

Financial Highlights – March, 2020

	<u>Variance (K's)</u>	<u>YTD Variance (K's)</u>
March Net Income	\$200	\$337

Analysis:

• Operating Revenue	(\$121)	(\$740)
----------------------------	----------------	----------------

KWH sales in March are \$156k less than budget for the month and \$371k less YTD. The average price/KWH sold is \$21k better than budget for the month but is \$255k less for the year. Non-energy services, pole attachments, and wheeling revenues are \$12k less than budget for the month and \$48k less for the year. Unbilled revenues are \$43k less than budget for the month and \$17k less YTD. The sale of Renewable Energy Credits is \$67k better than budget for the month but is \$48k less than budget YTD.

• Purchased Power Costs	(\$63)	\$687
--------------------------------	---------------	--------------

Purchased KWH is under budget by \$31k for the month and \$214k under for the year. Our overall costs/KWH is \$94k over budget for the month but is \$473k under YTD.

• Transmission Costs	\$278	\$520
-----------------------------	--------------	--------------

Transmission support for substations and supervision is \$1k under budget for the month and \$20k under YTD. Transmission by Others is \$258k under budget for the month and \$433k under YTD. Maintenance for SCADA and overhead lines is \$3k over budget for the month but is \$8k under for the year. Transmission vegetative maintenance is \$23k under budget for the month and \$70k under YTD.

• Distribution Operations/Mtce	\$43	(\$169)
---------------------------------------	-------------	----------------

Major Storm costs are \$43k under budget for the month and \$124k under for the year. Meter/AMI Expense is \$25k over budget for the month and \$22k over YTD. Supervisory related costs are \$18k under budget for the month and \$68k under YTD. Overall Distribution Maintenance costs are \$21k under budget for the month but is \$2k over YTD. Miscellaneous Distribution and Customer Installation expenses are \$1k under budget for the month and \$12k under YTD. Distribution vegetative maintenance program spending is \$14k over budget for the month and \$349k over YTD. The overall vegetative maintenance program (transmission + distribution) is \$8k under budget for the month but is \$279k over for the year.

• Customer Accounts	\$15	\$54
----------------------------	-------------	-------------

Meter Reading & Disconnect Services are \$12k under budget for the month and \$33k under YTD. Member service administration is \$3k under budget for the month and \$2k under YTD. Uncollectible Accounts are \$5k under budget for the month and \$26k under YTD. Communications, Patronage Capital and SQRP Costs are \$4k over budget for the month and \$7k over YTD.

- **Administrative & General** \$4 (\$23)

Regulatory related expense is \$4k over budget for the month and \$18k over YTD. Payroll and Benefits are \$2k under budget for the month and \$1k under YTD. Outside Services is \$4k over budget for the month but is \$1k under YTD. Director Expenses are on budget for the month but is \$8k under YTD. Internal costs incurred for TIER 3 Projects are \$2k under budget for the month but is \$2k over YTD. Expenses for Coop-life, Business Development, Dues, Annual and Employee Meeting are \$8k under budget for the month but is \$2k over YTD. Office related expenses are \$4k over budget for the month and \$6k over YTD. Safety and Facility related expenses are \$3k under budget for the month but is \$4k over YTD.

- **Total Depreciation & Other Exp** \$10 \$5

Depreciation expense is \$4k over budget for the month and \$8k over YTD. Interest expense is \$9k under budget for the month and \$1k under YTD. Gross Receipt & Revenue Taxes are \$4k under budget for the month and \$9k under YTD. Other Expenses are \$2k under budget for the month and \$4k under YTD.

- **Total Non-Operating Margins** \$35 \$2

Capital Credits from CFC, CoBank, NISC and Federated are \$33k better than budget for the month and \$27k better YTD. Interest and Dividend Income \$2k better than budget for the month but is on budget YTD. Miscellaneous Jobbing Revenue is \$18k less than budget for the month and \$42k less YTD. Other Income is \$17k better than budget for the month and \$17k better for the year.

- **Capital Spending Plan** \$434 \$626

Annual and Routine Capital Projects are \$34k under budget for the month and \$119k under YTD. Pole Replacements are \$96k over budget for the month and \$228k over YTD. Energy Transformation Projects are \$25k under budget for the month and \$75k under for the year. Distribution projects are \$59k under budget the month and \$155k under YTD. Generation related projects are on budget for the month but is \$1k over for the year. Substation projects are \$224k under budget for the month and \$217k under for the year. Transmission projects are \$159k under budget for the month and \$292k under YTD. Metering projects are \$53k under budget for the month but is \$6k over for the year. Information Technology projects are \$18k under budget for the month but is \$42k under YTD. Fleet Purchases are \$37k over budget for the month and \$37k over for the year. Facilities projects are \$8k over budget for the month and year. The Newport Facility Project is \$3k under budget for the month and \$6k under budget for the year.

TIER and Debt Service Coverage

We are on target to meet our budgeted TIER of 1.98. Our Debt Service payments for 2020 is expected to be \$8.5 million.

Cash Flow and Line of Credit

In March, we used up to a peak of \$4.9M on our line of credit on March 25th. The April high for the line of credit is expected to be \$5.7M on April 30th.

Balance Sheet

Our equity ratio in March finished at 44.7% up from February at 43.9%. Our current ratio, a measure of liquidity, is .96, up from February at .89. VEC's FFO ratio for 2020 YTD ("Funds from Operations/Capital Expenditures Ratio"; Target of 80% desirable) is 2.42, up from February at .97.

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

	March, 2020 Actual	March, 2020 Budget	Actual - Budget Variance Fav (Unfav) \$	%	March, 2019 Actual	Prior Year Variance Fav (Unfav) \$	%
kWh Statistics							
kWh Units Sold	39,135,942	40,060,642	(924,700)	-2.3%	38,679,241	456,701	1.2%
kWh Units Purchased	42,573,000	43,001,312	(428,312)	-1.0%	43,003,000	(430,000)	-1.0%
Net System Losses (kWh)	3,437,058	2,940,670	496,388	16.9%	4,323,759	(886,701)	-20.5%
System Losses (%)	8.07%	6.84%			10.05%		
Revenue							
Operating Revenue	7,496,879	7,618,223	(121,344)	-1.6%	7,495,101	1,778	0.0%
Sales for Resale	84,647	117,645	(32,998)	-28.0%	138,615	(53,968)	38.9%
Total revenues	\$ 7,581,526	\$ 7,735,867	(\$ 154,342)	-2.0%	\$ 7,633,716	(\$ 52,190)	-0.7%
Power supply cost							
Purchased power cost	3,141,498	3,078,117	(63,381)	-2.1%	2,944,578	(196,921)	6.7%
Sales for Resale	84,647	117,645	(32,998)	28.0%	138,615	53,968	-38.9%
Transmission	850,661	1,128,361	277,699	24.6%	1,113,430	262,769	-23.6%
Total Power supply cost	4,076,807	4,324,122	247,316	-5.7%	4,196,623	119,816	-2.9%
Gross Margin	\$ 3,504,719	\$ 3,411,745	\$ 92,974	2.7%	\$ 3,437,094	\$ 67,626	-2.0%
Operating expenses							
Distribution: Operations & Mice	1,296,116	1,339,606	43,490	3.2%	1,062,184	(233,932)	22.0%
Customer accounts	228,380	243,766	15,386	6.3%	236,460	8,079	-3.4%
Administrative & general	342,463	345,965	3,501	1.0%	307,492	(34,972)	11.4%
Total operating expenses	\$ 1,866,960	\$ 1,929,337	\$ 62,378	3.2%	\$ 1,606,135	(\$ 260,825)	16.2%
Depreciation & amortization	510,731	506,342	(4,389)	-0.9%	500,998	(9,733)	1.9%
Gross revenue & receipts taxes	69,816	73,455	3,640	5.0%	65,568	(4,248)	6.5%
Interest on long-term debt	296,830	306,233	9,403	3.1%	293,714	(3,116)	1.1%
Other interest expenses	9,922	9,412	(510)	-5.4%	20,147	10,225	-50.8%
Other Deductions	-	1,500	1,500	100.0%	(402)	(402)	-100.0%
Total depreciation & other expenses	887,299	896,943	9,644	-1.1%	880,026	(7,274)	0.8%
Income from operations	\$ 750,461	\$ 585,465	\$ 164,996	28.2%	\$ 950,933	(\$ 200,472)	21.1%
Interest income	1,227,488	1,225,951	1,537	0.1%	1,201,016	26,473	2.2%
Other income (expenses)	20,633	20,332	301	1.5%	23,982	(3,349)	-14.0%
Other capital credits & dividends	399,916	367,080	32,836	8.9%	367,080	32,837	8.9%
Total non-operating margins	1,648,038	1,613,363	34,674	2.1%	1,592,078	55,960	3.5%
Net income (loss)	2,398,498	2,198,828	199,670	9.1%	2,543,011	(144,513)	5.7%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 2,398,498	\$ 2,198,828	\$ 199,670	9.1%	\$ 2,543,011	(\$ 144,513)	5.7%

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

	March, 2020 Actual	March, 2020 Budget	Actual - Budget Variance Fav (Unfav) \$	%	March, 2019 Actual	Prior Year Variance Fav (Unfav) \$	%
kWh Statistics							
kWh Units Sold	124,157,532	126,408,844	(2,251,312)	-1.8%	125,027,443	(869,911)	-0.7%
kWh Units Purchased	128,803,000	131,609,060	(2,806,060)	-2.1%	130,165,000	(1,362,000)	-1.0%
Net System Losses (kWh)	4,645,468	5,200,215	(554,747)	-10.7%	5,137,557	(492,089)	-9.6%
System Losses (%)	3.61%	3.95%			3.95%		
Revenue							
Operating Revenue	21,883,433	22,623,202	(739,769)	-3.3%	22,190,635	(307,203)	-1.4%
Sales for Resale	184,309	479,191	(294,882)	-61.5%	288,013	(103,704)	36.0%
Total revenues	\$ 22,067,742	\$ 23,102,393	\$ (1,034,651)	-4.5%	\$ 22,478,648	\$ (410,907)	-1.8%
Power supply cost							
Purchased power cost	9,366,729	10,053,782	687,053	6.8%	9,186,076	(180,652)	2.0%
Sales for Resale	184,309	479,191	294,882	61.5%	288,013	103,704	-36.0%
Transmission:	3,131,627	3,651,742	520,115	14.2%	3,606,809	475,182	-13.2%
Total Power supply cost	12,682,665	14,184,714	1,502,050	-10.6%	13,080,898	398,234	-3.0%
Gross Margin	\$ 9,385,077	\$ 8,917,678	\$ 467,399	5.2%	\$ 9,397,750	\$ (12,673)	0.1%
Operating expenses							
Distribution: Operations & Mtce	4,095,145	3,926,137	(169,008)	-4.3%	3,279,956	(815,188)	24.9%
Customer accounts	688,216	742,168	53,953	7.3%	702,964	14,748	-2.1%
Administrative & general	1,049,205	1,026,284	(22,921)	-2.2%	983,559	(65,647)	6.7%
Total operating expenses	5,832,566	5,694,590	(137,976)	-2.4%	4,966,479	(866,087)	17.4%
Depreciation & amortization	1,528,025	1,519,843	(8,181)	-0.5%	1,505,602	(22,422)	1.5%
Gross revenue & receipts taxes	215,437	224,200	8,764	3.9%	210,532	(4,904)	2.3%
Interest on long-term debt	899,907	907,772	7,864	0.9%	881,712	(18,196)	2.1%
Other interest expenses	31,953	25,058	(6,895)	-27.5%	57,421	25,468	-44.4%
Other deductions	864	4,500	3,636	80.8%	4,174	3,310	-79.3%
Total depreciation & other exp	2,676,186	2,681,373	5,187	-0.2%	2,659,442	(16,744)	0.6%
Income from operations	876,326	541,716	334,610	61.8%	1,771,829	(895,503)	50.5%
Interest income	1,228,286	1,228,649	(363)	0.0%	1,202,075	26,211	2.2%
Other income (expenses)	38,453	62,158	(23,705)	-38.1%	35,686	2,768	7.8%
Other capital credits & dividends	422,943	396,663	26,280	6.6%	396,663	26,280	6.6%
Total non-operating margins	1,689,682	1,687,470	2,212	0.1%	1,634,423	55,259	3.4%
Net income (loss)	2,566,008	2,229,186	336,822	15.1%	3,406,252	(840,244)	24.7%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 2,566,008	\$ 2,229,186	\$ 336,822	15.1%	\$ 3,406,252	\$ (840,244)	24.7%

Vermont Electric Cooperative, Inc.
Balance Sheet (Assets)
March, 2020

	March, 2020 Actual	February, 2020 Actual	Variance Fav/(Unfav) \$	%	March, 2019 Actual	Variance Fav/(Unfav) \$	%
Electric plant, at cost:							
Electric plant in service	176,966,668	176,861,423	105,246	0.06%	171,996,545	4,970,123	2.89%
Less accumulated depreciation	(54,441,625)	(54,044,349)	397,277	0.74%	(50,595,383)	3,846,242	7.60%
Net electric plant in service	122,525,043	122,817,074	(292,031)	-0.24%	121,401,162	1,123,881	0.93%
Construction work in progress	3,030,661	2,813,063	217,598	7.74%	1,454,460	1,576,201	108.37%
Net electric plant	125,555,704	125,630,137	(74,433)	-0.06%	122,855,622	2,700,082	2.20%
Other assets:							
Non-utility property	65,697	65,697	-	0.00%	65,697	-	0.00%
Other investments	43,066,961	42,980,226	86,736	0.20%	42,066,080	1,000,882	2.38%
Deferred charges	111,674	115,569	(3,895)	-3.37%	131,218	(19,544)	-14.89%
Total other assets	43,244,332	43,161,492	82,841	0.19%	42,262,994	981,338	2.32%
Current assets:							
Cash	1,352,532	322,373	1,030,159	319.55%	833,200	519,332	62.33%
Notes receivable (net)	-	-	-	0.00%	-	-	#DIV/0!
Accounts receivable (net)	9,701,924	10,301,444	(599,521)	-5.82%	10,280,720	(578,796)	-5.63%
Other receivables (net)	3,434,348	2,200,200	1,234,149	56.09%	3,376,962	57,386	1.70%
Inventories	5,390,054	5,245,563	144,491	2.75%	5,199,776	190,278	3.66%
Prepaid expenses	666,186	473,053	193,133	40.83%	582,237	83,949	14.42%
Total current assets	20,545,045	18,542,633	2,002,412	10.80%	20,272,896	272,149	1.34%
Total assets	\$ 189,345,082	\$ 187,334,261	\$ 2,010,820	1.07%	\$ 185,391,512	\$ 3,953,569	2.13%

Vermont Electric Cooperative, Inc.
Balance Sheet (Liabilities & Equity)
March, 2020

	March, 2020 Actual	February, 2020 Actual	Variance Fav/(Unfav) \$	Variance Fav/(Unfav) %	March, 2019 Actual	Variance Fav/(Unfav) \$	Variance Fav/(Unfav) %
Equities:							
Memberships issued & subscribed	-	-	-	0.00%	-	-	0.00%
Patronage capital assignable	4,385,065	(3)	4,385,067	100.00%	4,295,481	89,584	2.04%
Other earnings	80,155,477	82,151,273	(1,995,796)	-2.49%	77,704,296	2,451,181	3.06%
Contributions in aid of construction	-	-	-	0.00%	-	-	0.00%
Net equity	84,540,542	82,151,270	2,389,272	2.83%	81,999,777	2,540,765	3.01%
Long-term debt	81,256,107	82,149,820	(893,713)	-1.10%	78,499,213	2,756,894	3.39%
Capital leases - non current	347,413	404,283	(56,869)	-16.37%	393,464	(46,051)	-13.26%
Current liabilities:							
Current portion of long-term debt	4,652,342	4,652,342	-	0.00%	4,360,369	291,973	6.28%
Line of Credit	4,700,000	3,900,000	800,000	17.02%	5,750,000	(1,050,000)	-22.34%
Accounts payable	6,588,734	6,242,647	346,088	5.25%	6,657,336	(88,601)	-1.04%
Customer deposits	1,736,712	1,714,770	21,941	1.26%	1,554,797	181,914	10.47%
Other accrued expenses	3,736,569	4,237,683	(501,114)	-13.41%	3,786,215	(49,646)	-1.33%
Total current liabilities	21,414,357	20,747,442	666,915	3.11%	22,108,717	(694,360)	-3.24%
Deferred credits	1,786,663	1,881,447	(94,784)	-5.31%	2,390,340	(603,678)	-33.79%
Total liabilities and equity	\$ 189,345,082	\$ 187,334,261	\$ 2,010,820	1.06%	\$ 185,391,512	\$ 3,953,569	2.13%

Vermont Electric Cooperative, Inc.
Statement of Cash Flows

	Month		Year-to-date		Variance Fav (Unfav)
	March, 2020 Actual	March, 2019 Actual	March, 2020 Actual	March, 2019 Actual	
Cash flows from operating activities:					
Net income	\$ 2,398,498	\$ 2,543,011	\$ 2,566,008	\$ 3,406,252	\$(840,244)
Noncash expenses (income) included in earnings:					
Depreciation & amortization	\$ 582,235	\$ 558,612	\$ 1,727,543	\$ 1,644,991	\$ 82,552
(Gain) loss on sale of investments	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) loss on sale of fixed assets	\$ (17,330)	\$ (530)	\$ (18,390)	\$ (1,690)	\$(16,700)
Changes in assets and liabilities:					
Decrease (increase) in notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Decrease (increase) in accounts receivable	\$ 599,521	\$ 172,846	\$ (542,581)	\$ (787,779)	\$ 245,198
Decrease (increase) in other receivable	\$ (1,234,149)	\$ (1,252,823)	\$ (561,459)	\$ (1,622,447)	\$ 1,060,988
Decrease (increase) in inventories	\$ (144,491)	\$ (288,512)	\$ (245,771)	\$ (244,926)	\$(845)
Decrease (increase) in prepayments	\$ (193,133)	\$ 41,738	\$ (158,328)	\$ (131,515)	\$(26,813)
Decrease (increase) in deferred charges	\$ 6,754	\$ 4,526	\$ 10,018	\$ 10,473	\$(455)
Increase (decrease) in accounts payable	\$ 346,088	\$ (199,769)	\$ (343,092)	\$ (930,851)	\$ 587,759
Increase (decrease) in customer deposits	\$ 21,941	\$ 81,968	\$ 13,190	\$ 114,394	\$(101,204)
Increase (decrease) in accrued expenses	\$ (501,114)	\$ (777,638)	\$ 579,581	\$ (214,991)	\$ 794,572
Increase (decrease) in deferred credits	\$ (94,784)	\$ (104,413)	\$ 136,732	\$ 2,341,502	\$(2,204,770)
Net cash provided (used) by operating activities	1,770,035	779,015	3,163,451	3,583,413	(419,962)
Cash flows from investing activities:					
Additions to electric plant in service and construction work in progress	\$ (559,810)	\$ (935,015)	\$ (1,744,026)	\$ (4,638,144)	\$ 2,894,118
Proceeds from retirements of electric plant in service	\$ 66,479	\$ 256,534	\$ (44,757)	\$ 264,235	\$(308,992)
Return on capital investments	\$ (141,759)	\$ (199,969)	\$ (145,830)	\$ (213,321)	\$ 67,491
Proceeds (payments) from sale (purchase) of investments	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash provided (used) in investing activities	(635,090)	(878,450)	(1,934,613)	(4,587,230)	2,652,616
Cash flows from financing activities:					
Proceeds from borrowings LOC	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from borrowings Long-Term	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to creditors LOC	\$ 800,000	\$ 550,000	\$ 749,122	\$ 1,050,000	\$(300,878)
Payments to creditors Long-Term	\$ (895,559)	\$ (833,701)	\$ (1,313,188)	\$ (1,236,345)	\$(76,843)
Patronage Capital Retirements - Net	\$ (9,226)	\$ (4,112)	\$ (13,194)	\$ (5,637)	\$(7,556)
Memberships issued, net of refunds	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to donated capital, net	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash provided (used) by financing activities	(104,786)	(287,813)	(577,260)	(191,983)	(385,277)
Net increase (decrease) in cash and equivalents	1,030,159	(387,249)	651,578	(1,195,800)	1,847,377
Cash & cash equivalents at beginning of period	\$ 322,373	\$ 1,220,449	\$ 700,955	\$ 2,029,000	\$(1,328,045)
Cash & cash equivalents at end of period	\$ 1,352,532	\$ 833,200	\$ 1,352,532	\$ 833,200	\$ 519,332