Vermont Public Power Supply Authority

Financial Statements

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)

Putting the Public in Power.

Vermont Public Power Supply Authority

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Graham & Veroff
Certified Public Accountants
Business Advisors & Management Consultants
The Solution Group

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management of
Vermont Public Supply Authority
Waterbury Center, Vermont

We have audited the accompanying financial statements of the Vermont Public Power Supply Authority (the "Authority"), a component unit of the State of Vermont, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Vermont Public Power Supply Authority as of December 31, 2020, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

As described in the accompanying notes to the financial statements, the Authority has a significant amount of debt service requirements that are contingent directly upon the financial stability of its members and non-members. Any deficiencies in the members and non-member revenues, operations, and net cash flows could have an adverse effect on the Authority's operations and debt service obligations.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements taken as a whole. The supplementary schedules presented on pages 57 through 64 have been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Graham & Veroff

Graham & Veroff, P.C.
Springfield, Vermont
February 19, 2021
Reg. # 92-0000282

Introduction to the Management's Discussion and Analysis (MD & A)

This annual financial report consists of two parts: The Management's Discussion and Analysis (M D & A), and the independent auditor's report which includes the financial statements for the fiscal years that ended on December 31, 2020 and 2019.

The purpose of this section of the Vermont Public Power Supply Authority's (the Authority) annual financial report (the M D & A) is to provide the reader with a summary of the Authority's financial performance and any significant events that occurred within the organization that may or may not have had an impact on that financial performance. The MD & A is intended to be a less comprehensive, reader-friendly synopsis that is understandable to all readers, not only those with a financial background.

The section following the MD & A provides a comprehensive look at the Authority's financial statements including the Authority's Statement of Net Position (formerly known as the Balance Sheet), Statement of Revenues, Expenses and Change in Net Position and Cash Flow Statements.

Together, the MD & A and financial statements illustrate the Authority's overall financial status and/or performance and should be read in conjunction with one another.

Items of Significant Interest

Items of significant interest as of December 31, 2020 are as follows:

- Change in Net Position – Increased $ 2,392,373
- Net Capital Assets - Decreased – ($ 863,664)
- Moody's reaffirmed VPPSA's Project #10 revenue bond rating for the Swanton Peaker Project at Baa1 with a stable outlook
- Total repayments on outstanding bonds and/or long-term debt: $ 3,440,617
    - Includes repayment of $2,194,000 in 2020 related to specific facilities equity investments previously financed and repurchased by Vt. Transco in 2020

Overview of the Financial Statements

The financial statements included within this report include a summary of the Authority's Statement of Net Position (formerly known as the Balance Sheet), Statement of Revenues, Expenses and Change in Net Position and a Statement of Cash Flows. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental enterprise funds (same basis of accounting as private-sector business enterprises) and employ an economic resources measurement focus and the accrual basis of accounting.

Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of capital assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Position. All resulting assets and liabilities associated with the operation of the Authority are included in the Statement of Net Position.

The Statement of Net Position presents information on the "assets and deferred outflows of resources" and the "liabilities and deferred inflows of resources", with the difference between the two groups reported as the company's "Net Position". The change in net position is one way to measure the Authority's financial health.

The Statements of Revenues, Expenses, and Changes in Net Position report provides the operating revenues and expenses and non-operating revenue and expenses of the Authority for the fiscal year, along with any capital grants to determine the change in net position for the fiscal year. That change, combined with last year's net position total, reconciles to the net position total at the end of this fiscal year.

The Statement of Cash Flows report provides cash and cash equivalent activities for the fiscal year resulting from operating activities, non-operating activities, capital-related financing activities, noncapital related financing activities and investing activities. The net result of these activities added to the cash balance from the beginning of the year reconciles to the cash and cash equivalent balance at the end of the current fiscal year.

The Authority's reported financial statements include its project ownership interests as follows:

- The Authority's 19% ownership of the J.C. McNeil Generating Station Project #2.
- The Authority's 9.36% ownership of the 225MW AC-DC-AC Highgate Converter Station Project #3 (asset sold in 2017).
- The Authority's 100% ownership of the 40 MW Swanton Peaker Project #10.

Financial Summary

The two tables on the next page 1) summarize information related to the Authority's assets and deferred outflows of resources and 2) summarizes information related to the Authority's liabilities and deferred inflows of resources. As stated earlier, the difference between the two groups is reported as the Authority's "net position". This information is provided for the years ending December 31, 2020, and 2019.

	2020	2019
Capital Assets, net	$ 15,057,025	$ 15,920,689
Current Assets		
Cash & Cash Equivalents	9,910,840	10,819,124
Accounts Receivables	6,433,455	5,724,720
Other Current Assets	2,635,007	2,378,697
Total Current Assets	18,979,301	18,922,541
Long-Term Assets		
Investments	34,190,167	35,744,056
Other Long-Term Assets	367,287	490,649
Total Long-Term Assets	34,557,453	36,234,706
Deferred Outflow of Resources	25,000	25,000
TOTAL ASSETS & DEFERRED OUFLOWS OF RESOURCES	$ 68,618,780	$ 71,102,935

	2020	2019
Current Liabilities		
Accounts Payable	3,188,287	3,156,605
Short-term Debt	-	-
Current Portion-Bonds & LTD	3,556,084	5,638,199
Other	1,491,049	1,444,268
Total Current Liabilities	8,235,420	10,239,072
Long-term liabilities		
Bonds	12,065,000	13,280,000
Long-Term Debt	14,115,087	15,783,739
Other	121,993	98,915
Total Long-Term Liabilities	26,302,080	29,162,655
Deferred Inflows of Resources	25,000	70,605
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	$ 34,562,500	$ 39,472,332
Net Position	34,056,280	31,630,604
TOTAL LIABILITIES AND NET POSITION	$ 68,618,780	$ 71,102,935

Changes in Assets and Deferred Outflow of Resources:

The Authority maintains fixed (or capital) assets and categorizes current and long-term assets. Within each of these categories, some assets are classified as unrestricted and available to meet general operating needs and others are classified as restricted due to contractual obligations and/or other restraints that are placed on those assets. The primary restricted assets include those assets that are project-related, where the Authority is obligated to maintain a separate and distinct accounting for those project funds.

Fixed Assets - Fixed assets (or capital assets) are stated at historical cost and include assets related to land, production plant, transmission plant and general plant. A portion of these capital assets relate to the Authority's joint ownership in the following jointly owned facilities:

- The Authority's 19% ownership of the J.C. McNeil Generating Station Project #2.
- The Authority's 9.36% ownership of the 225mW AC-DC-AC Highgate Converter Station Project #3 (asset sold in 2017).

The following chart summarizes the Authority's fixed assets and accumulated depreciation for the years ended December 31, 2020 and 2019:

Capital Assets **decreased ($863,663)**
- Routine Capital Improvements
- Annual Depreciation on Assets in Service

	2020	2019
Capital assets	$ 48,777,231	$48,147,869
Less accumulated depreciation	$ 33,720,206	$32,227,181
Total capital assets, net	$ 15,057,025	$15,920,688

Current Assets - Current assets are generally defined as those assets that can be easily converted into cash within one year. The Authority's current assets are primarily comprised of cash and cash equivalents, short-term investments, accounts receivable, and inventories. Changes in current assets include:

<u>2020</u>

Current Assets increased $57K or .3%
- Decrease in Cash & Cash Equivalents
  - Increase in Receivables
- Increase in Receivables
- Increase in Other Current Assets
  - Due from Members
  - Inventories

<u>2019</u>

Current Assets increased $495K or 2.7%
- Increase in Cash & Cash Equivalents
  - Decrease in Receivables
  - Project 10 participants contributed to reserve fund
  - Earnings on funds invested
- Decrease in Inventories

Long-term Assets - Long-term assets are generally described as the value of a company's property, equipment and other capital assets that are expected to be usable for more than one year, less the accumulated depreciation recorded on these assets. Fixed (capital) assets were previously described above; therefore, this section includes "other" long-term assets or those that are long-term in nature but not related to the Authority's physical property and/or equipment. This includes long-term investments and other miscellaneous long-term assets such as amounts due from members and long-term prepayments. The investments classified as long-term are those that represent funds invested for periods longer than 90 days.

The Authority holds three types of investments – those related to project bond funds (debt service accounts), the Authority's purchase of membership units in Vermont Transco, LLC and the Authority's investment in Hometown Connections, Inc.

Bond Funds:

In 2020 and 2019, the Authority invested bond funds held, but not required for immediate expenditure, using several different instruments such as Certificates of Deposit, Treasury bills, Treasury notes and other Federal Agency Obligations.

In 2020 bond fund investments decreased approximately $33K or 1.8% and in 2019 bond fund investments increased approximately $35K or 1.9%.

The decrease in 2020 and the increase in 2019 are primarily related to the investment income earned on the bond investments and a transfer of 2019 excess earnings to the revenue fund.

Vermont Transco Membership Units:

Transco Investment Activity				
	2019		2020	
	# Units	Value	# Units	Value
Beg Balance	4,188,878	$ 41,888,780	3,359,665	$ 33,596,650
Purchases	45,437	$ 454,370	67,309	$ 673,090
Sales	(874,650)	$ (8,746,500)	(219,400)	$ (2,194,000)
Total	3,359,665	$ 33,596,650	3,207,574	$32,075,740

As of December 31st, the Authority owned a total of 3,359,665 member units valued at $33,596,650 and 3,207,574 member units valued at $32,075,740 in 2019 and 2020, respectively.

Hometown Connections, Inc.:

In 2018, the Authority partnered with four (4) other agencies to establish a non-profit entity that provides consulting and technology services, as well as advance metering programs to public power utilities across the United States.

This investment brings greater value to the public power industry (including the Authority's members) by combining resources and allowing power utilities of all sizes to obtain the products and services they need to keep their electric systems robust and to preserve the benefits of community-owned, not-for-profit service. The Authority contributed $265,000 to the new company and obtained an equal ownership in the organization. In 2019, a sixth non-profit entity joined Hometown Connections, Inc., providing additional capital to the organization.

Other Long-Term Assets:

Other long-term assets decreased in 2020 by approximately $123K or 25% and increased in 2019 by approximately $31K or 6.6%. The increase in 2020 and the decrease in 2019 are both related to the changes in future revenues due from members, primarily from the McNeil Project.

Deferred Outflows of Resources – Deferred Outflows of Resources are defined as a consumption of net assets that are applicable to a future reporting period. In simple terms, this generally includes transactions where resources (typically cash) are expended but the reporting (expensing) for that transaction would occur over a period of years. These types of transactions have a positive effect on a company's net position, similar to assets. Examples of this are derivative instruments that have a positive impact to the company, unamortized debt issuance costs, amounts resulting from the refunding of debt, loan origination costs, etc. Specific to the Authority, this includes the amortization of the loss on reacquired debt related to the Project #10 Bond refunding in 2017 and a future regulatory expense related to Project #10. The amortization of loss on reacquired debt related to the Project #10 refunding was fully amortized in 2019.

Changes in Liabilities and Deferred Inflows of Resources:

The Authority maintains several long-term debt obligations and records current and other long-term liabilities. Similar to how the Authority records its assets, some liabilities are classified as unrestricted and available to meet general operating needs and others are classified as restricted due to contractual obligations and/or other restraints that are placed on those liabilities. The primary restricted liabilities include those liabilities that are project-related, where the Authority is obligated to maintain a separate and distinct accounting for those project funds.

Current Liabilities - Current liabilities are generally defined as a company's debts or the sum of money owed to other parties, due and payable within one year.
The Authority's current liabilities include accounts payable, amounts due to members, short-term debt obligations, the current year portion of long-term debt obligations, accrued interest payable and other miscellaneous short-term liabilities. The changes in current liabilities include:

<u>2020</u>
Current Liabilities decreased $2.0M or 20%

- LTD - Current Portion
  - Reduction due to maturity of LED Specific Facilities
  - Addition of one new Transco facility

<u>2019</u>
Current Liabilities decreased $6.6M or 39.3%

- Slight increase in Accounts Payable
- Significant decrease in LTD-current maturities
  - Annual reductions to Transco LTD
  - Maturity of LCSF LTD (included in current portion)
- Decrease in amounts due to Member related to REC transactions

Long-Term Liabilities - Long-term liabilities are generally those debt obligations such as bond payments, leases and other obligations that are due in more than one year. The Authority's primary long-term liabilities at December 31, 2020 and December 31, 2019, consist of one outstanding bond issue and ten (10) long-term debt obligations. Other long-term liabilities include accrued liabilities that are expected to be paid in a future period such as accrued vacations payable to employees.

In 2017, the 2009 Series bonds that were used to facilitate the construction of the Authority's Swanton Peaker Project #10 located in Swanton, Vermont were advance refunded, with the 2009 Series being defeased with the issue of the 2017 Series bonds. Bonds payable decreased $1.2M or 9.2 % in 2020 and decreased $1.2M or 8.1 % in 2019. These reductions were the result of the repayment of principal on bonds outstanding during these years.

The Authority maintained eleven (11) long-term debt facilities in 2020 and eleven (11) long-term debt facilities in 2019. In both 2020 and 2019, ten of the facilities were to facilitate purchases of membership units in VT TRANSCO for the benefit of certain of the Authority's members and one (1) facility was to finance upgrades to our office building in Waterbury Center.

In 2020, long-term debt facilities decreased by $1.7M or 10.6% and decreased by $3.9M or 19.9% in 2019. In 2020 and 2019, the changes were attributed to the ongoing principal repayment of existing long-term facilities.

Other long-term liabilities include accrued vacation payable to Authority employees. The value of the accrued benefit to Authority employees is $121,993 and $98,915 for 2020 and 2019, respectively.

Deferred Inflows of Resources - Deferred Inflows of Resources are defined as an acquisition of net assets by the company that is applicable to a future reporting period. In simple terms, this generally includes transactions where resources (typically cash) are received but the reporting (income/revenue) for that transaction would occur in a future period. These types of transactions typically have a negative effect on a company's net position, similar to liabilities.

Examples of this are credits resulting from the refunding of debt, premiums on debt issuances, loan origination fees, resources generated by current rates intended to recover costs expected to be incurred in the future, derivative instrument valuations that have a negative impact on a company's net position, etc. Transactions specific to the Authority include the derivative liability related to one (1) interest rate swap, the amortization of the premium related to the Project #10 Bond refunding that occurred in 2017 and a future regulatory liability, also related to Project #10. The amortization of the premium was fully amortized as of December 31, 2019 and the interest rate swap terminated in 2020.

The mark-to-market valuation of the interest rate swap results in a liability of $0 as of December 31, 2020 and $46K as of December 31, 2019. The interest rate swap effectively provided a variable to fixed interest rate for one note with one financial lender to facilitate purchases of membership units in VT TRANSCO. This swap terminated with the maturity of the financial obligation in 2020.

Changes in Net Position:

The difference between a company's assets, deferred outflows and its liabilities and deferred inflows is reported as its "net position". A company's net position is one way to measure the organization's net financial health. Changes in the Net Position includes Invested in Capital Assets net of related debt, Restricted Net Assets, Unrestricted Net Assets and Other Comprehensive Income.

The Invested in Capital Assets balance, net of related debt, represents the Authority's investment in the Waterbury Office building, the McNeil Generating Project #2, and the Swanton Peaker Project #10, less the debt service related to those assets.

The restricted net assets are comprised of assets restricted due to project obligations and special investments in Vt. Transco, LLC that directly benefit certain of the Authority's members.

The restricted project assets include McNeil and Project 10 and are those investment assets that are reserved for future debt payments and those current assets associated with project operations. The restrictions on these assets arise from the terms of the General Bond Resolutions (if applicable) and Power Sales Agreements for each project.

The Authority's restricted Investment in VT Transco represents the investment held by VPPSA that is either pledged as collateral or is eligible for release from collateral and therefore eligible for transfer to the Authority's members. The restriction on these investments arises from the terms of the Transco Equity Agreement.

Unrestricted Net Assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets net of related debt."

The total net position increased $2,392,373 in 2020 and $2,839,827 in 2019. These increases reflect the Authority's ability to bill and record revenue for debt principal under its billing structure. The accumulated net position results because currently the principal obligations on debt exceed depreciation and amortization.

The Other Comprehensive Income is related to the unrealized gains and/or losses on invested funds and the mark-to-market valuation of one (1) interest rate swap that the Authority entered into providing rate stability to the organization.

Statement of Revenues, Expenses & Change in Net Position:

The following table summarizes the Authority's change in net position as of December 31, 2020 and 2019.

		2020		2019
Electric Sales For Resale	$	31,241,709	$	32,793,814
McNeil Project Revenue		4,336,164		4,668,323
Highgate Project Reveune		-		1,675
Swanton (P10) Revenue		3,130,168		3,233,830
Other Revenues		4,257,730		2,473,647
Total Operating Revenues	$	42,965,771	$	43,171,289
Power Production and Other Expenses		4,051,788		4,310,427
Transmission Expenses		11,448,582		11,924,074
Purchased Power		21,471,675		21,136,453
Regional Market Expenses		25,945		3,700
Administration & General Expenses		3,325,391		2,909,387
Taxes		312,470		298,472
Depreciation & Amortization		1,654,694		1,640,118
Total Operating Expenses	$	42,290,547	$	42,222,630
Net Operating Income(Loss)		**675,224**		**948,658**
Transco Income/Expenses (net)		3,087,404		3,577,122
Interest Income/Expenses (net)		(1,391,832)		(1,881,514)
Amortizations (net)		-		159,657
Proceeds/Expenses Related to Insurance Claim (r		-		-
Other Non-Operating Income/Expenses (net)		21,577		3
Total Non-Operating Expenses, Net	$	1,717,149	$	1,855,267
Change in Net Assets		2,392,373		2,803,925
Other Comprehensive Income		33,303		35,901
Transco Investment Return		-		-
UnAppropriated Earnings Distributed		-		-
Net Assets at Beginning of Year		31,630,604		28,790,777
Net Assets at End of Year	$	34,056,280	$	31,630,604

Operating Revenues & Expenses

A portion of the Authority's operating results reflect income received from member municipal utilities, participating electric cooperatives and several non-member municipal utilities. The project expense and debt service obligations are billed out directly on an entitlement share or contractually agreed-upon method. The Authority's operating and administrative expenses are billed as either project costs or member fees and are recorded as sales for resale.

Electric Sales for Resale - Electric Sales for Resale includes amounts billed by the Authority to its members and non-members for purchased power and transmission expenses paid for on behalf of those members and non-members and excludes all McNeil Project #2, Highgate Project #3, and Swanton Project #10 sales.

2020

Sales for ReSale decreased $1.6M or 5%

- Increase in REC revenue
- Decrease in P10 market credits
- Slight decrease in power supply and transmission cost
- Lower market prices

2019

Sales for ReSale increased $1.5M or 5%

- Less market credits related to Project 10 participation
- Less REC revenues
- Slight increase in member fees

2020

Purchase Power & Transmission decreased $152K or .5%

- Purchase Power increased $333K or 1.5%
- Transmission decreased $485K or 4.3%

2019

Purchase Power & Transmission decreased $178K or .5%

- Purchase Power increased $551K or 5%
- Transmission decreased $729K or 3%

McNeil Project #2 - The McNeil Project revenue reflects payments for monthly power costs and debt service obligations in accordance with the McNeil Project's Power Sales Agreements with participating members. The McNeil Project revenues decreased by approximately $332K or 7% in 2020 and decreased $660K or 12% in 2019.

The decreases in both 2020 and 2019 are primarily due to planned maintenance on the generating facility. In 2018, several major planned upgrades were expected, and participants were billed to cover those costs. The upgrades were then delayed until 2019 and 2020 and actual costs were lower than anticipated.

In 2020, REC revenues related to the McNeil project increased by approximately $402K and decreased by approximately $1.3M in 2019.

Power production costs are the direct result of operations at the McNeil and Project #10 facilities. The portion of power production costs related to the McNeil operations, decreased in 2020 by $361K or 9% and increased in 2019 by $213K or 6%. These variances are generally related to changes in operational costs, some of which result from changes in the capacity output of the McNeil station and varying fuel costs.

The chart below represents the capacity and availability factors related to the McNeil Generating Station over the last ten years:

Year	Capacity Factor	Availability Factor	Year	Capacity Factor	Availability Factor
2020	52.3%	72%	2015	66.3%	82.3%
2019	51.9%	72.0%	2014	65.7%	82.5%
2018	56.1%	77.1%	2013	72.9%	89.7%
2017	61.4%	74.6%	2012	51.3%	83.8%
2016	69.7%	96.3%	2011	51.9%	84.9%

Highgate Project # 3 - The Highgate Project revenue reflects payments from the Highgate Project participants for monthly transmission costs and debt service obligations in accordance with the Member Services Agreement with project participants. The sale of the Highgate facility was complete in May of 2017; however, several pending cases at FERC require that the project remain open until the open cases are resolved. During 2019, the project incurred $1,675 in legal costs and those costs were billed to the project participants.

Swanton Project # 10 - The Swanton Project revenue reflects payments for monthly power costs and debt service obligations in accordance with the Project's Power Sales Agreements with project participants. In 2020 project revenues decreased $104K or 3.2% and in 2019 revenues decreased $62K or 1.9%.

The primary reason for the decrease in both 2020 and 2019 were the result of routine changes in O & M costs for the plant and the additional billing to participants to increase a project reserve (which decreased in 2020 and 2019). Due to the nature of the project in several regional markets, the project participants received credits through the Authority's power settlement process of approximately $3.7M in 2020 and $4.8M in 2019. These credits more than offset the cost invoiced to participants, providing the participants with a net benefit for both years.

The power production costs related to the operations of Project #10 increased in 2020 by approximately $102K or 34% and decreased by approximately $117K or 28% in 2019. The changes in both 2020 and 2019 are primarily the result of changes in routine operating costs; primarily the cost of fuel oil that fluctuates based on the current market prices and the output of the facility.

The following chart represents the capacity and availability factors related to the Swanton Peaker Project for the last ten years:

Year	Capacity Factor	Availability Factor	Year	Capacity Factor	Availability Factor
2011	0.086%	98%	2016	0.275%	99%
2012	0.091%	91%	2017	0.168%	100%
2013	0.154%	99%	2018	0.144%	99%
2014	0.064%	99%	2019	0.075%	100%
2015	0.258%	99%	2020	.122%	99%

Other Revenues - Other revenues include the sale of Renewable Energy Certificates (RECs) generated from the J.C. McNeil Project #2, the Waste Management-Fitchburg Landfill facility, and several member's individual Hydro and or Solar units, as well as revenue related to the member's cost of meeting Renewable Energy Standards and computer-related service revenues.

<u>REC Revenues</u>

The McNeil REC sales are recorded as revenue and were used to offset Sales for Resale. The value of REC's sold for the last ten years are:

Year	Value	Year	Value
2020	$1.4M	2015	$2.4M
2019	$1.0M	2014	$2.8M
2018	$2.3M	2013	$2.0M
2017	$1.9M	2012	$1.5M
2016	$2.7M	2011	$1.5M

The Power Purchase Agreement between the Authority and the Waste Management-Fitchburg Landfill facility includes environmental attributes including the sale of renewable energy credits. These credits are recorded as revenue and netted against the cost of the power purchased per the power purchase agreement. The renewable energy credits realized from this resource include:

Year	Value	Year	Value
2020	$1.3M	2016	$1.1M
2019	$0.7M	2015	$1.5M
2018	$0.9M	2014	$1.1M
2017	$1.1M	2013	$1.1M

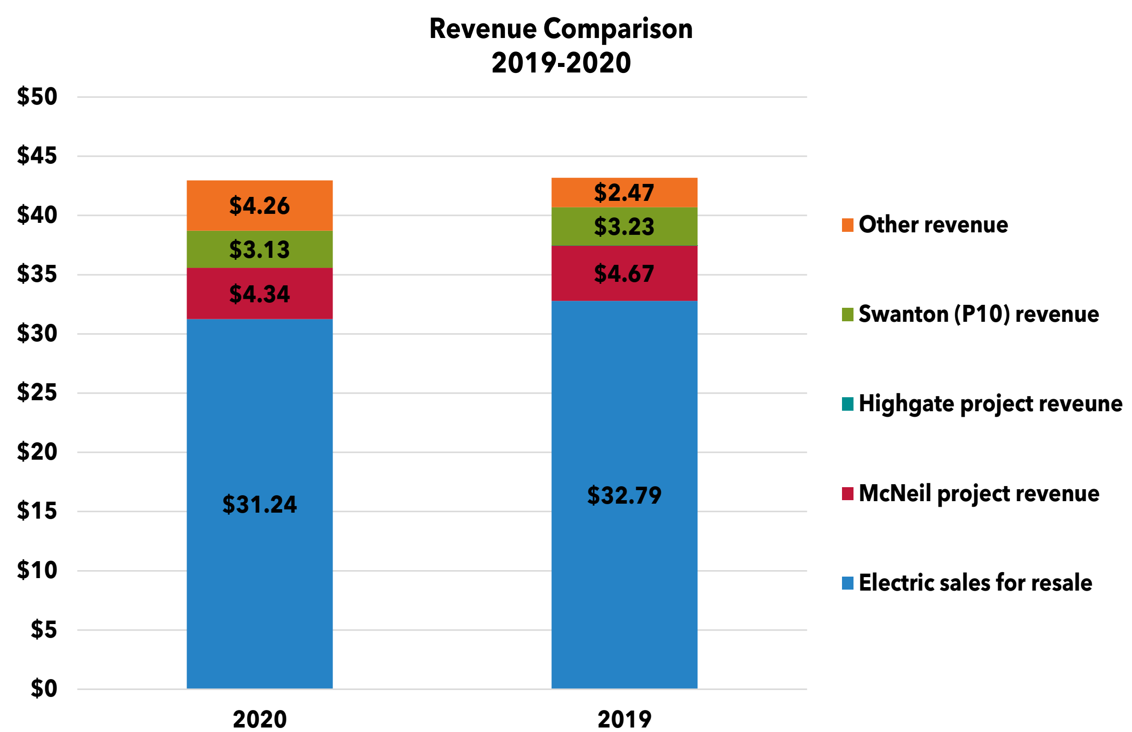
REC revenues produced by the VPPSA members' individual hydro units and several State mandated projects are sold by the Authority on behalf of the members (if not used to meet renewable energy standards) and credited to the member's account, reducing Sales for Resale.

Renewable Energy Standards ("RES)"

In 2020 and 2019 the Authority purchased Renewable Energy Credits to meet certain Renewable Energy Standards for certain Authority members. The Authority also administered several RES programs that provide incentive payments to consumers in an effort to encourage the reduction in fossil fuel use. The incentives were for a variety of activities including the purchase of Electric Vehicles, Cold Climate Heat Pumps, Hot Water Heat Pumps, Electric Lawn Mowers, E-Bikes, etc. The Authority billed out the cost of these charges and it is included in "other" revenues.

Revenues Summary

The following chart provides a snapshot the Authority's Revenues for 2020 and 2019.



Revenue	2020	2019	% Change	2020 as % of Total
Electric sales for resale	$31.24	$32.79	-4.7%	72.7%
McNeil project revenue	$4.34	$4.67	-7.1%	10.1%
Highgate project reveune	$0.00	$0.00	-100.0%	0.0%
Swanton (P10) revenue	$3.13	$3.23	-3.2%	7.3%
Other revenue	$4.26	$2.47	72.1%	9.9%
Total	$42.97	$43.17	-0.5%	100.0%

Non-Operating Activities

Changes in non-operating activities for 2020 and 2019 primarily include:

1) interest earned on deposits and temporary investments
2) interest expense related to the Authority's debt obligations
3) distributions and expenses related to the investment of TRANSCO Member Units and
4) revenues and/or expenses related to other misc. non-operating activities.

Interest Earned and Interest Expense - In 2020, interest on deposits decreased and in 2019 interest on deposits and investments increased. These changes are primarily related to the fluctuation in current interest rates, coupled with a change in the amount of funds invested during the period. Interest expense decreased in both 2020 and 2019. The changes are primarily due to the ongoing reduction of principal on bonds and loans outstanding, offset by the addition of two new debt facilities in 2019.

These interest earnings and interest expense variances include the following:

Interest Earned:	Interest Expense:
2020 = Decrease of $172K	2020 = Decrease of $662.K or 31.5%
2019 = Increase of $35K or 19.5%	2019 = Decrease of $76K or 3.5%

Distribution Income and Distribution Expense - The Authority currently holds a total of 3,207,574 TRANSCO membership units valued at $32,075,740. In 2020 distribution income decreased by $949K or 17.2% whereas in 2019 distribution income decreased by $376K or 6.8%. The decrease in 2020 was primarily due to the sale of the Vt. Transco investment previously held for the benefit of the four Lamoille County members (repurchased by Vt. Transco in 2019) and the decrease in 2019 was related to less revenue (distributions) received related to VT TRANSCO "non-utility" operations, offset by additional revenue received due to the addition of member units purchased in 2018.

Subsequent Events

There have been no subsequent events that have occurred subsequent to December 31, 2020.

Request for Information

This report is designed to provide an overview of the Authority's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to:

The Controller Vermont Public Power Supply Authority PO Box 126 5195 Waterbury-Stowe Road Waterbury Center, Vermont 05677	EMAIL: ccurrier@vppsa.com Telephone: (802) 244-7678 Ext. 228 Direct Line: (802) 882-8501

Vermont Public Power Supply Authority
Statements of Net Position
December 31, 2020 and 2019

ASSETS	*2020*	*2019*
CAPITAL ASSETS, net	$ 15,057,025	$ 15,920,689
UNRESTRICTED ASSETS		
CURRENT:		
Cash and Cash Equivalents	1,856,324	2,430,011
Accounts Receivable	5,825,207	5,150,659
Due from Members	151,955	19,300
Other Current Assets	97,162	42,618
TOTAL CURRENT ASSETS	$ 7,930,648	$ 7,642,588
LONG TERM:		
Investments	430,230	289,600
Other Long-Term Assets	-	-
TOTAL LONG TERM ASSETS	430,230	289,600
TOTAL UNRESTRICTED ASSETS	8,360,878	7,932,188
RESTRICTED ASSETS		
CURRENT:		
Cash and Cash Equivalents	8,054,515	8,389,113
Cash Advances - Projects	-	-
Accounts Receivable	608,247	574,061
Due From Members	1,410	-
Fuel Inventories-McNeil & P10	1,326,310	1,073,182
Interest/Distribution Receivable	1,050,828	1,228,174
Other Current Restricted Assets	7,342	15,423
TOTAL RESTRICTED CURRENT ASSETS	11,048,653	11,279,953
LONG TERM:		
Due from Members	235,468	357,316
Investments - Bond Funds	1,849,427	1,882,406
Investment in VT Transco, LLC - Restricted	16,339,504	20,121,938
Investment In VT Transco, LLC - Restricted - Eligible for Release	15,571,006	13,450,112
Other Long-Term Assets	131,819	133,334
TOTAL RESTRICTED LONG TERM ASSETS	34,127,223	35,945,106
TOTAL RESTRICTED ASSETS	45,175,876	47,225,058
DEFERRED OUTFLOWS:		
Derivatives Instrument Asset	-	-
Other Regulatory Assets	25,000	25,000
Unamortized Loss on Reacquired Debt	-	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	25,000	25,000
TOTAL ASSETS & DEF OUTFLOW OF RESOURCES	$ 68,618,780	$ 71,102,935

See Independent Auditors Report and accompanying notes to financial statements.

Vermont Public Power Supply Authority
Statements of Net Position
December 31, 2020 and 2019

LIABILITIES	*2020*	*2019*
CURRENT LIABILITIES		
Accounts Payable	2,737,896	2,749,492
Amounts Due to Members	746,974	651,559
Other Current Liabilities	6,519	40,889
TOTAL CURRENT LIABILITIES	$ 3,491,389	$ 3,441,941
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Bonds Payable, Current Portion	1,215,000	1,170,000
Current Installments on Long - Term Debt	2,341,084	4,468,199
Amounts Due Members	404,323	384,957
Accounts Payable	450,391	407,113
Accrued Interest Payable	333,233	366,863
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:	4,744,031	6,797,131
LONG-TERM LIABILITIES		
Bonds Payable from Restricted Assets, (excl. current installments)	12,065,000	13,280,000
Long-Term Debt Payable from Restricted Assets (excl. current installments)	14,115,087	15,783,739
Other Long-Term Liabilities	121,993	98,915
TOTAL LONG-TERM LIABILITIES:	26,302,080	29,162,655
DEFERRED INFLOWS OF RESOURCES:		
Derivative Instrument Liability	-	45,605
Other Regulatory Liabilities	25,000	25,000
Unamortized Premium - Bond Refunding	-	-
TOTAL DEFERRED INFLOW OF RESOURCES	25,000	70,605
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	34,562,500	39,472,332
NET POSITION		
Invested in Capital Assets, Net of Related Debt	1,660,359	1,340,689
Restricted for McNeil Project #2	3,185,415	4,094,706
Restricted for Swanton Peaker - Project #10	7,867,792	7,202,909
Restricted for Highgate - Project #3	-	12
Restricted - Investment in Transco, LLC - Pledged - Eligible for Release	15,571,006	13,474,712
Restricted - Investment in Transco, LLC, net of related debt	1,024,518	1,019,730
Other Comprehensive Income - Restricted	(32)	(33,336)
Unrestricted	4,747,223	4,531,181
TOTAL NET POSITION	$ 34,056,280	$ 31,630,604
TOTAL LIABILITIES, INFLOWS OF RESOURCES & NET POSITION	$ **68,618,780**	$ **71,102,935**

See Independent Auditors Report and accompanying notes to financial statements

Vermont Public Power Supply Authority
Statements of Revenues, Expenses, and Changes in Net Position
December 31, 2020 and 2019

	2020	2019
REVENUES		
Electric Sales for Resale	31,241,709	32,793,814
McNeil Project Revenue	4,336,164	4,668,323
Highgate Project Revenue	-	1,675
Swanton (P10) Project Revenue	3,130,168	3,233,830
Renewable Energy Certificates	3,224,339	2,062,841
Other Service Revenue	1,033,391	410,805
TOTAL REVENUES	$ 42,965,771	$ 43,171,289
OPERATING EXPENSES		
Purchased Power	21,471,675	21,136,453
Transmission Expenses	11,448,582	11,924,074
Power Production Expenses	4,051,788	4,310,427
Regional Market Expense	25,945	3,700
Administrative & General Expenses	2,944,835	2,497,597
Outside Services	380,556	411,790
Payment in Lieu of Taxes	312,470	298,472
Amortization	585	212
Depreciation	1,654,109	1,639,906
TOTAL OPERATING EXPENSES	42,290,547	42,222,630
OPERATING INCOME FROM CONTINUING OPERATIONS	675,224	948,658
NON-OPERATING REVENUE (EXPENSE)		
Distribution Income - Vt Transco, LLC	4,202,622	5,151,900
Net Settlement Expense - Vt Transco LLC	(1,115,218)	(1,574,778)
Interest Expense - Vt Transco, LLC LTD	(731,050)	(1,391,859)
Interest Expense - Vt Transco, LLC Swaps	(67,462)	(30,855)
Interest Expense -Short-Term Debt	-	(603)
Interest Expense - Long-Term Debt	(638,381)	(675,622)
Interest Expense - LTD Swaps	-	-
Amortization of LTD Discount, Premium & Issuance Exp	-	593,093
Amortization of Loss on Reacquired Debt	-	(433,436)
Amortization of Transco Fees	(2,703)	-
Interest Earned on Accounts	45,060	217,425
Gain/(Loss) on Disposition of Plant Asset	-	-
Realized Gain/(Loss) on Investments	23,613	-
Net Proceeds related to Insurance Claim	-	-
Other Non-Operating Revenue (Expense)	667	3
TOTAL NON-OPERATING REVENUE (EXPENSE)	1,717,149	1,855,267
CHANGE IN NET POSITION	2,392,373	2,803,925
Other Comprehensive Income-Interest Swaps	45,605	183
Other Comprehensive Income-Unrealized Gains/Losses	(12,302)	35,719
Appropriated Earnings-Transco Investment Return		
UnAppropriated Earnings Distributed	-	-
TOTAL NET POSITION - BEGINNING	31,630,604	28,790,777
TOTAL NET POSITION - ENDING	$ 34,056,280	$ 31,630,604

See Independent Auditors Report and accompanying notes to financial statements.

Vermont Public Power Supply Authority
Statements of Cash Flows
December 31, 2020 and 2019

CASH FLOWS FROM OPERATING ACTIVITIES	*2020*	*2019*
Receipts:		
Electric sales for resales	30,742,619	33,252,310
McNeil project revenue	4,325,525	4,880,609
Highgate project revenue	796	891
Central Computer project revenue	129,672	-
Swanton Peaker project revenue	3,105,826	3,271,427
RES Project Revenue	257,342	113,529
Net Metering project revenue	73,695	63,411
AMI project revenue	176,042	-
GIS project revenue	252,502	-
Renewable Energy Certificates	3,224,339	2,029,080
Other Revenues	73,267	170,459
Payments made for:		
Purchased power	(22,215,091)	(21,429,674)
Transmission expense	(10,419,513)	(11,748,838)
Power production expense	(4,110,896)	(3,999,330)
Regional Markets Expense	(25,960)	(2,277)
Others, employees, benefits, and employee and employer payroll taxes	(1,893,357)	(1,695,238)
Outside services and other general and administrative expenses	(1,881,012)	(1,231,936)
Taxes	(296,893)	(283,471)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,518,902	$ 3,390,953
CASH FLOWS FROM NON-OPERATING ACTIVITIES		
Receipts:		
Member Reimbursements	5,128	13,864
Misc Sales/Income	667	3
Payments made for:		
Member Direct Purchases	(4,394)	(19,370)
Misc Fees Related to HG Sale (Transco)	473	-
NET CASH PROVIDED BY NON-OPERATING ACTIVITIES	$ 1,874	$ (5,503)
NET CASH PROVIDED BY OPERATING & NON-OPERATING ACTIVITIES	$ 1,520,776	$ 3,385,450
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of LTD Financing of Vt. Transco, LLC Units	(4,447,505)	(11,101,052)
Repayment of Interest on LTD - Vt. Transco, LLC	(739,456)	(1,276,316)
Repayment of Interest on LTD Swap Agreements - Vt. Transco LLC	(72,597)	(57,292)
Payment of Fees Related to Transco Financing	(200)	(8,184)
Proceeds Related to Repayment of Financing Costs	7,827	6,698
Proceeds of LTD Financing of Vt. Transco, LLC Units	668,850	429,770
Payment of Interest on Debt-General	-	(603)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	$ (4,583,081)	$ (12,006,978)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Repayment of Bonds Payable	(1,170,000)	(1,140,000)
Payments of Interest Expense on Bonds Payable	(657,456)	(692,225)
Proceeds of LTD Financing- Building Upgrades	-	130,000
Repayment of Long-Term Debt -Building Upgrades	(13,333)	-
Payment of Interest Expense on LTD -Building Upgrades	(4,792)	-
NET CASH USED IN CAPITAL AND FINANCING ACTIVITIES	$ (1,845,582)	$ (1,702,225)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Capital Additions	(762,774)	(310,001)
(Acquistion) Sale of Capital Assets	-	-
Interest Income	53,213	224,443
Distributions Earned on Transco Investment	4,372,648	5,200,433
Net Settlement Distributions to Members/Non-members	(1,228,686)	(1,567,226)
Gain (Loss) on Bond Investment Funds	23,613	-
Purchase of Bond Fund Investments	(3,698,740)	-
Sale of Bond Fund Investments	3,719,417	-
(Purchase) Sale of VT Transco, LLC Member Units	1,520,910	8,292,130
NET CASH USED IN INVESTING ACTIVITIES	$ 3,999,602	$ 11,839,778
NET INCREASE (DECREASE) IN CASH	(908,284)	1,516,025
CASH BALANCE, BEGINNING OF YEAR	10,819,124	9,303,099
CASH BALANCE, END OF YEAR	$ 9,910,840	$ 10,819,124

	2020	2019
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED OPERATING ACTIVITIES		
Operating income from continuing operations	675,224	948,658
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation and amortization	1,654,694	1,640,118
Change in assets and liabilities:		
(Increase) decrease in Accounts Receivable	(611,385)	427,062
(Increase) decrease in Amounts Due from Members	(151,575)	-
(Increase) decrease in Inventories	(253,128)	202,394
(Increase) decrease in Other Assets	91,197	101,221
Increase (decrease) in Accounts Payable	(4,913)	189,847
Increase (decrease) in Amounts Due to Members	191,902	(60,733)
Increase (decrease) in Other Liabilities	(73,113)	(57,615)
Total adjustments	$ 843,678	$ 2,442,294
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,518,902	$ 3,390,952

Vermont Public Power Supply Authority

Statements of Changes in Net Position

December 31, 2020 and 2019

		Invested In Capital Assets	Restricted Net Assets	UnRestricted Net Assets	Other Comprehensive Income	Total
Balance at December 31, 2017	$	1,041,169	19,711,835	4,324,347	(112,717)	24,964,634
Current Year Change in Net Assets		423,765	3,293,806	65,091	-	3,782,662
Interest Rate Swap		-	-	-	43,481	43,481
Unrealized Gains/Losses		-	-	-	-	-
Balance at December 31, 2018	$	1,464,934	23,005,641	4,389,439	(69,236)	28,790,777
Current Year Change in Net Assets		(124,245)	2,786,429	141,742	-	2,803,925
Interest Rate Swap		-	-	-	183	183
Unrealized Gains/Losses		-	-	-	35,719	35,719
Balance at December 31, 2019	$	1,340,689	25,792,070	4,531,181	(33,335)	31,630,604
Current Year Change in Net Assets		319,670	1,856,661	216,042	-	2,392,373
Interest Rate Swap		-	-	-	45,605	45,605
Unrealized Gains/Losses		-	-	-	(12,302)	(12,302)
Balance at December 31, 2020	$	1,660,359	27,648,731	4,747,223	(32)	34,056,280

See Independent Auditors Report and accompanying notes to financial statements.

Nature of Business

Vermont Public Power Supply Authority ("the Authority") is a joint action agency established by Chapter 84, Title 30 of the Vermont statutes. The Authority is a self-supported agency providing a variety of centralized services to municipal distribution utilities throughout the State of Vermont. Members of the Authority pay monthly administration fees and in return receive a variety of services including but not limited to: central dispatch participation, power supply planning, contract administration, rate and integrated resource planning, and technical support services.

The Authority employs the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when incurred, regardless of when cash is received or paid. The Authority is authorized to issue revenue bonds secured by power sales agreements with its members and other utilities to finance the construction and ownership of electric power facilities; however, the debt of the Authority is not secured by the full faith and credit of the State of Vermont. U.S. generally accepted accounting principles, (hereafter referred to as GAAP), require that the accompanying financial statements present the Authority (the primary government) and its component units. Component units are included in the Authority's reporting entity if their operational and financial relationships with the Authority are significant.

Note 2 – Summary of Significant Accounting Policies

(a) New Accounting Pronouncements

The Authority has completed the process of evaluating the impact of GASB Statement No. 93, *Replacement of Interbank Offered Rates.* The primary objective of this Statement is to address the accounting and financial reporting implications that will result from global reference rate reform causing interbank offered rates, such as LIBOR, to cease to exist in their current form at the end of 2021. GASB Statement No. 93 is effective for financial reporting periods ending after December 31, 2022 for the removal of LIBOR as an appropriate benchmark rate and for all remaining requirements of this standard effective for reporting periods beginning after June 15, 2021. The Authority will implement this standard effective for the year ended December 31, 2022; however, the Authority currently does not have any outstanding debt serviced with variable payments subject to interbank offered rates such as LIBOR, and therefore, does not believe GASB 93 applies at this time. Management believes all information required to be disclosed by this standard has been included in the Authority's financial statement footnotes.

The Authority has completed the process of evaluating the impact of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). GASB Statement No. 94 is generally effective for financial reporting periods beginning after June 15, 2022.

Note 2 – Summary of Significant Accounting Policies (cont.)

(a) New Accounting Pronouncements (cont.)

The Authority does not participate in PPPs as defined by this Statement, and therefore management believes the requirements of Statement No. 94 does not apply to its operations.

The Authority has completed the process of evaluating the impact of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASB Statement No. 95 is generally effective upon issuance in May of 2020.

The Authority has completed the process of evaluating the impact of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. GASB Statement No. 96 is generally effective for financial reporting periods beginning after June 15, 2022. Management continues to evaluate whether the Authority's operations include participation in SBITAs as defined by this Statement, and if applicable, the Authority will implement Statement No. 96 as required.

The Authority has completed the process of evaluating the impact of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statements are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 is generally effective for financial reporting periods beginning after June 15, 2021. The Authority does offer a deferred compensation plan arrangement to its employees and the Board of Directors holds the fiduciary responsibility for that plan; however, the plan does not incur significant costs. Management will implement Statement No. 97 if it determines it applies to its operations.

Note 2 – Summary of Significant Accounting Policies (cont.)

(b) Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Capital Assets

Capital assets are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the costs are removed from plant, and such costs, plus removal costs, are charged to accumulated depreciation.

The Authority's capitalization policy is as follows:

- The combined cost to put a unit in service comes to more than $5,000, and the unit's estimated life is at least three (3) years; or
- When an existing asset is partially replaced or improved in a way that a) substantially extends the life of the asset or b) substantially improves the asset's utility or;
- The asset is initiated, controlled and tracked as property under a Joint Participation Agreement. The Authority will capitalize the property, even if it falls under the dollar limit above, if the Authority's share of the property is designated as a capital item by the billing agent for the project.
- This policy shall not apply to amounts spent on ordinary maintenance of VPPSA property.

The depreciable lives of capital assets are as follows:

Electric Plant:	Lives
Land	N/A
Structures and Improvements	30 years
Equipment	3 – 30 years
Meters	10 years
Station Equipment	10 – 30 years
General Plant:	
Land	N/A
Structures & Improvements	10 - 25 years
Equipment	3 - 10 years
Transportation Equipment	3 - 5years
Meters	10 years

Note 2 – Summary of Significant Accounting Policies (cont.)

(d) Impairment of Long-Lived Assets

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*; long lived assets, such as utility plant, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable.

Impairment would be determined based upon the undiscounted future operating cash flows to be generated during the remaining life of the asset's carrying value. An impairment loss would be measured by the amount that an asset's carrying amount exceeds its fair value.

Assets no longer being depreciated and to be disposed of would be separately presented in the statements of net position and reported at the lower of the carrying amount or the fair value less the cost to sell the asset. As long as the cost of the Authority's long-lived assets continue to be recovered through billings to its members, the Authority believes that such impairment is unlikely. Accordingly, no financial statement adjustments are presented in the asset structure of the Authority.

(e) Unrestricted and Restricted Cash and Cash Equivalents

Unrestricted cash is comprised of available cash to meet general operating needs.

Restricted cash and cash equivalents reflect restrictions for a specified purpose for future payments related to debt service on bonds, current and long-term debt, advances for project costs, and amounts to be returned to members. The Authority considers any short-term investments which have an original or remaining maturity of 90 days or less to be cash equivalents.

(f) Restricted Investments

Restricted investments reflect bond proceeds invested by the trustee in short-term and long-term duration investments allowable under the Authority's General Bond Resolutions and are held within the applicable bond fund accounts. In accordance with GASB Statement No. 72, these investments are considered available for sale as such investments have a determinable fair market value and can be matured at any time under the General Bond Resolution. Such investments include certificates of deposit, corporate bonds, and fixed income securities. These amounts are held for future debt service payments on the associated bonds and are recorded at their fair market value as of the financial statement date. The unrealized gain or loss on such investments, are reported as of the statement of net position date, as other comprehensive income or loss.

(Continued)

Note 2 – Summary of Significant Accounting Policies (cont.)

(g) Fair Value of Investments

GASB Statement No. 72, *Fair Value Measurement and Application,* defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). *Observable inputs* are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own analysis about those assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy that categorizes and prioritizes inputs used to estimate fair value are as follows:

Level 1 inputs - Are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 inputs - Are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing.

Level 3 inputs - Are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This involves management's estimation and judgment.

The Authority holds three types of investments – those related to project bond funds (debt service accounts), the Authority's purchase of membership units in Vermont Transco, LLC and the Authority's investment in Hometown Connections, Inc. These investments are described in more detail in Notes 2(f), 2(j), 2(k), 6, 7 and 8.

(h) Revenue and Purchased Power

The power supply and transmission products that the Authority obtains on behalf of its participating members and non-members are presented as purchased power and/or transmission.

Note 2 – Summary of Significant Accounting Policies (cont.)

(h) Revenue and Purchased Power (cont.)

This power, delivered and billed to member and nonmember electric systems, is recorded as electric sales for resale. Other services provided to member and non-member systems are presented as service revenue.

In addition, the Authority holds undivided ownership interests which are audited by others as follows:

J. C. McNeil Generating Station Project # 2	19%
Highgate Converter Station Project #3	9.36% (sold in 2017)

Under the provisions of GASB No. 14, *Defining the Reporting Entity,* the assets, liabilities, revenues and expenses of these undivided ownership interests are included in the accompanying financial statements. Separate financial statements are available from the Authority for these jointly owned facilities.

(i) Fuel Inventory

Fuel inventories reflect the Authority's 100% ownership interest in the Project #10 fuel oil on hand and the Authority's 19% ownership in the McNeil project's fuel oil and woodchips. The Project #10 fuel oil is stated using the average cost method and the McNeil inventories are stated at cost as determined by the Burlington Electric Department, the project manager, using the average cost method.

(j) Restricted Investment in VT Transco, LLC

In accordance with GASB Statement No. 72, the Authority considers all its investments in VT Transco, LLC (TRANSCO) membership units as level 3 inputs and is reported at cost, which is management's estimate of fair market value as no quotable market is available.

On January 23, 2009, the Vermont Public Utilities Commission (formerly the Vermont Public Service Board) provided an accounting ruling related to the accounting treatment of the Authority's purchase of TRANSCO membership units for the benefit of the Authority's members. In accordance with the accounting order issued by the Vermont Public Utilities Commission, the distribution income for Class A and Class B membership units is recognized when earned and applied to the appropriate debt service requirements when paid and will continue until the related debt is paid in full. The difference between the distributions received and the debt service paid is recorded as "net settlement expense". This amount is credited to each member's purchase power and transmission invoice in accordance with each member's interest in TRANSCO equity owned by the Authority.

All TRANSCO membership units owned directly by the Authority that were purchased with funds financed with a financial lender are recorded as a restricted investment.

(Continued)

Note 2 – Summary of Significant Accounting Policies (cont.)

(j) Restricted Investment in VT Transco, LLC (cont.)

As the debt obligation related to those membership units are paid for and have yet to be released from pledge under the loan agreement, those units are recorded as a Restricted Investment-Eligible for Release.

All TRANSCO membership units owned by the Authority for the benefit of its members or those eligible to be a member have been recorded as a restricted investment. Below are the categories and definitions of those restricted investments:

Restricted Investment – Assets purchased by the Authority as allowed by the "TRANSCO Operating Agreement", the "TRANSCO Equity Agreement", or the "Supplement to TRANSCO Equity agreement" that are pledged as collateral against the corresponding debt obligation.

Restricted Investment – Eligible for release – Assets held for the benefit of certain of its members or non-members and those membership units whereby the debt obligation related to those membership units at stated value, have been paid for and have yet to be released from pledge under the loan agreement, or transferred to certain of its members. The stated value of paid units have been recorded as restricted equity – eligible for release, until such time the pledge related to those units is released from the bank and the required consents and approval by TRANSCO occurs.

(k) Investment in Hometown Connections, Inc.

In accordance GASB Statement No. 72, the Authority considers its unrestricted investment in Hometown Connections, Inc. (HCI) as level 3 inputs and is reported at cost, which is management estimate of fair market value as no quotable market is available.

The Authority holds an equal ownership interest in HCI, a non-profit entity that was created with five other joint-action agencies to provide greater value to public power utilities by offering a variety of consulting and technology services, as well as advanced metering programs. By combining resources through this organization, HCI will help public power utilities of all sizes (including the VPPSA members) obtain the products and services they need to keep their electric systems robust and to preserve the benefits of community-owned, not-for-profit service.

(l) Interest rate swap agreements

The Governmental Accounting Standards Board (GASB) issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* which require that the fair value of financial arrangements called "derivatives" or "derivative instruments" be reported in the financial statements of state and local governments.

(Continued)

Note 2 – Summary of Significant Accounting Policies (cont.)

(l) Interest rate swap agreements (cont.)

If a derivative effectively hedges (significantly reduces) an identified risk of rising or falling cash flows or fair values, then its annual fair value changes are deferred until the hedged transaction occurs or the derivative ceases to be effective. On the other hand, the annual change in the fair value of *other* derivatives is reported immediately as investment income or loss. The Authority has previously entered into various interest rate swap agreements with two lending institutions which reduce the exposure of volatility in interest rates on certain variable rate debt.

As such, the Authority pays a variable rate of interest based upon a floating London Inter-Bank Offered Rate ("LIBOR"), on the outstanding debt plus the differential between its variable rate and the swap rate at the date of closing of the note.

As required under GASB 53, as of December 31, 2019, the Authority had recorded one remaining swap agreement as a hedging derivative and the value of the agreements' net present cash flows as of the statement of net position date was recorded as a deferred outflow or deferred inflow and any unrealized gain or loss as other comprehensive income or loss in the statement of net position. As of December 31, 2020, all interest rate swaps previously held by the Authority have matured.

(m) Taxes

The Authority is a governmental entity and as such is exempt from income taxes under Internal Revenue Code Section 115. Although it is also generally exempt from municipal property taxes, the Authority pays an amount in lieu of taxes to the Town of Waterbury, Vermont for the property where the Authority's office is located, the City of Burlington, Vermont for the McNeil Generating Facility located in Burlington, Vermont, and the Town of Swanton for the P10 Facility located in Swanton, Vermont. Such expenses amounted to $312,470 and $298,472 for the years ended December 31, 2020 and 2019, respectively.

(n) Operating and Non-Operating Revenues and Expenses

Under Title 30, Chapter 84 of the Vermont Statutes Annotated, the Authority may make and enforce rules and regulations which it deems necessary or desirable; as well as establish, levy and collect or may authorize by contract, franchise, lease, or otherwise, the establishment, levying and collection of rents, rates, and other charges:

- For the services afforded by the Authority, or afforded by or in connection with any project or properties which it may construct, erect, acquire, own, operate, or control, or with respect to which it may have any interest or any right to capacity thereof;

- For the sale of electric energy or of generation or transmission capacity or service as it may deem necessary, proper, desirable, and reasonable.

(Continued)

Note 2 – Summary of Significant Accounting Policies (cont.)

(n) Operating and Non-Operating Revenues and Expenses (cont.)

In addition, revenues collected as rents, rates, and other charges shall be at least sufficient to meet the expenses of the Authority, including operating and maintenance expenses, reasonable reserves, interest and principal payments, and other requirements of any trust agreements and/or resolutions securing bonds or notes.

Operating revenues are defined as all income received from member and non-member municipals, cooperatives, and other customers for services rendered.

Operating expenses are defined as the ordinary costs and expenses of the Authority and for the operation, maintenance and repair of electric plant by project. Operating expenses include the cost of power production through the Authority's direct and/or joint ownership and/or participation in generating facilities, purchased power, system control and load dispatch, maintenance of transmission facilities, customer accounting and service expenses, administration and general expenses, and depreciation.

Operating expenses do not include the interest on bonds, notes, or other indebtedness.

Non-operating income is defined as income received from sources other than the income from the Authority's members and non-member municipals, cooperatives, and other customers for services rendered, as defined above. This includes, but is not limited to; interest income, distribution income, grant revenues, and bankruptcy and/or insurance settlements.

Non-operating expenses include distribution (net settlement) expense, interest expense, grant expenses, and expenses related to, bankruptcy and/or insurance claims.

(o) Equity Classifications

Equity is classified as net position and displayed in three components.

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted assets – Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, bond resolutions, contributors or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation.

When both restricted and non-restricted resources are available for use, it is the Authority's policy to use restricted assets first for those expenses directly related to restricted obligations and unrestricted resources utilized as needed.

Note 2 – Summary of Significant Accounting Policies (cont.)

(o) Equity Classifications (cont.)

Unrestricted assets – All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

(p) Subsequent events

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through February 19, 2021, the date that the financial statements were available to be issued.

Note 3 – Unrestricted and Restricted Cash and Cash Equivalents

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered.

The Authority's unrestricted and restricted deposits in the various banking institutions are insured under the FDIC insured amounts. In addition, a sweep account was established for those deposits held by Keybank, N.A. and amounts in excess of the FDIC insured limit in the Authority's primary operating accounts are transferred on a daily basis to a mutual fund investment account that invests in Federated Prime Obligations.

The Authority's restricted deposits related to Project #10 Revenue Bonds are held in mutual funds that invest in U.S. government obligations which have implied credit ratings of AAA.

These investment securities have varying maturities and are allowed under the applicable General Bond Resolution. For the years ended December 31, 2020 and 2019, the Authority's restricted deposits were fully secured.

The Authority's restricted cash and cash equivalents are comprised of funding for the following specified purposes:

	2020	2019
Cash and Cash Equivalents – McNeil Project	1,676,422	2,320,336
Cash and Cash Equivalents – Project 10	5,976,770	5,687,616
Cash and Cash Equivalents – Highgate Project	12	(784)
Cash – Amounts Due Members	401,311	381,945
Total Restricted Cash and Cash Equivalents	$8,054,515	$8,389,113

(Continued)

Note 4 – Capital Assets

The Authority owns property in Waterbury, Vermont where its primary office is located, as well as the Project #10 generating facility located in Swanton, Vermont. In addition to the properties the Authority owns directly, the Authority is a 19% joint owner of the J.C. McNeil Generating Station, a wood and gas fired generating facility located in Burlington, Vermont. Capital assets and accumulated depreciation as of December 31, 2020 and 2019 are as follows:

Note 4 – Capital Assets (cont.)

	December 31, 2019	Additions	Retirements	December 31, 2020
INTANGIBLE PLANT				
Intangible plant-VEV	14,917	-	-	14,917
Intangible plant - VPPSA	17,118	-	-	17,118
Intangible plant - McNeil	144,781	940	-	145,721
Less: Accumulated Amortization	(174,370)	(585)	-	(174,955)
Net Intangible Plant	2,446	355	-	2,800
PRODUCTION PLANT				
Land – non depreciable	79,274	-	-	79,274
CWIP-Non Depreciable	88,424	535,384	(580,714)	43,094
Structures and Improvements	8,573,075	2,767	(11,977)	8,563,864
Equipment	36,049,375	529,636	(149,692)	36,429,319
Depreciable Production Plant	44,622,450	532,403	(161,670)	44,993,184
Less Accumulated Depreciation for:				
Structures and Improvements	(5,974,038)	(124,989)	11,977	(6,087,050)
Equipment	(24,121,261)	(1,407,910)	149,692	(25,379,479)
Accumulated Depreciation	(30,095,300)	(1,532,899)	161,670	(31,466,529)
Net Depreciable Production Plant	14,527,151	(1,000,496)	-	13,526,655
TRANSMISSION PLANT				
Land – Non Depreciable	-	-	-	-
Structures & Improvements	-	-	-	-
Equipment	1,467,290	-	-	1,467,290
Depreciable Transmission Plant	1,467,290	-	-	1,467,290
Less Accumulated Depreciation for:				
Structures	-	-	-	-
Equipment	(591,137)	(72,508)	(0)	(663,644)
Accumulated Depreciation	(591,137)	(72,508)	(0)	(663,644)
Net Depreciable Transmission Plant	876,153	(72,508)	(0)	803,645
REGIONAL TRANSM & MKT PLANT				
Land – non depreciable	-	-	-	-
Structures & Improvements	-	-	-	-
Computer Hardware & Software	138,368	135,234	-	273,602
Communication Equipment	19,074	7,532	-	26,606
Depreciable RTM Plant	157,442	142,766	-	300,208
Less Accumulated Depreciation for:				
Structures	-	-	-	-
Computer Hardware & Software	(138,368)	(6,762)	-	(145,129)
Communication Equipment	(19,074)	(753)	-	(19,827)
Accumulated Depreciation	(157,442)	(7,515)	-	(164,957)
Net Depreciable RTM Plant	-	135,251	-	135,251

(Continued)

Note 4 – Capital Assets (cont.)

GENERAL PLANT				
Land – non depreciable	141,099	-	-	141,099
Structures & Improvements	710,861	130,176	-	841,036
Equipment	704,215	30,077	-	734,292
Depreciable General Plant	1,415,075	160,253	-	1,575,328
Less Accumulated Depreciation for:				
Structures	(562,886)	(19,246)	-	(582,132)
Equipment	(646,047)	(21,942)	-	(667,989)
Accumulated Depreciation	(1,208,933)	(41,188)	-	(1,250,121)
Net Depreciable General Plant	206,142	119,064	-	325,207
Net Capital Assets	15,920,689	(282,950)	(580,714)	15,057,025

(Continued)

Note 4 – Capital Assets (cont.)

	December 31, 2018	Additions	Retirements	December 31, 2019
INTANGIBLE PLANT				
Intangible plant-VEV	14,917	-	-	14,917
Intangible plant - VPPSA	15,000	2,118	-	17,118
Intangible plant - McNeil	144,781	-	-	144,781
Less: Accumulated Amortization	(174,091)	(279)	-	(174,370)
Net Intangible Plant	607	1,839	-	2,446
PRODUCTION PLANT				
Land – non depreciable	79,274	-	-	79,274
CWIP-Non Depreciable	4,664	240,746	(156,985)	88,424
Structures and Improvements	8,500,628	73,074	(627)	8,573,075
Equipment	35,984,549	99,146	(34,320)	36,049,375
Depreciable Production Plant	44,485,177	172,220	(34,946)	44,622,450
Less Accumulated Depreciation for:				
Structures and Improvements	(5,850,773)	(123,892)	627	(5,974,038)
Equipment	(22,755,928)	(1,399,654)	34,320	(24,121,261)
Accumulated Depreciation	(28,606,700)	(1,523,546)	34,946	(30,095,300)
Net Depreciable Production Plant	15,878,477	(1,351,326)	-	14,527,151
TRANSMISSION PLANT				
Land – Non Depreciable	-	-	-	-
Structures & Improvements	-	-	-	-
Equipment	1,457,300	9,990	-	1,467,290
Depreciable Transmission Plant	1,457,300	9,990	-	1,467,290
Less Accumulated Depreciation for:				
Structures	-	-	-	-
Equipment	(518,796)	(72,341)	-	(591,137)
Accumulated Depreciation	(518,796)	(72,341)	-	(591,137)
Net Depreciable Transmission Plant	938,504	(62,351)	-	876,153
REGIONAL TRANSM & MKT PLANT				
Land – non depreciable	-	-	-	-
Structures & Improvements	-	-	-	-
Computer Hardware & Software	138,368	-	-	138,368
Communication Equipment	19,074	-	-	19,074
Depreciable RTM Plant	157,442	-	-	157,442
Less Accumulated Depreciation for:				
Structures	-	-	-	-
Computer Hardware & Software	(136,848)	(1,520)	-	(138,368)
Communication Equipment	(19,074)	-	-	(19,074)
Accumulated Depreciation	(155,922)	(1,520)	-	(157,442)
Net Depreciable RTM Plant	1,520	(1,520)	-	-

(Continued)

Note 4 – Capital Assets (cont.)

GENERAL PLANT				
Land – non depreciable	141,099	-	-	141,099
Structures & Improvements	667,563	43,297	-	710,861
Equipment	682,116	22,098	-	704,215
Depreciable General Plant	1,349,680	65,396	-	1,415,075
Less Accumulated Depreciation for:				
Structures	(541,664)	(21,222)	-	(562,886)
Equipment	(624,837)	(21,210)	-	(646,047)
Accumulated Depreciation	(1,166,501)	(42,432)	-	(1,208,933)
Net Depreciable General Plant	183,179	22,964	-	206,142
Net Capital Assets	**17,227,323**	**(1,149,649)**	**(156,985)**	**15,920,689**

(Continued)

Note 4 – Capital Assets (cont.)

Total depreciation expense for the years ending December 31, 2020 and 2019 is $1,654,109 and $1,639,906, respectively.

Note 5 – Due from Members

During the normal course of operations, the Authority occasionally incurs costs that may or may not be recovered from the Authority's members in the same time period. As of December 31, 2020, the Authority recorded the following amounts due from Members:

Stonybrook Advances	($ 20)
Standard Offer Solar Projects	$ 400
McNeil Advances	$ 235,468
RES Project	$151,575
Transco Purchases	$ 1,410
Total Amounts Due from Members	**$ 388,833**

Note 6 – Restricted Bond Investments

The following investments are held within the Series A, and Series B bond fund accounts which are allowed investments by the applicable General Bond Resolution. The Authority's classes of securities, as noted below, are categorized as Level 1 inputs in accordance with GASB Statement No. 72, as of December 31, 2020. The cost, gross unrealized gains, gross unrealized losses, and fair market values of fixed maturity restricted short term and long-term investments as of December 31, 2020 are as follows:

	Cost	Unrealized Gains (Losses)	Fair Market Value
Federal Home Ln Mtg Corp	$ 1,749,488	($ 30)	$ 1,749,458
Federal Home Ln Mtg Corp	$ 99,971	($ 2)	$ 99,969
Total	$ 1,849,459	($ 32)	$ 1,849,427

Cost and estimated fair value of restricted fixed maturity securities at December 31, 2020 by contractual maturity, are as follows:

Maturity	Cost	Fair Market Value
In 2020	$ 1,849,459	$ 1,849,427
2021 to 2022	$ 0	$ 0
Totals	$ 1,849,459	$ 1,849,427

The actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Note 7 – Restricted Investment in VT Transco, LLC Membership Units

In accordance with GASB Statement No. 72, the Authority considers all its investments in VT Transco, LLC (TRANSCO) membership units as level 3 inputs and is reported at cost, which is management's estimate of fair market value as no quotable market is available.

In June 2006, Vermont Electric Power Company, ("VELCO") created VT Transco, LLC ("TRANSCO"), a limited liability company whose primary activity is the operation of the State of Vermont's electric transmission infrastructure. VELCO acts as manager of TRANSCO. Effective July 31, 2006, an operating agreement (as further amended and restated), between TRANSCO and its member systems was executed which outlined the affairs of the relationship between the member systems.

Whereas prior to July 31, 2006 VELCO offered stock directly to the distribution utilities in Vermont to meet its equity needs, all future equity needs are funded by the offer of membership units in TRANSCO. The initial value of the Class A and Class B membership units per the TRANSCO operating agreement is $10.00 per unit and does not reflect market value. As of December 31, 2020, and 2019, the Class A units pay a return of 11.5% and Class B units a pay 13.3% return.

As an alternative to members or non-members purchasing the TRANSCO membership units themselves, a municipal or cooperative that is a member, or eligible to be a member, of the Vermont Public Power Supply Authority ("Authority"), has the option to assign its subscription right for the purchase of membership units to the Authority, as allowed by the TRANSCO Operating Agreement.

In 2007, the municipal members and the Authority executed a "TRANSCO Equity Agreement" ("TRANSCO Equity Agreement"). The agreement was entered into by twelve of the Authority's members and the Authority. These members determined it may at times, be mutually advantageous and to their benefit, for the Authority to purchase those member units offered by TRANSCO to the member system. In August 2009, the agreement was amended.

The TRANSCO Equity agreement does not eliminate the member and/or eligible member's rights to purchase equity in TRANSCO directly; it simply provides the option to allow the Authority to purchase the units for the benefit of the member and/or eligible member and defined the terms should the member and/or eligible member find it advantageous to do so.

It further provides that upon each equity offer, each member and/or eligible member shall provide to the Authority, within a reasonable time, its intent and to what extent it would want the Authority to acquire the membership units for the benefit of the member and/or eligible member. The TRANSCO Equity Agreement requires the Authority to arrange for any necessary financing and/or Regulatory approvals required for its acquisition of TRANSCO equity.

The Authority is not required to participate in future TRANSCO equity issues or acquire additional membership units for the benefit of its members or non-members.

(Continued)

Note 7 – Restricted Investment in VT Transco, LLC Membership Units (cont.)

Members

During the period from 2007 - 2020, certain of the Authority's members utilized the benefit of the TRANSCO Equity Agreement and assigned their respective subscription rights for the purchase of TRANSCO membership units to the Authority. As of December 31, 2020, the Authority owns a total of 3,098,939 membership units with a total value of $30,989,390 for the benefit of those certain members (excludes specific facility member units described below). The membership units and their related distribution income are pledged as security under a pledge and security agreement against the related debt obligations.

To facilitate the purchases of TRANSCO membership units, the Authority has entered into several financing arrangements over the 2007 – 2020, time period. In 2011, the Authority filed with the Vt. Public Utilities Commission and subsequently received approval to enter into long-term financing related to the consolidation of the existing notes previously obtained to facilitate the purchases of TRANSCO membership units for the benefit of certain Authority members. On June 30, 2011, the Authority entered into a loan arrangement with a local financial institution for an amount of $16,677,516 for a period of ten years, at a fixed interest rate of 6.03%. On March 5, 2015 the financing institution amended the note to reflect a reduction in the interest rate to 5.34%, with all other terms remaining the same. On December 20, 2017 the note was refinanced with the same lender for a term of ten (10) years with a fixed interest rate of 4.06%.

In 2014, the Authority filed with the Vt. Public Utilities Commission and subsequently received approval to enter into long-term financing related to purchases of Transco membership units for the benefit of certain Authority members. On December 23, 2014, the Authority entered into a loan arrangement with a local financial institution for an amount of $4,586,768.67 for a period of seven years, at a fixed interest rate of 4.28%. This note was refinanced with the same lender on October 17, 2017 for a term of ten (10) years with a fixed interest rate of 3.52%.

In 2016, the Authority filed with the Vt. Public Utilities Commission and subsequently received approval to enter into long-term financing related to purchases of Transco membership units for the benefit of certain Authority members. On October 30, 2016, the Authority entered into a long-term loan arrangement with a local financial institution for an amount of $2,100,000 for period of ten (10) years at a fixed interest rate of 2.82%.

In 2017, the Authority filed with the Vt. Public Utilities Commission and subsequently received approval to enter into two long-term financings related to purchases of Transco membership units for the benefit of certain Authority members and the Authority directly.

On October 17, 2017, the Authority entered into a long-term loan arrangement with a local financial institution for an amount of $1,591,450 for period of ten (10) years at a fixed interest rate of 3.52% and on December 28, 2017, the Authority entered into a long-term loan arrangement with a local financial institution for an amount of $1,973,220 for period of ten (10) years at a fixed interest rate of 3.89%.

(Continued)

Note 7 – Restricted Investment in VT Transco, LLC Membership Units (cont.)

In 2018, the Authority filed with the Vt. Public Utilities Commission and subsequently received approval to enter into long-term financings related to purchases of Transco membership units for the benefit of certain Authority members and the Authority directly.

On December 20, 2018, the Authority entered into long-term loan arrangements with a local financial institution for an amount of $1,172,140 and $75,580 for period of ten (10) years at a fixed interest rate of 4.35%.

On July 1, 2019, Legislative changes to the language within Title 30 V.S.A. §108, went into effect – those changes eliminated the need for the Authority to obtain approval from the Public Utilities Commission for long-term financing. On November 25, 2019, the Authority entered into a long-term loan arrangement with a local financial institution for an amount of $429,770 for a period of ten (10) yeas at fixed interest rate of 2.75%, for the purpose of facilitating the purchase of member units for the benefit of certain Authority members.

On December29, 2020, the Authority entered into a long-term loan arrangement with a local financial institution for an amount of $668,850 for a period of ten (10) years at a fixed interest rate of 2.75% for the purpose of facilitating the purchase of member units for the benefit of certain Authority members.

During 2020 and 2019 the Authority earned total distribution income from the units held for the benefit of its members' of $3,792,316 and $3,741,630, respectively.

The 2020 distribution income earned of $3,792,316 for the units held for the benefit of its members paid down: principal on membership units previously acquired and financed in the amount of $2,165,172, interest expense on the Authority's debt of $622,914, fees in the amount of $2,609, thus leaving a net credit to its member's power costs recorded as distribution (net settlement) expense in the amount of $1,001,621.

The 2019 distribution income earned of $3,741,630 for the units held for the benefit of its members paid down: principal on membership units previously acquired and financed in the amount of $2,125,776, interest expense on the Authority's debt of $690,027 an additional $12,381 of reimbursed financing costs previously paid, thus leaving a net credit to its member's power costs recorded as distribution (net settlement) expense in the amount of $913,446.

Lamoille County Project – Members

During 2009, the Authority acquired 874,650 Lamoille County Project ("LCP") member units for the benefit of four members at a total value of $8,746,500.

The distribution income related to the LCP member units is used to cover the amount of the interest costs to service the debt to purchase said LCP units by the Authority.

(Continued)

Note 7 – Restricted Investment in VT Transco, LLC Membership Units (cont.)

The annual equity overbuy return is determined as the difference between the distribution income less the required annual interest costs, and each members' allocated annual specific facilities charges for a period of ten years.

After the tenth anniversary date of the acquisition, the LCP units must be repurchased by VT Transco, LLC if not acquired by other members or substitute members. For a period of ten years, the total annual specific facility charges for the four members total $429,000 and are fixed in accordance with the settlement agreement. If the allocated annual equity over-buy return is less than zero, the allocated annual specific facility charge will be reduced by the amount of excess interest costs paid by the LCS member above its allocated portion of cash distribution received.

During 2019, the Authority earned distribution income of $1,002,845 for the units held for the benefit of the LC participants. The distribution income paid down actual interest expense of $592,211 paid on the Authority's debt and the remaining $547,298 was recorded as distribution (net settlement) expense and credited to the LCP-members.

The tenth anniversary date of the acquisition was on November 30, 2019 and the 874,650 member units held for the LCP-members were repurchased by VT Transco LLC. Therefore, at December 31, 2019 the restricted investment in VT Transco LLC owned for the benefit of the Lamoille County Project – Members was zero.

VELCO/Lyndonville Substation Project – Member

On December 10, 2010, the Authority executed and filed a Subscription agreement, to acquire for the benefit of the Village of Lyndonville ("LED"), an Authority member, specific facilities equity as offered to LED in TRANSCO's November 12, 2010 private placement offering. As part of that filing, LED assigned the subscription rights so offered to the member to the Authority.

At December 31, 2019 the restricted investment in VT Transco LLC owned for the benefit of the LED was 96,536 of Class A units valued at $965,360 and 122,864 of Class B units valued at $1,228,640, or total units valued at $2,194,000.

The tenth anniversary date of the acquisition was on December 17, 2020 and the 219,400 member units held for the benefit of LED were repurchased by VT Transco LLC. Therefore, at December 31, 2020 the restricted investment in VT Transco LLC, specific facilities owned for the benefit of LED was zero.

During 2020, the Authority earned distribution income from the units held for the benefit of LED of $274,426. The distribution income paid down actual interest expense of $159,932 and costs of debt service in the amount of $896. The remaining $113,598 was recorded as distribution (net settlement) expense and credited to LED.

(Continued)

Note 7 – Restricted Investment in VT Transco, LLC Membership Units (cont.)

During 2019, the Authority earned distribution income from the units held for the benefit of LED of $274,425. The distribution income paid down actual interest expense of $159,495 and costs of debt service in the amount of $896. The remaining $114,034 was recorded as distribution (net settlement) expense and credited to LED.

AUTHORITY – Direct Purchase

In 2017, the Transco Operating Agreement was amended with language that provides the Authority the ability under certain circumstances to purchase member units in Vt. Transco, LLC directly for the benefit of the Authority (and subsequently the Authority's members).

The Authority has made the following direct purchases of member units in VT Transco, LLC:

YEAR	# of Member Units	Value
2019	2,460	$ 24,600
2018	7,558	$ 75,580
2017	98,617	$ 986,170
Total	108,635	$1,086,350

The Authority's total ownership at December 31, 2020 and December 31, 2019 was valued at $1,086,350. In 2020 and 2019 the Authority earned distributions of $135,881 and $133,000 respectively.

In 2020 the distribution paid interest expense of $25,428, principal payments of $ 92,112, fees of $94, and the remaining $18,247was used by the Authority to reduce operating costs to its members.

In 2019 the distribution paid interest expense of $28,539, principal payments of $ 92,112, financing costs of $351 and the remaining $11,997 was used by the Authority to reduce operating costs to its members.

The Authority's 2019 and 2017 purchases are unrestricted investments; whereas, the 2018 purchase is restricted due to the outstanding debt related to the purchase.

Note 8 – Investment in Hometown Connections, Inc.

In accordance with GASB Statement No. 72, the Authority considers its investments in Hometown Connections as level 3 inputs and is reported at cost, which is management's estimate of fair market value as no quotable market is available.

As stated in Note 2 (k), the Authority holds an equal ownership in Hometown Connections, Inc. (HCI), with five (5) other partners - American Municipal Power, Inc., Missouri Public Utility Alliance, Northern California Power Agency, Alabama Municipal Electric Authority and Great Lakes Utilities. HCI is a not-for-profit entity that was established in May 2018 by five of the current members, with Great Lakes Utilities joining in 2019.

(Continued)

Note 8 – Investment in Hometown Connections, Inc. (cont.)

The Authority invested $265,000 for its equity ownership in the company. Each member has one (1) Director on the HCI Board of Directors and each member has equal voting authority.

Note 9 – Deferred Inflows and Deferred Outflows

The Authority's deferred inflows of resources and deferred outflows of resources consist of both a regulatory asset and a regulatory credit related to a future obligation that resulted from a permit violation at its generating facility in Swanton, Vermont, as further described in Note 18.

Note 10 – Operating Line of Credit

The Authority maintains a credit facility to meet the Authority's operating needs.

The facility allows for a maximum principal amount of 10,000,000 to be used for working operating needs and/or the issuance of letters of credit. The facility was renewed on June 30, 2020 for a term of three years, providing a maturity date of June 30, 2023.

The facility incurs a commitment fee in the amount of .25% of the unused facility per annum. Interest is payable monthly up to the date of maturity on said advances in accordance with the amended loan agreement. The interest rate accrues at (a) the adjusted prime rate, or (b) rates quoted by the bank to the Authority as the Adjusted Libor rate as it relates to LIBOR advances.

As of December 31, 2020, and 2019 there were no outstanding borrowings against the facility.

The operating line of credit is collateralized by the Authority's accounts, revenues, receipts and Power sales agreements not pledged as collateral against any other indebtedness.

Note 11 – Project Lines of Credit/Short-Term Notes Payable

As of December 31, 2020, and 2019, there were no outstanding lines of credit for the funding of construction projects and there were no outstanding short-term notes.

Note 12 – Bonds Payable

Outstanding revenue bonds payable consist of the following at December 31, 2020 and 2019:

(Continued)

Note 12 – Bonds Payable (cont.)

		December 31, 2019	Increases	Payments and reductions	December 31, 2020	Current Portion
SWANTON PEAKER PROJ #10: Revenue Bonds –2017 Series A maturing July 1, 2011 through 2029 – Interest ranges from 3% to 5.00%		13,655,000		1,105,000	11,405,000	
Current portion of bonds payable			-	-		1,145,000
TOTAL PROJECT 10 - SERIES A		13,655,000	-	1,105,000	11,405,000	1,145,000
SWANTON PEAKER PROJ #10: Revenue Bonds – 2017 Series B maturing July 1, 2011 through 2029		795,000	-	65,000	660,000	
Current portion of bonds payable			-	-	-	70,000
TOTAL PROJECT 10 - SERIES B		795,000	-	65,000	660,000	70,000
Total outstanding bonds payable	$	**14,450,000**	-	**1,170,000**	**12,065,000**	**1,215,000**

		December 31, 2018	Increases	Payments and reductions	December 31, 2019	Current Portion
SWANTON PEAKER PROJ #10: Revenue Bonds –2017 Series A maturing July 1, 2011 through 2029 – Interest ranges from 3% to 5.00%		14,730,000		1,075,000	12,550,000	
Current portion of bonds payable			-	-		1,105,000
TOTAL PROJECT 10 - SERIES A		14,730,000	-	1,075,000	12,550,000	1,105,000
SWANTON PEAKER PROJ #10: Revenue Bonds – 2017 Series B maturing July 1, 2011 through 2029		860,000	-	65,000	730,000	
Current portion of bonds payable			-	-	-	65,000
TOTAL PROJECT 10 - SERIES B		860,000	-	65,000	730,000	65,000
Total outstanding bonds payable	$	**15,590,000**	-	**1,140,000**	**13,280,000**	**1,170,000**

At December 31, 2020 and 2019, total interest expense on the Project #10 Series A Revenue Bonds was $604,550 and $642,775 and Project #10 Series B Revenue Bonds interest expense was $29,547and $32,066.

The Project #10 Series A & Series B Revenue Bonds outstanding obligation are secured by a pledge and security interest of all the project revenues and income generated under the twelve participants Project #10 Power Sales Agreements.

(Continued)

Note 12 – Bonds Payable (cont.)

The associated funds and income generated by such funds held under the various bond resolution accounts. The Authority has agreed to collect such rates from participants as necessary to meet operating expenses of the project and debt service obligations of principal and interest, regardless of the in-service date.

In 2017 the Authority advance refunded the 2009 Series A and Series B Bonds by issuing the 2017 Series A and Series B Refunding bonds. At December 31, 2017, the 2009 Series A and Series B bonds are considered defeased.

The future annual maturities of principal and interest on bonds payable consists of the following as of December 31, 2020:

	Principal	Interest	Total
2021	$ 1,215,000	$ 610,738	$ 1,825,738
2022	$ 1,260,000	$ 562,225	$ 1,822,225
2023	$ 1,330,000	$ 500,013	$ 1,830,013
2024	$ 1,400,000	$ 434,356	$ 1,834,356
2025	$ 1,460,000	$ 365,256	$ 1,825,256
2026-2027	$ 3,155,000	$ 510,269	$ 3,665,269
2028-2029	$ 3,460,000	$ 191,263	$ 3,651,263
Thereafter	$ -	$ -	$ -
Total	$ 13,280,000	$ 3,174,119	$ 16,454,119

The Authority's management believes it is in compliance with all bond covenants related to the Project #10 Bond Resolution as of December 31, 2020 and 2019.

Note 13 – Amounts Due to Members from Restricted Assets

Citizens Utilities

On December 26, 2000, the Authority received $688,626 on behalf of three members pursuant to a settlement agreement with Citizens Communication Company. As the settlement remained unresolved, the members elected to have the Authority retain the funds in the event the amount would have to be refunded to Citizens Communication Company.

The amount was placed in an interest-bearing account. Upon settlement in November 2002, two of the members involved were paid their settlement allocations; however, one chose to leave the funds with the Authority.

The remaining proceeds have been recorded as a liability in Amounts Due to Members – payable from restricted assets. The outstanding balance of $29,449 remained at December 31, 2020 and 2019.

Note 13 – Amounts Due to Members from Restricted Assets (cont.)

A summary of amounts due members - payable from restricted cash and cash equivalents as of December 31, 2020 and 2019 are as follows:

	2020	2019
Citizens Utilities settlement	$ 29,449	$ 29,449
Orleans Transmission line	$ 187,311	$ 165,311
NEGT settlement funds due Orleans	$ 165,609	$ 165,609
Orleans accumulated interest	$ 22,942	$ 21,576
McNeil-Accrued Liabilities	$ 0	$ 0
HG Project	$ 12	$ 12
	$ 404,323	$ 384,957

Note 14 – Long-Term Debt

Long-term debt related to the Authority's borrowings are identified in the following charts, with corresponding balances as of December 31:

	2020	2019
Note Payable of $2,194,000 to TD Bank, NA dated December 17, 2010, with a maturity date of December 17, 2020 at a fixed interest rate set at 7.17% based on the ISDA interest rate swap dated January 17, 2011. Interest is to be paid monthly, beginning January 17, 2011 and continue monthly thereafter. This is a non-amortizing loan with the principal due at maturity. *Note is collateralized by a security pledge agreement of 96,536 of Class A and 122,864 of Class B VT TRANSCO, LLC membership units acquired in 2010 for the benefit of the Village of Lyndonville, a VPPSA member and the assignment of rights to all distribution income from ownership of the investment.*	0	2,194,000
Note payable of $11,310,404 to Community Bank dated December 20, 2017 with a maturity date of December 20, 2027. Interest payable at a fixed rate of 4.06%. Interest and principal are to be paid quarterly beginning March 15, 2018. *Note is collateralized by a security pledge agreement of 828,172 of Class A and 1,054,034 of Class B VT TRANSCO, LLC membership units acquired for the benefit of members and the assignment of rights to all distribution income from ownership of investment.*	7,917,283	9,048,323
Note payable of $3,956,088 to TD Bank, N.A. dated October 17, 2017 with a maturity date of October 17, 2027 at a fixed interest rate of 3.52%. Principal is to be paid quarterly beginning January 17, 2018 with quarterly principal payments of $98,902. Interest is to be paid monthly, beginning November, 17 2017. *Note is collateralized by a security pledge agreement of 213,818 of Class A and 272,136 of Class B VT TRANSCO, LLC membership units acquired in 2014 for the benefit of certain VPPSA members and the assignment of rights to all distribution income from ownership of the investment.*	2,769,262	3,164,870

(Continued)

Note 14 – Long-Term Debt (cont.)

	2020	2019
Note payable of $2,100,000 to TD Bank, N.A. dated October 3, 2016 with a maturity date of September 3, 2026 at a fixed interest rate of 2.82%. Principal is to be paid quarterly beginning January 4, 2017 with quarterly principal payments of $52,500. Interest is to be paid monthly, beginning November 4, 2016. *Note is collateralized by a security pledge agreement of 85,373 of Class A and 108,656 of Class B VT TRANSCO, LLC membership units acquired in 2016 for the benefit of certain VPPSA members and the assignment of rights to all distribution income from ownership of the investment.*	1,100,290	1,310,290
Note payable of $1,591,450 to TD Bank, N.A. dated October 17, 2017 with a maturity date of October 17, 2027 at a fixed interest rate of 3.52%. Principal is to be paid quarterly beginning January 17, 2018 with quarterly principal payments of $39,786. Interest is to be paid monthly, beginning November 17, 2017. *Note is collateralized by a security pledge agreement of 86,452 of Class A and 110,030 of Class B VT TRANSCO, LLC membership units acquired in 2017 for the benefit of VPPSA and certain VPPSA members and the assignment of rights to all distribution income from ownership of the investment.*	1,114,015	1,273,160
Note payable of $1,973,220 to Community National Bank dated December 28, 2017 with a maturity date of December 28, 2027 at a fixed interest rate of 3.89%. Principal and interest are to be paid quarterly beginning March 1, 2018 with quarterly principal payments of $49,331. *Note is collateralized by a security pledge agreement of 86,822 of Class A and 110,500 of Class B VT TRANSCO, LLC membership units acquired in 2017 for the benefit of certain VPPSA members and the assignment of rights to all distribution income from ownership of the investment.*	1,381,254	1,578,576
Note payable of $1,172,140 to TD Bank, N.A. dated December 20, 2018 with a maturity date of December 20, 2028 at a fixed interest rate of 4.35%. Principal and interest are to be paid quarterly beginning February 10, 2019 with quarterly principal payments of $29,303.50. *Note is collateralized by a security pledge agreement of 51,573 of Class A and 65,641 of Class B VT TRANSCO, LLC membership units acquired in 2018 for the benefit of certain VPPSA members and the assignment of rights to all distribution income from ownership of the investment.*	937,712	1,054,926
Note payable of $75,580 to TD Bank, N.A. dated December 20, 2018 with a maturity date of December 20, 2028 at a fixed interest rate of 4.35%. Principal and interest are to be paid quarterly beginning February 10, 2019 with quarterly principal payments of $3,581.42. *Note is collateralized by a security pledge agreement of 3,326 of Class A and 4,232 of Class B VT TRANSCO, LLC membership units acquired in 2018 for the benefit of all VPPSA members and the assignment of rights to all distribution income from ownership of the investment.*	60,464	68,022
Note payable of $429,770 to Keybank, N.A. dated November 25, 2019 with a maturity date of November 25, 2029 at a fixed interest rate of 2.75%. Principal and interest are to be paid quarterly beginning February 1, 2020 with quarterly principal payments of $3,581.42. *Note is collateralized by a security pledge agreement of 18,911 of Class A and 24,066 of Class B VT TRANSCO, LLC membership units acquired in 2019 for the benefit of certain VPPSA members and the assignment of rights to all distribution income from ownership of the investment.*	390.374	429,770
Note payable of $130,000 to Community National Bank, N.A. dated October 15, 2019 with a maturity date of October 15, 2029 at a fixed interest rate of 2.85%. Principal and interest are due quarterly beginning March 1, 2020 with quarterly principal payments in the amount of $3,333.33. This note is unsecured.	116,667	130,000

Note 14 – Long-Term Debt (cont.)

	2020	2019
Note payable of $668,850 to Community Bank, N.A. dated December 29, 2020 with a maturity date of December 29, 2030 at a fixed interest rate of 2.75%. Principal and interest are to be paid quarterly beginning March 15, 2021 with quarterly principal payments of $16,721. *Note is collateralized by a security pledge agreement of 29,429 of Class A and 37,456 of Class B VT TRANSCO, LLC membership units acquired in 2020 for the benefit of certain VPPSA members and the assignment of rights to all distribution income from ownership of the investment.*	668,850	0
Total	16,456,171	20,251,938
Less: current portion due on outstanding long term debt as of December 31, payable	2,341,084)	(4,468,199)
	$ 14,115,087	$ 15,783,739

The future annual maturities of principal and estimated interest on long-term debt consist of the following as of December 31, 2020:

	Principal		Interest		Total
2021	$	2,341,084	$	591,253	$	2,932,336
2022	$	2,341,084	$	502,157	$	2,843,241
2023	$	2,341,084	$	413,115	$	2,754,199
2024	$	2,341,084	$	323,964	$	2,665,047
2025	$	2,341,084	$	234,852	$	2,575,935
2026-2027	$	4,312,457	$	214,862	$	4,527,319
2028-2029	$	367,829	$	14,701	$	382,530
Thereafter	$	70,467	$	1,170	$	71,636
	$	16,456,171	$	2,296,073	$	18,752,243

At December 31, 2020 and 2019, total interest expense on the above borrowings was $802,796 and $1,423,496.

Each individual long-term debt obligation above related to TRANSCO activities is collateralized by a security and pledge agreement and rights to the distribution income received related to the allocated units acquired by such borrowing. As of December 31, 2020 and 2019, no membership units being held have been released as pledged security.

The future payment of the Authority's debt service costs related to the acquisition of the TRANSCO membership units is contingent on the financial stability of TRANSCO and the continuance of an adequate rate of return or distribution income in excess of the Authority's required debt service costs. VT Transco, LLC management can change its distribution rate in accordance with procedures in the TRANSCO Operating Agreement.

Note 14 – Long-Term Debt (cont.)

Any significant fluctuations in future cash flows of distribution income received from VT Transco, LLC could affect the Authority's ability to pay the debt service requirements on the outstanding obligations related to the investment.

Management believes the future rate of return will continue to remain in excess of its debt obligations. Further, should the rate of return become inadequate to cover the Authority's debt service costs, it is management's intent to collect that deficiency from those certain members in accordance with the amount of Transco equity the Authority has acquired for the benefit of those members and non-members. The collection of debt service costs related to this obligation directly from its member and non-members is contingent upon the financial stability of such members and non-members. The member and non-members revenue stream is governed by its allowable regulatory rates and customary payments and any inability to provide sufficient cash flows and provide reliable and credit rating capacities for borrowing could adversely affect the Authority.

The Authority believes it is in compliance with all debt covenants related to the above loan agreements at December 31, 2020 and 2019.

Note 15 - Interest Rate Swap Agreements

In June 2009, the Authority signed an International Swap and Derivative Association, Inc. ("ISDA") master agreement with TD Bank to provide the option of entering into a "pay fixed", countered by a "receive variable" interest rate swap with the lender. Given this option, the Authority confirmed a "pay fixed," countered by the "receive variable" interest rate swap on an outstanding long-term note with TD Bank in January 2011.

The interest rate swap matured on December 17, 2020 and the Authority is no longer exposed to interest rate risk related to the interest rate swap agreement.

At December 31, 2020, the interest rate swap agreement has been recorded as follows:

Description	Valuation Date	Notional Amount	Date of Agreement	Maturity Date	Change in FVM of Swap Gain (Loss)
Pay fixed/ receive variable interest rate swap agreement	12/31/2019	$0.00	01/04/2011	12/17/2020	$ 0.00
Total derivative liability					$0.00

Note 16 – Pension Plan

The Authority has a noncontributory defined contribution pension plan covering all employees. The money purchase plan was adopted October 1, 1978 and restated October 1, 1989 and February 10, 2000.

Note 16 – Pension Plan (cont.)

The pension plan was further amended January 1, 2007, restating it as a profit-sharing plan, known as Vermont Public Power Supply Authority Retirement Plan. Employees are eligible immediately, are considered 100% vested, and the minimum employer non-elective contribution equals 5% of employee's gross wages provided the employee has met 1000 hours of service during the year. The employer's 5% contribution is subject to Board approval. In addition, the employer will make an additional matching contribution of up to 3%, provided the employee provides evidence of a 3% contribution to a qualified retirement vehicle.

The plan is administered by a third-party administrator. Employer contributions to this plan for the years ended December 31, 2020 and 2019 were $111,408 and $98,734, respectively, amounting to approximately 8% of covered payroll.

Note 17 – Compensated Employee Absences/Employee Cafeteria Plan

Effective January 1, 2015, employees are eligible to accrue upon date of hire, paid vacation leave which is credited monthly. Full-time employees accrue vacation leave at a rate of 80 hours in year one and then an additional 8 hours for each year of service thereafter.

Part-time employees accrue a prorated vacation leave based upon the employee's employment status. For those employees who previously earned more vacation hours under the prior vacation accrual methodology or who were granted more hours at the time of hire, the employee shall continue to maintain that level of accrual until such time the new methodology exceeds the prior accrual method that was granted based on years of service using the following schedule:

0 < 5 years	2 weeks vacation per year
5 < 10 years	3 weeks vacation per year
10 < 20 years	4 weeks vacation per year
20 years and over	5 weeks vacation per year

Employees may not carry over more than 30 days accrued vacation leave into the next calendar year. Upon termination, voluntary leave, or retirement, employees are entitled to be compensated for all unused vacation leave up to the maximum amount allowed to accrue.

Employees are also entitled to paid sick leave. Sick leave accrues as of the date of hire at a rate of one day per month for full-time employees and prorated for part-time employees based on the employee's employment status. The maximum sick day accrual carried into the future year shall not exceed 45 days and upon termination of the employee all accrued sick time is surrendered.

At December 31, 2020 and 2019, the Authority's liability of accrued vacation under the current compensated absences policy is $121,993 and $98,915 and accrued sick leave under the previous compensated absences policy is $8,358 and $8,353. Accrued vacation is recorded as "other long-term liabilities and accrued sick leave is recorded as "other current liabilities".

(Continued)

Note 17 – Compensated Employee Absences/Employee Cafeteria Plan (cont.)

On January 8, 2015, the Authority adopted a Cafeteria Plan with an effective date of February 1, 2015. The plan provides employees with the ability to capture tax savings by participating in the plan; specifically, payroll deduction for deposits to a health savings account, health flexible spending account and/or a dependent care flexible spending account.

As of December 31, 2020, and 2019, there was an accrued liability related to employee's health flexible spending accounts in the amount of $1,410 and $484, respectively.

Note 18 – Commitments, Contingencies, Uncertainties

At December 31, 2020, the Authority has no outstanding contractual commitments.

Insurance

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; environmental contamination and natural disasters.

The Authority maintains commercial insurance coverage purchased in the name of the Authority covering each of those risks of loss, except for a portion of health insurance coverage related to retired employees, whereby the Authority fully reimburses those retirees for health-related deductibles and/or co-pays. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority.

In 2020 and 2019, the Authority contributed $500 to the H.S.A. account of each employee who elected family coverage, and $250 to those employees who elected single coverage as participants in the Authority's High Deductible Health Plan ("HDHP").

Insurance settlements have not exceeded insurance coverage for any of the past three fiscal years, nor have claims exceeded available insurance coverage for health claims for any of the past three fiscal years.

Consulting Agreement

In 2006, the Authority entered into a contract with a former General Manager ("Consultant") to provide consulting services for a period of ten (10) years. This consulting portion of the contract obligation was fulfilled in 2016; however, the Authority remains obligated to provide health insurance coverage under the plan currently maintained by the Authority and supplemental Medicare coverage to both the Consultant and his spouse during their remaining life.

Note 18 – Commitments, Contingencies, Uncertainties (cont.)

Collateral Commitments

In the normal course of business, the Authority may from time to time, enter into ISDA agreements with its power supply counterparties. The terms of the ISDA agreements, including threshold limits are specific to each of the counterparties. If at any time the threshold limits (both for the buyer and/or seller) are exceeded, the buyer or seller (depending on the threshold that was exceeded) may require the other party to post collateral. The collateral protects the requesting party in the event the contract is not honored. As the market prices decline, the Authority's exposure typically increases and as the market prices increase, the Authority's exposure typically decreases. Due to the nature of the organization and the thresholds that are generally established, it is not common practice for the Authority to request or require collateral as security on the power supply contracts.

During both 2020 and 2019, the Authority did not request any counterparty to post collateral, nor did any counterparty request the Authority to post collateral.

Environmental Risks

The Swanton Peaker Project (Project 10) has multiple permits from the State of Vermont and other Regulatory agencies, with various reporting requirements associated with those permits. The licensing and operation of Project 10 are dependent upon compliance with all permits such as its air permit, storm water runoff permit, and wetland construction permit. The reporting requirements of these permits have required installation of various monitoring devices that help minimize the environmental risk of the project.

On December 13, 2019 the Authority received a notice of alleged violation from the Army Corps of Engineers related to a General Construction Permit received in 2008 for Project 10 (during project construction). The alleged violation occurred on a parcel of land owned by the Village of Swanton but permitted by the Authority for use during project construction. The Authority worked with the Village of Swanton and Fitzgerald Environmental Associates, LLC to prepare a response to this notice. At that time, Fitzgerald Environmental Associates assessed the likely costs to address the Notice as being between $23,000 and $78,000 to be split between the Project 10 Participants and the Village of Swanton. At December 31, 2019, the Authority recorded a Regulatory Asset and a Regulatory Liability for an estimated cost related to the concern and it was expected that the issue would be resolved in 2020.

In September 2020 the Authority, the Village of Swanton, the Army Corps of Engineers, and the Vermont Department of Environmental Conservation reached settlement to resolve the Notice of Alleged violation. The Village of Swanton filed a replacement wetland permit for the parcel under which the Village would remediate any issues with the previous permit held by VPPSA and would assume responsibility for the parcel going forward. The Authority agreed to compensate the Village for any associated filing fees, share the costs for Fitzgerald Environmental Associates to manage the permit filing and perform restoration monitoring, and assist the Village with remediation costs although the Village intends to use inhouse resources to perform restoration.

(Continued)

Note 18 – Commitments, Contingencies, Uncertainties (cont.)

Environmental Risks (cont.)

The Authority believes its cost exposure remains in the range identified by Fitzgerald Environmental Associates, and ongoing exposure to future violations will be eliminated. Final payments for the cost related to the violation will be realized in 2021 when the costs have been determined and the cost allocation between the Village of Swanton and the Authority are finalized.

Authority Project Assets

As previously noted in Note #4, the Authority owns 100% of the Swanton Peaker Project #10 and a 19% Joint ownership in the McNeil Generating Facility. As these assets are owned by the Authority, it is the Authority's responsibility to continuously monitor the assets to determine the value that they provide.

Rules and regulations within the industry and environmental changes have an impact on the viability of any project and the ultimate benefit that is gained from those project assets. At this time, the Authority believes the current project assets continue to provide value to the Authority and its project participants.

Note 19 – Power Supply Settlement Commitments

The Authority has a Master Supply Agreement with its member systems and an Agreement for Support Services with its non-member systems, for the settlement of their power supply resources and/or power supply arrangements that settle through the Authority's ISO-NE participant account. When combined, the optimized dispatch results in benefits from savings which accrue to each participant.

The Authority acts as a billing agent for seven (7) of the twenty participants with regard to their payments to power suppliers and/or transmission providers.

The following tables summarize all power supply resources available to meet the members and the non-member's total load obligations for those entities that participate in the settlement process through the ISO-NE and the Authority.

The tables includes resources that may be owned directly by a member or non-member utility; however, the revenues from the ISO-NE flow through the Authority's settlement process. In addition, VPPSA makes bilateral purchases on behalf of its members and/or non-members and these transactions are also included in the list.

The Members' total kWH resource entitlements are shown as a percentage of the Member's portfolio of resources available to meet the member's load obligations. For the years ending December 31, 2020 and 2019 they were:

Note 19 – Power Supply Settlement Commitments (cont.)

MEMBERS	2020 kWh	%	2019 kWh	%
Chester Solar	7,026,403	1.87%	6,717,570	1.73%
Fitchburg Landfill	37,108,171	9.89%	31,255,793	8.03%
HQ	13,256,760	3.53%	13,621,541	3.50%
Hydro	62,471,029	16.64%	70,445,703	18.09%
Kruger Hydro	23,104,177	6.15%	25,717,697	6.61%
Lawrence Brook Solar	58,389	0.02%	0	0.00%
Market Purchases	31,018,379	8.26%	45,132,325	11.59%
McNeil	36,756,020	9.79%	36,359,571	9.34%
NYPA	31,241,484	8.32%	29,791,233	7.65%
Project 10	390,202	0.10%	240,474	0.06%
Ryegate	10,854,206	2.89%	8,664,952	2.23%
Seabrook	111,826,327	29.79%	111,862,563	28.73%
Standard Offer	6,742,567	1.80%	6,748,642	1.73%
Stonybrook	2,091,755	0.56%	984,928	0.25%
VEPPI	1,435,492	0.38%	1,774,661	0.46%
Yarmouth	0	0.00%	2,026	0.00%
Total	**375,381,361**	100.00%	**389,319,678**	**100%**

The Non-Member total kWH resource entitlements are shown as a percentage of the Non-Members' portfolio of resources available to meet their load obligations. For the years ending December 31, 2020 and 2019, they were:

NON-MEMBERS	2020 kWh	%	2019 kWh	%
Coventry Clean Energy Corp	58,169,624	40.3%	55,727,174	39.3%
Fox Island Diesel	16,297	0.0%	12,680	0.0%
Fox Island Wind	9,830,911	6.8%	9,472,007	6.7%
HQ	24,032,733	16.7%	23,966,659	16.9%
Market Contracts	8,784,000	6.1%	8,899,155	6.3%
NYPA	12,428,412	8.6%	11,850,001	8.4%
Project 10	37,839	0.03%	23,319	0.0%
Ryegate	2,193,018	1.5%	1,772,257	1.3%
Seabrook	18,888,286	13.1%	18,906,837	13.3%
Sheffield Wind	6,946,253	4.8%	7,761,950	5.5%
Stonyvale Farm	447,671	0.3%	140,770	0.1%
VEPPI	290,770	0.2%	362,731	0.3%
Wrightsville Hydro	2,165,831	1.5%	2,731,130	1.9%
Total	**144,231,644**	**100%**	**141,626,671**	**100%**

(Continued)

Note 19 – Power Supply Settlement Commitments (cont.)

A summary of the total Member and Non-Members' total kWH resource entitlements are shown as a percentage of the total resource entitlements that are included in the settlement process through the ISO-NE and the Authority.

TOTAL	2020 kWh	%	2019 kWh	%
Members	375,381,361	72.24%	389,319,678	73.33%
Non-Members	144,231,644	27.76%	141,626,671	26.67%
Total	519,613,005	100%	530,946,349	100%

Note 20 – Concentration of Risks

The J. C. McNeil Generating Station Project #2 contributed approximately 10.1% for 2020 and 10.8% for 2019 to annual gross revenues for the Authority.

The Swanton Peaker Project #10 contributed approximately 7.3% for 2020 and 7.5% for 2019 to annual gross revenues for the Authority.

Power Supply sources contribute significantly to the ability of the Authority to operate under its current business model. Should supply interruptions, price changes, contract terminations, shut down in operations of the units occur, the Authority could experience adverse or beneficial operating results and these results could be material.

Members provide the Authority with outlets for supply and transmission revenues, as well as cash flows for debt service repayments of the Authority. Any material changes to volumes, or supply, or any cash flow irregularity of the members could have an impact on the Authority's ability to discharge its future financial obligations and access to current and future financing.

The Authority regularly contracts with various and diverse professional and electric utility contractors. Adverse changes in the availability or quality of these sources could impact the business operations of the Authority.

(Continued)

Vermont Public Power Supply Authority

Combining Schedule of Assets, Liabilities, & Net Position

December 31, 2020 and 2019

Supplementary Schedule 1

		2020				
		Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	Total
ASSETS						
Capital Assets (Net):	$	12,291,418	2,302,274		463,334	15,057,025
Current:						
Cash & Cash Equivalents		5,976,770	1,676,423	12	2,257,635	9,910,840
Accounts Receivable		24,342	580,905		5,828,207	6,433,455
Other Current Assets		218,087	1,115,693		1,301,226	2,635,007
Total Current Assets		6,219,200	3,373,021	12	9,387,068	18,979,301
Long-Term:						
Investments		1,849,427			32,340,740	34,190,167
Other Long-Term Assets		131,819	235,468			367,287
Total Long-Term Assets		1,981,245	235,468	-	32,340,740	34,557,453
Deferred Outflow of Resources		25,000				25,000
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$	20,516,862	5,910,763	12	42,191,142	68,618,780
LIABILITIES:						
Current:						
Accounts Payable	$	27,316	423,075		2,737,896	3,188,287
Short-Term Debt						-
Bonds & LTD (current)		1,215,000			2,341,084	3,556,084
Other		305,369		12	1,185,668	1,491,049
Total Current Liabilities		1,547,685	423,075	12	6,264,648	8,235,420
Long-Term:						
Bonds (net of amortizations)						-
Long-Term Debt		12,065,000	-	-	14,115,087	26,180,087
Other					121,993	121,993
Total Long-Term Liabilities		12,065,000	-	-	14,237,080	26,302,080
Deferred Inflow of Resources		25,000				25,000
TOTAL LONG-TERM LIABILITIES & INFLOWS OF RESOURCES		13,637,685	423,075	12	20,501,728	34,562,500
Net Position		6,879,177	5,487,688		21,689,414	34,056,280
TOTAL LIABILITIES AND NET POSITION	$	20,516,862	5,910,763	12	42,191,142	68,618,780

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Combining Schedule of Assets, Liabilities, & Net Position

December 31, 2019 and 2018

Supplementary Schedule 2

		2019				
		Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	Total
ASSETS						
Capital Assets (Net):	$	13,232,547	2,269,252	-	418,889	15,920,689
Current:						
Cash & Cash Equivalents		5,687,616	2,320,336	(784)	2,811,956	10,819,124
Accounts Receivable		-	570,265	796	5,153,659	5,724,720
Other Current Assets		247,663	846,803	-	1,284,232	2,378,697
Total Current Assets		5,935,279	3,737,403	12	9,249,847	18,922,541
Long-Term:						
Investments		1,882,406	-	-	33,861,650	35,744,056
Other Long-Term Assets		133,334	357,316	-	-	490,649
Total Long-Term Assets		2,015,740	357,316	-	33,861,650	36,234,706
Deferred Outflow of Resources		25,000	-	-	-	25,000
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$	21,208,566	6,363,971	12	43,530,386	71,102,935
LIABILITIES:						
Current:						
Accounts Payable	$	6,245	400,867	-	2,749,492	3,156,605
Short-Term Debt		-	-	-	-	-
Bonds & LTD (current)		1,170,000	-	-	4,468,199	5,638,199
Other		328,728	-	12	1,115,528	1,444,268
Total Current Liabilities		1,504,973	400,867	12	8,333,219	10,239,072
Long-Term:						
Bonds (net of amortizations)		13,280,000	-	-	-	13,280,000
Long-Term Debt		-	-	-	15,783,739	15,783,739
Other		-	-		98,915	98,915
Total Long-Term Liabilities		13,280,000	-	-	15,882,655	29,162,655
Deferred Inflow of Resources		25,000	-	-	45,605	70,605
TOTAL LONG-TERM LIABILITIES & INFLOWS OF RESOURCES		14,809,973	400,867	12	24,261,479	39,472,332
Net Position		6,398,593	5,963,103	0	19,268,907	31,630,604
TOTAL LIABILITIES AND NET POSITION	$	21,208,566	6,363,971	12	43,530,386	71,102,935

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Combining Schedule of Revenues and Expenses

December 31, 2020 and 2019

Supplementary Schedule 3

		2020				
		Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	Total
OPERATING REVENUE:						
Electric sales for resale	$	-		-	31,241,709	31,241,709
McNeil project revenue		-	4,336,164	-		4,336,164
Highgate project revenue		-		-		-
Swanton (P10) project revenue		3,130,168		-		3,130,168
Renewable Energy Certificates		-		-	3,224,339	3,224,339
Other Service revenue		-		-	1,033,391	1,033,391
Total operating revenue		3,130,168	4,336,164	-	35,499,438	42,965,771
OPERATING EXPENSES:						
Power production expenses		403,855	3,647,933	-	-	4,051,788
Transmission expenses		47,591	7,161	-	11,393,831	11,448,582
Purchased power		9,648	8,141	-	21,453,887	21,471,675
Regional Market expense		25,945	-	-	-	25,945
Administrative & General expenses		367,212	362,859	-	2,214,764	2,944,835
Outside services		40,834	35,482	-	304,240	380,556
Payments in lieu of taxes		22,673	274,220	-	15,577	312,470
Amortization		-	161	-	424	585
Depreciation		1,138,232	482,446	-	33,431	1,654,109
Total operating expenses		2,055,990	4,818,403	-	35,416,154	42,290,547
Operating income		1,074,178	(482,239)	-	83,285	675,224
NONOPERATING REVENUE (EXPENSES):						
Distribution income - VT Transco, LLC.		-		-	4,202,622	4,202,622
Net Settlement expense - VT Transco, LLC.		-		-	(1,115,218)	(1,115,218)
Net interest income (expense) swaps		-		-	(67,462)	(67,462)
Interest expense		(634,480)	(368)	-	(734,582)	(1,369,431)
Amortization of LTD discount, premium and issuance exp		-		-		-
Amortization of loss on reacquired debt		-		-		-
Interest earned on deposits/investments		29,575	7,192	-	8,293	45,060
Net Proceeds related to Insurance Claim		-		-		-
Gain/(Loss) on Disposition of Plant Assets		-		-		-
Net Realized Gain/(Loss) on Investments		23,613		-		23,613
Misc. Non-operating revenue (expense)		-		-	(2,036)	(2,036)
Total Non-Operating Revenue (Expenses)		(581,291)	6,824	-	2,291,617	1,717,149
CHANGE IN NET POSITION		492,887	(475,415)	-	2,374,902	2,392,373
						-
Other Comprehensive Income - Interest Swaps		-		-	45,605	45,605
Other Comprehensive Income - Unrealized Gains/Losses		(12,302)		-	-	(12,302)
Appropriated Earnings - Transco Member Return		-		-		-
Unappropriated Earnings Distributed		-		-		-
NET POSITION, beginning of year		6,398,593	5,963,102	(1)	19,268,912	31,630,604
NET POSITION, end of year	$	6,879,177	5,487,687	(1)	21,689,419	34,056,280

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Combining Schedule of Revenues and Expenses

December 31, 2019 and 2018

Supplementary Schedule 4

	2019				
	Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	Total
OPERATING REVENUE:					
Electric sales for resale	$ -	-	-	32,793,814	32,793,814
McNeil project revenue	-	4,668,323	-	-	4,668,323
Highgate project revenue	-	-	1,675	-	1,675
Swanton (P10) project revenue	3,233,830	-	-	-	3,233,830
Renewable Energy Certificates	-	-	-	2,062,841	2,062,841
Other Service revenue	-	-	-	410,805	410,805
Total operating revenue	3,233,830	4,668,323	1,675	35,267,461	43,171,289
OPERATING EXPENSES:					
Power production expenses	301,574	4,008,853	-	-	4,310,427
Transmission expenses	35,321	10,043	-	11,878,709	11,924,074
Purchased power	9,363	6,450	-	21,120,640	21,136,453
Regional Market expense	3,700	-	-	-	3,700
Administrative & General expenses	277,895	342,051	-	1,877,651	2,497,597
Outside services	42,879	38,877	1,675	328,359	411,790
Payments in lieu of taxes	21,423	262,049	-	15,000	298,472
Amortization	-	-	-	212	212
Depreciation	1,129,875	476,505	-	33,526	1,639,906
Total operating expenses	1,822,031	5,144,827	1,675	35,254,097	42,222,630
Operating income	1,411,799	(476,504)	-	13,364	948,658
NONOPERATING REVENUE (EXPENSES):					
Distribution income - VT Transco, LLC.	-	-	-	5,151,900	5,151,900
Net Settlement expense - VT Transco, LLC.	-	-	-	(1,574,778)	(1,574,778)
Net interest income (expense) swaps		-	-	(30,855)	(30,855)
Interest expense	(674,841)	-	-	(1,393,243)	(2,068,084)
Amortization of LTD discount, premium and issuance exp	605,826	-	-	(12,732)	593,093
Amortization of loss on reacquired debt	(433,436)	-	-	-	(433,436)
Interest earned on deposits/investments	132,722	41,832	-	42,871	217,425
Net Proceeds related to Insurance Claim	-	-	-	-	-
Gain/(Loss) on Disposition of Plant Assets	-	-	-	-	-
Net Realized Gain/(Loss) on Investments	-	-	-	-	-
Misc. Non-operating revenue (expense)	-	3	-	-	3
Total Non-Operating Revenue (Expenses)	(369,729)	41,835	-	2,183,161	1,855,267
CHANGE IN NET POSITION	1,042,070	(434,670)	-	2,196,525	2,803,925
					-
Other Comprehensive Income - Interest Swaps	-	-	-	183	183
Other Comprehensive Income - Unrealized Gains/Losses	35,719	-	-	-	35,719
Appropriated Earnings - Transco Member Return	-	-	-	-	-
Unappropriated Earnings Distributed	-	-	-	-	-
NET POSITION, beginning of year	5,320,804	6,397,771	(1)	17,072,204	28,790,777
NET POSITION, end of year	$ 6,398,593	5,963,102	(1)	19,268,912	31,630,604

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Restricted Assests Schedule- Cash - McNeil

December 31, 2020 and 2019

Supplementary Schedule 5

	Debt Service Interest	Debt Service Principal	Debt Service Reserve Fund	Reserve and Contingency	Revenue Funds	Temp Investments	Total
Balance at December 31, 2018	0	(0)	0	0	(143,791)	2,053,290	1,909,500
Add:							
Interest Income	-	-	-	-	1,009	40,823	41,832
Receipts of revenue	-	-	-	-	4,838,760	-	4,838,760
Transfers	-	-	-	-	-	-	-
Realized Gain on Investment	-	-	-	-	-	-	-
Unrealized Gain on investment	-	-	-	-	-	-	-
Deduct:					-		-
Operating expenditures	-	-	-	-	(4,469,756)	-	(4,469,756)
Debt service payments	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	(181,456)	(181,456)
Transfers	-	-	-	-	181,456	-	181,456
Realized Loss on Investment	-	-	-	-	-	-	-
Unrealized Loss on investment	-	-	-	-	-	-	-
Balance at December 31, 2019	0	(0)	0	0	407,678	1,912,657	2,320,335
Add:							
Interest Income	-	-	-	-	367	6,825	7,192
Receipts of revenue	-	-	-	-	4,325,525		4,325,525
Transfers	-	-	-	-	464,834		464,834
Realized Gain on Investment	-	-	-	-			-
Unrealized Gain on investment	-	-	-	-			-
Deduct:							-
Operating expenditures	-	-	-	-	(4,976,629)		(4,976,629)
Debt service payments	-	-	-	-			-
Capital Improvements	-	-	-	-		(464,834)	(464,834)
Transfers	-	-	-	-			-
Realized Loss on Investment	-	-	-	-			-
Unrealized Loss on investment	-	-	-	-			-
Balance at December 31, 2020	0	(0)	0	0	221,774	1,454,649	1,676,423

Vermont Public Power Supply Authority

Restricted Assests Schedule- Cash - Project 10

December 31, 2020 and 2019

Supplementary Schedule 6

	Debt Service Interest	Debt Service Principal	Debt Service Reserve Fund	Reserve and Contingency	Revenue Funds	Reserve Fund	Cost of Issuance Fund	Construction Funds	Total
Balance at December 31, 2018	405,877	669,616	1,886,186	194,910	206,615	3,378,987	(0)	(0)	6,742,190
Add:									
Interest Income	4,427	13,950	35,801	3,182	5	75,356	-	-	132,722
Receipts of revenue	-	-	-	-	3,271,427	-	-	-	3,271,427
Transfers	671,943	1,157,500	-	91,472	94,910	747,088	-	-	2,762,913
Realized Gain on Investment	-	-	-	-	-	-	-	-	-
Unrealized Gain on investment	-	-	35,719	-	-	-	-	-	35,719
Deduct:									
Operating expenditures	-	-	-	-	(612,722)	-	-	-	(612,722)
Debt service payments	(692,225)	(1,140,000)	-	-	(1,920,915)	-	-	-	(3,753,140)
Capital Improvements	-	-		-	(68,272)	-	-	-	(68,272)
Transfers	-	-	(57,558)	(94,910)	(788,348)	-	-	-	(940,817)
Realized Loss on Investment	-	-		-	-	-	-	-	-
Unrealized Loss on investment	-	-		-	-	-	-	-	-
Balance at December 31, 2019	390,023	701,066	1,900,148	194,654	182,700	4,201,431	(0)	(0)	7,570,021
Add:									
Interest Income	904	3,646	14,722	937	1	15,097	-	-	35,308
Receipts of revenue	-	-	-	-	3,200,480	-	-	-	3,200,480
Transfers	630,204	1,196,250	-	91,323	-	379,936	-	-	2,297,713
Realized Gain on Investment	-	-	23,613	-	-	-	-	-	23,613
Unrealized Gain on investment	-	-	-	-	-	-	-	-	-
Deduct:									
Operating expenditures	-	-	-	-	(763,141)	-	-	-	(763,141)
Debt service payments	(657,456)	(1,170,000)	-	-	(1,917,776)	-	-	-	(3,745,233)
Capital Improvements	-	-	-	(41,342)	(197,103)	-	-	-	(238,445)
Transfers	-	-	(46,524)	(53,312)	(441,982)	-	-	-	(541,819)
Realized Loss on Investment	-	-	-	-	-	-	-	-	-
Unrealized Loss on investment	-	-	(12,302)	-	-	-	-	-	(12,302)
Balance at December 31, 2020	363,675	730,962	1,879,657	192,259	63,179	4,596,465	(0)	(0)	7,826,196

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority
Investment in VT TRANSCO, LLC
Summary of Units Held By Year
December 31, 2020 and 2019

Supplementary Schedule 7

	Total A Units	% of Total A Units	Total B Units	% of Total B Units	Total Units	% of Total	TOTAL VALUE
Balance at December 31, 2018	1,843,106		2,345,772		4,188,878		$ 41,888,780
Purchases	34,719	13.86%	10,718	3.36%	45,437	7.98%	454,370
Sales	(384,846)	-153.61%	(489,804)	-153.61%	(874,650)	-153.61%	(8,746,500)
Total	(350,127)	-139.75%	(479,086)	-150.25%	(829,213)	-145.63%	$ (8,292,130)
Balance at December 31, 2019	1,492,979		1,866,686		3,359,665		$ 33,596,650
Purchases	29,616	11.82%	37,693	11.82%	67,309	11.82%	673,090
Sales	(96,536)	-38.53%	(122,864)	-38.53%	(219,400)	-38.53%	(2,194,000)
Total	(66,920)	-26.71%	(85,171)	-26.71%	(152,091)	-26.71%	$ (1,520,910)
Balance at December 31, 2020	1,426,059		1,781,515		3,207,574		$ 32,075,740

Vermont Public Power Supply Authority
Investment in VT TRANSCO, LLC
Allocation by VPPSA and Members
December 31, 2020 and 2019

ALLOCATION OF UNITS FOR THE BENEFIT OF MEMBERS AND NON-MEMBERS

Supplementary Schedule 8

	Total A Units	% of Total A Units	Total B Units	% of Total B Units	Total Units	% of Total	TOTAL VALUE
Members:							
Barton	72,006	8.6502%	91,643	8.6501%	163,649	8.6502%	$ 1,636,490
Enosburg	109,667	13.1745%	139,577	13.1746%	249,244	13.1746%	2,492,440
Hardwick	167,659	20.1412%	213,386	20.1414%	381,045	20.1413%	3,810,450
Hyde Park	26,335	3.1637%	33,516	3.1636%	59,851	3.1636%	598,510
Jacksonville	21,623	2.5976%	27,521	2.5977%	49,144	2.5977%	491,440
Johnson	64,890	7.7954%	82,589	7.7955%	147,479	7.7955%	1,474,790
Ludlow	116,348	13.9771%	148,078	13.9770%	264,426	13.9771%	2,644,260
Lyndonville	322,155	38.7011%	410,018	38.7014%	732,173	38.7013%	7,321,730
Morrisville	87,542	10.5166%	111,419	10.5168%	198,961	10.5167%	1,989,610
Northfield	74,473	8.9466%	94,782	8.9464%	169,255	8.9465%	1,692,550
Orleans	45,393	5.4531%	57,770	5.4529%	103,163	5.4530%	1,031,630
Swanton	225,826	27.1289%	287,414	27.1289%	513,240	27.1289%	5,132,400
Total Members	1,333,917	160.25%	1,697,713	160.25%	3,031,630	160.25%	$ 30,316,300
Specific Facilities							
LCP-Hardwick	-		-		-		-
LCP-Hyde Park	-		-		-		-
LCP-Johnson	-		-		-		-
LCP-Morrisville	-		-		-		-
Lyndonville Substation	96,536		122,864		219,400		2,194,000
	96,536		122,864		219,400		2,194,000
VPPSA	47,800		60,835		108,635		1,086,350
Balance at December 31, 2019	1,478,253		1,881,412		3,359,665		33,596,650

	Total A Units	% of Total A Units	Total B Units	% of Total B Units	Total Units	% of Total	TOTAL VALUE
Members:							
Barton	74,151	8.9079%	94,372	8.9077%	168,523	8.9078%	$ 1,685,230
Enosburg	113,575	13.6440%	144,551	13.6441%	258,126	13.6441%	2,581,260
Hardwick	173,004	20.7833%	220,188	20.7835%	393,192	20.7834%	3,931,920
Hyde Park	26,335	3.1637%	33,516	3.1636%	59,851	3.1636%	598,510
Jacksonville	22,465	2.6988%	28,592	2.6988%	51,057	2.6988%	510,570
Johnson	66,881	8.0345%	85,124	8.0348%	152,005	8.0347%	1,520,050
Ludlow	116,348	13.9771%	148,078	13.9770%	264,426	13.9771%	2,644,260
Lyndonville	331,281	39.7974%	421,633	39.7978%	752,914	39.7976%	7,529,140
Morrisville	93,801	11.2685%	119,386	11.2688%	213,187	11.2687%	2,131,870
Northfield	74,473	8.9466%	94,782	8.9464%	169,255	8.9465%	1,692,550
Orleans	45,393	5.4531%	57,770	5.4529%	103,163	5.4530%	1,031,630
Swanton	225,826	27.1289%	287,414	27.1289%	513,240	27.1289%	5,132,400
Total Members	1,363,533	163.80%	1,735,406	163.80%	3,098,939	163.80%	$ 30,989,390
Specific Facilities							
LCP-Hardwick	-		-		-		-
LCP-Hyde Park	-		-		-		-
LCP-Johnson	-		-		-		-
LCP-Morrisville	-		-		-		-
Lyndonville Substation	-		-		-		-
	-		-		-		-
VPPSA	47,800		60,835		108,635		1,086,350
Balance at December 31, 2020	1,411,333		1,796,241		3,207,574		32,075,740

See Independent Auditors Report on Supplementary Information.