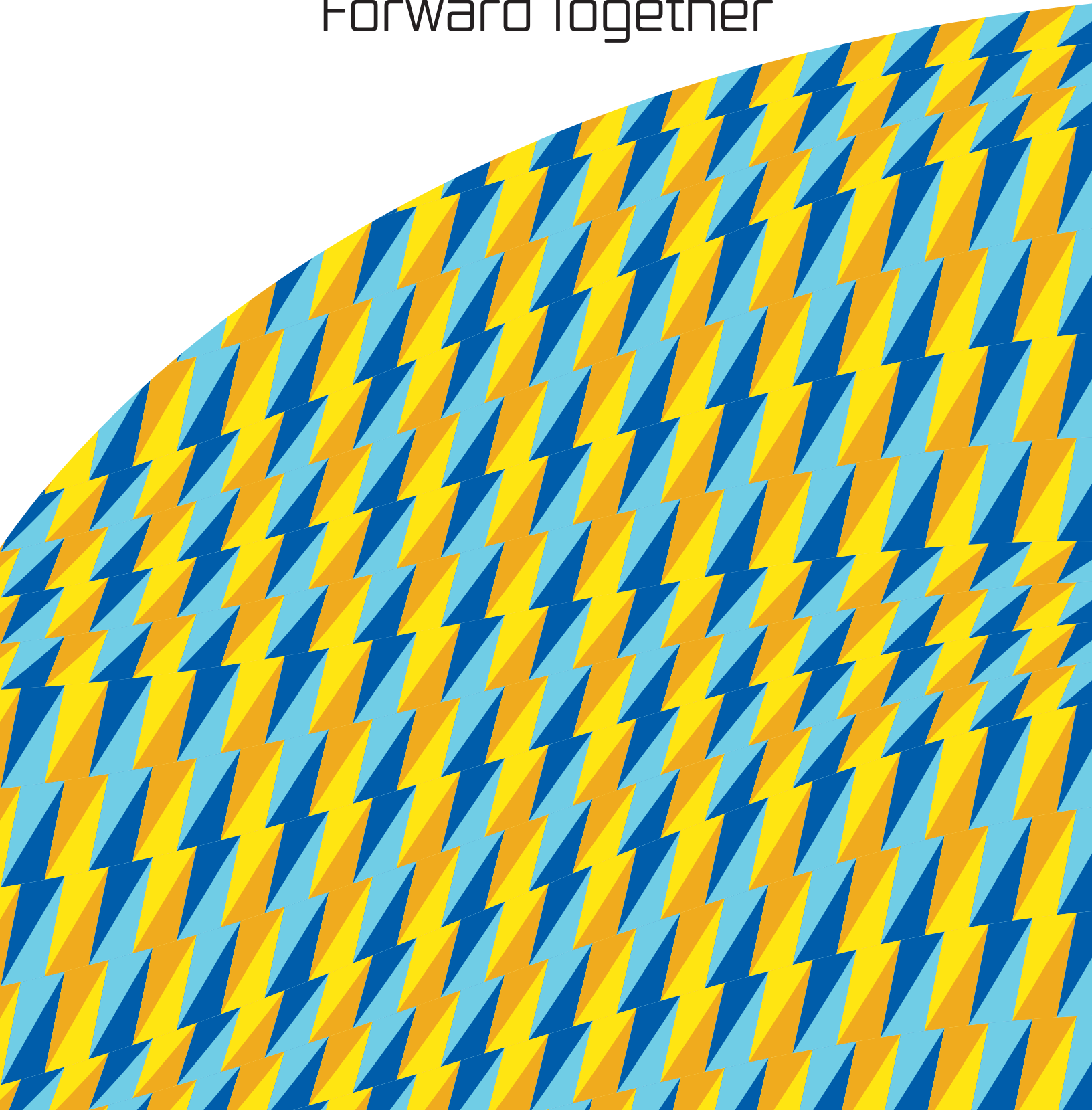


2021-2022 NOVEC ANNUAL REPORT



Forward Together



Values

Integrity • Accountability • Safety • Teamwork • Excellence

Vision

Respected as the best performing electric energy provider

Mission

Creating value for members, employees, and communities by providing safe, reliable electricity and quality products at competitive prices

Corporate Priorities

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

Nondiscrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture civil rights regulations and policies, the USDA, its agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:
(1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW Washington, D.C. 20250-9410
(2) fax: (202) 690-7442
(3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.



Board of Directors



DISTRICT 5
Chairman
Wade House



DISTRICT 3
Vice Chairman
James Chesley



DISTRICT 6
Secretary
Michael Ragan



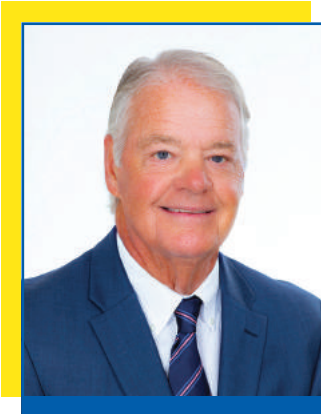
DISTRICT 1
Treasurer
Cindy Gilbride



DISTRICT 2
Brent George



DISTRICT 4
Mark Bruno



DISTRICT 7
Skip Albrite

Exceptional executive leadership is necessary for any company to be successful. The Board of Directors found such a leader in David E. Schleicher, NOVEC’s new president and CEO. He succeeds Stan C. Feuerberg, who retired in April after 30 years of dedicated service. Dave’s knowledge of NOVEC and his more than 40 years of electric utility experience will serve our customers and employees well.



severity of storms, rapidly increasing wholesale power costs, supply chain shortages, and the overall impact of inflation on material purchasing and financial lending rates.

Strategically, NOVEC continues to look at the “grid of the future” to prepare our members and employees for greater integration of rooftop solar, battery storage, and electric vehicles. An off-peak rate schedule for EV charging will roll

Financially, 2021 was another good year. Operating revenue grew 28% to \$664 million and energy sales grew 18% to nearly 7.4 billion kilowatt-hours. Net margins surpassed \$33 million and assets approached \$1.1 billion at year-end. NOVEC’s outside auditor gave the Cooperative a “clean” audit, while Fitch Ratings Inc. affirmed our AA- credit rating. Members received \$6.2 million in returned capital credit patronage.

out soon. Rooftop solar net-metering installations are approaching 11 megawatts, and numerous technical studies are underway for integration of battery storage for load management and grid support. NOVEC will be a leader in this new world to meet the rising expectations of our members.

Operationally, NOVEC’s system reliability is as strong as ever, boasting 99.99% availability. The business has effectively managed increased

Your Board is proud of the accomplishments outlined in this annual report and how well your Cooperative is positioned for future challenges. The electric system is sturdy, and our finances are solid. By any measure, NOVEC has a firm foundation from which to move *forward together*.

Wade C. House
Chairman Of The Board

MESSAGE FROM THE PRESIDENT AND CEO

I am pleased to report that your Cooperative is in excellent financial condition, while providing first-class quality service to almost 180,000 members here in Northern Virginia. Company leadership is sharply focused on achieving our mission of safe, reliable, and cost-effective electric service, while executing a strategy based on technology deployment, workforce engagement, and operational excellence.



Northern Virginia labor market, and to ensure we have the talent, diversity, and leadership on board to meet the record-setting design, construction, and operating demands of our members. Safety is our top and constant priority, and a 2021 review of NOVEC's safety program yielded high marks and recognized best practices.

Operational excellence is about the efficient and effective execution of our core business responsibilities.

NOVEC's new online customer service portal, SmartHub, makes it easy to manage your electric account and payment options. I encourage you to visit our recently updated website at novec.com to register and view other useful information. Installation of our advanced metering infrastructure (AMI) is another technology underway despite many supply-chain hurdles. You may use the additional information AMI provides to assess your electricity use and reduce your monthly bills.

Workforce is central to NOVEC's sustained success as we attract and retain accomplished and experienced employees. Major steps are underway to improve our position in the highly competitive

Building large substations, restoring service after outages occur, and rendering accurate bills are complex, yet simple tasks our members expect NOVEC to perform flawlessly. Our attention to supply-chain shortages, energy market volatility, and regulatory expectations allow us to be successful.

I am humbled that the NOVEC Board of Directors named me president and CEO earlier in 2022 to lead this dynamic team. We have set a high bar to provide quality service, to be a great place for employees to work, and to be a valued community member. I appreciate the Board's trust and confidence and look forward to leading this committed organization.

David E. Schleicher
President and CEO

Corporate Officers



David E. Schleicher
President and CEO



Wilbur Rollins
Senior Vice President,
Finance and Asset
Development



Bob Bisson
Vice President,
Electric System
Development



Michael Dailey
Vice President,
Energy and Business
Development



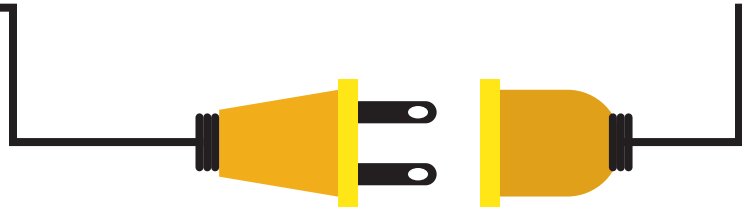
Lisa Hooker
Vice President,
Public Relations



Dan Swingle
Vice President, Electric
System Operations



Patrick Toulme
Vice President and
Corporate Counsel



PROVIDING MORE POWER

Forward Together

NOVEC entered an exciting new era in 2022 with new executive leadership, implementation of new technology, and enhanced customer services. These initiatives, and others, are strengthening the Cooperative and preparing it for the future.

Introducing the SmartHub experience

Customers are enjoying greater convenience with NOVEC's new customer service portal, SmartHub. The web and mobile applications make it easy to pay monthly electric bills, see account billing history, and monitor electricity use.

[SmartHub eliminates fees associated with credit card payments.](#)

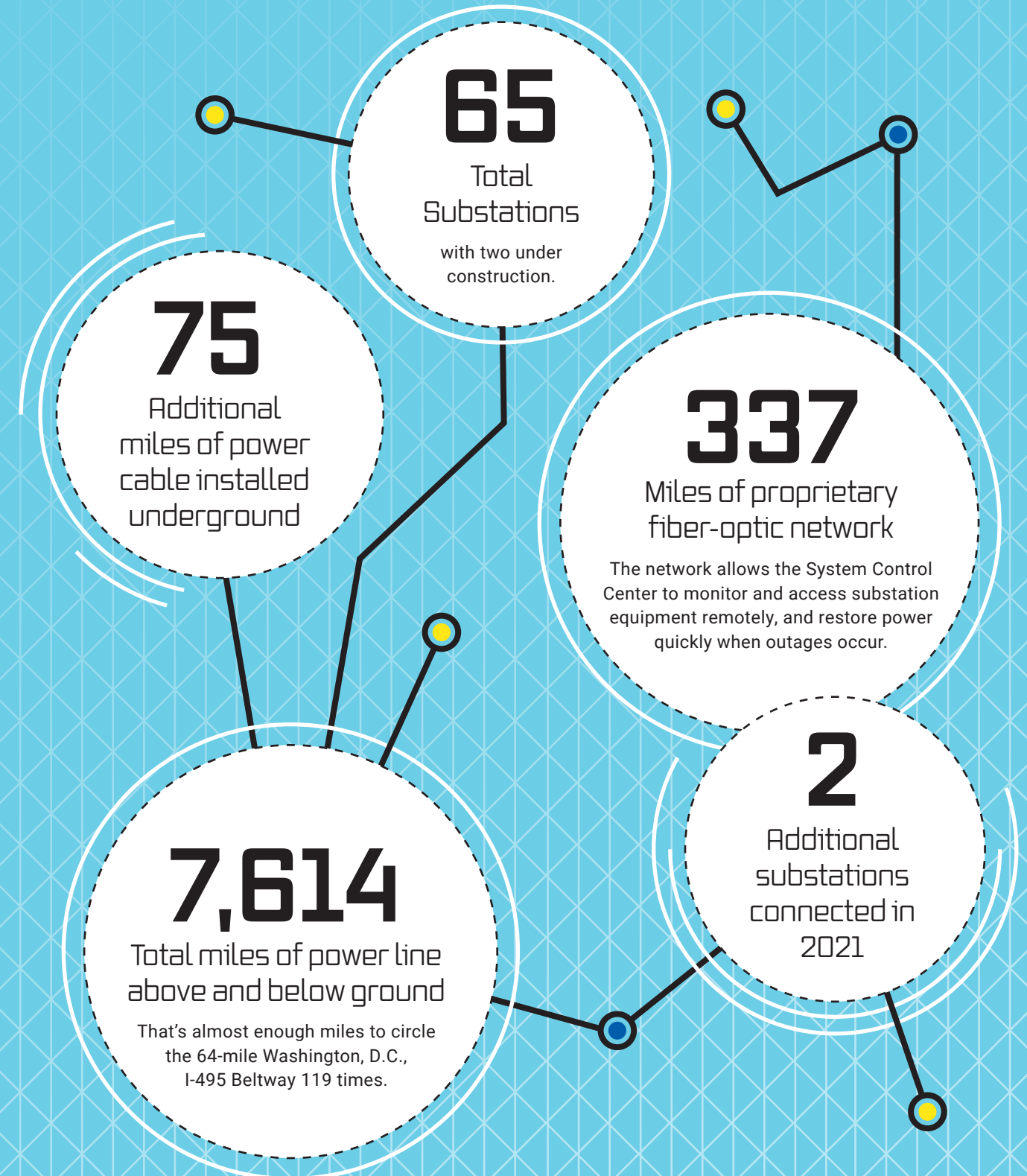
Customers can enroll in a variety of notifications, such as payment reminders, or alerts when personal information or login credentials change. SmartHub provides detailed energy-related information that gives customers a clearer understanding of their electricity use. Awareness of energy trends can help save money and increase energy efficiency.

Upgrading to advanced metering

As NOVEC upgrades its existing electric meters over the next several years, more customers will benefit from the new grid technology. Because AMI delivers more comprehensive and frequent readings than traditional meters, customers have the data to help them save money on their electric bills and improve energy efficiency. Advanced metering infrastructure can detect power outages considerably faster than relying on customers to report their outage and allows for quicker service restoration. To enhance safety, AMI detects meter tampering. The technology also remotely starts and stops electric service around the clock. By reducing site visits, NOVEC saves labor and fuel expenses, and cuts vehicle emissions.

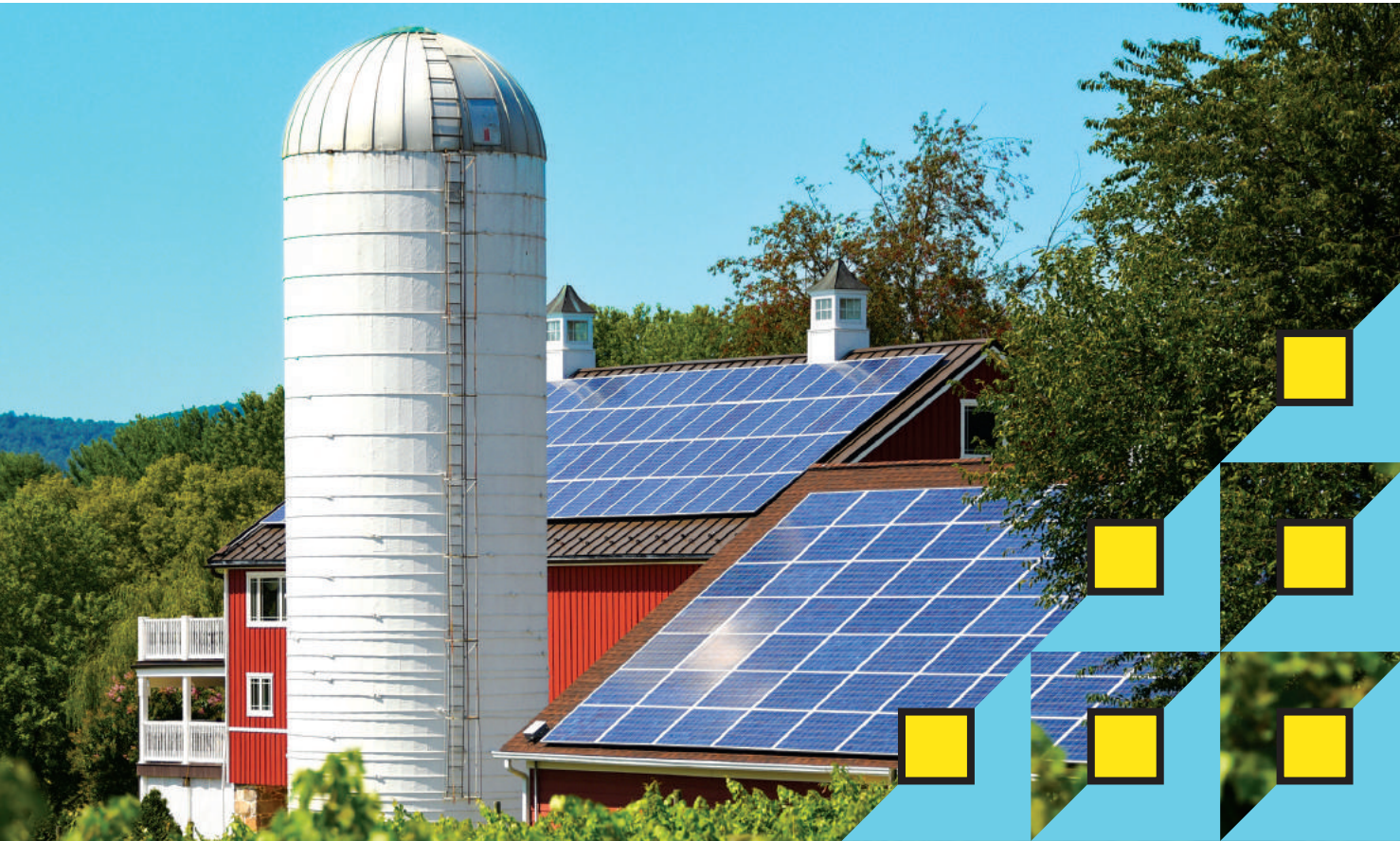
Growing Infrastructure

By the end of 2021, more than 177,000 homes and businesses in Clarke, Fairfax, Fauquier, Loudoun, Prince William, and Stafford counties, the Town of Clifton, and the City of Manassas Park were receiving NOVEC power.



Protecting the Environment

Environmental stewardship is among NOVEC's corporate priorities. During the past year, the Co-op continued to distribute electricity generated by renewable sources. It recycled everything from motor oil to wood poles. It illuminated with energy-saving lighting. It also controlled vegetation in its right-of-way power line corridors with environmentally safe herbicides.



Solar-Photovoltaic Systems

More regional consumers are turning to NOVEC Solutions, its contractor, Prospect Solar, and other providers for solar-photovoltaic systems. Through 2021, the Co-op had connected 1,072 locations with solar panels to the power grid, accounting for 10.34 megawatts of power. That is a substantial increase from the 761 locations and 7.6 MW at the end of 2020. As part of the process, NOVEC installs a net-meter free of charge for customers.

Virginia state officials tour biomass plant

State officials from Richmond and Charlottesville toured NOVEC's biomass electric generating facility in 2021. Former Secretary of Commerce and Trade Brian Ball, former Secretary of Agriculture and Forestry Bettina Ring, and Virginia State Forester Rob Farrell saw firsthand how the plant is boosting Virginia's economy and generating renewable energy.

Located in South Boston, Va., the biomass plant became operational in 2013. It uses wood waste to generate up to 49.9 megawatts of renewable electricity every day, around the clock. That is enough electricity to power 16,000 homes.

The Cooperative does not buy timber tracts or cut down trees to obtain fuel for the plant. When commercial logging operators harvest merchantable timber, they leave behind tree tops, limbs and brush. NOVEC's biomass plant provides landowners with a

market for that wood waste, which eliminates open burning, landfill dumping, and methane from the natural decay of wood left in the forest.

The Cooperative contributes approximately \$9.5 million annually to the local economy through taxes, payroll, and businesses it helps to support. One study found that every direct job at a biomass plant creates 2.2 more jobs in other industries. NOVEC's plant provides 27 full-time jobs, as well as secondary jobs in the timber, transportation, and manufacturing sectors.

After the tour, former Secretary Ball commented, "Our visit to NOVEC's biomass plant was very informative, and we appreciate its contribution to the local economy and innovative steps in support of carbon reduction and forest management."

State Forester Farrell added, "Plants like NOVEC's are crucial in utilizing woody biomass residues from forestry operations. This increased utilization generates a much-needed revenue stream to carry out future operations essential to sustainably managing our forest resources and contributes

to the \$21 billion and the 108,000 jobs that the forest industry provides to the Virginia economy each year."

Learn more at novec.com/renewableenergy.



NOVEC's biomass electric generating facility in South Boston, Va.

PRODUCTS AND SERVICES

Mitigating Supply-Chain Problems

Skilled labor shortages, unavailability of raw materials, and transportation delays have challenged businesses during the past two years. Such critical items as wood and steel poles, transformers, meters, and wire are in short supply, and often have long delivery times. As NOVEC builds and maintains its electric-system infrastructure, it is minimizing the effect of supply-chain difficulties by:

- Working with vendors and supply channels on innovative ways to plan, schedule, order, and deliver materials that are needed now and up to 24 months in the future.
- Deferring replacement of old, but otherwise good, equipment and hardware.
- Evaluating and selectively returning older materials to inventory, but never at the expense of safety, reliability, or the environment.
- Participating in the U.S. Department of Energy’s Electricity Subsector Coordinating Council to develop electric equipment supply-chain strategies and solutions.

Wireless Telecommunications Infrastructure

NOVEC leases space on 14 cell towers in its service territory to four wireless telecommunications carriers. In 2021, NOVEC’s cell tower business generated more than \$700,000 in revenue from the leases. Revenue growth is expected to remain strong because demand remains strong for wireless data networks.

Learn more by contacting celltowers@novec.com.



NOVEC Solutions (NS)

Virginia’s Loudoun County uses the NS ONE-net, a data-transfer device that was invented, patented, and manufactured by NS Telecomm – a division of NOVEC Solutions. Data travels seamlessly across a single optical fiber instead of two, which reduces data-transport costs by almost 50%.

“NS ONE-net is a game changer for the telecom industry,” stated Ken Olson, network manager for Loudoun’s Department of Information Technology. “It has allowed us to provide resilient, highly available connectivity. It has let us increase network bandwidth to our remote sites 200 times, from 100 megabits per second to 20 gigabytes. Our data is traveling much faster and much more reliably.”

Olson appreciates how NS Telecomm’s device allows operators to add – without disruption or additional

costs – more circuits. “Before we implemented NS ONE-net, we were limited to one physical circuit per fiber pair. With NS ONE-net, we can run 14 independent physical circuits on each strand of fiber.”

Loudoun County is often called the “data capital of the world,” “data center alley,” and “the center of the internet” because approximately 70% of the world’s internet traffic flows through the county every second of every day. Olson says, “We have deployed NS ONE-net for our inter-data center connectivity. This has improved our speed and reliability tremendously.”

Olson believes NS ONE-net is not only a game changer for the telecom industry, but also for NOVEC Solutions. “Loudoun County has a history of working with NS. We know NS is a highly dependable provider and very responsive to our needs,” he says.

Home Repair and Replacement Protection Plans

Approximately 2,100 customers – a record number – activated new home repair and replacement plans in 2021. The total number of plans exceeded 34,300 at the end of 2021. These affordable programs save customers money when unexpected home repair emergencies occur. The most popular plans cover customers’ water service line and sewer/septic line. In 2021, those policies were enhanced to include additional repair and replacement coverage. The newest plan covers residential electric-vehicle chargers.

Since NOVEC Solutions began its partnership with HomeServe USA in 2018, customers have saved more than \$2.6 million through the repair and replacement coverage.

COMMUNITY ASSISTANCE

3 Ways NOVEC Supported the Community



Operation Round Up
 More than 21,000 NOVEC customers helped fellow customers pay their electric bills by allowing the Co-op to round up their monthly electric bills to the next dollar and giving the extra cents to Operation Round Up. In 2021, the program distributed \$144,450 to six area local nonprofit social service organizations, that, in turn, assisted 379 eligible NOVEC customers. Enroll in Operation Round Up at novec.com/oru.



NOVEC HELPS Hands Engaged in Local Public Service
 In 2021, NOVEC HELPS raised more than \$36,000 through customer and employee contributions and from its annual golf tournament. With those proceeds and some money raised in 2020, NOVEC HELPS contributed more than \$37,000 to 37 area charitable, health, shelter, youth, and veterans' organizations during the year. Co-op employees manage NOVEC HELPS, an independent, nonprofit 501(c)(3) organization.



Education Support
 NOVEC awarded \$19,500 in higher-education scholarships to 13 high school students whose families receive electricity from the Co-op. For members of the Class of 2022, the Co-op introduced a new scholarship for a student attending one of the Historically Black Colleges and Universities. NOVEC also added a \$1,500 scholarship for a student in Halifax County, the site of the Co-op's biomass electric generating facility.

Providing Bill-paying Assistance

Eligible NOVEC customers received nearly \$6 million in federal COVID-19 relief funding in 2021. Even so, the need for bill-paying assistance remained acute in 2021 because of inflation and the end of the pandemic-related moratorium on disconnections for nonpayment. NOVEC continues to refer customers to social service agencies, including its Operation Round Up partner agencies, for financial help. The Cooperative also offers payment plans. Energy savings information, as well as free virtual home-energy assessments and savings calculators, are found on novec.com.



EMPLOYEE ACHIEVEMENTS

Academic and Technical Accomplishments

NOVEC encourages and supports employees in their educational endeavors. The Cooperative commits its time and financial resources to a wide array of educational opportunities. Knowledgeable and skilled employees benefit NOVEC and its customers.



Professional Engineer (PE) Certificate
 Monica Gorena Morales



Engineer in Training (EIT) Certificate
 Louis Onyia, Aditi Khare, Jesus Bustillos, and Ryan Adrian



Substation Electrician First Class
 Jeff Embrey and Matt Meyers

- Certificates**
Sai Krovi: Certified Information Security Manager
Bryan Miller: System Operater
Louis Onyia: Project Management Professional

System Operator III
 Bryan Miller



Bryan Miller

- College Advancements**
Shawn Davis: Master's degree in occupational safety and health from Columbia Southern University
Anna Dawson: Associate's degree in science from Laurel Ridge Community College
Leslie Khamsivone: Master's degree in visual communication design from Liberty University

Line Technician First Class
 Zach Bell, Chris Brown, Andrew Clements, Joe Darr, Rick Foard, Tom Geer, and Blake Sparling



A Year in Review

All figures are through Dec. 31, 2021, except peak demand.

23

Meters per mile
of line

\$123

Monthly average
residential cost
of 1,000 kilowatt-
hours

177,383

Number of meters

7,614

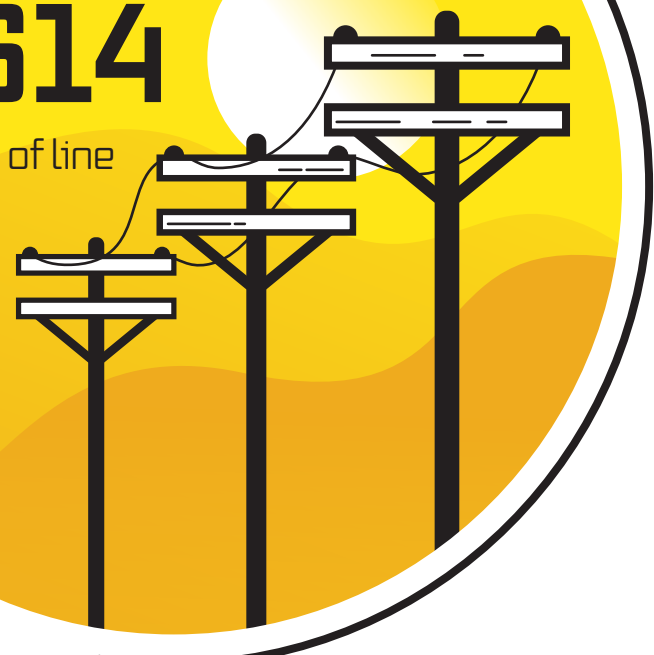
Miles of line

Full-time Employees

323

Total Meter-to-Employee Ratio

549:1



Kilowatt-hours sold
7.37 billion

Assets
**\$1.1
Billion**



Operating Revenue
\$664 million

Long-term Debt
\$99 million

AUGUST 2022

Peak
Demand

1,559
Megawatts

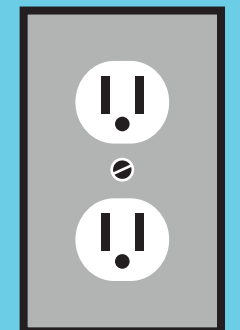


99.99%

Average System
Reliability

Cost of Power

\$542 million





Consolidated Balance Sheets
Dec. 31, 2021, and 2020 (in thousands)

Assets	2021	2020
Utility plant, net of accumulated depreciation and amortization	\$747,107	\$733,767
Nonutility plant, net of accumulated depreciation and amortization	5,729	5,887
Total plant	\$752,836	\$739,654
Investments:		
Associated organizations	\$6,747	\$6,889
Other	5,963	5,206
Total investments	\$12,710	\$12,095
Deferred income taxes, net	\$7,404	\$8,276
Current assets:		
Cash and cash equivalents	64,976	76,552
Investment securities	64,967	62,346
Accounts receivable, less allowance for doubtful accounts of \$2,363 in 2021 and \$2,856 in 2020	61,433	39,687
Materials and supplies inventories	27,887	21,976
Collateral deposits	6,480	6,479
Other current assets	33,967	33,087
Total current assets	\$259,710	\$240,127
Restricted cash	3,000	3,000
Deferred charges	13,849	3,120
Post-retirement benefits, net	24,666	19,247
Total assets	\$1,074,175	\$1,025,519
Liabilities and Equities		
Equities and margins:		
Membership fees	\$673	\$706
Patronage capital	767,712	740,666
Other equities	26,789	25,312
Accumulated other comprehensive income	18,191	14,368
Total equities and margins	\$813,365	\$781,052
Commitments and contingencies		
Long-term debt, excluding current installments	\$89,950	\$98,917
Current liabilities:		
Current installments of long-term debt	8,951	18,181
Accounts payable	34,022	33,529
Consumer deposits	8,567	10,059
Accrued expenses and other current liabilities	6,681	7,896
Total current liabilities	58,221	69,665
Deferred credits	106,867	70,872
Accrued retirement benefits	5,772	5,013
Total liabilities	\$260,810	\$244,467
Total liabilities and equities	\$1,074,175	\$1,025,519

Consolidated Statements of Operations and Patronage
Years Ended Dec. 31, 2021, and 2020 (in thousands)

	2021	2020
Operating revenue:	\$680,837	\$528,956
Operating expenses:		
Cost of power	547,337	400,711
Administrative and general	30,591	31,960
Depreciation and amortization	32,813	31,599
Distribution expense – maintenance	21,029	19,896
Distribution expense – operations	15,973	15,024
Consumer accounts	5,105	7,719
Customer service and information expense	2,151	2,225
Other expense, net	(552)	(320)
Total operating expenses	\$654,447	\$508,814
Net operating margins before interest expense	\$26,390	\$20,142
Interest expense	3,626	4,333
Net operating margins after interest expense	\$22,764	\$15,809
Nonoperating margins:		
Patronage capital assigned from associated organizations	\$486	\$639
Dividends and interest income	3,968	6,624
Gain on extinguishment of debt	7,024	—
Other nonoperating income, net	393	234
Total nonoperating margins	\$11,871	\$7,497
Net margins before income tax expense	\$34,635	\$23,306
Income tax expense	872	351
Net margins	\$33,763	\$22,955
Patronage capital at beginning of year	\$740,666	\$718,267
Net margins	33,763	22,955
Retirements of patronage capital	(6,717)	(556)
Patronage capital at end of year	\$767,712	\$740,666

Consolidated Statements of Cash Flows
Years Ended Dec. 31, 2021, and 2020 (in thousands)

	2021	2020
Cash flows from operating activities:		
Cash received from consumers	\$695,086	\$538,212
Cash paid to suppliers and employees	(641,259)	(472,517)
Dividends, interest, and other income	3,862	7,497
Taxes paid	(881)	—
Interest paid	(3,747)	(4,292)
Net cash provided by operating activities	\$53,061	\$68,900

Consolidated Statements of Cash Flows (Continued)
Years Ended Dec. 31, 2021, and 2020 (in thousands)

	2021	2020
Cash flows from investing activities:		
Purchases of utility plant and nonutility plant	(\$84,504)	(\$84,885)
Contributions in aid of construction of utility plant	37,696	28,274
Proceeds from sale of utility plant	813	6,318
Purchases of investment securities	(22,667)	(18,671)
Purchases of other investments and changes in collateral deposits	(1)	(24)
Proceeds from sale or maturity of investment securities	20,102	17,074
Retirements of patronage capital by associated organizations	370	336
Net cash used in investing activities	(\$48,191)	(\$51,578)
Cash flows from financing activities:		
Principal payments on debt	(\$11,266)	(\$11,359)
Principal proceeds from borrowing on line of credit/COVID-19 PPP	93	6,931
Membership fee receipts	(33)	(30)
Retirement of patronage capital	(6,717)	(556)
Unclaimed retirement of patronage capital	1,477	30
Net cash used in financing activities	(\$16,446)	(\$4,984)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(\$11,576)	\$12,338
Cash, cash equivalents, and restricted cash at beginning of year	\$79,552	\$67,214
Cash, cash equivalents, and restricted cash at end of year	\$67,976	\$79,552

Consolidating Schedule/Balance Sheet
Dec. 31, 2021 (in thousands)

	NOVEC	NOVEC Holdings Inc.	Eliminating Entries	Consolidated Totals
Assets				
Utility plant, net of accumulated depreciation and amortization	\$662,159	\$84,948	—	\$747,107
Nonutility plant, net of accumulated depreciation and amortization	5,154	575	—	5,729
Total plant	\$667,313	\$85,523	—	\$752,836
Deferred income taxes, net	—	\$7,404	—	\$7,404
Investments:				
Associated organizations	\$6,747	—	—	\$6,747
Other	60,635	—	(54,672)	5,963
Total investments	\$67,382	—	(\$54,672)	\$12,710

Consolidating Schedule/Balance Sheet (Continued)

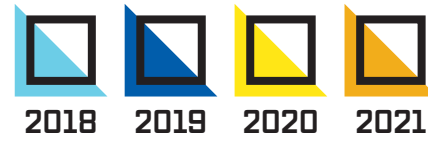
Dec. 31, 2021 (in thousands)

	NOVEC	NOVEC Holdings Inc.	Eliminating Entries	Consolidated Totals
Current Assets:				
Cash and cash equivalents	\$37,730	\$27,246	—	\$64,976
Investment securities	64,967	—	—	64,967
Notes receivable	76,840	—	(78,840)	—
Accounts receivable, less allowance for doubtful accounts	59,092	3,857	(1,516)	61,433
Materials and supplies inventories	21,525	6,362	—	27,887
Collateral deposits	6,480	—	—	6,480
Other current assets	31,840	2,524	(397)	33,967
Total current assets	\$298,474	\$39,989	(\$78,753)	\$259,710
Restricted cash	\$3,000	—	—	\$3,000
Deferred charges	11,025	\$2,824	—	13,849
Asset for post-retirement benefits	24,666	—	—	24,666
Total assets	\$1,071,860	\$135,740	(\$133,425)	\$1,074,175
Liabilities and Equities				
Equities and margins:				
Membership fees	\$673	—	—	\$673
Patronage capital and accumulated earnings	767,712	571	(571)	767,712
Other equities	26,789	54,101	(54,101)	26,789
Accumulated other comprehensive income	18,191	—	—	18,191
Total equities and margins	\$813,365	\$54,672	(\$54,672)	\$813,365
Commitments and contingencies:				
Long-term debt, excluding current installments	\$89,950	\$74,395	(74,395)	\$89,950
Current liabilities:				
Current installments of long-term debt	8,951	2,106	(2,106)	8,951
Accounts payable	32,545	3,531	(2,054)	34,022
Consumer deposits	8,567	—	—	8,567
Accrued expenses and other current liabilities	6,285	594	(198)	6,681
Total current liabilities	\$56,348	\$6,231	(\$4,358)	\$58,221
Deferred credits	106,425	442	—	106,867
Accrued retirement benefits	5,772	—	—	5,772
Total liabilities and equities	\$1,071,860	\$135,740	(\$133,425)	\$1,074,175

Consolidating Schedule/Statement of Operations and Patronage Capital Information

Year Ended Dec. 31, 2021 (in thousands)

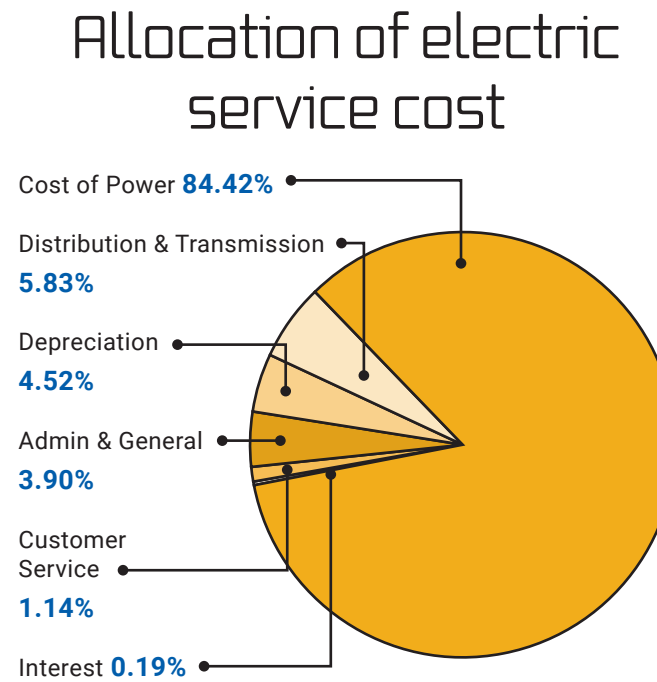
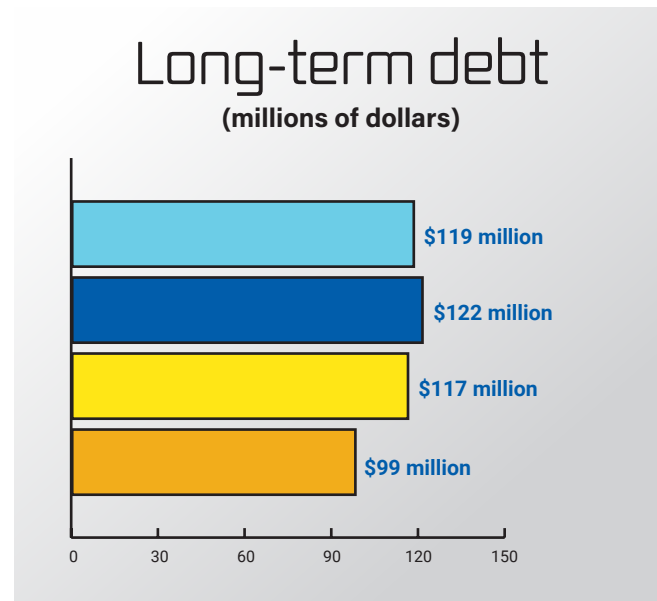
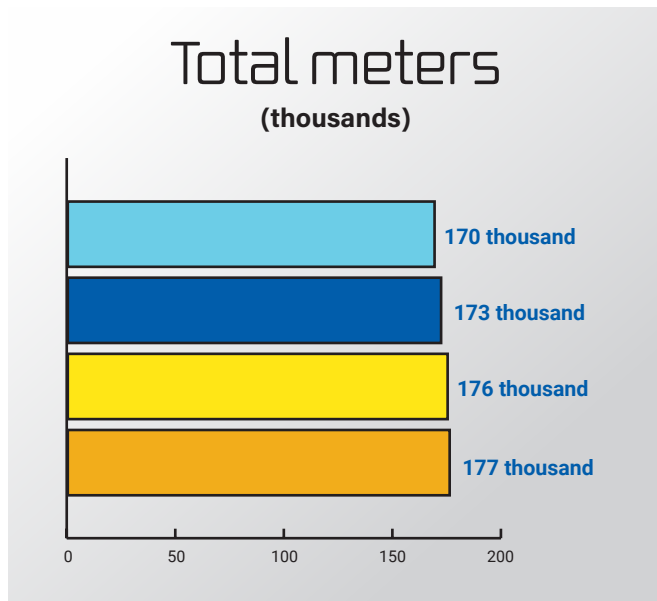
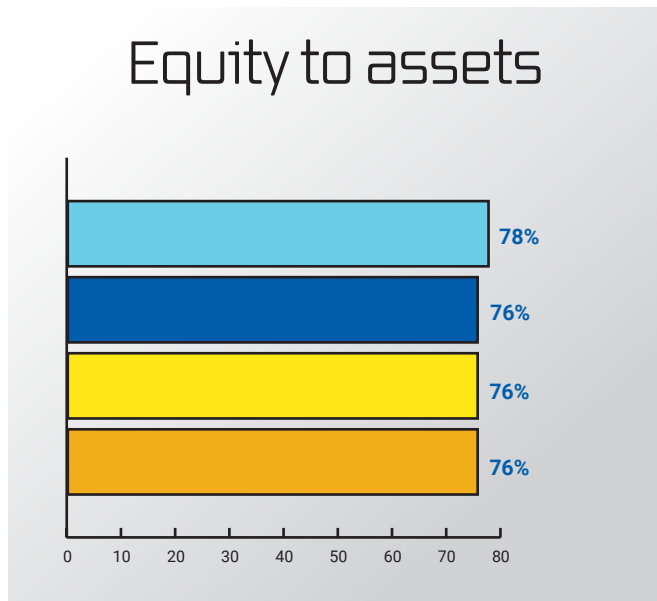
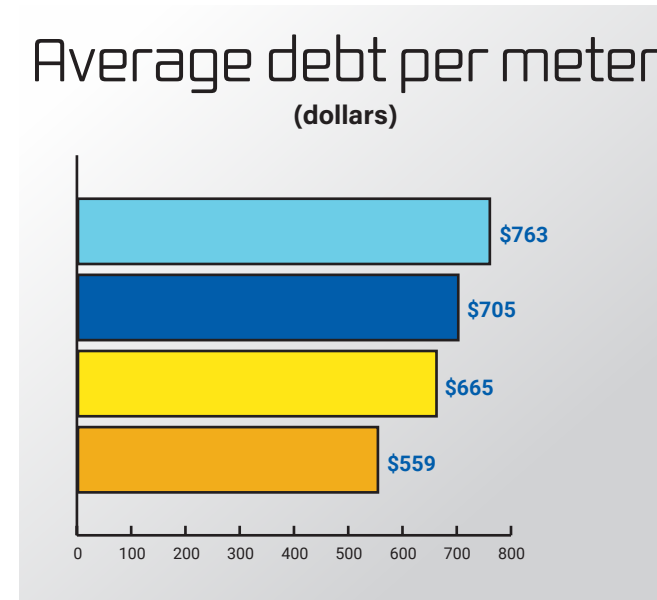
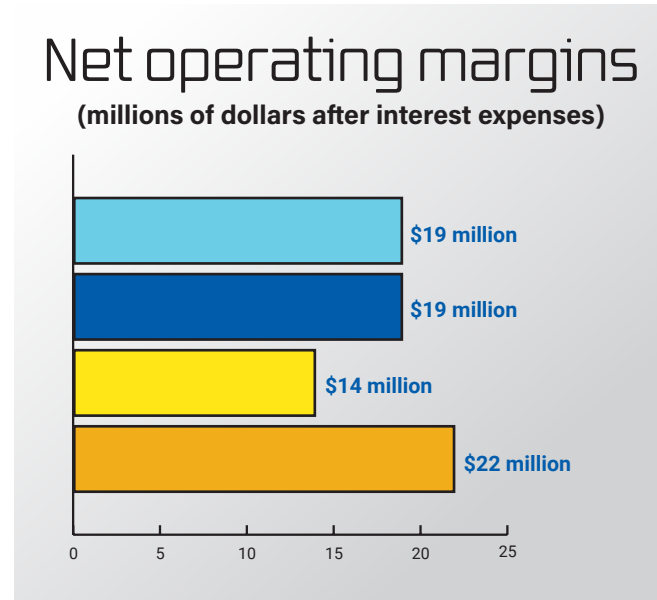
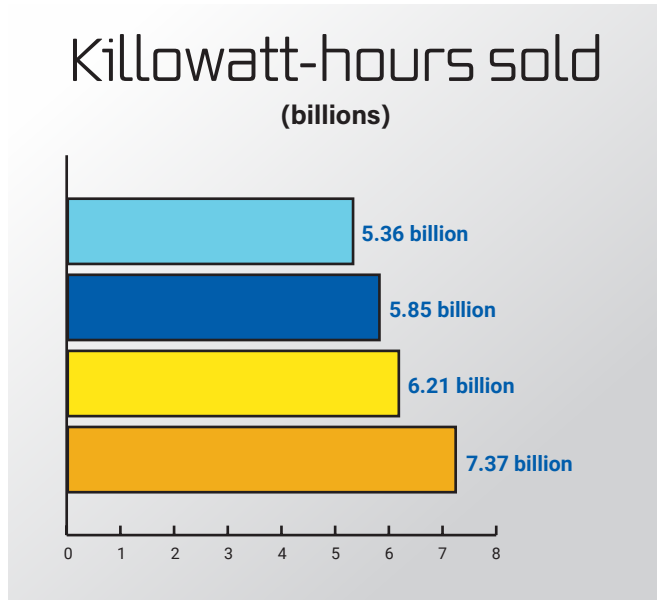
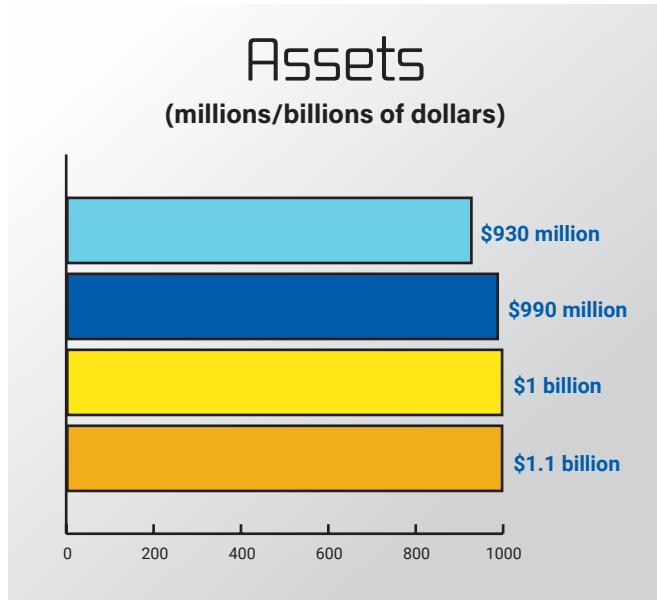
	NOVEC	NOVEC Holdings Inc.	Eliminating Entries	Consolidated Totals
Operating revenue:	\$664,573	\$34,824	(\$18,560)	\$680,837
Operating expenses:				
Cost of goods	543,191	22,706	(18,560)	547,337
Administrative and general	25,692	4,899	—	30,591
Depreciation and amortization	29,061	3,752	—	32,813
Distribution expense — maintenance	21,029	—	—	21,029
Distribution expense — operations	15,973	—	—	15,973
Consumer accounts	5,105	—	—	5,105
Customer service and information expense	2,151	—	—	2,151
Other expense, net	(541)	(11)	—	(552)
Total operating expenses	\$641,661	\$31,346	(\$18,560)	\$654,447
Net operating margins before interest expense	\$22,912	\$3,478	—	\$26,390
Interest expense	1,243	2,383	—	3,626
Net operating margins after interest expense	\$21,669	\$1,095	—	\$22,764
Nonoperating expenses:				
Patronage capital assigned from associated organizations	\$947	—	(\$461)	\$486
Dividends and interest income	3,909	59	—	3,968
Gain on extinguishment of debt	6,845	179	—	7,024
Other nonoperating income, net	393	—	—	393
Total nonoperating margins	\$12,094	\$238	(\$461)	\$11,871
Net operating margins before income tax expense	\$33,763	\$1,333	(\$461)	\$34,635
Income tax expense	—	872	—	872
Net margins	\$33,763	\$461	(\$461)	\$33,763
Patronage capital at beginning of the year	\$740,666	\$110	(\$110)	\$740,666
Net margins	33,763	461	(461)	33,763
Retirements of patronage capital	(6,717)	—	—	(6,717)
Patronage capital at end of year	\$767,712	\$571	(\$571)	\$767,712



2018 2019 2020 2021

Finances at a Glance

Year ended Dec. 31, 2021







www.novec.com

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 177,000 metered customers in Fairfax, Fauquier, Loudoun, Prince William, Stafford, and Clarke counties, the Town of Clifton, and the City of Manassas Park. It is one of the largest electric companies of its kind in the nation. For questions concerning the Cooperative: call NOVEC's Customer Care Center at 703-335-0500 or toll-free 1-888-335-0500, Monday through Friday, from 7:45 a.m. to 5:30 p.m.; visit novec.com; or send mail to NOVEC, P.O. Box 2710, Manassas, VA 20108.