

Financial Highlights – June, 2022

	<u>Variance (K's)</u>	<u>YTD Variance (K's)</u>
June Net Income	\$203	\$229

Analysis:

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|----------------------------|---------------|----------------|
| • Operating Revenue | (\$35) | \$1,886 |
|----------------------------|---------------|----------------|

KWH sales in June are \$54k less than budget for the month but is \$1,352k better YTD. The average price/KWH sold is \$34k less than budget for the month but is \$196k better for the year. Non-energy services, pole attachments, and wheeling revenues are \$52k better than budget for the month and \$70k better for the year. Unbilled revenues are \$39k less than budget for the month but is \$13k better YTD. The sale of Renewable Energy Credits is \$40k better than budget for the month and \$254k better YTD.

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|--------------------------------|---------------|------------------|
| • Purchased Power Costs | (\$88) | (\$1,386) |
|--------------------------------|---------------|------------------|

Purchased KWH is \$91k better than budget for the month but is \$543k over for the year. Our overall costs/KWH is \$179k over budget for the month and \$843k over YTD.

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| • Transmission Costs | \$294 | \$193 |
|-----------------------------|--------------|--------------|

Transmission support for substations and supervision is on budget for the month but is \$24k under YTD. Transmission by Others is \$291k under budget for the month but is \$2k over YTD. Property Taxes are on budget for the month and YTD. Maintenance for SCADA and overhead lines is \$14k over budget for the month but is \$3k under for the year. Transmission vegetative maintenance is \$17k under budget for the month and \$169k under YTD.

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|---------------------------------------|-------------|----------------|
| • Distribution Operations/Mtce | \$79 | (\$567) |
|---------------------------------------|-------------|----------------|

Major Storm costs are \$54k under budget for the month but is on budget for the year. Meter/AMI Expense is \$5k under budget for the month and \$31k under YTD. Supervisory related costs are \$2k under budget for the month and \$42k under YTD. Overall Distribution Maintenance costs are \$15k over budget for the month and \$230k over YTD. Miscellaneous Distribution and Customer Installation expenses are \$35k over budget for the month and \$66k over YTD. Property taxes are on budget for the month and YTD. Distribution vegetative maintenance program spending is \$69k under budget for the month but is \$345k over YTD. The overall vegetative maintenance program (transmission + distribution) is \$86k under budget for the month but is \$176k over for the year.

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|----------------------------|-------------|-------------|
| • Customer Accounts | \$24 | \$62 |
|----------------------------|-------------|-------------|

Meter Reading & Disconnect Services are \$10k over budget for the month and \$58k over YTD. Member service administration is \$14k under budget for the month and \$50k under YTD. Uncollectible Accounts are \$13k under budget for the month and \$63k under YTD. Property Taxes are on budget for the month and year. Communications, Patronage Capital and SQRP Costs are \$7k under budget for the month and \$7k under YTD.

• **Administrative & General** (\$42) \$21

Regulatory related expense is \$3k over budget for the month and \$26k over YTD. Payroll and Benefits are \$8k under budget for the month and \$4k under YTD. Outside Services is \$19k over budget for the month and \$22k over YTD. Director Expenses are \$9k over budget for the month but is \$6k under YTD. Costs incurred for TIER 3 Projects are \$3k under budget for the month and \$41k under YTD. Expenses for Coop-Life, Business Development, Dues, Annual and Employee Meeting are \$16k over budget for the month and \$23k over YTD. Office related expenses are \$4k under budget for the month and \$4k under YTD. Safety and Facility related expenses are \$11k over budget for the month but is \$37k under YTD.

• **Total Depreciation & Other Exp** \$0 (\$5)

Depreciation expense is \$2k under budget for the month and \$34k under YTD. Interest expense is \$4k over budget for the month and \$27k over YTD. Gross Receipt & Revenue Taxes is on budget for the month but is \$18k over YTD. Other Expenses are \$2k under budget for the month and \$6k under YTD.

• **Total Non-Operating Margins** (\$29) \$24

Capital Credits from CFC, CoBank, NISC and Federated is on budget for the month but is \$132k better YTD. Interest and Dividend Income is \$2k better than budget for the month and \$6k better for the year. Miscellaneous Jobbing Revenue is \$6k less than budget for the month but is \$30k better YTD. Other Income (PPP forgiveness) is \$24k less than budget for the month and \$144k less for the year.

• **Capital Spending Plan** \$84 \$91

Annual and Routine Capital Projects are \$229k over budget for the month and \$567k over YTD. Pole Replacements are \$61k under budget for the month but is \$125k over YTD. Energy Transformation Projects are \$21k under budget for the month and \$122k under for the year. Make-Ready Pole Replacements are \$42k over budget for the month but is \$109k under for the year. Distribution projects are \$73k over budget for the month but is \$5k under YTD. Generation related projects are \$1k over budget for the month and \$22k over YTD. Substation projects are \$24k under budget for the month but is \$27k over for the year. Transmission projects are \$130k under budget for the month and \$261k under YTD. Metering projects are \$191k under budget for the month and \$236k under YTD. IT Projects are \$121k over budget for the month and \$10k over for the year. Fleet Purchases are \$37k over budget for the month and \$43k over for the year. Facilities projects are \$159k under budget for the month and \$153k under YTD.

TIER and Debt Service Coverage

We are expecting to meet our budgeted TIER of 2.00 by year-end 2022. Our Debt Service payments for 2022 are expected to be \$8.8 million.

Cash Flow and Line of Credit

In June, we used up to a peak of \$2.8M on our line of credit on June 30th. The July high for the line of credit is expected to be \$2.8M on July 1st.

Balance Sheet

Our equity ratio in June finished at 44.53% up slightly from May at 44.26%. Our current ratio, a measure of liquidity, is .87 down from May at .93.

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

	June, 2022 Actual	June, 2022 Budget	Actual - Budget Variance Fav (Unfav) \$	%	June, 2021 Actual	Variance Fav (Unfav) \$	Prior Year Variance Fav (Unfav) \$	%
kWh Statistics								
kWh Units Sold	34,412,466	34,734,370	(321,904)	-0.9%	34,741,245	(328,779)		-0.9%
kWh Units Purchased	37,751,000	38,968,000	(1,217,000)	-3.1%	38,968,000	(1,217,000)		-3.1%
Net System Losses (kWh)	3,338,534	4,233,630	(895,096)	-21.1%	4,226,755	(888,221)		-21.0%
System Losses (%)	8.84%	12.99%			10.85%			
Revenue								
Operating Revenue	5,946,860	5,981,798	(34,938)	-0.6%	5,851,581	95,279		1.6%
Sales for Resale	158,314	89,548	68,766	76.8%	77,393	80,921		-104.6%
Total revenues	\$ 6,105,174	\$ 6,071,346	\$ 33,829	0.6%	\$ 5,928,974	\$ 176,200		3.0%
Power supply cost								
Purchased power cost	3,003,559	2,915,397	(88,162)	-3.0%	2,956,468	(47,121)		1.6%
Sales for Resale	158,314	89,548	(68,766)	-76.8%	77,393	(80,921)		104.6%
Transmission	1,098,650	1,392,659	(294,010)	21.1%	996,826	(101,824)		10.2%
Total Power supply cost	4,260,553	4,397,604	137,051	-3.1%	4,030,687	(229,866)		5.7%
Gross Margin	\$ 1,844,622	\$ 1,673,742	\$ 170,880	10.2%	\$ 1,898,287	\$ (53,665)		2.8%
Operating expenses								
Distribution: Operations & Mfice	1,332,760	1,412,094	79,334	5.6%	1,190,448	(142,312)		12.0%
Customer accounts	222,655	246,215	23,521	9.6%	272,544	49,849		-18.3%
Administrative & general	423,459	381,523	(41,976)	-11.0%	298,200	(125,299)		42.0%
Total operating expenses	\$ 1,978,953	\$ 2,039,832	\$ 60,878	3.0%	\$ 1,761,191	(217,762)		12.4%
Depreciation & amortization	539,624	541,927	2,303	0.4%	534,123	(5,501)		1.0%
Gross revenue & receipts taxes	61,179	60,730	(449)	-0.7%	60,519	(660)		1.1%
Interest on long-term debt	294,338	270,214	(24,094)	-8.9%	249,239	(45,069)		18.1%
Other interest expenses	3,956	24,068	20,112	83.6%	6,021	2,065		-34.3%
Other Deductions	-	1,811	1,811	100.0%	1,892	1,892		-100.0%
Total depreciation & other expenses	899,067	898,750	(318)	0.0%	851,793	(47,274)		5.5%
Income from operations	\$ (1,033,399)	\$ (1,264,839)	\$ 231,441	-18.3%	(714,698)	(318,701)		-44.6%
Interest income	1,360,886	1,359,336	1,550	0.1%	1,268,419	92,467		7.3%
Other income (expenses)	145,880	176,260	(30,379)	-17.2%	16,877	129,003		764.4%
Other capital credits & dividends	-	-	-	N/A	-	-		N/A
Total non-operating margins	1,506,767	1,535,596	(28,829)	-1.9%	1,285,296	221,471		17.2%
Net income (loss)	473,388	270,757	202,611	74.8%	570,598	(97,230)		17.0%
Extraordinary expenses	-	-	-	N/A	-	-		N/A
Total net income (loss)	\$ 473,388	\$ 270,757	\$ 202,611	74.8%	\$ 570,598	\$ (97,230)		17.0%

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

	June, 2022 Actual	June, 2022 Budget	Actual - Budget Variance Fav (Unfav) \$	%	June, 2021 Actual	Prior Year Variance Fav (Unfav) \$	%
kWh Statistics							
kWh Units Sold	240,491,398	232,616,108	7,875,290	3.4%	232,661,707	7,829,691	3.4%
kWh Units Purchased	249,840,000	243,065,000	6,775,000	2.8%	243,065,000	6,775,000	2.8%
Net System Losses (kWh)	9,348,602	10,448,892	(1,100,290)	-10.5%	10,403,293	(1,054,691)	-10.1%
System Losses (%)	3.74%	4.30%			4.28%		
Revenue							
Operating Revenue	43,728,676	41,842,957	1,885,719	4.5%	41,303,243	2,425,433	5.9%
Sales for Resale	1,414,294	1,329,899	84,395	6.3%	374,112	1,040,182	-278.0%
Total revenues	\$ 45,142,970	\$ 43,172,856	\$ 1,970,115	4.6%	\$ 41,677,355	\$ 3,465,615	8.3%
Power supply cost							
Purchased power cost	20,881,757	19,495,728	(1,386,029)	-7.1%	17,737,048	(3,144,709)	17.7%
Sales for Resale	1,414,294	1,329,899	(84,395)	-6.3%	374,112	(1,040,182)	278.0%
Transmission:	7,689,249	7,882,314	193,065	2.4%	7,571,860	(117,389)	1.6%
Total Power supply cost	29,985,300	28,707,940	(1,277,360)	4.4%	25,683,020	(4,302,280)	16.8%
Gross Margin	\$ 15,157,670	\$ 14,464,915	\$ 692,755	4.8%	\$ 15,994,335	\$ (836,665)	5.2%
Operating expenses							
Distribution: Operations & Mite	8,593,052	8,026,165	(566,886)	-7.1%	7,017,971	(1,575,081)	22.4%
Customer accounts	1,384,588	1,446,611	62,023	4.3%	1,559,028	174,441	-11.2%
Administrative & general	2,233,983	2,254,709	20,726	0.9%	2,165,737	(68,246)	3.2%
Total operating expenses	12,211,622	11,727,485	(484,138)	-4.1%	10,742,736	(1,468,886)	13.7%
Depreciation & amortization	3,275,971	3,309,980	34,009	1.0%	3,204,697	(71,274)	2.2%
Gross revenue & receipts taxes	436,002	418,381	(17,621)	-4.2%	412,172	(23,830)	5.8%
Interest on long-term debt	1,711,716	1,640,081	(71,635)	-4.4%	1,708,468	(3,248)	0.2%
Other interest expenses	84,912	129,579	44,667	34.5%	42,363	(42,550)	100.4%
Other deductions	4,790	10,866	6,076	55.9%	10,701	5,912	-55.2%
Total depreciation & other exp	5,513,391	5,508,887	(4,503)	0.1%	5,378,400	(134,991)	2.5%
Income from operations	(2,567,343)	(2,771,457)	204,114	-7.4%	(126,802)	(2,440,541)	-1924.7%
Interest income	2,741,320	2,734,957	6,363	0.2%	2,583,891	157,429	6.1%
Other income (expenses)	955,508	1,069,537	(114,030)	-10.7%	68,759	886,749	1289.6%
Other capital credits & dividends	519,979	387,868	132,111	34.1%	443,469	76,510	17.3%
Total non-operating margins	4,216,807	4,192,363	24,445	0.6%	3,096,120	1,120,688	36.2%
Net income (loss)	1,649,465	1,420,906	228,559	16.1%	2,969,318	(1,319,853)	44.4%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 1,649,465	\$ 1,420,906	\$ 228,559	16.1%	\$ 2,969,318	\$ (1,319,853)	44.4%

Vermont Electric Cooperative, Inc.
Balance Sheet (Assets)
June, 2022

	June, 2022 Actual	May, 2022 Actual	Variance Fav/(Unfav) \$	%	June, 2021 Actual	Variance Fav/(Unfav) \$	%
Electric plant, at cost:							
Electric plant in service	197,828,373	197,221,574	606,798	0.31%	189,859,808	7,968,565	4.20%
Less accumulated depreciation	(63,555,170)	(63,123,468)	431,702	0.68%	(59,934,239)	3,620,931	6.04%
Net electric plant in service	134,273,203	134,098,106	175,097	0.13%	129,925,570	4,347,633	3.35%
Construction work in progress	4,959,820	4,530,581	429,238	9.47%	5,264,011	(304,191)	-5.78%
Net electric plant	139,233,023	138,628,688	604,335	0.44%	135,189,580	4,043,442	2.99%
Other assets:							
Non-utility property	65,697	65,697	-	0.00%	65,697	-	0.00%
Other investments	48,082,968	48,080,891	2,077	0.00%	44,824,803	3,258,165	7.27%
Deferred charges	61,878	64,703	(2,825)	-4.37%	75,668	(13,789)	-18.22%
Total other assets	48,210,543	48,211,291	(748)	0.00%	44,966,168	3,244,375	7.22%
Current assets:							
Cash	351,864	1,525,941	(1,174,077)	-76.94%	1,305,609	(953,745)	-73.05%
Notes receivable (net)	-	-	-	0.00%	-	-	#DIV/0!
Accounts receivable (net)	8,621,774	8,996,081	(374,306)	-4.16%	8,638,119	(16,345)	-0.19%
Other receivables (net)	2,623,203	2,007,021	616,182	30.70%	2,128,719	494,484	23.23%
Inventories	6,182,158	6,150,259	31,900	0.52%	6,013,655	168,503	2.80%
Prepaid expenses	663,625	563,496	100,129	17.77%	543,462	120,163	22.11%
Total current assets	18,442,625	19,242,797	(800,173)	-4.16%	18,629,563	(186,939)	-1.00%
Total assets	\$ 205,886,191	\$ 206,082,776	\$ (196,586)	-0.10%	\$ 198,785,312	\$ 7,100,879	3.57%

Vermont Electric Cooperative, Inc.
Balance Sheet (Liabilities & Equity)
June, 2022

	June, 2022 Actual	May, 2022 Actual	Variance Fav/(Unfav) \$	%	June, 2021 Actual	Variance Fav/(Unfav) \$	%
Equities:							
Memberships issued & subscribed	-	-	-	0.00%	-	-	0.00%
Patronage capital assignable	(16,394)	6,076,626	(6,093,021)	37165.44%	(5)	(16,390)	99.97%
Other earnings	91,697,120	85,132,375	6,564,745	7.16%	88,285,650	3,411,470	3.72%
Contributions in aid of construction	-	-	-	0.00%	-	-	0.00%
Net equity	91,680,726	91,209,002	471,724	0.51%	88,285,645	3,395,081	3.70%
Long-term debt	90,104,715	91,163,092	(1,058,378)	-1.17%	86,064,744	4,039,971	4.48%
Capital leases - non current	367,156	365,079	2,077	0.57%	446,576	(79,420)	-21.63%
Current liabilities:							
Current portion of long-term debt	5,293,656	5,293,656	-	0.00%	5,095,929	197,727	3.74%
Line of Credit	2,800,000	1,700,000	1,100,000	39.29%	4,475,381	(1,675,381)	-59.84%
Accounts payable	5,890,184	6,420,843	(530,660)	-9.01%	5,750,068	140,115	2.38%
Customer deposits	1,965,800	1,932,061	33,738	1.72%	1,834,073	131,727	6.70%
Other accrued expenses	5,326,508	5,292,379	34,129	0.64%	5,665,227	(338,719)	-6.36%
Total current liabilities	21,276,147	20,638,939	637,208	2.99%	22,820,678	(1,544,531)	-7.26%
Deferred credits	2,457,447	2,706,664	(249,218)	-10.14%	1,167,668	1,289,778	52.48%
Total liabilities and equity	\$ 205,886,191	\$ 206,082,776	(196,586)	-0.10%	\$ 198,785,312	\$ 7,100,879	3.57%

Vermont Electric Cooperative, Inc.
Statement of Cash Flows

	Month		Year-to-date		Variance Fav (Unfav)
	June, 2022	June, 2021	June, 2022	June, 2021	
	Actual	Actual	Actual	Actual	\$
Cash flows from operating activities:					
Net income	\$ 473,368	\$ 570,598	\$ 1,649,465	\$ 2,969,318	(1,319,853)
Noncash expenses (income) included in earnings:					
Depreciation & amortization	\$ 617,911	\$ 641,012	\$ 3,861,452	\$ 3,715,227	146,225
(Gain) loss on sale of investments	\$ -	\$ -	\$ -	\$ -	-
(Gain) loss on sale of fixed assets	\$ -	\$ (4,280)	\$ -	\$ (7,330)	7,330
Changes in assets and liabilities:					
Decrease (increase) in notes receivable	\$ -	\$ -	\$ -	\$ -	-
Decrease (increase) in accounts receivable	\$ 374,306	\$ 365,777	\$ 425,042	\$ 290,602	134,440
Decrease (increase) in other receivable	\$ (616,182)	\$ (1,025,603)	\$ 571,911	\$ 1,000,795	(428,884)
Decrease (increase) in inventories	\$ (31,900)	\$ 37,283	\$ (447,160)	\$ (596,451)	149,291
Decrease (increase) in prepayments	\$ (100,129)	\$ 48,741	\$ 26,531	\$ 12,429	14,102
Decrease (increase) in deferred charges	\$ 5,684	\$ 5,728	\$ 13,999	\$ 27,255	(13,256)
Increase (decrease) in accounts payable	\$ (530,660)	\$ (46,980)	\$ (2,520,942)	\$ (1,845,162)	(675,780)
Increase (decrease) in customer deposits	\$ 33,738	\$ 28,937	\$ 35,790	\$ (28,104)	63,894
Increase (decrease) in accrued expenses	\$ 34,129	\$ 37,648	\$ 2,146,111	\$ 2,012,762	133,348
Increase (decrease) in deferred credits	\$ (99,218)	\$ (99,726)	\$ 29,833	\$ 27,928	1,906
Increase (decrease) in regulatory liability	\$ (150,000)	\$ -	\$ (900,000)	\$ -	(900,000)
Net cash provided (used) by operating activities	11,050	559,135	4,892,031	7,579,269	(2,687,238)
Cash flows from investing activities:					
Additions to electric plant in service and construction work in progress	\$ (1,137,508)	\$ (1,013,994)	\$ (4,695,039)	\$ (4,571,267)	(123,772)
Proceeds from retirements of electric plant in service	\$ (87,597)	\$ (116,922)	\$ (606,858)	\$ (528,732)	(78,126)
Return on capital investments	\$ -	\$ -	\$ (194,825)	\$ (151,986)	(42,840)
Proceeds (payments) from sale (purchase) of investments	\$ -	\$ -	\$ -	\$ -	-
Net cash provided (used) in investing activities	(1,225,105)	(1,130,916)	(5,496,722)	(5,251,985)	(244,737)
Cash flows from financing activities:					
Proceeds from borrowings LOC	\$ -	\$ -	\$ -	\$ -	-
Proceeds from borrowings Long-Term	\$ -	\$ -	\$ -	\$ -	-
Payments to creditors LOC	\$ 1,100,000	\$ 1,475,381	\$ (8,836,007)	\$ 1,075,381	(9,911,388)
Payments to creditors Long-Term	\$ (1,058,378)	\$ (1,002,593)	\$ 9,404,599	\$ (2,527,266)	11,931,865
Patronage Capital Retirements - Net	\$ (1,644)	\$ (5,600)	\$ (17,482)	\$ (20,813)	3,331
Memberships issued, net of refunds	\$ -	\$ -	\$ -	\$ -	-
Additions to donated capital, net	\$ -	\$ -	\$ -	\$ -	-
Net cash provided (used) by financing activities	39,979	467,188	551,110	(1,472,698)	2,023,808
Net increase (decrease) in cash and equivalents	(1,174,077)	(104,593)	(53,580)	854,587	(908,167)
Cash & cash equivalents at beginning of period	\$ 1,525,941	\$ 1,410,202	\$ 405,445	\$ 451,022	(45,577)
Cash & cash equivalents at end of period	\$ 351,864	\$ 1,305,609	\$ 351,864	\$ 1,305,609	\$ (953,745)