



# NOVEC

**2023-2024**  
**Annual Report**

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**SUSTAINING EXCELLENCE**

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## **SUSTAINING EXCELLENCE**

NOVEC marked its 40th anniversary of providing electric service to Northern Virginia in 2023. Today, the Cooperative is a widely respected leader in the electric utility industry. It ranks as the nation's largest electric cooperative based on energy sales. NOVEC clearly recognizes that embodying cooperative principles is essential to its success. With a rich history and a bright future, NOVEC is sustaining excellence as it leads from a solid position of strength.



*Line Technician 3rd Class Travis Croson at the VMDAEC Training Center in Palmyra, Va.  
Photo by Jim Robertson, VMDAEC.*

## Message from the *Chairman*

The NOVEC Board of Directors is pleased to report that 2023 was another successful year.

Financially, NOVEC is as strong as it has ever been. Operating revenue totaled \$864 million, while energy sales increased 18% to 10.1 billion kilowatt-hours sold. Year-end assets totaled \$1.4 billion, and net margins surpassed \$27 million. The Board also approved returning \$10.7 million in capital credit patronage to members.

NOVEC members enjoy the lowest residential electric-distribution rates in the commonwealth of Virginia. In 2023, the Board of Directors took steps to ensure the Cooperative's future financial stability. We approved a modest distribution-charge increase, and we decreased the pass-through power cost adjustment on wholesale power costs. These rate adjustments resulted in the average residential customer paying 19% less each month.

Our annual external audit verified NOVEC's financials are properly and accurately stated, and internal controls are operating effectively. Additionally, Fitch Ratings Inc. affirmed our AA- credit rating.

Operationally, NOVEC's 99.99% reliability record is the result of a sturdy electric system, a rigorous system-maintenance schedule, and hardworking employees, who are committed to excellence in all they do.

Strategically, the Cooperative is undertaking an array of efforts to fulfill the ever-changing energy requirements of our members. We have every confidence in NOVEC's leadership to identify needs, research options, and implement suitable solutions.

Your Board is proud of the achievements attained by NOVEC's dedicated employees. As we look forward to future successes and anticipate future challenges, we remain focused on our commitment to providing our members with reliable, safe, and affordable electricity.

A portrait of Wade C. House, the Chairman of the Board. He is a middle-aged man with short, light brown hair, wearing a dark blue suit jacket, a white dress shirt, and a blue patterned tie. He is standing with his hands clasped in front of him, looking directly at the camera with a neutral expression. The background is a solid blue color.

*Wade C. House*

Wade C. House  
Chairman of the Board

## Message from the *President and CEO*

Complex, volatile challenges surround today's electric utility industry. Investments in our employees, electric system, process improvements, and technology help NOVEC meet those challenges with excellence. More than a NOVEC corporate value, excellence is what we strive to demonstrate daily.

**Stable electric rates:** NOVEC's long-term view of rate stability and affordability reflects our strategic and prudent approach to the Cooperative's finances. The result is the lowest-priced residential distribution rates among regulated Virginia electric utilities.

**Reliable power supply and renewable energy:** Our diversified energy strategy features a portfolio that is reliable, environmentally responsible, and competitively priced. We actively seek out renewable projects. Utility-scale solar and battery storage are our latest endeavors.

**Exceptional customer interactions:** New telephony technology routes calls to our Customer Care Center in seconds, not minutes. Our website is fast and intuitive. Advanced metering infrastructure brings near real-time energy use data to your digital device.

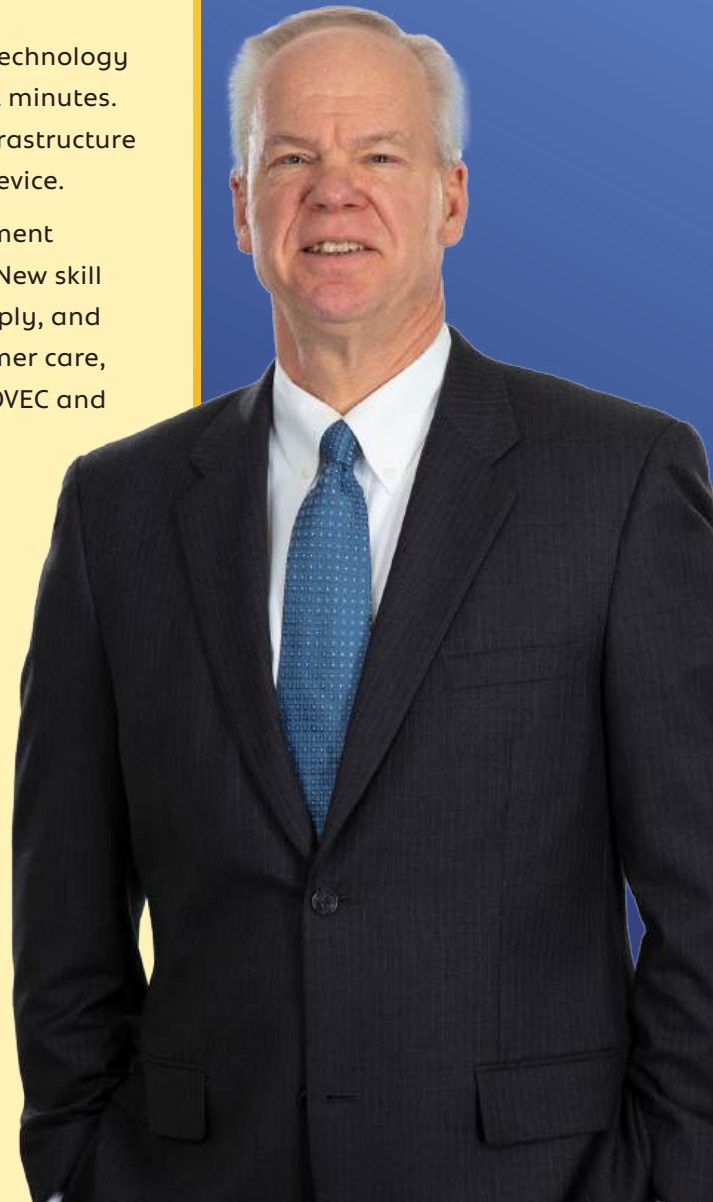
**Dedicated workforce:** NOVEC's collaborative environment challenges employees to do their best work every day. New skill sets in project management, data analytics, power supply, and system planning complement our legacy skills in customer care, design engineering, and linework. Also, importantly, NOVEC and IBEW Local 1737 successfully negotiated in good faith a new four-year labor contract in 2024.

While change swirls around us, it is clear some things stand the test of time. The safety of employees, members, and the public is paramount. Our additional corporate values of integrity, accountability, innovation, and teamwork guide our actions.

With this momentum, NOVEC is sustaining excellence in how we serve our members and our communities.



David E. Schleicher  
President and CEO



# Ongoing Progress



*Blanca Mora assists customers who contact the Customer Care Center.*

## TELEPHONE SYSTEM UPGRADE

Customers now experience considerably less telephone wait time because of a 2024 revamp of multiple phone systems. The easy-to-use, interactive menu offers additional options to more quickly direct callers to a representative who can assist them. When linked to an account, customers are identified by their phone number, not their account number, for a more user-friendly experience. The scalable system can also handle the increased telephone calls that accompany power outages.

## SMARTHUB



A 2024 redesign of SmartHub, NOVEC's customer service portal, offers a better user experience with improved online navigation and mobile optimization.

INTRODUCED IN  
**2022**

MORE THAN  
**118,000\***  
NOVEC CUSTOMERS USE  
**SMARTHUB** to pay their  
monthly electric bills and  
monitor their electricity use  
data to enhance energy  
efficiency and savings.

*\*All statistics through Dec. 31, 2023*

## ADVANCED METER INFRASTRUCTURE (AMI)

The number of installed AMI meters climbed to nearly 30,000 at year-end 2023. Customers benefit from access to near real-time power use data, and automated outage reporting that speeds restoration. The Cooperative benefits from remote connect and disconnect capabilities, saving the time and expense of on-site visits. Initiated in 2019, AMI installations will continue over the next few years.

## EV-1 ELECTRIC VEHICLE (EV) RATE

NOVEC's EV-1 rate has attracted more than 1,344 EV owners in its first year. Introduced in January 2023, it incentivizes residential customers to charge their EV(s) during the off-peak hours of 11 p.m. to 6 a.m. Doing so reduces stress on the electric grid and saves customers about 50% on all electricity used during that timeframe compared to on-peak hours.



*Thirty towers facilitate AMI data communications on a private network across the service territory.*

**NOVEC'S "GREEN FLEET" IS COMPRISED OF 3 ELECTRIC TESLA SEDANS, 3 HYBRID MINIVANS, AND 3 NOVEC HYBRID UTILITY BUCKET TRUCKS WITH THE ELECTRIC JOBSITE ENERGY MANAGEMENT SYSTEM.**





## SATELLITE TREE TECHNOLOGY

Trees falling on electric lines cause the majority of NOVEC's power outages. To help minimize this hazard, NOVEC launched a four-year initiative in 2023 to integrate satellite technology with its vegetation-management system. As of the end of 2023, satellite images of trees had been overlaid onto about 25% of NOVEC's electric system maps. The integration identifies the location of trees that could damage overhead power lines.

By detecting leaf chlorophyll levels, the system also assists NOVEC in determining trees' height and health, and which ones should be further evaluated for possible removal.

*Consistent vegetation management helps to prevent outages.*



## DATA CENTERS

Northern Virginia has long been home to more data centers than any other place in the world. NOVEC serves 52 data center buildings on 21 campuses in Fairfax, Fauquier, Loudoun, and Prince William counties. Annual electric system construction for data centers totaled approximately \$105 million by the end of 2023.

Data center customers account for 3,000 megawatts of contracted electric capacity through 2023. Another 10,000 MW is in the planning or construction stages. Projected electric demand from all customer segments is reflected in NOVEC's short- and long-range work plans, and is shared with the Cooperative's transmission provider and regional transmission organization to facilitate broader system planning.

The proliferation of data centers is helping to stabilize NOVEC's electric rates. While energy-efficiency improvements and conservation efforts have slowed residential and small commercial energy sales, data center sales more than make up for the difference. While data center customers represent 65% of NOVEC's energy sales, the Cooperative has not lost sight of the 180,000 non-data center customers that depend on it each day for reliable electric service.

## EXPANDING NOVEC'S INFRASTRUCTURE

68

TOTAL  
SUBSTATIONS

6 UNDER  
CONSTRUCTION

10

SUBSTATIONS  
THAT ONLY  
SERVE DATA  
CENTERS

52

DATA CENTER  
BUILDINGS

27 CAMPUSES

339

MILES OF  
PROPRIETARY  
FIBER-OPTIC  
NETWORK

70%

UNDERGROUND  
POWER LINES

30%

OVERHEAD  
POWER LINES

All statistics through Dec. 31, 2023



## UTILITY-SCALE SOLAR

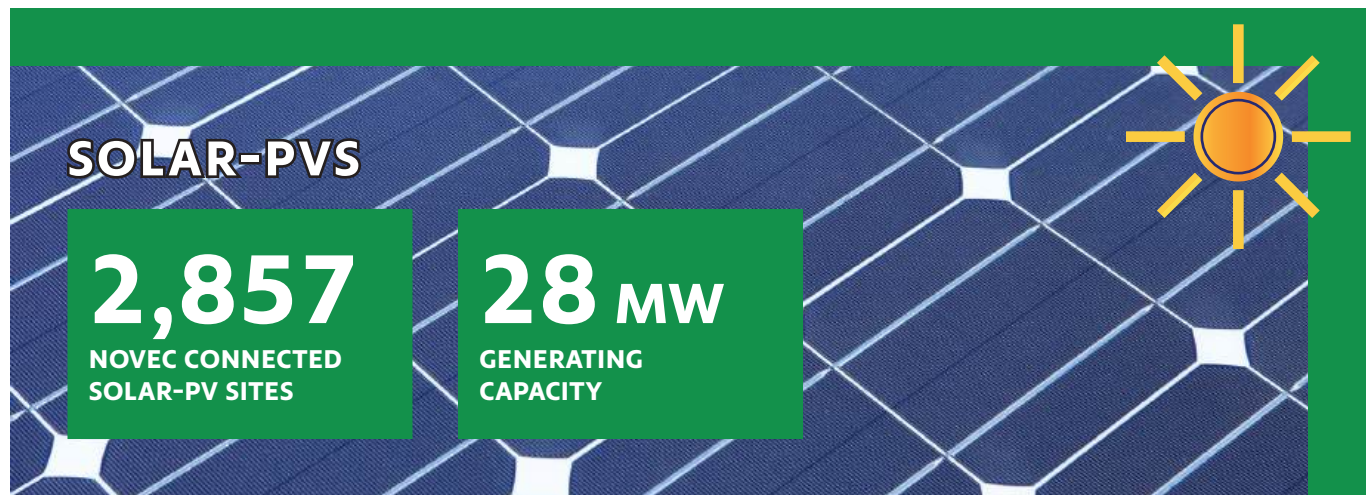
In July 2024, NOVEC entered into a power purchase agreement with Holocene Clean Energy of North Carolina for the Cooperative’s first utility-scale photovoltaic system. The scalable solar distributed-generation project will add to NOVEC’s renewable energy portfolio and increase grid reliability. Tracking solar panels will be installed in northwestern Prince William County and will generate up to 16 MW of solar power. The project was funded, in part, by the Powering Affordable Clean Energy program through the U.S. Department of Agriculture’s Rural Utilities Service.

## SOLAR-PHOTOVOLTAIC (PV) SYSTEMS

Interest is greater than ever in solar-photovoltaic systems that use solar panels to convert sunlight into electrical energy. Customers turn to NOVEC subsidiary NOVEC Solutions, its contractor, and other installers to connect their rooftop solar panels to the power grid. When a PV system produces more power than the site uses, a net meter exports any excess energy to the Cooperative to offset future use with an electric bill credit.

## BATTERY STORAGE PROJECT

NOVEC entered into an agreement in 2024 with East Point Energy of Charlottesville, Virginia. Three battery-storage sites will be developed in Prince William County, and a fourth in Loudoun County. Energy from batteries stabilizes the power grid, reduces peak demand, and enhances reliability. The batteries discharge energy during times of peak consumer demand when electricity costs more, and recharge when consumer demand and prices are lower.



All statistics through Dec. 31, 2023



## ***NOVEC Subsidiaries***

### **NS TELECOMM**

This business unit of NOVEC Solutions (NS) is pursuing two federal government opportunities for its patented NS-ONE-net data transfer multiplexer (MUX). Its bidirectional data-transmission capability doubles the capacity of a fiber strand while cutting users' costs in half.

NS Telecomm is applying for the U.S. Department of Defense's highest level of federal certification for MUX. It is also working with the General Services Administration to place MUX on GSA's multiple award schedule. The two federal opportunities open new domestic and international markets for NS Telecomm's patented multiplexer.



### **NOVEC ENERGY SOLUTIONS (NES)**

NES has residential and commercial natural gas customers in Virginia, Maryland, District of Columbia, Kentucky, and Pennsylvania. In its 2023 and 2024 fiscal years, NES increased its sales volume of natural gas by 9% through sizable multiple-year contracts for customers in the Washington, D.C., area.



# Committed to Security

**NOVEC IS COMMITTED TO STAYING AHEAD OF THE CURVE BY INVESTING IN ADVANCED TECHNOLOGIES, IMPLEMENTING ROBUST SECURITY MEASURES, AND PRIORITIZING EMPLOYEE EDUCATION.**

## PHYSICAL AND CYBERSECURITY AUDITS

A highly credible and qualified third party put NOVEC systems to the test in 2023. The security professionals comprehensively analyzed the Cooperative's physical security vulnerabilities at its buildings, warehouse yards, substations, and other electric system locations. The same organization assessed NOVEC's information technology and operations technology architecture that encompasses transmission, generation, distribution, corporate, and service networks. At completion, both evaluations found NOVEC's physical and cybersecurity protections to be strong.

*The Loudoun Service Center is one of six NOVEC business offices.*

# NOVEC'S ROBUST CYBERSECURITY MEASURES



NOVEC protects the Cooperative's data and its customers' personal information associated with their accounts using multiple preventative measures and overlapping layers of network protection that are monitored 24/7.

**Advanced Threat Detection Systems** continuously monitor network traffic and proactively identify suspicious activity and potential security breaches.



**Multifactor Authentication** requires users to verify their identity through multiple methods. This additional layer of security is implemented across all digital platforms to reduce the risk of unauthorized access.



**Ongoing Cybersecurity Awareness Training** creates a culture of heightened awareness, reduces human error, maintains a resilient cyber environment, and enhances the incident response capabilities of all employees.



**Enhanced Data Encryption** protects sensitive information that is transmitted over NOVEC's networks. Customers' data is encrypted end-to-end, preserving confidentiality and integrity throughout transmission.



**Continuous Monitoring and Incident Response** protocols detect and address cyberthreats in real time, protecting operations and maintaining service continuity.



# Energized by the Power of Safety

## EMPLOYEE SAFETY EDUCATION

Safety Days, an employee education program introduced in 2023, demonstrated the numerous risks present in customer service calls, facilities, and linework duties. NOVEC employees presented nine modules of information to their coworkers. The successful program will be expanded in 2024.

## RURAL ELECTRIC SAFETY ACHIEVEMENT PROGRAM (RESAP)

Virginia safety professionals observed NOVEC's employees in action as part of RESAP, the national cooperative safety program. State association and co-op safety leaders assessed NOVEC workers in 17 categories. The Cooperative received high marks in the triannual exercise that recognizes adherence to safety rules and detects areas in need of improvement.



*Hurt-man rescue demonstrated by Substation Electricians 1st Class Travis Thomas (left) and Jeff Embrey on Safety Day 2023.*



*Safety Day 2023 included telephone safety response techniques related to customer service.*



*North American Training Center trainers led chainsaw safety sessions in 2023.*

**SAFETY IS AT THE HEART OF NOVEC'S DAILY WORK.**





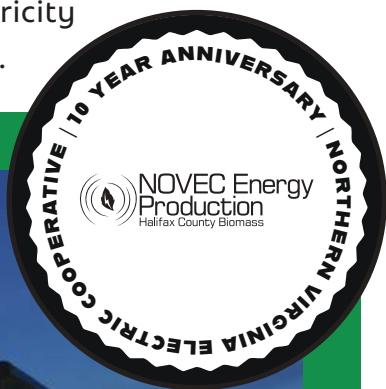
*Line Technicians 2nd Class Jeremy Jenkins (left) and Jacob Till discuss safety procedures.*

## SAFE DRIVING TECHNIQUES

NOVEC launched a driver-safety training program in 2023 to help employees break bad driving habits. The program teaches the importance of taking precautionary measures to minimize the possibility of collisions. Five NOVEC employees earned certification to teach classroom lessons and behind-the-wheel training. By mid-2024, more than 300 employees learned techniques that are expected to result in fewer accidents, injuries, insurance claims, and vehicle repair and replacement costs.

# Celebrating 10 Years of Renewable Energy

The NOVEC Biomass Electric Generating Facility in Halifax County celebrated its 10th anniversary in 2023. Since becoming operational, it has diverted 3.6 million tons of wood waste to generate more than 2.3 million megawatt-hours of renewable energy. The 49.9-MW plant is NOVEC's primary source of renewable energy and generates enough electricity to power 27,475 homes.



NOVEC's Biomass Electric Generating Facility in Halifax County.

## NOTABLE FACTS



NOVEC COMMISSIONED THE FACILITY IN **2013**

THE BIOMASS FACILITY USES APPROXIMATELY **300,000** TONS of waste wood as fuel annually.

RENEWABLE ENERGY IS GENERATED **24/7**



# HALIFAX COUNTY ACTIVITIES



Virginia's Board of Forestry, an advisory board to the Department of Forestry, toured the biomass plant to see firsthand how wood waste is used to produce electricity. Joining them was State Forester Rob Farrell. Fuel Procurement and Plant Operations Manager Mike Davis (center) explained how the plant operates.



The biomass plant hosted 22 Virginia Tech forestry students and two professors.



NOVEC is a strong supporter of Halifax County charitable and civic organizations.



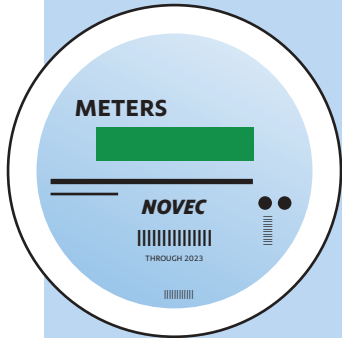
Fuel Procurement and Plant Operations Manager Mike Davis (left) led Pittsylvania County STEM students on a biomass plant tour.



Community and Government Liaison Shelia Bradley (right) presented a donation in support of the Town of Halifax Earth Day celebration.

# A Year in Review

\*All statistics through Dec. 31, 2023, except for peak demand.



TOTAL METERS  
**180,323**

MILES OF LINE  
**7,759**

METERS PER  
MILES OF LINE

**23.2**

MILES OF LINE  
CLEARED FOR  
VEGETATION  
MANAGEMENT

**1,023**

CUSTOMER CARE  
CENTER CONTACTS

**133,260**

(emails and phone calls)

KILOWATT-HOURS SOLD

**10.1 billion**

COST OF POWER

**\$724 million**



RELIABILITY  
**99.99%**



PEAK DEMAND  
**JULY 2024**

**2,072  
megawatts**

MONTHLY AVERAGE RESIDENTIAL  
COST OF 1,000 KILOWATT-HOURS **\$113.74**

# Sustaining Excellence 2023-2024

## COMMUNICATIONS AWARDS



## THE 2024 GAFF-N-GO RODEO

FULL-TIME EMPLOYEES

**360**

Percentage of Employees  
**CERTIFIED IN CPR  
AND FIRST AID**

**+ 99%**



## EMPLOYEE ACHIEVEMENTS



**PHD, DOCTOR OF BUSINESS ADMINISTRATION, FINANCE DEGREE**

Albert Cheapo



**PROJECT MANAGEMENT PROFESSIONAL CERTIFICATION**

Jill Scherzer



**PROFESSIONAL ENGINEER LICENSE**

Louis Onyia

Afanseh Goudarzie



**METER TECHNICIAN CERTIFICATION**

Brian Lam



**CERTIFIED ENERGY MANAGER IN TRAINING**

Paul Tourville



**CERTIFICATE IN ELECTRICAL TECHNOLOGIES**

Oscar Meza Rodriguez

*The lineworkers in NOVEC's 2024 Gaff-n-Go Rodeo team earned three first place awards, and a second place award. NOVEC finished in the top 20 in twelve events.*



NOVEC lineworkers Blake Sparling and Mauricio Paz installed electricity for the residents of Santa Isabel, Guatemala. Photo by John Johnston.



Lineworker Mauricio Paz delighted the children of Santa Isabel. Photo by John Johnston.



Two NOVEC employees, lineworkers from other U.S. electric co-ops, and members of Guatemalan electric utility Empresa Municipal Rural de Electricidad worked together. Photo by John Johnston.



NOVEC lineworkers Blake Sparling and Mauricio Paz (right) worked to bring electricity to the residents of Santa Isabel, Guatemala. Photo by John Johnston.



Students from the NOVEC Youth Tour 2023 Grace Kestler (left) and Alexa Zarkauskas visited the Virginia General Assembly. They met with Del. Fernando Martinez, who represents the 29th District and serves part of Loudoun County.



NOVEC Youth Tour 2024 students (from left): Vaibhav Dwaraka of Fairfax County, and Prince William County students Maddie Barbee Doerfler and Angela Goh visited the U.S. Capitol.

# A Bright Future

## LIGHTS ON IN GUATEMALA

The 500 residents of Santa Isabel, Guatemala, now have more electricity and stable power thanks to United We Light, a joint initiative of NRECA International and the Virginia, Maryland and Delaware Association of Electric Cooperatives.

NOVEC Line Technicians 1st Class Blake Sparling and Mauricio Paz journeyed with 16 other Virginia and Maryland lineworkers to Guatemala in October 2023. They overcame numerous challenges to install five miles of primary conductor and associated power equipment. After 19 days, villagers turned the lights on in a school, church, and 115 residences.

## YOUTH TOUR

Three area high school students toured Washington, D.C., as part of the 2024 Youth Tour. Hosted by the National Rural Electric Cooperative Association, 1,800 youth delegates from across the country learned about electric cooperative history, heard inspiring life stories, gained insight into the legislative process, and made lifelong friendships.

Additionally, two 2023 students participated in the Virginia segment of NOVEC's Youth Tour program. In February 2024, they visited the General Assembly in Richmond, toured the newly renovated General Assembly Building, and met with Del. Fernando Martinez and Del. Josh Thomas.



**Anjika Ganjoo of Loudoun County's Lightridge High School received NOVEC's 2024 J. Manley Garber Scholarship. Named for NOVEC's director emeritus, it is given to NOVEC's top scholar. Ganjoo is attending the Georgia Institute of Technology and plans to study engineering.**

## SCHOLARSHIPS

NOVEC awarded \$1,500 college scholarships to 11 members of the Class of 2024 whose families receive electricity from the Cooperative and a Halifax County student. Judges reviewed applicants' academic records, community involvement, work experience, recommendations, essays, and demonstrated leadership. NOVEC granted \$20,000 in scholarships, including the \$3,500 J. Manley Garber scholarship, given to the most outstanding student.

# Serving the Community



NOVEC Field Service Technician Tito Peitri packed food during the 2023 Day of Caring at Western Fairfax Christian Ministries.

## NOVEC HELPS

In 2023, NOVEC HELPS (Hands Engaged in Local Public Service) celebrated 15 years of supporting area nonprofit organizations with monetary contributions and volunteer service. The \$67,000 it raised broke all records and helped 67 charitable, health, shelter, youth, and veterans' groups.

NOVEC and engineering consultant Burns & McDonnell partnered with NOVEC HELPS for its fifth annual Day of Caring. More than 40 participants rolled up their sleeves to assist Western Fairfax Christian Ministries' food pantry and Choice Respect independence. C.R.i. serves clients with developmental disabilities and mental health needs.

*Employee managed, NOVEC HELPS is a 501(c)(3) organization separate from NOVEC.*



Hands Engaged In Local Public Service

## OPERATION ROUND UP®

**24,120**

NOVEC CUSTOMERS  
VOLUNTARILY ROUNDED  
UP THEIR MONTHLY BILLS.

**\$110,500**

CONTRIBUTED BY NOVEC CUSTOMERS  
TO HELP THEIR NEIGHBORS IN NEED.  
FOUR PARTNER AGENCIES DISTRIBUTED  
THE FUNDS.

**198**

ELIGIBLE NOVEC  
CUSTOMERS ASSISTED  
WITH EMERGENCY BILL-  
PAYMENT ASSISTANCE.



*All statistics through Dec. 31, 2023*



NOVEC President and CEO Dave Schleicher took the ceremonial first kick at a 2024 Loudoun United FC soccer match against Hartford Athletic. NOVEC is a sponsor and provides power to Segra Field where the team plays.



Justinn Tong-On, 11, of Aldie, earned first place in NOVEC's 2023 youth drawing contest. Presenting his award is NOVEC Vice President of Communications Lisa Hooker (left) in the company of his parents.



NOVEC engineers Brian Lam (left) and Marcus Volpert promote powerful utility careers at a 2023 Virginia Tech engineering recruitment event.



NOVEC lineworkers participated in a touch-a-truck fundraiser in Nokesville in 2023. Jacob Till helps Clint Garrison try on lineworkers gloves for size.



NOVEC's Engineering Department employees participated in the Virginia Department of Transportation Adopt-A-Highway program and collected trash on Earth Day 2024.



Equipment Operator 1st Class Bernie Cleveland explained how NOVEC lineworkers used the bucket truck to install and repair power lines at Claude Thompson Elementary School to kindergartners in Rectortown in 2023.

# Board of Directors



**Wade House**  
Chairman  
DISTRICT 5



**James Chesley**  
Vice Chairman  
DISTRICT 3



**Michael Ragan**  
Secretary  
DISTRICT 6



**Cindy Gilbride**  
Treasurer  
DISTRICT 1



**Brent George**  
DISTRICT 2



**Mark Bruno**  
DISTRICT 4



**Skip Albrite**  
DISTRICT 7



# Corporate Officers

**David E. Schleicher**

President and CEO



**Wilbur Rollins**

Senior Vice President  
Finance and Accounting

**Nicole T. Carter**

Vice President  
Customer Engagement



**Lisa R. Hooker**

Vice President  
Communications

**Gil Jaramillo**

Vice President  
Power Supply



**Joyce E. Johnson**

Vice President  
Human Resources

**Thomas J. Pierpoint**

Vice President  
Operations



**Arnold R. Singleton**

Vice President  
Engineering

**Daniel P. Swingle**

Vice President  
Electric System Operations



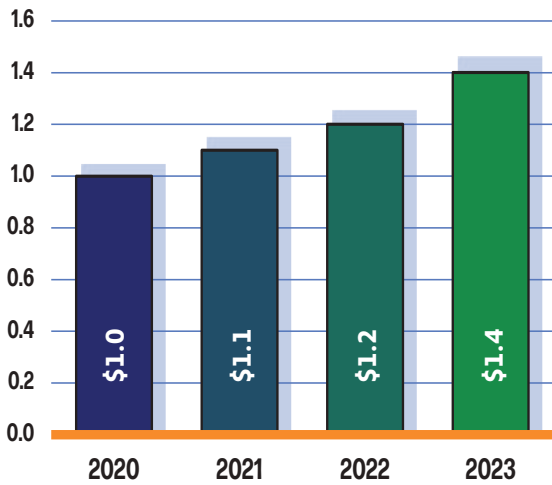
**Patrick A. Toulme**

Vice President  
and Corporate Counsel

# Financials at a Glance

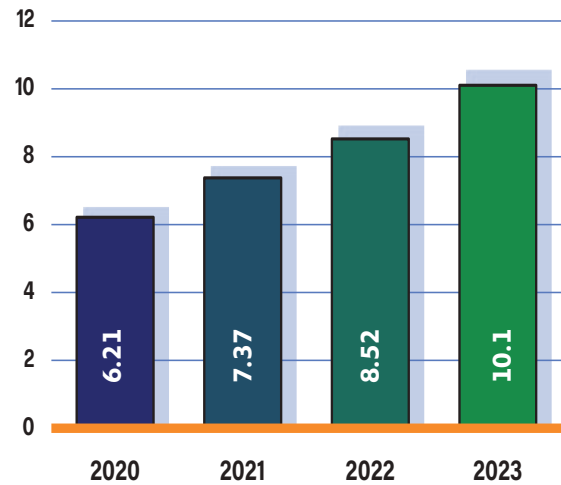
## ASSETS

(billions of dollars)



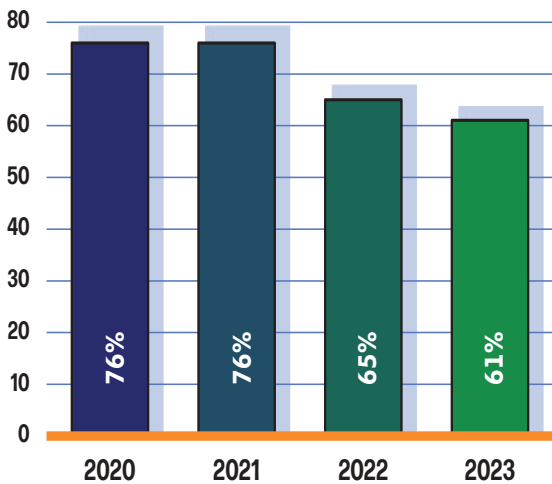
## KILOWATT-HOURS SOLD

(billions)



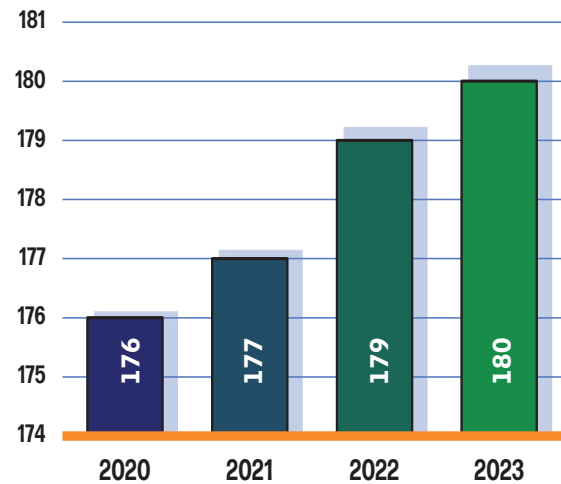
## EQUITY TO ASSETS

(percent)



## TOTAL METERS

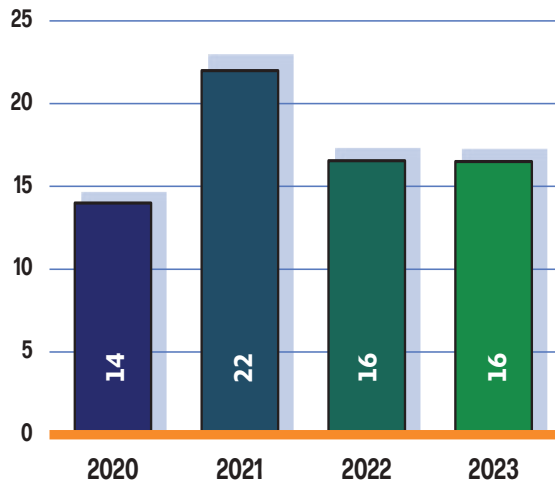
(thousands)



# Year ended Dec. 31, 2023

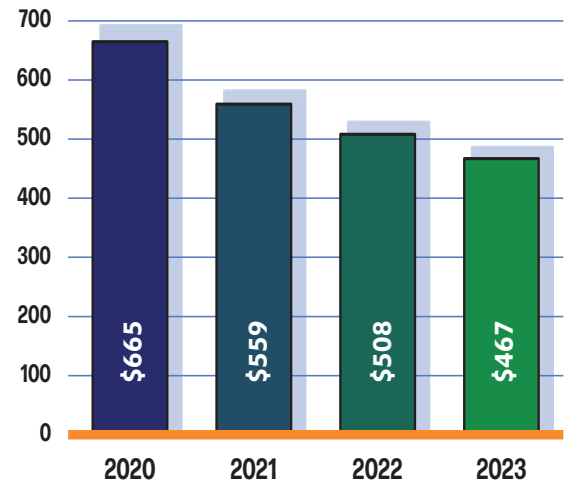
## NET OPERATING MARGINS

(millions of dollars after interest expenses)



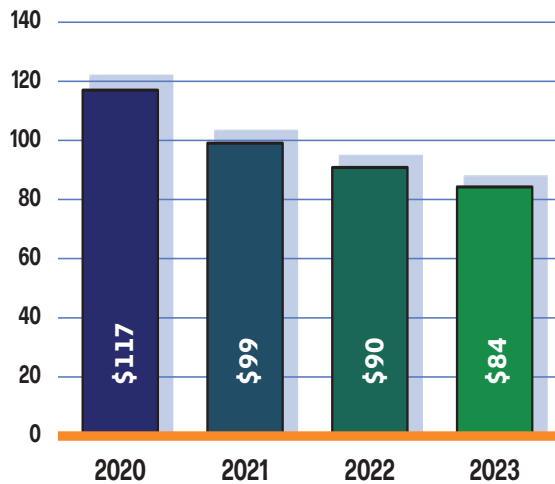
## AVERAGE DEBT PER METER

(dollars)

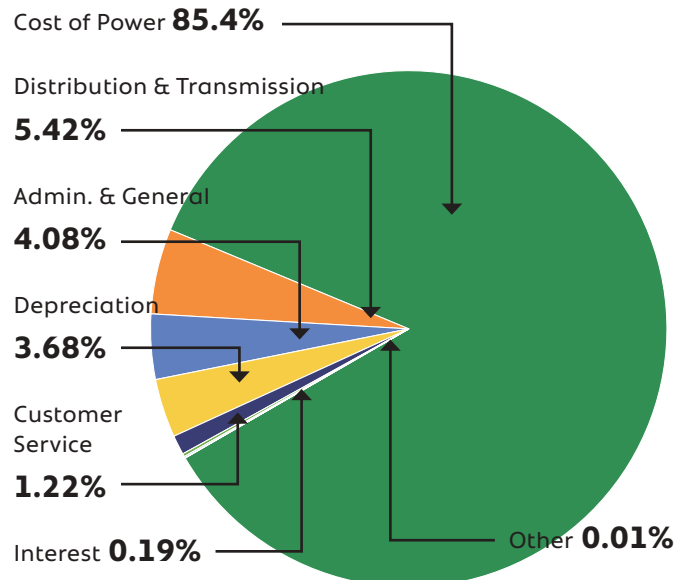


## LONG-TERM DEBT

(millions of dollars)



## ALLOCATION OF ELECTRIC SERVICE COST



# Consolidated Statements of Operations and Patronage

Dec. 31, 2023, and 2022 (in thousands)

Assets	2023	2022
Utility plant, net of accumulated depreciation and amortization	\$828,874	\$802,839
Nonutility plant, net of accumulated depreciation and amortization	4,965	5,443
<b>Total plant</b>	<b>\$833,339</b>	<b>\$808,282</b>
Operating lease right-of-use assets	\$2,412	\$1,971
Investments:		
Associated organizations	6,437	6,737
Other	7,686	6,160
<b>Total investments</b>	<b>\$14,123</b>	<b>\$12,897</b>
Deferred income taxes, net	\$7,198	\$7,102
<b>Current assets:</b>		
Cash and cash equivalents	202,630	55,521
Investment securities	63,733	58,944
Accounts receivable, less allowance for doubtful accounts of \$2,949 in 2023 and \$3,051 in 2022	128,393	111,895
Materials and supplies inventories	48,527	36,977
Collateral deposits	21,584	18,646
Other current assets	34,208	80,230
<b>Total current assets</b>	<b>\$499,075</b>	<b>\$362,213</b>
Restricted cash	3,000	3,000
Deferred charges	4,968	34,079
Post-retirement benefits, net	26,203	21,423
<b>Total assets</b>	<b>\$1,390,318</b>	<b>\$1,250,967</b>
<b>Liabilities and Equities</b>		
<b>Equities and margins:</b>		
Membership fees	\$633	\$650
Patronage capital and accumulated earnings	796,124	779,544
Other equities	32,918	29,480
Accumulated other comprehensive income	14,884	7,435
<b>Total equities and margins</b>	<b>\$844,559</b>	<b>\$817,109</b>
Commitments and contingencies		
Long-term debt, excluding current installments	\$79,251	\$85,638
<b>Current liabilities:</b>		
Current installments of long-term debt	4,913	5,198
Other borrowings	2,000	52,236
Accounts payable	46,707	58,896
Consumer deposits	6,677	6,990
Accrued expenses and other current liabilities	9,004	7,665
<b>Total current liabilities</b>	<b>\$69,301</b>	<b>\$130,985</b>
Deferred credits	389,405	210,930
Operating lease liabilities	1,593	1,278
Accrued retirement benefits	6,209	5,027
<b>Total liabilities</b>	<b>\$545,759</b>	<b>\$433,858</b>
<b>Total liabilities and equities</b>	<b>\$1,390,318</b>	<b>\$1,250,967</b>

# Consolidated Statements of Operations and Patronage

Years Ended Dec. 31, 2023, and 2022 (in thousands)

	<b>2023</b>	<b>2022</b>
<b>Operating revenue:</b>	\$889,038	\$1,016,040
<b>Operating expenses:</b>		
Cost of power	739,894	874,757
Administrative and general	39,535	35,029
Depreciation and amortization	34,885	34,744
Distribution expense – maintenance	27,090	22,564
Distribution expense – operations	17,605	16,153
Consumer accounts	8,273	6,712
Customer service and information expense	2,035	2,129
Other deductions, net	694	919
<b>Total operating expenses</b>	<b>\$870,011</b>	<b>\$993,007</b>
<b>Net operating margins before interest expense</b>	<b>\$19,027</b>	<b>\$23,033</b>
Interest expense	3,871	5,459
<b>Net operating margins after interest expense</b>	<b>\$15,156</b>	<b>\$17,574</b>
<b>Nonoperating margins:</b>		
Patronage capital assigned from associated organizations	\$694	\$513
Dividends and interest income	9,322	4,146
Other nonoperating income, net	2,641	356
<b>Total nonoperating margins</b>	<b>\$12,657</b>	<b>\$5,015</b>
<b>Net margins before income tax expense</b>	<b>\$27,813</b>	<b>\$22,589</b>
Income tax (benefit) expense	(95)	302
<b>Net margins</b>	<b>\$27,908</b>	<b>\$22,287</b>
Patronage capital at beginning of year	\$779,544	\$767,712
Net margins	27,908	22,287
Retirements of patronage capital	(11,328)	(10,455)
<b>Patronage capital at end of year</b>	<b>\$796,124</b>	<b>\$779,544</b>

# Consolidated Statements of Cash Flows

Years Ended Dec. 31, 2023, and 2022 (in thousands)

	2023	2022
<b>Cash flows from operating activities:</b>		
Cash received from consumers	\$1,126,148	\$1,069,648
Cash paid to suppliers and employees	(858,110)	(1,011,348)
Dividends, interest, and other nonoperating income	10,911	5,502
Taxes paid	(1)	(302)
Interest paid	(3,825)	(5,555)
<b>Net cash provided by operating activities</b>	<b>\$275,123</b>	<b>\$57,945</b>
<b>Cash flows from investing activities:</b>		
Purchases of utility plant and nonutility plant	(\$151,442)	(\$133,718)
Contributions in aid of construction of utility plant	89,203	43,329
Proceeds from sale of utility plant	3,602	224
Purchases of investment securities	(16,688)	(18,734)
Purchases of other investments and changes in collateral deposits	(3,038)	(13,160)
Proceeds from sale or maturity of investment securities	14,713	17,955
Retirements of patronage capital by associated organizations	451	320
<b>Net cash used in investing activities</b>	<b>(\$63,199)</b>	<b>(\$103,784)</b>
<b>Cash flows from financing activities:</b>		
Principal proceeds from other borrowings	\$2,000	\$122,236
Principal payments on other borrowings	(52,236)	(70,000)
Principal payments on long-term debt	(6,672)	(9,101)
Principal proceeds from long-term debt	—	1,036
Membership fee receipts	(17)	(23)
Retirement of patronage capital	(11,328)	(10,455)
Unclaimed retirement of patronage capital	3,438	2,691
<b>Net cash provided by (used in) financing activities</b>	<b>(\$64,815)</b>	<b>\$36,384</b>
<b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>\$147,109</b>	<b>(\$9,455)</b>
<b>Cash, cash equivalents, and restricted cash at beginning of year</b>	<b>\$58,521</b>	<b>\$67,976</b>
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$205,630</b>	<b>\$58,521</b>



# ***Vision, Mission, Values***

**Vision:** Lights On! Best. Biggest. Brightest.

**Mission:** Improve the quality of life for members, employees, and communities by providing safe and reliable electricity at competitive prices.

**Values:** Safety, Integrity, Excellence, Accountability, Teamwork, and Innovation.

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## ***Corporate Priorities***

- ✓ Service Value
- ✓ Financial Strength
- ✓ Skilled and Engaged Workforce
- ✓ Business Strategies
- ✓ Environmental Stewardship and Sustainability
- ✓ Legislative and Regulatory Relationships
- ✓ Community Investment

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NOVEC, headquartered in Manassas, Virginia, is a not-for-profit electric utility corporation that supplies and distributes electricity and energy-related services to more than 180,000 metered customers in Clarke, Fairfax, Fauquier, Loudoun, Prince William, and Stafford counties, the Town of Clifton, and the City of Manassas Park. It is the nation's largest electric cooperative based on energy sales. For questions concerning the Cooperative: call NOVEC's Customer Care Center at 703-335-0500, Monday through Friday, from 7:45 a.m. to 5:30 p.m.; visit [novec.com](http://novec.com); or send mail to NOVEC, P.O. Box 2710, Manassas, VA 20108.