

Vermont **Public Power** Supply Authority

Financial Statements

December 31, 2025 and 2024

(With Independent Auditors' Report Thereon)

Vermont **Public Power** Supply Authority

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(Continued)

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Vermont Public Power Supply Authority (the "Authority") as of and for the year ended December 31, 2025, and the related notes to the 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, 2025, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Auditors' 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.

Prior Period Financial Statements

The financial statements of the Authority as of and for the year ended December 31, 2024, were audited by other auditors whose report dated May 7, 2025, expressed an unmodified opinion on those financial statements.

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.

Auditors' 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 auditors' 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. 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 the 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.
- Consider whether, in our judgement, 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 and budgetary comparison information 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements are presented for purposes 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.

McSoley McCoy & Co.

South Burlington, Vermont
April 1, 2026
VT Reg. No. 92-349



Overview of the Financial Report

This section of the Vermont Public Power Supply Authority's (the "Authority") annual financial report provides Management's Discussion and Analysis ("MD&A") for the fiscal years ended December 31, 2025 and 2024. The MD&A is intended to serve as an objective, easily understandable overview of the Authority's financial activities, highlighting significant financial trends, changes, and events affecting financial performance.

The MD&A should be read in conjunction with the Authority's audited financial statements and related notes, which follow this section and provide additional detail regarding the Authority's financial position, results of operations, and cash flows.

Executive Summary

Key Financial Highlights – 2025

- Net position increased by \$4.6 million, reflecting effective recovery of debt principal under the Authority's billing structure and continued operational stability.
- Total capital assets, net, decreased by \$1.2 million, primarily due to annual depreciation exceeding new assets placed into service.
- Outstanding bonds and long-term debt were reduced by \$4.4 million, strengthening the Authority's balance sheet and lowering future debt service requirements.
- Current assets increased by \$4.8 million (23.1%), driven by higher cash and cash equivalents, increased receivables at year end, and inventory levels related to colder winter conditions.
- Current liabilities increased by \$1.6 million (15.2%), largely due to higher power costs and project-related carryover credits.

Operational and Project Performance

- McNeil Generating Station (Project #2) revenues increased due to higher plant runtime from a colder winter, partially offset by lower Renewable Energy Credit (REC) revenues.
- Swanton Peaker Project (Project #10) experienced moderate revenue growth driven by increased run times primarily from colder temperatures, while production costs declined slightly due to favorable operating conditions.
- Internal project activity remained stable overall, with modest revenue declines from Geographic Information System (GIS) and Renewal Energy Standards (RES) programs offset by growth in Advanced Metering Infrastructure (AMI) related activity.
- Renewable Energy Credit (REC) revenues continued to provide meaningful offsets to power costs, though year-over-year fluctuations reflect market pricing variability.



Liquidity, Investments, and Long-Term Position

- Restricted bond fund balances increased modestly due to investment income and increased reserves.
- The Authority's investment in Vermont Transco, LLC grew slightly through additional unit purchases and ongoing distributions.
- Long-term liabilities declined as a result of continued principal repayment on bonds and other long-term debt facilities.
- Deferred outflows and inflows remained limited and primarily related to reimbursable grant activity.

Overall Financial Outlook

The Authority ended 2025 in a sound financial position, supported by adequate liquidity, continued reduction of outstanding debt, and stable project operations. While external factors such as energy markets, interest rates, and inflation continue to influence costs, the Authority's cost-recovery structure and prudent financial stewardship position it to meet its ongoing obligations and continue providing reliable, cost-effective services to its member utilities.

Overview of the Financial Statements

The financial statements included in this report are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB), using the accrual basis of accounting for governmental enterprise funds.

The Authority's basic financial statements consist of the following:

- Statement of Net Position, which presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.
- Statement of Revenues, Expenses, and Changes in Net Position, which reports operating revenues and expenses, nonoperating revenues and expenses, and capital contributions, resulting in the change in net position for the fiscal year.
- Statement of Cash Flows, which presents cash and cash equivalent activity classified by operating, noncapital financing, capital and related financing, and investing activities.

Financial Summary

The following sections summarize changes in the Authority's assets, liabilities, deferred outflows, deferred inflows, and net position for the years ended December 31, 2025, and 2024.



Vermont **Public Power** Supply Authority
 Management's Discussion and Analysis (Unaudited)
December 31, 2025 and 2024

	2025	2024
Capital Assets, net	\$ 10,918,020	\$ 12,098,084
Current Assets		
Cash and Cash Equivalents	9,950,590	9,252,254
Accounts Receivable	10,524,230	8,663,075
Other Current Assets	4,558,396	2,825,955
Total Current Assets	\$ 25,033,216	\$ 20,741,284
Long-Term Assets		
Investments	\$ 35,369,330	\$ 37,008,468
Other Long-Term Assets	1,638,169	1,602,897
Total Long-Term Assets	\$ 37,007,499	\$ 38,611,365
Deferred Outflow of Resources	239,829	-
Total Assets & Deferred Outflows of Resources	\$ 73,198,564	\$ 71,450,733
Current Liabilities		
Accounts Payable	\$ 6,016,520	\$ 4,602,165
Short-Term Debt	50	300,000
Current Portion-Bonds & LTD	4,334,221	4,407,638
Other	1,610,959	1,068,530
Total Current Liabilities	\$ 11,961,750	\$ 10,378,333
Long-term liabilities		
Bonds	\$ 5,075,000	\$ 6,615,000
Long-Term Debt	6,913,084	9,708,951
Other	230,957	260,824
Total Long-Term Liabilities	\$ 12,219,041	\$ 16,584,775
Deferred Inflows of Resources	-	27,227
Total Liabilities & Deferred Inflows of Resources	24,180,791	26,990,335
Net Position	49,017,772	44,460,398
Total Liabilities & Net Position	\$ 73,198,563	\$ 71,450,733



Changes in Assets and Deferred Outflow of Resources:

Capital Assets

Capital assets are recorded at historical cost and include land, production plant, transmission plant, and general plant, net of accumulated depreciation. A portion of these assets represent the Authority’s ownership interests in jointly owned facilities, including:

- A 19% ownership interest in the J.C. McNeil Generating Station (Project #2), and
- 100% ownership of the Swanton Peaker Project (Project #10).

Capital asset activity:

- Net capital assets decreased by \$1.2 million in 2025.
- Annual depreciation exceeded additions placed into service, including the Project #10 transformer maintenance project and the McNeil project capital additions

	2025	2024
Capital assets	\$ 52,886,778	\$52,223,940
Less accumulated depreciation	\$ 41,968,758	\$40,125,856
Total capital assets, net	\$ 10,918,020	\$12,098,084

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.

2025 changes included:

- Increase in cash and cash equivalents from mature investments and reserve accumulation.
- Higher receivables due to large year-end power billings.
- Increased inventories related to McNeil due to colder winter conditions
- Higher amounts due from members related to AMI/mPower data collection work and loan receivables.
- Increased prepaid costs associated with the Bellawatt EV/EVSE Tariff Rider project.

2024 changes included:

- Decreases in cash and other current assets.
- Decrease in receivable balances greater than 30 days past due.
- Decrease in fuel inventory balances at year end



Long-term Assets

Long-term assets generally represent the value of an entity’s property, equipment, and other capital assets that are expected to be used for more than one year, net of accumulated depreciation. Capital assets are discussed in the preceding section; therefore, this section addresses other long-term assets, those that are long-term in nature but not related to the Authority’s physical property or equipment. These assets include long-term investments and other miscellaneous long-term items, such as amounts due from members and long-term prepayments. Investments classified as long-term represent funds invested for periods exceeding 90 days.

The Authority holds three categories of investments:

Bond Fund Investments

Bond funds reserved for future debt service are invested in instruments such as certificates of deposit, U.S. Treasury securities, and federal agency obligations.

In 2025, these bond fund investments were transitioned into short-term instruments. Overall, restricted bond fund balances increased by \$247K compared to 2024, primarily due to investment income earned on bond investments and increased reserves.

Vermont Transco Membership Units

As of December 31, 2025, the Authority owned a total of 3,510,433 member units with a carrying value of \$35,104,330, compared to 3,492,042 member units with a carrying value of \$34,920,420 as of December 31, 2024.

Transco Investment Activity				
	2024		2025	
	# Units	Value	# Units	Value
Beg. Balance	3,371,108	\$ 33,711,080	3,492,042	\$ 34,920,420
Purchases	120,934	\$ 1,209,340	18,391	\$ 183,910
Sales	-	\$ -	-	\$ -
Total	3,492,042	\$ 34,920,420	3,510,433	\$ 35,104,330

Hometown Connections, Inc.

The Authority continues its investment in Hometown Connections, Inc., a nonprofit entity formed to provide consulting and technology services to public power utilities nationwide.



Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets applicable to future periods. For the Authority, these primarily consist of items such as unamortized debt issuance costs and grant-related expenditures that will be recognized over future reporting periods.

- In 2025 the Authority had \$239,829 in AMI related expenditure not yet reimbursed.

Changes in Liabilities and Deferred Inflows of Resources:

Current liabilities

Current liabilities include accounts payable, amounts due to members, accrued interest, the current portion of long-term debt, and other accrued obligations.

Changes in current liabilities include the following:

- Current liabilities increased \$1.6 million (15.2%) in 2025, primarily due to higher power costs and project carryover credits.
- Current liabilities increased \$205 thousand (1.6%) in 2024, primarily due to higher winter power costs at year end

Long-Term Liabilities

Long-term liabilities generally consist of debt obligations, such as bond payments, leases, and other obligations due in more than one year. As of December 31, 2025, and 2024, the Authority's primary long-term liabilities included one outstanding bond issue and thirteen (13) long-term debt obligations. Other long-term liabilities consist of accrued obligations expected to be paid in future periods, such as accrued vacation payable to employees.

- Series 2017 bonds declined by \$1.46 million due to scheduled principal repayments.
- Total long-term debt facilities decreased by \$2.9 million in 2025.
- Other long-term liabilities declined due to reductions in subscription-based information technology arrangements (SBITA) and accrued obligations.

Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets applicable to future periods and consist primarily of grant revenues received but not yet recognized.

- In 2025 the Authority had no such activities



Changes in Net Position

Net Position – The difference between a company’s assets and deferred outflows and its liabilities and deferred inflows is reported as net position, which is a measure of the organization’s overall financial health. Changes in net position are generally classified as Invested in Capital Assets, net of related debt, Restricted Net Assets, Unrestricted Net Assets, and Other Comprehensive Income.

<u>NET POSITION</u>	<u>2025</u>	<u>2024</u>
Invested in Capital Assets, Net of Related Debt	\$ 2,378,058	\$ 3,324,167
Restricted for McNeil Project #2	3,420,219	3,274,684
Restricted for Swanton Peaker - Project #10	7,183,575	6,813,773
Restricted for Highgate - Project #3	12	-
Restricted - Investment in Transco, LLC - Pledged - Eligible for Release	27,885,432	25,356,606
Restricted - Investment in Transco, LLC, net of related debt	1,636,859	1,688,587
Other Comprehensive Income - Restricted	39,511	27,879
Unrestricted	6,474,106	3,974,702
 TOTAL NET POSITION	 <u>\$ 49,017,772</u>	 <u>\$ 44,460,398</u>

Invested in Capital Assets, net of related debt, represents the Authority’s investment in the Waterbury Office building, and the Swanton Peaker Project #10, less the debt associated with those assets.

Restricted Net Assets include assets restricted due to project obligations and special investments in Vermont Transco, LLC that directly benefit certain of the Authority’s members. Restricted project assets—such as Project 10—consist of investment assets reserved for future debt payments and current assets associated with project operations. 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 Vermont Transco, LLC represents amounts held by VPPSA that are either pledged as collateral or eligible for release from collateral, in accordance with the Transco Equity Agreement.

Unrestricted Net Assets consist of net assets that are not classified as invested in capital assets, net of related debt, or restricted.

- Net position increased \$4.6 million in 2025 and \$2.5 million in 2024.
- Increases reflect the Authority’s billing structure, which recovers debt principal, resulting in net position growth as principal payments 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, 2025, and 2024.

	2025	2024
Electric Sales For Resale	\$ 45,315,946	\$ 37,549,491
McNeil Project Revenue	5,799,112	5,333,722
Swanton (P10) project revenue	3,669,109	3,428,999
Internal Project Revenues	3,113,194	3,128,582
Other Revenues	3,292,581	3,796,771
Total Operating Revenues	\$ 61,189,942	\$ 53,237,565
Power Production Expenses	\$ 4,863,413	\$ 4,651,605
Transmission Expenses	15,326,600	13,315,815
Purchased Power	30,718,048	26,559,278
Regional Market Expense	58,299	42,410
Administration & General Expenses	4,852,264	4,553,810
Outside Services	1,311,103	1,896,487
Taxes	377,144	388,043
Amortizations (net)	1,069	424
Depreciation	1,776,038	1,718,494
Total Operating Expenses	\$ 59,283,978	\$ 53,126,366
Net Operating Income(Loss)	\$ 1,905,964	\$ 111,199
Transco Income/Expenses (net)	\$ 2,907,777	\$ 2,962,629
Interest Income/Expenses (net)	(485,153)	(620,632)
Other Non-Operating Income/Expenses (net)	90,336	(3,812)
Total Non-Operating Expenses, Net	\$ 2,512,960	\$ 2,338,185
Change in Net Assets	\$ 4,418,924	\$ 2,449,384
Other Comprehensive Income	\$ 39,511	\$ 27,879
UnAppropriated Earnings Distributed	98,942	-
Net Assets at Beginning of Year	44,460,398	41,983,135
Net Assets at End of Year	\$ 49,017,775	\$ 44,460,398

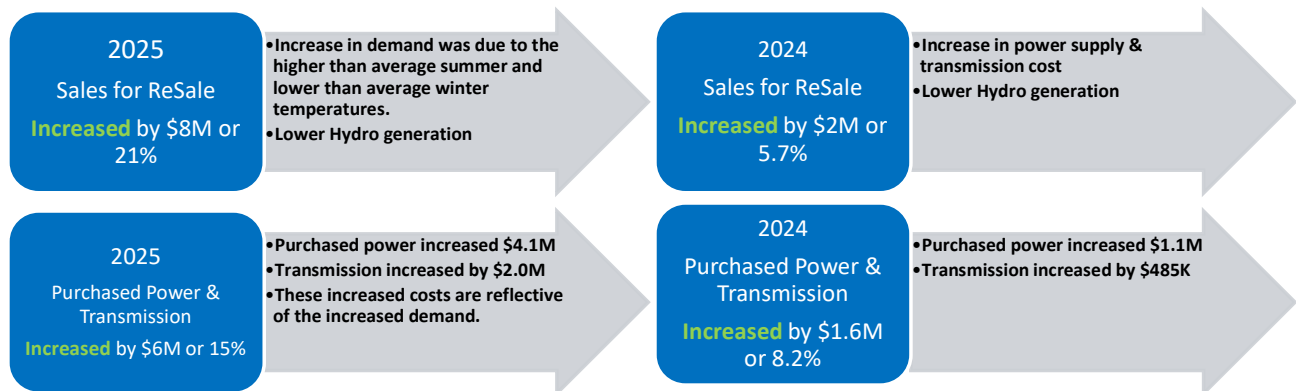


Operating Revenues & Expenses

A portion of the Authority’s operating results reflects income received from member municipal utilities, participating electric cooperatives, and certain non-member municipal utilities. Project expenses and debt service obligations are billed directly based on entitlement shares or other contractually agreed-upon methods. The Authority’s operating and administrative expenses are billed either as project costs or member fees and are recorded as sales for resale.

Electric Sales for Resale

Electric sales for resale consist of amounts billed to members and non-members for purchased power and transmission services paid on their behalf. These revenues exclude all activity related to the McNeil Generating Station (Project #2) and the Swanton Peaker Project (Project #10), which are reported separately. Variations in electric sales for resale are primarily driven by changes in power costs, transmission charges, and member usage patterns.



McNeil Project #2

McNeil Project revenues reflect billings to participating members for monthly power production costs and related debt service in accordance with the Project’s Power Sales Agreements.

- Revenues increased by \$465 thousand (8.73%) in 2025 and by \$133 thousand (2.56%) in 2024. The 2025 increase was primarily attributable to a 5.9% increase in plant runtime compared to 2024, combined with inflationary impacts on operating and overhead costs.
- The 2024 increase reflected routine maintenance activity, interest income, and cost variability associated with operational runtime.



- Renewable Energy Credit (REC) revenues from the McNeil Project fell by about \$66 thousand in 2025 and \$236 thousand in 2024, driven by weaker market prices and the timing of REC sales. In addition, a qualification error for the 2024 third-quarter RECs resulted in a lower valuation and reduced revenue. Connecticut has since tightened its REC eligibility rules, and McNeil RECs no longer qualify for that market, creating further revenue losses.
- Power production costs related to McNeil operations increased by \$234 thousand (5.98%) in 2025 and \$57 thousand (1.23%) in 2024. These increases were driven by changes in operational activity, fuel costs, and plant output levels. Power production costs vary year over year based on capacity utilization, maintenance requirements, and market-driven input costs.

The following table presents the McNeil Generating Station’s capacity and availability factors for the past ten years, illustrating long-term operational trends.

	Capacity	Availability		Capacity	Availability
Year	Factor	Factor	Year	Factor	Factor
2025	47.7%	62.0%	2020	52.3%	72.0%
2024	45.0%	92.0%	2019	51.9%	72.0%
2023	42.2%	100.0%	2018	56.1%	77.1%
2022	52.3%	67.0%	2017	61.4%	74.6%
2021	62.4%	79.7%	2016	69.7%	96.3%

Swanton Project #10

Swanton Project revenues represent billings to project participants for power production costs and debt service obligations in accordance with the Project’s Power Sales Agreements.

- Revenues increased by \$240 thousand (7.0%) in 2025 and \$96 thousand (2.3%) in 2024, primarily due to inflationary impacts on operating costs.
- Power production costs decreased by approximately \$22 thousand (3.0%) in 2025 and increased by approximately \$61 thousand (9.0%) in 2024.

Year-over-year cost fluctuations are largely attributable to changes in routine operating expenses, particularly fuel oil costs, which vary with market prices and the frequency of plant dispatch.

The following table summarizes the Swanton Peaker Project’s capacity and availability factors over the past ten years.



Year	Capacity Factor	Availability Factor	Year	Capacity Factor	Availability Factor
2025	0.300%	98%	2020	0.102%	100%
2024	0.280%	100%	2019	0.063%	100%
2023	0.260%	91%	2018	0.120%	99%
2022	0.215%	100%	2017	0.140%	100%
2021	0.162%	100%	2016	0.230%	99%

Internal Projects

The Authority administers several internal projects to segregate revenues and expenses associated with specific initiatives, including Advanced Metering Infrastructure (AMI), Geographic Information System (GIS) mapping, Net Metering, Centralized Computer services, the Sander’s Grant award, management contracts, and Renewable Energy Standards (RES) programs.

- Revenues from internal projects decreased by \$15 thousand (0.49%) in 2025, primarily due to declines in Geographic Information System (GIS) and Renewable Energy Standards (RES) activity, partially offset by growth in Advanced Metering Infrastructure (AMI)-related services.
- In 2024, internal project revenues increased by \$151 thousand (5.07%), largely reflecting inflationary impacts and expanded program activity.

In both 2025 and 2024, the Authority purchased Renewable Energy Credits on behalf of certain members to satisfy Renewable Energy Standard requirements. The Authority also administered multiple RES incentive programs designed to encourage reductions in fossil fuel use, including incentives for electric vehicles, cold climate heat pumps, electric lawn equipment, and e-bikes. All related costs were billed to participating members and are reflected in other revenues.

Other Revenues

Other revenues consist of amounts earned from activities outside the Authority’s core power supply and project operations. These revenues include:

- Fees received from affiliates and other entities for administrative and management services
- Management fees related to Barton operations
- Director fees from the Vermont Electric Power Company (VELCO)

These revenues represent compensation for services provided or recovery of costs incurred on behalf of other entities and are recorded in accordance with the nature of the underlying activity.

Renewable Energy Credit (REC) Revenues

REC revenues from the McNeil Project are recorded as operating revenue and are used to offset sales for resale. REC values fluctuate year over year based on market pricing and generation levels.



Year	Value	Year	Value
2025	\$0.9M	2020	\$1.4M
2024	\$1.0M	2019	\$1.0M
2023	\$1.2M	2018	\$2.3M
2022	\$1.4M	2017	\$1.9M
2021	\$1.7M	2016	\$2.7M

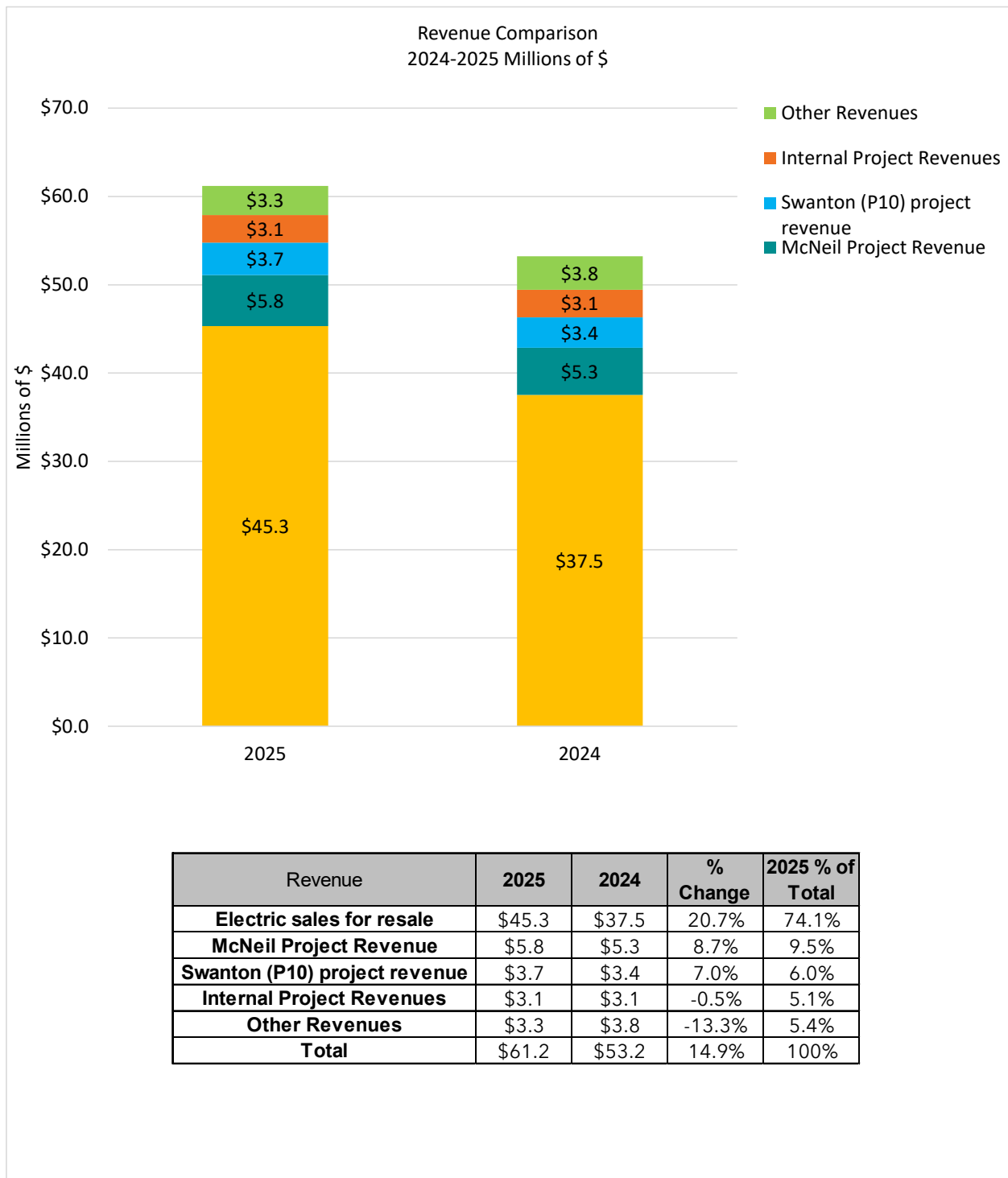
In addition, REC revenues generated by the Waste Management–Fitchburg Landfill facility under its Power Purchase Agreement with the Authority are recorded as revenue and netted against the cost of purchased power.

Year	Value	Year	Value
2025	\$1.2M	2020	\$1.3M
2024	\$1.1M	2019	\$0.7M
2023	\$0.9M	2018	\$0.9M
2022	\$1.3M	2017	\$1.1M
2021	\$1.5M	2016	\$1.1M

REC revenues generated by member-owned hydro facilities and certain state-mandated projects are sold by the Authority on behalf of members (when not needed for compliance purposes) and credited to member accounts, reducing sales for resale.

Revenues Summary

The following chart provides a snapshot of the Authority’s Revenues for 2025 and 2024.





Non-Operating Activities

Changes in non-operating activities for 2025 and 2024 primarily reflect the impact of interest income and expense, distributions related to the Authority's investment in Vermont Transco, LLC membership units, and other miscellaneous non-operating revenues and expenses. These activities are not directly related to the Authority's core power supply and project operations but influence overall changes in net position.

Interest Earned and Interest Expense

Interest earned on deposits and temporary investments decreased by approximately \$50 thousand in 2025, primarily due to lower average interest rates on invested funds compared to the prior year, as well as changes in the timing and balances of funds available for investment. In contrast, interest earned increased in 2024, reflecting higher market interest rates during that period and a greater proportion of funds invested in interest-bearing instruments.

Interest expense declined in both 2025 and 2024, consistent with the Authority's continued repayment of outstanding bonds and long-term debt obligations. As principal balances declined, the related interest costs decreased accordingly. This ongoing reduction in interest expense reflects prudent debt management and contributes to improved long-term financial sustainability.

Distribution Income and Distribution Expense

The Authority currently holds 3,510,433 Vermont Transco, LLC membership units with a carrying value of \$35.1 million as of December 31, 2025. Distribution income from these membership units increased slightly by approximately \$6 thousand (0.13%) in 2025 and increased by \$151 thousand (3.59%) in 2024. In both years, the increases were primarily attributable to distributions associated with additional membership units purchased late in each respective year, which began generating income once placed into service.

These distributions represent a return on the Authority's long-term investment in the regional transmission system and provide an ongoing source of non-operating revenue that supports the Authority's overall financial position.

Other Non-Operating Activities

Other non-operating revenues and expenses consist of miscellaneous items that do not fall within operating activities, including investment-related expenses and minor non-recurring items. These amounts were not significant in either 2025 or 2024 and did not materially impact the Authority's overall financial results.



Subsequent Events

In 2025, the Vermont Public Power Supply Authority ("VPPSA") engaged PFM Financial Advisors LLC to assist in the development and administration of a Request for Proposals for a loan of approximately \$20 million with an anticipated term of 15 years. The Request for Proposals was issued in February 2026. VPPSA has received an information proposal and anticipates selecting a financial institution and closing on the loan no later than May 2026. Because these activities relate to conditions that arose after year-end, no amounts related to this anticipated borrowing have been recognized in the accompanying financial statements.

VPPSA is involved in certain litigation matters arising in the normal course of operations. Management believes that the ultimate resolution of these matters will not have a material adverse effect on the Authority's financial position. In connection with its insurance coverage for errors and omissions, the Authority maintains a policy with a \$25,000 retention. An accrual for this retention has been recorded as of December 31, 2025. No additional adjustments to the financial statements have been made as a result of these matters.

These events were evaluated through April 1st, 2026.

Request for Information

This financial report is intended to provide users with an overview of the Authority's financial condition and results of operations. Questions or requests for additional information should be directed to:

The Assistant General Manager & CFO 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
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Vermont Public Power Supply Authority
 Statements of Net Position
 December 31, 2025 and 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
CAPITAL ASSETS, net	\$ 10,918,020	\$ 12,098,084
 <u>UNRESTRICTED ASSETS</u>		
<u>CURRENT:</u>		
Cash and Cash Equivalents	\$ 1,595,955	\$ 1,254,380
Accounts Receivable	9,505,781	7,675,010
Due from Members	1,238,875	28,187
Other Current Assets	346,812	145,113
TOTAL CURRENT ASSETS	<u>\$ 12,687,423</u>	<u>\$ 9,102,690</u>
 <u>LONG TERM:</u>		
Investments	\$ 430,230	\$ 430,230
Other Long-Term Assets		
TOTAL LONG TERM ASSETS	<u>\$ 430,230</u>	<u>\$ 430,230</u>
TOTAL UNRESTRICTED ASSETS	<u>\$ 13,117,653</u>	<u>\$ 9,532,920</u>
 <u>RESTRICTED ASSETS</u>		
<u>CURRENT:</u>		
Cash and Cash Equivalents	\$ 8,354,635	\$ 5,679,743
Cash Advances - Projects	-	2,318,131
Accounts Receivable	1,018,449	988,064
Due From Members & Others	-	1,321
Fuel Inventories-McNeil & P10	1,819,741	1,524,195
Interest/Distribution Receivable	1,097,133	1,097,710
Other Current Assets	55,834	29,430
TOTAL RESTRICTED CURRENT ASSETS	<u>\$ 12,345,792</u>	<u>\$ 11,638,594</u>
 <u>LONG TERM:</u>		
Due from Members - Long Term	\$ 1,159,760	\$ 872,972
Investments - Bond Funds	-	1,823,048
Investment in VT Transco, LLC - Restricted	7,053,668	9,398,584
Investment In VT Transco, LLC - Restricted - Eligible for Release	27,885,432	25,356,606
Other Long-Term Assets	478,410	729,925
TOTAL RESTRICTED LONG TERM ASSETS	<u>\$ 36,577,270</u>	<u>\$ 38,181,135</u>
TOTAL RESTRICTED ASSETS	<u>\$ 48,923,062</u>	<u>\$ 49,819,729</u>
 <u>DEFERRED OUTFLOWS:</u>		
Grant Expenditures	\$ 239,829	\$ -
Other Regulatory Assets	-	-
Unamortized Loss on Reacquired Debt	-	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>\$ 239,829</u>	<u>\$ -</u>
 TOTAL ASSETS & DEF OUTFLOW OF RESOURCES	 <u>\$ 73,198,564</u>	 <u>\$ 71,450,733</u>

See Independent Auditors Report and accompanying notes to financial statements



Vermont Public Power Supply Authority
 Statements of Net Position
 December 31, 2025 and 2024

<u>LIABILITIES</u>	<u>2025</u>	<u>2024</u>
<u>CURRENT LIABILITIES</u>		
Short-Term Debt	\$ 50	\$ 300,000
Accounts Payable	5,430,519	\$ 4,070,175
Amounts Due to Members	1,293,001	\$ 571,475
Other Current Liabilities	153,978	\$ 85,991
TOTAL CURRENT LIABILITIES	<u>\$ 6,877,548</u>	<u>\$ 5,027,641</u>
<u>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</u>		
Bonds Payable, Current Portion	\$ 1,540,000	\$ 1,460,000
Current Installments on Long - Term Debt	2,794,221	2,947,638
Amounts Due to Members	-	179,667
Accounts Payable	586,001	531,989
Accrued Interest Payable	163,980	205,711
Other Current Liabilities	-	25,687
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:	<u>\$ 5,084,202</u>	<u>\$ 5,350,692</u>
<u>LONG-TERM LIABILITIES</u>		
Bonds Payable from Restricted Assets, (excl. current installments)	\$ 5,075,000	\$ 6,615,000
Long-Term Debt Payable from Restricted Assets (excl. current installments)	6,913,084	9,708,951
Other Long-Term Liabilities	230,957	260,824
TOTAL LONG-TERM LIABILITIES:	<u>\$ 12,219,041</u>	<u>\$ 16,584,775</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Derivative Instrument Liability	\$ -	\$ -
Other Regulatory Liabilities	-	-
Deferred Revenue - Grants	-	27,227
TOTAL DEFERRED INFLOW OF RESOURCES	<u>\$ -</u>	<u>\$ 27,227</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 24,180,791</u>	<u>\$ 26,990,335</u>
<u>NET POSITION</u>		
Invested in Capital Assets, Net of Related Debt	\$ 2,378,058	\$ 3,324,167
Restricted for McNeil Project #2	3,420,219	3,274,684
Restricted for Swanton Peaker - Project #10	7,183,575	6,813,773
Restricted for Highgate - Project #3	12	-
Restricted - Investment in Transco, LLC - Pledged - Eligible for Release	27,885,432	25,356,606
Restricted - Investment in Transco, LLC, net of related debt	1,636,859	1,688,587
Other Comprehensive Income - Restricted	39,511	27,879
Unrestricted	6,474,106	3,974,702
TOTAL NET POSITION	<u>\$ 49,017,772</u>	<u>\$ 44,460,398</u>
TOTAL LIABILITIES, INFLOWS OF RESOURCES & NET POSITION	<u>\$ 73,198,563</u>	<u>\$ 71,450,733</u>

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, 2025 and 2024

<u>REVENUES</u>	<u>2025</u>	<u>2024</u>
Electric Sales for Resale	\$ 45,315,946	\$ 37,549,491
McNeil Project Revenue	5,799,112	5,333,722
Highgate Project Revenue	-	-
Swanton (P10) Project Revenue	3,669,109	3,428,999
Internal Projects	3,113,194	3,128,582
Renewable Energy Certificates	2,973,989	3,411,939
Other Service Revenue	318,594	384,831
TOTAL REVENUES	\$ 61,189,944	\$ 53,237,564
<u>OPERATING EXPENSES</u>		
Purchased Power	\$ 30,718,048	\$ 26,559,278
Transmission Expenses	15,326,599	13,315,815
Power Production Expenses	4,863,413	4,651,605
Regional Market Expense	58,299	42,410
Administrative & General Expenses	4,852,264	4,553,810
Outside Services	1,311,106	1,896,486
Payment in Lieu of Taxes	377,144	388,043
Amortization	1,069	424
Depreciation	1,776,038	1,718,494
TOTAL OPERATING EXPENSES	\$ 59,283,980	\$ 53,126,365
OPERATING INCOME FROM CONTINUING OPERATIONS	\$ 1,905,964	\$ 111,199
<u>NON-OPERATING REVENUE (EXPENSE)</u>		
Distribution Income - Vt Transco, LLC	\$ 4,373,597	\$ 4,367,847
Net Settlement Expense - Vt Transco LLC	(1,465,820)	(1,405,218)
Interest Expense - Vt Transco, LLC LTD	(323,208)	(416,257)
Interest Expense -Short-Term Debt	(30,507)	(30,711)
Interest Expense - Long-Term Debt	(490,837)	(583,034)
Amortization of Transco Fees	-	-
Interest Earned on Accounts	359,399	409,370
Gain/(Loss) on Disposition of Plant Asset	-	-
Realized Gain/(Loss) on Investments	-	(14,492)
Net Proceeds related to Insurance Claim	-	-
Other Non-Operating Revenue (Expense)	90,336	10,680
TOTAL NON-OPERATING REVENUE (EXPENSE)	\$ 2,512,960	\$ 2,338,185
CHANGE IN NET POSITION	\$ 4,418,924	\$ 2,449,384
Other Comprehensive Income-Interest Swaps	\$ -	\$ -
Other Comprehensive Income-Unrealized Gains/Losses	39,511	27,879
Appropriated Earnings-Transco Investment Return	-	-
UnAppropriated Earnings Distributed	98,942	-
TOTAL NET POSITION - BEGINNING	44,460,397	41,983,134
TOTAL NET POSITION - ENDING	\$ 49,017,774	\$ 44,460,397

See Independent Auditors Report and accompanying notes to financial statements.



CASH FLOWS FROM OPERATING ACTIVITIES

	<u>2025</u>	<u>2024</u>
Receipts:		
Electric Sales For Resale	\$ 45,315,946	\$ 37,549,491
McNeil Project Revenue	5,799,112	5,333,722
Highgate Project Revenue	-	-
Swanton (P10) project revenue	3,669,109	3,428,999
Internal Project Revenues	3,113,194	3,128,582
Renewable Energy Certificates	2,973,989	3,411,939
Other Revenues	408,928	381,020
Net Interest & Dividend Income	3,267,177	3,371,998
Expenses:		
Depreciation	\$ (1,777,107)	\$ (1,718,918)
Taxes	(377,144)	(388,043)
Interest Expense	(844,552)	(1,030,003)
Power production expense	(4,863,413)	(4,651,605)
Purchased power expense	(30,718,048)	(26,559,278)
Transmission expense	(15,326,599)	(13,315,815)
Regional Markets Expense	(58,299)	(42,410)
Administration & General Expenses	(4,852,262)	(4,553,809)
Outside services	(1,311,106)	(1,896,486)
Net Income	\$ 4,418,925	\$ 2,449,384
Adjustments to Net Income:		
Accounts Receivable	\$ (3,626,408)	\$ 274,153
Other Current Asset	(499,251)	241,970
Accounts Payable	1,956,215	286,943
Other Current Liabilities	566	31,839
Total Adjustments to Net Income	\$ (2,168,878)	\$ 834,905
Total Operating Activities	\$ 2,250,047	\$ 3,284,289

CASH FLOWS FROM INVESTING ACTIVITIES

Net Capital Additions	\$ 1,180,064	\$ 935,249
VT Transco	(183,910)	-
Other Assets	256,962	(883,276)
Total Investing Activities	\$ 1,253,116	\$ 51,973

CASH FLOWS FROM FINANCING ACTIVITIES

Bonds	\$ (1,460,000)	\$ (1,400,000)
Net LTD Financing	(2,949,284)	(2,920,651)
Line of Credit - Draws	3,550,050	4,300,000
Line of Credit - Payments	(3,850,000)	(4,500,000)
Other Long Term Liabilities	(57,094)	114,870
Other Equity	138,453	27,879
Total Financing Activities	\$ (4,627,875)	\$ (4,377,902)

NET INCREASE (DECREASE) IN CASH	(1,124,712)	(1,041,640)
CASH BALANCE, BEGINNING OF YEAR	11,075,302	12,116,942
CASH BALANCE, END OF YEAR	\$ 9,950,590	\$ 11,075,302

See Independent Auditors Report and accompanying notes to financial statements.



Vermont **Public Power** Supply Authority

Statements of Changes in Net Position

December 31, 2025 and 2024

		Invested In Capital Assets	Restricted Net Assets	UnRestricted Net Assets	Other Comprehensive Income	Total
Balance at December 31, 2022	\$	<u>3,295,329</u>	<u>30,760,116</u>	<u>4,941,478</u>	<u>(43,656)</u>	<u>38,953,267</u>
Current Year Change in Net Assets		587,700	2,927,978	(588,428)	-	2,927,250
Unrealized Gains/Losses		-	-	-	102,617	102,617
Balance at December 31, 2023	\$	<u>3,883,029</u>	<u>33,688,094</u>	<u>4,353,050</u>	<u>58,961</u>	<u>41,983,134</u>
Current Year Change in Net Assets		(617,234)	3,503,928	(378,348)	-	2,508,346
Unrealized Gains/Losses		-	-	-	(31,082)	(31,082)
Balance at December 31, 2024	\$	<u>3,265,795</u>	<u>37,192,022</u>	<u>3,974,702</u>	<u>27,879</u>	<u>44,460,398</u>
Current Year Change in Net Assets		(946,109)	2,992,447	2,499,404	-	4,545,742
Unrealized Gains/Losses		-	-	-	11,632	11,632
Balance at December 31, 2025	\$	<u>2,319,686</u>	<u>40,184,469</u>	<u>6,474,106</u>	<u>39,511</u>	<u>49,017,772</u>

See Independent Auditors Report and accompanying notes to financial statements.



Note 1 – Nature of Business

(a) Organization

The Vermont Public Power Supply Authority (the “Authority”) was established under Chapter 84, Title 30 of the Vermont Statutes Annotated as a joint action agency. The Authority operates as a self-supported public entity providing centralized services to municipal electric distribution utilities throughout the State of Vermont. Member utilities remit monthly administrative fees in exchange for a variety of services, including central dispatch participation, power supply planning, contract administration, rate and integrated resource planning, and technical and operational support.

(b) Reporting Entity

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”). GAAP requires that the financial statements present the Authority (the primary government) and any component units for which the Authority is financially accountable or for which the nature and significance of their relationship with the Authority is such that exclusion would render the financial statements misleading or incomplete. Component units are included in the Authority’s reporting entity if their operational or financial relationships with the Authority meet the criteria established by GASB. The Authority has evaluated these criteria and determined that no component units should be included in the reporting entity.

(c) Financing Authority

The Authority is authorized to issue revenue bonds secured by power sales agreements with its member utilities and other participating entities to finance the construction and ownership of electric power facilities. These obligations are payable solely from revenues derived from such agreements and are not secured by the full faith and credit of the State of Vermont.

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. 103, Financial Reporting Model Improvements. This Statement revises the requirements for Management’s Discussion and Analysis (MD&A), limiting the content to five key sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement also emphasizes that detailed analyses should explain the reasons for changes in balances and results of operations, rather than simply presenting amounts or percentages. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Authority includes the required MD&A in its annual financial report and management believes that the format and content of the supplementary information conforms to the requirements of GASB No. 103.

The Authority has completed the process of evaluating the impact of GASB Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires separate disclosure of certain types of capital assets, including



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

(a) New Accounting Pronouncements (cont.)

lease assets (Statement No. 87), intangible right-to-use assets (Statement No. 94), and subscription assets (Statement No. 96), by major class of underlying asset in the capital assets note disclosures. It also requires additional disclosures for capital assets held for sale, including historical cost, accumulated depreciation, and related debt by major asset class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Authority includes the required capital asset disclosures in its annual financial report and management believes that the format and content of the disclosures conforms to the requirements of GASB No. 104, with the addition of a separate disclosure for Subscription-Based Information Technology Arrangements that will be included as required going forward.

GASB Statement No. 105, Subsequent Events, is effective for fiscal years beginning after June 15, 2026, with early adoption encouraged. This Statement clarifies the definition and disclosure requirements for subsequent events and requires explicit disclosure of the date through which subsequent events have been evaluated. The Authority is evaluating early adoption of this standard.

Management will continue to monitor the implementation of these and any future GASB pronouncements to ensure timely and appropriate disclosure in the Authority's financial statements.

(b) Use of Estimates

The preparation of 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, the 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 recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. When assets are retired or otherwise disposed of, the associated costs are removed from plant, and such costs, together with removal costs, are charged to accumulated depreciation.

The Authority capitalizes assets in accordance with the following policy:

- The combined cost to place a unit into service exceeds \$5,000 and the asset has an estimated useful life of at least three years;
- An existing asset is partially replaced or improved in a manner that either (a) substantially extends the asset's useful life or (b) significantly improves the asset's functionality or capacity; or
- The asset is initiated, controlled, and tracked as property under a Joint Participation Agreement. In such cases, the Authority capitalizes its share of the property even if it falls below the de minimis threshold when it is designated as a capital asset by the project's billing agent.

This policy does not apply to expenditures for routine repairs and maintenance of Authority property.



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

(c) Capital Assets (cont.)

The estimated useful lives of depreciable capital assets are as follows:

Electric Plant:	Lives
Land	N/A
Structures and Improvements	30 years
Equipment	3 – 30 years
Meters	10-15 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	10-15 years

In accordance with GASB Statement No. 42, long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

Impairment is assessed based on the undiscounted future operating cash flows expected to be generated over the remaining life of the asset. If an impairment exists, the loss is measured as the amount by which the asset’s carrying value exceeds its fair value.

(d) Impairment of Long-Lived Assets

Assets that are no longer being depreciated and are expected to be disposed of are presented separately in the statements of net position and reported at the lower of carrying value or fair value less costs to sell. Because the costs of the Authority’s long-lived assets continue to be recovered through billings to its members, management believes the likelihood of impairment is remote. Accordingly, no impairment adjustments have been recorded.

(e) Unrestricted and Restricted Cash and Cash Equivalents

Unrestricted cash represents funds available to meet general operating needs.

Restricted cash and cash equivalents represent amounts held for specific purposes, including debt service requirements on bonds and other debt obligations, advances for project costs, and amounts due to be returned to members.

The Authority considers all short-term investments with an original or remaining maturity of 90 days or less to be cash equivalents.



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

(f) Restricted Investments

Restricted investments represent bond proceeds invested by the trustee in short-term and long-term investments permitted under the Authority's General Bond Resolutions and held within the applicable bond fund accounts.

In accordance with GASB Statement No. 72, these investments are reported at fair value. Because these investments have determinable market values and may be liquidated in accordance with the General Bond Resolution, they are considered available for sale.

Restricted investments primarily include certificates of deposit, corporate bonds, and other fixed-income securities. These funds are held for future debt service requirements associated with the related bonds.

All restricted investments are recorded at their fair value as of the financial statement date. Unrealized gains and losses resulting from changes in fair value are reported in the statement of net position as other comprehensive income or loss.

(g) Fair Value of Investments

GASB Statement No. 72 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 enhance consistency and comparability in fair value measurements and related disclosures, the standard establishes a fair value hierarchy that prioritizes the inputs used in valuation techniques into three levels.

The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Observable inputs are based on market data obtained from sources independent of the reporting entity and reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs reflect the Authority's own assumptions about the inputs market participants would use when observable inputs are not available.

The three levels of the fair value hierarchy are defined as follows:

Level 1 Inputs

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date. These inputs provide the most reliable evidence of fair value and are used whenever available.

Level 2 Inputs

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. When quoted market prices are unavailable, fair value may be estimated using current market data for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing.



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

(g) Fair Value of Investments (cont.)

Level 3 Inputs

Unobservable inputs used when observable inputs are not available. These measurements involve management’s judgment and estimation based on the best information available under the circumstances.

The Authority holds three primary types of investments:

- Investments held within project bond funds, including debt service accounts
- Membership units in Vermont Transco LLC
- An equity investment in Hometown Connections, Inc.

These investments are discussed in further detail in Notes 2(f), 2(j), 2(k), 6, 7, and 8.

(h) Revenue and Purchased Power

Power supply and transmission services obtained by the Authority on behalf of participating members and non-member utilities are presented as purchased power and transmission expenses. Electricity delivered and billed to member and non-member electric systems is recorded as electric sales for resale.

Other services provided to members and non-member systems are recorded as service revenue.

The Authority also holds an undivided ownership interest in the following jointly owned generating facility:

- J. C. McNeil Generating Station – 19% ownership

Under the provisions of GASB Statement No. 14, the Authority’s proportionate share of the assets, liabilities, revenues, and expenses related to this ownership interest is included in the accompanying financial statements.

Separate financial statements for this jointly owned facility are available from the Authority.

(i) Fuel Inventory

Fuel inventories reflect the Authority’s 100% ownership interest in Project #10 fuel oil inventory and its 19% ownership interest in the fuel oil and woodchip inventories associated with the J. C. McNeil Generating Station.

Project #10 fuel oil inventory is valued using the average cost method. Inventories associated with the McNeil project are valued at cost as determined by the Burlington Electric Department, the project manager, also using the average cost method.



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

(j) Restricted Investment in VT Transco, LLC

In accordance with GASB Statement No. 72, the Authority classifies its investment in membership units of Vermont Transco LLC as a Level 3 investment. Due to the absence of an observable active market for these units, the investment is reported at cost, which management considers to approximate fair value.

On January 23, 2009, the Vermont Public Utilities Commission (formerly the Vermont Public Service Board) issued an accounting order addressing the Authority's purchase of TRANSCO membership units on behalf of its members. Under this order, distribution income related to Class A and Class B membership units is recognized when earned.

Distributions received are applied to the related debt service obligations until the associated debt has been fully repaid. The difference between distributions received and debt service payments is recorded as net settlement expense and is credited to each member's purchased power and transmission invoice based on the member's proportionate interest in the TRANSCO equity held by the Authority.

TRANSCO membership units purchased by the Authority using funds financed through a lender are recorded as restricted investments. When the related debt obligation has been repaid but the membership units remain pledged under the loan agreement, the units are classified as Restricted Investment – Eligible for Release until the pledge is formally released.

TRANSCO membership units held by the Authority on behalf of members, or entities eligible to become members, are also recorded as restricted investments. The classifications are defined as follows:

Restricted Investment

Assets acquired pursuant to the TRANSCO Operating Agreement, the TRANSCO Equity Agreement, or related supplements that are pledged as collateral for the associated debt obligations.

Restricted Investment – Eligible for Release

Assets held for the benefit of certain members or eligible non-members for which the related debt obligation has been fully repaid but the membership units remain pledged under the loan agreement or have not yet been transferred to the applicable members. The stated value of these units is recorded as restricted equity – eligible for release until the pledge is released and all required TRANSCO approvals and consents have been obtained.

(k) Investment in Hometown Connections, Inc.

In accordance with GASB Statement No. 72, the Authority classifies its investment in Hometown Connections, Inc. as a Level 3 investment. Because no quoted market value exists, the investment is reported at cost, which management considers to approximate fair value.

The Authority holds an equal ownership interest in HCI, a nonprofit entity formed by six joint-action agencies to provide value-added services to public power utilities. These services include consulting, technology solutions, and advanced metering programs.



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

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

Through the combined resources of the participating agencies, HCI supports public power utilities of all sizes, including VPPSA members, by providing access to specialized services and programs designed to strengthen electric system operations and preserve the benefits of community-owned, not-for-profit electric service.

(l) Taxes

The Authority is a governmental entity and is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Although generally exempt from municipal property taxes, the Authority makes payments in lieu of taxes (PILOT) to certain municipalities, including:

- 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
- The Town of Swanton, Vermont, for the Project #10 facility

Payments in lieu of taxes totaled \$377,144 and \$388,043 for the years ended December 31, 2025 and 2024, respectively.

(m) Operating and Non-Operating Revenues and Expenses

Under Title 30, Chapter 84 of the Vermont Statutes Annotated, the Authority is authorized to establish and collect rents, rates, and other charges for services provided to its members and other customers. These charges must be sufficient to meet the Authority’s operating expenses, maintain reasonable reserves, and satisfy all debt service requirements and obligations under trust agreements or bond resolutions.

Operating revenues consist primarily of revenues received from member and non-member municipal utilities, cooperatives, and other customers for services provided by the Authority.

Operating expenses include the ordinary costs of operating and maintaining the Authority and its electric projects. These costs include power production from jointly owned or contracted generation resources, purchased power, transmission and system control operations, maintenance of facilities, customer accounting services, administrative and general expenses, and depreciation.

Interest payments on bonds, notes, or other debt obligations are not included in operating expenses.

Non-operating income consists of revenues derived from sources other than service revenues, including interest income, investment distributions, grant revenues, and bankruptcy or insurance recoveries.

Non-operating expenses include distribution (net settlement) expense, interest expense, grant-related expenditures, and costs associated with bankruptcy or insurance claims.



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

(n) Equity Classifications

Net position is classified into three components:

Invested in capital assets, net of related debt

Represents capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position

Represents assets whose use is constrained by external parties such as creditors, grantors, bond resolutions, contributors, or laws and regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first for expenditures related to the applicable restrictions.

Unrestricted net position

Represents all other net resources that do not meet the definition of invested in capital assets or restricted net position.

(o) Subsequent events

In preparing the financial statements, the Authority evaluated subsequent events and transactions for potential recognition or disclosure through April 1, 2026, the date the financial statements were available to be issued.

Note 3 – Unrestricted and Restricted Cash and Cash Equivalents

There is a risk that if a bank were to fail, the Authority might not be able to recover all the money it has on deposit.

To help reduce this risk, the Authority spreads its cash across several banks where balances are protected by FDIC insurance. For deposits held at Community Bank, the Authority uses a sweep account. This means that any money over the insured limit at the end of the day is automatically moved into a low-risk investment fund that holds high-quality, short-term government-related securities.

Funds that are restricted for Project #10 Revenue Bonds are invested in mutual funds that hold U.S. government obligations, which are considered very safe.

All investments follow the requirements of the Bond Resolution. As of December 31, 2025, and 2024, all restricted deposits were fully protected.



Note 3 – Unrestricted and Restricted Cash and Cash Equivalents (cont.)

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

	2025	2024
Cash and Cash Equivalents – McNeil Project	1,075,045	507,616
Cash and Cash Equivalents – Project 10	6,911,049	4,818,610
Cash – Amounts Due Members	368,541	353,517
Total Restricted Cash and Cash Equivalents	\$8,354,635	\$5,679,743

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, 2025 and 2024 are as follows:



Note 4 – Capital Assets (cont.)

VPPSA UPIS Footnote Disclosure

	December 31, 2024	Additions	Disposals	December 31, 2025
Intangibles	302,699.50	(124,944.12)	-	177,755.38
Accumulated Depreciation	(177,506.69)	(373.20)		(177,879.89)
TTL Intangibles	125,192.81	(125,317.32)	-	(124.51)
Intangibles - SBITA	-	145,305.34	-	145,305.34
Accumulated Depreciation - SBITA	-	(70,618.65)		(70,618.65)
TTL Intangibles	-	74,686.69	-	74,686.69
Land	220,372.95			220,372.95
CWIP	145,930.02	7,951.66		153,881.68
Non Depreciable	-			
TTL Land	366,302.97	7,951.66		374,254.63
Structures & Improve.	10,191,302.32	2,822.20	-	10,194,124.52
Accumulated Depreciation	(7,357,194.86)	(179,354.39)		(7,536,549.25)
TTL Structures & Improve.	2,834,107.46	(176,532.19)		2,657,575.27
Production Equipment	39,175,397.02	630,757.35	-	39,806,154.37
Accumulated Depreciation	(30,985,420.60)	(1,509,083.45)		(32,494,504.05)
TTL Production Equipment	8,189,976.42	(878,326.10)	-	7,311,650.32
Station Equipment	1,316,355.57			1,316,355.57
Accumulated Depreciation	(853,051.42)	(64,960.81)		(918,012.23)
TTL Station Equipment	463,304.15	(64,960.81)	-	398,343.34
General Equipment	871,882.83	5,769.47	(4,824.48)	872,827.82
Accumulated Depreciation	(752,682.87)	(18,511.15)		(771,194.02)
TTL General Equipment	119,199.96	(12,741.68)	(4,824.48)	101,633.80
Net Fixed Assets	12,098,083.77	(1,175,239.75)	(4,824.48)	10,918,019.54



Note 4 – Capital Assets (cont.)

VPPSA UPIS Footnote Disclosure

	December 31, 2023	Additions	Disposals	December 31, 2024
Intangibles	177,755.38	124,944.12	-	302,699.50
Accumulated Depreciation	(176,709.91)	(796.78)		(177,506.69)
TTL Intangibles	1,045.47	124,147.34	-	125,192.81
Land	220,372.95			220,372.95
CWIP	255,515.15	109,585.13		145,930.02
Non Depreciable	-			-
TTL Land	475,888.10	109,585.13		366,302.97
Structures & Improve.	10,074,654.31	116,648.01	-	10,191,302.32
Accumulated Depreciation	(7,180,004.77)	(177,190.09)		(7,357,194.86)
TTL Structures & Improve.	2,894,649.54	(60,542.08)		2,834,107.46
Production Equipment	38,831,038.26	344,358.76	-	39,175,397.02
Accumulated Depreciation	(29,753,737.48)	(1,231,683.12)		(30,985,420.60)
TTL Production Equipment	9,077,300.78	(887,324.36)	-	8,189,976.42
Station Equipment	1,316,355.57	-		1,316,355.57
Accumulated Depreciation	(788,090.61)	(64,960.81)		(853,051.42)
TTL Station Equipment	528,264.96	(64,960.81)	-	463,304.15
General Equipment	794,934.27	76,948.56		871,882.83
Accumulated Depreciation	(738,750.10)	(13,932.77)		(752,682.87)
TTL General Equipment	56,184.17	63,015.79	-	119,199.96
Net Fixed Assets	13,033,333.02	(716,078.99)	-	12,098,083.77



Note 4 – Capital Assets (cont.)

Total depreciation expense for the years ending December 31, 2025 and 2024 are \$1,776,038 and \$1,718,494 respectively.

Subscription-Based Information Technology Arrangement (SBITA)

In 2024, the Authority entered into a subscription-based information technology arrangement (“SBITA”) for the implementation and ongoing use of the NetSuite enterprise resource planning system (the “NetSuite Contract”). In accordance with applicable accounting guidance, the Authority has recognized a right-to-use subscription asset and a corresponding SBITA liability for this arrangement.

The SBITA liability represents the present value of future subscription payments expected to be made over the term of the agreement. The related subscription asset is amortized on a straight-line basis over the term of the contract, while interest expense is recognized on the liability using the effective interest method.

As of December 31, 2025, the outstanding SBITA liability is reported in the accompanying financial statements. Future minimum subscription payments under the NetSuite Contract are as follows:

YEAR	Beginning Balance	Total Payment	Principal	Interest	Ending Balance
2024	145,305	27,060	24,871	2,189	120,434
2025	120,434	54,121	50,257	3,864	70,177
2026	70,177	54,121	52,284	1,837	17,892
2027	17,892	18,040	17,892	148	0
Total		153,342	145,304	8,038	

A corresponding subscription asset, net of accumulated amortization, is included in capital assets in the statement of net position

Note 5 – Due from Members

As part of its normal operations, the Authority sometimes pays costs that are not reimbursed by its members until a later period. As of December 31, 2025, the following amounts were due to the Authority from its members:

AMI Project	\$ 833,524
Jacksonville Loan Receivable	\$ 607,088
McNeil Advances	\$ 603,262
GIS Data Collection Project	\$ 307,534
Other Projects	\$ 77,169
Total Amounts Due from Members	\$2,428,577



Note 6 – Restricted Bond Investments

The Authority holds investments within the Series A and Series B bond fund accounts that are permitted under the applicable General Bond Resolution. These securities are classified as Level 1 inputs under GASB Statement No. 72, as their fair values are based on quoted prices in active markets.

As of December 31, 2025, the Authority did not hold any restricted investments within the Series A or Series B bond fund accounts. Accordingly, there were no restricted short-term or long-term investment balances to report at year-end.

For the year ended December 31, 2025, the Authority recognized an unrealized gain on investments of \$7,858. For the year ended December 31, 2024, the Authority recognized an unrealized gain of \$4,702. These amounts reflect changes in the fair value of investments held during the respective reporting periods.

Restricted investment balances as of December 31, 2024 were previously reported in accordance with GASB Statement No. 72.

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

Investment Valuation and Accounting Policy

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, the Authority classifies its investments in VT Transco, LLC ("TRANSCO") membership units as Level 3 investments due to the lack of quoted market prices or observable market inputs. Accordingly, these investments are reported at cost, which management believes approximates fair value.

Background and Organizational Structure

VT Transco, LLC was formed in June 2006 by Vermont Electric Power Company ("VELCO") for the purpose of owning and operating the State of Vermont's electric transmission infrastructure. VELCO serves as manager of TRANSCO. Effective July 31, 2006, TRANSCO and its member systems entered into an operating agreement, as subsequently amended and restated, governing the rights and obligations of the members. Prior to July 31, 2006, VELCO met its equity requirements by offering stock directly to Vermont distribution utilities. Subsequent to that date, all equity contributions have been made through the issuance of TRANSCO membership units. Under the operating agreement, Class A and Class B membership units are issued at an initial value of \$10.00 per unit, which does not reflect market value. As of December 31, 2025 and 2024, Class A units earn a return of 11.5% and Class B units earn a return of 13.3%.

TRANSCO Equity Agreement

Municipal and cooperative utilities that are members, or eligible to be members, of the Vermont Public Power Supply Authority (the "Authority") may elect to assign their subscription rights for TRANSCO membership units to the Authority, as permitted under the TRANSCO operating agreement.



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

In 2007, the Authority and twelve of its members entered into a TRANSCO Equity Agreement, which was amended in August 2009. The agreement provides a mechanism whereby the Authority may purchase TRANSCO membership units on behalf of participating members when deemed mutually advantageous. The agreement does not restrict a member’s ability to purchase TRANSCO units directly; rather, it establishes the terms under which the Authority may acquire such units for a member’s benefit, including responsibility for arranging financing and obtaining required regulatory approvals. The Authority is not obligated to participate in future equity issuances.

Membership Units Held for the Benefit of Members

During the period from 2007 through 2025, certain members assigned their subscription rights to the Authority under the TRANSCO Equity Agreement. As of December 31, 2025, the Authority held 3,401,387 membership units for the benefit of these members, with an aggregate recorded value of \$34,013,870. These units, and the related distribution income, are pledged as collateral under pledge and security agreements associated with the related debt obligations.

To finance the acquisition of TRANSCO membership units, the Authority entered into various long-term borrowing arrangements between 2007 and 2023, including refinancings and amendments. These financings were obtained at fixed and variable interest rates, with original maturities ranging from seven to fifteen years.

For the years ended December 31, 2025 and 2024, the Authority earned distribution income of \$4,237,245 and \$4,231,508, respectively, on membership units held for the benefit of members. In 2025, these distributions were applied to principal payments of \$2,443,838 interest expense of \$314,767, and reimbursed financing costs of \$2,244 resulting in a net credit to members’ power costs of \$1,465,820. In 2024, distributions were applied to principal payments of \$2,415,205, interest expense of \$404,398 and reimbursed financing costs of \$2,174, resulting in a net credit of \$1,405,218.

Authority Direct Ownership of Membership Units

In 2017, the TRANSCO operating agreement was amended to permit the Authority, under certain circumstances, to purchase TRANSCO membership units directly for its own benefit and, indirectly, for the benefit of its members. Between 2017 and 2025, the Authority acquired a total of 109,046 membership units at an aggregate cost of \$1,090,460.

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
2025	45	\$ 450
Total	109,046	\$1,090,460



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

The Authority's total ownership on December 31, 2025 and December 31, 2024 were valued at \$1,090,460 and \$1,090,010 respectively. Over the same periods, the Authority earned distributions of \$136,352 and \$136,338 respectively.

As of December 31, 2025 and 2024, the Authority's direct ownership interest in TRANSCO was recorded at \$1,090,460 and \$1,090,410 respectively. The Authority earned distributions of \$136,352 and \$136,338 respectively. In 2025, distributions were applied to interest expense of \$8,441, principal payments of \$92,112, and fees of \$72, with the remaining \$35,727 used to reduce operating costs charged to members. In 2024, distributions were applied to interest expense of \$11,859, principal payments of \$92,112, and fees of \$76, with the remaining \$32,291 used to reduce operating costs. Certain membership units are classified as restricted due to outstanding debt related to their acquisition.

Note 8 – Investment in Hometown Connections, Inc.

In accordance with GASB Statement No. 72, the Authority classifies its investment in Hometown Connections, Inc. (HCI) as a Level 3 input. The investment is reported at cost, which management considers the best estimate of fair value due to the absence of an active, observable market.

As described in Note 2(k), the Authority holds an equal ownership interest in HCI alongside five other partners: American Municipal Power, Inc.; Missouri Public Utility Alliance; Northern California Power Agency; Alabama Municipal Electric Authority; and Great Lakes Utilities. HCI was formed in May 2018 by five of these members, with Great Lakes Utilities joining in 2019. It operates as a not-for-profit entity.

The Authority contributed \$265,000 for its equity interest. Each member appoints one Director to the HCI Board of Directors, and all members hold equal voting rights.

Note 9 – Deferred Inflows and Deferred Outflows

As of December 31, 2025, the Authority did not have any deferred inflows of resources. However, the Authority did have deferred outflows of resources totaling \$239,829, related to grant-related expenses for Advanced Metering Infrastructure AMI that had been incurred but not yet reimbursed.

Note 10 – Operating Line of Credit

The Authority has a line of credit that it can use to help cover its day-to-day operating needs.

This credit facility allows the Authority to borrow up to \$7.5 million, either for operating expenses or to issue letters of credit. The facility was renewed on September 9, 2025, and is available through June 30, 2027.

Interest on the outstanding principal balance is calculated using a daily rate based on the Bank's prime rate minus 0.75%. Interest is payable monthly. Under the terms of the borrowing agreement, the full principal amount is required to be repaid prior to the stated maturity date.



Note 10 – Operating Line of Credit (cont.)

As of December 31, 2025, the Authority had borrowed \$50 under the line of credit. As of December 31, 2024, the amount borrowed was \$300,000.

The line of credit is secured by the Authority’s cash accounts, revenues, receipts, and power sales agreements that are not already pledged to other debt.

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

As of December 31, 2025, and 2024, 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, 2025 and 2024:

	December 31, 2024	Increases	Payments and reductions	December 31, 2025	Current Portion
SWANTON PEAKER PROJ #10:					
Revenue Bonds – 2017 Series A maturing July 1, 2011 through 2029 – Interest ranges from 3% to 5.00%	7,640,000		1,380,000	4,805,000	
Current portion of bonds payable		-	-		1,455,000
TOTAL PROJECT 10 - SERIES A	7,640,000	-	1,380,000	4,805,000	1,455,000
SWANTON PEAKER PROJ #10:					
Revenue Bonds – 2017 Series B maturing July 1, 2011 through 2029	435,000		80,000	270,000	
Current portion of bonds payable		-	-		85,000
TOTAL PROJECT 10 - SERIES B	435,000	-	80,000	270,000	85,000
Total outstanding bonds payable	\$ 8,075,000	-	1,460,000	5,075,000	1,540,000

	December 31, 2023	Increases	Payments and reductions	December 31, 2024	Current Portion
SWANTON PEAKER PROJ #10:					
Revenue Bonds – 2017 Series A maturing July 1, 2011 through 2029 – Interest ranges from 3% to 5.00%	8,960,000		1,320,000	6,260,000	
Current portion of bonds payable		-	-		1,380,000
TOTAL PROJECT 10 - SERIES A	8,960,000	-	1,320,000	6,260,000	1,380,000
SWANTON PEAKER PROJ #10:					
Revenue Bonds – 2017 Series B maturing July 1, 2011 through 2029	515,000		80,000	435,000	
Current portion of bonds payable		-	-		80,000
TOTAL PROJECT 10 - SERIES B	515,000	-	80,000	435,000	80,000
Total outstanding bonds payable	\$ 9,475,000	-	1,400,000	6,695,000	1,460,000



Note 12 – Bonds Payable (cont.)

For the years ended December 31, 2025 and 2024, the Authority recorded interest costs of \$313,900 and \$381,400, respectively, on Project 10 Series A Revenue Bonds. Interest costs on the Project #10 Series B Revenue Bonds were \$15,306 in 2025 and \$18,406 in 2024.

The outstanding Project #10 Series A and Series B Revenue Bonds are secured by all revenues generated by the project under the twelve participating members’ Project #10 Power Sales Agreements.

The money collected from the project, along with any income earned on those funds, is held in accounts required by the bond agreements. The Authority has agreed to charge participants rates that are sufficient to cover the project’s operating costs and to pay all required bond principal and interest, even if the project is not yet fully in service.

In 2017, the Authority refinanced the 2009 Series A and Series B Bonds by issuing the 2017 Series A and Series B Refunding Bonds. As a result, the 2009 Series A and Series B Bonds were fully paid off and are no longer considered outstanding as of December 31, 2017.

As of December 31, 2025, the scheduled future payments of bond principal and interest are as follows:

	Principal	Interest	Total
2026	\$ 1,540,000	\$ 293,156	\$ 1,833,156
2027	\$ 1,615,000	\$ 217,112	\$ 1,832,112
2028	\$ 1,690,000	\$ 137,375	\$ 1,827,375
2029	\$ 1,770,000	\$ 53,888	\$ 1,823,888
Thereafter	\$ -	\$ -	\$ -
Total	\$ 6,615,000	\$ 701,531	\$ 7,316,531

The Authority’s management believes that it has met all requirements of the Project #10 Bond Resolution as of December 31, 2025 and 2024.

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.



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

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, 2025 and 2024.

A summary of amounts due to members - payable from restricted cash and cash equivalents as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Citizens Utilities settlement - Orleans	\$29,449	\$29,449
Maintenance - Orleans	\$47,546	\$45,519
PGET settlement funds due Orleans	\$165,609	\$165,609
Orleans accumulated interest	\$ 69,877	\$ 57,872
McNeil-Accrued Liabilities	\$0	(\$25,687)
Project Carryover Credits	\$904,147	\$0
HG Project	\$12	\$12
	\$1,216,640	\$272,774

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:

	<u>2025</u>	<u>2024</u>
<p>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.</p> <p><i>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.</i></p>	2,262,081	3,393,121
<p>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.</p> <p><i>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.</i></p> <p><i>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.</i></p>	791,218	1,186,827



Note 14 – Long-Term Debt (cont.)

	2025	2024
<p>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. <i>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.</i></p>	50,290	260,290
<p>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. <i>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</i></p>	318,290	477,435
<p>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. <i>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.</i></p>	394,644	591,966
<p>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. <i>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.</i></p>	351,642	468,856
<p>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. <i>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.</i></p>	22,674	30,232
<p>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. <i>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.</i></p>	175,489	218,466
<p>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.</p>	50,000	63,333



Note 14 – Long-Term Debt (cont.)

	2025	2024
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. <i>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.</i>	334,430	401,314
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. <i>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.</i>	1,028,657	1,183,946
Note payable of \$4,000,000 to Community Bank, N.A. dated January 23, 2023 with a maturity date of January 15, 2030 at a fixed interest rate of 5.28%. Principal and interest are to be paid quarterly beginning December 15, 2032 with quarterly principal payments of \$100,000. <i>Note is collateralized by a security pledge agreement of personal property & fixtures, equipment, proceeds from the AMI project and member agreements for AMI project.</i>	2,800,000	3,200,000
Note payable of \$1,209,340 to Bank of Burlington, dated December 18, 2023 with a maturity date of January 20, 2039 at a variable interest rate of WSJ Prime less 1.75%. Principal and interest are to be paid quarterly beginning April 20, 2024. <i>Note is collateralized by a security pledge agreement of 53,210 of Class A and 67,724 of Class B VT TRANSCO, LLC membership units acquired in 2023 for the benefit of certain VPPSA members and the assignment of rights to all distribution income from ownership of the investment.</i>	1,127,890	1,180,802
Less: current portion due on outstanding long-term debt as of December 31, payable	(2,794,221)	(2,947,638)
	<u>\$ 6,913,084</u>	<u>\$ 9,708,951</u>

The future annual maturities of principal and estimated interest on long-term debt consist of the following as of December 31, 2025:

Year	Principal	Interest	Total
2026	\$ 2,794,221	\$ 390,955	\$ 3,185,176
2027	\$ 2,753,890	\$ 278,407	\$ 3,032,297
2028	\$ 879,278	\$ 193,893	\$ 1,073,171
2029	\$ 760,473	\$ 156,317	\$ 916,789
2030	\$ 720,630	\$ 122,901	\$ 843,531
2031-2035	\$ 1,423,390	\$ 260,727	\$ 1,684,117
2036-2040	\$ 375,423	\$ 45,895	\$ 421,318
	<u>\$ 9,707,305</u>	<u>\$ 1,449,094</u>	<u>\$ 11,156,399</u>

On December 31, 2025 and 2024, total year-to-date interest expense on the above borrowings was \$484,839 and \$599,485 respectively.



Note 14 – Long-Term Debt (cont.)

Each long-term debt obligation related to TRANSCO activities is secured by a pledge of the related TRANSCO membership units and the distribution income earned from those units. As of December 31, 2025 and 2024, none of the pledged membership units had been released from this security.

The Authority's ability to make future debt payments related to the TRANSCO membership units depends on the financial performance of VT Transco, LLC and its ability to continue paying distributions at a level that exceeds the Authority's required debt payments. VT Transco, LLC has the ability to change its distribution rate in accordance with its Operating Agreement.

Significant changes in the distribution income received from VT Transco, LLC could impact the Authority's ability to meet its debt service obligations related to this investment.

Management believes that future distribution income will continue to be sufficient to cover the Authority's debt service requirements. If distribution income were to become insufficient, management intends to recover any shortfall from the members and non-members for whom the TRANSCO equity was acquired, based on their respective ownership interests. The Authority's ability to recover these amounts depends on the financial condition of those members and non-members. Their revenues are subject to regulated rates and customary payment practices, and any inability to generate adequate cash flow or maintain borrowing capacity could negatively affect the Authority.

The Authority believes it was in compliance with all debt covenants related to these loan agreements as of December 31, 2025 and 2024. In accordance with GASB Statement No. 34, there were no additions to long-term debt during the year ended December 31, 2025. Reductions consisted of scheduled principal payments on notes and bonds totaling \$2,795,867 and \$1,540,000, respectively.

Note 15 – Retirement Plan

The Authority sponsors a defined contribution retirement plan, the Vermont Public Power Supply Authority Retirement Plan, which was amended and restated effective January 1, 2007, as a profit-sharing plan. Employees are eligible to participate immediately upon hire and are fully vested in all contributions.

Under the plan, the Authority provides a non-elective employer contribution equal to 5 percent of each eligible employee's gross wages, subject to approval by the Board of Directors. Employees must complete at least 1,000 hours of service during the plan year to qualify for the non-elective contribution. In addition, the Authority provides a matching contribution of up to 3 percent of gross wages for employees who make voluntary contributions of at least 3 percent to a qualified retirement vehicle.

The plan is administered by a third-party administrator. Employer contributions to the plan for the years ended December 31, 2025 and 2024 were \$156,054 and \$148,531, respectively, representing approximately 8 percent of covered payroll.

Note 16 – Compensated Employee Absences and Employee Cafeteria Plan

Effective January 1, 2015, employees begin accruing paid vacation leave upon hire, with leave credited weekly. Full-time employees accrue 80 hours of vacation during their first year of employment, with an additional 8 hours accrued for each year of service thereafter.



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

Part time employees accrue prorated vacation leave based on their employment status. Employees who previously accrued vacation under a prior methodology, or who were granted higher accrual rates at the time of hire, continue to accrue at those higher rates until the current methodology exceeds the previously granted rate. The legacy accrual schedule is as follows:

Years of Service	Annual Vacation Accrual
0 < 5 years	2 weeks
5 < 10 years	3 weeks
10 < 20 years	4 weeks
20+ years	5 weeks

Employees may carry forward no more than 30 days of accrued vacation leave into the next calendar year. Upon termination, voluntary separation, or retirement, employees are compensated for all unused vacation leave up to the maximum allowable accrual.

Employees also earn paid sick leave beginning on the date of hire. Full-time employees accrue one day per month, and part-time employees accrue prorated amounts based on employment status. Sick leave may be carried forward up to a maximum of 45 days; however, all unused sick leave is forfeited upon termination.

As of December 31, 2025 and 2024, the Authority recorded liabilities for accrued vacation of \$160,780 and \$142,579, respectively, under the current compensated absences policy. Accrued vacation is reported as “other long-term liabilities.”

On January 8, 2015, the Authority adopted a Cafeteria Plan effective February 1, 2015. The plan allows employees to realize tax savings through payroll deductions for contributions to a health savings account, a health flexible spending account, and/or a dependent care flexible spending account.

As of December 31, 2025 and 2024, the Authority recorded accrued liabilities related to employee health flexible spending accounts of \$2,744 and \$2,017, respectively.

Note 17 – Commitments, Contingencies, Uncertainties

Contractual Commitments

As of December 31, 2025, the Authority had no outstanding contractual commitments.

Insurance

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



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

The Authority maintains commercial insurance coverage in its own name for these risks, with the exception of certain health-related costs for retired employees. For those retirees, the Authority reimburses health-insurance deductibles and co-payments not otherwise covered. Management believes that existing insurance coverage is adequate to prevent significant uninsured losses.

During 2025 and 2024, the Authority contributed \$500 to the Health Savings Account (HSA) of each employee enrolled in a two-person or family coverage under the Authority’s High-Deductible Health Plan (HDHP), and \$250 for each employee enrolled in single coverage.

Insurance settlements have not exceeded coverage limits during the past three fiscal years. Similarly, health-insurance claims have not exceeded available coverage during that period.

Collateral Commitments

In the normal course of business, the Authority may enter into International Swaps and Derivatives Association (ISDA) agreements with power-supply counterparties. Threshold limits and other terms vary by counterparty. When a threshold is exceeded, either party may require the other to post collateral to mitigate credit exposure.

The Authority’s exposure generally increases when market prices decline and decreases when market prices rise. Due to the Authority’s organizational structure and the threshold levels typically established, it is uncommon for the Authority to request or require collateral under these agreements.

During 2025 and 2024, the Authority did not request collateral from any counterparty, nor did any counterparty request collateral from the Authority.

Environmental Risks

The Swanton Peaker Project (Project 10) operates under multiple permits issued by the State of Vermont and other regulatory agencies. These permits include requirements related to air emissions, stormwater management, and wetland construction. Compliance with these permits is essential to the continued licensing and operation of the project. Permit conditions require the installation and maintenance of monitoring equipment designed to reduce environmental risk and ensure ongoing compliance.

Authority Project Assets

As described in Note 4, the Authority owns 100% of the Swanton Peaker Project #10 and a 19% joint ownership interest in the McNeil Generating Facility. As owner, the Authority is responsible for ongoing monitoring and evaluation of these assets to assess the value they provide. Industry regulations and environmental conditions can affect the long-term viability and benefits of these projects. Management currently believes that both 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



Note 18 – Power Supply Settlement Commitments (cont.)

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 also 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, 2025, and 2024 are shown in the following table:

MEMBERS	2025 kWh	%	2024 kWh	%
Billings Road Solar	2,202,162	0.54%	2,202,162	0.53%
Bone Hill Solar	1,860,125	0.46%	1,860,125	0.45%
Brookfield	77,543,972	19.16%	80,579,967	19.57%
Chester Solar	6,384,983	1.58%	6,384,983	1.55%
Fitchburg Landfill	31,167,049	7.70%	31,167,049	7.57%
HQ	11,463,920	2.83%	11,463,920	2.78%
Hydro	50,793,901	12.55%	67,589,892	16.42%
Kruger Hydro	18,232,750	4.50%	18,232,750	4.43%
Lawrence Brook Solar	2,925,155	0.72%	2,925,155	0.71%
Market Purchases	49,744,489	12.29%	35,596,699	8.65%
McNeil	33,485,778	8.27%	33,485,778	8.13%
NYPA	25,155,797	6.21%	26,905,241	6.54%
Project 10	1,138,528	0.28%	1,138,528	0.28%
Ryegate	10,968,118	2.71%	10,400,449	2.53%
Seabrook	3,787,243	0.94%	3,787,243	0.92%
Standard Offer	9,500,257	2.35%	9,500,257	2.31%
Stetson Wind Farm	66,293,261	16.38%	66,293,261	16.10%
Stonybrook	2,157,087	0.53%	2,157,087	0.52%
Total	404,804,573	100.00%	411,670,544	100.00%

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, 2025 and 2024, they are shown in the table on the following page.



Note 18 – Power Supply Settlement Commitments (cont.)

NON-MEMBERS	2025 kWh	%	2024 kWh	%
Brookfield 2023-2027	3,035,995	2.26%	N/A	N/A
Coventry Clean Energy Corp	57,379,506	42.75%	57,379,506	51.58%
Fox Island Diesel	13,763	0.01%	13,763	0.01%
Fox Island Wind	8,741,805	6.51%	8,741,805	7.86%
HQ	23,967,360	17.86%	24,033,024	21.60%
Nextera Ashland 25-29	18,710,100	13.94%	N/A	N/A
NextEra New Hampton 25-27	1,091,900	0.81%	N/A	N/A
NextEra New Hampton 25-27	683,200	0.51%	N/A	N/A
NYPA	10,000,146	7.45%	10,662,093	9.58%
Project 10	110,406	0.08%	110,406	0.10%
Ryegate	2,323,830	1.73%	2,143,365	1.93%
Seabrook	750,467	0.56%	750,467	0.67%
Sheffield Wind	6,811,646	5.08%	6,811,646	6.12%
Stonyvale Farm	221,790	0.17%	221,790	0.20%
Wrightsville Hydro	376,581	0.28%	376,581	0.34%
Total	134,218,494	100.00%	111,244,445	100.00%

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	2025 kWh	%	2024 kWh	%
Members	404,804,573	75.10%	411,670,544	78.73%
Non-Members	134,218,494	24.90%	111,244,445	21.27%
Total	539,023,067	100%	522,914,990	100%

Note 19 – Concentration of Risks

For the fiscal years ended December 31, 2025 and 2024, the Authority derived approximately 9.3% and 10.0%, respectively, of its annual gross revenues from the J.C. McNeil Generating Station Project No. 2. The Swanton Peaker Project No. 10 contributed approximately 5.9% of annual gross revenues in 2025 and 6.4% in 2024.

The Authority’s power supply resources are critical to its ability to operate under its current business model. Interruptions in supply, significant price fluctuations, contract terminations, or operational shutdowns of these units could result in materially adverse—or beneficial—effects on the Authority’s operating results.

Member utilities provide the Authority with essential revenue streams related to power supply, transmission services, and cash flows used to meet debt service obligations. Material changes in member



Note 19 – Concentration of Risks (cont.)

load volumes, supply arrangements, or the timing and reliability of member payments could affect the Authority's ability to meet its future financial obligations and maintain access to current and future financing.

The Authority also relies on a diverse group of professional service providers and electric utility contractors. Adverse changes in the availability, performance, or financial condition of these contractors could affect the Authority's operational capabilities.



Supplementary Schedule 1

	2025				Total
	Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	
ASSETS					
CAPITAL ASSETS, net	\$ 8,709,517	1,722,193	—	486,310	10,918,020
<u>Current:</u>					
Cash and Cash Equivalents	\$ 6,801,947	952,409	12	2,196,222	9,950,590
Accounts Receivable	170,032	848,418	—	9,505,780	10,524,230
Other Current Assets	349,141	1,526,433	—	2,682,821	4,558,395
Total Current Assets	\$ 7,321,120	3,327,260	12	14,384,823	25,033,215
<u>Long-Term:</u>					
Investments	\$ —	—	—	35,369,330	35,369,330
Other Long-Term Assets	124,243	603,262	—	910,664	1,638,169
Total Long-Term Assets	\$ 124,243	603,262	—	36,279,994	37,007,499
Deferred Outflow of Resources	—	—	—	239,829	239,829
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 16,154,880	5,652,715	12	51,390,956	73,198,563
<u>LIABILITIES:</u>					
<u>Current:</u>					
Accounts Payable	\$ 75,698	510,303	—	5,430,519	6,016,520
Short-Term Debt	—	—	—	50	50
Bonds & LTD (current)	1,540,000	—	—	2,794,221	4,334,221
Other	146,578	—	—	1,464,379	1,610,957
Total Current Liabilities	\$ 1,762,276	510,303	—	9,689,169	11,961,748
<u>Long-Term:</u>					
Bonds (net of amortizations)	—	—	—	—	—
Long-Term Debt	\$ 5,075,000	—	—	6,913,084	11,988,084
Other Long-Term Liabilities	—	—	—	230,957	230,957
Total Long-Term Liabilities	\$ 5,075,000	—	—	7,144,041	12,219,041
Deferred Inflow of Resources	—	—	—	—	—
TOTAL LONG-TERM LIABILITIES & INFLOWS OF RESOURCES	\$ 6,837,276	510,303	—	16,833,210	24,180,789
Net Position	\$ 9,317,604	5,142,412	12	34,557,746	49,017,774
TOTAL LIABILITIES AND NET POSITION	\$ 16,154,880	5,652,715	12	51,390,956	73,198,563



Vermont Public Power Supply Authority
 Combining Schedule of Assets, Liabilities, & Net Position
 December 31, 2024

Supplementary Schedule 2

	2024				
	Swanton Project #10 10 P10 - Project 10	McNeil Project #2 02 McN - McNeil	Highgate Project #3 03 HG - HighGate	VPPSA	Total
ASSETS					
CAPITAL ASSETS, net	\$ 9,811,227	1,736,599	—	550,258	12,098,084
Current:					
Cash and Cash Equivalents	\$ 4,587,917	972,547	12	3,691,778	9,252,254
Accounts Receivable	214,900	773,164	—	7,676,332	8,664,396
Other Current Assets	345,244	1,213,525	—	1,265,865	2,824,634
Total Current Assets	\$ 5,148,061	2,959,236	12	12,633,975	20,741,284
Long-Term:					
Investments	\$ 1,823,048	—	—	35,185,420	37,008,468
Other Long-Term Assets	125,758	800,537	—	676,602	1,602,897
Total Long-Term Assets	\$ 1,948,806	800,537	-	35,862,022	38,611,365
Deferred Outflow of Resources	—	—	—	—	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 16,908,094	5,496,372.00	12	49,046,255	71,450,733
LIABILITIES:					
Current:					
Accounts Payable	\$ 72,587	459,402	—	4,070,176	4,602,165
Short-Term Debt	—	—	—	300,000	300,000
Bonds & LTD (current)	1,460,000	—	—	2,947,638	4,407,638
Other	182,727	25,687	12	860,105	1,068,531
Total Current Liabilities	\$ 1,715,314	485,089	12	8,177,919	10,378,334
Long-Term:					
Bonds (net of amortizations)					-
Long-Term Debt	\$ 6,615,000	—	—	9,708,951	16,323,951
Other Long-Term Liabilities	—	—	—	260,824	260,824
Total Long-Term Liabilities	\$ 6,615,000	-	-	9,969,775	16,584,775
Deferred Inflow of Resources	—	—	—	27,227	27,227
TOTAL LONG-TERM LIABILITIES & INFLOWS OF RESOURCES	\$ 8,330,314	485,089	12	18,174,921	26,990,336
Net Position	\$ 8,577,780	5,011,283	-	30,871,334	44,460,397
TOTAL LIABILITIES AND NET POSITION	\$ 16,908,094	5,496,372.00	12	49,046,255	71,450,733

See Independent Auditors Report on Supplementary Information.



Supplementary Schedule 3

	2025				
	Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	Total
OPERATING REVENUE:					
Electric sales for resale	\$ -	-	-	45,315,946	45,315,946
McNeil Project Revenue	-	5,799,112	-	-	5,799,112
Highgate Project Revenue	-	-	-	-	-
Swanton (P10) project revenue	3,669,109	-	-	-	3,669,109
Internal Project Revenues	-	-	-	3,113,194	3,113,194
Renewable Energy Certificates	-	-	-	2,973,989	2,973,989
Other Service revenue	-	-	-	318,592	318,592
Total operating revenue	\$ 3,669,109	5,799,112	-	51,721,721	61,189,942
OPERATING EXPENSES:					
Power production expenses	\$ 714,338	4,149,075	-	-	4,863,413
Transmission expenses	42,556	6,043	-	15,278,001	15,326,600
Purchased power	12,072	11,777	-	30,694,199	30,718,048
Regional Market expense	58,299	-	-	-	58,299
Administrative & General expenses	613,698	726,253	-	3,512,313	4,852,264
Outside services	69,590	65,175	-	1,176,338	1,311,103
Payment in Lieu of Taxes	44,921	313,224	-	18,999	377,144
Amortization	-	646	-	423	1,069
Depreciation	1,303,954	427,820	-	44,264	1,776,038
Total operating expenses	\$ 2,859,428	5,700,013	-	50,724,537	59,283,978
Operating income	\$ 809,681	99,099	-	997,184	1,905,964
NONOPERATING REVENUE (EXPENSES):					
Distribution Income - Vt Transco, LLC	\$ -	-	-	4,373,597	4,373,597
Net Settlement Expense - Vt Transco LLC	-	-	-	(1,465,820)	(1,465,820)
Interest Expense - Vt Transco, LLC LTD	-	-	-	(323,208)	(323,208)
Interest Expense -Short-Term Debt	(898)	-	-	(29,609)	(30,507)
Interest Expense - Long-Term Debt	(329,206)	-	-	(161,631)	(490,837)
Amortization of Transco Fees	-	-	-	-	-
Interest Earned on Accounts	220,736	32,030	-	106,633	359,399
Gain/(Loss) on Disposition of Plant Asset	-	-	-	-	-
Realized Gain/(Loss) on Investments	-	-	-	-	-
Net Proceeds related to Insurance Claim	-	-	-	-	-
Other Non-Operating Revenue (Expense)	-	-	-	90,336	90,336
Total Non-Operating Revenue (Expenses)	\$ (109,368)	32,030	-	2,590,298	2,512,960
CHANGE IN NET POSITION	\$ 700,313	131,129	-	3,587,482	4,418,924
Other Comprehensive Income - Interest Swaps	\$ -	-	-	-	-
Other Comprehensive Income - Unrealized Gains/Losses	39,511	-	-	-	39,511
Appropriated Earnings - Transco Member Return	-	-	-	-	-
Unappropriated Earnings Distributed	-	-	12	98,930	98,942
NET POSITION, beginning of year	\$ 8,577,780	5,011,283	0	30,871,334	44,460,397
NET POSITION, end of year	\$ 9,317,604	5,142,412	12	34,557,746	49,017,774

See Independent Auditors Report on Supplementary Information.



Vermont Public Power Supply Authority
 Combining Schedule of Revenues and Expenses
 December 31, 2024

Supplementary Schedule 4

	2024				Total
	Swanton Project #10	McNeil Project #2	Highgate Project #3	VPPSA	
	10 P10 - Project 10	02 McN - McNeil	03 HG - HighGate	00 Gen - General	
OPERATING REVENUE:					
Electric sales for resale	\$ -	-	-	37,549,491	37,549,491
McNeil project revenue	-	5,333,722	-	-	5,333,722
Highgate Project Revenue	-	-	-	-	-
Swanton (P10) project revenue	3,428,999	-	-	-	3,428,999
Internal Project Revenues	-	-	-	3,128,582	3,128,582
Renewable Energy Certificates	-	-	-	3,411,939	3,411,939
Other Service revenue	-	-	-	384,832	384,832
Total operating revenue	\$ 3,428,999	5,333,722	-	44,474,844	53,237,565
OPERATING EXPENSES:					
Power production expenses	\$ 736,529	3,915,076	-	-	4,651,605
Transmission expenses	42,901	4,538	-	13,268,376	13,315,815
Purchased power	7,940	9,328	-	26,542,010	26,559,278
Regional Market expense	42,410	-	-	-	42,410
Administrative & General expenses	581,208	557,910	-	3,414,692	4,553,810
Outside services	68,779	59,119	-	1,768,589	1,896,487
Payment in Lieu of Taxes	44,642	324,900	-	18,501	388,043
Amortization	-	-	-	424	424
Depreciation	1,260,621	416,082	-	41,791	1,718,494
Total operating expenses	\$ 2,785,030	5,286,953	-	45,054,383	53,126,366
Operating income	\$ 643,969	46,769	-	(579,539)	111,199
NONOPERATING REVENUE (EXPENSES):					
Distribution Income - Vt Transco, LLC	\$ -	-	-	4,367,847	4,367,847
Net Settlement Expense - Vt Transco LLC	-	-	-	(1,405,218)	(1,405,218)
Interest Expense - Vt Transco, LLC LTD	-	-	-	(416,257)	(416,257)
Interest Expense -Short-Term Debt	-	-	-	(30,711)	(30,711)
Interest Expense - Long-Term Debt	(399,806)	-	-	(183,228)	(583,034)
Amortization of Transco Fees	-	-	-	-	-
Interest Earned on Accounts	286,212	32,674	-	90,484	409,370
Gain/(Loss) on Disposition of Plant Asset	-	-	-	-	-
Realized Gain/(Loss) on Investments	(14,492)	-	-	-	(14,492)
Net Proceeds related to Insurance Claim	-	-	-	-	-
Other Non-Operating Revenue (Expense)	-	-	-	10,680	10,680
Total Non-Operating Revenue (Expenses)	\$ (128,086)	32,674	-	2,433,597	2,338,185
CHANGE IN NET POSITION	\$ 515,883	79,443	-	1,854,058	2,449,384
Other Comprehensive Income - Interest Swaps	\$ -	-	-	-	-
Other Comprehensive Income - Unrealized Gains/Losses	27,879	-	-	-	27,879
Appropriated Earnings - Transco Member Return	-	-	-	-	-
Unappropriated Earnings Distributed	-	-	-	-	-
NET POSITION, beginning of year	\$ 8,034,018	4,931,840	0	29,017,276	41,983,134
NET POSITION, end of year	\$ 8,577,780	5,011,283	0	30,871,334	44,460,397

See Independent Auditors Report on Supplementary Information.



Vermont Public Power Supply Authority
 Restricted Assets Schedule- Cash - Project 10
 December 31, 2025 and 2024

Supplementary Schedule 5

	<u>Debt Service Interest</u>	<u>Debt Service Principal</u>	<u>Debt Service Reserve Fund</u>	<u>Reserve and Contingency</u>	<u>Revenue Funds</u>	<u>Reserve Fund</u>	<u>Total</u>
Balance at December 31, 2023	<u>270,650</u>	<u>883,087</u>	<u>1,932,495</u>	<u>219,770</u>	<u>187,007</u>	<u>2,784,895</u>	<u>6,277,904</u>
Add:							
Interest Income	8,167	44,437	73,800	16,513	10	144,722	287,649
Receipts of revenue	-	-	-	-	3,428,999	-	3,428,999
Transfers	394,048	1,435,000	-	191,591	-	150,000	2,170,639
Realized Gain on Investment	-	-	-	-	-	-	-
Unrealized Gain on investment	-	-	38,894	-	-	-	38,894
Deduct:							
Operating expenditures	-	-	-	-	(1,501,063)	-	(1,501,063)
Debt service payments	(434,356)	(1,400,000)	-	-	(1,920,500)	-	(3,754,856)
Capital Improvements	-	-	-	-	(272,406)	-	(272,406)
Transfers	-	-	(100,138)	-	(150,000)	-	(250,138)
Realized Loss on Investment	-	-	(14,492)	-	-	-	(14,492)
Unrealized Loss on investment	-	-	-	-	-	-	-
Balance at December 31, 2024	<u>238,509</u>	<u>962,524</u>	<u>1,930,559</u>	<u>427,874</u>	<u>(227,953)</u>	<u>3,079,617</u>	<u>6,411,129</u>
Add:							
Interest Income	5,515	39,632	44,702	22,209	-	113,811	225,869
Receipts of revenue	-	-	-	-	3,712,830	-	3,712,830
Transfers	323,198	1,506,667	-	183,306	-	-	2,013,171
Realized Gain on Investment	-	-	-	-	-	-	-
Unrealized Gain on investment	-	-	39,511	-	-	-	39,511
Deduct:							
Operating expenditures	-	-	-	-	(1,762,136)	-	(1,762,136)
Debt service payments	(365,256)	(1,460,000)	-	-	-	-	(1,825,256)
Capital Improvements	-	-	-	-	(357,899)	-	(357,899)
Transfers	-	-	(91,812)	-	(1,471,358)	(92,102)	(1,655,272)
Realized Loss on Investment	-	-	-	-	-	-	-
Unrealized Loss on investment	-	-	-	-	-	-	-
Balance at December 31, 2025	<u>201,966</u>	<u>1,048,823</u>	<u>1,922,960</u>	<u>633,389</u>	<u>(106,516)</u>	<u>3,101,326</u>	<u>6,801,947</u>

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, 2025 and 2024

Supplementary Schedule 6

	Total A Units	% of Total A Units	Total B Units	% of Total B Units	Total Units	% of Total	TOTAL VALUE
Balance at December 31, 2022	<u>1,498,012</u>		<u>1,873,096</u>		<u>3,371,108</u>		<u>\$ 33,711,080</u>
Purchases	53,210	3.55%	67,724	3.62%	120,934	3.59%	1,209,340
Sales	-	0.00%	-	0.00%	-	0.00%	-
Total	<u>53,210</u>	<u>3.55%</u>	<u>67,724</u>	<u>3.62%</u>	<u>120,934</u>	<u>3.59%</u>	<u>\$ 1,209,340</u>
Balance at December 31, 2023	<u>1,551,222</u>		<u>1,940,820</u>		<u>3,492,042</u>		<u>\$ 34,920,420</u>
Purchases	-	0.00%	-	0.00%	-	0.00%	-
Sales	-	0.00%	-	0.00%	-	0.00%	-
Total	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>	<u>\$ -</u>
Balance at December 31, 2024	<u>1,551,222</u>		<u>1,940,820</u>		<u>3,492,042</u>		<u>\$ 34,920,420</u>
Purchases	8,093	0.54%	10,298	0.55%	18,391	0.55%	183,910
Sales	-	0.00%	-	0.00%	-	0.00%	-
Total	<u>8,093</u>	<u>0.54%</u>	<u>10,298</u>	<u>0.55%</u>	<u>18,391</u>	<u>0.55%</u>	<u>\$ 183,910</u>
Balance at December 31, 2025	<u>1,559,315</u>		<u>1,951,118</u>		<u>3,510,433</u>		<u>\$ 35,104,330</u>

See Independent Auditors Report on Supplementary Information.



Vermont Public Power Supply Authority
Investment in VT TRANSCO, LLC
Allocation by VPPSA and Members
December 31, 2025 and 2024

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

Supplementary Schedule 7

	<u>1,536,496</u>	% of	<u>1,955,546</u>	% of	<u>3,492,042</u>	% of	<u>\$ 34,920,420</u>
	<u>Total A Units</u>	% of	<u>Total B Units</u>	% of	<u>Total Units</u>	% of	<u>TOTAL VALUE</u>
Balance at December 31, 2024							
Members:							
Barton	82,798	5.5324%	105,378	5.5323%	188,176	5.5323%	\$ 1,881,760
Enosburg	128,871	8.6109%	164,019	8.6109%	292,890	8.6109%	2,928,900
Hardwick	195,745	13.0792%	249,131	13.0793%	444,876	13.0793%	4,448,760
Hyde Park	26,335	1.7596%	33,516	1.7596%	59,851	1.7596%	598,510
Jacksonville	25,955	1.7343%	33,033	1.7342%	58,988	1.7342%	589,880
Johnson	74,668	4.9891%	95,036	4.9893%	169,704	4.9893%	1,697,040
Ludlow	116,348	7.7741%	148,078	7.7740%	264,426	7.7741%	2,644,260
Lyndonville	368,610	24.6297%	469,143	24.6298%	837,753	24.6297%	8,377,530
Morrisville	106,531	7.1182%	135,589	7.1184%	242,120	7.1183%	2,421,200
Northfield	75,413	5.0389%	95,978	5.0388%	171,391	5.0389%	1,713,910
Orleans	52,281	3.4933%	66,538	3.4932%	118,819	3.4933%	1,188,190
Swanton	243,053	16.2403%	309,340	16.2402%	552,393	16.2402%	5,523,930
Total Members	<u>1,496,608</u>	<u>100.00%</u>	<u>1,904,779</u>	<u>100.00%</u>	<u>3,401,387</u>	<u>100.00%</u>	<u>\$ 34,013,870</u>
VPPSA	<u>47,981</u>		<u>61,065</u>		<u>109,046</u>		<u>1,090,460</u>
Balance at December 31, 2025	<u>1,544,589</u>		<u>1,965,844</u>		<u>3,510,433</u>		<u>\$ 35,104,330</u>

See Independent Auditors Report on Supplementary Information.