

Financial Highlights – December, 2020

	<u>Variance (K's)</u>	<u>YTD Variance (K's)</u>
December Net Income	(\$591)	\$804

Analysis:

- Operating Revenue**
(\$310)
(\$1,764)

KWH sales in December are \$225k less than budget for the month and \$1,120k less YTD. The average price/KWH sold is \$73k better than budget for the month but is \$111k less for the year. Non-energy services, pole attachments, and wheeling revenues are \$24k better than budget for the month but is \$364k less for the year. Unbilled revenues are \$136k better than budget for the month and \$157k better YTD. The sale of Renewable Energy Credits is \$318k less than budget for the month and \$325k less YTD.

- Purchased Power Costs**
\$43
\$1,303

Purchased KWH is over budget by \$27k for the month but is \$608k under budget for the year. Our overall costs/KWH is \$70k under budget for the month and \$695k under YTD.

- Transmission Costs**
(\$198)
(\$455)

Transmission support for substations and supervision is \$2k over budget for the month and \$4k over YTD. Transmission by Others is \$242k over budget for the month and \$469k over YTD. Property Taxes are \$6k under budget for the month and \$38k under for the year. Maintenance for SCADA and overhead lines is \$20k under budget for the month but is \$84k over for the year. Transmission vegetative maintenance is \$20k under budget for the month and \$65k under YTD.

- Distribution Operations/Mtce**
(\$126)
\$1,330

Major Storm costs are \$145k under budget for the month and \$1,238k under for the year. Meter/AMI Expense is \$11k under budget for the month and \$29k under YTD. Supervisory related costs are \$18k under budget for the month and \$211k under YTD. Overall Distribution Maintenance costs are \$107k over for the month but is \$261k under YTD. Miscellaneous Distribution and Customer Installation expenses are \$4k over budget for the month but is \$55k under YTD. Property taxes are \$29k over budget for the month and \$173k over YTD. Distribution vegetative maintenance program spending is \$159k over budget for the month and \$290k over YTD. The overall vegetative maintenance program (transmission + distribution) is \$140k over budget for the month and \$225k over for the year.

- Customer Accounts**
\$83
\$239

Meter Reading & Disconnect Services are \$8k under budget for the month and \$182k under YTD. Member service administration is \$6k over budget for the month and \$21k over YTD. Uncollectible Accounts are \$82k under budget for the month and \$38k under YTD. Property Taxes are \$5k under budget for the month and \$27k under for the year. Communications, Patronage Capital and SQRP Costs are \$4k over budget for the month but is \$12k under YTD.

- Administrative & General**
(\$12)
\$58

Regulatory related expense is \$5k over budget for the month but is \$30k under YTD. Payroll and Benefits are \$10k under budget for the month and \$77k under YTD. Outside Services is \$6k over

budget for the month but is \$27k under YTD. Director Expenses are \$3k under budget for the month and \$46k under YTD. Costs incurred for TIER 3 Projects are \$25k over budget for the month and \$272k over YTD. Expenses for Coop-life, Business Development, Dues, Annual and Employee Meeting are \$23k under budget for the month and \$114k under YTD. Office related expenses are \$2k over budget for the month and \$7k over YTD. Safety and Facility related expenses are \$10k over budget for the month but is \$43k under YTD.

• **Total Depreciation & Other Exp** (\$11) (\$10)

Depreciation expense is \$17k over budget for the month and \$92k over YTD. Interest expense is \$14k under budget for the month and \$63k under YTD. Gross Receipt & Revenue Taxes are \$2k under budget for the month and \$15k under YTD. Other Expenses are \$10k over budget for the month and \$3k under YTD.

• **Total Non-Operating Margins** (\$60) \$105

Capital Credits from CFC, CoBank, NISC and Federated are \$15k better than budget for the month and \$74k better YTD. Interest and Dividend Income is on budget for the month but is \$81k better YTD. Miscellaneous Jobbing Revenue is \$17k less than budget for the month and \$5k less YTD. Other Income is \$58k over budget for the month and \$46k over for the year.

• **Capital Spending Plan** \$228 (\$78)

Annual and Routine Capital Projects are \$77k over budget for the month but is \$51k under YTD. Pole Replacements are \$20k over budget for the month and \$789k over YTD. Energy Transformation Projects are \$25k under budget for the month and \$300k under for the year. Distribution projects are \$217k under budget for the month and \$56k under YTD. Generation related projects are \$199k over budget for the month but is \$4k under for the year. Substation projects are \$42k under budget for the month but is \$17k over for the year. Transmission projects are \$199k under budget for the month and \$262k under YTD. Metering projects are \$80k under budget for the month but is \$25k over for the year. Information Technology projects are \$182k over budget for the month but is \$16k under YTD. Fleet Purchases are \$49k over budget for the month and \$28k over for the year. Facilities projects are on budget for the month but is \$4k under YTD. The Newport Facility Project is \$193k under budget for the month and \$88k under budget for the year.

TIER and Debt Service Coverage

We finished the year with a TIER of 2.22, exceeding our budgeted TIER of 1.98. Our Debt Service payments for 2020 was \$8.1 million.

Cash Flow and Line of Credit

In December, we used up to a peak of \$3.4M on our line of credit on December 29th. The January high for the line of credit was \$4.1M on January 20th.

Balance Sheet

Our equity ratio in December finished at 43.30% down slightly from November at 43.66%. Our current ratio, a measure of liquidity, is .86, up from November at .65. VEC's FFO ratio for 2020 YTD ("Funds from Operations/Capital Expenditures Ratio"; Target of 80% desirable) is .84 up from November at .81

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

	December, 2020 Actual	December, 2020 Budget	Actual- Budget Variance Fav (Unfav) \$	%	December, 2019 Actual	Prior Year Variance Fav (Unfav) \$	%
kWh Statistics							
kWh Units Sold	37,424,438	38,754,532	(1,330,094)	-3.4%	38,977,889	(1,553,451)	-4.0%
kWh Units Purchased	45,484,000	45,100,659	383,341	0.8%	44,501,000	983,000	2.2%
Net System Losses (kWh)	8,059,562	6,346,127	1,713,435	27.0%	5,523,111	2,536,451	45.9%
System Losses (%)	17.72%	14.07%			12.41%		
Revenue							
Operating Revenue	6,913,277	7,223,336	(310,060)	-4.3%	6,663,708	249,569	3.7%
Sales for Resale	46,092	134,719	(88,627)	-65.8%	80,717	(34,625)	42.9%
Total revenues	\$ 6,959,369	\$ 7,358,056	\$ (398,687)	-5.4%	\$ 6,744,425	\$ 214,944	3.2%
Power supply cost							
Purchased power cost	3,182,891	3,225,847	42,956	1.3%	3,296,743	113,852	-3.5%
Sales for Resale	46,092	134,719	88,627	65.8%	80,717	34,625	-42.9%
Transmission	1,349,297	1,151,438	(197,858)	-17.2%	1,151,596	(197,701)	17.2%
Total Power supply cost	4,578,280	4,512,005	(66,275)	1.5%	4,529,055	(49,224)	1.1%
Gross Margin	\$ 2,381,089	\$ 2,846,051	\$ (464,962)	-16.3%	\$ 2,215,370	\$ 165,719	-7.5%
Operating expenses							
Distribution: Operations & Mice	1,416,847	1,290,534	(126,313)	-9.8%	816,047	(600,800)	73.6%
Customer accounts	162,425	245,506	83,082	33.8%	156,943	(5,482)	3.5%
Administrative & general	344,769	333,136	(11,633)	-3.5%	404,883	60,113	-14.8%
Total operating expenses	\$ 1,924,042	\$ 1,869,177	\$ (54,865)	-2.9%	\$ 1,377,872	\$ (546,169)	39.6%
Depreciation & amortization	518,449	501,134	(17,315)	-3.5%	503,425	(15,024)	3.0%
Gross revenue & receipts taxes	68,082	70,332	2,250	3.2%	66,637	(1,445)	2.2%
Interest on long-term debt	293,772	293,792	20	0.0%	299,211	5,438	-1.8%
Other interest expenses	4,691	18,414	13,723	74.5%	9,477	4,786	-50.5%
Other Deductions	11,029	1,500	(9,529)	-635.3%	66,763	55,735	-83.5%
Total depreciation & other expenses	896,023	885,172	(10,851)	1.2%	945,512	49,489	-5.2%
Income from operations	\$ (438,976)	\$ 91,702	\$ (530,677)	-578.7%	\$ (108,015)	\$ (330,961)	-306.4%
Interest income	1,226,385	1,225,950	435	0.0%	1,207,423	18,962	1.6%
Other income (expenses)	(19,855)	55,590	(75,445)	-135.7%	35,516	(55,371)	-155.9%
Other capital credits & dividends	14,624	-	14,624	N/A	-	14,624	N/A
Total non-operating margins	1,221,154	1,281,540	(60,386)	-4.7%	1,242,939	(21,785)	-1.8%
Net income (loss)	782,179	1,373,242	(591,063)	-43.0%	1,134,924	(352,745)	31.1%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 782,179	\$ 1,373,242	\$ (591,063)	-43.0%	\$ 1,134,924	\$ (352,745)	31.1%

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

	December, 2020 Actual	December, 2020 Budget	Actual- Budget Variance Fav (Unfav) \$	%	December, 2019 Actual	Prior Year Variance Fav (Unfav) \$	%
kWh Statistics							
kWh Units Sold	453,299,908	460,017,931	(6,718,023)	-1.5%	451,380,521	1,919,387	0.4%
kWh Units Purchased	481,965,000	490,148,759	(8,183,759)	-1.7%	480,073,000	1,892,000	0.4%
Net System Losses (kWh)	28,665,092	30,130,827	(1,465,735)	-4.9%	28,692,479	(27,387)	-0.1%
System Losses (%)	5.95%	6.15%			5.98%		
Revenue							
Operating Revenue	79,798,408	81,562,573	(1,764,166)	-2.2%	77,564,240	2,234,168	2.9%
Sales for Resale	1,007,232	1,219,821	(212,589)	-17.4%	1,401,438	(394,206)	28.1%
Total revenues	\$ 80,805,640	\$ 82,782,395	\$ (1,976,755)	-2.4%	\$ 78,965,678	\$ 1,839,962	2.3%
Power supply cost							
Purchased power cost	35,114,700	36,417,987	1,303,287	3.6%	34,164,209	(950,491)	2.8%
Sales for Resale	1,007,232	1,219,821	212,589	17.4%	1,401,438	394,206	-28.1%
Transmission:	13,223,192	12,767,989	(455,193)	-3.6%	13,550,928	327,745	-2.4%
Total Power supply cost	49,345,114	50,405,798	1,060,683	-2.1%	49,116,575	(228,540)	0.5%
Gross Margin	\$ 31,460,526	\$ 32,376,597	\$ (916,072)	-2.8%	\$ 29,849,103	\$ 1,611,422	-5.4%
Operating expenses							
Distribution: Operations & Mtce	15,070,100	16,399,948	1,329,847	8.1%	13,872,603	(1,197,498)	8.6%
Customer accounts	2,755,857	2,994,788	238,931	8.0%	2,728,734	(27,124)	1.0%
Administrative & general	4,064,674	4,122,217	57,543	1.4%	4,089,039	24,365	-0.6%
Total operating expenses	21,890,632	23,516,953	1,626,322	6.9%	20,690,376	(1,200,256)	5.8%
Depreciation & amortization	6,177,414	6,085,220	(92,194)	-1.5%	6,000,592	(176,822)	2.9%
Gross revenue & receipts taxes	796,987	812,380	15,393	1.9%	761,504	(35,484)	4.7%
Interest on long-term debt	3,531,323	3,567,082	35,759	1.0%	3,539,689	8,366	-0.2%
Other interest expenses	127,992	155,695	27,703	17.8%	183,195	55,202	-30.1%
Other deductions	15,119	18,000	2,881	16.0%	75,280	60,161	-79.9%
Total depreciation & other exp	10,648,837	10,638,378	(10,459)	0.1%	10,560,261	(88,576)	0.8%
Income from operations	(1,078,943)	(1,778,734)	699,792	-39.3%	(1,401,533)	322,591	23.0%
Interest income	5,026,725	4,945,666	81,059	1.6%	4,989,882	36,843	0.7%
Other income (expenses)	136,589	187,406	(50,817)	-27.1%	242,047	(105,459)	-43.6%
Other capital credits & dividends	628,954	554,571	74,383	13.4%	554,671	74,282	13.4%
Total non-operating margins	5,792,267	5,687,643	104,624	1.8%	5,786,600	5,667	0.1%
Net income (loss)	4,713,324	3,908,909	804,416	20.6%	4,385,067	328,257	-7.5%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 4,713,324	\$ 3,908,909	\$ 804,416	20.6%	\$ 4,385,067	\$ 328,257	-7.5%

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

	December, 2020 Actual	November, 2020 Actual	Variance Fav/(Unfav) \$	%	December, 2019 Actual	Variance Fav/(Unfav) \$	%
Electric plant, at cost:							
Electric plant in service	188,089,529	183,418,400	4,671,129	2.55%	176,230,390	11,859,138	6.73%
Less accumulated depreciation	(57,534,435)	(57,546,353)	(11,918)	-0.02%	(53,184,609)	4,349,825	8.18%
Net electric plant in service	130,555,094	125,872,047	4,683,047	3.72%	123,045,781	7,509,313	6.10%
Construction work in progress	3,259,539	7,474,425	(4,214,887)	-56.39%	2,438,870	820,669	33.65%
Net electric plant	133,814,633	133,346,472	468,160	0.35%	125,484,651	8,329,982	6.64%
Other assets:							
Non-utility property	65,697	65,697	-	0.00%	65,697	-	0.00%
Other investments	44,632,770	43,237,906	1,394,865	3.23%	42,976,179	1,656,592	3.85%
Deferred charges	85,768	91,898	(6,130)	-6.67%	113,115	(27,347)	-24.18%
Total other assets	44,784,236	43,395,501	1,388,735	3.20%	43,154,991	1,629,245	3.78%
Current assets:							
Cash	451,022	1,095,548	(644,526)	-58.83%	700,955	(249,933)	-35.66%
Notes receivable (net)	-	-	-	0.00%	-	-	#DIV/0!
Accounts receivable (net)	8,928,721	8,329,366	599,354	7.20%	9,159,343	(230,622)	-2.52%
Other receivables (net)	3,129,514	1,661,636	1,467,878	88.34%	2,872,890	256,624	8.93%
Inventories	5,417,204	5,391,608	25,596	0.47%	5,144,283	272,921	5.31%
Prepaid expenses	555,891	456,961	98,930	21.65%	507,858	48,032	9.46%
Total current assets	18,482,351	16,935,120	1,547,231	9.14%	18,385,329	97,022	0.53%
Total assets	\$ 197,081,219	\$ 193,677,093	\$ 3,404,127	1.76%	\$ 187,024,970	\$ 10,056,249	5.38%

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

	December, 2020 Actual	November, 2020 Actual	Variance Fav/(Unfav) \$	%	December, 2019 Actual	Variance Fav/(Unfav) \$	%
Equities:							
Memberships issued & subscribed	-	-	-	0.00%	-	-	0.00%
Patronage capital assignable	(3)	(3)	-	0.00%	(3)	(0)	2.33%
Other earnings	85,337,142	84,569,097	768,045	0.90%	81,987,730	3,349,412	3.92%
Contributions in aid of construction	-	-	-	0.00%	-	-	0.00%
Net equity	85,337,140	84,569,094	768,045	0.90%	81,987,728	3,349,412	3.92%
Long-term debt	88,580,277	81,438,453	7,141,824	8.06%	82,563,783	6,016,494	6.79%
Capital leases - non current	418,262	387,643	30,618	7.32%	407,972	10,289	2.46%
Current liabilities:							
Current portion of long-term debt	5,095,929	4,652,342	443,586	8.70%	4,652,342	443,586	8.70%
Line of Credit	3,400,000	9,000,000	(5,600,000)	-164.71%	3,950,878	(550,878)	-16.20%
Accounts payable	7,595,230	6,694,866	900,364	11.85%	6,931,827	663,403	8.73%
Customer deposits	1,862,177	1,724,604	137,572	7.39%	1,723,522	138,655	7.45%
Other accrued expenses	3,652,465	3,975,756	(323,291)	-8.85%	3,156,988	495,477	13.57%
Total current liabilities	21,605,800	26,047,569	(4,441,768)	-20.56%	20,415,556	1,190,244	5.51%
Deferred credits	1,139,741	1,234,333	(94,592)	-8.30%	1,649,931	(510,190)	-44.76%
Total liabilities and equity	\$ 197,081,219	\$ 193,677,093	\$ 3,404,127	1.73%	\$ 187,024,970	\$ 10,056,249	5.38%

Vermont Electric Cooperative, Inc.
Statement of Cash Flows

	Month			Year-to-date			Variance Fav (Unfav) \$
	December, 2019		December, 2020		December, 2019		
	Actual		Actual		Actual		
Cash flows from operating activities:							
Net income	\$ 782,179	\$ 1,134,924	\$ 4,713,324	\$ 4,385,067	\$ 328,257		
Noncash expenses (income) included in earnings:							
Depreciation & amortization	\$ 697,619	\$ (1,064,262)	\$ 7,311,364	\$ 5,140,765	\$ 2,170,600		
(Gain) loss on sale of investments	\$ 4,538	\$ (7,609)	\$ (24,692)	\$ (89,491)	\$ 64,799		
Changes in assets and liabilities:							
Decrease (increase) in notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -		
Decrease (increase) in accounts receivable	\$ (599,354)	\$ (288,471)	\$ 230,622	\$ 333,598	\$ (102,976)		
Decrease (increase) in other receivable	\$ (1,467,878)	\$ (1,741,697)	\$ (256,624)	\$ (1,118,374)	\$ 861,750		
Decrease (increase) in inventories	\$ (25,596)	\$ (39,143)	\$ (272,921)	\$ (189,433)	\$ (83,488)		
Decrease (increase) in prepayments	\$ (98,930)	\$ (31,288)	\$ (48,032)	\$ (57,137)	\$ 9,104		
Decrease (increase) in deferred charges	\$ 8,989	\$ 10,743	\$ 61,655	\$ 54,307	\$ 7,348		
Increase (decrease) in accounts payable	\$ 900,364	\$ 825,929	\$ 663,403	\$ (656,360)	\$ 1,319,764		
Increase (decrease) in customer deposits	\$ 137,572	\$ 6,186	\$ 138,655	\$ 283,118	\$ (144,463)		
Increase (decrease) in accrued expenses	\$ (323,291)	\$ (70,995)	\$ 495,477	\$ (844,218)	\$ 1,339,695		
Increase (decrease) in deferred credits	\$ (94,592)	\$ (104,671)	\$ (510,190)	\$ 1,601,092	\$ (2,111,282)		
Net cash provided (used) by operating activities	(78,380)	(1,370,353)	12,502,042	8,842,935	3,659,107		
Cash flows from investing activities:							
Additions to electric plant in service and construction work in progress	\$ (1,014,516)	\$ (3,538,660)	\$ (15,328,102)	\$ (15,756,229)	\$ 428,127		
Proceeds from retirements of electric plant in service	\$ (158,661)	\$ 4,158,686	\$ (322,860)	\$ 5,319,587	\$ (5,642,447)		
Return on capital investments	\$ (14,624)	\$ -	\$ (258,540)	\$ (292,705)	\$ 34,165		
Proceeds (payments) from sale (purchase) of investments	\$ (1,346,420)	\$ (188,460)	\$ (1,363,940)	\$ (798,960)	\$ (564,980)		
Net cash provided (used) in investing activities	(2,534,220)	431,566	(17,273,442)	(11,528,307)	(5,745,135)		
Cash flows from financing activities:							
Proceeds from borrowings LOC	\$ -	\$ -	\$ -	\$ -	\$ -		
Payments to creditors Long-Term	\$ -	\$ -	\$ (550,878)	\$ (749,122)	\$ 198,245		
Payments to creditors Long-Term	\$ (5,600,000)	\$ 1,851,134	\$ (6,436,258)	\$ 3,102,951	\$ 3,333,307		
Patronage Capital Retirements - Net	\$ 7,582,207	\$ (889,870)	\$ (1,363,912)	\$ (996,502)	\$ (367,411)		
Memberships issued, net of refunds	\$ (14,133)	\$ (28,048)	\$ -	\$ -	\$ -		
Additions to donated capital, net	\$ -	\$ -	\$ -	\$ -	\$ -		
Net cash provided (used) by financing activities	1,968,074	933,217	4,521,468	1,357,327	3,164,141		
Net increase (decrease) in cash and equivalents	(644,526)	(5,571)	(249,933)	(1,328,045)	1,078,112		
Cash & cash equivalents at beginning of period	\$ 1,095,548	\$ 706,526	\$ 700,955	\$ 2,029,000	\$ (1,328,045)		
Cash & cash equivalents at end of period	\$ 451,022	\$ 700,955	\$ 451,022	\$ 700,955	\$ (249,933)		