

Financial Highlights – September, 2023

	<u>MTD Variance (K's)</u>	<u>YTD Variance (K's)</u>
September Net Income:	(\$459)	\$281

Operating Revenue	(\$734)	(\$1,514)
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KWH sales in September are \$711k less than budget for the month and \$1,000k less YTD. The average price/KWH sold is \$162k better than budget for the month but \$42k less for the year. Non-energy services, pole attachments, and wheeling revenues are \$3k better than budget for the month and \$94k better for the year. Unbilled revenues are \$42k more than budget for the month and \$74k more YTD. The sale of Renewable Energy Credits is \$230k less than budget for the month and \$640k less YTD.

Purchased Power Costs	\$61	\$1,386
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Purchased KWH is \$24k under budget for the month and \$477k under for the year. Our overall costs/KWH is \$37k under budget for the month and \$909k under YTD.

Transmission Costs	\$107	(\$854)
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Transmission support for substations and supervision is \$5k over budget for the month and \$69k over YTD. Transmission by Others is \$123k under budget for the month but \$837k over YTD. Maintenance for SCADA and overhead lines is \$22k over budget for the month and \$42k over for the year. Transmission vegetative maintenance is \$11k under budget for the month and \$94k under YTD.

Distribution Operations/Mtce	\$98	\$1,706
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Major Storm costs are \$40k under budget for the month and \$362k under for the year. Meter/AMI Expense is \$2k over budget for the month but \$10k under YTD. Supervisory related costs are \$8k over budget for the month and \$125k over YTD. Overall Distribution Maintenance costs are \$53k over budget for the month but \$432k under YTD. Miscellaneous Distribution and Customer Installation expenses are \$24k under budget for the month and \$172k under YTD. Distribution vegetative maintenance program spending is \$97k under budget for the month and \$855k under YTD. The overall vegetative maintenance program (transmission + distribution) is \$107k under budget for the month and \$950k under for the year.

Customer Accounts	\$9	\$35
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Meter Reading & Disconnect Services are \$17k under budget for the month and \$40k under YTD. Member service administration is \$11k over budget for the month and \$65k over YTD. Uncollectible Accounts are on budget for the month and YTD. Communications, Patronage Capital and SQRP Costs are \$3k under budget for the month and \$60k under YTD.

Administrative & General**\$0****(\$224)**

Regulatory related expenses are \$6k under budget for the month and \$27k under YTD. Payroll and Benefits are \$23k under budget for the month but \$7k over YTD. Outside Services is \$4k under budget for the month and \$29k under YTD. Director Expenses are \$6k under budget for the month and \$27k under YTD. Costs incurred for TIER 3 Projects are \$45k over budget for the month and \$228k over YTD. Expenses for Coop-Life, Business Development, Dues, Annual and Employee Meeting are \$10k under budget for the month but on budget for the year. Office related expenses are \$14k over budget for the month and \$74k over YTD. Safety and Facility related expenses are \$10k under budget for the month and \$2k under YTD.

Total Depreciation & Other Exp**(\$16)****(\$314)**

Depreciation expense is \$7k under budget for the month and \$17k under YTD. Interest expense is \$25k over budget for the month and \$334k over YTD. Gross Receipt & Revenue Taxes is \$2k under budget for the month but \$2k over YTD. Other Expenses are on budget for the month and \$5k under YTD.

Total Non-Operating Margins**\$16****\$60**

Capital Credits from CFC, CoBank, NISC and Federated are \$13k more than budget for the month and \$33k better for the year. Interest and Dividend Income is \$3k better for the month and \$20k better for the year. Miscellaneous Jobbing Revenue is \$1k more than budget for the month and \$14k more YTD. Gain/Loss on disposition of property are \$1k less than budget for the month and \$7k less for the year.

Capital Spending Plan**\$94****\$2,481**

Annual and Routine Capital Projects are \$144k over budget for the month and \$636k over YTD. Pole Replacements are \$38k under budget for the month but \$195k over YTD. Energy Transformation Projects are \$49k under budget for the month and \$465k under for the year. Make-Ready Pole Replacements are \$88k less than budget for the month but \$162k more YTD. Distribution projects are \$393k under budget for the month and \$1,509k under YTD. Generation related projects are \$7k over budget for the month and \$213k over YTD. SCADA Projects are on budget for the month and \$72k over YTD. Substation projects are \$331k over budget for the month but \$133k under for the year. Transmission projects are on budget for the month and \$382k under YTD. Metering projects are \$26k under budget for the month but \$8k over YTD. IT Projects are on budget for the month and \$196k under for the year. Fleet Purchases are \$20k over budget for the month but \$1,036k under for the year. Facilities projects are \$2k under budget for the month and \$46k under YTD.

TIER and Debt Service Coverage

We are expecting to meet our budgeted TIER of 2.00 by year-end 2023. Our Debt Service payments for 2023 are expected to be \$9.7 million.

Cash Flow and Line of Credit

In September, we used up to a peak of \$6.3M on our line of credit on September 29th. The October high for the line of credit is expected to be \$7.4M on October 25th.

Balance Sheet

Our equity ratio in September finished at 44.10% slightly higher than August at 43.77%. Our current ratio, a measure of liquidity, is .94 down from August at .97.

Vermont Electric Cooperative, Inc.
Statement of Operations
Month to Date

	September, 2023 Actual	September, 2023 Budget	Actual- Budget Variance Fav (Unfav)		September, 2022 Actual	Prior Year Variance Fav (Unfav)	
			\$	%		\$	%
kWh Statistics							
kWh Units Sold	35,922,104	39,717,786	(3,795,682)	-9.6%	38,505,913	(2,583,809)	-6.7%
kWh Units Purchased	36,176,000	36,479,000	(303,000)	-0.8%	36,980,000	(804,000)	-2.2%
Net System Losses (kWh)	253,896	(3,238,786)	3,492,682	-107.8%	(1,525,913)	1,779,809	-116.6%
Sytem Losses (%)	2.44%	12.51%			8.49%		
Revenue							
Operating Revenue	7,039,372	7,774,594	(735,222)	-9.5%	6,759,035	280,337	4.1%
Sales for Resale	66,486	115,085	(48,599)	-42.2%	162,380	(95,894)	-59.1%
Total revenues	\$ 7,105,858	\$ 7,889,679	\$ (783,821)	-9.9%	\$ 6,921,415	\$ 184,443	2.7%
Power supply cost							
Purchased power cost	2,834,515	2,895,489	60,974	2.1%	2,905,449	70,935	2.4%
Sales for Resale	66,486	115,085	48,599	42.2%	162,380	95,894	59.1%
Transmission	918,927	1,025,915	106,988	10.4%	1,178,930	260,002	22.1%
Total Power supply cost	3,819,927	4,036,489	216,562	5.4%	4,246,759	426,832	10.1%
Gross Margin	\$ 3,285,930	\$ 3,853,190	\$ (567,259)	-14.7%	\$ 2,674,656	\$ 611,274	22.9%
Operating expenses							
Distribution: Operations & Mtce	1,301,134	1,398,646	97,512	7.0%	828,297	(472,837)	-57.1%
Customer accounts	253,585	262,770	9,185	3.5%	242,316	(11,269)	-4.7%
Administrative & general	411,578	411,780	202	0.0%	409,980	(1,598)	-0.4%
Total operating expenses	\$ 1,966,297	\$ 2,073,196	\$ 106,899	5.2%	\$ 1,480,593	\$ (485,704)	-32.8%
Depreciation & amortization	546,969	553,844	6,875	1.2%	541,974	(4,995)	-0.9%
Gross revenue & receipts taxes	71,373	73,362	1,990	2.7%	68,942	(2,430)	-3.5%
Interest on long-term debt	330,229	291,656	(38,573)	-13.2%	296,441	(33,788)	-11.4%
Other interest expenses	24,699	38,269	13,569	35.5%	20,723	(3,976)	-19.2%
Other Deductions	-	567	567	100.0%	-	-	N/A
Total depreciation & other expenses	973,270	957,698	(15,572)	-1.6%	928,081	(45,189)	-4.9%
Income from operations	\$ 346,364	\$ 822,296	\$ (475,933)	-57.9%	\$ 265,982	\$ 80,381	30.2%
Interest income	1,334,463	1,331,724	2,739	0.2%	1,360,637	(26,175)	-1.9%
Other income (expenses)	118,484	117,995	489	0.4%	20,385	98,100	481.2%
Other capital credits & dividends	160,964	147,888	13,076	8.8%	147,746	13,217	8.9%
Total non-operating margins	1,613,910	1,597,607	16,303	1.0%	1,528,768	85,142	5.6%
Net income (loss)	1,960,274	2,419,904	(459,630)	-19.0%	1,794,750	165,524	9.2%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 1,960,274	\$ 2,419,904	\$ (459,630)	-19.0%	\$ 1,794,750	\$ 165,524	9.2%

Vermont Electric Cooperative, Inc.
Statement of Operations
Year to Date

	September, 2023		Actual- Budget		September, 2022		Prior Year	
	Actual	Budget	Variance Fav (Unfav)	%	Actual	Variance Fav (Unfav)	%	
kWh Statistics								
kWh Units Sold	351,207,236	356,649,628	(5,442,392)	-1.5%	354,821,146	(3,613,910)	-1.0%	
kWh Units Purchased	367,653,000	372,885,000	(5,232,000)	-1.4%	374,604,000	(6,951,000)	-1.9%	
Net System Losses (kWh)	16,445,764	16,235,372	210,392	1.3%	19,782,854	(3,337,090)	-16.9%	
Sytem Losses (%)	4.47%	4.35%			5.28%			
Revenue								
Operating Revenue	69,161,836	70,676,518	(1,514,682)	-2.1%	64,155,518	5,006,318	7.8%	
Sales for Resale	1,252,931	2,368,463	(1,115,532)	-47.1%	1,863,914	(610,983)	-32.8%	
Total revenues	\$ 70,414,767	\$ 73,044,981	\$ (2,630,214)	-3.6%	\$ 66,019,432	\$ 4,395,334	6.7%	
Power supply cost								
Purchased power cost	32,604,097	33,990,373	1,386,276	4.1%	31,120,440	(1,483,657)	-4.8%	
Sales for Resale	1,252,931	2,368,463	1,115,532	47.1%	1,863,914	610,983	32.8%	
Transmission:	11,559,626	10,705,386	(854,240)	-8.0%	11,174,286	(385,340)	-3.4%	
Total Power supply cost	45,416,653	47,064,222	1,647,569	3.5%	44,158,640	(1,258,013)	-2.8%	
Gross Margin	\$ 24,998,114	\$ 25,980,759	\$ (982,646)	-3.8%	\$ 21,860,793	\$ 3,137,321	14.4%	
Operating expenses								
Distribution: Operations & Mtce	11,461,172	13,167,295	1,706,123	13.0%	11,720,684	259,513	2.2%	
Customer accounts	2,363,217	2,398,198	34,982	1.5%	2,122,427	(240,790)	-11.3%	
Administrative & general	3,894,490	3,670,298	(224,192)	-6.1%	3,468,760	(425,730)	-12.3%	
Total operating expenses	17,718,878	19,235,791	1,516,913	7.9%	17,311,871	(407,008)	-2.4%	
Depreciation & amortization	4,923,590	4,940,223	16,633	0.3%	4,897,866	(25,724)	-0.5%	
Gross revenue & receipts taxes	685,964	684,143	(1,821)	-0.3%	639,679	(46,286)	-7.2%	
Interest on long-term debt	3,082,768	2,677,868	(404,900)	-15.1%	2,633,425	(449,343)	-17.1%	
Other interest expenses	177,071	247,981	70,910	28.6%	124,831	(52,240)	-41.8%	
Other deductions	-	5,100	5,100	100.0%	6,613	6,613	100.0%	
Total depreciation & other exp	8,869,394	8,555,316	(314,079)	-3.7%	8,302,413	(566,981)	-6.8%	
Income from operations	(1,590,159)	(1,810,348)	220,189	12.2%	(3,753,492)	2,163,333	57.6%	
Interest income	4,036,140	4,015,826	20,314	0.5%	4,110,014	(73,874)	-1.8%	
Other income (expenses)	1,072,796	1,065,375	7,421	0.7%	1,276,749	(203,953)	-16.0%	
Other capital credits & dividends	628,343	595,056	33,287	5.6%	672,506	(44,163)	-6.6%	
Total non-operating margins	5,737,278	5,676,257	61,021	1.1%	6,059,268	(321,990)	-5.3%	
Net income (loss)	4,147,119	3,865,909	281,210	7.3%	2,305,777	1,841,343	79.9%	
Extraordinary expenses	-	-	-	N/A	-	-	N/A	
Total net income (loss)	\$ 4,147,119	\$ 3,865,909	\$ 281,210	7.3%	\$ 2,305,777	\$ 1,841,343	79.9%	

Vermont Electric Cooperative, Inc.
Balance Sheet (Assets)
September, 2023

	September, 2023	August, 2023	* Variance Fav/(Unfav) *		September, 2022	* Variance Fav/(Unfav) *	
	Actual	Actual	\$	%	Actual	\$	%
Electric plant, at cost:							
Electric plant in service	206,615,957	206,055,996	559,961	0.27%	199,937,224	6,678,733	3.34%
Less accumulated depreciation	(69,273,228)	(68,890,442)	382,785	0.56%	(64,840,962)	4,432,265	6.84%
Net electric plant in service	137,342,729	137,165,554	177,175	0.13%	135,096,262	2,246,467	1.66%
Construction work in progress	6,422,110	5,880,795	541,315	9.20%	6,101,494	320,616	5.25%
Net electric plant	143,764,839	143,046,349	718,490	0.50%	141,197,756	2,567,083	1.82%
Other assets:							
Non-utility property	65,697	65,697	-	0.00%	65,697	-	0.00%
Other investments	47,498,305	47,418,874	79,430	0.17%	48,117,298	(618,994)	-1.29%
Deferred charges	10,647	4,801	5,846	121.76%	32,944	(22,298)	-67.68%
Total other assets	47,574,648	47,489,372	85,276	0.18%	48,215,940	(641,291)	-1.33%
Current assets:							
Cash	(298,569)	489,922	(788,491)	-160.94%	(239,798)	(58,772)	24.51%
Notes receivable (net)	-	-	-	0.00%	-	-	0.00%
Accounts receivable (net)	9,321,590	9,240,911	80,679	0.87%	8,982,681	338,909	3.77%
Other receivables (net)	4,532,859	3,202,392	1,330,467	41.55%	2,962,864	1,569,995	52.99%
Inventories	7,577,383	7,587,933	(10,550)	-0.14%	6,311,362	1,266,021	20.06%
Prepaid expenses	889,703	875,133	14,571	1.66%	881,527	8,177	0.93%
Total current assets	22,022,966	21,396,290	626,676	2.93%	18,898,636	3,124,330	16.53%
Total assets	\$ 213,362,454	\$ 211,932,011	\$ 1,430,442	0.67%	\$ 208,312,332	\$ 5,050,122	2.42%

Vermont Electric Cooperative, Inc.
Balance Sheet (Liabilities & Equity)
September, 2023

	September, 2023 Actual	August, 2023 Actual	Variance Fav/(Unfav)		September, 2022 Actual	Variance Fav/(Unfav)	
			\$	%		\$	%
Equities:							
Memberships issued & subscribed	-	-	-	0.00%	-	-	0.00%
Patronage capital assignable	(1)	(1)	-	0.00%	(16,394)	16,394	2215348.65%
Other earnings	94,097,622	92,764,099	1,333,523	1.42%	91,068,783	3,028,839	3.22%
Contributions in aid of construction	-	-	-	0.00%	-	-	0.00%
Net equity	94,097,621	92,764,098	1,333,523	1.42%	91,052,389	3,045,232	3.24%
Long-term debt	94,791,202	95,830,377	(1,039,175)	-1.10%	88,584,157	6,207,045	6.55%
Capital leases - non current	390,299	390,299	-	0.00%	323,547	66,752	17.10%
Current liabilities:							
Current portion of long-term debt	5,529,762	5,529,762	-	0.00%	5,293,656	236,106	4.27%
Line of Credit	6,300,000	3,500,000	2,800,000	44.44%	7,100,000	(800,000)	-12.70%
Accounts payable	7,963,592	8,868,457	(904,865)	-11.36%	9,360,092	(1,396,500)	-17.54%
Customer deposits	1,776,398	1,781,011	(4,613)	-0.26%	1,952,860	(176,462)	-9.93%
Other accrued expenses	1,854,723	2,391,829	(537,106)	-28.96%	2,586,860	(732,137)	-39.47%
Total current liabilities	23,424,474	22,071,059	1,353,415	5.78%	26,293,468	(2,868,994)	-12.25%
Deferred credits	658,857	876,178	(217,321)	-32.98%	2,058,771	(1,399,914)	-212.48%
Total liabilities and equity	\$ 213,362,454	\$ 211,932,011	\$ 1,430,442	0.67%	\$ 208,312,332	\$ 5,050,122	2.42%

Vermont Electric Cooperative, Inc.
Statement of Cash Flows

	Month		Year-to-date		Variance Fav (Unfav)
	September, 2023	September, 2022	September, 2023	September, 2022	
	Actual	Actual	Actual	Actual	\$
Cash flows from operating activities:					
Net income	\$ 1,960,274	\$ 1,794,750	\$ 4,147,119	\$ 2,305,777	1,841,343
Noncash expenses (income) included in earnings:					
Depreciation & amortization	\$ 671,200	\$ 653,497	\$ 6,099,295	\$ 5,779,633	319,661
(Gain) loss on sale of investments	\$ -	\$ -	\$ -	\$ -	-
(Gain) loss on sale of fixed assets	\$ -	\$ -	\$ (900)	\$ (1,000)	100
Changes in assets and liabilities:					
Decrease (increase) in notes receivable	\$ -	\$ -	\$ -	\$ -	-
Decrease (increase) in accounts receivable	\$ (80,679)	\$ (184,229)	\$ 461,668	\$ 64,136	397,533
Decrease (increase) in other receivable	\$ (1,330,467)	\$ (1,456,861)	\$ 1,568,298	\$ 232,249	1,336,048
Decrease (increase) in inventories	\$ 10,550	\$ (341,565)	\$ (1,298,471)	\$ (576,363)	(722,107)
Decrease (increase) in prepayments	\$ (14,571)	\$ (215,405)	\$ (26,962)	\$ (191,371)	164,409
Decrease (increase) in deferred charges	\$ (5,846)	\$ 8,381	\$ 23,658	\$ 51,510	(27,852)
Increase (decrease) in accounts payable	\$ (904,865)	\$ 67,674	\$ (1,729,105)	\$ 948,966	(2,678,071)
Increase (decrease) in customer deposits	\$ (4,613)	\$ (14,702)	\$ (137,367)	\$ 22,851	(160,218)
Increase (decrease) in accrued expenses	\$ (537,106)	\$ (1,655,655)	\$ (1,704,503)	\$ (593,537)	(1,110,965)
Increase (decrease) in deferred credits	\$ (101,604)	\$ (99,217)	\$ (60,812)	\$ (68,842)	8,031
Increase (decrease) in regulatory liability	\$ (115,717)	\$ -	\$ (1,041,450)	\$ (1,200,000)	158,550
Net cash provided (used) by operating activities	(453,445)	(1,443,332)	6,300,469	6,774,008	(473,539)
Cash flows from investing activities:					
Additions to electric plant in service and construction work in progress	\$ (1,254,912)	\$ (1,249,901)	\$ (7,570,833)	\$ (8,324,362)	753,528
Proceeds from retirements of electric plant in service	\$ (134,778)	\$ (119,998)	\$ (1,219,194)	\$ (868,027)	(351,168)
Return on capital investments	\$ (79,430)	\$ (74,116)	\$ (241,994)	\$ (272,765)	30,771
Proceeds (payments) from sale (purchase) of investments	\$ -	\$ -	\$ -	\$ -	-
Net cash provided (used) in investing activities	(1,469,120)	(1,444,014)	(9,032,022)	(9,465,153)	433,131
Cash flows from financing activities:					
Proceeds from borrowings LOC	\$ -	\$ -	\$ 1,500,000	\$ -	1,500,000
Proceeds from borrowings Long-Term	\$ -	\$ -	\$ 12,000,000	\$ -	12,000,000
Payments to creditors LOC	\$ 2,800,000	\$ 3,500,000	\$ (6,200,000)	\$ (4,536,007)	(1,663,993)
Payments to creditors Long-Term	\$ (1,039,175)	\$ (1,066,356)	\$ (4,378,024)	\$ 7,884,041	(12,262,065)
Patronage Capital Retirements - Net	\$ (626,750)	\$ (30,032)	\$ (659,647)	\$ (1,302,131)	642,484
Memberships issued, net of refunds	\$ -	\$ -	\$ -	\$ -	-
Additions to donated capital, net	\$ -	\$ -	\$ -	\$ -	-
Net cash provided (used) by financing activities	1,134,074	2,403,612	2,262,329	2,045,903	216,426
Net increase (decrease) in cash and equivalents	(788,491)	(483,734)	(469,223)	(645,243)	176,019
Cash & cash equivalents at beginning of period	\$ 489,922	\$ 243,937	\$ 170,654	\$ 405,445	(234,791)
Cash & cash equivalents at end of period	(298,569)	(239,798)	(298,569)	(239,798)	(58,772)