

North Arkansas Electric Cooperative



Sole Power Project

ONE MISSION
AND ONE PURPOSE:
OUR MEMBERS

NAEC OFFICERS & DIRECTORS

Cameron Davis
President

Sonya Wiles
Secretary-Treasurer

Beth Carter
Director

Larry Goodwin
Director

Steve Hall
Director

Heather Knight Loftis
Director

Jim Short
Director

Marc Walling
Director

Dennis Wiles
Director

Mel Coleman
Chief Executive Officer

REVENUE AND EXPENSE STATEMENT	2023	2022	2021
REVENUES			
Electric energy sales	\$73,633,841	\$86,102,720	\$77,275,835
Other electric revenue	\$11,131,737	\$10,285,971	\$7,564,058
Total Operating Revenue	\$84,765,578	\$96,388,691	\$84,839,893
EXPENSES			
Purchased power	\$39,480,042	\$49,109,771	\$44,514,798
Operation/maintenance	\$15,394,294	\$14,869,908	\$14,120,076
Depreciation	\$11,369,482	\$10,529,366	\$9,058,909
Interest	\$5,383,838	\$5,212,416	\$4,861,672
Administrative and general	\$4,726,266	\$4,419,300	\$4,290,224
Consumer accounting/collecting/information	\$3,828,828	\$3,784,936	\$3,334,769
Provision for income taxes	\$1,389,811	\$3,414,500	\$0
Total Operating Expenses	\$81,572,561	\$91,340,197	\$80,180,448
MARGINS			
Operating margins	\$3,193,017	\$5,048,494	\$4,659,445
Other margins and capital credits	\$1,325,995	\$1,268,931	\$1,325,411
Non-operating margins	\$3,149,108	\$1,239,311	(\$1,154,930)
Total Margins	\$7,668,120	\$7,556,736	\$4,829,926

BALANCE SHEET As of December 31	2023	2022	2021
ASSETS			
Net utility plant	\$263,461,011	\$255,888,512	\$239,690,435
Investments in associated enterprises	\$29,205,411	\$27,154,719	\$26,692,687
Cash and cash equivalents	\$3,923,128	\$7,677,181	\$9,286,338
Accounts receivable	\$8,882,388	\$9,051,791	\$8,791,217
Other assets	\$24,479,098	\$28,124,761	\$24,965,010
Total Assets	\$329,951,036	\$327,896,964	\$309,425,687
LIABILITIES			
Long-term debt and lease liabilities	\$169,043,142	\$169,468,148	\$163,145,384
Accrued liabilities	\$27,049,831	\$26,576,121	\$34,822,829
Accounts payable	\$5,995,556	\$8,465,057	\$7,629,353
Other liabilities	\$11,418,395	\$9,574,935	\$4,492,535
Total Liabilities	\$213,506,924	\$214,084,261	\$210,090,101
MEMBERS' EQUITY			
Membership fees	\$747,670	\$739,800	\$733,750
Patronage capital	\$106,434,826	\$106,385,484	\$102,393,311
Other equities	\$9,261,616	\$6,687,419	\$(3,791,475)
Total Net Worth	\$116,444,112	\$113,812,703	\$99,335,586
Total Liabilities and Net Worth	\$329,951,036	\$327,896,964	\$309,425,687

THE REVENUE DOLLAR	2023	2022	2021
HOW IT WAS EARNED			
Residential	\$53,577,603	\$62,370,226	\$55,456,849
Commercial/industrial	\$19,870,883	\$23,534,474	\$21,633,159
Street/highway lighting	\$185,355	\$198,020	\$185,827
Miscellaneous	\$11,131,737	\$10,285,971	\$7,564,058
Total	\$84,765,578	\$96,388,691	\$84,839,893
HOW IT WAS USED			
Purchased power	\$39,480,042	\$49,109,771	\$44,514,798
Operation/maintenance	\$15,394,294	\$14,869,908	\$14,120,076
Depreciation	\$11,369,482	\$10,529,366	\$9,058,909
Interest	\$5,383,838	\$5,212,416	\$4,861,672
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Consumer accounting/collecting/information	\$3,828,828	\$3,784,936	\$3,334,769
Provision for income taxes	\$1,389,811	\$3,414,500	\$0
Operating margins	\$3,193,017	\$5,048,494	\$4,659,445
Total	\$84,765,578	\$96,388,691	\$84,839,893

SYSTEM STATISTICS As of December 31	2023	2022	2021
Item			
Average number of meters billed per month	38,609	38,259	37,922
Average number of meters per mile of line	7.57	7.53	7.53
Average miles of power line in operation	5,100	5,078	5,039
Total kWh bought by cooperative members			
Average monthly kWh use per meter	1,322	1,430	1,380
Average monthly residential kWh use	944	1,044	999
Average monthly revenue per meter billed			
Average revenue per kWh sold (¢/kWh)	0.1203	0.1306	0.1232
Average revenue per residential kWh sold (¢/kWh)	0.1322	0.1374	0.1293
Average power cost adjustment per kWh sold (¢/kWh)	0.00309	0.01699	0.01626
Total kWh bought by cooperative			
Total cost of power bought by cooperative	653,152,993	701,004,561	668,948,156
Average cost per kWh bought by cooperative (¢/kWh)	39,480,042	49,109,771	44,514,798
Power (kWh) required for system operation (office use)	0.0604	0.0701	0.0665
kWh unaccounted for (line loss)	1,100,177	1,096,880	1,131,047
System peak demand (kW)	38,018,669	41,548,902	41,335,298
Month of system peak demand	153,031	228,670	214,380
	June	December	February
Counties served and property taxes paid:			
Baxter	\$877,723	\$951,951	\$799,131
Fulton	\$369,710	\$406,765	\$350,746
Izard	\$242,956	\$266,645	\$223,916
Sharp	\$183,756	\$200,347	\$169,550
Marion	\$31,699	\$34,402	\$28,841
Stone	\$8,343	\$9,394	\$7,667
Lawrence	\$814	\$901	\$774
Randolph	\$83	\$92	\$79
Total property taxes paid	\$1,715,084	\$1,870,497	\$1,580,704

THE POWER TO SERVE YOUR HOME

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

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

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



ONE MISSION AND ONE PURPOSE: OUR MEMBERS

2023 Annual Report



ONE MISSION AND ONE PURPOSE: OUR MEMBERS



THE POWER TO SERVE YOUR FARM AND BUSINESS

NAEC works with new and existing businesses to support economic opportunities and improve

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

THE POWER TO SERVE YOUR COMMUNITY

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

THE POWER TO SERVE AS YOUR VOICE

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

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

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

THE POWER TO SERVE ARKANSAS

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

THE POWER TO SERVE YOUTH PROGRAMS

the quality of life throughout our service area. We deliver high-speed internet to our members through our fiber-optic subsidiary. Our members have access to second-to-none speed and service through NEXT, Powered by NAEC.


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 35.3 percent at the end of the year. Members were refunded \$5,739,127 in cash to redeem patronage capital credits. The 2023 redemption brings the total capital credits refunded to members to \$51,170,000.

System statistics of interest include: average meters served, 38,609, a net increase of 350 meters; more than 5,100 miles of power lines; 1,322 average monthly kilowatt-hours used by members, down 108 kilowatt-hours from the previous year; a system peak demand of 153,031 kilowatts, recorded in the month of June; and a net plant valuation of \$263,461,011 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.


Cameron Davis, President



Sonya Wiles, Secretary-Treasurer


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 18 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.


Sonya Wiles, Secretary-Treasurer

Dated at Salem, Arkansas, on May 17, 2024