, we are happy to answer them.

Michael Dover

Michael Dover, President

Beth Carter

Beth Carter, Secretary-Treasurer

Mel Coleman

Mel Coleman, Chief Executive Officer

Annual Meeting Official Notice

Notice is hereby given that the Annual Membership Meeting of North Arkansas Electric Cooperative Inc. will consist of a business session only at 10 a.m. June 20 at the cooperative's Salem headquarters. The meeting will be streamed live at naeci.com.

Results of the director election will be published on naeci.com and in The Messenger included in members' statements.

Beth Carter

Beth Carter, Secretary-Treasurer

Dated at Salem, Arkansas, on May 19, 2023