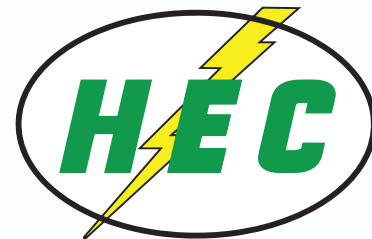


Information compiled by:
Zach Nyce



2023

ANNUAL REPORT



2023 HEC HIGHLIGHTS

HEC **PERSONNEL**

Service Milestones Achieved:

- Diannah Campbell – 40 years
- Barry Lambert – 35 years
- Todd McCray – 30 years
- Heather Johnson – 25 years
- Laurie Gray – 20 years
- Wes Delawder – 15 years
- Don Bowers – 15 years
- Jenny Mestril – 15 years
- Zach Nyce – 10 years
- Martin Donaire – 5 years

Mike Fawley retired after 37 ½ years of service as HEC’s Manager of Billing and Information Systems.

- Heather Johnson was named as his replacement.

Wes Delawder was promoted to Lead Lineman.

HEC welcomed two new employees:

- Nilesia (Nelly) Marcos-Martinez
- Colby Higgs

Zach Nyce completed the Innovation MBA program offered through JMU.

SAFETY

Received 2nd place in the 2022 APPA (American Public Power Association) Safety Awards of Excellence

1 OSHA (Occupational Safety and Health Administration) reportable injury – no lost time

Employee gaffed himself while climbing a pole

74,975

Total Hours Worked

43

Average Employee Count



COMMISSIONERS*

Hobey Bauhan completed two terms as of December 31, 2022. Hobey was Chairman for 2 years.

Quinton Callahan was sworn in for his first term in January 2023.

Mark Hanna resigned from the Commission for out-of-state employment in November 2023.

Andy Hershberger was appointed to fill Mark Hanna's unexpired term on the Board in November 2023.

Alexander Gabbin completed two terms as of December 31, 2023.

**Commissioner term length is 3 years with the ability to serve for no more than 2 successive terms*



RELIABILITY

Received 2022 Certificate of Excellence in Reliability in April 2023

Top 25% of nationwide utilities based on SAIDI

Received APPA's RP3 (Reliable Public Power Provider) Gold Designation in May 2023

Significant Outages in 2023

- Failed insulator caused an outage for 69 minutes affecting 1,184 customers in January 2023.
- Underground splice failure caused an outage for 28 minutes affecting 674 customers in May 2023.
- Snake in W. Market St. Substation caused an outage for 32 minutes affecting 2,710 customers in July 2023.
- Underground splice failure caused an outage for 10 minutes affecting 2,143 customers in April 2023. This outage included customers on 2 different circuits that were temporarily tied together.



2023 Reliability Indices

HEC continues to have outstanding reliability shown by the reliability indices being less than the median and regional averages for SAIFI, SAIDI, and CAIDI and being greater than the median and regional averages for ASAI.

SAIFI – .339
(.57 – Median/1.08 – Region)

System Average Interruption Frequency Index represents the average number of times a customer experiences an outage during the year.

SAIDI – 12.518
(28.4 – Median/86.1 – Region)

System Average Interruption Duration Index represents the total number of minutes of interruption the average customer experiences.

CAIDI – 36.881
(88.5 – Median/222.1 – Region)

Customer Average Interruption Duration Index is the average time required to restore service.

ASAI – 99.9976
(99.990 – Median/99.971 – Region)

Average Service Availability Index is the ratio of the total number of customer hours that service was available during a given time period to the total customer hours demanded.



COMMUNITY ENGAGEMENT

\$25,263

Charitable Giving

\$80,013
TOTAL

\$54,750

Community Support

Energy Share Program

People Helping People

- Customer Donation – \$6,066
- HEC Match – \$6,066

The Salvation Army

- Customer Donation – \$5,066
- HEC Match – \$5,066

Bowl For Kid’s Sake Team Sponsor

Hburg/Rham Dept. of Social Services

Santa Program

Harrisonburg Education Foundation

**Harrisonburg
Downtown Renaissance
Sustaining Sponsor for Fireworks**

**Explore More Discovery Museum
HEC Exhibit Opened in August 2023**

**Our Community Place Gala
Massanutten Technical Center
Rocktown Energy Festival**

SUSTAINABILITY

- Acorn Solar Online Dashboard went live in March 2023 and is accessible through HEC's website.
- VMEA (Virginia Municipal Electric Association) began investigating the use of Battery Energy Storage Systems (BESS) for cost reductions with one to be located in Harrisonburg.
- Held a public hearing on revised PURPA (Public Utility Regulatory Policies Act) Standards on Demand Side Management and promoting EV infrastructure.
- Bluestone Solar completed and brought online July 2023.

HEC Weatherization Program through CHP (Community Housing Partners)



23 Single Family Homes in Queue for Services



21 Energy Audits Completed



8 Homes Weatherized



7 New Heat Pumps Installed



All 122 units at Mosby Heights received weatherization improvements and included installing 74 new HE heat pumps



HEC issued \$1,900 to 19 pre-qualified customers for completing CHP's application





SUSTAINABILITY CONTINUED



- Completed 5 in-house Energy Audits in 2023.
- Ended 2023 with 324 subscriptions to Friendly City Solar accounting for around 1.3 Million kWh or a 43% subscribed rate.

Upped subscription rate to 50% of average monthly usage (from 25%) in March 2023

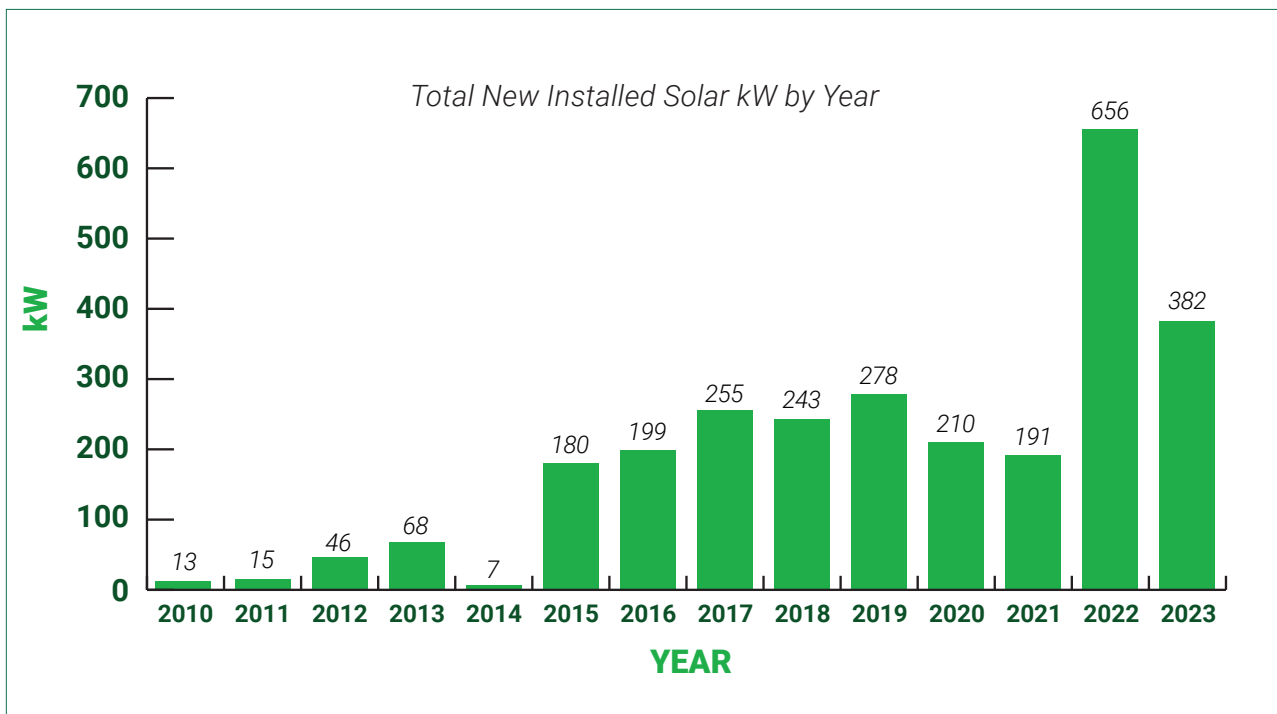
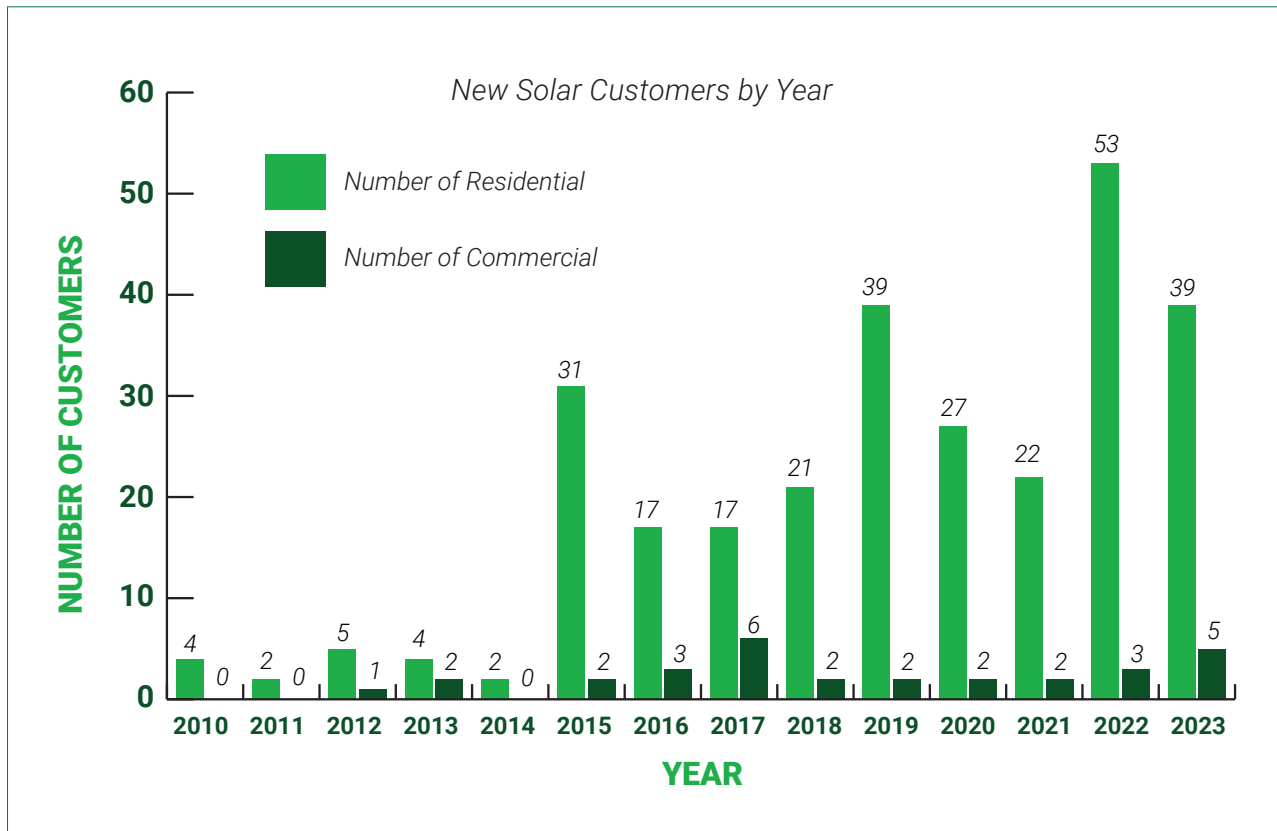
HEC Energy Save & Earn Rebate Program

HEC Save & Earn Appliance Rebate Program (20 Participants)

APPLIANCE TYPE	REBATE AMOUNT	QTY. ISSUED	TOTAL AMOUNT
Clothes Dryer	\$100	8	\$800
Clothes Washer	\$75	9	\$675
Water Heater <i>standard</i>	\$80	1	\$80
Water Heater <i>heat pump</i>	\$250	0	\$0
Air-source Central Heat Pump	\$400	7	\$2,800
Mini-split Heat Pump	\$175	2	\$350
Refrigerator	\$80	2	\$160
Chest Freezer	\$75	0	\$0
	TOTAL	29	\$4,865



Growth in Harrisonburg Solar



MAJOR CAPITAL PROJECTS **COMPLETED IN 2023**

- Replaced Vehicle for Safety/Training Coordinator.
- LED Streetlight Conversion 75% Completed.
Still have decorative style lights to replace.
- Installed security and monitoring at all substations.
- Converted last remaining portion of 14.4kV system acquired from SVEC (Shenandoah Valley Electric Cooperative) during Annexation to HEC typical 13.2kV voltage.
- Completed all work associated with new Rocktown High School.
- Crossings Subdivision Completed.
- Millwood Townhomes Completed.
- Replaced SF6 Individual Fused Switches with SF6 Gang Operated Vacuum Switches at JMU.
- Replaced HEC Network Firewall.
- Replaced Vehicle for Service Man On Call.

MAJOR CAPITAL PROJECTS **STILL IN PROGRESS**

Construction of Ridgeville Substation broke ground in May 2023.

- 95% of the contracted site work was completed in 2023.
- Power Transformer was delivered October 2023.

Replacement of Reservoir St. #1 Power Transformer slated for April 2024.

Replacing Oil Circuit breakers at Maryland Ave. and Reservoir St. Substations.

Installation of backup generator for Operations Center.



GENERAL **HEC** HIGHLIGHTS

Authorized contributing \$90,000 for stand-by generator at new Public Works building to be used during peak demand times.

Cost of Service Analysis completed in May 2023 helped in determining a rate adjustment.

- Fuel Adjustment Factor dropped from 33.64 mills to 18.52 mills
- Retail Rates increased 6%
- Wholesale Rates increased 14%

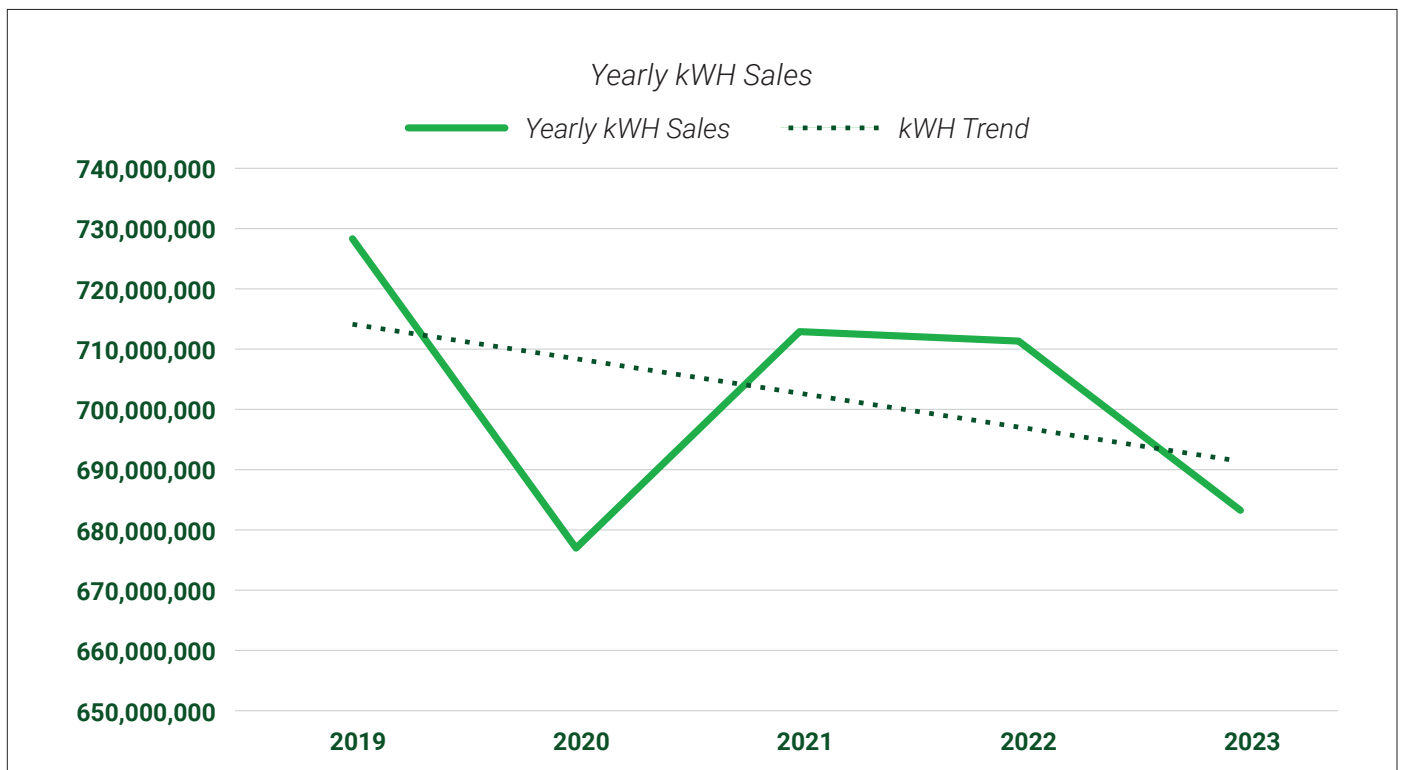
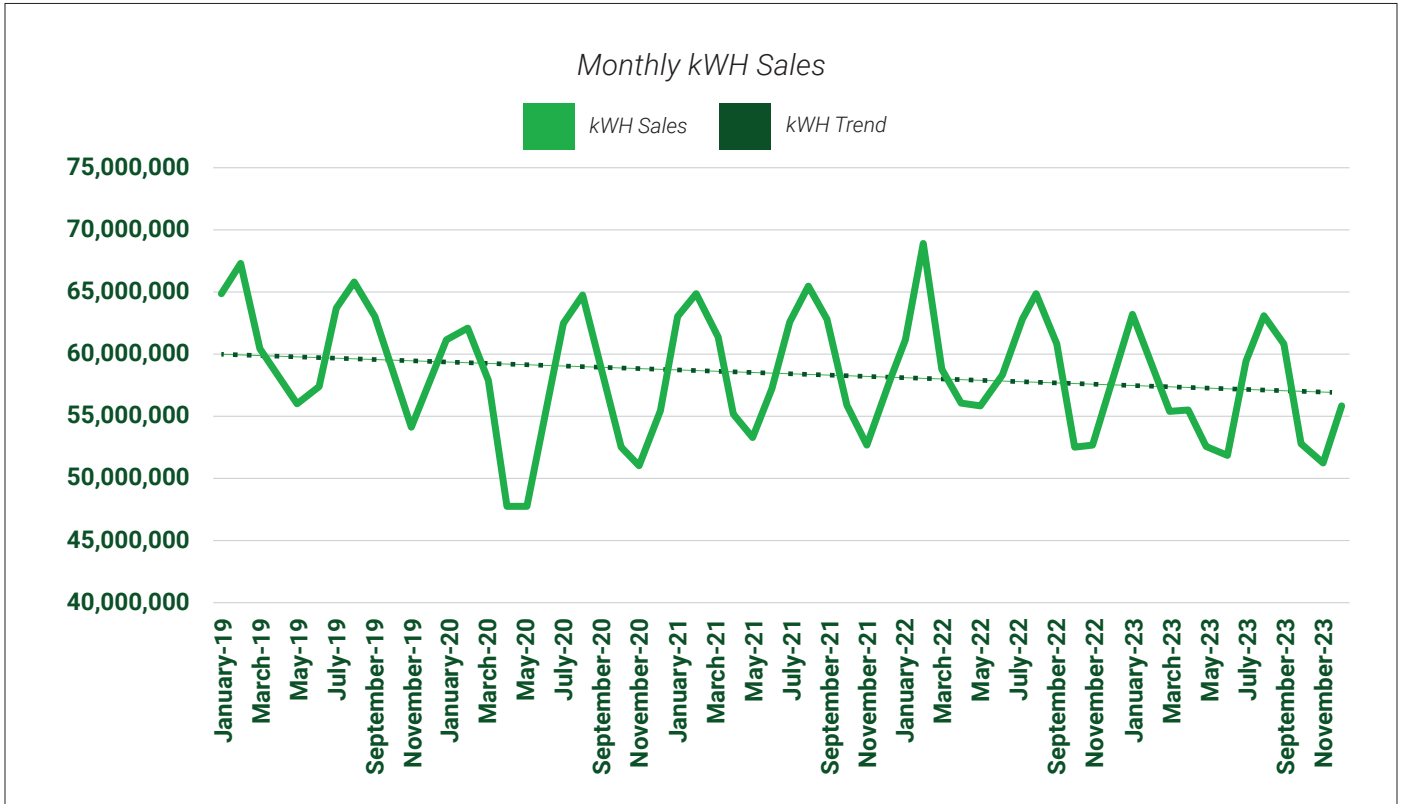
2022 True Up for HEC amounted to \$2.9M payable to Dominion.

VMEA officially notified dominion of a dispute surrounding the accounting of 2021 and 2022 RGGI (Regional Greenhouse Gas Initiative) expenses.

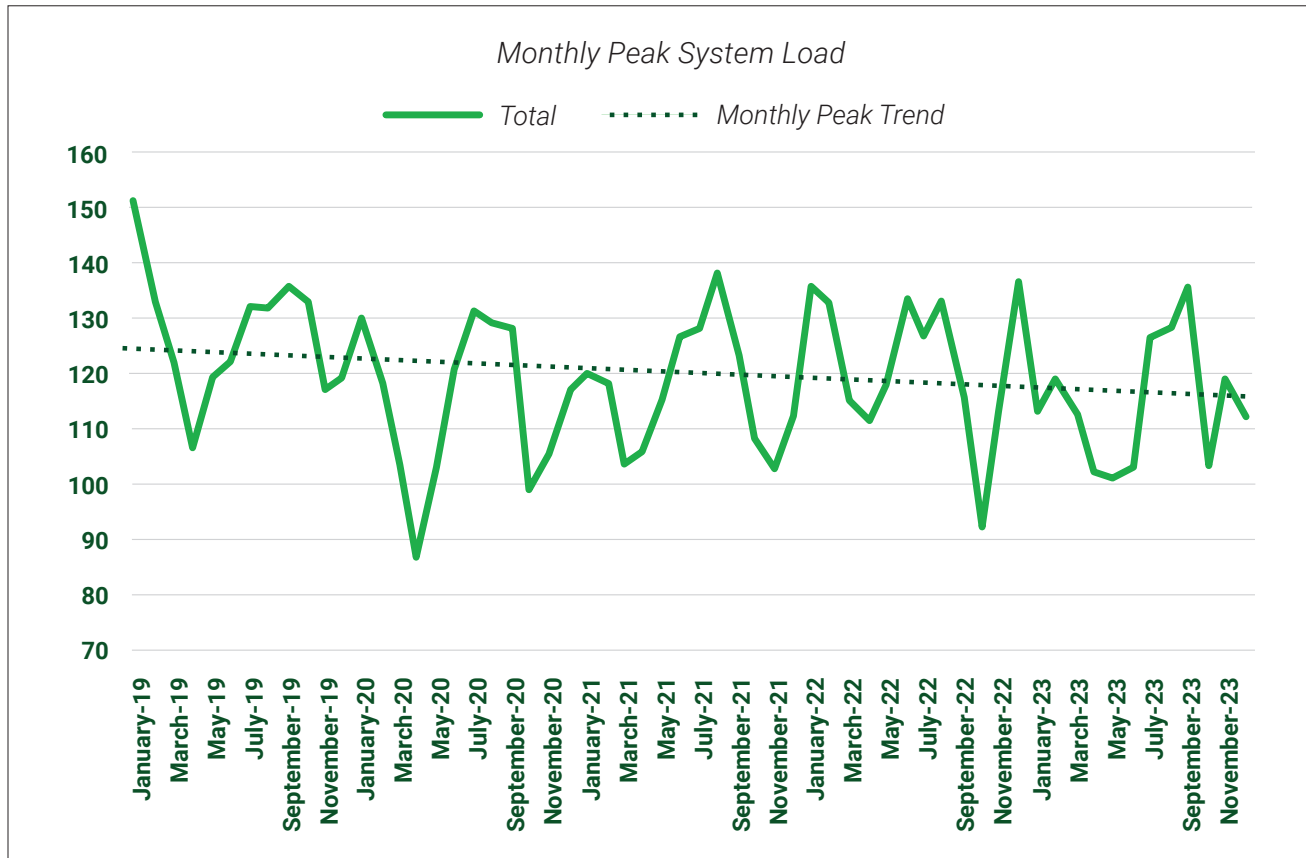
Historical Customer Growth

YEAR	RESIDENTIAL	COMMERCIAL	LOCAL GOV.	STATE	JMU	SYSTEM TOTAL
2019	109	31	3	0	1	144
2020	77	31	6	0	2	116
2021	36	33	0	3	0	72
2022	35	20	6	0	0	61
2023	84	39	6	0	1	130

Historical kWh sales

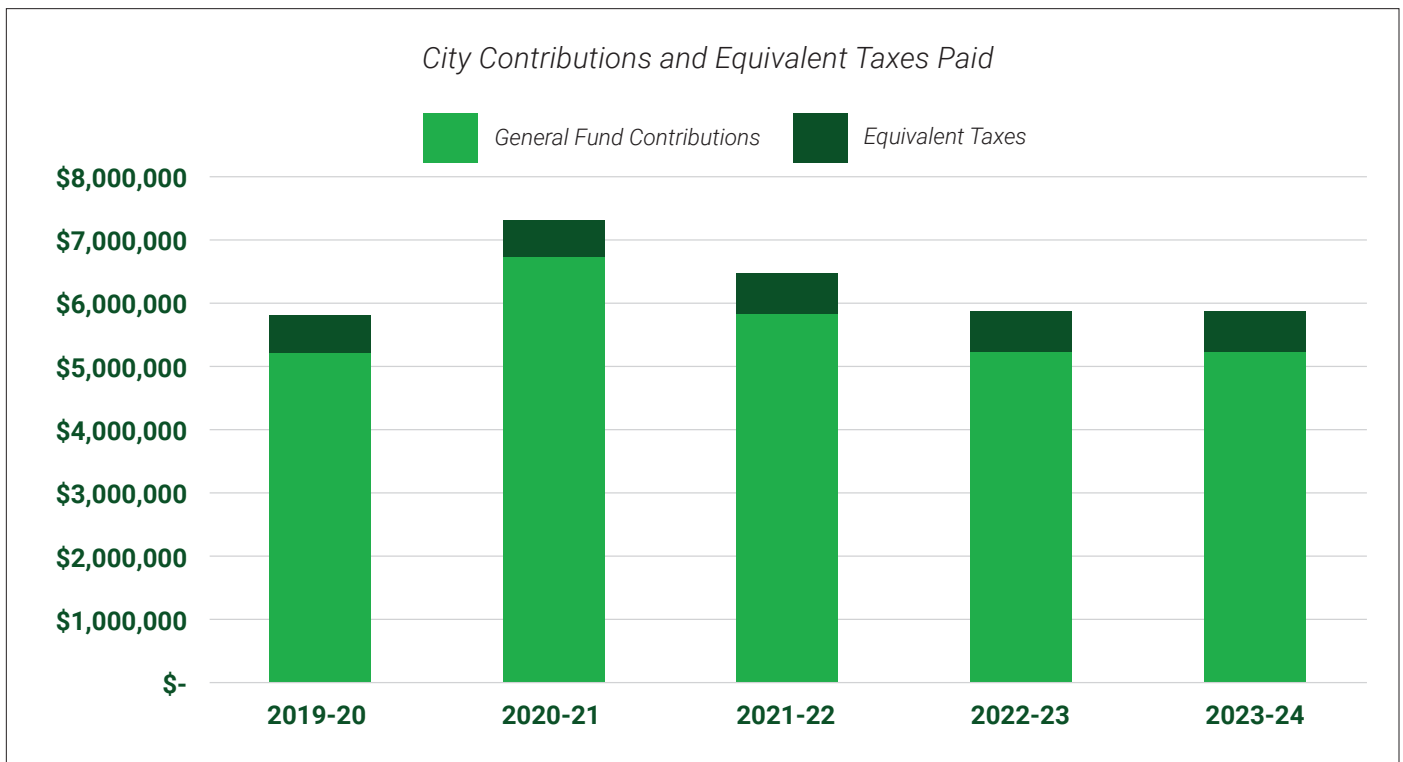


Annual peak demands trended



Contributions to the City

HEC is required to contribute 5% of gross revenue to the City’s General Fund.



Fiscal Year 22-23, HEC contributed 7% of gross revenue to the City’s General Fund.