Vermont Public Power Supply Authority

Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

Putting the Public in Power.

Vermont Public Power Supply Authority

TABLE OF CONTENTS

(Continued)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Vermont Public Power Supply Authority
Waterbury Center, Vermont

Opinions

We have audited the accompanying financial statements of Vermont Public Power Supply Authority (the "Authority"), as of and for the years ended December 31, 2022 and 2021, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2022 and 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position, changes in financial position, cash flows of only the portion of the State of Vermont that is attributable to the Authority. They do not purport to, and do not, present fairly the financial position of the State of Vermont, as of December 31, 2022 and 2021, the changes in its financial position, its cash flows or appropriations for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

368 River Street, Suite 120, Springfield, VT 05156 802-885-5340 Fax 802-885-4999
174 Court Street, Laconia, NH 03246 603-527-8721 Fax 603-527-8187
Website: www.veroff-austin.com

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Veroff & Austin

Veroff & Austin PLLC
Springfield, Vermont
March 15, 2023
VT Reg.#092.0131574

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, 2022 and 2021.

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, 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, 2022 are as follows:

- Change in Net Position – Increased $ 2,694,320
- Net Capital Assets - Increased $ 61,234
- Total repayments on outstanding bonds and/or long-term debt: $ 3,743,923

Overview of the Financial Statements

The financial statements within this report include a summary of the Authority's Statement of Net Position, 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 using 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, 2022, and 2021.

		2022		2021
Capital Assets, net	$	14,190,330	$	14,129,096
Current Assets				
Cash & Cash Equivalents		8,369,695		10,791,368
Accounts Receivables		7,586,126		6,075,029
Other Current Assets		2,992,992		3,124,404
Total Current Assets		18,948,813		19,990,801
Long-Term Assets				
Investments		35,763,319		34,862,345
Other Long-Term Assets		746,932		320,651
Total Long-Term Assets		36,510,251		35,182,996
Deferred Outflow of Resources		64,955		25,000
TOTAL ASSETS & DEFERRED OUFLOWS OF RESOURCES	$	**69,714,349**	$	**69,327,893**

		2022		2021
Current Liabilities				
Accounts Payable		4,460,498		3,545,582
Short-term Debt		-		-
Current Portion-Bonds & LTD		3,822,113		3,743,923
Other		2,031,377		1,522,926
Total Current Liabilities		10,313,988		8,812,431
Long-term liabilities				
Bonds		9,475,000		10,805,000
Long-Term Debt		10,763,752		13,255,865
Other		127,341		126,992
Total Long-Term Liabilities		20,366,093		24,187,857
Deferred Inflows of Resources		81,000		25,000
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	$	30,761,081	$	33,025,288
Net Position		38,953,268		36,302,604
TOTAL LIABILITIES AND NET POSITION	$	**69,714,349**	$	**69,327,893**

Changes in Assets and Deferred Outflow of Resources:

The Authority maintains assets (or capital) 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.

Assets - 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 assets and accumulated depreciation for the years ended December 31, 2022 and 2021:

Capital Assets **increased $61,234**
- Capital Improvements
- Annual Depreciation on Assets in Service

	2022	2021
Capital assets	$ 51,112,891	$49,328,369
Less accumulated depreciation	$ 36,922,561	$35,199,273
Total capital assets, net	$ 14,190,330	$14,129,096

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>2022</u>
Current Assets decreased $1M or 5.21%
- Decrease in Cash & Cash Equivalents
  - Increase in Receivables
  - Increase in bond funds invested
- Increase in Receivables
- Decrease in Other Current Assets
  - Due from Members
  - Inventories

<u>2021</u>
Current Assets increased $1M or 5.3%
- Increase in Cash & Cash Equivalents
  - Decrease in Receivables
  - Decrease in bond funds invested
- Decrease in Receivables
- Increase in Other Current Assets $490K
  - Due from Members
  - 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. Assets (capital) 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 2022 and 2021, 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 2022 bond fund investments increased by $843K or 94% and decreased approximately $956K or 52% in 2021, respectively.

The increase in 2022 is primarily related to having more funds invested with a correlating increase in investment income earned on the bond investments. The decrease in 2021 is primarily related to having less funds invested and a correlating decrease in the investment income earned on the bond investments.

Vermont Transco Membership Units:

Transco Investment Activity				
	2021		2022	
	# Units	Value	# Units	Value
Beg. Balance	3,207,574	$ 32,075,740	3,370,410	$ 33,704,100
Purchases	162,836	$ 1,628,360	691	$ 6,910
Sales	-	$ -	-	$ -
Total	3,370,410	$33,704,100	3,371,101	$ 33,711,010

As of December 31st, the Authority owned a total of 3,370,410 member units valued at $33,704,100 and 3,371,101 member units valued at $33,711,010 in 2021 and 2022, 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 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 increased in 2022 by approximately $426K or 132.9% and decreased in 2021 by approximately $47K or 12.7%. The change in both years is related to the fluctuation 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 future grant expenditures.

Changes in Liabilities and Deferred Inflows of Resources:

The Authority maintains several long-term debt obligations and records current and other long-term liabilities. Similarly, 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:

2022

Current Liabilities increased $1,502K or 17%

- Increase in AP
- Amounts Due Members

2021

Current Liabilities increased $577K or 7%

- Increase in AP
- LTD - Current Portion
    - Addition of one new Transco facility

Long-Term Liabilities - Long-term liabilities are generally 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 on December 31, 2022 and December 31, 2021, consist of one outstanding bond issue and ten (11) 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.

Series 2017 Bonds payable decreased $1.3M or 12.3 % in 2022 and decreased $1.3M or 10.4% in 2021. 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 2022 and eleven (11) long-term debt facilities in 2021. In both 2022 and 2021, 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 2022, long-term debt facilities decreased by $2.5M or 18.8% and decreased by $860K or 6.9% in 2021. In 2022 and 2021, the changes were attributed to the ongoing principal repayment of existing long-term facilities and the repayment of one term loan that matured.

Other long-term liabilities include accrued vacation payable to Authority employees. The value of the accrued benefit to Authority employees is $127,342 and $126,992 for 2022 and 2021, 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 grant revenue received and not yet utilized.

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 include 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 $2,650,662 in 2022 and $2,251,938 in 2021. 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.

Statement of Revenues, Expenses & Change in Net Position:

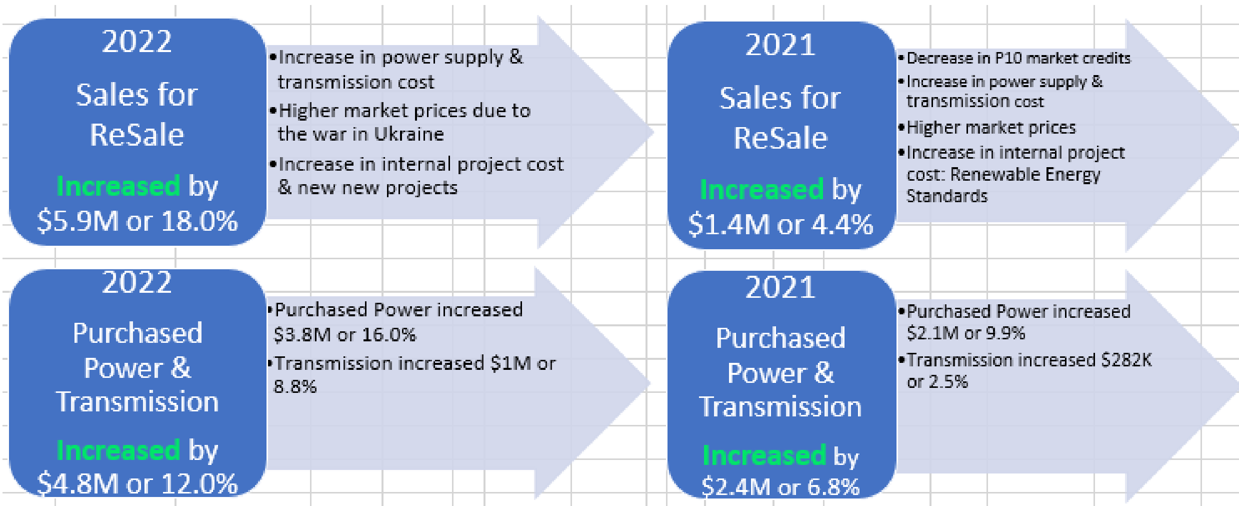
The table on the next page summarizes the Authority's change in net position as of December 31, 2022 and 2021.

		2022		2021
Electric Sales For Resale	$	38,476,623	$	32,620,152
McNeil Project Revenue		5,051,699		4,641,926
Highgate Project Reveune		-		-
Swanton (P10) Revenue		3,196,507		3,080,929
Internal Project Revenues		1,631,258		1,673,306
Other Revenues		3,561,309		3,894,337
Total Operating Revenues	$	51,917,396	$	45,910,650
Power Production and Other Expenses		4,582,790		4,291,287
Transmission Expenses		12,758,263		11,730,426
Purchased Power		27,391,492		23,603,655
Regional Market Expenses		4,033		9,266
Administration & General Expenses		4,462,859		3,778,723
Taxes		365,827		324,519
Depreciation & Amortization		1,739,784		1,691,177
Total Operating Expenses	$	51,305,049	$	45,429,053
Net Operating Income(Loss)		**612,347**		**481,597**
Transco Income/Expenses (net)		3,036,952		2,933,151
Interest Income/Expenses (net)		(952,057)		(1,161,647)
Amortizations (net)		(2,262)		(2,432)
Proceeds/Expenses Related to Insurance Claim (r		-		-
Other Non-Operating Income/Expenses (net)		(660)		1,268
Total Non-Operating Expenses, Net	$	2,081,973	$	1,770,340
Change in Net Assets		**2,694,320**		**2,251,937**
Other Comprehensive Income		(43,656)		(5,614)
Transco Investment Return		-		-
UnAppropriated Earnings Distributed		-		-
Net Assets at Beginning of Year		36,302,604		34,056,281
Net Assets at End of Year	**$**	**38,953,268**	**$**	**36,302,604**

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.



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 increased by $410K or 8.8% in 2022 and decreased by approximately $306K or 7.7% in 2021.

The changes in both 2022 and 2021 are primarily due to routine maintenance on the generating facility and cost fluctuations due to the plant's operational runtime.

In 2022, REC revenues related to the McNeil project decreased by approximately $366K and increased $330K in 2021.

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, increased in 2022 by $70K or 2% and decreased in 2021 by $270K or 7%. 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 for the last ten years:

Year	Capacity Factor	Availability Factor	Year	Capacity Factor	Availability Factor
2022	52.3%	67.0%	2016	69.7%	96.3%
2021	62.4%	79.7%	2016	69.7%	96.3%
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%

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.

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 2022 project revenues increased $116K or 2.8% and in 2021 revenues decreased $49K or 1.6%. The primary reason for the increase in 2022 is the result of revenue earned for covering for the McNeil Generating Station's outage and the decrease in 2021 was primarily the result of routine changes in O & M costs for the plant and a decrease to the additional billing to participants for the purposes of maintaining a project reserve.

Due to the nature of the project in several regional markets, the project participants received credits through the Authority's power settlement for a portion of 2021 ($1.3M). However as of June 2021, the capacity market credits that the project used to receive from ISO have ended. In their place, equivalent value is accruing to each individual owner through a reduced capacity market obligation. This is a result of VPPSA's election to "self-supply" the project in the ISO-NE capacity market. Self-supply causes capacity market payments to end, and in return, ISO-NE reduces the capacity market obligation to each owner-utility. As a result, the owners of the project continue to receive economic value for the capacity that the project provides.

The power production costs related to the operations of Project #10 increased in 2022 by approximately $221K or 73% and decreased in 2021 by approximately $31K or 10%. The changes in both 2022 and 2021 are primarily the result of changes in routine operating costs; mainly 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
2013	0.128%	99%	2018	0.120%	99%
2014	0.054%	99%	2019	0.063%	100%
2015	0.215%	99%	2020	0.102%	100%
2016	0.230%	99%	2021	0.094%	100%
2017	0.140%	100%	2022	0.215%	100%

Internal Projects – The Authority manages several internal projects to segregate revenues and expenses for those specific projects. These include services for projects related to AMI, GIS mapping, net metering, centralized computer hardware, management contracts, and Renewable Energy Standards ("RES"). In 2022 revenues for internal projects increased $254K or 15.2% and in 2021 revenues increased $713K. The primary driver of the increase in 2022 was due to the new management contract for Barton and in 2021 was the evolution of the RES program and the increased cost that has been realized related to the program.

In 2022 and 2021 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 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.

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
2022	$1.4M	2017	$1.9M
2021	$1.7M	2016	$2.7M
2020	$1.4M	2015	$2.4M
2019	$1.0M	2014	$2.8M
2018	$2.3M	2013	$2.0M

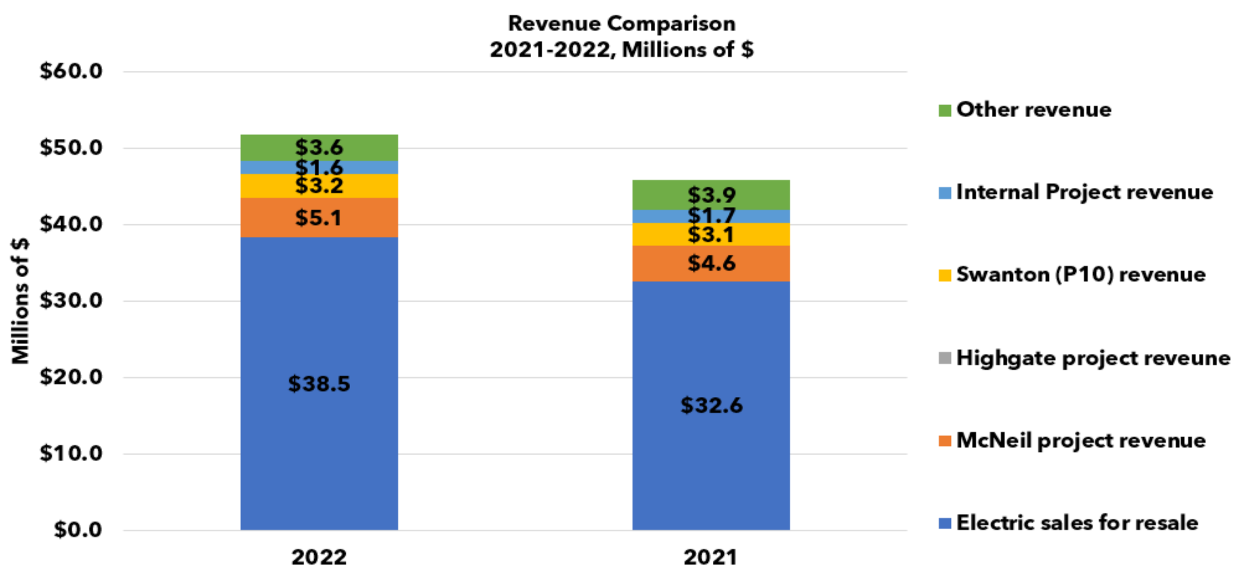
The Power Purchase Agreement between the Authority and the Waste Management-Fitchburg Landfill facility includes environmental attributes including the sale of renewable energy credits. These credits are recorded as revenue and netted against the cost of the power purchased per the power purchase agreement.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

Year	Value	Year	Value
2022	$1.3M	2018	$0.9M
2021	$1.5M	2017	$1.1M
2020	$1.3M	2016	$1.1M
2019	$0.7M	2015	$1.5M

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.

Revenues Summary

The following chart provides a snapshot of the Authority's Revenues for 2022 and 2021.



Revenue	2022	2021	% Change	2022 % of Total
Electric sales for resale	$38.5	$32.6	7.7%	71.1%
McNeil project revenue	$5.1	$4.6	7.1%	10.1%
Highgate project reveune	$0.0	$0.0	0.0%	0.0%
Swanton (P10) revenue	$3.2	$3.1	-1.6%	6.7%
Internal Project revenue	$1.6	$1.7	74.4%	3.6%
Other revenue	$3.6	$3.9	-8.5%	8.5%
Total	$51.9	$45.9	6.9%	100%

Non-Operating Activities

Changes in non-operating activities for 2022 and 2021 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 2022 interest on deposits increased and in 2021 interest on deposits decreased. 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 2022 and 2021. The changes are primarily due to the ongoing reduction of principal on bonds and loans outstanding.

These interest earnings and interest expense variances include the following:

Interest Earned:	Interest Expense:
2022 = Increase of $ 122K or 66.85% ↑	2022 = Decrease of $87K or 4.12% ↓
2021 = Decrease of $ 40K or 22.06%	2021 = Decrease of $270K or 18.8%

Distribution Income and Distribution Expense - The Authority currently holds a total of 3,371,101 TRANSCO membership units valued at $33,711,010. In 2022 distribution income increased by $204K or 3.7% whereas in 2021 distribution income decreased by $191K or 4.6%. The increase in 2022 was primarily due to the distribution income on the units purchased at the end of 2021 and the decrease in 2021 was primarily due to the sale of the Vt. Transco investment for specific facilities previously held for the benefit of one member (Lyndonville). The sale was the repurchase of those units by Vt. Transco.

Subsequent Events

On January 23, 2023 The Authority, on behalf of its members, entered into a loan agreement with Community Bank, NA in the amount of $4,000,000 to provide working capital for the completion of installation of Advanced Metering Infrastructure. On February 8, 2023 The Authority, on behalf of its members, was awarded a $5,000,000 grant from the Vermont Department of Public Service for the implementation of the aforesaid Advanced Metering Infrastructure project.

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, VT 05677	EMAIL: gsawyer@vppsa.com Telephone: (802) 244-7678 Ext. 232 Direct Line: (802) 882-8510

Vermont Public Power Supply Authority
Statements of Net Position
December 31, 2022 and 2021

ASSETS	*2022*	*2021*
CAPITAL ASSETS, net	$ 14,190,330	$ 14,129,096
UNRESTRICTED ASSETS		
CURRENT:		
Cash and Cash Equivalents	3,270,066	2,500,560
Accounts Receivable	6,548,477	5,267,044
Due from Members	79,508	583,009
Other Current Assets	87,993	92,443
TOTAL CURRENT ASSETS	$ 9,986,043	$ 8,443,056
LONG TERM:		
Investments	430,230	430,230
Other Long-Term Assets		
TOTAL LONG TERM ASSETS	430,230	430,230
TOTAL UNRESTRICTED ASSETS	10,416,273	8,873,286
RESTRICTED ASSETS		
CURRENT:		
Cash and Cash Equivalents	5,099,629	8,290,808
Cash Advances - Projects	-	-
Accounts Receivable	1,037,649	807,984
Due From Members & Others	1,836	1,839
Fuel Inventories-McNeil & P10	1,746,926	1,425,355
Interest/Distribution Receivable	1,062,806	1,003,477
Other Current Restricted Assets	13,923	18,281
TOTAL RESTRICTED CURRENT ASSETS	8,962,769	11,547,744
LONG TERM:		
Due from Members	618,144	190,348
Investments - Bond Funds	1,787,239	893,245
Investment in VT Transco, LLC - Restricted	13,165,865	15,636,455
Investment In VT Transco, LLC - Restricted - Eligible for Release	20,379,985	17,902,415
Other Long-Term Assets	128,788	130,303
TOTAL RESTRICTED LONG TERM ASSETS	36,080,021	34,752,766
TOTAL RESTRICTED ASSETS	45,042,790	46,300,511
DEFERRED OUTFLOWS:		
Grant Expenditures	64,955	-
Other Regulatory Assets	-	25,000
Unamortized Loss on Reacquired Debt	-	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	64,955	25,000
TOTAL ASSETS & DEF OUTFLOW OF RESOURCES	$ 69,714,349	$ 69,327,893

See Independent Auditors Report and accompanying notes to financial statements.

Vermont Public Power Supply Authority
Statements of Net Position
December 31, 2022 and 2021

LIABILITIES	*2022*	*2021*
CURRENT LIABILITIES		
Accounts Payable	3,860,275	3,008,086
Amounts Due to Members	1,459,735	885,808
Other Current Liabilities	11,174	13,295
TOTAL CURRENT LIABILITIES	$ 5,331,184	$ 3,907,189
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Bonds Payable, Current Portion	1,330,000	1,260,000
Current Installments on Long - Term Debt	2,492,113	2,483,923
Amounts Due Members	289,629	317,752
Accounts Payable	600,223	537,496
Accrued Interest Payable	270,839	306,071
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:	4,982,804	4,905,242
LONG-TERM LIABILITIES		
Bonds Payable from Restricted Assets, (excl. current installments)	9,475,000	10,805,000
Long-Term Debt Payable from Restricted Assets (excl. current installments)	10,763,752	13,255,865
Other Long-Term Liabilities	127,341	126,992
TOTAL LONG-TERM LIABILITIES:	20,366,093	24,187,857
DEFERRED INFLOWS OF RESOURCES:		
Derivative Instrument Liability	-	-
Other Regulatory Liabilities	-	25,000
Deferred Revenue - Grants	81,000	-
TOTAL DEFERRED INFLOW OF RESOURCES	81,000	25,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	30,761,081	33,025,288
NET POSITION		
Invested in Capital Assets, Net of Related Debt	3,295,331	1,960,762
Restricted for McNeil Project #2	2,891,013	3,051,169
Restricted for Swanton Peaker - Project #10	6,453,974	7,574,922
Restricted for Highgate - Project #3	-	0
Restricted - Investment in Transco, LLC - Pledged - Eligible for Release	20,379,985	17,902,415
Restricted - Investment in Transco, LLC, net of related debt	1,035,142	980,130
Other Comprehensive Income - Restricted	(43,656)	(5,646)
Unrestricted	4,941,479	4,838,852
TOTAL NET POSITION	$ 38,953,268	$ 36,302,604
TOTAL LIABILITIES, INFLOWS OF RESOURCES & NET POSITION	$ 69,714,349	$ 69,327,893

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, 2022 and 2021

REVENUES	***2022***	***2021***
Electric Sales for Resale	38,476,623	32,620,152
McNeil Project Revenue	5,051,699	4,641,926
Highgate Project Revenue	-	-
Swanton (P10) Project Revenue	3,196,507	3,080,929
Internal Projects	1,927,113	1,673,306
Renewable Energy Certificates	3,181,043	3,824,497
Other Service Revenue	84,411	69,841
TOTAL REVENUES	$ 51,917,396	$ 45,910,651
OPERATING EXPENSES		
Purchased Power	27,391,492	23,603,655
Transmission Expenses	12,758,263	11,730,426
Power Production Expenses	4,582,790	4,291,287
Regional Market Expense	4,033	9,266
Administrative & General Expenses	4,036,979	3,427,995
Outside Services	425,880	350,728
Payment in Lieu of Taxes	365,827	324,519
Amortization	2,262	1,023
Depreciation	1,739,784	1,691,177
TOTAL OPERATING EXPENSES	51,307,310	45,430,076
OPERATING INCOME FROM CONTINUING OPERATIONS	610,086	480,575
NON-OPERATING REVENUE (EXPENSE)		
Distribution Income - Vt Transco, LLC	4,215,709	4,012,033
Net Settlement Expense - Vt Transco LLC	(1,178,757)	(1,078,882)
Interest Expense - Vt Transco, LLC LTD	(531,119)	(576,939)
Interest Expense - Vt Transco, LLC Swaps	-	-
Interest Expense - Long-Term Debt	(547,489)	(589,631)
Amortization of Transco Fees	-	(3,921)
Interest Earned on Accounts	126,550	4,923
Realized Gain/(Loss) on Investments	-	2,998
Other Non-Operating Revenue (Expense)	(660)	781
TOTAL NON-OPERATING REVENUE (EXPENSE)	2,084,234	1,771,362
CHANGE IN NET POSITION	2,694,320	2,251,937
Other Comprehensive Income-Interest Swaps	-	-
Other Comprehensive Income-Unrealized Gains/Losses	(43,656)	(5,614)
Appropriated Earnings-Transco Investment Return		
UnAppropriated Earnings Distributed	-	-
TOTAL NET POSITION - BEGINNING	36,302,604	34,056,280
TOTAL NET POSITION - ENDING	$ **38,953,268**	$ **36,302,603**

See Independent Auditors Report and accompanying notes to financial statements.

Vermont Public Power Supply Authority
Statements of Cash Flows
December 31, 2022 and 2021

CASH FLOWS FROM OPERATING ACTIVITIES	*2022*	*2021*
Receipts:		
Electric sales for resales	37,820,358	33,804,460
McNeil project revenue	5,491,065	4,417,847
Highgate project revenue	-	-
Central Computer project revenue	136,990	138,493
Swanton Peaker project revenue	2,527,847	3,112,172
RES Project Revenue	1,591,711	637,212
Net Metering project revenue	30,126	26,916
AMI project revenue	104,454	90,538
GIS project revenue	175,496	220,491
Barton Operations	211,071	-
Renewable Energy Certificates	3,233,114	3,810,994
Other Revenues	79,023	65,242
Payments made for:		
Purchased power	(35,807,130)	(23,604,236)
Transmission expense	(3,725,900)	(11,402,653)
Power production expense	(4,293,803)	(4,055,380)
Regional Markets Expense	(3,909)	(5,411)
Others, employees, benefits, and employee and employer payroll taxes	(2,095,598)	(2,033,974)
Outside services and other general and administrative expenses	(3,109,391)	(2,560,917)
Taxes	(305,654)	(328,796)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,059,870	$ 2,332,999
CASH FLOWS FROM NON-OPERATING ACTIVITIES		
Receipts:		
Grants Received	33,503	-
Misc Sales/Income	4,817	781
Payments made for:		
IRP Grant Expenses	(37,879)	-
Misc Fees Related to HG Sale	(2,466)	(2,511)
NET CASH PROVIDED BY NON-OPERATING ACTIVITIES	$ (2,025)	$ (1,730)
NET CASH PROVIDED BY OPERATING & NON-OPERATING ACTIVITIES	$ 2,057,845	$ 2,331,269
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of LTD Financing of Vt. Transco, LLC Units	(2,485,484)	(2,327,749)
Repayment of Interest on LTD - Vt. Transco, LLC	(523,388)	(577,866)
Repayment of Interest on LTD Swap Agreements - Vt. Transco LLC	(6,382)	(1,947)
Payment of Fees Related to Transco Financing	(839)	(1,000)
Proceeds Related to Repayment of Financing Costs	-	-
Proceeds of LTD Financing of Vt. Transco, LLC Units	-	1,624,700
Payment of Interest on Debt-General	(12,228)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	$ (3,028,321)	$ (1,283,862)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Repayment of Bonds Payable	(1,260,000)	(1,215,000)
Payments of Interest Expense on Bonds Payable	(562,225)	(610,738)
Proceeds of LTD Financing- Building Upgrades	-	-
Repayment of Long-Term Debt -Building Upgrades	(6,667)	(13,333)
Payment of Interest Expense on LTD -Building Upgrades	(1,389)	(3,181)
NET CASH USED IN CAPITAL AND FINANCING ACTIVITIES	$ (1,830,281)	$ (1,842,252)

See Independent Auditors Report and accompanying notes to financial statements.

Vermont Public Power Supply Authority
Statements of Cash Flows
December 31, 2022 and 2021

		2022		2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Capital Additions		(1,809,785)		(627,745)
(Acquistion) Sale of Capital Assets		-		-
Interest Income		122,262		4,712
Distributions Earned on Transco Investment		4,164,790		4,059,725
Net Settlement Distributions to Members/Non-members		(1,153,553)		(1,086,525)
Gain (Loss) on Bond Investment Funds		-		2,998
Purchase of Bond Fund Investments		(937,650)		(1,200,525)
Sale of Bond Fund Investments		-		2,151,092
(Purchase) Sale of VT Transco, LLC Member Units		(6,980)		(1,628,360)
NET CASH USED IN INVESTING ACTIVITIES	$	379,084	$	1,675,373
NET INCREASE (DECREASE) IN CASH		(2,421,673)		880,528
CASH BALANCE, BEGINNING OF YEAR		10,791,368		9,910,840
CASH BALANCE, END OF YEAR	$	8,369,695	$	10,791,368

		2022		2021
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED OPERATING ACTIVITIES				
Operating income from continuing operations		611,924		480,575
Adjustments to reconcile net operating income to net cash provided by operating activities				
Depreciation and amortization		1,740,208		1,692,200
Change in assets and liabilities:				
(Increase) decrease in Accounts Receivable		(1,156,214)		442,539
(Increase) decrease in Amounts Due from Members		503,237		(431,171)
(Increase) decrease in Inventories		(321,055)		(99,045)
(Increase) decrease in Other Assets		(394,654)		11,640
Increase (decrease) in Accounts Payable		891,608		250,018
Increase (decrease) in Amounts Due to Members		126,096		(23,207)
Increase (decrease) in Other Liabilities		58,720		9,449
Total adjustments	$	1,447,946	$	1,852,423
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	2,059,870	$	2,332,999

See Independent Auditors Report and accompanying notes to financial statements.

Vermont Public Power Supply Authority

Statements of Changes in Net Position

December 31, 2022 and 2021

		Invested In Capital Assets	Restricted Net Assets	UnRestricted Net Assets	Other Comprehensive Income	Total
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
Current Year Change in Net Assets		300,403	1,859,906	91,629	-	2,251,939
Interest Rate Swap		-	-	-	-	-
Unrealized Gains/Losses		-	-	-	(5,614)	(5,614)
Balance at December 31, 2021	$	38,653,187	(1,859,906)	(91,629)	(5,646)	36,302,605
Current Year Change in Net Assets		1,334,569	1,251,477	102,627	-	2,688,673
Interest Rate Swap		-	-	-	-	-
Unrealized Gains/Losses		-	-	-	(38,010)	(38,010)
Balance at December 31, 2022	$	39,987,756	(608,429)	10,998	(43,656)	38,953,268

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. 99, Omnibus 2022. The primary objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The Authority does not participate in SNAP distributions, nonmonetary transactions, or pledging of future revenues as defined by this Statement. The Authority also does not have any debt issuances with rates that are tied to LIBOR and therefore management believes the requirements of Statement No. 99 does not apply to its operations.

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority does not have any capital leases as defined by this statement. The Authority does not participate in PPPs as defined by this Statement. Management continues to evaluate whether the Authority's

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

(a) New Accounting Pronouncements (cont.)

operations include participation in SBITAs as defined by this Statement, and if applicable, the Authority will implement Statement No. 99 as required.

- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority does not participate in derivative instruments as defined by this Statement, and therefore management believes the requirements of Statement No. 99 does not apply to its operations.

The Authority has completed the process of evaluating the impact of GASB Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. Earlier application is encouraged. Management will implement Statement No. 100 if it determines it applies to its operations.

The Authority has completed the process of evaluating the impact of GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged. The Authority will implement Statement No. 101 as required.

(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.

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

(c) Capital Assets (cont.)

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 below the de minimis, 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

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.

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

(d) Impairment of Long-Lived Assets (cont.)

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. While the cost of the Authority's long-lived assets continues 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.

(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

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

(g) Fair Value of Investments (cont.)

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 can 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. 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)

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

(h)Revenue and Purchased Power (cont.)

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 Project #10 fuel oil on hand and the Authority's 19% ownership in the McNeil project's fuel oil and woodchips. 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.

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:

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

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

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 has 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 with 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) 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 $365,827 and $324,519 for the years ended December 31, 2022 and 2021, respectively.

(m) 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,

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

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

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.

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.

(n) 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.

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

(n) Equity Classifications (cont.)

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.

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

(o) Subsequent events

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through March 30, 2023 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, 2022 and 2021, 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:

	2022		2021
Cash and Cash Equivalents – McNeil Project	457,172		1,259,364
Cash and Cash Equivalents – Project 10	4,355,840		6,707,951
Cash and Cash Equivalents – Highgate Project	0		0
Cash – Amounts Due Members	286,617		323,493
Total Restricted Cash and Cash Equivalents	$5,099,629		$8,290,808

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, 2022 and 2021 are as follows:

Note 4 – Capital Assets (cont.)

	December 31, 2021	Additions	Retirements	December 31, 2022
Intangible Plant				
Intangible plant-VEV	14,917	-	-	14,917
Intangible plant - VPPSA	17,118	-	-	17,118
Intangible plant - McNeil	145,721	-	-	145,721
Less: Accumulated Amortization	(175,540)	(585)	-	(176,125)
Net Intangible Plant	2,215	(585)	-	1,630
Production Plant				
Land – non depreciable	79,274	-	-	79,274
CWIP-Non Depreciable	55,035	1,762,351	(1,667,868)	149,518
Structures and Improvements	9,167,435	8,844	-	9,176,279
Equipment	36,330,929	1,625,526	-	37,956,455
Depreciable Production Plant	45,498,364	1,634,371	-	47,132,734
Less Accumulated Depreciation for:				
Structures and Improvements	(6,217,328)	(135,338)	-	(6,352,666)
Equipment	(26,579,964)	(1,443,245)	-	(28,023,209)
Accumulated Depreciation	(32,797,291)	(1,578,583)	-	(34,375,874)
Net Depreciable Production Plant	**12,701,072**	**55,788**	**-**	**12,756,860**
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	(736,152)	(72,508)	-	(808,659)
Accumulated Depreciation	(736,152)	(72,508)	-	(808,659)
Net Depreciable Transmission Plant	731,138	(72,508)	-	658,630
Regional Transmission & Mkt Plant				
Land – non depreciable	-	-	-	-
Structures & Improvements	-	-	-	-
Computer Hardware & Software	273,602	-	-	273,602
Communication Equipment	26,606	-	-	26,606
Depreciable RTM Plant	300,208	-	-	300,208
Less Accumulated Depreciation for:				
Structures	-	-	-	-
Computer Hardware & Software	(158,653)	(13,523)	-	(172,176)
Communication Equipment	(21,334)	(1,506)	-	(22,840)
Accumulated Depreciation	(179,987)	(15,030)	-	(195,016)
Net Depreciable RTM Plant	120,221	(15,030)	-	105,191

Note 4 – Capital Assets (cont.)

General Plant				
Land – non depreciable	141,099	-	-	141,099
Structures & Improvements	841,036	30,006	-	871,043
Equipment	768,309	42,582	(16,920)	793,971
Depreciable General Plant	1,609,345	72,588	(16,920)	1,665,013
Less Accumulated Depreciation for:				
Structures	(612,550)	(39,146)	-	(651,697)
Equipment	(697,754)	(29,319)	11,883	(715,190)
Accumulated Depreciation	(1,310,304)	(68,465)	11,883	(1,366,886)
Net Depreciable General Plant	299,042	4,123	(5,037)	298,127
Net Capital Assets:	14,129,096	1,734,140	(1,672,906)	14,190,330

Note 4 – Capital Assets (cont.)

	December 31, 2020	Additions	Retirements	December 31, 2021
Intangible Plant				
Intangible plant-VEV	14,917	-	-	14,917
Intangible plant - VPPSA	17,118	-	-	17,118
Intangible plant - McNeil	145,721	-	-	145,721
Less: Accumulated Amortization	(174,955)	(585)	-	(175,540)
Net Intangible Plant	2,800	(585)	-	2,215
Production Plant				
Land – non depreciable	79,274	-	-	79,274
CWIP-Non Depreciable	43,094	375,507	(363,566)	55,035
Structures and Improvements	8,563,864	603,570	-	9,167,435
Equipment	36,429,319	114,599	(212,990)	36,330,929
Depreciable Production Plant	44,993,184	718,170	(212,990)	45,498,364
Less Accumulated Depreciation for:				
Structures and Improvements	(6,087,050)	(130,278)	-	(6,217,328)
Equipment	(25,379,479)	(1,413,474)	212,990	(26,579,964)
Accumulated Depreciation	(31,466,529)	(1,543,752)	212,990	(32,797,291)
Net Depreciable Production Plant	**13,526,655**	**(825,583)**	**-**	**12,701,072**
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	(663,644)	(72,508)	-	(736,152)
Accumulated Depreciation	(663,644)	(72,508)	-	(736,152)
Net Depreciable Transmission Plant	803,645	(72,508)	-	731,138
Regional Transmission & Mkt Plant				
Land – non depreciable	-	-	-	-
Structures & Improvements	-	-	-	-
Computer Hardware & Software	273,602	-	-	273,602
Communication Equipment	26,606	-	-	26,606
Depreciable RTM Plant	300,208	-	-	300,208
Less Accumulated Depreciation for:				
Structures	-	-	-	-
Computer Hardware & Software	(145,129)	(13,523)	-	(158,653)
Communication Equipment	(19,827)	(1,506)	-	(21,334)
Accumulated Depreciation	(164,957)	(15,030)	-	(179,987)
Net Depreciable RTM Plant	**135,251**	**(15,030)**	**-**	**120,221**

Note 4 – Capital Assets (cont.)

General Plant				
Land – non depreciable	141,099	-	-	141,099
Structures & Improvements	841,036	-	-	841,036
Equipment	734,292	34,160	(143)	768,309
Depreciable General Plant	1,575,328	34,160	(143)	1,609,345
Less Accumulated Depreciation for:				
Structures	(582,132)	(30,418)	-	(612,550)
Equipment	(667,989)	(29,907)	143	(697,754)
Accumulated Depreciation	(1,250,121)	(60,326)	143	(1,310,304)
Net Depreciable General Plant	**325,207**	**(26,166)**	**-**	**299,041**
Net Capital Assets:	**15,057,026**	**(564,363)**	**(363,566)**	**14,129,096**

Total depreciation expense for the years ending December 31, 2022 and 2021 are $1,739,784 and $1,691,177, 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 period. As of December 31, 2022, the Authority recorded the following amounts due from Members:

McNeil Advances	$ 618,144
RES Project	$ 79,509
Transco Purchases	$ 1,836
Total Amounts Due from Members	**$ 699,489**

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, 2022. 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, 2022 are as follows:

	Cost	Unrealized Gains (Losses)	Fair Market Value
US Treasury & Bond Notes	$ 937,650	($ 21,052)	$ 916,598
US Treasury & Bond Notes	$ 399,424	($ 11,500)	$ 387,924
US Treasury & Bond Notes	$ 399,612	($ 13,876)	$ 385,736
US Treasury & Bond Notes	$ 99,856	($ 2,875)	$ 96,981
Total	$ 1,836,542	($ 49,303)	$ 1,787,239

Note 6 – Restricted Bond Investments (cont.)

Cost and estimated fair value of restricted fixed maturity securities on December 31, 2022 by contractual maturity, are as follows:

Maturity	Cost	Fair Market Value
In 2022	$ 0	$ 0
2023 to 2024	$ 1,836,542	$ 1,787,239
Totals	$ 1,836,542	$ 1,787,239

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.

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

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.

Members

During the period from 2007 - 2022, 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, 2022, the Authority owns a total of 3,371,108 membership units with a total value of $33,711,080 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 – 2022, 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%.

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

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%.

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 December 29, 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.

On December 22, 2021, the Authority entered into a long-term loan arrangement with a local financial institution for an amount of $1,624,700 for a period of ten (10) years at a fixed interest rate of 2.80% for the purpose of facilitating the purchase of member units for the benefit of certain Authority members.

During 2022 and 2021 the Authority earned total distribution income from the units held for the benefit of its members' of $4,079,371 and $3,876,153 respectively.

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

The 2022 distribution income earned of $4,079,371 for the units held for the benefit of its members paid down: principal on membership units previously acquired and financed in the amount of $2,378,478, interest expense on the Authority's debt of $517,929 an additional $4,222 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 $1,178,757.

The 2021 distribution income earned of $3,876,153 for the units held for the benefit of its members paid down: principal on membership units previously acquired and financed in the amount of $2,235,637, interest expense on the Authority's debt of $557,798 an additional $3,836 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 $1,078,882.

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
2021	366	$ 3,660
Total	109,001	$1,090,010

The Authority's total ownership on December 31, 2022 and December 31, 2021 was valued at $1,090,010 and $1,090,010, and the Authority earned distributions of $136,338 and $135,881 respectively.

In 2022 the distribution paid interest expense of $18,656, principal payments of $ 92,112, fees of $81, and the remaining $25,539 was used by the Authority to reduce operating costs to its members.

In 2021 the distribution paid interest expense of $22,015, principal payments of $ 92,112, fees of $85, and the remaining $21,169 was used by the Authority to reduce operating costs to its members.

The Authority's 2019, 2017 and 2021 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.

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 grant revenue received and not yet utilized, and grant expenses not yet reimbursed.

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, 2022, and 2021 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, 2022, and 2021, 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 on December 31, 2022 and 2021:

Note 12 – Bonds Payable (cont.)

		December 31, 2021	Increases	Payments and reductions	December 31, 2022	Current Portion
SWANTON PEAKER PROJ #10:						
Revenue Bonds –2017 Series A maturing July 1, 2011 through 2029 – Interest ranges from 3% to 5.00%		11,405,000		1,190,000	8,960,000	
Current portion of bonds payable			-	-		1,255,000
TOTAL PROJECT 10 - SERIES A		11,405,000	-	1,190,000	8,960,000	1,255,000
SWANTON PEAKER PROJ #10:						
Revenue Bonds – 2017 Series B maturing July 1, 2011 through 2029		660,000	-	70,000	515,000	
Current portion of bonds payable			-	-	-	75,000
TOTAL PROJECT 10 - SERIES B		660,000	-	70,000	515,000	75,000
Total outstanding bonds payable	$	**12,065,000**	-	**1,260,000**	**9,475,000**	**1,330,000**

		December 31, 2020	Increases	Payments and reductions	December 31, 2021	Current Portion
SWANTON PEAKER PROJ #10:						
Revenue Bonds –2017 Series A maturing July 1, 2011 through 2029 – Interest ranges from 3% to 5.00%		12,550,000		1,145,000	10,215,000	
Current portion of bonds payable			-	-		1,190,000
TOTAL PROJECT 10 - SERIES A		12,550,000	-	1,145,000	10,215,000	1,190,000
SWANTON PEAKER PROJ #10:						
Revenue Bonds – 2017 Series B maturing July 1, 2011 through 2029		730,000	-	70,000	590,000	
Current portion of bonds payable			-	-	-	70,000
TOTAL PROJECT 10 - SERIES B		730,000	-	70,000	590,000	70,000
Total outstanding bonds payable	$	**13,280,000**	-	**1,215,000**	**10,805,000**	**1,260,000**

On December 31, 2022 and 2021, total interest expense on the Project #10 Series A Revenue Bonds was $506,903 and $559,550 and Project #10 Series B Revenue Bonds interest expense was $24,219 and $26,931.

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.

The associated funds and income generated by such funds are held under the various bond resolution accounts. The Authority has agreed to collect such rates from participants as

Note 12 – Bonds Payable (cont.)

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. On 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, 2022:

	Principal	Interest	Total
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	$ 1,540,000	$ 293,156	$ 1,833,156
2027	$ 1,615,000	$ 217,113	$ 1,832,113
2028-2029	$ 3,460,000	$ 191,263	$ 3,651,263
2030-2031	$ -	$ -	$ -
Thereafter	$ -	$ -	$ -
Total	$ 10,805,000	$ 2,001,157	$ 12,806,157

The Authority's management believes it is in compliance with all bond covenants related to the Project #10 Bond Resolution as of December 31, 2022 and 2021.

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 on December 31, 2022 and 2021.

A summary of amounts due members - payable from restricted cash and cash equivalents as of December 31, 2022 and 2021 are as follows:

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

	2022	2021
Citizens Utilities settlement	$ 29,449	$ 29,449
Orleans Maintenance	$ 67,019	$ 108,407
PGET settlement funds due Orleans	$ 165,609	$ 165,609
Orleans accumulated interest	$ 27,540	$ 23,028
McNeil-Accrued Liabilities	($ 10,493)	($ 8,753)
HG Project	$ 12	$ 12
	$ 279,136	$ 317,752

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:

	2022	2021
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.*	5,655,202	6,786,243
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.*	1,978,044	2,373,653
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.*	680,290	890,290
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.*	795,725	954,870

Note 14 – Long-Term Debt (cont.)

	2022	2021
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.*	986,610	1,183,932
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.*	703,284	820,498
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.*	45,348	52,906
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.*	304,421	347,397
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.	90,000	103,333
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.*	535,082	601,966
Note payable of $1,624,700 to Community National Bank, dated December 22, 2021 with a maturity date of December 22, 2031 at a fixed interest rate of 2.80%. Principal and interest are to be paid quarterly beginning March 15, 2022. *Note is collateralized by a security pledge agreement of 71,485 of Class A and 90,985 of Class B VT TRANSCO, LLC membership units acquired in 2021 for the benefit of certain VPPSA members and the assignment of rights to all distribution income from ownership of the investment.*	1,481,859	1,624,700
Less: current portion due on outstanding long-term debt as of December 31, payable	(2,492,113)	(2,483,923)
	$ 10,763,752	$ 13,255,865

Note 14 – Long-Term Debt (cont.)

The future annual maturities of principal and estimated interest on long-term debt consist of the following as of December 31, 2022:

Year	Principal	Interest	Total
2023	$ 2,487,966	$ 453,068	$ 2,941,034
2024	$ 2,492,114	$ 359,770	$ 2,851,884
2025	$ 2,496,398	$ 266,373	$ 2,762,771
2026	$ 2,341,081	$ 176,208	$ 2,517,289
2027	$ 2,295,309	$ 88,393	$ 2,383,702
2027-2028	$ 710,347	$ 45,855	$ 756,202
2029-2030	$ 432,648	$ 13,830	$ 446,478
Thereafter	$ -	$ -	$ -
	$ 13,255,863	$ 1,403,497	$ 14,659,360

On December 31, 2022 and 2021, total year-to-date interest expense on the above borrowings was $539,994 and $580,089.

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, 2022 and 2021, 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.

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.

Note 14 – Long-Term Debt (cont.)

The Authority believes it is in compliance with all debt covenants related to the above loan agreements on December 31, 2022 and 2021.

Note 15 – Pension Plan

The Authority's pension plan was 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, 2022 and 2021 were $127,306 and $123,981, respectively, amounting to approximately 8% of covered payroll.

Note 16 – 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 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.

Note 16 – Compensated Employee Absences/Employee Cafeteria Plan (cont.)

On December 31, 2022 and 2021, the Authority's liability of accrued vacation under the current compensated absences policy is $127,342 and $126,992 and accrued sick leave under the previous compensated absences policy is $8,358 and $8,358. Accrued vacation is recorded as "other long-term liabilities and accrued sick leave is recorded as "other current liabilities".

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, 2022, and 2021, there was an accrued liability related to employee's health flexible spending accounts in the amount of $2,809 and $4,937, respectively.

Note 17 – Commitments, Contingencies, Uncertainties

On December 31, 2022, 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 2022 and 2021, 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.

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

Note 17 – Commitments, Contingencies, Uncertainties (cont.)

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 2022 and 2021, 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 require 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. On 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.

In 2021, the Authority reimbursed the Village of Swanton in the amount of $696 as its share of the cost incurred by Fitzgerald Environmental Associates.

Note 17 – Commitments, Contingencies, Uncertainties (cont.)

Environmental Risks (cont.)

The Authority had not incurred any expenses as of December 31,2022 and as a result of this the Authority recorded a reversal the Regulatory Asset and Regulatory Liability bringing the balances of both accounts to zero.

Authority Project Assets

As previously stated in Note #4, the Authority owns 100% of the Swanton Peaker Project #10 and 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. Presently, the Authority believes the current project assets continue to provide value to the Authority and its project participants.

Note 18 – 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 include 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, 2022 and 2021 they were:

Note 18 – Power Supply Settlement Commitments (cont.)

MEMBERS	2022 kWh	%	2021 kWh	%
Billings Road Solar	2,394,136	0.63%	194,400	0.05%
Bone Hill Solar	684,347	0.18%		
Chester Solar	7,258,308	1.90%	6,792,941	1.81%
Diesel	0	0.00%	0	0.00%
Fitchburg Landfill	34,274,601	8.95%	36,385,447	9.70%
HQ	11,463,920	2.99%	11,463,920	3.06%
Hydro	66,643,563	17.41%	45,361,376	12.09%
Kruger Hydro	23,663,612	6.18%	21,261,024	5.67%
Lawrence Brook Solar	3,054,095	0.80%	2,932,523	0.78%
Market Purchases	40,261,601	10.52%	45,665,506	12.17%
McNeil	36,579,532	9.56%	43,736,493	11.66%
NYPA	25,568,648	6.68%	31,416,850	8.37%
Project 10	823,617	0.22%	358,963	0.10%
Ribbon Energy	0	0.00%	0	0.00%
Ryegate	9,371,463	2.45%	11,058,557	2.95%
Seabrook	111,286,615	29.07%	110,983,041	29.58%
Standard Offer	7,198,595	1.88%	6,471,312	1.72%
Stonybrook	2,290,478	0.60%	1,162,691	0.31%
VEPPI	0	0.00%	0	0.00%
Waterhouse Solar	0	0.00%	0	0.00%
Yarmouth	0	0.00%	0	0.00%
Total	**382,817,131**	**100%**	**375,245,044**	**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, 2022 and 2021, they were:

Note 18 – Power Supply Settlement Commitments (cont.)

NON-MEMBERS	2022 kWh	%	2021 kWh	%
Coventry Clean Energy Corp	48,716,992	36.4%	53,510,937	38.5%
Fox Island Diesel	32,321	0.0%	16,965	0.0%
Fox Island Wind	9,367,752	7.0%	8,309,715	6.0%
HQ	23,967,360	17.9%	23,967,360	17.3%
Market Purchases	11,598,400	8.7%	10,960,000	7.9%
NYPA	10,168,062	7.6%	12,500,026	9.0%
Project 10	79,868	0.06%	34,809	0.03%
Ryegate	2,002,018	1.5%	2,205,839	1.6%
Seabrook	18,784,625	14.0%	18,724,060	13.5%
Sheffield Wind	7,711,995	5.8%	6,066,060	4.4%
Stonyvale Farm	662,718	0.5%	766,607	0.6%
VEPPI	0	0.0%	0	0.0%
Wrightsville Hydro	644,759	0.5%	1,844,449	1.3%
Total	**133,736,870**	**100%**	**138,906,827**	**100%**

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	2022 kWh	%	2021 kWh	%
Members	382,817,131	74.46%	375,245,044	72.98%
Non-Members	133,736,870	26.01%	138,906,827	27.02%
Total	**516,554,000**	**100%**	**514,151,871**	**100%**

Note 19 – Concentration of Risks

The J. C. McNeil Generating Station Project #2 contributed approximately 9.7% for 2022 and 10.1% for 2021 to annual gross revenues for the Authority.

The Swanton Peaker Project #10 contributed approximately 6.2% for 2022 and 6.7% for 2021 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.

Note 19 – Concentration of Risk (cont.)

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.

Vermont Public Power Supply Authority

Combining Schedule of Assets, Liabilities, & Net Position

December 31, 2022

Supplementary Schedule 1

		2022				
		Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	Total
ASSETS						
Capital Assets (Net):	$	11,859,029	1,893,315		437,986	14,190,330
Current:						
Cash & Cash Equivalents		4,355,764	457,173	12	3,556,671	8,369,619
Accounts Receivable		68,954	965,695		6,551,477	7,586,126
Other Current Assets		335,180	1,434,547	-	1,288,219	3,057,947
Total Current Assets		4,759,898	2,857,415	12	11,396,367	19,013,692
Long-Term:						
Investments		1,787,315			33,976,080	35,763,395
Other Long-Term Assets		128,788	618,144			746,932
Total Long-Term Assets		1,916,103	618,144	-	33,976,080	36,510,327
Deferred Outflow of Resources		-				-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$	18,535,030	5,368,874	12	45,810,433	69,714,349
LIABILITIES:						
Current:						
Accounts Payable	$	15,676	574,053		3,860,276	4,450,005
Short-Term Debt						-
Bonds & LTD (current)		1,330,000			2,492,113	3,822,113
Other		250,006	10,493	12	1,781,359	2,041,870
Total Current Liabilities		1,595,682	584,546	12	8,133,748	10,313,988
Long-Term:						
Bonds (net of amortizations)						-
Long-Term Debt		9,475,000	-	-	10,763,752	20,238,752
Other					127,341	127,341
Total Long-Term Liabilities		9,475,000	-	-	10,891,093	20,366,093
Deferred Inflow of Resources		-			81,000	81,000
TOTAL LONG-TERM LIABILITIES & INFLOWS OF RESOURCES		11,070,682	584,546	12	19,105,841	30,761,081
Net Position		7,464,346	4,784,329		26,704,593	38,953,268
TOTAL LIABILITIES AND NET POSITION	$	18,535,028	5,368,875	12	45,810,434	69,714,350

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Combining Schedule of Assets, Liabilities, & Net Position

December 31, 2021

Supplementary Schedule 2

		2021				
		Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	Total
ASSETS						
Capital Assets (Net):	$	11,727,227	1,953,629	-	448,240	14,129,096
Current:						
Cash & Cash Equivalents		6,707,951	1,259,364	12	2,824,040	10,791,368
Accounts Receivable		-	804,984	-	5,270,044	6,075,029
Other Current Assets		251,154	1,192,951	-	1,680,299	3,124,404
Total Current Assets		6,959,106	3,257,299	12	9,774,383	19,990,801
Long-Term:						
Investments		893,245			33,969,100	34,862,345
Other Long-Term Assets		130,303	190,348			320,651
Total Long-Term Assets		1,023,548	190,348	-	33,969,100	35,182,996
Deferred Outflow of Resources		25,000				25,000
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$	19,734,881	5,401,276	12	44,191,723	69,327,893
LIABILITIES:						
Current:						
Accounts Payable	$	132,266	405,230	-	3,008,086	3,545,582
Short-Term Debt		-	-	-	-	-
Bonds & LTD (current)		1,260,000	-	-	2,483,923	3,743,923
Other		281,112	(8,752)	12	1,250,554	1,522,926
Total Current Liabilities		1,673,378	396,478	12	6,742,563	8,812,431
Long-Term:						
Bonds (net of amortizations)						-
Long-Term Debt		10,805,000	-	-	13,255,865	24,060,865
Other		-	-	-	126,992	126,992
Total Long-Term Liabilities		10,805,000	-	-	13,382,857	24,187,858
Deferred Inflow of Resources		25,000	-	-	-	25,000
TOTAL LONG-TERM LIABILITIES & INFLOWS OF RESOURCES		12,503,378	396,478	12	20,125,420	33,025,289
Net Position		7,231,503	5,004,798	-	24,066,304	36,302,604
TOTAL LIABILITIES AND NET POSITION	$	19,734,881	5,401,276	12	44,191,723	69,327,893

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Combining Schedule of Revenues and Expenses

December 31, 2022

Supplementary Schedule 3

		2022				
		Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	Total
OPERATING REVENUE:						
Electric sales for resale	$	-	-	-	38,476,623	38,476,623
McNeil project revenue		-	5,051,699	-	-	5,051,699
Highgate project revenue		-	-	-	-	-
Swanton (P10) project revenue		3,196,507	-	-	-	3,196,507
Internal Project Revenues		-	-	-	1,631,258	1,631,258
Renewable Energy Certificates		-	-	-	3,181,043	3,181,043
Other Service revenue		-	-	-	380,266	380,266
Total operating revenue		3,196,507	5,051,699	-	43,669,190	51,917,396
OPERATING EXPENSES:						
Power production expenses		593,945	3,988,845	-	-	4,582,790
Transmission expenses		24,787	7,858	-	12,725,618	12,758,263
Purchased power		4,628	9,218	-	27,377,646	27,391,492
Regional Market expense		4,033	-	-	-	4,033
Administrative & General expenses		560,011	435,301	-	3,041,667	4,036,979
Outside services		47,579	35,541	-	342,760	425,880
Payments in lieu of taxes		25,449	324,900	-	15,478	365,827
Amortization		-	-	-	2,262	2,262
Depreciation		1,201,521	487,185	-	51,078	1,739,784
Total operating expenses		2,461,953	5,288,848	-	43,556,509	51,307,311
Operating income		734,554	(237,149)	-	112,681	610,085
NONOPERATING REVENUE (EXPENSES):						
Distribution income - VT Transco, LLC.		-		-	4,215,709	4,215,709
Net Settlement expense - VT Transco, LLC.		-		-	(1,178,757)	(1,178,757)
Net interest income (expense) swaps		-		-	-	-
Interest expense		(531,119)	-	-	(547,489)	(1,078,608)
Amortization of LTD discount, premium and issuance exp		-		-		-
Amortization of loss on reacquired debt		-		-		-
Interest earned on deposits/investments		73,065	16,680	-	36,805	126,550
Net Proceeds related to Insurance Claim		-		-		-
Gain/(Loss) on Disposition of Plant Assets		-		-	4,000	4,000
Net Realized Gain/(Loss) on Investments		-		-		-
Misc. Non-operating revenue (expense)		-		-	(4,660)	(4,660)
Total Non-Operating Revenue (Expenses)		(458,054)	16,680	-	2,525,608	2,084,234
CHANGE IN NET POSITION		276,500	(220,469)	-	2,638,289	2,694,320
						-
Other Comprehensive Income - Interest Swaps		-		-	-	-
Other Comprehensive Income - Unrealized Gains/Losses		(43,656)		-	-	(43,656)
Appropriated Earnings - Transco Member Return		-		-		-
Unappropriated Earnings Distributed		-		-		-
NET POSITION, beginning of year		7,231,503	5,004,798	0	24,066,304	36,302,604
NET POSITION, end of year	$	7,464,346	4,784,329	0	26,704,593	38,953,268

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Combining Schedule of Revenues and Expenses

December 31, 2021

Supplementary Schedule 4

		2021				
		Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	Total
OPERATING REVENUE:						
Electric sales for resale	$	-	-	-	32,620,152	32,620,152
McNeil project revenue		-	4,641,926	-	-	4,641,926
Highgate project revenue		-	-	-	-	-
Swanton (P10) project revenue		3,080,929	-	-		3,080,929
Internal Project Revenues		-	-	-	1,673,306	1,673,306
Renewable Energy Certificates		-	-	-	3,824,497	3,824,497
Other Service revenue		-	-	-	69,841	69,841
Total operating revenue		3,080,929	4,641,926	-	38,187,795	45,910,650
OPERATING EXPENSES:						
Power production expenses		372,723	3,918,564	-	-	4,291,287
Transmission expenses		26,378	9,479	-	11,694,569	11,730,426
Purchased power		7,393	9,004	-	23,587,257	23,603,655
Regional Market expense		9,266	-	-	-	9,266
Administrative & General expenses		500,288	375,464	-	2,552,244	3,427,995
Outside services		45,015	41,565	-	264,147	350,728
Payments in lieu of taxes		20,839	287,850	-	15,830	324,519
Amortization		-	599	-	1,833	2,432
Depreciation		1,160,896	482,882	-	47,399	1,691,177
Total operating expenses		2,142,799	5,125,407	-	38,163,279	45,431,485
Operating income		938,130	(483,481)	-	24,516	479,165
NONOPERATING REVENUE (EXPENSES):						
Distribution income - VT Transco, LLC.		-	-	-	4,012,033	4,012,033
Net Settlement expense - VT Transco, LLC.		-	-	-	(1,078,882)	(1,078,882)
Net interest income (expense) swaps		-	-	-	-	-
Interest expense		(586,481)	-	-	(580,089)	(1,166,570)
Amortization of LTD discount, premium and issuance exp		-	-	-	-	-
Amortization of loss on reacquired debt		-	-	-	-	-
Interest earned on deposits/investments		3,292	590	-	1,041	4,923
Net Proceeds related to Insurance Claim		-	-	-	-	-
Gain/(Loss) on Disposition of Plant Assets		-	-	-	-	-
Net Realized Gain/(Loss) on Investments		2,998	-	-	-	2,998
Misc. Non-operating revenue (expense)		-	-	-	(1,730)	(1,730)
Total Non-Operating Revenue (Expenses)		(580,191)	590	-	2,352,373	1,772,772
CHANGE IN NET POSITION		357,939	(482,891)	-	2,376,889	2,251,937
						-
Other Comprehensive Income - Interest Swaps		-		-	-	-
Other Comprehensive Income - Unrealized Gains/Losses		(5,614)		-	-	(5,614)
Appropriated Earnings - Transco Member Return		-		-		-
Unappropriated Earnings Distributed		-		-		-
NET POSITION, beginning of year		6,879,177	5,487,687	(1)	21,689,419	34,056,280
NET POSITION, end of year	$	7,231,503	5,004,795	(1)	24,066,308	36,302,604

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Restricted Assests Schedule- Cash - McNeil

December 31, 2022 and 2021

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, 2020	0	(0)	0	0	221,774	1,454,649	1,676,423
Add:							
Interest Income	-	-	-	-	196	394	590
Receipts of revenue	-	-	-	-	4,417,847		4,417,847
Transfers	-	-	-	-	129,224		129,224
Realized Gain on Investment	-	-	-	-			-
Unrealized Gain on investment	-	-	-	-			-
Deduct:							-
Operating expenditures	-	-	-	-	(4,835,496)		(4,835,496)
Debt service payments	-	-	-	-	-		-
Capital Improvements	-	-	-	-	-	(129,224)	(129,224)
Transfers	-	-	-	-	-		-
Realized Loss on Investment	-	-	-	-	-		-
Unrealized Loss on investment	-	-	-	-	-		-
Balance at December 31, 2021	0	(0)	0	0	(66,455)	1,325,819	1,259,364
Add:							
Interest Income	-	-	-	-	861	15,818	16,679
Receipts of revenue	-	-	-	-	5,170,722		5,170,722
Transfers	-	-	-	-	662,500		662,500
Realized Gain on Investment	-	-	-	-			-
Unrealized Gain on investment	-	-	-	-			-
Deduct:							-
Operating expenditures	-	-	-	-	(5,709,859)		(5,709,859)
Debt service payments	-	-	-	-	-		-
Capital Improvements	-	-	-	-	-	(92,234)	(92,234)
Transfers	-	-	-	-	-	(850,000)	(850,000)
Realized Loss on Investment	-	-	-	-	-		-
Unrealized Loss on investment	-	-	-	-	-		-
Balance at December 31, 2022	0	(0)	0	0	57,769	399,403	457,173

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Restricted Assests Schedule- Cash - Project 10

December 31, 2022 and 2021

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, 2020	363,675	730,962	1,879,657	192,259	63,179	4,596,465	(0)	(0)	7,826,196
Add:									
Interest Income	44	162	1,444	33	0	1,267	-	-	2,951
Receipts of revenue	-	-	-	-	3,405,272	-	-	-	3,405,272
Transfers	582,439	1,241,250	-	91,184	-	248,268	-	-	2,163,141
Realized Gain on Investment	-	-	2,998	-	-	-	-	-	2,998
Unrealized Gain on investment	-	-	-	-	-	-	-	-	-
Deduct:									
Operating expenditures	-	-	-	-	(891,830)	-	-	-	(891,830)
Debt service payments	(610,738)	(1,215,000)	-	-	(1,914,873)	-	-	-	(3,740,610)
Capital Improvements	-	-	-	-	(504,794)	-	-	-	(504,794)
Transfers	-	-	-	-	(130,481)	(433,774)	-	-	(564,254)
Realized Loss on Investment	-	-	-	(92,259)	-	-	-	-	(92,259)
Unrealized Loss on investment	-	-	(5,614)	-	-	-	-	-	(5,614)
Balance at December 31, 2021	335,420	757,374	1,878,485	191,218	26,473	4,412,227	(0)	(0)	7,601,196
Add:									
Interest Income	2,102	6,339	6,325	1,704	2	48,183	-	-	64,655
Receipts of revenue	-	-	-	-	3,127,923	-	-	-	3,127,923
Transfers	547,594	1,300,833	21,659	91,338	1,573,093	745,172	-	-	4,279,689
Realized Gain on Investment	-	-	-	-	-	-	-	-	-
Unrealized Gain on investment	-	-	15,438	-	-	-	-	-	15,438
Deduct:									
Operating expenditures	-	-	-	-	(1,276,127)	-	-	-	(1,276,127)
Debt service payments	(583,884)	(1,260,000)	-	-	(1,918,106)	-	-	-	(3,761,990)
Capital Improvements	-	-	-	(91,218)	(1,379,223)	-	-	-	(1,470,441)
Transfers	-	-	-	-	(129,465)	(2,227,047)	-	-	(2,356,512)
Realized Loss on Investment	-	-	-	(21,659)	-	-	-	-	(21,659)
Unrealized Loss on investment	-	-	(59,094)	-	-	-	-	-	(59,094)
Balance at December 31, 2022	301,231	804,546	1,862,814	171,383	24,570	2,978,534	(0)	(0)	6,143,078

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, 2022 and 2021

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, 2020	1,426,059		1,781,515		3,207,574		$ 32,075,740
Purchases	71,646	5.02%	91,190	5.12%	162,836	5.08%	1,628,360
Sales	-	0.00%	-	0.00%	-	0.00%	-
Total	71,646	5.02%	91,190	5.12%	162,836	5.08%	$ 1,628,360
Balance at December 31, 2021	1,497,705		1,872,705		3,370,410		$ 33,704,100
Purchases	307	0.02%	384	0.02%	691	0.02%	6,910
Sales	-	0.00%	-	0.00%	-	0.00%	-
Total	307	0.02%	384	0.02%	691	0.02%	$ 6,910
Balance at December 31, 2022	1,498,012		1,873,089		3,371,101		$ 33,711,010

See Independent Auditors Report on Supplementary Information.

Vermont Public Power Supply Authority

Investment in VT TRANSCO, LLC

Allocation by VPPSA and Members

December 31, 2022 and 2021

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	78,835	5.4937%	100,334	5.4936%	179,169	5.4936%	$ 1,791,690
Enosburg	121,857	8.4917%	155,093	8.4918%	276,950	8.4917%	2,769,500
Hardwick	184,799	12.8778%	235,200	12.8779%	419,999	12.8778%	4,199,990
Hyde Park	26,335	1.8352%	33,516	1.8351%	59,851	1.8351%	598,510
Jacksonville	24,280	1.6920%	30,902	1.6920%	55,182	1.6920%	551,820
Johnson	71,098	4.9545%	90,492	4.9547%	161,590	4.9546%	1,615,900
Ludlow	116,348	8.1078%	148,078	8.1077%	264,426	8.1077%	2,644,260
Lyndonville	351,166	24.4712%	446,941	24.4713%	798,107	24.4712%	7,981,070
Morrisville	93,801	6.5366%	119,386	6.5367%	213,187	6.5367%	2,131,870
Northfield	74,473	5.1897%	94,782	5.1896%	169,255	5.1896%	1,692,550
Orleans	48,973	3.4127%	62,327	3.4126%	111,300	3.4126%	1,113,000
Swanton	243,053	16.9373%	309,340	16.9372%	552,393	16.9373%	5,523,930
Total Members	1,435,018	100.00%	1,826,391	100.00%	3,261,409	100.00%	$ 32,614,090
VPPSA	47,961		61,040		109,001		1,090,010
Balance at December 31, 2021	1,482,979		1,887,431		3,370,410		$ 33,704,100

	Total A Units	% of Total A Units	Total B Units	% of Total B Units	Total Units	% of Total	TOTAL VALUE
Members:							
Barton	78,835	5.4925%	100,334	5.4924%	179,169	5.4924%	$ 1,791,690
Enosburg	121,857	8.4899%	155,093	8.4900%	276,950	8.4899%	2,769,500
Hardwick	185,106	12.8965%	235,591	12.8965%	420,697	12.8965%	4,206,970
Hyde Park	26,335	1.8348%	33,516	1.8347%	59,851	1.8347%	598,510
Jacksonville	24,280	1.6916%	30,902	1.6916%	55,182	1.6916%	551,820
Johnson	71,098	4.9534%	90,492	4.9536%	161,590	4.9535%	1,615,900
Ludlow	116,348	8.1060%	148,078	8.1059%	264,426	8.1060%	2,644,260
Lyndonville	351,166	24.4660%	446,941	24.4660%	798,107	24.4660%	7,981,070
Morrisville	93,801	6.5352%	119,386	6.5353%	213,187	6.5353%	2,131,870
Northfield	74,473	5.1886%	94,782	5.1885%	169,255	5.1885%	1,692,550
Orleans	48,973	3.4120%	62,327	3.4118%	111,300	3.4119%	1,113,000
Swanton	243,053	16.9337%	309,340	16.9336%	552,393	16.9336%	5,523,930
Total Members	1,435,325	100.00%	1,826,782	100.00%	3,262,107	100.00%	$ 32,621,070
VPPSA	47,961		61,040		109,001		1,090,010
Balance at December 31, 2022	1,483,286		1,887,822		3,371,108		$ 33,711,080

See Independent Auditors Report on Supplementary Information.