### VERMONT ELECTRIC COOPERATIVE, INC.

#### Balance Sheet
Year ended December 31, 2016

<table>
<thead>
<tr>
<th>Assets</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric plant, at cost:</td>
<td></td>
</tr>
<tr>
<td>Electric plant in service</td>
<td>$162,899,424</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>$44,587,708</td>
</tr>
<tr>
<td>Net electric plant in service</td>
<td>$118,311,716</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>$1,061,630</td>
</tr>
<tr>
<td>Net electric plant</td>
<td>$119,373,346</td>
</tr>
</tbody>
</table>

Current assets:
- Cash | $2,308,647 |
- Accounts receivable, less allowance for doubtful accounts of $527,451 in 2016 | $6,531,759 |
- Unbilled revenue | $5,359,809 |
- Inventories | $4,280,313 |
- Prepaid expenses | $451,964 |

Total current assets | $18,932,492 |

Other assets:
- Nonutility property | $65,697 |
- Other investments | $30,327,358 |
- Deferred charges | $22,124 |

Total other assets | $30,393,055 |

Total assets | $168,698,893 |

#### Liabilities and Equity

<table>
<thead>
<tr>
<th>Equities</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patronage capital assignable</td>
<td>$69,061,838</td>
</tr>
<tr>
<td>Other equities</td>
<td>$648,122</td>
</tr>
<tr>
<td>Contributions in aid of construction</td>
<td></td>
</tr>
<tr>
<td>Net equity</td>
<td>$69,709,960</td>
</tr>
<tr>
<td>Long-term debt, excluding current installments</td>
<td>$80,042,004</td>
</tr>
<tr>
<td>Obligations under capital lease, excluding current installments</td>
<td>$198,222</td>
</tr>
<tr>
<td>Deferred Compensation Plan</td>
<td>$162,646</td>
</tr>
</tbody>
</table>

Total current liabilities | $18,586,061 |

Current liabilities:
- Current installments of long-term debt | $3,849,281 |
- Current installments of capital lease obligations | $18,751 |
- Revolving debt | $2,300,000 |
- Accounts payable | $6,192,121 |
- Customer deposits | $1,040,164 |
- Deferred credits | $396,391 |
- Other accrued expenses | $4,789,353 |

Total current liabilities | $18,586,061 |

Commitments and contingencies | |

Total liabilities and equity | $168,698,893 |

### VERMONT ELECTRIC COOPERATIVE, INC.

#### Statement of Operations
Year ended December 31, 2016

<table>
<thead>
<tr>
<th>Operating revenue</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$76,665,507</td>
<td></td>
</tr>
</tbody>
</table>

Less revenues subject to refund | |

Total operating revenue | $76,665,507 |

Operating expenses:
- Purchased power | $37,858,159 |
- Transmission: |
  - Operations | $10,791,518 |
  - Maintenance | $495,122 |
- Distribution: |
  - Operations | $5,767,693 |
  - Maintenance | $7,238,944 |
  - Administrative and general | $3,613,785 |
- General plant maintenance | $201,400 |
- Depreciation and amortization | $5,702,010 |
- Taxes | $756,846 |

Total operating expenses | $75,347,221 |

Income from operations | $1,318,286 |

Other income (expenses):
- Gain (Loss) on sale of fixed assets | $(924) |
- Other income (expenses) | $2,508,710 |
- Interest and dividend income | $3,199,337 |
- Other capital credits & dividends | $580,728 |

Total other income, net | $6,287,851 |

Interest charges:
- Interest on long-term debt | $3,153,000 |
- Other interest | $155,479 |

Total interest charges | $3,308,479 |

Net income | $4,297,658 |

### VERMONT ELECTRIC COOPERATIVE, INC.

#### Capital Spending (System Improvements)
Year ended December 31, 2016

<table>
<thead>
<tr>
<th>Capital Spending</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction, System Improvements</td>
<td>$12,234,950</td>
</tr>
<tr>
<td>Less Contributions in Aid of Construction</td>
<td>$1,881,255</td>
</tr>
</tbody>
</table>

Net Investment in Utility Plant | $10,353,695 |