

Financial Highlights – September, 2021

	<u>Variance (K's)</u>	<u>YTD Variance (K's)</u>
September Net Income	(\$309)	\$672

Analysis:

• Operating Revenue	\$759	\$1,849
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KWH sales in September are \$620k better than budget for the month and \$1,187k better YTD. The average price/KWH sold is \$216k better than budget for the month and \$996k better for the year. Non-energy services, pole attachments, and wheeling revenues are \$66k less than budget for the month and \$333k less for the year. Unbilled revenues are \$21k better than budget for the month and \$30k better YTD. The sale of Renewable Energy Credits is \$31k less than budget for the month and \$31k less YTD.

• Purchased Power Costs	\$16	\$41
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Purchased KWH is over budget by \$77k for the month and \$722k over for the year. Our overall costs/KWH is \$93k under budget for the month and \$763k under YTD.

• Transmission Costs	(\$120)	(\$78)
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Transmission support for substations and supervision is \$6k under budget for the month and \$9k under YTD. Transmission by Others is \$160k over budget for the month but is \$118k under YTD. Property Taxes are on budget for the month and year. Maintenance for SCADA and overhead lines is \$6k under budget for the month and \$4k under for the year. Transmission vegetative maintenance is \$28k under budget for the month but is \$208k over budget YTD.

• Distribution Operations/Mtce	\$16	\$1,001
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Major Storm costs are \$26k under budget for the month and \$349k under for the year. Meter/AMI Expense is \$4k under budget for the month and \$3k under YTD. Supervisory related costs are on budget for the month but is \$20k under YTD. Overall Distribution Maintenance costs are \$103k over budget for the month but is \$143k under YTD. Miscellaneous Distribution and Customer Installation expenses are \$19k over budget for the month and \$26k over YTD. Property taxes are on budget for the month and YTD. Distribution vegetative maintenance program spending is \$109k under budget for the month and \$511k under YTD. The overall vegetative maintenance program (transmission + distribution) is \$137k under budget for the month and \$303k under for the year.

• Customer Accounts	\$75	(\$89)
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Meter Reading & Disconnect Services are \$13k over budget for the month and \$21k over YTD. Member service administration is \$3k under budget for the month but is \$34k over YTD. Uncollectible Accounts are \$80k under budget for the month but is \$70k over YTD. Property Taxes are on budget for the month and year. Communications, Patronage Capital and SQRP Costs are \$5k under budget for the month and \$37k under YTD.

- **Administrative & General** (\$1,054) (\$2,220)

Regulatory related expense is \$9k over budget for the month but is \$14k under YTD. Payroll and Benefits are \$1,022 over budget for the month and \$2,102k over YTD. Outside Services is on budget for the month but is \$20k over YTD. Director Expenses are \$3k under budget for the month and \$12k under YTD. Costs incurred for TIER 3 Projects are \$27k over budget for the month and \$87k over YTD. Expenses for Coop-life, Business Development, Dues, Annual and Employee Meeting are \$9k over budget for the month but is \$15k under budget YTD. Office related expenses are \$4k over budget for the month and \$31k over YTD. Safety and Facility related expenses are \$14k under budget for the month but is \$20k over YTD.

- **Total Depreciation & Other Exp** \$14 \$97

Depreciation expense is \$4k over budget for the month and \$29k over YTD. Interest expense is \$27k under budget for the month and \$146k under YTD. Gross Receipt & Revenue Taxes are \$9k over budget for the month and \$21k over YTD. Other Expenses are on budget for the month but is \$1k under YTD.

- **Total Non-Operating Margins** (\$16) \$71

Capital Credits from CFC, CoBank, NISC and Federated is \$4k less than budget for the month but is \$1k better YTD. Interest and Dividend Income is on budget for the month but is \$71k better YTD. Miscellaneous Jobbing Revenue is \$18k less than budget for the month and \$7k less YTD. Other Income is \$6k better than budget for the month and \$6k better for the year.

- **Capital Spending Plan** (\$843) \$1,074

Annual and Routine Capital Projects are \$59k over budget for the month and \$282k over YTD. Pole Replacements are \$1 under budget for the month but is \$650k over YTD. Energy Transformation Projects are \$15k under budget for the month and \$105k under for the year. Make-Ready Pole Replacements are \$43k under budget for the month and \$308k under for the year. Distribution projects are \$460k over budget for the month and \$16k over YTD. Generation related projects are \$6k over budget for the month but is \$26k under YTD. Substation projects are \$45k over budget for the month but is \$940k under for the year. Transmission projects are \$175k over budget for the month but is \$149k under YTD. Metering projects are \$269k over budget for the month and \$49k over YTD. IT Projects are \$3k over budget for the month but is \$217k under for the year. Fleet Purchases are \$177k under budget for the month and \$444k under for the year. Facilities projects are \$63k over budget for the month and \$116k 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 September, we used up to a peak of \$5.5M on our line of credit on September 30th. The October high for the line of credit is expected to be \$5.9M on October 14th.

Balance Sheet

Our equity ratio in September finished at 44.9% up from August at 44.5%. Our current ratio, a measure of liquidity, is .72, down from August at .78. VEC's FFO ratio for 2021 YTD (Funds from Operations Ratio; Target of 80% desirable) is 1.22 up from August at 1.14

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

	September, 2021 Actual	September, 2021 Budget	Actual - Budget Variance Fav (Unfav) \$	%	September, 2020 Actual	Prior Year Variance Fav (Unfav) \$	%
kWh Statistics							
kWh Units Sold	39,806,631	36,069,894	3,736,737	10.4%	36,835,166	2,971,465	8.1%
kWh Units Purchased	36,479,000	35,429,860	1,049,140	3.0%	35,908,000	571,000	1.6%
Net System Losses (kWh)	(3,327,631)	(640,034)	(2,687,597)	419.9%	(927,166)	(2,400,465)	258.9%
System Losses (%)	-9.12%	-1.81%			-2.58%		
Revenue							
Operating Revenue	6,766,530	6,007,184	759,347	12.6%	6,292,581	473,949	7.5%
Sales for Resale	139,194	64,265	74,929	116.6%	117,306	21,888	-18.7%
Total revenues	\$ 6,905,724	\$ 6,071,449	\$ 834,276	13.7%	\$ 6,409,887	\$ 495,837	7.7%
Power supply cost							
Purchased power cost	2,579,592	2,595,869	16,277	0.6%	2,710,903	131,311	-4.8%
Sales for Resale	139,194	64,265	(74,929)	-116.6%	117,306	(21,888)	18.7%
Transmission	1,063,975	944,400	(119,575)	-12.7%	989,235	(74,741)	7.6%
Total Power supply cost	3,782,762	3,604,534	(178,228)	4.9%	3,817,444	34,682	-0.9%
Gross Margin	\$ 3,122,963	\$ 2,466,915	\$ 656,048	26.6%	\$ 2,592,443	\$ 530,519	-20.5%
Operating expenses							
Distribution: Operations & Mice	1,198,682	1,214,715	16,033	1.3%	1,210,516	11,834	-1.0%
Customer accounts	166,187	240,987	74,800	31.0%	234,244	68,057	-29.1%
Administrative & general	364,487	(689,795)	(1,054,282)	152.8%	350,315	(14,172)	4.0%
Total operating expenses	\$ 1,729,356	\$ 765,907	\$ (963,449)	-125.8%	\$ 1,795,075	\$ 65,719	-3.7%
Depreciation & amortization	537,789	533,847	(3,942)	-0.7%	517,816	(19,973)	3.9%
Gross revenue & receipts taxes	69,213	60,407	(8,807)	-14.6%	64,255	(4,959)	7.7%
Interest on long-term debt	270,223	290,836	20,613	7.1%	278,407	8,184	-2.9%
Other interest expenses	8,169	14,736	6,567	44.6%	12,858	4,689	-36.5%
Other Deductions	-	-	-	N/A	-	-	N/A
Total depreciation & other expenses	885,394	899,826	14,431	-1.6%	873,335	(12,059)	1.4%
Income from operations	\$ 508,212	\$ 801,182	\$ (292,969)	-36.6%	\$ (75,967)	\$ 584,180	769.0%
Interest income	1,268,121	1,268,504	(383)	0.0%	1,231,658	36,463	3.0%
Other income (expenses)	(6,315)	5,413	(11,728)	-216.7%	(15,525)	9,210	-59.3%
Other capital credits & dividends	160,377	164,357	(3,980)	-2.4%	164,363	(3,985)	-2.4%
Total non-operating margins	1,422,183	1,438,273	(16,090)	-1.1%	1,380,496	41,687	3.0%
Net income (loss)	1,930,396	2,239,455	(309,059)	-13.8%	1,304,529	625,867	-48.0%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 1,930,396	\$ 2,239,455	\$ (309,059)	-13.8%	\$ 1,304,529	\$ 625,867	-48.0%

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

	September, 2021 Actual	September, 2021 Budget	* Actual - Budget Variance Fav (Unfav) \$ %	* September, 2020 Actual	* Prior Year Variance Fav (Unfav) \$ %
kWh Statistics					
kWh Units Sold	349,030,434	341,931,581	7,098,853	347,141,965	1,888,469
kWh Units Purchased	366,110,000	356,376,650	9,733,350	359,868,000	6,242,000
Net System Losses (kWh)	17,079,566	14,445,069	2,634,497	12,726,035	4,353,531
System Losses (%)	4.67%	4.05%		3.54%	34.2%
Revenue					
Operating Revenue	61,460,005	59,610,958	1,849,047	60,730,530	729,475
Sales for Resale	605,525	815,339	(209,814)	743,606	(138,081)
Total revenues	\$ 62,065,530	\$ 60,426,297	\$ 1,639,233	\$ 61,474,136	\$ 591,394
Power supply cost					
Purchased power cost	26,407,276	26,448,361	41,085	26,347,757	(59,519)
Sales for Resale	605,525	815,339	209,814	743,606	138,081
Transmission:	10,313,206	10,234,944	(78,263)	9,691,719	(621,488)
Total Power supply cost	37,326,007	37,498,644	172,637	36,783,081	(542,926)
Gross Margin	\$ 24,739,523	\$ 22,927,654	\$ 1,811,870	\$ 24,691,055	\$ 48,469
Operating expenses					
Distribution: Operations & Mice	10,491,710	11,492,304	1,000,594	11,285,901	794,191
Customer accounts	2,279,727	2,191,068	(88,658)	2,187,011	(92,715)
Administrative & general	3,231,656	1,011,551	(2,220,105)	3,022,282	(209,374)
Total operating expenses	16,003,092	14,694,922	(1,308,170)	16,495,195	492,103
Depreciation & amortization	4,812,088	4,782,631	(29,457)	4,625,303	(186,784)
Gross revenue & receipts taxes	614,560	593,964	(20,596)	607,649	(6,911)
Interest on long-term debt	2,558,225	2,680,340	122,115	2,657,045	98,820
Other interest expenses	66,699	90,603	23,904	88,984	22,284
Other deductions	10,701	12,000	1,299	4,090	(6,611)
Total depreciation & other exp	8,062,273	8,159,538	97,265	7,983,070	(79,203)
Income from operations	674,158	73,194	600,964	212,789	461,369
Interest income	3,893,822	3,823,221	70,601	3,770,746	123,076
Other income (expenses)	143,589	144,570	(981)	107,452	36,137
Other capital credits & dividends	610,134	609,105	1,029	614,330	(4,196)
Total non-operating margins	4,647,545	4,576,897	70,649	4,492,528	155,017
Net income (loss)	5,321,704	4,650,091	671,613	4,705,318	616,386
Extraordinary expenses	-	-	-	-	-
Total net income (loss)	\$ 5,321,704	\$ 4,650,091	\$ 671,613	\$ 4,705,318	\$ 616,386

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

	September, 2021	August, 2021	Variance Fav/(Unfav)	September, 2020	Variance Fav/(Unfav)
	Actual	Actual	\$ %	Actual	\$ %
Electric plant, at cost:					
Electric plant in service	191,113,564	190,425,293	688,272 0.36%	181,994,812	9,118,752 5.01%
Less accumulated depreciation	(60,421,510)	(60,370,364)	51,146 0.08%	(56,817,627)	3,603,883 6.34%
Net electric plant in service	130,692,054	130,054,928	637,126 0.49%	125,177,185	5,514,869 4.41%
Construction work in progress	6,149,432	5,812,306	337,126 5.80%	7,039,213	(889,782) -12.64%
Net electric plant	136,841,486	135,867,234	974,252 0.72%	132,216,398	4,625,088 3.50%
Other assets:					
Non-utility property	65,697	65,697	- 0.00%	65,697	- 0.00%
Other investments	44,904,898	44,828,055	76,843 0.17%	43,238,864	1,666,034 3.85%
Deferred charges	66,707	69,566	(2,859) -4.11%	100,056	(33,349) -33.33%
Total other assets	45,037,302	44,963,318	73,984 0.16%	43,404,617	1,632,685 3.76%
Current assets:					
Cash	72,003	1,096,523	(1,024,520) -93.43%	271,231	(199,228) -73.45%
Notes receivable (net)	-	-	- 0.00%	-	- #DIV/0!
Accounts receivable (net)	8,444,893	9,219,862	(774,969) -8.41%	8,602,994	(158,101) -1.84%
Other receivables (net)	2,320,538	1,121,656	1,198,882 106.89%	2,723,911	(403,373) -14.81%
Inventories	5,777,073	6,363,897	(586,823) -9.22%	5,489,911	287,162 5.23%
Prepaid expenses	531,038	533,050	(2,012) -0.38%	548,158	(17,119) -3.12%
Total current assets	17,145,546	18,334,988	(1,189,442) -6.49%	17,636,204	(490,658) -2.78%
Total assets	\$ 199,024,334	\$ 199,165,541	(141,206) -0.07%	\$ 193,257,219	\$ 5,767,115 2.98%

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

	September, 2021 Actual	August, 2021 Actual	Variance Fav/(Unfav) \$	%	* September, 2020 Actual	Variance Fav/(Unfav) \$	%
Equities:							
Memberships issued & subscribed	-	-	-	0.00%	-	-	0.00%
Patronage capital assignable	(5)	(5)	-	0.00%	(3)	(2)	45.89%
Other earnings	89,324,920	88,684,439	640,481	0.72%	85,353,782	3,971,138	4.45%
Contributions in aid of construction	-	-	-	0.00%	-	-	0.00%
Net equity	89,324,915	88,684,434	640,481	0.72%	85,353,780	3,971,136	4.45%
Long-term debt	84,619,684	85,627,451	(1,007,767)	-1.19%	81,527,694	3,091,989	3.65%
Capital leases - non current	343,551	346,241	(2,689)	-0.78%	392,436	(48,884)	-14.23%
Current liabilities:							
Current portion of long-term debt	5,072,106	5,072,106	-	0.00%	4,652,342	419,764	8.28%
Line of Credit	5,536,185	3,900,000	1,636,185	29.55%	7,500,000	(1,963,815)	-35.47%
Accounts payable	8,247,315	9,151,954	(904,639)	-10.97%	8,604,176	(356,860)	-4.33%
Customer deposits	1,914,394	1,905,039	9,355	0.49%	1,704,220	210,174	10.98%
Other accrued expenses	2,929,582	3,342,519	(412,937)	-14.10%	2,097,716	831,866	28.40%
Total current liabilities	23,699,584	23,371,618	327,965	1.38%	24,558,455	(858,871)	-3.62%
Deferred credits	1,036,600	1,135,796	(99,196)	-9.57%	1,424,855	(388,255)	-37.45%
Total liabilities and equity	\$ 199,024,334	\$ 199,165,541	\$ (141,206)	-0.07%	\$ 193,257,219	\$ 5,767,115	2.98%

Vermont Electric Cooperative, Inc.
Statement of Cash Flows

	Month		Year-to-date		Variance Fav (Unfav)
	September, 2021 Actual	September, 2020 Actual	September, 2021 Actual	September, 2020 Actual	
Cash flows from operating activities:					
Net income	\$ 1,930,396	\$ 1,304,529	\$ 5,321,704	\$ 4,705,318	\$ 616,386
Noncash expenses (income) included in earnings:					
Depreciation & amortization	\$ 646,944	\$ 606,533	\$ 5,665,829	\$ 5,364,319	\$ 301,510
(Gain) loss on sale of investments	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) loss on sale of fixed assets	\$ (6,347)	\$ (530)	\$ (67,308)	\$ (27,670)	\$ (39,638)
Changes in assets and liabilities:					
Decrease (increase) in notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Decrease (increase) in accounts receivable	\$ 774,969	\$ 124,310	\$ 483,828	\$ 556,349	\$ (72,521)
Decrease (increase) in other receivable	\$ (1,198,882)	\$ (1,305,399)	\$ 808,976	\$ 148,979	\$ 659,997
Decrease (increase) in inventories	\$ 586,823	\$ 320,021	\$ (359,869)	\$ (345,628)	\$ (14,242)
Decrease (increase) in prepayments	\$ 2,012	\$ (13,911)	\$ 24,852	\$ (40,299)	\$ 65,152
Decrease (increase) in deferred charges	\$ 5,718	\$ 6,935	\$ 44,792	\$ 38,790	\$ 6,002
Increase (decrease) in accounts payable	\$ (904,639)	\$ 824,292	\$ 652,086	\$ 1,672,349	\$ (1,020,264)
Increase (decrease) in customer deposits	\$ 9,355	\$ 8,555	\$ 52,218	\$ (19,301)	\$ 71,519
Increase (decrease) in accrued expenses	\$ (412,937)	\$ (1,735,759)	\$ (722,863)	\$ (1,059,272)	\$ 336,389
Increase (decrease) in deferred credits	\$ (99,196)	\$ (95,038)	\$ (103,140)	\$ (225,076)	\$ 121,936
Net cash provided (used) by operating activities	1,334,216	44,538	11,801,084	10,768,858	1,032,226
Cash flows from investing activities:					
Additions to electric plant in service and construction work in progress	\$ (1,520,822)	\$ (1,642,962)	\$ (7,981,832)	\$ (12,093,523)	\$ 4,111,690
Proceeds from retirements of electric plant in service	\$ (96,886)	\$ (99,117)	\$ (669,274)	\$ (605)	\$ (668,669)
Return on capital investments	\$ (79,532)	\$ (82,538)	\$ (235,919)	\$ (243,916)	\$ 7,997
Proceeds (payments) from sale (purchase) of investments	\$ -	\$ -	\$ -	\$ (17,520)	\$ 17,520
Net cash provided (used) in investing activities	(1,697,239)	(1,824,617)	(8,887,025)	(12,355,564)	3,468,539
Cash flows from financing activities:					
Proceeds from borrowings LOC	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from borrowings Long-Term	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to creditors LOC	\$ 1,636,185	\$ 1,650,000	\$ 2,136,185	\$ 3,549,122	\$ (1,412,937)
Payments to creditors Long-Term	\$ (1,007,767)	\$ (909,662)	\$ (4,095,335)	\$ (1,052,875)	\$ (3,042,460)
Patronage Capital Retirements - Net	\$ (1,289,915)	\$ (6,123)	\$ (1,333,928)	\$ (1,339,266)	\$ 5,338
Memberships issued, net of refunds	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to donated capital, net	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash provided (used) by financing activities	(661,496)	734,215	(3,293,078)	1,156,982	(4,450,060)
Net increase (decrease) in cash and equivalents	(1,024,520)	(1,045,864)	(379,019)	(429,724)	50,705
Cash & cash equivalents at beginning of period	\$ 1,096,523	\$ 1,317,095	\$ 451,022	\$ 700,955	\$ (249,933)
Cash & cash equivalents at end of period	\$ 72,003	\$ 271,231	\$ 72,003	\$ 271,231	\$ (199,228)