

# Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

**2018**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

**A** For the 2018 calendar year, or tax year beginning 01/01, 2018, and ending 12/31, 2018

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return/terminated  
 Amended return  
 Application pending

**C** Name of organization VERMONT ELECTRIC COOPERATIVE INC  
 Doing business as \_\_\_\_\_  
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
42 Wescom Road  
 City or town, state or province, country, and ZIP or foreign postal code  
Johnson, VT, 05656

**D** Employer identification number  
03-0164375

**E** Telephone number  
802-635-2331

**F** Name and address of principal officer: Rebecca Towne  
42 Wescom Road, Johnson, VT 05656

**G** Gross receipts \$ 84,882,133

**H(a)** Is this a group return for subordinates?  Yes  No  
**H(b)** Are all subordinates included?  Yes  No  
 If "No," attach a list. (see instructions)

**I** Tax-exempt status:  501(c)(3)  501(c) ( 12 ) ◀ (insert no.)  4947(a)(1) or  527

**J** Website: ▶ WWW.VERMONTELECTRIC.COOP

**K** Form of organization:  Corporation  Trust  Association  Other ▶

**L** Year of formation: 1938

**M** State of legal domicile: VT

**H(c)** Group exemption number ▶

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b>	Briefly describe the organization's mission or most significant activities: <u>Electric service to approximately 39,225 metered accounts located in 74 towns in Vermont. Sales of approximately 459,995 MWH's of electricity.</u>		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<u>3</u>	<u>12</u>
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<u>4</u>	<u>12</u>
	<b>5</b>	Total number of individuals employed in calendar year 2018 (Part V, line 2a)	<u>5</u>	<u>123</u>
	<b>6</b>	Total number of volunteers (estimate if necessary)	<u>6</u>	<u>0</u>
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	<u>7a</u>	<u>0</u>
<b>b</b>	Net unrelated business taxable income from Form 990-T, line 38	<u>7b</u>	<u>0</u>	
<b>Revenue</b>	<b>8</b>	Contributions and grants (Part VIII, line 1h)		
	<b>9</b>	Program service revenue (Part VIII, line 2g)	<u>77,416,892</u>	<u>79,281,680</u>
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<u>4,391,008</u>	<u>5,522,550</u>
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<u>0</u>	<u>0</u>
	<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<u>81,807,900</u>	<u>84,804,230</u>
<b>Expenses</b>	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	<u>0</u>	<u>0</u>
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)	<u>6,705,153</u>	<u>4,295,481</u>
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	<u>11,200,708</u>	<u>11,407,732</u>
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)	<u>0</u>	<u>0</u>
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶	<u>0</u>	<u>0</u>
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	<u>63,902,039</u>	<u>69,101,017</u>
	<b>18</b>	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	<u>81,807,900</u>	<u>84,804,230</u>
<b>19</b>	Revenue less expenses. Subtract line 18 from line 12	<u>0</u>	<u>0</u>	
<b>Net Assets or Fund Balances</b>	<b>20</b>	Total assets (Part X, line 16)	<u>176,829,631</u>	<u>180,688,394</u>
	<b>21</b>	Total liabilities (Part X, line 26)	<u>101,295,365</u>	<u>102,089,233</u>
	<b>22</b>	Net assets or fund balances. Subtract line 21 from line 20	<u>75,534,266</u>	<u>78,599,161</u>

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer: *Michael Bursell* Date: 11/14/19

**Michael Bursell, Chief Financial Officer**  
Type or print name and title

**Paid Preparer Use Only**

Print/Type preparer's name: \_\_\_\_\_ Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Check  if self-employed PTIN: \_\_\_\_\_

Firm's name ▶ \_\_\_\_\_ Firm's EIN ▶ \_\_\_\_\_  
 Firm's address ▶ \_\_\_\_\_ Phone no. \_\_\_\_\_

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

**Part III** Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

Vermont Electric Cooperative is a member owned not-for-profit utility whose mission is to provide energy and other appropriate services to its members.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 84,804,230 including grants of \$ 0 ) (Revenue \$ 84,804,230 )  
Providing reliable electric service to approximately 39,225 metered accounts, with sales of approximately 459,995 MWH's.

4b (Code: ) (Expenses \$ Including grants of \$ ) (Revenue \$ )

4c (Code: ) (Expenses \$ Including grants of \$ ) (Revenue \$ )

4d Other program services (Describe in Schedule O.)  
(Expenses \$ 0 Including grants of \$ 0 ) (Revenue \$ 0 )

4e Total program service expenses ▶ 84,804,230

**Part IV Checklist of Required Schedules**

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .		✓
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? . . . . .		✓
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I . . . . .		✓
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II . . . . .		
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III . . . . .		✓
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I . . . . .		✓
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II . . . . .		✓
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .		✓
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV . . . . .		✓
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V . . . . .		✓
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI . . . . .	✓	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII . . . . .	✓	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII . . . . .		✓
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX . . . . .		✓
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .	✓	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X . . . . .	✓	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII . . . . .	✓	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional . . . . .		✓
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .		✓
14a	Did the organization maintain an office, employees, or agents outside of the United States? . . . . .		✓
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV. . . . .		✓
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV . . . . .		✓
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV. . . . .		✓
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) . . . . .		✓
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II . . . . .		✓
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III . . . . .		✓
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H . . . . .		✓
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .		
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II . . . . .		✓

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question number, Question text, and Yes/No checkboxes. Rows include questions 22 through 38 regarding grants, compensation, bond issues, and organizational transactions.

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with 3 columns: Question number, Question text, and Yes/No checkboxes. Rows include questions 1a, 1b, and 1c regarding Form 1096, Forms W-2G, and gaming winnings.

**Part V** Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
	2a 123		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <i>Note.</i> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	✓	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		✓
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		✓
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations. Enter:</b>		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	<b>Section 501(c)(12) organizations. Enter:</b>		
a	Gross income from members or shareholders	11a	75,160,493
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	9,133,750
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
a	Is the organization licensed to issue qualified health plans in more than one state? <i>Note.</i> See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	✓
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 720, Schedule N.	15	✓
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16	✓

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

Table with 5 columns: Question, Line Number, Yes, No. Rows include questions about voting members, family relationships, management delegation, and documentation of meetings.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 5 columns: Question, Line Number, Yes, No. Rows include questions about local chapters, conflict of interest policies, whistleblower policies, and joint ventures.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed -> VT
18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection.
19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, address, and telephone number of the person who possesses the organization's books and records -> Michael Bursell, (802)730-1153

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Daniel Carswell	4.00									
Director - President	0.00	✓					9,350	0	16	
George Laque	5.00									
Director - 1st Vice President	0.00	✓					8,110	0	16	
Carol Maroni	8.00									
Director - 2nd Vice President	0.00	✓					10,030	0	16	
John Ward	4.00									
Director - Treasurer	0.00	✓					10,760	0	16	
Mark Woodward	5.00									
Director - Secretary	0.00	✓					7,730	0	16	
Thomas Bailey	6.00									
Director	0.00	✓					7,750	0	665	
Ken Hoepfner	4.00									
Director	0.00	✓					10,630	0	7	
Don Worth	5.00									
Director	0.00	✓					6,700	0	7	
Rich Goggin	6.00									
Director	0.00	✓					8,030	0	16	
Richard Westman	4.00									
Director	0.00	✓					5,400	0	16	
Paul Lambert	2.00									
Director	0.00	✓					8,390	0	0	
Charlie Van Winkle	16.00									
Director	0.00	✓					4,450	0	0	
Christine Hallquist	55.00									
Chief Executive Officer-Thru 3/2018	0.00			✓			71,557	0	6,441	
Rebecca Towne	50.00									
Chief Executive Officer - Began 10/2018	0.00			✓			48,508	0	2,854	

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
Michael Bursell Chief Financial Officer	50.00 0.00			<input checked="" type="checkbox"/>			232,302	0	33,779
Peter Rossi Chief Operating Officer	55.00 0.00			<input checked="" type="checkbox"/>			179,199	0	31,114
Victoria Brown General Counsel	45.00 0.00					<input checked="" type="checkbox"/>	203,199	0	14,592
Mark Hinton 1st Class Lineworker-Group Leader	61.00 0.00					<input checked="" type="checkbox"/>	188,261	0	62,905
Gary Young 1st Class Lineworker	62.00 0.00					<input checked="" type="checkbox"/>	186,318	0	54,385
Christopher Connelley 1st Class Lineworker	58.00 0.00					<input checked="" type="checkbox"/>	171,357	0	15,404
Alan Esposito 1st Class Lineworker	57.00 0.00					<input checked="" type="checkbox"/>	164,913	0	28,255
<b>1b Sub-total</b>							1,542,944	0	250,520
<b>c Total from continuation sheets to Part VII, Section A</b>									
<b>d Total (add lines 1b and 1c)</b>							1,542,944	0	250,520

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **53**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
Trees LLC, 1700 Solutions Center, Chicago, IL 60677	Tree Clearing	1,581,315
TTS Tree Service LLC, 3985 County Route 27, Russell, NY 13684	Tree Clearing	981,689
New England Tree Experts Inc, PO Box 504, Hardwick, VT 05843	Tree Clearing	914,726
Trees R Us LLC, PO Box 55, Greensboro Bend, VT 05842	Tree Clearing	518,269
Goodhue Excavation Inc, 327 Barry Road, Fairfield, VT 05455	Contractor - Excavation	303,172

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **17**



**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1a	Federated campaigns . . . . . 1a					
	b	Membership dues . . . . . 1b					
	c	Fundraising events . . . . . 1c					
	d	Related organizations . . . . . 1d					
	e	Government grants (contributions) . . . . . 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above . . . . . 1f					
	g	Noncash contributions included in lines 1a-1f: \$					
	h	<b>Total.</b> Add lines 1a-1f . . . . . ▶		0			
<b>Program Service Revenue</b>			<b>Business Code</b>				
	2a	Related Electric Operating Income . . . . . 221000	78,846,522	78,846,522	0	0	
	b	Related Electric Non-Operating Income . . . . . 221000	435,158	435,158	0	0	
	c						
	d						
	e						
	f	All other program service revenue . . . . .	0	0	0	0	
	g	<b>Total.</b> Add lines 2a-2f . . . . . ▶		79,281,680			
<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶	5,594,093	0	0	5,594,093	
	4	Income from investment of tax-exempt bond proceeds ▶	0	0	0	0	
	5	Royalties . . . . . ▶	0	0	0	0	
	6a			(i) Real	(ii) Personal		
		b	Gross rents . . . . .				
		c	Less: rental expenses . . . . .				
		d	Net rental income or (loss) . . . . . ▶	0	0		
	7a			(i) Securities	(ii) Other		
		b	Gross amount from sales of assets other than inventory . . . . .	0	6,360		
		c	Less: cost or other basis and sales expenses . . . . .	0	77,903		
		d	Net gain or (loss) . . . . . ▶	0	-71,543		
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 . . . . . a					
	b	Less: direct expenses . . . . . b					
	c	Net income or (loss) from fundraising events . . . . . ▶					
	9a	Gross income from gaming activities. See Part IV, line 19 . . . . . a					
b	Less: direct expenses . . . . . b						
c	Net income or (loss) from gaming activities . . . . . ▶						
10a	Gross sales of inventory, less returns and allowances . . . . . a						
b	Less: cost of goods sold . . . . . b						
c	Net income or (loss) from sales of inventory . . . . . ▶						
<b>Miscellaneous Revenue</b>		<b>Business Code</b>					
11a							
b							
c							
d	All other revenue . . . . .						
e	<b>Total.</b> Add lines 11a-11d . . . . . ▶		0				
12	<b>Total revenue.</b> See instructions . . . . . ▶		84,804,230	79,281,680	0	5,522,550	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .	0			
2 Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .	0			
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .	0			
4 Benefits paid to or for members . . . . .	4,295,481			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	534,624			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0			
7 Other salaries and wages . . . . .	8,008,278			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,016,001			
9 Other employee benefits . . . . .	1,217,570			
10 Payroll taxes . . . . .	631,259			
11 Fees for services (non-employees):				
a Management . . . . .	0			
b Legal . . . . .	165,410			
c Accounting . . . . .	47,940			
d Lobbying . . . . .	70,375			
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees . . . . .	0			
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .	572,375			
12 Advertising and promotion . . . . .	1,850			
13 Office expenses . . . . .	882,036			
14 Information technology . . . . .	509,490			
15 Royalties . . . . .	0			
16 Occupancy . . . . .	126,872			
17 Travel . . . . .	703,717			
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings . . . . .	163,748			
20 Interest . . . . .	3,749,496			
21 Payments to affiliates . . . . .	0			
22 Depreciation, depletion, and amortization . . . . .	5,938,910			
23 Insurance . . . . .	0			
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Purchased Power Expense	33,934,777			
b Transmission Expense	10,809,381			
c Tree Trimming Expense	3,374,783			
d Property Tax Expense	3,096,971			
e All other expenses	4,952,886			
25 Total functional expenses. Add lines 1 through 24e	84,804,230	0	0	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .				

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X

		(A)		(B)		
		Beginning of year		End of year		
<b>Assets</b>	1	Cash—non-interest-bearing . . . . .	0	1	0	
	2	Savings and temporary cash investments . . . . .	1,418,514	2	2,029,000	
	3	Pledges and grants receivable, net . . . . .	0	3	0	
	4	Accounts receivable, net . . . . .	12,928,099	4	11,247,457	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .		5	0	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L . . . . .		6	0	
	7	Notes and loans receivable, net . . . . .	0	7	0	
	8	Inventories for sale or use . . . . .	5,061,766	8	4,954,850	
	9	Prepaid expenses and deferred charges . . . . .	475,939	9	450,722	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	166,997,480		
	b	Less: accumulated depreciation . . . . .	10b	49,473,142	10c	117,524,338
	11	Investments—publicly traded securities . . . . .	0	11	0	
	12	Investments—other securities. See Part IV, line 11 . . . . .	32,981,578	12	37,250,739	
	13	Investments—program-related. See Part IV, line 11 . . . . .	1,636,302	13	2,653,678	
	14	Intangible assets . . . . .	0	14	0	
	15	Other assets. See Part IV, line 11 . . . . .	4,370,807	15	4,577,610	
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	176,829,631	16	180,688,394		
<b>Liabilities</b>	17	Accounts payable and accrued expenses . . . . .	11,249,334	17	13,078,636	
	18	Grants payable . . . . .	0	18	0	
	19	Deferred revenue . . . . .	0	19	0	
	20	Tax-exempt bond liabilities . . . . .	0	20	0	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .	0	21	0	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .		22	0	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .	89,629,539	23	88,615,217	
	24	Unsecured notes and loans payable to unrelated third parties . . . . .	0	24	0	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D	416,492	25	395,380	
	26	<b>Total liabilities.</b> Add lines 17 through 25 . . . . .	101,295,365	26	102,089,233	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets . . . . .		27		
	28	Temporarily restricted net assets . . . . .		28		
	29	Permanently restricted net assets . . . . .		29		
	Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds . . . . .	0	30	0	
	31	Paid-in or capital surplus, or land, building, or equipment fund . . . . .	0	31	0	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .	75,534,266	32	78,599,161	
33	<b>Total net assets or fund balances . . . . .</b>	75,534,266	33	78,599,161		
34	<b>Total liabilities and net assets/fund balances . . . . .</b>	176,829,631	34	180,688,394		

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	84,804,230
2	Total expenses (must equal Part IX, column (A), line 25)	2	84,804,230
3	Revenue less expenses. Subtract line 2 from line 1	3	0
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	75,534,266
5	Net unrealized gains (losses) on investments	5	0
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	3,064,895
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	78,599,161

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? . . . If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		✓
b Were the organization's financial statements audited by an independent accountant? . . . . . If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	✓	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	✓	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .	✓	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	✓	

**SCHEDULE D  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2018**

**Open to Public Inspection**

Name of the organization <b>VERMONT ELECTRIC COOPERATIVE INC</b>	Employer identification number <b>03-0164375</b>
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**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year . . . . .		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year) . . . . .		
4 Aggregate value at end of year . . . . .		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		

**Part II Conservation Easements.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).	
<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
a Total number of conservation easements . . . . .	2a
b Total acreage restricted by conservation easements . . . . .	2b
c Number of conservation easements on a certified historic structure included in (a) . . . . .	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register . . . . .	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶	
4 Number of states where property subject to conservation easement is located ▶	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶	
7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No	
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.	
b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:	
(i) Revenue included on Form 990, Part VIII, line 1 . . . . .	▶ \$
(ii) Assets included in Form 990, Part X . . . . .	▶ \$
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:	
a Revenue included on Form 990, Part VIII, line 1 . . . . .	▶ \$
b Assets included in Form 990, Part X . . . . .	▶ \$

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a  Public exhibition
  - b  Scholarly research
  - c  Preservation for future generations
  - d  Loan or exchange programs
  - e  Other .....
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:
- |   | Amount |
|---|--------|
| c Beginning balance . . . . .             | 1c     |
| d Additions during the year . . . . .     | 1d     |
| e Distributions during the year . . . . . | 1e     |
| f Ending balance . . . . .                | 1f     |
- 2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  Yes  No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

**Part V Endowment Funds.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance . . . . .					
b Contributions . . . . .					
c Net investment earnings, gains, and losses . . . . .					
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .					
f Administrative expenses . . . . .					
g End of year balance . . . . .					

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment ▶ \_\_\_\_\_ %
  - b Permanent endowment ▶ \_\_\_\_\_ %
  - c Temporarily restricted endowment ▶ \_\_\_\_\_ %
- The percentages on lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- |  | Yes    | No |
|--|--------|----|
| (i) unrelated organizations . . . . .  | 3a(i)  |    |
| (ii) related organizations . . . . .   | 3a(ii) |    |
| b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? . . . . . | 3b     |    |
- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .	0	1,347,259		1,347,259
b Buildings . . . . .	0	4,204,696	1,313,553	2,891,143
c Leasehold improvements . . . . .	0	0	0	0
d Equipment . . . . .	0	59,098,944	23,110,992	35,987,952
e Other . . . . .	0	102,346,581	25,048,597	77,297,984
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) . . . . .				<b>117,524,338</b>

**Part VII Investments—Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other Vermont Electric Power Company - Stock	36,812,700	Cost
(A) New England Hydro Transmission - Stock	438,039	Cost
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.)	37,250,739	

**Part VIII Investments—Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of Investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.)		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)	

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	0
(2) Capital Leases	157,180
(3) Current Portion of Capital Leases	21,135
(4) Deferred Compensation	217,065
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	395,380

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements . . . . .		1	86,296,751
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains (losses) on investments . . . . .	2a	0	
b	Donated services and use of facilities . . . . .	2b	0	
c	Recoveries of prior year grants . . . . .	2c	0	
d	Other (Describe in Part XIII.) . . . . .	2d	1,838,594	
e	Add lines 2a through 2d . . . . .	2e	1,838,594	
3	Subtract line 2e from line 1 . . . . .	3	84,458,157	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	0	
b	Other (Describe in Part XIII.) . . . . .	4b	346,073	
c	Add lines 4a and 4b . . . . .	4c	346,073	
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.) . . . . .	5	84,804,230	

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements . . . . .		1	78,251,774
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a	Donated services and use of facilities . . . . .	2a	0	
b	Prior year adjustments . . . . .	2b	0	
c	Other losses . . . . .	2c	0	
d	Other (Describe in Part XIII.) . . . . .	2d	1,838,594	
e	Add lines 2a through 2d . . . . .	2e	1,838,594	
3	Subtract line 2e from line 1 . . . . .	3	76,413,180	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	0	
b	Other (Describe in Part XIII.) . . . . .	4b	8,391,050	
c	Add lines 4a and 4b . . . . .	4c	8,391,050	
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.) . . . . .	5	84,804,230	

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Schedule D, Part X, Line 2 - The Cooperative is a non-profit and non-stock membership corporation organized under provisions of the Electric Cooperative Act of Vermont. The Cooperative is an organization described in Section 501(c)(12) of the Internal Revenue Code and has been recognized by the Internal Revenue Service as an organization exempt from taxes on related income under Section 501(a). Consideration has been given to uncertain tax positions. The federal income tax returns for the years ended after December 31, 2015 remain open for potential examination by major tax jurisdictions, generally for three years after they were filed.

Schedule D, Part XI, Line 2d - This amount equals the sale of excess purchased power, which is netted in purchased power expense on Form 990, Part IX, Line 24a.

Schedule D, Part XI, Line 4b - This amount includes the following: 1) Costs of \$319,758, which offsets related electric non-operating for book purposes and 2) Renewable Energy costs of \$26,315, which offsets Renewable Energy Credits revenue for book purposes.

Schedule D, Part XII, Line 2d - This amount equals the sale of excess purchased power, which is netted in purchased power expense on Form 990, Part IX, Line 24a.

Schedule D, Part XII, Line 4b - This amount includes the following: 1) VEC Financial Statements list interest charges separately from operating expenses. Interest charges are included on the Form 990, Part IX, Line 20 - \$3,749,496, 2) Non-Operating expense of \$319,758 was netted against non-operating revenue in the audited financials; however, is separated for purposes of the Form 990, 3) VEC's net income of \$4,295,481 is included in Functional Expenses Part IX, Line 4 for purpose of the Form 990, 4) Renewable Energy expense of \$26,315 was netted against Renewable Energy Credits revenue in the audited financials; however, is separated for purpose of the Form 990.



**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
- ▶ Attach to Form 990.
- ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2018**

**Open to Public  
Inspection**

Name of the organization

VERMONT ELECTRIC COOPERATIVE INC

Employer identification number

03-0164375

**Part I Questions Regarding Compensation**

	Yes	No								
<p><b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <table border="0"> <tr> <td><input type="checkbox"/> First-class or charter travel</td> <td><input type="checkbox"/> Housing allowance or residence for personal use</td> </tr> <tr> <td><input type="checkbox"/> Travel for companions</td> <td><input type="checkbox"/> Payments for business use of personal residence</td> </tr> <tr> <td><input type="checkbox"/> Tax indemnification and gross-up payments</td> <td><input type="checkbox"/> Health or social club dues or initiation fees</td> </tr> <tr> <td><input type="checkbox"/> Discretionary spending account</td> <td><input type="checkbox"/> Personal services (such as maid, chauffeur, chef)</td> </tr> </table>	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence	<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (such as maid, chauffeur, chef)		
<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use									
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence									
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees									
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (such as maid, chauffeur, chef)									
<p><b>b</b> If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain . . . . .</p>										
<b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a? . . . . .										
<p><b>3</b> Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</p> <table border="0"> <tr> <td><input type="checkbox"/> Compensation committee</td> <td><input checked="" type="checkbox"/> Written employment contract</td> </tr> <tr> <td><input checked="" type="checkbox"/> Independent compensation consultant</td> <td><input checked="" type="checkbox"/> Compensation survey or study</td> </tr> <tr> <td><input type="checkbox"/> Form 990 of other organizations</td> <td><input checked="" type="checkbox"/> Approval by the board or compensation committee</td> </tr> </table>	<input type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract	<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study	<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee				
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<p><b>4</b> During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:</p> <p><b>a</b> Receive a severance payment or change-of-control payment? . . . . .</p> <p><b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan? . . . . .</p> <p><b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement? . . . . .</p> <p>If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.</p>										
<b>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.</b>										
<p><b>5</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</p> <p><b>a</b> The organization? . . . . .</p> <p><b>b</b> Any related organization? . . . . .</p> <p>If "Yes" on line 5a or 5b, describe in Part III.</p>										
<p><b>6</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</p> <p><b>a</b> The organization? . . . . .</p> <p><b>b</b> Any related organization? . . . . .</p> <p>If "Yes" on line 6a or 6b, describe in Part III.</p>										
<b>7</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III . . . . .										
<b>8</b> Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the Initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III . . . . .										
<b>9</b> If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? . . . . .										

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Michael Bursell, Chief Financial Officer	210,593	16,640	5,070	9,471	24,308	266,082	0
2 Peter Rossi, Chief Operating Officer	157,379	12,583	9,256	7,689	23,425	210,312	0
3 Victoria Brown, General Counsel	162,112	39,028	2,059	7,924	6,668	217,791	0
4 Mark Hinton, 1st Class Lineworker-Group Leader	185,854	0	2,407	46,326	16,579	251,166	0
5 Gary Young, 1st Class Lineworker	185,714	0	604	37,917	16,468	240,703	0
6 Christopher Connelley, 1st Class Lineworker	169,657	0	1,700	5,980	9,424	186,761	0
7 Alan Esposito, 1st Class Lineworker	164,800	0	112	5,980	22,275	193,167	0
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16							

**Part III** Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Schedule J, Part I, Line 3 - The CEO's compensation is performance based. The Board of Directors, as a whole, sets the CEO's goals and assesses performance during the CEO's contract year. The CEO's goals are primarily VEC's Strategic Plan and other objectives as given by the Board of Directors. If the core competencies in our strategic plan and other objectives have been met, the CEO has been successful. Each year the Manager of Human Resource proposes a percentage increase to salaries as part of VEC's budgeting purpose. The increase percentage amount, once approved, is the same for the CEO as it is for all other non-union employees. The Board of Directors does an assessment of the CEO's performance and awards the appropriate percentage of increase, which does not exceed the salary budget or the salary range.

Multiple horizontal dashed lines for supplemental information.

**SCHEDULE O  
(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

- ▶ Attach to Form 990 or 990-EZ.
- ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2018**

**Open to Public  
Inspection**

Name of the organization <b>VERMONT ELECTRIC COOPERATIVE INC</b>	Employer identification number <b>03-0164375</b>
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Form 990, Part VI, Section A, Line 6 - Vermont Electric Cooperative, Inc. (VEC) is a member owned utility; therefore, does not have stockholders.

Form 990, Part VI, Section A, Line 7a - VEC has members who vote to elect a director to represent their district.

Form 990, Part VI, Section A, Line 7b - Yes, the organization needs approval from the members to make changes to bylaws or articles of incorporation.

Form 990, Part VI, Section B, Line 11b - The form is prepared in detail by VEC's Assistant Controller, then reviewed in detail by VEC's Controller. After the Controller's review is complete, the Form 990 is sent to VEC's independent audit firm for their review. Copies are also provided to the CEO, CFO and VEC's Board of Directors for their review, prior to submission.

Form 990, Part VI, Section B, Line 12c - Board Policy B.4 was initially approved on 1/25/2000 and was reviewed and revised on 6/24/14. The policy covers all Board Members of Vermont Electric Cooperative, Inc.. Additionally, all members of the Board are provided an IRS Form 990 questionnaire annually for completion and the responses are reviewed by VEC's Finance department for completeness. The Board is responsible for enforcement of this policy on an ongoing basis. The Board's policy provides all the requirements to be met by Directors and the process by which a violation will be handled. All Directors are required to sign this policy. VEC also has Management Policy for Conflict of Interest that was approved 4/16/14 and reviewed by the Board of Directors on 5/12/14. The policy covers all employees of Vermont Electric Cooperative, Inc.. All officers, highly compensated employees and key employees complete the IRS Form 990 questionnaire annually. In addition, Human Resource provides a copy of VEC's Conflict of Interest policy to employees during the on-boarding process. We review the details of the policy and obtain the employee's initials that we've reviewed the information. Previous to the formal policy adoption, VEC posted the Conflict of Interest policy for employees on the Intranet. The Chief Executive Officer is responsible for the administration and enforcement of this policy.

Form 990, Part VI, Section B, Line 15 - VEC's Human Resource Department works with a third party to gather formal market data of all positions at least every three years. All non-union positions were assessed by Hickok & Boardman in December, 2018. In the off years, VEC has access to the Vermont Salary Survey administered by Gallagher Flynn & Co., LLC, NRECA Compensation Survey, SHRM Compensation Data, VHRA Compensation data and our own compilation of local utility data are used in comparative analysis and to assess salary placement and increases to salary. A new salary bracket structure was recommended by Hickok & Boardman in 2018 and was implemented as part of the 2018 year-end and 2019 year start process. The salary brackets will be increased by 2/3rds of the average non-union increase to salary annually. The salary survey data and comparisons mentioned above are used when preparing the headcount and salary budget and to help determine the increase pool. All employee officers, key employees and remaining non-union employees fall under the same assessment. This information is shared with the VEC Board of Directors and they use this information to determine the CEO's compensation.

Form 990, Part VI, Section C, Line 19 - VEC Bylaws are posted on our Website. Governing documents are available upon member request. VEC Financial Statements are available on our Website, in the lobby at annual meeting or upon request.

Form 990, Part XI, Line 9 - Other changes in net assets or fund balances of \$3,064,895 is a net of the following: VEC's 2018 net income of \$4,295,481, less patronage retirements in the amount of \$1,230,586.