

Financial Highlights – June, 2019

	<u>Variance (K's)</u>	<u>YTD Variance (K's)</u>
June Net Income	(\$20)	\$581

Analysis:

- Operating Revenue**
\$14
(\$43)

KWH sales in June are \$70k less than budget for the month and \$221k less YTD. The average price/KWH sold is \$77k better than budget for the month but is \$207k less for the year. Non-energy services, pole attachments, and wheeling revenues are \$5k less than budget for the month but are \$123k better for the year. Unbilled revenues are \$24k less than budget for the month but is \$40k better YTD. The sale of Renewable Energy Credits is \$36k better than budget for the month but is \$221k better YTD.

- Purchased Power Costs**
\$125
\$652

Purchased KWH is under budget by \$129k for the month and \$199k under for the year. Our overall costs/KWH is \$3k over budget for the month but is \$453k under YTD.

- Transmission Costs**
\$16
(\$59)

Transmission support for substations and supervision is \$3k under budget for the month but is \$4k over YTD. Transmission by Others is \$36k over budget for the month and \$247k over YTD. Maintenance for SCADA and overhead lines is \$3k over budget for the month but is \$27k under for the year. Property Taxes are on budget for the month but are \$3k over YTD. Transmission vegetative maintenance is \$52k under budget for the month and \$168k under YTD.

- Distribution Operations/Mtce**
(\$107)
(\$131)

Major Storm costs are \$49k under budget for the month and \$344k under for the year. Meter/AMI Expense is \$7k over budget for the month and \$3k over YTD. Supervisory related costs are \$2k under budget for the month but is \$13k under YTD. Overall Distribution Maintenance costs are \$174k over budget for the month and \$314k over YTD. Miscellaneous Distribution and Customer Installation expenses are \$4k over budget for the month and \$22k over YTD. Distribution vegetative maintenance program spending is under budget by \$26k for the month but is \$148k over YTD. The overall vegetative maintenance program (transmission + distribution) is \$79k under budget for the month and \$19k under for the year.

- Customer Accounts**
\$8
(\$18)

Meter Reading & Disconnect Services are \$11k under budget for the month and \$43k under YTD. Member service administration is \$9k over budget for the month and \$54k over YTD. Uncollectible Accounts are \$3k over budget for the month and \$16k over YTD. Communications, Patronage Capital and SQRP Costs are \$8k under budget for the month and \$8k under YTD.

- **Administrative & General** (\$105) (\$42)

Regulatory related expense is \$50k over budget for the month and \$11k over YTD. Payroll and Benefits are \$6k over budget for the month but is \$54k under YTD. Outside Services is \$3k over budget for the month and \$13k over YTD. Director Expenses are \$10k over budget for the month and \$12k over YTD. Internal costs incurred for TIER 3 Projects are \$12k over budget for the month and \$21k over YTD. Expenses for Coop-life, Business Development, Dues, Annual and Employee Meeting expenses are \$13k over budget for the month and \$28k over YTD. Office related expenses are \$3k over budget for the month but is \$1k under YTD. Safety and Facility related expenses are \$7k over budget for the month and \$13k over YTD.

- **Total Depreciation & Other Exp** \$15 \$22

Depreciation expense is \$4k under budget for the month and \$33k under YTD. Interest expense is \$11k under budget for the month but is \$15k over YTD. Gross Receipt & Revenue Taxes are on budget for the month but is \$4k under budget YTD. Other Expenses are on budget for the month but \$1k under YTD.

- **Total Non-Operating Margins** \$14 \$201

Capital Credits from CFC, CoBank, NISC and Federated are on budget for the month but is \$138k better YTD. Interest and Dividend Income is \$11k better than budget for the month and \$25k better YTD. Miscellaneous Jobbing Revenue is \$10k better than budget for the month and \$16K better YTD. Other Income is \$8k less than budget for the month but is \$22k better for the year.

- **Capital Spending Plan** \$347 \$267

Transformers and increased capacity are on budget for the month but is \$38k under YTD. Line projects, Reconductoring and Ordinary Replacements are \$580k under budget for the month and \$634k under YTD. Pole Replacements are \$26k over budget for the month and \$351k over YTD. The Battery Storage project is \$30k over budget for the month and \$19k over YTD. New Services and Construction are \$15k over budget for the month and \$22k over for the year. Facilities, Fleet and IT projects are \$44k over budget for the month and \$122k over for the year. Substation projects are \$27k over budget for the month and \$83k over for the year. Security lights are \$5k under budget for the month and \$45k under YTD. Meters and AMI are \$95k over budget for the month but is \$154k under for the year. Tools are over budget \$3k for the month and \$6k over YTD. TIER 3 CAP Projects are under budget by \$1k for the month but is \$2k over for the year.

TIER and Debt Service Coverage

We are currently exceeding our budgeted TIER. Our Debt Service payments for 2019 is expected to be \$7.9 million.

Cash Flow and Line of Credit

In June, we used up to a peak of \$4.7M on our line of credit on June 24th. The July high for the line of credit is expected to be \$5.9M on July 1st.

Balance Sheet

Our equity ratio in June finished at 44.6% consistent with May. Our current ratio, a measure of liquidity, is .81, down slightly from May at .83. VEC's FFO ratio for 2019 YTD ("Funds from Operations/Capital Expenditures Ratio"; Target of 80% desirable) is 1.29, consistent with May.

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

	June, 2019 Actual	June, 2019 Budget	Actual- Budget Variance Fav (Unfav) \$	%	June, 2018 Actual	Prior Year Variance Fav (Unfav) \$	%
kWh Statistics							
kWh Units Sold	33,025,628	33,459,777	(434,149)	-1.3%	33,459,777	(434,149)	-1.3%
kWh Units Purchased	34,957,000	36,633,532	(1,676,532)	-4.6%	36,634,000	(1,677,000)	-4.6%
Net System Losses (kWh)	1,931,372	3,173,755	(1,242,383)	-39.1%	3,174,223	(1,242,851)	-39.2%
Sytem Losses (%)	5.52%	8.66%			8.66%		
Revenue							
Operating Revenue	5,544,324	5,530,018	14,306	0.3%	5,518,749	25,574	0.5%
Sales for Resale	159,311	75,471	83,840	111.1%	169,828	(10,517)	6.2%
Total revenues	\$ 5,703,635	\$ 5,605,489	\$ 98,146	1.8%	\$ 5,688,577	\$ 15,057	0.3%
Power supply cost							
Purchased power cost	2,686,450	2,811,668	125,218	4.5%	2,508,139	(178,311)	7.1%
Sales for Resale	159,311	75,471	(83,840)	-111.1%	169,828	10,517	-6.2%
Transmission	1,085,229	1,101,218	15,989	1.5%	981,453	(103,775)	10.6%
Total Power supply cost	3,930,990	3,988,357	57,367	-1.4%	3,659,420	(271,569)	7.4%
Gross Margin	\$ 1,772,645	\$ 1,617,132	\$ 155,513	9.6%	\$ 2,029,157	\$ (256,512)	12.6%
Operating expenses							
Distribution: Operations & Mtce	1,215,694	1,108,739	(106,956)	-9.6%	1,143,645	(72,050)	6.3%
Customer accounts	219,445	227,227	7,782	3.4%	211,167	(8,278)	3.9%
Administrative & general	444,876	339,554	(105,322)	-31.0%	334,653	(110,223)	32.9%
Total operating expenses	\$ 1,880,015	\$ 1,675,519	\$ (204,496)	-12.2%	\$ 1,689,465	\$ (190,551)	11.3%
Depreciation & amortization	498,322	502,119	3,797	0.8%	493,860	(4,462)	0.9%
Gross revenue & receipts taxes	55,199	55,128	(71)	-0.1%	54,912	(287)	0.5%
Interest on long-term debt	283,074	292,824	9,751	3.3%	295,309	12,235	-4.1%
Other interest expenses	16,150	17,688	1,538	8.7%	1,785	(14,366)	804.8%
Other Deductions	-	74	74	100.0%	74	74	-100.0%
Total depreciation & other expenses	852,745	867,833	15,088	-1.7%	845,939	(6,806)	0.8%
Income from operations	\$ (960,115)	\$ (926,220)	\$ (33,895)	3.7%	\$ (506,247)	\$ (453,868)	-89.7%
Interest income	1,201,052	1,189,839	11,213	0.9%	1,128,462	72,590	6.4%
Other income (expenses)	13,704	10,984	2,719	24.8%	4,939	8,764	177.4%
Other capital credits & dividends	-	-	-	N/A	-	-	N/A
Total non-operating margins	1,214,755	1,200,823	13,933	1.2%	1,133,402	81,354	7.2%
Net income (loss)	254,640	274,603	(19,962)	-7.3%	627,155	(372,514)	59.4%
Extraordinary expenses	-	-	-	N/A	-	-	N/A
Total net income (loss)	\$ 254,640	\$ 274,603	\$ (19,962)	-7.3%	\$ 627,155	\$ (372,514)	59.4%

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

	June, 2019 Actual	June, 2019 Budget	Actual-Budget Variance Fav (Unfav) \$ %	June, 2018 Actual	Prior Year Variance Fav (Unfav) \$ %
kWh Statistics					
kWh Units Sold	232,822,189	234,180,512	(1,358,323)	234,180,512	(1,358,323)
kWh Units Purchased	239,331,000	242,038,456	(2,707,456)	242,039,000	(2,708,000)
Net System Losses (kWh)	6,508,811	7,857,944	(1,349,133)	7,858,488	(1,349,677)
System Losses (%)	2.72%	3.25%		3.25%	-0.6%
					-1.1%
					-17.2%
Revenue					
Operating Revenue	40,458,513	40,501,998	(43,484)	40,562,438	(103,925)
Sales for Resale	860,064	858,581	1,483	1,226,327	(366,263)
Total revenues	\$ 41,318,577	\$ 41,360,579	\$ (42,002)	\$ 41,788,765	\$ (470,188)
					-1.1%
					-0.3%
					29.9%
Power supply cost					
Purchased power cost	17,179,520	17,831,998	652,478	17,725,479	545,959
Sales for Resale	860,064	858,581	(1,483)	1,226,327	366,263
Transmission:	7,141,024	7,081,703	(59,320)	6,203,414	(937,610)
Total Power supply cost	25,180,608	25,772,283	591,675	25,155,220	(25,388)
					0.1%
Gross Margin	\$ 16,137,969	\$ 15,588,296	\$ 549,673	\$ 16,633,546	\$ (495,576)
					3.0%
Operating expenses					
Distribution: Operations & Mite	6,807,484	6,676,454	(131,030)	6,991,141	183,656
Customer accounts	1,393,510	1,375,187	(18,323)	1,299,222	(94,288)
Administrative & general	2,114,102	2,072,199	(41,903)	1,968,300	(145,802)
Total operating expenses	10,315,096	10,123,840	(191,256)	10,258,662	(56,434)
					0.6%
Depreciation & amortization	3,001,637	3,034,247	32,610	2,945,656	(55,980)
Gross revenue & receipts taxes	390,969	394,692	3,722	393,853	2,884
Interest on long-term debt	1,755,701	1,772,439	16,737	1,861,748	106,046
Other interest expenses	109,246	77,340	(31,907)	22,878	(86,368)
Other deductions	7,714	8,324	611	8,324	611
Total depreciation & other exp	5,265,268	5,287,041	21,774	5,232,460	(32,808)
					0.6%
Income from operations	557,606	177,415	380,191	1,142,424	(584,818)
					51.2%
Interest income	2,419,902	2,395,003	24,899	2,623,946	(204,044)
Other income (expenses)	81,975	44,019	37,955	125,826	(43,851)
Other capital credits & dividends	396,663	258,939	137,724	501,569	(104,906)
Total non-operating margins	2,898,540	2,697,961	200,579	3,251,341	(352,801)
					-10.9%
Net income (loss)	3,456,145	2,875,376	580,770	4,393,765	(937,620)
					21.3%
Extraordinary expenses	-	-	-	-	-
					N/A
Total net income (loss)	\$ 3,456,145	\$ 2,875,376	\$ 580,770	\$ 4,393,765	\$ (937,620)
					21.3%

Vermont Electric Cooperative, Inc.
Balance Sheet (Assets)
June, 2019

	June, 2019 Actual	May, 2019 Actual	Variance Fav/(Unfav) \$	%	June, 2018 Actual	Variance Fav/(Unfav) \$	%
Electric plant, at cost:							
Electric plant in service	173,068,827	172,825,431	243,396	0.14%	167,691,369	5,377,458	3.21%
Less accumulated depreciation	(51,855,927)	(51,396,104)	459,823	0.89%	(49,894,836)	1,961,091	3.93%
Net electric plant in service	121,212,900	121,429,327	(216,427)	-0.18%	117,796,533	3,416,367	2.90%
Construction work in progress	2,833,940	2,534,146	299,794	11.83%	2,146,597	687,344	32.02%
Net electric plant	124,046,840	123,963,473	83,367	0.07%	119,943,130	4,103,710	3.42%
Other assets:							
Non-utility property	65,697	65,697	-	0.00%	65,697	-	0.00%
Other investments	42,065,736	42,065,883	(146)	0.00%	37,484,735	4,581,002	12.22%
Deferred charges	126,427	127,884	(1,457)	-1.14%	147,839	(21,412)	-14.48%
Total other assets	42,257,860	42,259,464	(1,603)	0.00%	37,698,271	4,559,590	12.09%
Current assets:							
Cash	(54,057)	860,677	(914,734)	-106.28%	1,570,361	(1,624,417)	-103.44%
Notes receivable (net)	-	-	-	0.00%	-	-	#DIV/0!
Accounts receivable (net)	9,347,773	9,095,661	252,112	2.77%	9,488,325	(140,552)	-1.48%
Other receivables (net)	2,583,393	1,395,662	1,187,731	85.10%	3,112,949	(529,556)	-17.01%
Inventories	5,261,447	5,201,131	60,316	1.16%	5,160,491	100,956	1.96%
Prepaid expenses	695,445	735,302	(39,857)	-5.42%	656,821	38,624	5.88%
Total current assets	17,834,001	17,288,433	545,568	3.16%	19,988,947	(2,154,945)	-10.78%
Total assets	\$ 184,138,702	\$ 183,511,370	\$ 627,332	0.34%	\$ 177,630,347	\$ 6,508,355	3.66%

Vermont Electric Cooperative, Inc.
Balance Sheet (Liabilities & Equity)
June, 2019

	June, 2019 Actual	May, 2019 Actual	Variance Fav/(Unfav) \$	%	June, 2018 Actual	Variance Fav/(Unfav) \$	%
Equities:							
Memberships issued & subscribed	-	-	-	0.00%	-	-	0.00%
Patronage capital assignable	(3)	(3)	-	0.00%	(2)	(1)	37.85%
Other earnings	82,050,652	81,798,348	252,304	0.31%	79,920,297	2,130,355	2.60%
Contributions in aid of construction	-	-	-	0.00%	-	-	0.00%
Net equity	82,050,649	81,798,346	252,304	0.31%	79,920,295	2,130,354	2.60%
Long-term debt	77,578,228	78,415,544	(837,316)	-1.08%	81,998,530	(4,420,302)	-5.70%
Capital leases - non current	387,851	389,763	(1,912)	-0.49%	386,539	1,312	0.34%
Current liabilities:							
Current portion of long-term debt	4,360,369	4,360,369	-	0.00%	4,208,393	151,976	3.49%
Line of Credit	5,864,528	4,127,500	1,737,028	29.62%	-	5,864,528	100.00%
Accounts payable	5,383,292	5,664,012	(280,720)	-5.21%	5,534,909	(151,617)	-2.82%
Customer deposits	1,633,109	1,621,025	12,084	0.74%	1,301,778	331,331	20.29%
Other accrued expenses	4,790,219	4,939,685	(149,466)	-3.12%	4,109,959	680,260	14.20%
Total current liabilities	22,031,516	20,712,590	1,318,926	5.99%	15,155,039	6,876,477	31.21%
Deferred credits	2,090,457	2,195,128	(104,671)	-5.01%	169,944	1,920,513	91.87%
Total liabilities and equity	\$ 184,138,702	\$ 183,511,370	\$ 627,332	0.34%	\$ 177,630,347	\$ 6,508,355	3.66%

Vermont Electric Cooperative, Inc.
Statement of Cash Flows

	Month		Year-to-date		Variance Fav (Unfav)
	June, 2019 Actual	June, 2018 Actual	June, 2019 Actual	June, 2018 Actual	
Cash flows from operating activities:					
Net income	\$ 254,640	\$ 627,155	\$ 3,456,145	\$ 4,393,765	(937,620)
Noncash expenses (income) included in earnings:					
Depreciation & amortization	\$ 563,251	\$ 622,838	\$ 3,326,698	\$ 3,347,696	(20,998)
(Gain) loss on sale of investments	\$ -	\$ -	\$ -	\$ -	-
(Gain) loss on sale of fixed assets	\$ (530)	\$ (530)	\$ (31,424)	\$ (3,280)	(28,144)
Changes in assets and liabilities:					
Decrease (increase) in notes receivable	\$ -	\$ -	\$ -	\$ -	-
Decrease (increase) in accounts receivable	\$ (252,112)	\$ 325,982	\$ 145,168	\$ 796,587	(651,420)
Decrease (increase) in other receivable	\$ (1,187,731)	\$ (138,970)	\$ (828,877)	\$ (469,762)	(359,115)
Decrease (increase) in inventories	\$ (60,316)	\$ (158,668)	\$ (306,597)	\$ (98,725)	(207,871)
Decrease (increase) in prepayments	\$ 39,857	\$ 27,956	\$ (244,723)	\$ (180,883)	(63,840)
Decrease (increase) in deferred charges	\$ 4,316	\$ 4,601	\$ 23,841	\$ 14,000	9,841
Increase (decrease) in accounts payable	\$ (280,720)	\$ 139,555	\$ (2,204,895)	\$ (1,619,132)	(585,763)
Increase (decrease) in customer deposits	\$ 12,084	\$ (653)	\$ 192,705	\$ 67,476	125,229
Increase (decrease) in accrued expenses	\$ (149,466)	\$ (164,723)	\$ 789,013	\$ 1,304,854	(515,841)
Increase (decrease) in deferred credits	\$ (104,671)	\$ (20,184)	\$ 2,041,618	\$ 114,058	1,927,561
Net cash provided (used) by operating activities	(1,161,398)	1,264,359	6,358,672	7,666,654	(1,307,983)
Cash flows from investing activities:					
Additions to electric plant in service and construction work in progress	\$ (644,389)	\$ (834,763)	\$ (7,818,295)	\$ (4,878,015)	(2,940,280)
Proceeds from retirements of electric plant in service	\$ (4,558)	\$ 245,916	\$ 592,618	\$ 1,144,555	(551,937)
Return on capital investments	\$ -	\$ -	\$ (213,321)	\$ (132,542)	(80,779)
Proceeds (payments) from sale (purchase) of investment:	\$ -	\$ -	\$ -	\$ -	-
Net cash provided (used) in investing activities	(648,947)	(588,847)	(7,438,998)	(3,866,003)	(3,572,996)
Cash flows from financing activities:					
Proceeds from financing activities:					
Proceeds from borrowings LOC	\$ -	\$ -	\$ -	\$ -	-
Proceeds from borrowings Long-Term	\$ -	\$ -	\$ -	\$ -	-
Payments to creditors LOC	\$ 1,737,028	\$ -	\$ 1,164,528	\$ (1,553,224)	2,717,753
Payments to creditors Long-Term	\$ (839,081)	\$ (810,455)	\$ (2,162,600)	\$ (2,087,845)	(74,755)
Patronage Capital Retirements - Net	\$ (2,336)	\$ 2,265	\$ (4,658)	\$ (7,736)	3,077
Memberships issued, net of refunds	\$ -	\$ -	\$ -	\$ -	-
Additions to donated capital, net	\$ -	\$ -	\$ -	\$ -	-
Net cash provided (used) by financing activities	895,611	(808,190)	(1,002,730)	(3,648,805)	2,646,075
Net increase (decrease) in cash and equivalents	(914,734)	(132,678)	(2,083,057)	151,847	(2,234,904)
Cash & cash equivalents at beginning of period	\$ 860,677	\$ 1,703,039	\$ 2,029,000	\$ 1,418,514	610,486
Cash & cash equivalents at end of period	(54,057)	1,570,361	(54,057)	1,570,361	(1,624,417)