

## Financial Highlights – March, 2018

	<u>Variance (K's)</u>	<u>YTD Variance (K's)</u>
<b>March Net Income</b>	<b>\$195</b>	<b>\$851</b>

### Analysis:

<b>• Operating Revenue</b>	<b>\$120</b>	<b>\$1,175</b>
----------------------------	--------------	----------------

KWH sales in March are \$40k better than budget for the month and \$795 better YTD. The average price/KWH sold is \$62k less than budget for the month but is \$105k better for the year. Non-energy services, pole attachments, and wheeling revenues are \$2k better than budget for the month but is \$7k less for the year. Unbilled revenues are \$108k better than budget for the month and \$111k better YTD. The sale of Renewable Energy Credits is \$32k better than budget for the month and \$170k better YTD.

<b>• Purchased Power Costs</b>	<b>\$7</b>	<b>(\$473)</b>
--------------------------------	------------	----------------

Purchased KWH is under budget by \$61k for the month but is over budget by \$300k for the year. Our overall costs/KWH is \$54k over budget for the month and \$172k over YTD.

<b>• Transmission Costs</b>	<b>\$99</b>	<b>\$273</b>
-----------------------------	-------------	--------------

Transmission support for substations and supervision is under budget by \$6k for the month and \$8k under YTD. Transmission by Others is \$92k under budget for the month and \$267k under YTD. Maintenance for SCADA and overhead lines is \$1k under budget for the month and \$1k under YTD. Transmission vegetative maintenance is on budget for the month but is \$2k over YTD.

<b>• Distribution Operations/Mtce</b>	<b>(\$169)</b>	<b>(\$284)</b>
---------------------------------------	----------------	----------------

Major Storm costs are under budget by \$64k for the month and \$178k for the year. Meter/AMI Expense is \$1k over budget for the month but is \$4k under for the year. Supervisory related costs are over budget by \$3k for the month and \$14k YTD. Overall Distribution Maintenance costs are \$63k under for the month and \$257k under YTD. Miscellaneous Distribution and Customer Installation expenses are over budget by \$7k for the month and \$35k YTD. Distribution vegetative maintenance program spending is over budget by \$285k for the month and \$675k YTD. The overall vegetative maintenance program (transmission + distribution) is \$285k over budget for the month and \$675k over for the year.

<b>• Customer Accounts</b>	<b>\$18</b>	<b>\$58</b>
----------------------------	-------------	-------------

Meter Reading & Disconnect Services are \$8k under budget for the month and \$13k under YTD. Member service administration is \$7k under budget for the month and \$37k under YTD. Uncollectible Accounts are on budget for the month and YTD. Patronage Capital expenses are \$1k under budget for the month and \$2k under for the year. Communications and SQRP Costs are \$2k under budget for the month and \$7k under for the year.

- **Administrative & General** (\$2) \$2

Regulatory related expense is \$8k over budget for the month but is \$10k under YTD. Payroll and Benefits are \$10k under budget for the month and \$45k under YTD. Outside Services is \$1k over budget for the month and \$11k over YTD. Director Expenses are \$4k under budget for the month and \$12k under YTD. Internal costs incurred for TIER 3 Projects are \$14k over budget for the month and \$27k over YTD. Expenses for Coop-life, Business Development, Dues, and Meeting expenses are \$2k over budget for the month and \$20k over YTD. Office related expenses are \$3k under budget for the month and \$8k under for the year. Safety and Facility related expenses are under budget by \$6k for the month but is \$15k over YTD.

- **Total Depreciation & Other Exp** \$12 (\$25)

Depreciation expense is \$6k under budget for the month and \$13k under YTD. Interest expense is \$5k under budget for the month but is \$28k over YTD. Gross Receipt & Revenue Taxes are on budget for the month but is \$10k over for the year. Other Expenses are \$1k better than budget for the month but is on budget YTD.

- **Total Non-Operating Margins** \$111 \$125

Capital Credits from CFC, CoBank and NISC are better than budget by \$84k for the month and \$106k YTD. Interest and Dividend Income is on budget for the month but is \$5k less than budget YTD. Miscellaneous Jobbing Revenue and other expenses are \$27k better than budget for the month and \$24k better for the year.

- **Capital Spending Plan** \$331 \$509

Transformers and increased capacity are under budget by \$38k for the month and \$32k YTD. Line projects, Reconductoring and Ordinary Replacements are \$91k over budget for the month and \$11k over YTD. Pole Replacements are \$175k under budget for the month and \$30k under YTD. The Battery Storage project is under budget by \$6k for the month and \$22k under YTD. New Services and Construction are \$4k over budget for the month and \$10k over for the year. Facilities, Fleet and IT projects are under budget by \$261k for the month and \$465k under for the year. Substation projects are \$55k over budget for the month and \$84k over for the year. Security lights are \$5k over budget for the month and \$5k over YTD. Meters and AMI are \$1k under budget for the month and \$30k under for the year. Tools are over budget by \$4k for the month but is under \$8k YTD. TIER 3 CAP Projects are under budget by \$9k for the month and \$32k under for the year.

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

We expect the 2018 Operating budget to be on target with our approved budgeted TIER of 2.08. Our Debt Service payments for 2018 are projected to be \$7.9 million.

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

In March, we used up to a peak of \$2.5M on our line of credit on March 2<sup>nd</sup>. The April high for the line of credit is estimated to be \$1.75M on April 25<sup>th</sup>.

### **Balance Sheet**

Our equity ratio in March is 44% up slightly from February at 43%. Our current ratio, a measure of liquidity, is 1.28, up from February at 1.20. VEC's FFO ratio for 2017 YTD ("Funds from Operations/Capital Expenditures Ratio"; Target of 80% desirable) is 2.15, up from February at 1.73.

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

	March, 2018 Actual	March, 2018 Budget	Actual-Budget Variance Fav (Unfav) \$	%	March, 2017 Actual	Variance Fav (Unfav) \$	Prior Year %
<b>Revenue</b>							
Operating Revenue	7,324,653	7,204,992	119,661	1.7%	7,705,648	(380,995)	-4.9%
Sales for Resale	180,163	120,504	59,659	49.5%	174,436	5,727	-3.3%
<b>Total revenues</b>	<b>\$ 7,504,816</b>	<b>\$ 7,325,496</b>	<b>\$ 179,320</b>	<b>2.4%</b>	<b>\$ 7,880,084</b>	<b>\$ (375,268)</b>	<b>-4.8%</b>
<b>Power supply cost</b>							
Purchased power cost	3,147,847	3,154,443	6,596	0.2%	3,277,332	129,486	-4.0%
Sales for Resale	180,163	120,504	(59,659)	-49.5%	174,436	(5,727)	3.3%
Transmission	953,931	1,052,997	99,067	9.4%	1,035,743	81,812	-7.9%
<b>Total Power supply cost</b>	<b>4,281,940</b>	<b>4,327,944</b>	<b>46,004</b>	<b>-1.1%</b>	<b>4,487,511</b>	<b>205,571</b>	<b>-4.6%</b>
<b>Gross Margin</b>	<b>\$ 3,222,876</b>	<b>\$ 2,997,552</b>	<b>\$ 225,324</b>	<b>7.5%</b>	<b>\$ 3,392,573</b>	<b>\$ (169,697)</b>	<b>5.0%</b>
<b>Operating expenses</b>							
Distribution: Operations & Mtce	1,236,348	1,067,058	(169,289)	-15.9%	890,489	(345,859)	38.8%
Customer accounts	225,643	243,497	17,854	7.3%	231,238	5,595	-2.4%
Administrative & general	345,686	344,211	(1,475)	-0.4%	329,182	(16,504)	5.0%
<b>Total operating expenses</b>	<b>\$ 1,807,676</b>	<b>\$ 1,654,767</b>	<b>\$ (152,910)</b>	<b>-9.2%</b>	<b>\$ 1,450,908</b>	<b>\$ (356,768)</b>	<b>24.6%</b>
Depreciation & amortization	490,183	496,252	6,069	1.2%	489,623	(560)	0.1%
Gross revenue & receipts taxes	64,219	64,271	53	0.1%	65,046	827	-1.3%
Interest on long-term debt	306,474	311,288	4,814	1.5%	280,222	(26,252)	9.4%
Other interest expenses	5,749	6,136	386	6.3%	5,945	196	-3.3%
Other Deductions	611	1,500	889	59.3%	8,165	7,554	-92.5%
<b>Total depreciation &amp; other expenses</b>	<b>867,235</b>	<b>879,447</b>	<b>12,212</b>	<b>-1.4%</b>	<b>849,001</b>	<b>(18,235)</b>	<b>2.1%</b>
<b>Income from operations</b>	<b>\$ 547,964</b>	<b>\$ 463,338</b>	<b>\$ 84,626</b>	<b>18.3%</b>	<b>\$ 1,092,664</b>	<b>\$ (544,700)</b>	<b>49.9%</b>
Interest income	1,067,016	1,067,495	(479)	0.0%	864,334	202,682	23.4%
Other income (expenses)	47,809	20,682	27,127	131.2%	62,551	(14,742)	-23.6%
Other capital credits & dividends	469,872	385,950	83,922	21.7%	492,900	(23,027)	-4.7%
<b>Total non-operating margins</b>	<b>1,584,698</b>	<b>1,474,128</b>	<b>110,570</b>	<b>7.5%</b>	<b>1,419,784</b>	<b>164,914</b>	<b>11.6%</b>
<b>Net income (loss)</b>	<b>2,132,662</b>	<b>1,937,466</b>	<b>195,196</b>	<b>10.1%</b>	<b>2,512,448</b>	<b>(379,787)</b>	<b>15.1%</b>
Extraordinary expenses	-	-	-	N/A	-	-	N/A
<b>Total net income (loss)</b>	<b>\$ 2,132,662</b>	<b>\$ 1,937,466</b>	<b>\$ 195,196</b>	<b>10.1%</b>	<b>\$ 2,512,448</b>	<b>\$ (379,787)</b>	<b>15.1%</b>

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

	March, 2018 Actual	March, 2018 Budget	Actual- Budget Variance Fav (Unfav) \$	%	March, 2017 Actual	Prior Year Variance Fav (Unfav) \$	%
<b>Revenue</b>							
Operating Revenue	22,323,954	21,149,444	1,174,510	5.6%	21,558,052	765,902	3.6%
Sales for Resale	620,479	478,541	141,938	29.7%	527,102	93,377	-17.7%
<b>Total revenues</b>	<b>\$ 22,944,433</b>	<b>\$ 21,627,985</b>	<b>\$ 1,316,448</b>	<b>6.1%</b>	<b>\$ 22,085,154</b>	<b>\$ 859,279</b>	<b>3.9%</b>
<b>Power supply cost</b>							
Purchased power cost	10,025,062	9,552,136	(472,926)	-5.0%	10,040,334	15,272	-0.2%
Sales for Resale	620,479	478,541	(141,938)	-29.7%	527,102	(93,377)	17.7%
Transmission:	2,937,786	3,211,046	273,260	8.5%	3,110,059	172,273	-5.5%
<b>Total Power supply cost</b>	<b>13,583,327</b>	<b>13,241,723</b>	<b>(341,604)</b>	<b>2.6%</b>	<b>13,677,495</b>	<b>94,168</b>	<b>-0.7%</b>
<b>Gross Margin</b>	<b>\$ 9,361,106</b>	<b>\$ 8,386,262</b>	<b>\$ 974,844</b>	<b>11.6%</b>	<b>\$ 8,407,659</b>	<b>\$ 953,447</b>	<b>-11.3%</b>
<b>Operating expenses</b>							
Distribution: Operations & Mtce	3,454,246	3,170,397	(283,849)	-9.0%	2,696,636	(757,609)	28.1%
Customer accounts	654,010	712,212	58,202	8.2%	657,322	3,312	-0.5%
Administrative & general	988,544	990,286	1,742	0.2%	925,178	(63,366)	6.8%
<b>Total operating expenses</b>	<b>5,096,800</b>	<b>4,872,896</b>	<b>(223,904)</b>	<b>-4.6%</b>	<b>4,279,136</b>	<b>(817,664)</b>	<b>19.1%</b>
Depreciation & amortization	1,470,044	1,482,736	12,692	0.9%	1,479,899	9,854	-0.7%
Gross revenue & receipts taxes	213,466	203,647	(9,820)	-4.8%	205,289	(8,177)	4.0%
Interest on long-term debt	944,341	916,588	(27,753)	-3.0%	866,070	(78,270)	9.0%
Other interest expenses	16,376	15,801	(575)	-3.6%	13,977	(2,398)	17.2%
Other deductions	4,516	4,500	(16)	-0.3%	10,491	5,976	-57.0%
<b>Total depreciation &amp; other exp</b>	<b>2,648,743</b>	<b>2,623,271</b>	<b>(25,471)</b>	<b>1.0%</b>	<b>2,575,727</b>	<b>(73,016)</b>	<b>2.8%</b>
<b>Income from operations</b>	<b>1,615,563</b>	<b>890,095</b>	<b>725,468</b>	<b>81.5%</b>	<b>1,552,795</b>	<b>62,768</b>	<b>-4.0%</b>
Interest income	1,094,373	1,099,734	(5,361)	-0.5%	916,902	177,471	19.4%
Other income (expenses)	49,238	25,005	24,233	96.9%	64,293	(15,055)	-23.4%
Other capital credits & dividends	501,569	395,171	106,397	26.9%	524,036	(22,467)	-4.3%
<b>Total non-operating margins</b>	<b>1,645,179</b>	<b>1,519,910</b>	<b>125,269</b>	<b>8.2%</b>	<b>1,505,231</b>	<b>139,949</b>	<b>9.3%</b>
<b>Net income (loss)</b>	<b>3,260,743</b>	<b>2,410,005</b>	<b>850,738</b>	<b>35.3%</b>	<b>3,058,026</b>	<b>202,716</b>	<b>-6.6%</b>
Extraordinary expenses	-	-	-	N/A	-	-	N/A
<b>Total net income (loss)</b>	<b>\$ 3,260,743</b>	<b>\$ 2,410,005</b>	<b>\$ 850,738</b>	<b>35.3%</b>	<b>\$ 3,058,026</b>	<b>\$ 202,716</b>	<b>-6.6%</b>

Vermont Electric Cooperative, Inc.  
Balance Sheet (Assets)  
March, 2018

	March, 2018 Actual	February, 2018 Actual	Variance Fav/(Unfav) \$	%	March, 2017 Actual	Variance Fav/(Unfav) \$	%
Electric plant, at cost:							
Electric plant in service	166,393,806	165,965,420	428,386	0.26%	162,487,013	3,906,793	2.40%
Less accumulated depreciation	(48,784,577)	(48,504,156)	280,420	0.58%	(45,827,552)	2,957,025	6.45%
<b>Net electric plant in service</b>	<b>117,609,229</b>	<b>117,461,263</b>	<b>147,966</b>	<b>0.13%</b>	<b>116,659,461</b>	<b>949,768</b>	<b>0.81%</b>
<b>Construction work in progress</b>	<b>2,153,877</b>	<b>2,330,196</b>	<b>(176,319)</b>	<b>-7.57%</b>	<b>1,672,148</b>	<b>481,728</b>	<b>28.81%</b>
<b>Net electric plant</b>	<b>119,763,106</b>	<b>119,791,459</b>	<b>(28,353)</b>	<b>-0.02%</b>	<b>118,331,609</b>	<b>1,431,496</b>	<b>1.21%</b>
Other assets:							
Non-utility property	65,697	65,697	-	0.00%	65,697	-	0.00%
Other investments	37,476,504	37,358,264	118,240	0.32%	30,479,597	6,996,907	22.96%
Deferred charges	153,391	155,296	(1,905)	-1.23%	149,271	4,121	2.76%
<b>Total other assets</b>	<b>37,695,592</b>	<b>37,579,257</b>	<b>116,335</b>	<b>0.31%</b>	<b>30,694,564</b>	<b>7,001,028</b>	<b>22.81%</b>
Current assets:							
Cash	2,633,771	869,067	1,764,704	203.06%	1,868,843	764,928	40.93%
Notes receivable (net)	-	-	-	0.00%	-	-	#DIV/0!
Accounts receivable (net)	10,458,475	11,529,143	(1,070,668)	-9.29%	11,106,334	(647,859)	-5.83%
Other receivables (net)	3,189,843	3,322,963	(133,120)	-4.01%	2,367,290	822,554	34.75%
Inventories	5,133,827	5,042,106	91,721	1.82%	5,278,902	(145,075)	-2.75%
Prepaid expenses	605,835	626,625	(20,790)	-3.32%	546,385	59,450	10.88%
<b>Total current assets</b>	<b>22,021,752</b>	<b>21,389,904</b>	<b>631,847</b>	<b>2.95%</b>	<b>21,167,753</b>	<b>853,999</b>	<b>4.03%</b>
<b>Total assets</b>	<b>\$ 179,480,450</b>	<b>\$ 178,760,621</b>	<b>\$ 719,829</b>	<b>0.40%</b>	<b>\$ 170,193,927</b>	<b>\$ 9,286,523</b>	<b>5.46%</b>

**Vermont Electric Cooperative, Inc.**  
**Balance Sheet (Liabilities & Equity)**  
**March, 2018**

	March, 2018	February, 2018	Variance Fav/(Unfav)	March, 2017	Variance Fav/(Unfav)
	Actual	Actual	\$ %	Actual	\$ %
<b>Equities:</b>					
Memberships issued & subscribed	-	-	-	-	0.00%
Patronage capital assignable	6,705,150	(3)	6,705,152	4,297,653	100.00%
Other earnings	72,083,680	76,659,761	(4,576,081)	68,450,387	-6.35%
Contributions in aid of construction	-	-	-	-	0.00%
<b>Net equity</b>	<b>78,788,829</b>	<b>76,659,758</b>	<b>2,129,071</b>	<b>72,748,039</b>	<b>2.70%</b>
<b>Long-term debt</b>	<b>82,887,473</b>	<b>83,691,508</b>	<b>(804,035)</b>	<b>79,178,260</b>	<b>-0.97%</b>
<b>Capital leases - non current</b>	<b>383,272</b>	<b>384,138</b>	<b>(866)</b>	<b>370,596</b>	<b>-0.23%</b>
<b>Current liabilities:</b>					
Current portion of long-term debt	4,208,393	4,208,393	-	3,817,835	0.00%
Line of Credit	1,700,000	2,500,000	(800,000)	3,400,000	-47.06%
Accounts payable	6,837,067	5,915,432	921,635	5,919,754	13.48%
Customer deposits	1,286,597	1,286,686	(90)	1,173,815	-0.01%
Other accrued expenses	3,168,566	3,874,131	(705,565)	3,322,318	-22.27%
<b>Total current liabilities</b>	<b>17,200,623</b>	<b>17,784,643</b>	<b>(584,020)</b>	<b>17,633,722</b>	<b>-3.40%</b>
<b>Deferred credits</b>	<b>220,252</b>	<b>240,574</b>	<b>(20,322)</b>	<b>263,309</b>	<b>-9.23%</b>
<b>Total liabilities and equity</b>	<b>\$ 179,480,450</b>	<b>\$ 178,760,621</b>	<b>\$ 719,829</b>	<b>\$ 170,193,927</b>	<b>0.40%</b>
					<b>5.46%</b>
					<b>7.67%</b>
					<b>4.47%</b>
					<b>3.31%</b>
					<b>9.28%</b>
					<b>-100.00%</b>
					<b>13.42%</b>
					<b>8.77%</b>
					<b>-4.85%</b>
					<b>-2.52%</b>
					<b>-19.55%</b>
					<b>5.46%</b>

Vermont Electric Cooperative, Inc.  
Statement of Cash Flows

	Month		Year-to-date		* Variance Fav (Unfav)
	March, 2018 Actual	March, 2017 Actual	March, 2018 Actual	March, 2017 Actual	
Cash flows from operating activities:					
Net income	\$ 2,132,662	\$ 2,512,448	\$ 3,260,743	\$ 3,058,026	\$ 202,716
Noncash expenses (income) included in earnings:					
Depreciation & amortization	\$ 532,953	\$ 510,034	\$ 1,587,860	\$ 1,551,772	\$ 36,088
(Gain) loss on sale of investments	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) loss on sale of fixed assets	\$ (530)	\$ (530)	\$ (1,690)	\$ (1,841)	\$ 151
Changes in assets and liabilities:					
Decrease (increase) in notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Decrease (increase) in accounts receivable	\$ 1,070,668	\$ (448,605)	\$ (173,563)	\$ (1,128,115)	\$ 954,552
Decrease (increase) in other receivable	\$ 133,120	\$ (295,539)	\$ (546,657)	\$ (453,940)	\$ (92,716)
Decrease (increase) in inventories	\$ (91,721)	\$ (891,733)	\$ (72,061)	\$ (998,589)	\$ 926,528
Decrease (increase) in prepayments	\$ 20,790	\$ (66,292)	\$ (129,896)	\$ (94,421)	\$ (35,476)
Decrease (increase) in deferred charges	\$ 4,764	\$ 3,021	\$ (129)	\$ 5,934	\$ (6,063)
Increase (decrease) in accounts payable	\$ 921,635	\$ 139,721	\$ (316,974)	\$ (272,366)	\$ (44,608)
Increase (decrease) in customer deposits	\$ (90)	\$ 41,260	\$ 52,295	\$ 133,652	\$ (81,357)
Increase (decrease) in accrued expenses	\$ (705,565)	\$ (1,705,025)	\$ 363,461	\$ (1,517,232)	\$ 1,880,694
Increase (decrease) in deferred credits	\$ (20,322)	\$ (302,870)	\$ 164,366	\$ (133,082)	\$ 297,448
<b>Net cash provided (used) by operating activities</b>	<b>3,998,364</b>	<b>(504,109)</b>	<b>4,187,755</b>	<b>149,797</b>	<b>4,037,958</b>
Cash flows from investing activities:					
Additions to electric plant in service and construction work in progress	\$ (576,109)	\$ (913,396)	\$ (2,379,371)	\$ (2,837,391)	\$ 458,020
Proceeds from retirements of electric plant in service	\$ 69,181	\$ 1,482,427	\$ 592,757	\$ 2,396,991	\$ (1,804,233)
Return on capital investments	\$ (117,468)	\$ (123,225)	\$ (132,542)	\$ (137,907)	\$ 5,365
Proceeds (payments) from sale (purchase) of investment:	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net cash provided (used) in investing activities</b>	<b>(624,397)</b>	<b>445,806</b>	<b>(1,919,156)</b>	<b>(578,307)</b>	<b>(1,340,849)</b>
Cash flows from financing activities:					
Proceeds from borrowings LOC	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from borrowings Long-Term	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to creditors LOC	\$ (800,000)	\$ 1,300,000	\$ 146,776	\$ 1,100,000	\$ (953,224)
Payments to creditors Long-Term	\$ (805,673)	\$ (719,747)	\$ (1,193,939)	\$ (1,091,350)	\$ (102,589)
Patronage Capital Retirements - Net	\$ (3,590)	\$ (14,632)	\$ (6,179)	\$ (19,944)	\$ 13,765
Memberships issued, net of refunds	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to donated capital, net	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net cash provided (used) by financing activities</b>	<b>(1,609,264)</b>	<b>565,621</b>	<b>(1,053,342)</b>	<b>(11,294)</b>	<b>(1,042,048)</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>1,764,704</b>	<b>507,318</b>	<b>1,215,258</b>	<b>(439,804)</b>	<b>1,655,062</b>
Cash & cash equivalents at beginning of period	\$ 869,067	\$ 1,361,525	\$ 1,418,514	\$ 2,308,647	\$ (890,133)
<b>Cash &amp; cash equivalents at end of period</b>	<b>\$ 2,633,771</b>	<b>\$ 1,868,843</b>	<b>\$ 2,633,771</b>	<b>\$ 1,868,843</b>	<b>\$ 764,928</b>