

VERMONT ELECTRIC COOPERATIVE, INC.
UNAUDITED FINANCIAL REPORTING
FOR THE MONTH AND THREE MONTHS ENDED:
MARCH 2009

Financial Highlights – March

	<u>Variance (K's)</u>	<u>YTD Variance (K's)</u>
March 2009 Net Income	\$412	\$422

Analysis:

- Operating Revenue**
\$433
\$5

Overall operating revenues were better than budget in March by 7% and are right on budget YTD. Sold KWH in March was 3% below budget for a negative variance of \$169k and is within 1% YTD and \$190k. Heating degree days were 6% below normal levels in March and are within 1.3% YTD. The average price/KWH was 2% and \$102k better than budget in March and is 29k better YTD. Unbilled revenues were \$483k better in March and are \$145k better YTD as there were more unbilled days than expected at this point of the year.

- Purchased Power Costs**
(\$64)
(\$158)

Power costs are 2% in March and YTD higher than budget. Purchases were 5% and \$158k less than expected in March and are 1% and \$127k under budget YTD. Our overall costs/KWH was 7% and \$234k higher than budget in March and are 3% and \$285k higher YTD.

- Transmission Costs**
(\$19)
\$203

An upgrade to PSNH transmission facilities has been postponed resulting in savings in timing of \$199k. Transmission pole treatment program has not yet begun resulting in positive timing variances of \$15k in March and \$45k YTD. Transmission trimming is ahead of plan resulting in a negative timing variance of \$19k in March and \$28k YTD.

- Distribution Operations/Mtce**
(\$76)
\$102

Overhead line maintenance costs were less than budget by \$11k in March and \$106k YTD. No major storms so far this year resulting in savings to budget of \$40k in March and \$149k YTD. Make ready field survey work has begun offsetting advance funding received. March make ready had a negative variance of \$14k but we have a small positive variance of \$15k YTD. Substation related work is \$20k higher in March and \$77k YTD. Distribution vegetative maintenance program spending is ahead of budget by \$102k in March and \$123k YTD.

- Customer Accounts**
\$3
\$45

There were small positive variances in this area when added together made up a positive variance of \$45k YTD that include savings to budget for customer records, SQRP administration, uncollectibles & major account services.

- Administrative & General**
\$46
\$140

Outside services were over budget by \$8k in March but are \$12k better than budget YTD. Regulatory related costs were \$23k in March and \$53k YTD lower than budgeted. Annual meeting costs are better than budget by \$20k in March and \$25k YTD largely resulting from the meeting being later this year than previous years. Director's fees & expenses are \$7k in March and \$16k YTD better than budget.

BALANCE SHEETS (ASSETS)

	March 2009 Actual	February 2009 Actual	Variance Fav/(Unfav) \$	%	March 2008 Actual	Variance Fav/(Unfav) \$	%
Electric plant, at cost:							
Electric plant in service	94,442,939	93,568,513	874,426	0.93%	89,623,192	4,819,747	5.38%
Less accumulated depreciation	(25,576,532)	(25,367,053)	209,478	0.83%	(25,278,289)	298,243	1.18%
Net electric plant in service	68,866,407	68,201,459	664,948	0.97%	64,344,903	4,521,504	7.03%
Construction work in progress	3,756,181	3,481,863	274,318	7.88%	1,792,854	1,963,327	109.51%
Net electric plant	72,622,589	71,683,323	939,266	1.31%	66,137,757	6,484,831	9.81%
Other assets:							
Non-utility property	65,697	65,697	-	0.00%	65,697	-	0.00%
Other investments	9,685,238	9,634,347	50,892	0.53%	9,437,133	248,106	2.63%
Deferred charges	(449,969)	(330,510)	(119,459)	36.14%	(398,800)	(51,169)	12.83%
Total other assets	9,300,966	9,369,534	(68,567)	-0.73%	9,104,029	196,937	2.16%
Current assets:							
Cash	793,657	1,055,180	(261,523)	-24.78%	2,261,929	(1,468,271)	-64.91%
Notes receivable (net)	4,996	5,438	(442)	-8.12%	15,230	(10,233)	-67.20%
Accounts receivable (net)	9,341,296	10,301,553	(960,257)	-9.32%	8,943,170	398,126	4.45%
Other receivables (net)	376,520	311,107	65,413	21.03%	248,028	128,492	51.81%
Inventories	2,442,237	2,604,103	(161,866)	-6.22%	2,025,945	416,292	20.55%
Prepaid expenses	318,871	296,290	22,581	7.62%	338,700	(19,829)	-5.85%
Total current assets	13,277,579	14,573,671	(1,296,092)	-8.89%	13,833,002	(555,423)	-4.02%
Total assets	\$ 95,201,134	\$ 95,626,527	\$ (425,393)	-0.44%	\$ 89,074,789	\$ 6,126,345	6.88%

	March 2009 Actual	February 2009 Actual	Variance Fav/(Unfav) \$	%	March 2008 Actual	Variance Fav/(Unfav) \$	%
Equities:							
Memberships issued & subscribed	-	-	-	#DIV/0!	-	-	#DIV/0!
Patronage capital assignable	16,561,252	16,561,252	-	0.00%	15,149,492	1,411,760	8.52%
Other earnings	4,467,566	3,609,108	858,458	19.22%	2,860,685	1,606,881	35.97%
Contributions in aid of construction	15,699,507	15,690,202	9,304	0.06%	15,319,245	380,261	2.42%
Net equity	36,728,325	35,860,563	867,762	2.36%	33,329,422	3,398,903	9.25%
Long-term debt	44,626,876	44,869,800	(242,924)	-0.54%	42,113,850	2,513,026	5.63%
Capital leases - non current	318,381	319,332	(951)	-0.30%	348,133	(29,752)	-9.34%
Current liabilities:							
Current portion of long-term debt	1,930,684	1,932,153	(1,469)	-0.08%	2,111,218	(180,534)	-9.35%
Line of Credit	2,950,000	1,900,218	1,049,782	35.59%	1,262,000	1,688,000	57.22%
Accounts payable	5,839,156	7,727,384	(1,888,229)	-32.34%	5,936,508	(97,352)	-1.67%
Customer deposits	115,701	107,396	8,305	7.18%	106,329	9,372	8.10%
Other accrued expenses	2,307,789	2,595,310	(287,521)	-12.46%	2,497,048	(189,259)	-8.20%
Total current liabilities	13,143,330	14,262,462	(1,119,132)	-8.51%	11,913,103	1,230,227	9.36%
Deferred credits	384,221	314,369	69,852	18.18%	1,370,280	(986,059)	-256.64%
Total liabilities and equity	\$ 95,201,134	\$ 95,626,527	(425,393)	-0.44%	\$ 89,074,789	\$ 6,126,345	6.88%

MONTHLY

STATEMENT OF OPERATIONS

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	March 2009 Actual	March 2009 Budget	March 2009 Actual- Budget Variance Fav (Unfav) \$	March 2009 Actual- Budget Variance Fav (Unfav) %	March 2008 Actual	March 2009 Actual - March 2008 Variance Fav (Unfav) \$	March 2009 Actual - March 2008 Variance Fav (Unfav) %
Revenue							
Operating Revenue	6,379,446	5,946,263	433,183	7.3%	5,837,425	542,021	9.3%
Sales for Resale	308,326	412,685	(104,359)	-25.3%	338,141	(29,815)	8.8%
Total revenues	\$ 6,687,772	\$ 6,358,948	\$ 328,824	5.2%	\$ 6,175,566	\$ 512,206	8.3%
Power supply cost							
Purchased power cost	(3,390,656)	(3,326,623)	(64,033)	-1.9%	(3,478,647)	87,991	2.5%
Sales for Resale	(308,326)	(412,685)	104,359	25.3%	(338,141)	29,815	8.8%
Transmission	(625,951)	(607,263)	(18,688)	-3.1%	(657,823)	31,872	4.8%
Total Power supply cost	(4,324,933)	(4,346,571)	21,638	0.5%	(4,474,611)	149,678	3.3%
Gross Margin	\$ 2,362,839	\$ 2,012,377	\$ 350,462	17.4%	\$ 1,700,955	\$ 661,884	-38.9%
Operating expenses							
Distribution: Operations & Mtce	(785,574)	(709,872)	(75,702)	-10.7%	(821,907)	36,333	4.4%
Customer accounts	(206,755)	(209,783)	3,028	1.4%	(188,068)	(18,687)	-9.9%
Administrative & general	(243,217)	(289,422)	46,205	16.0%	(270,381)	27,164	10.0%
Total operating expenses	(1,235,546)	(1,209,077)	(26,470)	-2.2%	(1,280,356)	44,810	3.5%
Depreciation & amortization	(331,081)	(327,912)	(3,169)	-1.0%	(303,004)	(28,077)	-9.3%
Gross revenue & receipts taxes	(57,272)	(59,100)	1,828	3.1%	(54,187)	(3,085)	-5.7%
Interest on long-term debt	(225,373)	(240,732)	15,359	6.4%	(237,623)	12,250	5.2%
Other interest expenses	(6,252)	(7,787)	1,535	19.7%	(5,832)	(419)	-7.2%
Other Deductions	(480)	(3,500)	3,020	86.3%	-	(480)	N/A
Total depreciation & other expenses	(620,457)	(639,031)	18,573	2.9%	(600,646)	(19,812)	-3.3%
Income from operations	506,835	164,269	342,566	208.5%	(180,047)	686,882	381.5%
Interest income	243,879	234,035	9,844	4.2%	230,454	13,424	5.8%
Other income (expenses)	(524)	387	(911)	-235.3%	153	(677)	-441.6%
Other capital credits & dividends	108,255	47,323	60,932	128.8%	50,491	57,764	114.4%
Total non-operating margins	351,610	281,745	69,865	24.8%	281,099	70,511	25.1%
Net income (loss)	858,445	446,014	412,431	92.5%	101,052	757,393	-749.5%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 858,445	\$ 446,014	\$ 412,431	92.5%	\$ 101,052	\$ 757,393	-749.5%

STATEMENT OF CASH FLOWS

	Month		March 2008 Actual	March 2009 Actual	Year-to-date		Variance Fav (Unfav)	
	March 2009 Actual	March 2008 Actual			March 2008 Actual	\$	%	
Cash flows from operating activities:								
Net income	\$ 858,445	\$ 101,052	\$ 1,894,220	\$ 287,366	1,806,855	559.17%		
Noncash expenses (income) included in earnings:								
Depreciation & amortization	456,550	372,629	1,241,074	1,804,686	(363,612)	-22.66%		
(Gain) loss on sale of investments	(530)	(530)	(1,590)	(1,590)	-	0.00%		
Changes in assets and liabilities:								
Decrease (increase) in notes receivable	442	1,303	1,392	5,048	(3,656)	-72.43%		
Decrease (increase) in accounts receivable	960,257	517,213	(474,024)	747,921	(1,221,945)	-163.38%		
Decrease (increase) in other receivable	(65,413)	92,469	465,416	(21,038)	487,454	2316.98%		
Decrease (increase) in inventories	161,866	(255,634)	(98,963)	(323,656)	224,693	-69.42%		
Decrease (increase) in prepayments	(22,581)	16,459	(115,332)	(29,224)	(86,108)	-294.64%		
Decrease (increase) in deferred charges	44,549	(45,494)	(36,151)	(150,302)	114,151	75.95%		
Increase (decrease) in accounts payable	(1,888,229)	1,022,565	415,056	930,105	(515,049)	-55.38%		
Increase (decrease) in customer deposits	8,305	(805)	12,342	2,125	10,217	-480.80%		
Increase (decrease) in accrued expenses	(287,521)	(261,339)	(29,953)	105,301	(135,254)	-128.45%		
Increase (decrease) in deferred credits	69,852	(13,223)	(156,821)	69,034	(225,855)	-327.17%		
Net cash provided (used) by operating activities	296,091	1,546,866	3,117,667	3,225,775	(108,108)	-3.35%		
Cash flows from investing activities:								
Additions to electric plant, in service and construction work in progress	(1,260,342)	(353,313)	(3,236,119)	(2,245,140)	(990,979)	-44.14%		
Proceeds from retirements of electric plant, in service	(60,134)	(35,756)	(172,302)	76,043	(248,345)	-326.58%		
Return on capital investments	(50,892)	(54,354)	(45,425)	(57,183)	11,759	-20.56%		
Proceeds (payments) from sale (purchase) of investments	-	-	-	-	-	N/A		
Net cash provided (used) in investing activities	(1,371,368)	(443,423)	(3,453,846)	(2,226,280)	(1,227,565)	-55.14%		
Cash flows from financing activities:								
Proceeds from borrowings LOC	-	-	-	-	-	N/A		
Proceeds from borrowings Long-Term	-	-	-	-	-	N/A		
Payments to creditors LOC	1,049,782	(854,914)	400,058	(137,834)	537,892	390.25%		
Payments to creditors Long-Term	(245,344)	(232,217)	(495,723)	(372,839)	(122,884)	-32.96%		
Increase in contributions in aid of construction	9,304	(145,917)	35,235	(94,027)	129,262	-137.47%		
Memberships issued, net of refunds	-	(100)	-	-	-	N/A		
Additions to donated capital, net	12	-	12	-	12	N/A		
Net cash provided (used) by financing activities	813,755	(1,233,148)	(60,417)	(604,700)	544,283	90.01%		
Net increase (decrease) in cash and equivalents	(261,522)	(129,705)	(396,596)	394,794	(791,390)	-200.46%		
Cash & cash equivalents at beginning of period	1,055,180	2,391,633	1,190,253	1,867,135	(676,881)	-36.25%		
Cash & cash equivalents at end of period	\$ 793,657	\$ 2,261,929	\$ 793,657	\$ 2,261,929	\$ (1,468,271)	-64.91%		
Supplemental cash flow information:								
Cash paid during the period for interest:	\$ (430,989)	\$ (435,933)	\$ (12,840)	\$ (76,063)	\$ 63,222	83.12%		