

## Financial Highlights – March, 2015

	<u>Variance (K's)</u>	<u>YTD Variance (K's)</u>
<b>March Net Income</b>	<b>\$621</b>	<b>\$1,224</b>

### Analysis:

<b>• Operating Revenue</b>	<b>\$158</b>	<b>\$52</b>
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KWH sales in March are 3.5% and \$227k better than budget for the month but \$50k less YTD. The average price/KWH sold is \$2k less than budget for the month but \$3k better YTD. Degree days for the year are 14% higher than normal and 7% higher than the previous year. Non-energy services, pole attachments, and wheeling revenues are \$23k less than budget for the month but \$3k better YTD. Unbilled revenues are \$36k less than budget for the month but \$49k better YTD. The sale of Renewable Energy Credits is \$8k less than budget for the month but \$47k better YTD.

<b>• Purchased Power Costs</b>	<b>\$272</b>	<b>\$854</b>
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Purchased KWH is \$130k under budget for March and \$96k under YTD. Our overall costs/KWH is \$142k under budget for the month and \$758k under YTD.

<b>• Transmission Costs</b>	<b>(\$45)</b>	<b>(\$92)</b>
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Control Center costs for transmission support is over budget by \$10k for the month and \$18k YTD. Transmission by Others is \$36k over budget for March and \$73k over YTD. Maintenance of overhead lines and SCADA are under budget by \$2k for the month and \$2k YTD. Transmission vegetative maintenance is over budget by \$1k for the month and \$3k YTD.

<b>• Distribution Operations/Mtce</b>	<b>\$58</b>	<b>\$99</b>
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Major Storm costs are under budget by \$37k for the month and \$205k YTD. Overall Distribution Maintenance costs are under budget by \$27k for March but over \$39k YTD. Meter/AMI Expense is \$4k under budget for the month but \$16k over YTD. Control Room related costs are over budget by \$14k for the month and \$31k YTD. Miscellaneous Distribution and Customer Installation expenses are under budget by \$6k for the month and \$14k YTD. Distribution vegetative maintenance program spending is over budget by \$2k in March and \$33k YTD. The overall vegetative maintenance program (transmission + distribution) is \$2k over budget for March and \$36k over YTD.

<b>• Customer Accounts</b>	<b>\$22</b>	<b>\$92</b>
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Meter Reading, Member Services, and Patronage Capital Expenses are under budget by \$1k for the month and \$50k YTD. SQRP related costs are \$2k under budget for the month and \$7k under for the year. Communications are \$18k under budget for the month and \$35k under YTD.

- **Administrative & General** **\$12** **\$86**

Regulatory related expenses are under budget \$29k for the month and \$48k YTD. Payroll & Benefits are under budget \$12k for March and \$96k YTD. Director Expenses are over budget by \$11k for the month and \$8k YTD. Internal costs incurred for the Community Solar Project create a negative variance of \$18k for the month and \$53k YTD. Expenses for Coop-life, Business Development, Dues, and Meeting expenses are under budget by \$2k for the month and \$10k YTD. Safety, Office and Facility related expenses are over budget by \$1k for the month and \$6k YTD.

- **Total Depreciation & Other Exp** **(\$10)** **(\$50)**

Depreciation expense is over budget \$19k for March and \$57k YTD largely related to greater than expected general plant assets closed to plant in service in 2014. Interest expense is under budget by \$9k for the month and \$1k YTD. Other deductions are under budget \$2k for the month and \$6k for the year. Gross Receipt Taxes are over budget \$2k for the month but on budget for the year.

- **Total Non-Operating Margins** **\$154** **\$183**

Patronage Dividends from CFC, CoBank and NISC are better than budget by \$155k for the month and \$178k YTD. Contract services for other utilities has a negative variance of \$3k for the month and \$11k YTD. Interest Income is \$3k better than budget for the month and \$17k better YTD.

- **Capital Spending Plan** **(\$725)** **(\$853)**

Transformers and Increased Capacity are over budget by \$36k for the month and \$109k for the year. Distribution line projects and Ordinary Replacements are over budget by \$165k for the month and \$158k for the year. Pole Replacements are under budget by \$33k for the month but are \$23k over YTD. SCADA projects are under budget \$112k for the month and \$40k YTD. New Services and Construction are over budget \$141k for the month and \$520k the year. Meters and AMI is over budget by \$53k for the month and \$51k for the year. Fleet, Facilities and IT projects are under budget for the month by \$64k and \$96k for the year. Substations are over budget by \$298k for the month and \$349k for the year. Security Lights are under budget \$14k for the month and \$31k for the year. The EDA NEK project has a negative variance to budget of \$421k for the month and \$310k YTD. The Solar project has a positive variance of \$167k for the month and \$500k YTD.

### **TIER and Debt Service Coverage**

We project that we will be on target with our approved budgeted TIER of 2.18. Our Debt Service payments for 2015 are expected to be \$6.5 million.

### **Cash Flow and Line of Credit**

In March, we used up to a peak of \$6.9M on our line of credit on March 25th. The April high for the line of credit is expected to be \$6.9M on April 30th.

### **Balance Sheet**

Our equity ratio in March is 41.3%, up from February at 40.1%. Our current ratio, a measure of liquidity, is 1.02, up from February at 1.00. VEC's FFO ratio for 2015 YTD ("Funds from Operations/Capital Expenditures Ratio"; Target of 80% desirable) is 1.18, up from February at .96.

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

	March, 2015 Actual	March, 2015 Budget	Actual- Budget Variance Fav (Unfav) \$	%	March, 2014 Actual	Variance Fav (Unfav) \$	Prior Year Variance Fav (Unfav) %
<b>Revenue</b>							
Operating Revenue	7,635,232.14	7,476,781	158,452	2.1%*	7,462,913	172,319	2.3%
Sales for Resale	127,690	929,642	(801,952)	-86.3%*	88,277	39,413	-44.6%
<b>Total revenues</b>	<b>\$ 7,762,922</b>	<b>\$ 8,406,423</b>	<b>\$ (643,501)</b>	<b>-7.7%*</b>	<b>\$ 7,551,190</b>	<b>\$ 211,732</b>	<b>2.8%</b>
<b>Power supply cost</b>							
Purchased power cost	3,587,033	3,859,332	272,299	7.1%*	4,141,157	554,124	-13.4%
Sales for Resale	127,690	929,642	801,952	86.3%*	88,277	(39,413)	44.6%
Transmission	954,444	909,706	(44,738)	-4.9%*	1,093,687	139,243	-12.7%
<b>Total Power supply cost</b>	<b>4,669,167</b>	<b>5,698,680</b>	<b>1,029,512</b>	<b>-18.1%*</b>	<b>5,323,121</b>	<b>653,954</b>	<b>-12.3%</b>
<b>Gross Margin</b>	<b>\$ 3,093,755</b>	<b>\$ 2,707,743</b>	<b>\$ 386,012</b>	<b>14.3% \$</b>	<b>\$ 2,228,069</b>	<b>\$ 865,686</b>	<b>-38.9%</b>
<b>Operating expenses</b>							
Distribution: Operations & Mtce	955,177	1,013,342	58,165	5.7%*	903,544	(51,632)	5.7%
Customer accounts	202,860	224,408	21,548	9.6%*	203,841	982	-0.5%
Administrative & general	296,406	308,455	12,049	3.9%*	298,061	1,655	-0.6%
<b>Total operating expenses</b>	<b>\$ 1,454,442</b>	<b>\$ 1,546,204</b>	<b>\$ 91,762</b>	<b>5.9%*</b>	<b>\$ 1,405,447</b>	<b>\$ (48,995)</b>	<b>3.5%</b>
Depreciation & amortization	447,807	428,759	(19,048)	-4.4%*	412,086	(35,722)	8.7%
Gross revenue & receipts taxes	68,618	66,516	(2,101)	-3.2%*	67,124	(1,494)	2.2%
Interest on long-term debt	258,468	271,493	13,025	4.8%*	249,805	(8,664)	3.5%
Other interest expenses	10,960	6,700	(4,260)	-63.6%*	18,268	7,308	-40.0%
Other Deductions	-	2,083	2,083	100.0%*	3,640	3,640	-100.0%
<b>Total depreciation &amp; other expenses</b>	<b>785,853</b>	<b>775,552</b>	<b>(10,301)</b>	<b>1.3%*</b>	<b>750,922</b>	<b>(34,932)</b>	<b>4.7%</b>
<b>Income from operations</b>	<b>\$ 853,460</b>	<b>\$ 385,987</b>	<b>\$ 467,472</b>	<b>121.1%*</b>	<b>\$ 71,701</b>	<b>\$ 781,759</b>	<b>-1090.3%</b>
Interest income	611,875	609,009	2,865	0.5%*	462,313	149,562	32.4%
Other income (expenses)	795	4,463	(3,668)	-82.2%*	5,122	(4,327)	-84.5%
Other capital credits & dividends	421,663	267,055	154,608	57.9%*	312,649	109,014	34.9%
<b>Total non-operating margins</b>	<b>1,034,333</b>	<b>880,527</b>	<b>153,806</b>	<b>17.5%*</b>	<b>780,084</b>	<b>254,249</b>	<b>32.6%</b>
<b>Net income (loss)</b>	<b>1,887,793</b>	<b>1,266,514</b>	<b>621,278</b>	<b>49.1%*</b>	<b>851,784</b>	<b>1,036,008</b>	<b>-121.6%</b>
Extraordinary expenses	-	-	-	N/A*	-	-	N/A
<b>Total net income (loss)</b>	<b>\$ 1,887,793</b>	<b>\$ 1,266,514</b>	<b>\$ 621,278</b>	<b>49.1%*</b>	<b>\$ 851,784</b>	<b>\$ 1,036,008</b>	<b>-121.6%</b>

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

	March, 2015 Actual	March, 2015 Budget	Actual- Budget Variance Fav (Unfav) \$	%	March, 2014 Actual	Prior Year Variance Fav (Unfav) \$	%
<b>Revenue</b>							
Operating Revenue	22,238,963	22,187,316	51,647	0.2%	22,226,979	11,984	0.1%
Sales for Resale	650,714	4,433,242	(3,782,528)	-85.3%	519,919	130,795	-25.2%
<b>Total revenues</b>	<b>\$ 22,889,677</b>	<b>\$ 26,620,558</b>	<b>\$ (3,730,881)</b>	<b>-14.0%</b>	<b>\$ 22,746,898</b>	<b>\$ 142,779</b>	<b>0.6%</b>
<b>Power supply cost</b>							
Purchased power cost	11,120,385	11,974,608	854,223	7.1%	13,250,850	2,130,465	-16.1%
Sales for Resale	650,714	4,433,242	3,782,528	85.3%	519,919	(130,795)	25.2%
Transmission:	2,869,748	2,777,726	(92,022)	-3.3%	3,194,993	325,244	-10.2%
<b>Total Power supply cost</b>	<b>14,640,847</b>	<b>19,185,576</b>	<b>4,544,728</b>	<b>-23.7%</b>	<b>16,965,762</b>	<b>2,324,915</b>	<b>-13.7%</b>
<b>Gross Margin</b>	<b>\$ 8,248,830</b>	<b>\$ 7,434,983</b>	<b>\$ 813,847</b>	<b>10.9%</b>	<b>\$ 5,781,136</b>	<b>\$ 2,467,694</b>	<b>-42.7%</b>
<b>Operating expenses</b>							
Distribution: Operations & Mtce	2,978,054	3,076,588	98,534	3.2%	2,796,609	(181,446)	6.5%
Customer accounts	603,118	694,733	91,615	13.2%	616,682	13,564	-2.2%
Administrative & general	910,927	996,861	85,934	8.6%	898,314	(12,613)	1.4%
<b>Total operating expenses</b>	<b>4,492,099</b>	<b>4,768,182</b>	<b>276,083</b>	<b>5.8%</b>	<b>4,311,604</b>	<b>(180,494)</b>	<b>4.2%</b>
Depreciation & amortization	1,340,290	1,283,779	(56,511)	-4.4%	1,228,188	(112,102)	9.1%
Gross revenue & receipts taxes	212,059	212,277	218	0.1%	212,601	542	-0.3%
Interest on long-term debt	787,359	804,692	17,333	2.2%	749,121	(38,239)	5.1%
Other interest expenses	31,575	15,152	(16,423)	-108.4%	39,911	8,336	-20.9%
Other deductions	642	6,249	5,607	89.7%	6,657	6,014	-90.4%
<b>Total depreciation &amp; other exp</b>	<b>2,371,926</b>	<b>2,322,149</b>	<b>(49,776)</b>	<b>2.1%</b>	<b>2,236,477</b>	<b>(135,449)</b>	<b>6.1%</b>
<b>Income from operations</b>	<b>1,384,805</b>	<b>344,651</b>	<b>1,040,154</b>	<b>301.8%</b>	<b>(766,946)</b>	<b>2,151,751</b>	<b>280.6%</b>
Interest income	685,059	668,055	17,005	2.5%	526,061	158,998	30.2%
Other income (expenses)	1,994	13,394	(11,400)	-85.1%	11,281	(9,286)	-82.3%
Other capital credits & dividends	452,442	274,655	177,787	64.7%	346,050	106,392	30.7%
<b>Total non-operating margins</b>	<b>1,139,496</b>	<b>956,104</b>	<b>183,392</b>	<b>19.2%</b>	<b>883,392</b>	<b>256,104</b>	<b>29.0%</b>
<b>Net income (loss)</b>	<b>2,524,301</b>	<b>1,300,755</b>	<b>1,223,546</b>	<b>94.1%</b>	<b>116,447</b>	<b>2,407,854</b>	<b>-2067.8%</b>
Extraordinary expenses	-	-	-	N/A	-	-	N/A
<b>Total net income (loss)</b>	<b>\$ 2,524,301</b>	<b>\$ 1,300,755</b>	<b>\$ 1,223,546</b>	<b>94.1%</b>	<b>\$ 116,447</b>	<b>\$ 2,407,854</b>	<b>-2067.8%</b>

Vermont Electric Cooperative, Inc.  
Balance Sheet (Assets)  
March, 2015

	March, 2015 Actual	February, 2015 Actual	Variance Fav/(Unfav) \$	%	March, 2014 Actual	Variance Fav/(Unfav) \$	%
Electric plant, at cost:							
Electric plant in service	142,288,142	141,900,754	387,389	0.27%	133,489,930	8,798,212	6.59%
Less accumulated depreciation	(39,195,156)	(38,791,747)	403,409	1.04%	(35,951,355)	3,243,802	9.02%
<b>Net electric plant in service</b>	<b>103,092,986</b>	<b>103,109,006</b>	<b>(16,020)</b>	<b>-0.02%</b>	<b>97,538,575</b>	<b>5,554,411</b>	<b>5.69%</b>
<b>Construction work in progress</b>	<b>5,156,076</b>	<b>3,919,219</b>	<b>1,236,857</b>	<b>31.56%</b>	<b>4,779,352</b>	<b>376,724</b>	<b>7.88%</b>
<b>Net electric plant</b>	<b>108,249,062</b>	<b>107,028,226</b>	<b>1,220,836</b>	<b>1.14%</b>	<b>102,317,927</b>	<b>5,931,135</b>	<b>5.80%</b>
Other assets:							
Non-utility property	65,697	65,697	-	0.00%	65,697	-	0.00%
Other investments	22,934,882	22,837,467	97,415	0.43%	18,640,934	4,293,948	23.04%
Deferred charges	2,627,246	2,619,927	7,319	0.28%	2,067,920	559,326	27.05%
<b>Total other assets</b>	<b>25,627,825</b>	<b>25,523,091</b>	<b>104,734</b>	<b>0.41%</b>	<b>20,774,551</b>	<b>4,853,274</b>	<b>23.36%</b>
Current assets:							
Cash	1,591,761	1,106,267	485,494	43.89%	986,684	605,077	61.32%
Notes receivable (net)	-	-	-	0.00%	-	-	#DIV/0!
Accounts receivable (net)	11,257,129	11,563,547	(306,418)	-2.65%	11,589,302	(332,173)	-2.87%
Other receivables (net)	6,301,010	4,515,228	1,785,782	39.55%	6,151,974	149,036	2.42%
Inventories	3,898,629	4,053,244	(154,616)	-3.81%	3,818,239	80,390	2.11%
Prepaid expenses	591,849	642,019	(50,170)	-7.81%	568,626	23,223	4.08%
<b>Total current assets</b>	<b>23,640,378</b>	<b>21,880,305</b>	<b>1,760,073</b>	<b>8.04%</b>	<b>23,114,825</b>	<b>525,554</b>	<b>2.27%</b>
<b>Total assets</b>	<b>\$ 157,517,265</b>	<b>\$ 154,431,622</b>	<b>\$ 3,085,643</b>	<b>2.00%</b>	<b>\$ 146,207,303</b>	<b>\$ 11,309,963</b>	<b>7.74%</b>

**Vermont Electric Cooperative, Inc.**  
**Balance Sheet (Liabilities & Equity)**  
**March, 2015**

	March, 2015 Actual	February, 2015 Actual	Variance Fav/(Unfav) \$	%	March, 2014 Actual	Variance Fav/(Unfav) \$	%
<b>Equities:</b>							
Memberships issued & subscribed	-	-	-	0.00%	-	-	0.00%
Patronage capital assignable	3,671,408	(1)	3,671,409	100.00%	3,578,603	92,805	2.53%
Other earnings	61,507,628	63,291,313	(1,783,685)	-2.90%	55,983,791	5,523,836	8.98%
Contributions in aid of construction	-	-	-	0.00%	-	-	0.00%
<b>Net equity</b>	<b>65,179,036</b>	<b>63,291,312</b>	<b>1,887,724</b>	<b>2.90%</b>	<b>59,562,395</b>	<b>5,616,642</b>	<b>8.62%</b>
<b>Long-term debt</b>	<b>68,513,596</b>	<b>68,734,469</b>	<b>(220,873)</b>	<b>-0.32%</b>	<b>62,463,268</b>	<b>6,050,328</b>	<b>8.83%</b>
<b>Capital leases - non current</b>	<b>261,478</b>	<b>262,847</b>	<b>(1,369)</b>	<b>-0.52%</b>	<b>247,415</b>	<b>14,064</b>	<b>5.38%</b>
<b>Current liabilities:</b>							
Current portion of long-term debt	3,341,063	3,341,063	-	0.00%	2,931,059	410,003	12.27%
Line of Credit	8,854,364	5,802,193	3,052,171	34.47%	9,500,000	(645,636)	-7.29%
Accounts payable	7,053,256	8,607,836	(1,554,579)	-22.04%	7,351,297	(298,041)	-4.23%
Customer deposits	586,323	592,310	(5,987)	-1.02%	535,304	51,019	8.70%
Other accrued expenses	3,420,386	3,480,230	(59,844)	-1.75%	3,334,998	85,388	2.50%
<b>Total current liabilities</b>	<b>23,255,391</b>	<b>21,823,631</b>	<b>1,431,760</b>	<b>6.16%</b>	<b>23,652,658</b>	<b>(397,267)</b>	<b>-1.71%</b>
<b>Deferred credits</b>	<b>307,764</b>	<b>319,363</b>	<b>(11,599)</b>	<b>-3.77%</b>	<b>281,567</b>	<b>26,197</b>	<b>8.51%</b>
<b>Total liabilities and equity</b>	<b>\$ 157,517,265</b>	<b>\$ 154,431,622</b>	<b>\$ 3,085,643</b>	<b>1.96%</b>	<b>\$ 146,207,303</b>	<b>\$ 11,309,963</b>	<b>7.74%</b>

Vermont Electric Cooperative, Inc.  
Statement of Cash Flows

	Month		Year-to-date		* Variance Fav (Unfav)
	March, 2015 Actual	March, 2014 Actual	March, 2015 Actual	March, 2014 Actual	
<b>Cash flows from operating activities:</b>					
Net income	\$ 1,887,793	\$ 851,784	\$ 2,524,301	\$ 116,447	\$ 2,407,854
Noncash expenses (income) included in earnings:					
Depreciation & amortization	\$ 500,635	\$ 446,337	\$ 1,447,171	\$ 1,339,159	\$ 108,012
(Gain) loss on sale of investments	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) loss on sale of fixed assets	\$ (530)	\$ (530)	\$ (1,590)	\$ (1,590)	\$ -
Changes in assets and liabilities:					
Decrease (increase) in notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Decrease (increase) in accounts receivable	\$ 306,418	\$ (39,794)	\$ (157,903)	\$ (634,088)	\$ 476,185
Decrease (increase) in other receivable	\$ (1,785,782)	\$ (86,334)	\$ (2,399,569)	\$ (261,375)	\$ (2,138,194)
Decrease (increase) in inventories	\$ 154,616	\$ (58,268)	\$ (33,300)	\$ 236,287	\$ (269,588)
Decrease (increase) in prepayments	\$ 50,170	\$ 20,895	\$ (28,234)	\$ (62,281)	\$ 34,046
Decrease (increase) in deferred charges	\$ (4,460)	\$ 141,182	\$ 8,802	\$ 146,220	\$ (137,418)
Increase (decrease) in accounts payable	\$ (1,554,579)	\$ (299,155)	\$ (2,601,507)	\$ (5,033,930)	\$ 2,432,423
Increase (decrease) in customer deposits	\$ (5,987)	\$ 4,471	\$ 6,231	\$ 8,167	\$ (1,936)
Increase (decrease) in accrued expenses	\$ (59,844)	\$ (183,870)	\$ 462,875	\$ 65,315	\$ 397,560
Increase (decrease) in deferred credits	\$ (11,599)	\$ (18,415)	\$ 92,194	\$ 64,059	\$ 28,135
<b>Net cash provided (used) by operating activities</b>	<b>(523,151)</b>	<b>778,302</b>	<b>(680,529)</b>	<b>(4,017,608)</b>	<b>3,337,079</b>
<b>Cash flows from investing activities:</b>					
Additions to electric plant in service and construction work in progress	\$ (1,772,775)	\$ (1,266,278)	\$ (3,899,498)	\$ (3,087,420)	\$ (812,078)
Proceeds from retirements of electric plant in service	\$ 48,975	\$ 684,528	\$ 532,871	\$ 991,658	\$ (458,787)
Return on capital investments	\$ (97,415)	\$ (68,645)	\$ (111,777)	\$ (87,725)	\$ (24,052)
Proceeds (payments) from sale (purchase) of investment:	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net cash provided (used) in investing activities</b>	<b>(1,821,215)</b>	<b>(650,396)</b>	<b>(3,478,404)</b>	<b>(2,183,487)</b>	<b>(1,294,917)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from borrowings LOC	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to borrowings Long-Term	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to creditors LOC	\$ 3,052,171	\$ -	\$ 5,854,364	\$ 6,500,000	\$ (645,636)
Payments to creditors Long-Term	\$ (222,242)	\$ (209,282)	\$ (974,178)	\$ (851,762)	\$ (122,416)
Patronage Capital Retirements - Net	\$ (75)	\$ (110)	\$ (6,145)	\$ (2,547)	\$ (3,597)
Memberships issued, net of refunds	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to donated capital, net	\$ 6	\$ -	\$ 6	\$ 2	\$ 4
<b>Net cash provided (used) by financing activities</b>	<b>2,829,861</b>	<b>(209,392)</b>	<b>4,874,047</b>	<b>5,645,692</b>	<b>(771,645)</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>485,494</b>	<b>(81,486)</b>	<b>715,114</b>	<b>(555,402)</b>	<b>1,270,516</b>
Cash & cash equivalents at beginning of period	\$ 1,106,267	\$ 1,068,169	\$ 876,647	\$ 1,542,086	\$ (665,439)
<b>Cash &amp; cash equivalents at end of period</b>	<b>\$ 1,591,761</b>	<b>\$ 986,684</b>	<b>\$ 1,591,761</b>	<b>\$ 986,684</b>	<b>\$ 605,077</b>