

Financial Highlights – March, 2021

	<u>Variance (K's)</u>	<u>YTD Variance (K's)</u>
March Net Income	\$131	\$579

Analysis:

• Operating Revenue	\$258	\$898
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KWH sales in March are \$38k less than budget for the month but is \$231k better YTD. The average price/KWH sold is \$130k better than budget for the month and \$554k better for the year. Non-energy services, pole attachments, and wheeling revenues are \$16k less than budget for the month and \$161k less for the year. Unbilled revenues are \$144k under budget for the month and \$108k under YTD. The sale of Renewable Energy Credits is \$38k better than budget for the month and \$167k better YTD.

• Purchased Power Costs	\$25	(\$11)
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Purchased KWH is over budget by \$46k for the month and \$311k over for the year. Our overall costs/KWH is \$71k under budget for the month and \$300k under YTD.

• Transmission Costs	(\$216)	(\$510)
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Transmission support for substations and supervision is \$6k over budget for the month and \$13k over YTD. Transmission by Others is \$171k over budget for the month and \$191k over YTD. Property Taxes are on budget for the month and year. Maintenance for SCADA and overhead lines is \$1k over budget for the month but is \$2k under for the year. Transmission vegetative maintenance is \$38k over budget for the month and \$308k over budget YTD.

• Distribution Operations/Mtce	\$101	\$378
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Major Storm costs are \$33k under budget for the month and \$102k under for the year. Meter/AMI Expense is \$19k under budget for the month and \$16k under YTD. Supervisory related costs are \$6k over budget for the month and \$10k over YTD. Overall Distribution Maintenance costs are \$27k under for the month and \$180k under YTD. Miscellaneous Distribution and Customer Installation expenses are \$4k over budget for the month and \$19k over YTD. Property taxes are on budget for the month and YTD. Distribution vegetative maintenance program spending is \$31k under budget for the month and \$109k under YTD. The overall vegetative maintenance program (transmission + distribution) is \$6k over budget for the month and \$199k over for the year.

• Customer Accounts	(\$52)	(\$66)
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Meter Reading & Disconnect Services are \$3k over budget for the month but is \$12k under YTD. Member service administration is \$17k over budget for the month and \$52k over YTD. Uncollectible Accounts are \$30k over budget for the month and \$30k over YTD. Property Taxes are on budget for the month and year. Communications, Patronage Capital and SQRP Costs are \$2k over budget for the month but is \$4k under YTD.

• **Administrative & General** **(\$65)** **(\$174)**

Regulatory related expense is \$2k under budget for the month and \$11k under YTD. Payroll and Benefits are \$24k over budget for the month and \$19k over YTD. Outside Services is \$22k over budget for the month and \$28k over YTD. Director Expenses are \$2k over budget for the month and \$3k under YTD. Costs incurred for TIER 3 Projects are \$3k under budget for the month but is \$64k over YTD. Expenses for Coop-life, Business Development, Dues, Annual and Employee Meeting are \$9k over budget for the month and \$29k over YTD. Office related expenses are \$4k over budget for the month and \$10k over YTD. Safety and Facility related expenses are \$9k over budget for the month and \$37k over YTD.

• **Total Depreciation & Other Exp** **\$12** **(\$2)**

Depreciation expense is \$5k over budget for the month and \$12k over YTD. Interest expense is \$14k under budget for the month and \$22k under YTD. Gross Receipt & Revenue Taxes are \$2k under budget for the month and \$6k over YTD. Other Expenses are on budget for the month but is \$6k over budget YTD.

• **Total Non-Operating Margins** **\$69** **\$65**

Capital Credits from CFC, CoBank, NISC and Federated is \$45k better than budget for the month and \$22k better YTD. Interest and Dividend Income is on budget for the month but is \$15k better YTD. Miscellaneous Jobbing Revenue is \$24k better than budget for the month and \$27k better YTD. Other Income is on budget for the month and year.

• **Capital Spending Plan** **\$161** **\$748**

Annual and Routine Capital Projects are \$59k over budget for the month and \$71k over YTD. Pole Replacements are \$177k over budget for the month and \$115k over YTD. Energy Transformation Projects are \$15k under budget for the month and \$15k under for the year. Make-Ready Pole Replacements are \$34k under budget for the month and \$107k under for the year. Distribution projects are \$38k under budget for the month and \$62k under YTD. Generation related projects are \$10k under budget for the month and \$116k under YTD. Substation projects are \$239k under budget for the month and \$450k under for the year. Transmission projects are \$50k under budget for the month and \$42k under YTD. Metering projects are \$79k over budget for the month but is \$64k under for the year. Information Technology projects are \$123k under budget for the month and \$100k under YTD. Fleet Purchases are on budget for the month but is \$28k under for the year. Facilities projects are \$34k over budget for the month and \$50k over YTD.

TIER and Debt Service Coverage

We are on target to meet our budgeted TIER of 2.00. Our Debt Service payments for 2021 is expected to be \$8.5 million.

Cash Flow and Line of Credit

In March, we used up to a peak of \$4.1M on our line of credit on March 1st. The April high for the line of credit is expected to be \$3.8M on April 1st.

Balance Sheet

Our equity ratio in February finished at 43.35% down slightly from January at 43.38%. Our current ratio, a measure of liquidity, is .91, up from January at .88. VEC's FFO ratio for 2021 YTD ("Funds from Operations/Capital Expenditures Ratio"; Target of 80% desirable) is 1.87 up from January at 1.19

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

	March, 2021 Actual	March, 2021 Budget	Actual - Budget Variance Fav (Unfav) \$	%	March, 2020 Actual	Prior Year Variance Fav (Unfav) \$	%
kWh Statistics							
kWh Units Sold	38,916,556	39,135,942	(219,386)	-0.6%	39,135,942	(219,386)	-0.6%
kWh Units Purchased	42,907,000	42,268,040	638,960	1.5%	42,573,000	334,000	0.8%
Net System Losses (kWh)	3,990,444	3,132,098	858,346	27.4%	3,437,058	553,386	16.1%
System Losses (%)	9.30%	7.41%			8.07%		
Revenue							
Operating Revenue	7,980,987	7,723,035	257,952	3.3%	7,496,879	484,108	6.5%
Sales for Resale	53,255	103,689	(50,434)	-48.6%	84,647	(31,392)	37.1%
Total revenues	\$ 8,034,242	\$ 7,826,724	\$ 207,518	2.7%	\$ 7,581,526	\$ 452,716	6.0%
Power supply cost							
Purchased power cost	3,034,156	3,058,905	24,749	0.8%	3,141,498	107,343	-3.4%
Sales for Resale	53,255	103,689	(50,434)	48.6%	84,647	31,392	-37.1%
Transmission	1,264,058	1,047,695	(216,362)	-20.7%	850,661	(413,396)	48.6%
Total Power supply cost	4,351,468	4,210,289	(141,179)	3.4%	4,076,807	(274,662)	6.7%
Gross Margin	\$ 3,682,773	\$ 3,616,435	\$ 66,339	1.8%	\$ 3,504,719	\$ 178,054	-5.1%
Operating expenses							
Distribution: Operations & Mice	1,211,879	1,312,609	(100,729)	7.7%	1,296,116	84,236	-6.5%
Customer accounts	279,763	227,873	(51,890)	-22.8%	228,380	(51,383)	22.5%
Administrative & general	414,617	349,865	(64,752)	-18.5%	342,463	(72,154)	21.1%
Total operating expenses	\$ 1,906,260	\$ 1,890,347	\$ (15,913)	-0.8%	\$ 1,866,960	\$ (39,301)	2.1%
Depreciation & amortization	534,444	529,603	(4,841)	-0.9%	510,731	(23,713)	4.6%
Gross revenue & receipts taxes	71,027	73,295	(2,268)	3.1%	69,816	(1,212)	1.7%
Interest on long-term debt	291,798	305,845	(14,047)	4.6%	296,830	5,032	-1.7%
Other interest expenses	7,562	7,714	(152)	2.0%	9,922	2,360	-23.8%
Other Deductions	-	-	-	N/A	-	-	N/A
Total depreciation & other expenses	904,832	916,458	11,626	-1.3%	887,299	(17,533)	2.0%
Income from operations	\$ 871,681	\$ 809,629	\$ 62,051	7.7%	\$ 750,461	\$ 121,220	-16.2%
Interest income	1,268,353	1,268,504	(151)	0.0%	1,227,488	40,864	3.3%
Other income (expenses)	22,735	(1,537)	24,272	-1579.6%	20,633	2,102	10.2%
Other capital credits & dividends	443,469	398,696	44,773	11.2%	399,916	43,553	10.9%
Total non-operating margins	1,734,557	1,665,663	68,894	4.1%	1,648,038	86,520	5.2%
Net income (loss)	2,606,238	2,475,293	130,945	5.3%	2,398,498	207,740	-8.7%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 2,606,238	\$ 2,475,293	\$ 130,945	5.3%	\$ 2,398,498	\$ 207,740	-8.7%

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

	March, 2021 Actual	March, 2021 Budget	* Actual - Budget Variance Fav (Unfav) \$	* % %	* March, 2020 Actual	* Variance Fav (Unfav) \$	* Prior Year Variance Fav (Unfav) \$	* %
kWh Statistics								
kWh Units Sold	125,519,943	124,157,532	1,362,411	1.1%	124,157,532	1,362,411	1,362,411	1.1%
kWh Units Purchased	131,290,000	127,082,580	4,207,420	3.3%	128,803,000	2,487,000	2,487,000	1.9%
Net System Losses (kWh)	5,770,057	2,925,048	2,845,009	97.3%	4,645,468	1,124,589	1,124,589	24.2%
System Losses (%)	4.39%	2.30%			3.61%			
Revenue								
Operating Revenue	22,902,644	22,004,384	898,259	4.1%	21,883,433	1,019,211	1,019,211	4.7%
Sales for Resale	65,607	396,663	(331,056)	-83.5%	184,309	(118,702)	(118,702)	64.4%
Total revenues	\$ 22,968,251	\$ 22,401,047	\$ 567,203	2.5%	\$ 22,067,742	\$ 900,509	\$ 900,509	4.1%
Power supply cost								
Purchased power cost	9,417,257	9,406,326	(10,931)	-0.1%	9,366,729	(50,529)	(50,529)	0.5%
Sales for Resale	65,607	396,663	(331,056)	83.5%	184,309	118,702	118,702	-64.4%
Transmission:	3,762,030	3,252,421	(509,609)	-15.7%	3,131,627	(630,403)	(630,403)	20.1%
Total Power supply cost	13,244,894	13,055,410	(189,484)	1.5%	12,682,665	(562,230)	(562,230)	4.4%
Gross Margin	\$ 9,723,356	\$ 9,345,637	\$ 377,719	4.0%	\$ 9,385,077	\$ 338,279	\$ 338,279	-3.6%
Operating expenses								
Distribution: Operations & Mite	3,475,141	3,853,049	(377,908)	9.8%	4,095,145	620,004	620,004	-15.1%
Customer accounts	752,513	686,651	(65,862)	-9.6%	688,216	(64,298)	(64,298)	9.3%
Administrative & general	1,184,790	1,011,214	(173,576)	-17.2%	1,049,205	(135,585)	(135,585)	12.9%
Total operating expenses	5,412,444	5,550,913	138,469	2.5%	5,832,566	420,122	420,122	-7.2%
Depreciation & amortization	1,601,609	1,589,325	(12,283)	-0.8%	1,528,025	(73,584)	(73,584)	4.8%
Gross revenue & receipts taxes	224,001	217,820	(6,181)	-2.8%	215,437	(8,564)	(8,564)	4.0%
Interest on long-term debt	873,791	899,483	25,692	2.9%	899,907	26,116	26,116	-2.9%
Other interest expenses	22,863	19,535	(3,328)	-17.0%	31,953	9,090	9,090	-28.4%
Other deductions	5,976	-	(5,976)	N/A	864	(5,112)	(5,112)	591.7%
Total depreciation & other exp	2,728,239	2,726,164	(2,075)	0.1%	2,676,186	(52,053)	(52,053)	1.9%
Income from operations	1,582,673	1,068,560	514,113	48.1%	876,326	706,348	706,348	-80.6%
Interest income	1,284,293	1,269,218	15,076	1.2%	1,228,286	56,007	56,007	4.6%
Other income (expenses)	49,558	22,016	27,541	125.1%	38,453	11,104	11,104	28.9%
Other capital credits & dividends	443,469	421,322	22,147	5.3%	422,943	20,527	20,527	4.9%
Total non-operating margins	1,777,320	1,712,556	64,764	3.8%	1,689,682	87,638	87,638	5.2%
Net income (loss)	3,359,994	2,781,117	578,877	20.8%	2,566,008	793,986	793,986	-30.9%
Extraordinary expenses	-	-	-	N/A	-	-	-	N/A
Total net income (loss)	\$ 3,359,994	\$ 2,781,117	\$ 578,877	20.8%	\$ 2,566,008	\$ 793,986	\$ 793,986	-30.9%

Vermont Electric Cooperative, Inc.
Balance Sheet (Assets)
March, 2021

	March, 2021 Actual	February, 2021 Actual	Variance Fav/(Unfav) \$	%	March, 2020 Actual	Variance Fav/(Unfav) \$	%
Electric plant, at cost:							
Electric plant in service	188,785,989	188,334,176	451,813	0.24%	176,966,668	11,819,321	6.68%
Less accumulated depreciation	(58,716,215)	(58,403,020)	313,195	0.54%	(54,441,625)	4,274,589	7.85%
Net electric plant in service	130,069,775	129,931,156	138,619	0.11%	122,525,043	7,544,732	6.16%
Construction work in progress	4,679,779	4,269,179	410,600	9.62%	3,030,661	1,649,118	54.41%
Net electric plant	134,749,553	134,200,335	549,218	0.41%	125,555,704	9,193,849	7.32%
Other assets:							
Non-utility property	65,697	65,697	-	0.00%	65,697	-	0.00%
Other investments	44,782,759	44,624,620	158,139	0.35%	43,066,961	1,715,797	3.98%
Deferred charges	86,106	87,470	(1,364)	-1.56%	111,674	(25,568)	-22.90%
Total other assets	44,934,561	44,777,787	156,775	0.35%	43,244,332	1,690,229	3.91%
Current assets:							
Cash	875,864	428,492	447,371	104.41%	1,352,532	(476,669)	-35.24% #DIV/0!
Notes receivable (net)	-	-	-	0.00%	-	-	0.48%
Accounts receivable (net)	9,748,036	10,915,714	(1,167,678)	-10.70%	9,701,924	46,112	-2.41%
Other receivables (net)	3,351,542	1,993,038	1,358,504	68.16%	3,434,348	(82,806)	5.07%
Inventories	5,663,213	5,612,702	50,512	0.90%	5,390,054	273,159	-4.37%
Prepaid expenses	637,088	538,540	98,548	18.30%	666,186	(29,098)	-1.31%
Total current assets	20,275,743	19,488,487	787,256	4.04%	20,545,045	(269,302)	5.61%
Total assets	\$ 199,959,857	\$ 198,466,609	\$ 1,493,249	0.75%	\$ 189,345,082	\$ 10,614,776	

Vermont Electric Cooperative, Inc.
Balance Sheet (Liabilities & Equity)
March, 2021

	March, 2021 Actual	February, 2021 Actual	Variance Fav/(Unfav) \$	Variance Fav/(Unfav) %	March, 2020 Actual	Variance Fav/(Unfav) \$	Variance Fav/(Unfav) %
Equities:							
Memberships issued & subscribed	-	-	-	0.00%	-	-	0.00%
Patronage capital assignable	4,713,322	(3)	4,713,324	100.00%	4,385,065	328,257	6.96%
Other earnings	83,973,499	86,085,419	(2,111,920)	-2.51%	80,155,477	3,818,022	4.55%
Contributions in aid of construction	-	-	-	0.00%	-	-	0.00%
Net equity	88,686,821	86,085,417	2,601,404	2.93%	84,540,542	4,146,279	4.68%
Long-term debt	87,156,586	88,150,921	(994,335)	-1.14%	81,256,107	5,900,479	6.77%
Capital leases - non current	410,413	413,053	(2,640)	-0.64%	347,413	62,999	15.35%
Current liabilities:							
Current portion of long-term debt	5,095,929	5,095,929	-	0.00%	4,652,342	443,586	8.70%
Line of Credit	3,800,000	4,000,000	(200,000)	-5.26%	4,700,000	(900,000)	-23.68%
Accounts payable	7,137,285	6,467,565	669,720	9.38%	6,588,734	548,551	7.69%
Customer deposits	1,766,155	1,767,325	(1,170)	-0.07%	1,736,712	29,444	1.67%
Other accrued expenses	4,450,968	4,930,578	(479,610)	-10.78%	3,736,569	714,399	16.05%
Total current liabilities	22,250,338	22,261,398	(11,060)	-0.05%	21,414,357	835,981	3.76%
Deferred credits	1,455,700	1,555,820	(100,120)	-6.88%	1,786,663	(330,962)	-22.74%
Total liabilities and equity	\$ 199,959,857	\$ 198,466,609	\$ 1,493,249	0.75%	\$ 189,345,082	\$ 10,614,776	5.61%

Vermont Electric Cooperative, Inc.
Statement of Cash Flows

	Month		Year-to-date		Variance Fav (Unfav)
	March, 2021	March, 2020	March, 2021	March, 2020	
	Actual	Actual	Actual	Actual	\$
Cash flows from operating activities:					
Net income	\$ 2,606,238	\$ 2,398,498	\$ 3,359,994	\$ 2,566,008	\$ 793,986
Noncash expenses (income) included in earnings:					
Depreciation & amortization	\$ 630,919	\$ 582,235	\$ 1,844,569	\$ 1,727,543	\$ 117,027
(Gain) loss on sale of investments	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) loss on sale of fixed assets	\$ (930)	\$ (17,330)	\$ (1,990)	\$ (18,390)	\$ 16,400
Changes in assets and liabilities:					
Decrease (increase) in notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Decrease (increase) in accounts receivable	\$ 1,167,678	\$ 599,521	\$ (819,315)	\$ (542,581)	\$ (276,734)
Decrease (increase) in other receivable	\$ (1,358,504)	\$ (1,234,149)	\$ (222,028)	\$ (561,459)	\$ 339,430
Decrease (increase) in inventories	\$ (50,512)	\$ (144,491)	\$ (246,009)	\$ (245,771)	\$ (238)
Decrease (increase) in prepayments	\$ (98,548)	\$ (193,133)	\$ (81,198)	\$ (158,328)	\$ 77,130
Decrease (increase) in deferred charges	\$ 4,223	\$ 6,754	\$ 8,240	\$ 10,018	\$ (1,779)
Increase (decrease) in accounts payable	\$ 669,720	\$ 346,088	\$ (457,945)	\$ (343,092)	\$ (114,852)
Increase (decrease) in customer deposits	\$ (1,170)	\$ 21,941	\$ (96,021)	\$ 13,190	\$ (109,211)
Increase (decrease) in accrued expenses	\$ (479,610)	\$ (501,114)	\$ 798,503	\$ 579,581	\$ 218,922
Increase (decrease) in deferred credits	\$ (100,120)	\$ (94,784)	\$ 315,960	\$ 136,732	\$ 179,228
Net cash provided (used) by operating activities	2,989,385	1,770,035	4,402,759	3,163,451	1,239,309
Cash flows from investing activities:					
Additions to electric plant in service and construction work in progress	\$ (999,956)	\$ (559,810)	\$ (2,481,191)	\$ (1,744,026)	\$ (737,164)
Proceeds from retirements of electric plant in service	\$ (182,110)	\$ 66,479	\$ (304,887)	\$ (44,757)	\$ (260,130)
Return on capital investments	\$ (158,819)	\$ (141,759)	\$ (151,986)	\$ (145,830)	\$ (6,155)
Proceeds (payments) from sale (purchase) of investments	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash provided (used) in investing activities	(1,340,885)	(635,090)	(2,938,063)	(1,934,613)	(1,003,449)
Cash flows from financing activities:					
Proceeds from borrowings LOC	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from borrowings Long-Term	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to creditors LOC	\$ (200,000)	\$ 800,000	\$ 400,000	\$ 749,122	\$ (349,122)
Payments to creditors Long-Term	\$ (996,296)	\$ (895,559)	\$ (1,429,543)	\$ (1,313,188)	\$ (116,355)
Patronage Capital Retirements - Net	\$ (4,834)	\$ (9,226)	\$ (10,312)	\$ (13,194)	\$ 2,881
Memberships issued, net of refunds	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to donated capital, net	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash provided (used) by financing activities	(1,201,129)	(104,786)	(1,039,855)	(577,260)	(462,596)
Net increase (decrease) in cash and equivalents	447,371	1,030,159	424,841	651,578	(226,736)
Cash & cash equivalents at beginning of period	\$ 428,492	\$ 322,373	\$ 451,022	\$ 700,955	\$ (249,933)
Cash & cash equivalents at end of period	\$ 875,864	\$ 1,352,532	\$ 875,864	\$ 1,352,532	\$ (476,669)